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THE EFFECT OF POVERTY ON STANDARD OF LIVING IN NIGERIA (1980-2012)

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Abstract

The paper examined the impact of poverty on the standard of living in Nigeria from 1980-2012. It specifically examined the consequences of poverty on standard of living (welfare) in Nigeria using Autoregressive Distributed Lag Model (ARDL) The result revealed that lag of welfare, per capita income, investment, secondary school enrolment (human capital development) and political dummy aggravated or increased standard of living in Nigeria. Poverty, unemployment and corruption reduced standard of living while poverty, life expectancy, inflation and income distribution alternate in signs. The result further revealed that all the variables are determinants of standard of living except life expectancy and inflation. It was also discovered that there was long-run relationship between poverty and standard of living. The paper concluded that poverty had double edged impact on standard of living in Nigeria. The paper therefore recommends that government should introduce and maintain policies that will permit improved relationships among poverty, unemployment and corruption so that they can positively contribute to increase standard of living in Nigeria.

Keywords: Impact, Poverty, Standard of Living, Autoregressive Distributed Lag, Nigeria.

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 and its effects. 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 (Islam, 2004).

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 (Wikipedia, 2009 and Omoniyi, 2017). 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 and it is not confined to the developing nations as it also manifest itself in developed countries in a set of problems such as homelessness, the persistence of ghetto housing clusters and the deplorable condition of living to which the people are subjected (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 and to increase their standard of living which may come from increased income received from such obnoxious economic activities. This therefore, indicates that poverty has both economic and social effects (Okpe and Abu, 2009).

If poverty slows down economic growth, it intuitively indicates that it lowered income and consequently affect standard of living which depends on the level of income and wealth. It means effort must be made to reduce mass poverty for sustainable growth and improved welfare to emerge (Okoro and Kigho, 2013). 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% (Vasquez, 2001 and Omoniyi, 2017). However, the number of poor people increased in absolute term and put at between 1.2billion and 1.4 billion (Todaro and Smith, 2003, 2011).

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 to enable the poor earn more income that will guarantee improved condition of living. 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 guaranteed better condition of living 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 poor nourishment and 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. This indicates a poorer and falling condition of living among Africans.

With the collapse of the international oil market in the early 1980s, 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). In view of the issues discussed above, it is crystally clear that effort has been directed toward growth and poverty while the consequences of poverty on consumption pattern of the people seem to have been neglected. The question therefore, is to ask about the consequences of poverty on welfare of the people, what constitute the determinants of welfare and whether it is possible to establish long-run relationship between poverty and standard of living in Nigeria? The objective of the paper is to examine the consequences of poverty on welfare of the people, establish the determinants of aggregate consumption (welfare) and to determine whether there is long-run relationship between poverty and standard of living 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.

Conceptual Review

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 and Okoro & Kigho, 2013). This therefore shows that poverty is multi-dimensional. In furtherance to the above definitions, poverty can be classified into absolute poverty and relative poverty.

Classification of Poverty

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). 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.

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.

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. The approach illustrates that any country which hopes to fight poverty must ensure social welfare (well-being) of its people, must be humane, peaceful and a just caring society that uphold welfare rights, facilitate means of meeting basic human needs, release people's creative abilities, help them to achieve their aspirations, build human capacity and self-reliance and participate fully in all spheres of social, economic and political life (South Africa Department Studies on Poverty and Inequality Institute, 2007). This approach took the costs of living into consideration as a social effect of poverty (Okoro & Kigho, 2013). It is therefore important to state that the multi-dimensional definition of poverty will be adopted as working tool (conceptual framework) for this paper.

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. In this paper, six theories are identified to include Individual Deficiencies Theory, Structural Deficiencies Theory, Cultural Characteristics Theory, Economic, Political and Social Discrimination Theory, Geographical Disparities Theory and Cumulative and Cyclical Interdependencies Theory (Omoniyi, 2016). Poverty is therefore linked with the standard of living through the consumption expenditure function which says that the consumption expenditure of the community is determined principally by the community's level of disposable income (Dernburg and McDougall, 1972).

Empirical Review

Islam (2004) investigated the nexus of economic growth, employment and poverty reduction, a comparative analysis from a number of countries using macroeconomic analysis of the linkage between the incidence of poverty and employment intensity of growth. The author sees poverty as a function of growth and employment elasticity with respect to output. He concludes that the patterns of growth in terms of development in employment and labour markets that take place as a result of growth play important role in producing varying results from different countries regarding poverty reduction. Vijayakumar (2013) studied an empirical nexus among poverty, economic growth, dependency ratio and employment in developing countries using variables such as GDP, Employment Rate in Agriculture and Industrial sectors, Poverty rate and Dependency Ratio in which he used population growth rate as proxy. He then employed ordinary least squares as his estimation technique. He concludes that people in the developing countries are highly afflicted by poverty and hunger in the long-run and that age dependency ratio aggravated poverty while poverty increased age dependency ratio tremendously. He then asserts that the findings are consistent with practice and existing economic theories.

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 sustanance 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. Bakare and Ilemobayo (2013) examined whether economic growth reduced poverty in Nigeria from 1981-2008 using error correction model. The study used variables such as poverty index, economic growth rate, unemployment rate and literacy rate. They discovered that benefit of economic growth does not trickle down to the poor in Nigeria and concluded that policy makers should ensure equitable distribution and allocation of the national income.

Methodology/Theoretical Framework

The theoretical framework of this paper is from the work of Kedir and Sookram (2005) which used poverty as independent variable and regressed it on aggregate household consumption expenditure in Trinidad and Tobago.

Model Specification

In this paper, the impact of poverty on people's welfare is captured by the equation developed below using aggregate consumption as dependent variable while other variables defined below are used as explanatory or independent variables. The equation becomes:

$ACP_t = \delta_0 + \delta_1 INV_t + POV_t + \delta_3 PCI_t + \delta_4 UMP_t + \delta_5 COR_t + \delta_6 LXP_t + \delta_7 GINI_t + \delta_8 INF_t + \delta_9 SSE_t + \delta_{10} POD + U_t$ .... (1)

Where,
ACP_t = Aggregate Consumption Expenditure (Proxy for Welfare)
PCI_t = Per Capita Income
INV_t = Domestic Investment Growths Rate (Proxy by Gross Capital formation)
POV_t = Poverty Index
UMP_t = Unemployment Rate
COR_t = Corruption Index

LXP_t = Life Expectancy
$Gini_t$ = Gini-Coefficient (Proxy for income Distribution)
INF_t = Inflation Rate
SSE_t = Secondary School Enrolment (Proxy for Human Capital Development)
POD = Political Dummy Variable (1 for democratic rule, o for military rule)
U_t = Error Term
δ_0 = Constant Term
$\delta_1 - \delta_{10}$ = Parameters to be estimated
U_t = Error term
The a priori expectation patterns of the behaviours of the independent variables in terms of their parameters to be estimated are:
$\delta_1 > 0$, $\delta_2 < 0$, $\delta_3 > 0$, $\delta_4 < 0$, $\delta_5 > 0$, $\delta_6 > 0$, $\delta_7 > 0$, $\delta_8 < 0$, $\delta_9 > 0$ and $\delta_{10} > 0$

Estimation Technique and Sources of Data

The model is estimated using Autoregressive Distributed Lag Model (ARDL) which states the role of time in terms of relationship between the dependent variable and the independent variables. This is because the dependent variable responds to the independent variable(s) with a lapse of time. This time lapse is referred to as lag. This model shows that the effect of increases in the level of poverty may be spread or distributed over a period of time (Gujarati, 2004). Time series data from 1980–2012 was used to analyze the model on the impact of poverty on standard of living in Nigeria. The data used were obtained from Central Bank of Nigeria (CBN) Statistical Bulletin for various years, Nigerian Bureau of Statistics (NBS). They were also obtained from World Bank publications, International Monetary Fund (IMF) statistics, Amnesty International and the Internet.

Discussion of Result

To realize the objective of the paper, the Autoregressive Distributed Lag (ARDL) technique was employed to examine the relationship between poverty and the people's welfare (standard of living) and the determinants of welfare in Nigeria. However, it is necessary to first carry out a pre-whitening procedure test, which is the Augmented Dickey Fuller test which confirm whether the ARDL technique could be adopted or not. The Dickey Fuller test is used to test for the order of integration or the level at which the variables become stationary after the removal of white noise that may be embedded in the time series data employed for the study. The Augmented Dickey Fuller test is therefore presented below as table 1.

Table 1: Nigeria Augmented Dickey Fuller Test (Unit Root Test)

VARIABLES	LEVEL	1ST DIFFERENCE	ORDER OF INTEGRATION
ACP	-2.144121	-4.212389***	I(1)
COR	-2.321426	-5.547187***	I(1)
GINI	-1.983214	-3.107770**	I(1)
INF	-2.916501	-	I(0)
INV	-1.761234	-2.785332*	I(1)
LXP	-4.725248***	-	I(0)
PCI	-2.425612	-4.012489***	I(1)
POD	-2.357814	-5.385165***	I(1)
POV	-2.5.11242	-5.326444***	I(1)
SSE	-2.425325	-9.431482***	I(1)
UMP	-2.267138	-4.811819***	I(1)

Test critical values: 1% level (***) -3.661661, 5% level (**) -2.960411, 10% level (*) -2.619160
Source: Author's Computation; E-View 9 (2015)

Table 1 above presents the stationarity or the unit root test which was used to test for the order of integration for the variables used in the model. The unit root test therefore shows that inflation (INF) and life expectancy (LXP) are stationary at level which meant that they are of order zero I(0) while all the other variables ACP, GINI, INV, PCI, POD, POV, SSE

and UMP are stationary at order one I(1). The stationary status of the variables thus suggests that the Autoregressive Distributed Lag (ARDL) technique can be employed or used to carry out the analysis for the study in the case of Nigeria. Hence the ARDL procedure is adopted for the study (Ahmad and Riaz, 2014).

The ARDL model therefore becomes a recursive model that is used to search for the optimal number of lags through either Akaike Information Criterion (AIC) or Schwartz Bayesian Criterion (SBC). However, Pesaran and Smith (1998) cited in Ayalew (2013), mentioned that the Schwartz Bayesian Criteria (SBC) is preferable to other model specification because it usually has more parsimonious specifications. In the present study, thirtythree (33) years annual observations of maximum lag order of one I(1) is used to permit the selection of a more parsimonious model which helps to obtain a more parsimonious result using the (SBC) criteria. To this end, the present study adopts the SBC criteria to choose the maximum lag length for this study.

The next table (table 2) discusses the relationship or consequences of poverty on people's welfare in Nigeria.

Table 2: ARDL Estimate for the Relationship between Poverty and Welfare in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.128828	3.944725	1.807180	0.0614
LOG(ACP(-1))	0.420794	0.142898	2.944717**	0.0114
PCI	1.232549	0.313586	3.930492***	0.0024
PCI(-1)	0.211032	0.208306	1.013087	0.3328
POV	0.014081	0.006949	2.026226*	0.0638
POV(-1)	-0.019486	0.010100	-1.929287*	0.0758
COR	0.190701	0.178909	1.065912	0.3059
COR(-1)	-0.718140	0.388215	-1.849851*	0.0882
LOG(INV)	0.247299	0.134490	1.838797*	0.0889
INV(-1)	2.962454	1.425575	2.078076**	0.0160
LXP	0.045567	0.039887	1.142383	0.2739
LXP(-1)	-0.045567	0.039887	-1.041566	0.3166
SSE	0.001218	0.008651	0.140748	0.8902
SSE(-1)	3.620502	1.740551	2.080089**	0.0403
UMP	-2.546314	1.270592	-2.004037*	0.0624
UMP(-1)	-8.632256	2.857976	-3.020408**	0.0091
INF	-37.37296	45.73612	-0.817143	0.8108
INF(-1)	12.40873	18.65040	0.665333	0.6697
POD	0.094644	0.186312	0.507985	0.6200
POD(-1)	0.314788	0.169575	1.856330*	0.0862
GINI	3.109321	1.351714	2.300280**	0.0386
GINI(-1)	-1.671627	0.977171	-1.710681*	0.1109
R-squared	0.982118			
Adjusted R-squared	0.958733			
F-statistic	41.99845			
Prob(F-statistic)	0.000000			
Schwarz criterion	24.76702			
Durbin-Watson stat	2.363491			

Dependent Variable: ACP 1% = ***, 5% = **, 10% = * Source: Author's Computation; E-View 9 (2015)

Table 2 above explains the relationships between poverty and other variables on the people's welfare with a view to determining the determinants of welfare or standard of living of the people in Nigeria. The result revealed that there is

positive relationship between LOG(ACP(-1) which is the lag of the dependent variable, economic growth (PCI), investment (INV), secondary school enrolment (SSE) as well as political dummy (POD) and welfare or standard of living of the people in Nigeria. On the other hand, unemployment (UMP) has negative relationship with welfare in Nigeria. However, the relationship between poverty (POV), corruption (COR), life expectancy (LXP), inflation (INF) and pattern of income distribution (GINI) alternate in signs with welfare in Nigeria. The variables are explained below.

The result shows that the lag of the dependent variable LOG(ACP(-1) have positive relationship with people's welfare or standard of living in Nigeria which indicate that ACP(-1) have positive influence on people's welfare in Nigeria. This assertion is buttressed by the coefficient 0.420794 and the variable came up to be statistically significant with t-statistic -2.944717 at 5% level of significance. This shows that a 1% increase in LOG(ACP(-1) may lead to 0.42% increase in the standard of living of the people in Nigeria during the period of the study. The implication of the result is that LOG(ACP(-1) has encouraging impact on people's welfare in Nigeria because an increase in it increases the standard of living of the people. It therefore becomes a determinant of welfare in Nigeria because of the significance of the variable. The behaviour of the variable is in consonance with a priori expectation because it conforms to economic theory.

The result further revealed that economic growth (PCI) have positive relationship with people's welfare in Nigeria, hence, it has positive influence on people's standard of living. This outcome is confirmed by the coefficient of PCI at level and previous period which are 1.232549 at level and 0.211032 at lag(-1). The variable was statistically significant at level with t-statistic 3.930492 which indicate its significance at 1% level of significance. However, at lag(-1), it came up to be statistically insignificant with t-statistic 1.013087. The outcome revealed that 1% increase in economic growth (PCI) may lead to 1.2% increase in welfare (standard of living) in Nigeria while at previous period, 1% increase in PCI may cause a proportional increase of 1% in welfare. The reason for this outcome is that increase in income should normally lead to increase in consumption of goods of necessity (normal) such that the more the quantity and quality of goods consumed, the more improved the welfare of the people. The implication of the result is that welfare increases as income increases. Economic growth (PCI) therefore becomes a determinant of welfare in Nigeria. The behaviour of PCI also agrees with a priori expectation of having the potential to increase welfare.

On the part of poverty which is the variable of interest, the result shows that it alternate in signs by having positive influence at level and negative relationship at POV(-1). This indicates that it has the potential to either improve people's welfare and at the same time it could also deteriorate people's welfare, hence, it is a double edge knife. This outcome is supported by the coefficients of the variable and the t-statistic. The result revealed that poverty at level have the coefficient 0.014081 and came up with statistical significance at 10% level of significance with the t-statistic 2.026226 while POV(-1) have the coefficient -0.019486 and also came up with statistical significance at 10% level of significance with the t-statistic -1.929287. The result therefore shows that 1% increase in poverty (POV) at level may lead to over 0.014% increase in people's welfare. This shows that increase in poverty may have marginal enhancing effects on people's welfare by improving people's welfare. On the other hand, 1% increase in the previous level of poverty (POV(-1)) may deteriorate people's welfare by about 0.02%. The implication of the result is that it could not be categorically stated whether poverty has actually deteriorated people's welfare or enhanced it because of the alternating sign but what cannot be doubted is that poverty is a determinant of people's welfare in Nigeria at both current and previous periods.

The result also shows that corruption (COR) equally alternate in signs by having a mixture of both positive and negative relationship with people's welfare. However, it was not significant at level. This claim is supported by the coefficints and their t-statistic. At level, COR have the coefficient 0.190701 but turned to be statistically insignificant with the t-statistic 1.065912. At previous period, COR (-1) have the coefficient -0.718140 and became statistically significant at 10% level of significance with the t-statistic -1.849851. This indicates that 1% increase in COR at lag(-1) may reduce people's welfare by about 0.72% in Nigeria. The result therefore shows that corruption is detrimental to people's welfare or standard of living in Nigeria. The implication of the result is that the more corruption thrives in Nigeria, the lower the quality of people's standard of living in Nigeria. The behaviour of the variable negates a priori expectation.

Investment LOG (INV) indicates positive relationship with people's welfare meaning that it enhanced standard of living in Nigeria. The result indicates that it has positive coefficient of 0.247299 and 2.962454 at level and previous period. The variable was statistically significant at level with t-statistic 1.838797 at 10% level of significance. It was also statistically significant at 5% level of significance at previous period with the t-statistic 2.078076. The result therefore shows that 1% increase in investment at level may increase people's welfare by 2% while 1% increase in lagged investment (INV(-1))

could as well lead to about 3% increase in people's welfare. The outcome of this result may be due to the fact that investment creates income and boost the economy in such a way that more employment are created and profits made are re-invested into the economy which eventually may have greater multiplier effect on the economy and people's ability to consume more goods and services will subsequently increase the welfare of the people.

Again, life expectancy (LXP) alternates in sign by having both positive and negative relationship with people's welfare as it may either improve or reduce the living standard of the people. The result is also supported by the coefficient 0.045567 at level but came up to be statistically insignificant with the t-statistic 1.142383. This indicates that at level, a 1% increase in life expectancy may lead to an increase of about 0.05% in people's welfare or standard of living. On the other hand, the previous level of life expectancy came up with negative coefficient of -0.45567 but came up with insignificant t-statistic of -1.0441568. Despite the fact that a 1% increase in life expectancy (LXP) can lead to marginal increase of 0.05% in people's welfare, its statistical insignificant nature made it irrelevant in terms of dependability. The result emerged the way it went because age is an important factor and it states that the older a man is, the more he has the ability to improve the standard of living in a country. However, the variable proved not to be a determinant of welfare in Nigeria during the period of the study. In the case of secondary school enrolment (SSE) which stands as proxy for human capital development, the result shows that there is positive relationship between human capital development and people's welfare. This therefore revealed that SSE encourages or enhanced welfare in Nigeria.

To buttress this claim, the coefficient of the variable at level and previous period are 0.001218 and 3.620502. It came up to be statistically significant at 5% level of significance at previous period with the t-statistic 2.080089 but insignificant at current period with t-statistic value of 0.140748. The outcome shows that 1% increase in SSE may lead to an increase of over 0.0012% and 3.62% increase in welfare or standard of living of the people. The performance of the variable shows that the level of secondary school enrolment may have affected the consumption pattern of the people positively so that the higher the level of education, the higher the income of the people which armed the individuals with more consumption power or purchasing power. Furthermore, the level of education may have increased the level of awareness and exposure of the people which further improved people's orientation towards their consumption which further determines the level of aggregate consumption expenditure in Nigeria. The variable came up with the expected a priori expectation. The variable therefore becomes a determinant of welfare in Nigeria.

Furthermore, unemployment show negative or inverse relationship with people's welfare or standard of living of the people as attested to by the coefficient -2.546314 and -8.632256 at level and at lag(-1) (previous period). The variable was statistically significant at 10% and 5% level of significance with t-statistic -2.004037 and -3.020408 at level and at lag(-1) (previous period). This shows that increase in unemployment (UMP) may lead to reduction in people's welfare because unemployed people may not have access to income that could be used to buy commodities for consumption and they may likely become dependants on the workforce. At this level, it is possible to state that 1% increase in unemployment may lead to 2.55% reduction in welfare in the current period and at previous period (lag (-1)) it may lead to a reduction of over 8.6% in welfare. The implication of the outcome is that unemployment (UMP) is detrimental to standard of living (welfare) as it reduced welfare of the people in Nigeria during the period of the study. It is therefore, worthy to note that unemployment becomes an important factor which stands as one of the determinants of welfare or standard of living in Nigeria. The variable equally behaved according to economic theory which is the acceptance of its behaviour with respect to a priori expectation.

Inflation alternate in signs by coming up with negative relationship with welfare at level while it has positive relationship at lag(-1) previous period. This indicates that inflation has the potential to either retard or reduce welfare and at the same time it has the power to enhance or increase welfare in Nigeria. For instance the negative and positive relationship is vividly shown by coefficients of the variable which stood at -37.37296 at level and 12.40873 at the previous period (lag (-1)). However, inflation proved to be insignificant at both level and previous period (lag(-1)) as indicated by the t-statistic -0.817143 and 0.665333. This shows that 1% increase in inflation may lead to a reduction of 0.81% in welfare at level while the same 1% increase in inflation may lead to about 0.67% increase in welfare or standard of living in Nigeria during the period covered by the study. This situation may arise because workers usually respond to inflation to demand for increased wages which could match the increase in inflationary trend such that people's consumption increases and producers often produce more because of money illusion that usually accompany inflation in which investors usually think they are making additional profits and more inputs are usually demanded to expanded production in response to increase in demand. Despite all this, inflation could not emerge as a determinant of welfare in Nigeria because it proves to be insignificant.

Political dummy (POD) have positive relationship with welfare meaning that it positively influenced welfare in Nigeria with the coefficient 0.094644 and 0.314788 at current and previous period. The variable turned to be statistically insignificant with the t-statistic 0.507985 at current period but proved to be significant at 10% level of significance with t-statistic value of 1.856330 in the previous period. This shows that POD is a dependable variable. It is possible to infer from the result that 1% increase in governance may improve welfare by 0.09% at current period while a 1% increase in POD in the lagged period may lead to marginal increase of 0.3% in welfare or standard of living in Nigeria. The result therefore shows that governance is reliable in Nigeria because of the significance of the variable. Hence, POD has the potential to enhance or increase people's welfare. The implication of the result is that government instituted programmes are capable of improving people's welfare in Nigeria but could not successfully do so due to some bottlenecks which might have been experienced due to hijacks of some of the programmes which prevents 100% successful implementation of the programmes. The variable met its a priori expectation and become one of the determinants of welfare or standard of living in Nigeria.

Lastly, pattern of income distribution proxied by Gini-coefficient (GINI) alternated in signs by having a mixture of positive and negative relationships with welfare at level and previous period (lag(-1)) respectively. This shows that GINI have the potential to increase welfare at level while it could reduce welfare at the previous period (lag(-1)). This shows that GINI enhanced welfare at level but retard welfare at previous period. The result is supported by the coefficients 3.109321 at level and -1.671627 at previous and lagged period respectively. However, the variable is statistically significant at 5% and 10% level of significance at current and previous period with t-statistic 2.300280 and -1.710681. The result shows that 1% increase in the pattern of income distribution (GINI) may lead to increase of 3.1% in welfare at level but at lag(-1) it may reduce welfare by 1.67% in Nigeria. This therefore indicates that GINI may retard welfare but the power to increase welfare supersedes the detrimental factor hence, pattern of income distribution. GINI have the influence to increase or enhance welfare in Nigeria because of the significance of the variable at level. Thus, GINI becomes a determinant of welfare or standard of living in Nigeria. It also agrees with a priori expectation.

The other statistics also confirm the reliability of the outcome of the Autoregressive Distributed Lag model as shown at the bottom line of table 10 above. The coefficient of determination (R^2) 0.982118 shows that the variables in the model accounts for 98% of total variation in people's welfare (the dependent variable). This shows that the result is robust and of good fit. The F-statistic 41.99845 also confirms the joint significance of all the explanatory variables on the dependent variable. Finally, the Durbin Watson (DW) 2.363491 shows that the model is free of serial correlation or autocorrelation. The next table (table 10) discusses the bound test for the relationship or consequences of poverty on welfare of the people in Nigeria.

Table 3: Long-run Bound Test for the relationship between Welfare and Poverty in Nigeria

F- Statistic		2.921886
1%	**Lower Bound** 2.41	**Upper Bound** 3.61
5%	1.98	3.04
10%	1.76	2.77

Source: Author's Computation; E-View 9 (2015)

Table 3 above revealed that the F-statistic 2.921886 is higher than the upper bound of 2.77 which implies that the null hypothesis is rejected showing that there is co-integration among the variables used in the study at 10% level of significance. Hence, there is long-run relationship among the variables used to test for the relationship between standard of living (welfare) and poverty in Nigeria.

Conclusion

The paper concluded that the lag of aggregate consumption, economic growth, human capital development represented by SSE, investment and political dummy enhanced welfare or standard of living because they came up with positive relationships with aggregate consumption. This indicated that the variables helped to increase welfare or standard of living in Nigeria. On the other hand, unemployment and corruption led to welfare loss which meant that they reduced the standard of living. However, poverty which is the major interest of the paper, life expectancy, inflation and income distribution

alternated in signs which made it difficult to state categorically their exact influences on the standard of living in Nigeria. Considering the significance of the variables, corruption led to reduction in the standard of living. All the variables proved to be determinants of standard of living except life expectancy and inflation. Finally, the bound test showed that there was long-run relationship among the variables used in the model and welfare or standard of living in Nigeria.

Recommendation

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 standard of living in Nigeria. Government should improve on its performance in ensuring that policies that will permit improved relationships between poverty, unemployment and corruption is introduced and maintained so that poverty assumed a decisive stance while other variables become positive and contribute to increase welfare or standard of living in Nigeria.

Government should introduce policies that will stem down corruption so that stolen money could be invested into the Nigerian economy through domestic investment which will subsequently generate employment and increased income which is a pre-condition for improved welfare or standard of living. Government should change from her ineptitude behaviour of greed and re-focus to introduce policies that will bring joy and sense of belonging to the populace. This is to make the people cooperate with the government in Nigeria in ensuring that programmes of the government reaches the targeted population in the current period despite the significance of the government as a potent factor in the process of aggregate consumption in the past. Finally, government should introduce policies that will further strengthen the long-run relationships among the determinants of standard of living or welfare in Nigeria.

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