DOES POLITICAL CORRUPTION IN THE FOURTH REPUBLIC SHIFT NIGERIA TO THE WORLD’S POVERTY HEADQUARTERS? AN ERROR CORRECTION MODEL APPROACH

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Abstract
The aim of this study is to provide an empirical answer to the question whether political corruption in the fourth republic has shifted Nigeria to the World’s Poverty headquarters. The answer to this question has been controversial among the scholars and policymakers. In view of this, the study utilized secondary data from 2000 to 2019 with the application of an error correction model. The findings that originated from the study are summarized as follows; 59.9% of the error due to shocks in the previous period was corrected in the current year. Political corruption has an insignificant positive relationship with income inequality in the short run, but this relationship becomes significant in the long run. However, political corruption and poverty level in Nigeria have a significant positive relationship in the short run. In the long run, the relationship becomes negative, though insignificant. This implies that political corruption brings about a rise in poverty level in Nigeria. In other words, political corruption during the fourth republic has led Nigeria to the world’s poverty headquarters. Due to this important finding, recommendations were made for the policy makers in Nigeria as follows; tackling poverty in Nigeria requires policies that will address political corruption holistically. Therefore, the Nigerian government should strengthen anti-graft institutions like ICPC and EFCC to curb corruption so that poverty menace could be addressed in the country.

Keywords: Political Corruption, Poverty Headquarters, ECM and Nigeria

JEL Classification: G28, I32, P26
1. INTRODUCTION

The level of political corruption in Nigeria has drawn the attention of the global community. Nigeria has been classified as the third most corrupt country in West Africa sub region. In the same vein, out of 177 and 180 countries, Nigeria was ranked 144th and 148th corruption free country in the world simultaneously (Transparency Int’l., 2018).

In the past few years Nigeria slipped into the fourth republic, political corruption and poverty nexus has been a continuous subject of discussion among scholars (Lucas et al., 2020; Ataima et al., 2018; Ajisafe, 2016; Ikubaje, 2014). This is born out of incessant misappropriations of public funds by both the past and the present political office holders. Despite the fact that Nigeria is endowed with both abundant natural and human resources, poverty has been one of the critical endemics ravaging the country. Poverty has manifested in different dimensions in Nigeria, this ranges from low standard of living of the majority of its teeming population, lack of access to quality education and food insecurity (Aderemi et al., 2020; WDI, 2018; Adebayo, 2018; Aye, 2013). Validating the above argument, the World Poverty Clock in 2018 declared the country as the world’s poverty headquarters (World Poverty Clock, 2018; Adebayo, 2018).

However, huge percentage of Nigeria`s wealth is allocated to the group of politicians in the country. This is evident in the huge cost of governance. For instance, the members of Nigerian National Assembly are the highest paid law makers in the world. Each member of the National Assembly receives an average basic annual salary of $118,000 alongside exorbitant various allowances. Similarly, the case of the state governors and other political appointees in Nigeria have not been different in any quarters. This has further widened the existing gap between the poor and the rich in the country. Meanwhile, past empirical works have proved that corruption has been a major sponsor of poverty over the time (Gupta et al., 2002; Ellis, 2012; Li, Xu and Zou, 2000). But in the case of Nigeria`s experience in the fourth republic, past studies have not provided a convincing argument in the literature in the recent time. Against this backdrop, the question regarding the mechanism through which political corruption orchestrates poverty in Nigeria requires an urgent answer in this study. In the same vein, as a departure from the existing studies, this paper employed an error correction model in addressing the relationship between political corruption and poverty in the fourth republic in Nigeria. Considering the arguments above, the main aim of this current study is to provide a clearer empirical evidence of political corruption and poverty nexus in the fourth republic in Nigeria, using a distinctive technique of estimation in which past studies have not fully explored in the country.

In addition to the introductory aspect above, the structure of this work is outlined as follows: the review of past empirical works was presented in the section two. Whereas, section three shows methodology, data analysis, discussion and policy implication of the study.
2. LITERATURE REVIEW

Studies regarding the aftermath effect of corruption on poverty are going in developing countries. Some submissions of various scholars are presented as follows in this section of the study. In the work of Gunter (2017) which focuses on the Chinese economy, is investigated how corruption affects family, capital flight and growth of economy from 1984 to 2014. The study utilized measures such as residue and the Cuddington’s balance of payments in analysing the work. It was discovered from the study that capital flight from mainland China was orchestrated by corruption.

Ritwik & Joydeb, (2016) evaluated how public expenditures, poverty alleviation and economic growth were related in India. It was discovered from the study that public spending on infrastructural facilities such as roads, irrigation, etc orchestrated a rise in human welfare and a reduction in incidence of poverty in the country. While utilizing the technique of fixed and random effect, Osabohien et al. (2020) addressed how social protection programmes was linked with poverty and inequality in the African continent from 2000 to 2017. It reported that social protection provision exacted an adverse influenced on inequality and poverty respectively in the continent. In another related study, Chiung-Ju Huang (2012) used a panel analysis to investigate ten Asian economies within a framework of vector error correction modelling in analysing nexus between nation building, corruption and income inequality in these countries. The results that came up in this study argued that corruption did not lead to a negative economic growth in the selected countries. On the other hand, inequality of income motivated economic growth. Omagbon, Enofe & Oriaifoh, (2016) asserted that corruption constituted a hindrance to poverty reduction directly in one hand and corruption caused an insignificant increment in unemployment and poverty in on the other hand in Nigeria. Ilechukwu (2014) elucidated that corruption caused a danger to efficiency because it led to the waste of time and money in the sense that corrupt activities negate productive activities and human and capital. Aderemi et al. (2020:1) explored how capital flight orchestrated and poverty levels in Nigeria between 1981 and 2017 via the application of Johansen cointegration test, Dynamic Ordinary Least Square and Granger causality. It was discovered that majority of capital flight variables led to a noticeable reduction in the level of household consumption per capita in the country.

Meanwhile, Vahideh, Zakariah and Hesam (2010) examined the dynamism of relationship between corruption and poverty during the period of 1997 to 2006. The authors employed a Granger causality technique in their analysis with the following submissions: the work concluded that a bidirectional feedback relationship existed between corruption and poverty. Using both fixed and random effects technique, Eichengreen and Gupta (2011) investigated how poverty, corruption, and economic growth are related in 72 economies. The authors reported that corruption led to a reduction in the standard of living in those countries. Also, corruption retarded economic growth in poor countries more than mixed countries. In a study from Latin America by Estefania (2010), relationship between corruption and poverty was investigated in 18 countries in this region of the world. The author
opined that both significant and inverse nexus between corruption and the level of poverty was in existence in the countries under investigation. Evans & Kelikume (2019) employed fully modified (FMOLS) to assess the linkage between poverty, Niger Delta militancy, Boko Haram terrorism, Fulani herdsmen attacks, unemployment, inequality, corruption and poor governance in Nigeria from 1980 to 2017. It was pinpointed from the study that the major causes of Niger Delta militancy, Boko Haram terrorism and Fulani herdsmen menace in Nigeria were poverty, unemployment, inequality, corruption and poor governance in the country.

Aderemi et al. (2020:2) explored a panel analysis to investigate how FDI inflows caused poverty alleviation in 16 ECOWAS countries from 1990 to 2017. The paper posited that the inflows FDI caused a major poverty alleviation in ECOWAS sub region, and the rate in which FDI projects reduced poverty was highly impressive in the region.

Akor (2014) opined that the most pervasive element in Nigeria is corruption due to non-existence or weak governmental control and regulation, institutional mechanisms in combating corruption. This has encouraged economic resources to be in the hands of corrupt individuals in the society.

However, Peter and Ebi (2017) presented how remittances, poverty and capital flight in Nigeria from 1970 to 2010. The authors used econometric analysis to submit that the relationship between remittances and per capita consumption were negatively related, but in the case of the relationship between capital flight and consumption per capita in Nigeria were positively related. In another perspective, Osabohien et al. (2020) used both indirect and direct measures such fixed and random effect techniques in examining how poverty, social protection programmes and inequality are related in Africa spanning from 2000 to 2017. It was discovered from the study that social protection caused an inverse relationship between poverty and inequality respectively. In the same vein, Age and Wokekoro (2012) assessed the linkage between how sustainable the Nigerian economy was and corruption with the employment of ordinary least square. It was discovered from the study that what led to bulk of corrupt practices in Nigeria was high level of poverty, inadequate transparency, and unemployment. Other contributions of corruption were stated in the study as huge level of interferences by politicians in ant graft agencies, weak institutions and weak legal system in Nigeria. Taiwo and Agwu (2016) argued that poverty alleviation programs in Nigeria were avenue to drain the resources belong to the country owing to corruption and dishonesty of the political office holders. Dankumo et al. (2019) used ARDL technique to investigate the how public expenditure, poverty and corruption are linked in Nigeria from 1996 to 2016. It was revealed from the study that corruption led to poverty in Nigeria. Also, government expenditures had a significant negative impact on poverty in the country. Mallik and Saha, (2016) corroborated that corruption was not always in support of growth. However, it was in support of growth for some countries.

Edrees et al. (2015) examined the link between public expenditure and poverty reduction in Africa. The authors posited that the impact of public
expenditure on education and health was significantly reduced poverty in the continent.

Furthermore, Action Aid Report (2015) examined how corruption and poverty were interlinked in Nigeria using a content analysis. The paper asserted that the correlation that existed between poverty and corruption was very strong in Nigeria. The Nigeria’s corruption perception index was very high but when it came to the Human Development Index in Nigeria, reverse was the narrative.

In a study carried out by Lucas et al. (2020) using fully modified ordinary least square to examine how political corruption, income inequality and poverty are related from 2000 to 2019. It was argued in the study that political corruption caused a negative impact on income inequality. Also, political corruption led to poverty in the country. Ajisafe (2016) assessed effect of corruption on the Nigerian poverty level with the application of Autoregressive Distributed Lag (ARDL) on data from 1986 to 2014. The results that emerged from the study provided an evidence that corruption in Nigeria was responsible for the devastating level of citizens’ welfare. This was occasioned by a reduction in expenditures on both health and education other social services which consequently metamorphosed a spike in the level of poverty in the country. In a related study, Muhammad (2013) subjected the Nigerian income inequality, corruption and economic growth data to empirical analysis with the employment of Autoregressive distributed lag model (ARDL). The study established that a long run relationship existed between income inequality, economic growth and corruption. The negative growth in economy indicator was also occasioned by corruption in the country. Onyele and Nwokocha (2016) utilized Johansen co-integration test and error correction model to investigate the nexus between capital flight and poverty from 1986 to 2014 in Nigeria. The authors affirmed that a long run convergence existed between poverty and capital flight in the country. Capital flight also led to a rise in poverty level in the country.

In addition, Ellis (2012) argued that corruption was not the root cause of poverty was, however, it could catalyse poverty through a decline in public services from the angle of quality and quantity of health facilities, education and housing etc. of the populace in a country. Adenike (2013) researched the impact of corruption on economic growth from 1980 to 2009. The author concluded using regression and Granger causality test to conclude that output per worker had a positive relationship between with corruption. And corruption exerted an inverse impact on educational expenditure, capital flight and investment. Wickberg (2012) corroborated that corruption sponsored a spike in poverty through its spill overs on income, resources distribution and accessibility of services. In another argument, Justesen and Bjørnskov (2014) provided an evidence to substantiate assertion that government officials usually exploit the poor via bribes before rendering services to them because they are vulnerable.

In summary, the results from different studies have clearly shown that the relationship between corruption and poverty are generally controversial. Therefore, using a new technique that has not been explored in Nigeria is a departure from the existing studies in the country. Hence, the significance of this paper.
Taking a cursory look at the historical landscape of Nigeria, the country first became a republic in 1963, after three (3) of gaining independence from the former colonial masters. The first republic was interrupted by a bloody coup in 1966 which gave birth to the military rule in the country. Another republic began in Nigeria after a new constitution was written in 1979 in the country. This lasted between 1979 and 1983, and short-lived as the military seized power again. In the same vein, the Nigerian 3rd Republic (1992-1993) was proved abortive when an attempt was made restore Nigeria to democracy. Meanwhile, the transition of the fourth republic in 1999 served as a turning point in the political history of Nigeria. This is because Nigeria has witnessed an uninterrupted democracy since the beginning of the fourth republic.

Consequently, looking at the corruption perception index of Nigeria as shown in figure 1, it could be deduced that the first period of democratic rule from 1999 to 2003 in Nigeria witnessed a significant decline in the level of corruption in the country. Whereas, as the second regime started in 2004, there was a rise in the level of corruption in the country. Since then corruption perception index has been fluctuation in a significant way in the country.

3. METHODOLOGY AND DATA

The research design that is appropriate for this paper is an ex-post facto. The appropriateness of this research design lies in the main focus of the study-establishing the viable relationship the explanatory variables and the dependent variable. This study covers the periods of 2000 to 2019, this is due to the fact that an uninterrupted democracy in Nigeria began in 1999 till date. Consequently, this study used poverty head count to measure poverty index, and data for the data were sourced from the World Bank Development Indicators (WDI). Similarly, data for income inequality in Nigeria was extracted from the National Bureau of statistics in Nigeria and corruption index made available by International Country Risk Guide was used.
to proxy control of corruption. These data were extracted from the Freedom House otherwise known as Transparency International.

3.1 EMPIRICAL MODEL

Developing a model for estimation of poverty and corruption nexus in Nigeria draws an insight from the works of Lucas et al. (2020), Ajisafe (2016) and Osabohien et al. (2020). The authors made effort to eliminate some irrelevant variables in the adapted model. Therefore, the model could be specified as follows;

Political Corruption = F (Poverty Head Count, Income Inequality)  
PTC = F (PHC, INQ)

We Linearized model (II) in order to generate model III:

\[
\Delta PTC_t = \sum_{i=1}^{P} \beta_1 \Delta PTC_{t-1} + \sum_{i=0}^{P} \beta_2 \Delta PHC_{t-1} + \sum_{i=1}^{P} \beta_3 \Delta INQ_{t-1} + \Omega ECM_{t-1} + \theta_1 PTC_{t-1} + \theta_2 PHC_{t-1} + \sum_{i=1}^{P} \theta_3 INQ_{t-1} + \mu
\]

It should be stressed that the acronyms in equations (IV) are explicitly explained in the following ways; PTC is used to proxy political corruption, which its measurement is reflected in corruption perception index. PHC captures the level of poverty level, and poverty head count at $1.25 PPP 2005 is utilized in measuring it. Meanwhile, income inequality is denoted by INQ. u is used to capture error term which measures other variables affecting the dependent variable outside the model. t covers the period of 2000 to 2019. The apriori expectation of the model is as follows \(\beta_1, \beta_2, \beta_3, \theta_1, \theta_2\) and \(\theta_3 > 0. \Omega < 0.

3.3 DISCUSSION OF RESULTS

Table 1: Descriptive Statistics of Data Series (2000-2019)

<table>
<thead>
<tr>
<th>Descriptive Stat.</th>
<th>PHC</th>
<th>PTC</th>
<th>INQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>56.33275</td>
<td>2.310106</td>
<td>0.627291</td>
</tr>
<tr>
<td>Median</td>
<td>64.78201</td>
<td>2.301102</td>
<td>0.488241</td>
</tr>
<tr>
<td>Maximum</td>
<td>80.40410</td>
<td>2.610210</td>
<td>0.677780</td>
</tr>
<tr>
<td>Minimum</td>
<td>59.01210</td>
<td>1.390000</td>
<td>0.558253</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>6.01413</td>
<td>0.501314</td>
<td>0.036828</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.61528</td>
<td>0.391413</td>
<td>0.087202</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>3.12240</td>
<td>2.030000</td>
<td>1.401251</td>
</tr>
<tr>
<td>Jarque-Bera</td>
<td>0.827405</td>
<td>1.601682</td>
<td>3.023729</td>
</tr>
<tr>
<td>Probability</td>
<td>0.587798</td>
<td>0.500145</td>
<td>0.204218</td>
</tr>
<tr>
<td>Sum</td>
<td>2134.296</td>
<td>42.59000</td>
<td>10.03757</td>
</tr>
<tr>
<td>Sum. Sq. Deviation</td>
<td>519.2713</td>
<td>3.586412</td>
<td>0.037915</td>
</tr>
<tr>
<td>Observation</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Authors’ Computation (2020)

Table 1 shows descriptive statistics of political corruption data, poverty head count data and income inequality data. The minimum and maximum values of
poverty head count are 59.01210 and 80.40410 respectively. The mean value of the variable is greater than its standard deviation. This shows that the dispersion of the data to proxy the variable is moderate. The data is positively skewed as well with the kurtosis of 3. This shows that the data to capture poverty head count is normally distributed. Similarly, political corruption data has a minimum value of 2.301102 and a maximum value of 2.610210 respectively. The standard deviation of this data is less than its mean value, indicating that the dispersion of the data is moderate. The data is positively skewed as well with the kurtosis value very close to 3. This implies that political corruption data is symmetrical in nature. Consequently, income inequality data has a maximum value of 0.677780 and minimum value of 0.036828 simultaneously. The standard deviation is less than the mean value. This implies that dispersion of the data is moderate. The skewness of the data is positive, but the value of kurtosis is far from 3. Therefore, the normal distribution of data is moderate. The evidence from the normal distribution of data used to proxy all the variables of interest indicate that the data could be adequately used for further econometric analysis.

**Table 2: Test for Unit Roots**

<table>
<thead>
<tr>
<th>Variables</th>
<th>ADF Test</th>
<th>PP Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level</td>
<td>Probability</td>
</tr>
<tr>
<td>PHC</td>
<td>-3.857386***</td>
<td>0.6452</td>
</tr>
<tr>
<td>PTC</td>
<td>-3.857386***</td>
<td>0.7412</td>
</tr>
<tr>
<td>INQ</td>
<td>-3.857386***</td>
<td>0.7297</td>
</tr>
<tr>
<td></td>
<td>Level</td>
<td>Probability</td>
</tr>
<tr>
<td>PHC</td>
<td>-3.857386***</td>
<td>0.7312</td>
</tr>
<tr>
<td>PTC</td>
<td>-3.857386***</td>
<td>0.7412</td>
</tr>
<tr>
<td>INQ</td>
<td>-3.857386***</td>
<td>0.7297</td>
</tr>
</tbody>
</table>

**Source: Authors’ work (2020)**

In testing how the time series data behave in this study, the authors made used of the standard Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests. The importance of this test lies in the effect of unit root in motivating spurious regression which could make the findings of study to be biased. However, the results from table two imply that all the data in this study possessed a unit root because all the data became stationary after first differencing.

**Table 3: Test for Cointegration (Johansen Cointegration Test Trace Statistics &Maximum Eigenvalue)**

<table>
<thead>
<tr>
<th>Hypothesized No. of CE(s)</th>
<th>Eigenvalue</th>
<th>Trace Statistic</th>
<th>P-Value</th>
<th>Max-Eigen Statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>None *</td>
<td>0.540878</td>
<td>21.68611</td>
<td>0.3163</td>
<td>13.23345</td>
<td>0.4310</td>
</tr>
<tr>
<td>At most 1 *</td>
<td>0.344019</td>
<td>8.452658</td>
<td>0.4183</td>
<td>7.167599</td>
<td>0.4695</td>
</tr>
<tr>
<td>At most 2 *</td>
<td>0.072805</td>
<td>1.285059</td>
<td>0.0070</td>
<td>1.285059</td>
<td>0.0070</td>
</tr>
</tbody>
</table>

**Source: Authors’ work (2020)**
It was observed from the unit root tests that all the variables are (1) i.e. integration of order one. The implication of this is that the variables of interest could show some level of divergences in the short run. However, the divergences could equilibrate in the long run. Hence, the authors employed a multivariate cointegration test by Johansen and Juselius (1990) in testing the long run relationship between the variables. The results in table 3 shows that that one (1) cointegration equation was present among the variables utilized for the study. This means that all the variables have a long run relationship. Therefore, the authors adopted error correction model to estimate the short run, the long run and the speed of adjustment between the short run and the long run in this study.

**Table 4: VAR Lag Order Selection Criteria**

Sample: 2000 2019  
Included observations: 18

<table>
<thead>
<tr>
<th>Lag</th>
<th>LogL</th>
<th>LR</th>
<th>FPE</th>
<th>AIC</th>
<th>SC</th>
<th>HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-5.066129</td>
<td>NA</td>
<td>0.143919</td>
<td>0.896237</td>
<td>1.044632</td>
<td>0.916698</td>
</tr>
<tr>
<td>1</td>
<td>-2.186769</td>
<td>4.479005*</td>
<td>0.117312*</td>
<td>0.687419*</td>
<td>0.885279*</td>
<td>0.714701*</td>
</tr>
</tbody>
</table>

* indicates lag order selected by the criterion  
LR: sequential modified LR test statistic (each test at 5% level)  
FPE: Final prediction error  
AIC: Akaike information criterion  
SC: Schwarz information criterion  
HQ: Hannan-Quinn information criterion

The above table shows lag length selection criteria for the model estimation. It is worth of note that all the information criteria indicated lag one (1).

**Table 5: Parsimonious Short Run and Long Run Relationship between Political Corruption and Poverty in Nigeria**

**Dependent Variable: PTC**

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>T-statistics</th>
<th></th>
<th>Coefficient</th>
<th>T-statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPTC(-1)</td>
<td>-0.084896</td>
<td>0.508565</td>
<td>PTC(-1)</td>
<td>0.861439</td>
<td>6.466347</td>
</tr>
<tr>
<td>DINQ</td>
<td>0.962189</td>
<td>0.575793</td>
<td>INQ</td>
<td>5.061143</td>
<td>4.870604</td>
</tr>
<tr>
<td>DPHC</td>
<td>0.013810</td>
<td>1.851872</td>
<td>PHC</td>
<td>-0.016307</td>
<td>1.029431</td>
</tr>
<tr>
<td>ECM</td>
<td>-0.599307</td>
<td>3.404816</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-Squared</td>
<td>0.868672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Authors’ Computation (2020)*

Table 5 presented the results of the error correction model. This measures the short run, the long run and the speed of adjustment between the short run and the long run that exist among the variables of interest. Firstly, there is a negative and significant coefficient in the estimated error correction model (ECM) result. The implication of the above result is that 59.9% of the error due to shocks in the previous period was corrected in the current year. This implies that the system will take about 1.7 years in adjusting back to its long run equilibrium path. The R-Squared which
measures the goodness fit of the model shows that 86% of the variation in the
dependent variable was explained by the set of explanatory variables of the model.
This shows that the model is relatively good for the work. Meanwhile, political
corruption in the previous year has a negative but insignificant impact on political
corruption in the current year in the short run. But in the long run, the relationship
becomes a positive and significant in the long run. The implication of this is that the
past corrupt practices in Nigeria, if not checked have the tendency to metamorphose
to endemic corruption in the country in the long run. This might be a strong
justification for the persistent rise in corruption among the Nigerian populace.

Political corruption has an insignificant positive relationship with income
inequality in the short run, but this relationship becomes significant in the long run.
This implies that political corruption leads to income inequality in the long run in
Nigeria. The inequality of income which is increasing on daily basis in Nigeria has
been fuelled by corrupt practices of the political office holders in the country.
However, political corruption and poverty level in Nigeria have a positive
relationship which is significant at 10% level of significant in the short run. In the
long run, the relationship becomes negative, though insignificant. This implies that
political corruption brings about a rise in poverty level in Nigeria. In other words,
political corruption is a major factor sponsoring the continuous rise in poverty level
in Nigeria. The finding in this study is tandem with the submissions of Lucas et al.
(2020) and Ajisafe (2016) in related studies focusing on Nigeria despite the fact that
different methodologies were utilized. However, the finding contradicts the
conclusion of Estefania (2010) in a related study focusing on the United State of
America.

4. CONCLUSION AND RECOMMENDATION

In providing an empirical answer to the question whether political corruption
in the fourth republic has shifted Nigeria to the World’s Poverty headquarters, this
study utilized secondary data from 2000 to 2019 with the application of error
correction model. The findings that originated from the study are summarized as
follows; 59.9% of the error due to shocks in the previous period was corrected in the
current year. Political corruption has an insignificant positive relationship with
income inequality in the short run, but this relationship becomes significant in the
long run. This implies that political corruption leads to income inequality in the long
run in Nigeria. However, political corruption and poverty level in Nigeria have a
significant positive relationship in the short run. In the long run, the relationship
becomes negative, though insignificant. This implies that political corruption brings
about a rise in poverty level in Nigeria. In other words, political corruption during
the fourth republic has led Nigeria to the world’s poverty headquarters. **Due to this
important finding, recommendations were made for the policy makers in Nigeria as
follows; tackling poverty in Nigeria requires policies that will address political
corruption holistically. Therefore, the Nigerian government should strengthen anti-
graft institutions like ICPC and EFCC to curb corruption so that poverty menace
could be addressed in the country.**
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