

Hunger and Poverty: Causes, Impacts and Eradication

POVERTY

Global Challenges,
Role of Inequality and
Reduction Strategies

CHUKWUMA AGU

EDITOR

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Additional color graphics may be available in the e-book version of this book.

Library of Congress Cataloging-in-Publication Data

Poverty : global challenges, role of inequality and reduction strategies / editor, Chukwuma Agu.

pages cm. -- (Hunger and poverty: causes, impacts and eradication)

Includes index.

ISBN : 9: /3/856: 4/54; /8thg/Dqgm

1. Poverty--Developing countries. 2. Poverty. I. Agu, Chukwuma.

HC59.72.P6P6833 2015

339.4'6091724--dc23

2015005443

Published by Nova Science Publishers, Inc. † New York

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INTRODUCTION

Chukwuma Agu

This book sets out to examine the relationships between growth, poverty and sectoral outcomes. The major conclusion is that the attendant challenges are complex, multi-dimensional and multi-faceted processes that do not lend themselves to very easy conclusions as seem to have been the case in many mainstream works dealing on the subject matter. The first part of the book, comprising chapters 1 through 3, deals with broad perceptions and theoretical issues of poverty and growth, using a sprinkling of empirical evidence, mostly concentrated on Africa. In this group are Onyukwu, Amakom and Agu (Chapter 1) who discuss the poverty growth linkage paradigm in light of Africa's recent growth experience and Juarez (Chapter 2) and Ichoku and Ifelunini (Chapter 3) who attempt some broad categorizations based on theory and empirical evidence. Juarez discusses the multi-pronged dimensions of poverty, the complex web of impacts on other sectors as well as their implications for policies and strategies aimed at mitigating them. Ichoku and Ifelunini concentrated on the link between health and development. The second part of the book deals with regional and country case studies. In this group are Agu and Orji (Chapter 4) which discusses the regional and sectoral determinants of poverty in Nigeria. Menjo, Epo and Dickson (Chapter 5) and Ne Port and Paul (Chapter 6) respectively discuss rural and urban contributions of poverty as well as inequality and polarization, both in Cameroon. Zhao (Chapter 7) goes on to further case study on health using indigenous Australia while Owens (Chapter 8) discusses Exemplar programs and their contributions to ameliorating negative impact of poverty on education achievement in the United States. We give further details of each chapter underneath. Underneath, we outline some of the findings and positions of the respective chapters.

Chapter 1 focuses on economic growth and poverty paradox by re-examining the claims of Africa's "unique" experience. In the chapter, Onyukwu, Amakom and Agu argue that the perception that the coexistence of Africa's economic growth with apparent lack of reduction in poverty over the last one and half decade is illogical and paradoxical is not wholly correct. This perception, which has remained dominant in mainstream literature insists that poverty reduction should go hand in hand with growth. The chapter argues that the perception is an extension of the trickle-down-effect of growth-poverty paradigm. The chapter offers an alternative reading by referring back to the immiserizing growth literature and shows that the poverty reduction outcome of growth is not only a function of the existence of growth but

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depends largely on the nature and quality of the growth process on the one hand, and other social realities that constrain inclusion on the other. The chapter examines the theoretical alternatives in light of empirical evidence on the sources of Africa's growth and reviews their implications for ultimate outcomes on poverty reduction and welfare. The goal of the chapter is to engender more robust debate on the claims about Africa's growth, which may not have been downright exaggerated, showing how and why Africa's poverty and inequality may not have been incompatible with its growth. It also aims to show why they may remain intractable in spite of the modest economic growth of the last decade. The chapter then offers useful insights for simultaneous realization of economic growth and poverty reduction in the continent. The major contribution of this chapter is in its assessment of the 'appropriateness' of the coexistence of high growth and rising poverty, a challenge they situated in the sectoral composition of the growth, which is often omitted in 'trickle down' discussions, thereby expanding the factors for achieving inclusive growth to include sustained accumulation and improved governance. The latter, it argues, comes through expansion of democratic space and the development of state capacity to create 'open access' societies, and up scaling of transparent processes of income and assets redistribution. With the renewed momentum of economic growth in Africa, the Africa rising phenomenon, the chapter makes an important contribution towards understanding why long term growth may remain weak and why sustainable reversal in poverty reduction may still be a long way off. For the authors, achieving inclusive growth in Africa requires that the African economies grow faster over the long term, that the growth is diversified towards sectors with increasing returns to scale like manufacturing and services, and remains non-inflationary in order to achieve progressive poverty reduction and employment creation.

Juarez, in chapter 2, insists that it is not enough that a country be rich; it is also necessary that it is not poor. The discussion in this chapter is built around the metaphors of poverty with emphasis on paraconsistency, polycontextuality, health-disease and complexity. This is because the paraconsistent logic of richness and poverty supports the coexistence of both contradictory states and different contexts for the same phenomenon, due to the fact that it is not enough to guarantee the existence of one of them, it is necessary to ensure the absence of the other. The author further demonstrates that poverty includes metaphorical narratives, which may be missed on poverty reduction strategy policies. In his opinion, these narratives are complex systems, health and socio-economic development; all of them include paraconsistency and polycontextuality. The relationship between global economic and social change and poverty indicators is at multiple levels, making it impossible to rely on just one strategy. It is a system with complex features that continuously adapts through the many forms of social organization. The author argues that socio-economic structures mutate into a succession of models, and solutions and are always transient, because of their lack of consistency and coherence. The narrative of poverty related to health-disease has objective-subjective, positive-negative, normativist-individualistic and global-specific indicators, all of which can coexist within a paraconsistent framework. The chapter also shows that monetary policies to stimulate economic growth and create wealth have an impact on social structures, resulting in a chaotic recurrence to previous states of development, instead of a cumulative-ordered growth. Thus, narratives of poverty are a complex web, which should guide reduction strategies, but not necessarily in any linear manner. The chapter deals mainly with concepts, dimensions and characteristics of poverty, with emphasis on the need for consistency in the logical analysis of its causes and consequences, especially where formulations, in terms of

cause-consequence, create different logical worlds with the existence of contradictions. Poverty is a complex network, and a complex approach should guide poverty reduction strategies across the globe. That is the central message of this chapter.

Ichoku and Abanum, in Chapter 3, went deeper and more narrowly to x-ray the relationships between health and economic growth, questioning channels of influence. The arguments of the chapter are mostly anchored on the human capital and endogenous growth theory as well as the health and endogenous growth model. The chapter critically reviews the considerable work already done by economists and health scientists to unravel both the processes and causal paths that underlie the intricate association between measures of economic status such as income and wealth and health outcomes, including measures of mortality and morbidity. While some of the literature presents a reverse relationship “economic outcomes lead to health”, more recent studies have an opposite view. But overall, improvements in health status are no longer seen as end or product of economic development but also as determinants of and means to achieve economic development. Thus, improving health and life expectancy are ends in themselves and improving health becomes necessary to improve economy. The authors therefore explore the theories and empirical studies on the relationship between health and economic growth, in view of the general recognition that health is a fundamental component of human well-being, quite apart from its contribution to economic production. The authors argue that health is also an important component of human capital, and an input into the economic production process, acknowledging that applied literature on the subject matter generally find positive relationship between health and economic outcomes, although significance of the coefficient of this relationship remains subject of controversy. The chapter provides an overview of the various strands of literature underpinning this relationship, especially the influence of different dimensions of health on several economic outcomes including growth and productivity, employment, and other labour-market outcomes, and requiring different types of data including cross sectional and cross-country data, time-series and historical data. They also highlighted the endogeneity problem that characterises the empirical estimation of ‘health on economy and vice versa’ discussions, considering the different dimensions of health. The main contribution of the chapter is its analysis of the significance of improved life expectancy as an indication of the capacity of improved stock of health capital in achieving high levels of per capita income, especially when current stocks are at lower end.

The section on case studies begins with Agu and Orji in Chapter 4. The chapter discusses regional poverty and inequality in Nigeria and the role of sectoral growth dynamics. The study investigates the demographic and sectoral factors affecting regional poverty and inequality in Nigeria using the General living standards (GLS) and Nigeria living standards survey (NLSS) data for 1996 and 2004. Nigeria presents a unique case study given that the country’s growth experiences seem to always present a paradox – shifting from poverty in the midst of plenty (a la World Bank, 1996) to growth without poverty (or inequality) reduction. Thus, regional experiences with both poverty and inequality are wide and varied. The authors argue that creative destruction involved in growth would demand the expansion of some sectors and the shrinking of others and demonstrate that regional and sectoral gainers and losers generally translate to new forms of inequality. As such, growth is not always inconsistent with inequality. The study also found that poverty in Nigeria is affected by a number of micro variables (including major demographic indices of the household like education, family size, sex, location of the household as well as age of the household head).

Some of these micro factors like education, household size, and location of the household fall into categories that can be affected by decisions of members of the family, but others like sex of the household head cannot be helped. The chapter presents another set of empirical evidence challenging the trickle-down theory of growth to poverty. It advocates specific policies to move some of the gains of growth in one region/sector to others in order to ensure equitable distribution.

The fifth chapter is devoted to the analysis of rural-urban contributions to poverty changes in Cameroon using a non-parametric analysis. In the chapter, Francis, Epo and Dickson use non-parametric methods to set food and overall poverty lines using Cameroon household survey data. The methodology blends the traditional food energy-intake and the cost-of-basic-needs methods. After expressing the 1984 food and total expenditures in 1996 prices, poverty lines derived using the 1996 data were used to evaluate the evolution of poverty between 1984 and 1996. The incidence, depth and severity of both food and overall poverty were shown to have increased significantly during the period 1984-1996. The chapter notes that although urban food (overall) poverty increased by 43 (35) percentage points and rural food (overall) poverty by 39 (35) percentage points, rural areas contributed up to about 67.5 (70.9) percent to the change in the national incidence of food (overall) poverty of 35 (29) percentage points and urban areas contributed only about 37.9% (37%) to this change. Between 1984 and 1996, while the rural contributions to changes in national food and overall poverty increased significantly with the depth and severity of poverty, the reverse was observed for urban areas. The poor were found to be disproportionately located in the rural areas, and there was evidence of net migration to the main cities. More than any other, this chapter brings to the fore the central question of rural –urban divide in effects of policies and programmes for poverty reduction in developing countries, highlighting the necessity of tailoring poverty reduction programmes towards the rural areas where the poor are disproportionately located.

In Chapter 6, Ne Port and Paul continued the discussion on Cameroon highlighting the mechanisms through which inequality in the distribution of resources harbors poverty and polarization in the country. To this end, the authors measured inequality by the standard Gini index and also measured polarization by two complementary indices namely the Foster and Wolfson index and the Duclos, Esteban and Ray index and measured poverty using the Foster, Greer and Thorbecke index. These indices were applied on two well-being indicators: the monetary indicator and the well-being composite indicator. The data analyzed in the chapter were obtained from two databases produced by the National Institute of Statistics of Cameroon, in 2001 and 2007. Using micro simulation, the authors point out the effects of redistribution policies on the variation of polarization and poverty. The results indicate that inequality, polarization and poverty evolve in the same direction both at the level of the residential area and at the level of the six agro-ecological zones. The work also significantly highlights the multiple dimensions of efforts needed to improve living conditions of Cameroonian households and reduce the risks of social exclusion. It particularly notes the relatively prevalence of within-group inequality as against between-group inequality. It therefore notes the need to promote the absorption of rural populations into the job market and reinforce their human abilities. This should come in addition to the regular responsibilities of providing basic public infrastructure in helping to reduce the gaps between urban and rural areas on the one hand, and between individuals, on the other.

The seventh chapter by Zhao aimed at establishing the links between poverty and indigenous health gap in Australia. The author clearly gave an outline of what is known about the causes of indigenous health inequity and challenges faced in combating them. Highlighting trends and character of health inequality between indigenous and non-indigenous Australians, the authors use relevant literature to substantiate the fact that causes of poor indigenous health cut across biomedical, social and economic. The chapter also uses morbidity, mortality and socioeconomic data and multiple statistical analyses to demonstrate that indigenous health is a poverty issue. Age standardized hospital morbidity and life expectancy at birth were examined by the author using both descriptive and analytical approach, demonstrating that the proportion of indigenous population is highly correlated with socioeconomic disadvantage. A clear socioeconomic gradient is found for all categories of disease and injury. Furthermore, socioeconomic disadvantage accounts for one-third to one-half of the indigenous life expectancy gap. Lifting area based poverty scores for family income and education/occupation by two quintile categories for low socioeconomic indigenous groups appear to be sufficient to overcome the excess hospital utilization among the indigenous population. These findings by the author suggest that poverty is the root cause of poor indigenous health; that poor indigenous health is mainly driven by environmental factors such as historical colonization, social discrimination and resource exploitation. It notes that problem with using race to describe ill-health is that race is not a modifiable risk factor and it indicates genetic factors may play a major role in causing poor indigenous health, insisting that many indigenous people are very healthy, provided they are less likely exposed to risks of ill-health. The chapter emphasizes the common wisdom that improved outcomes in poverty eradication and education program for indigenous people will ease the burden of disease and pressure on public health spending. It insists that efforts to address indigenous health issues should recognize poverty as an underlying cause of the health gap and that without eliminating poverty, efforts to reduce the indigenous health gap will be ineffective and inefficient.

In chapter 8, Owen takes a case study of the impact of the Exemplar programmes of the United States. The chapter argues that ameliorating the negative impact of poverty on education achievement requires a multifaceted approach in order to overcome the structural factors that are interrelated with living in poverty. In her opinion, the K-12 Education reforms designed to overcome the achievement gap between poor children and their middle class peers are insufficient. While good schools are essential, the problems associated with poverty are too pervasive to be ameliorated by K-12 schools alone. However, the author agrees that projects such as the Perry Preschool Program and the Abecedarian Project have provided longitudinal research data demonstrating the benefits of intervening early in the lives of disadvantaged children and families. Positive outcomes for participants in these programs include social and economic benefits. Furthermore, these programs provide benefits through reduced costs to the government in the form of subsidies and costs associated with special education and health care for both the individual and society. The chapter notes that the United States is behind other developed nations in providing high-quality universal childcare and preschool for its youngest citizens. For example, while average enrolment in early childhood programs for the European Union is nearly 80 percent, only about 47 percent of 3 and 4 year olds in the United States participate in preschool programs. Likewise, data from the OECD demonstrate increased academic achievement among 15 year olds who attended preschool in spite of socio-economic status. Like the case study from Australia, the chapter

shows that vulnerable groups in developed countries face as much challenge in poverty and inequality as their developing country counterparts; and that it is the responsibility of well-targeted policies not only to fish these out but also provide relevant support. The author maintains that no child chooses to live in poverty and no child has the ability or resources to change the trajectory of their lives on their own. Their vulnerability within their families and communities requires the wisdom and moral fortitude of policy-makers and society at large to make decisions that improve a poor child's lot in life.