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Democratisation and Corruption in a Religious Society: The Nigerian Experience

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Abstract: *The late 20th century till date has greatly witnessed paradigm shift in democratisation crusade around African continents where Nigeria belongs. This becomes significant and crucial in order to perpetually keep the military cabals in the barrack as result of the incessant problems of corruption, religious violence, instability, insecurity and among others. Thus, stable democracy becomes the only solution to this perennial political angst in Nigeria. Therefore, this paper seeks to postulate that democracy should be allowed to grow and build domestic consensus, reassert and readdress corporate participation and as well assume new roles indispensable for keeping and extending the life span of democracy and to immune it against military regime since Nigerians are religious in all things. To this end, democratisation is a democratic institution aimed at furthering political conscientization processes propelled by political regimes and continuously assume new roles in keeping with the exigencies of times and the political developments around them. This would make democratisation the only game in town.*

Keywords: Corruption, democratisation, democracy, religious society, Nigerian experience

Introduction

The late 20th century till date has witnessed swift change in democratisation crusade around African continents including Nigeria. This significant and timely change became crucial consequent upon the need to terminate military cabals, one-party system and authoritarian rule. Thus, this democratisation pressure was seen to be the only solution to the perennial political angst in Nigeria in particular and Africa in general. The agitation from people, who, having been raped and fluffed by the military rules coupled with corruption, mismanagement and hardship, was to benefit from the political dividends, which they believed a democratic era would usher in. Today, virtually all the African nations including Nigeria are enjoying democratic dividends. For the first time in history, Nigeria has succeeded in handing over governance from civilian to civilian government, which is a mark of democratic consolidation. Indeed, the continuous existence of a vibrant and solid society like Nigeria is the product of democratisation, which is indispensable and non-negotiable.

However, with democracy at hand, Nigeria is still swinging in comfort with corruption and mismanagement. In fact, round and about us corruption beams, corrupt men and women are the beloved while the hated are those who spurn the vermin. In essence, corruption has berthed permanently on the Nigerian shores where religions like African Religion, Islam and Christianity are mainly practiced. It soars in all tiers of government in the last and current dispensation. Corruption, as the unlimited ostentation of wealth amassing and arrant obscenity in Nigerian culture is an unholy bedfellow with democratisation. The message of democratisation stands sharply in contrast with the wave of corruption. It is therefore the intention of this paper to tersely examine the basic concepts of democratisation and corruption in the Nigerian context. The paper shall conclude by recommending blueprints for democratic development as a re-appraisal of the political destiny of Nigeria.

Conceptualising Democratisation

A conceptual discussion of this kind cannot be fully comprehended without an insight or in-depth understanding of democracy *per se*. Democracy as a concept originated from the Greek-city state or the *polis* around 5th century B.C. as “demo-cratia” meaning “rule of the people.” Democracy emerged as the government of the masses or the government of the vast majority with collective participation. Thus, this concept represented the interest of the people either directly or indirectly in the *polis*. As a result of civilization in the city-state, representatives at a public forum were recognised to articulate the interest of the vast majority. By and large, various dimensions came to expound the meaning of democracy and its set objectives. Despite the fact that a handful of scholars have written about democracy, it is difficult to satisfy its definitive quest. Be that as it may, the concept remains the best option to ensure understanding of its very meaning between the leaders and the led with a view to regulating and appreciating the instrument of power control among the leaders.

Schmitter (1992:35) sees democracy as the “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote.” (Howell 1999:45) posits that democracy is a political process where rulers are held accountable to the ruled by a variety of political arrangements, which include regular competitive multi-party elections and where those holding political office do not have automatic security of tenure. However, (Eyinla 2007:65) argues that two fundamental elements in this definition are crucial and prevalent. “They are contestation and participation.” (Eyinla 2007:66) buttresses further that “a polity is democratic to the extent to which the collective decision makers are selected or displaced through free, fair and periodic elections based on universal adult suffrage and where candidates freely compete for votes.” (Madison *et al* 1987:71) describe democracy as a set of institutions, including the three tiers of government, each of which is supposed to check and be checked by the other two, in order to maintain liberties and avoid tyranny, even of a majority against a minority. Applying cultural approach to the meaning of democracy, (Rustow 1985:82) defines democracy “as a problem-solving formula for power-sharing in which significant groups in society, either directly or through representative elites, negotiate from time to time over issues that are important to them all.”

Of paramount importance in this definition are the bargained interests that are entered into or reached that suffice for the time being. Often times, new issues arise, as old ones are replaced or even atrophy and as groups’ need change. Where negotiations are properly and honestly conducted, groups make concessions in one area in order that they may win concessions in other areas. In which case, any agreement worked out is the best possible for the whole society at the time; it is at most the second best for any of the negotiating groups (Omoruyi 1994:54). Having considered the various definitions of democracy, the most widely acceptable and enduring is the one given by the 16th American President Abraham Lincoln (1809-65), “as government of the people, by the people and for the people”. This means total representation, full participation and flawless accountability to the people by the electors because the people are the government entrusted to the few who represent their interest at the top. Thus, the implication of the three conditions of representation, full participation and completely accountability traced back to city-state is indicative of its level of democratisation.

By indication, democratisation as (Clinz and Stepan 1996:14-23) argue can only be said to take place after a transition to democracy has taken place. They define democratisation as “a political regime in which democracy as a complex system of institutions, rules and patterned incentives and disincentives has become, in a phrase, the only game in town”.

Oche (2002:200) supports the notion of democratization as “being in consonance with the only game in town and is thus premised on a tripodal operationalization comprising behavioural, attitudinal and constitutional dimensions”. Behaviourally speaking, a democratic regime can as well be regarded as consolidated when no significant major player will attempt to achieve its set goals either through the creation of a non-democratic or undemocratic or by way of secession. In attitudinal level, (Oche 2002) states that a democracy is consolidated when the overwhelming majority of public opinion is constantly and consistently supportive of democratic procedures, processes and institutions as being the sole appropriate method of conducting governance and public affairs. In constitutional terms, a democracy can be said to be democratised when government and non-government actors “become subject to, and habituated to, the resolution of conflict within the bounds of the specific laws, procedures, and institutions sanctioned by the new democratic process”(Schedler 1991:77).

In fact, for a nation to be regarded as being democratised, a democracy must develop along the aforementioned conditions of behavioural, attitudinal and constitutional lines and qualities that are catalysts for democratic essence. In other words, democratisation and democratic consolidation transcend elaborate formalities of patterning constitutions and establishing institutions. As a process, democratisation places much emphasis on the cultivation and growth of the critical behavioural and attitudinal underpinnings, which are solid foundations for a sustainable, vibrant and viable democratic system (Oche 2002:200).

By extension, (Bratton and Van de Walle 1997:69) assert that democratisation depicts the deliberate construction of democratic political mechanisms and institutions. As a process, it strengthens state structures and develops accountable and responsive forms of governance. (Eyinla 2007:69) however asserts that democratisation can result in full or partial transition. According to him: democratic transition is the inauguration of a new democratic government in which there is a peaceful transfer of power from one set of political personnel to another, while partial democratic transition connotes a situation where authoritarian leaders retain their office in the aftermath of multiparty elections. As a process democratisation is therefore concerned with the establishment and strengthening of the institutional principles and mechanisms that define a democratic regime. The success or failure of a democratisation process is determined by the extent to which the earlier enumerated elements of democracy are established.”

To this end, democratisation is a democratic institution aimed at furthering political conscientisation processes propelled by political regime and continuously assume new roles in keeping with the exigencies of the times and the political developments around them. Also, democratic consolidation is thus the positive end of securing democracy, extending its life span beyond the short term and making it immune against the threat of regression to autocratic rule and of reducing the probability of democratic breakdown, to the point where it can be reasonably assumed that democratic tenet will persist in the near future in the face of any threat (Eyinla 2007:67-70). Schmitter (1992:35) adds that democratisation is the process of transforming the accidental arrangements, prudential norms and contingent solutions that have emerged during the democratic transition process into relations of co-operation and competition that are reliably known, regularly practiced and voluntarily accepted by those who participate in democratic governance. However, the commonest feature in the realm of democratisation that stands out unquestionably is process. Process in this context means a gradual and developmental stage of growth and time to advance to maturity.

Nevertheless, democratisation process can be better sustained when the elements of democracy are vigorously pursued and upheld. Any democratic alternatives to the processes of complet-

ing transition have the propensity of democratic breakdown and democratic evaporation. In a democratic setting, the concept of democratic breakdown, one with which Nigerians are all too familiar, which we shall turn shortly, “denotes a total dysfunctionality and failure of the democratic system leading to the supplanting of the system through a *coup d’etat* or any other anti-democratic process that culminates in the establishment or restoration of an authoritarian system. Seen in this light therefore, a major goal of democratic consolidation is to avoid a breakdown of democracy (Oche 2002:201).”

Corruption

The term corruption is not restricted to smooth definition, but going by its definition, it means a “behaviour which deviates from the formal rules of conducts governing the actions of someone in a position of public authority because of private-regarding motives such as wealth, power or status” (Oyeshile 2000:54). Kirkpatrick (1983:1090), sees corruption among others as “rotteness; putrid matter; impurity; bribery; corruption is sometime understood as bribery, which is defined as a price, reward, gift or favour bestowed or promised with a view to pervert judgment or corrupt the conduct especially of a person in a position of trust.” However, bribery is a dimension of corruption, and is not the only *raison de etre* for an abuse of office.

Kong (1996:49) in another vein defines corruption as “the extraction and acceptance of payment from private entities by public officials, and the private misappropriation and abuse of public funds.” This definition is comparatively broad. It covers three aspects of corrupt practices, bribery, embezzlement, and abuse of public fund, which may include pranks associated with inflated contracts, and over-invoicing. Such sharp practices are employed to unlawfully transfer public wealth into private coffers through the agreement of officials and suppliers, contractors, or “conmen and women” (Alemika 2001:2). In the words of Dey (1989:503-504), corruption is “any act undertaken with the deliberate intent of deriving or extracting monetary or other benefits by encouraging or conniving at illegal activities”. Friedrich (1966:74) observes that corruption in terms of transaction is between corrupters and corruptees. The study notes with precision that: “Corruption can be said to exist whenever a power holder who is charged with doing certain things, i.e., who is a responsible functionary or office holder is by monetary or other rewards not legally provided for, induced to take actions which favour whoever provides the rewards and thereby does damage to the public interest” (Friedrich 1966:75).

While (Osoba 2000:372) posits that corruption has moral and legal implications. To him, corruption, “is a form of anti-social behaviour by an individual and social group which confers unjust or fraudulent benefits on its perpetrators, is consistent with the established legal norms and prevailing moral ethos of the land and is likely to subvert or diminish the capacity of the legitimate authorities to provide fully for the material and spiritual well being of all members of society in a just and equitable manner”.

Corruption as a practical and realistic concept has many fangs especially in the areas of bribery, kickback, nepotism, favouritism and among others. In other words, “corrupt practices will embrace receiving of kickbacks, misappropriation of funds, nepotism, extortions, employment patronage and so forth. A corruptionist, on this showing, will be one who defends or who practices corruption” (Alemika 2001:4-7).

It is interesting to note that these various forms of corruption have grossly affected political and socio-economic aspects of lives. Thus, the nature, structure and manifestations of corruption in the historical, legal, religious and social terms are “trendy” issues. Here, its causes must be noted so as to appreciate the understanding of corruption. Among them are greed, unemploy-

ment, poverty, moral decadence in the polity, liberal political economy with its pillars being liberalization or deregulation, privatisation of public enterprises, inflation, and the non-accountability of office holders and lack of transparency. In other words, Corruption as a bane to democratisation rears its ugly head through acute unemployment to grinding poverty with an appalling state of insecurity and political instability, the reality of the conditions in all the facets of the society such as sports, institutions, public and private offices. In fact, (Meny 1996:309) is apposite when he summarises the various causes of corruption in this paradigm.

“The causes of corruption are sought in wholly different directions, depending on the ideological stance and preferences of the seeker. The neo-liberal school considers corruption to be one of the effects of the black market caused by excessive state intervention. The more the state intervenes, the more it legislates, and the more it develops interfering bureaucracies, the greater the risks of parallel procedures and markets spawning unlawful conduct. On the other hand, those who are not convinced of the state’s intrinsic perversity or the market’s unquestionable merits stress another aspect: the erosion of public ethics, the loss of state’s legitimate status as the incarnation of the general interest, and the dilution of communal values through the pursuit of profit and the defence of selfish private interests”.

From the foregoing observation, it is pertinent to note that despite the position or the role of the state coupled with the social elites and the Marxists in the issues that give leeway to corruption, the state has the prerogative to guarantee, defend and promote human welfare, dignity, security and freedom by its active involvement in national economic planning and management in order to reduce the excesses of capitalist and exploitative tendencies inherent in capitalist social organisations (Olufemi 1998:52).

Religion: An Account

Religion is the heartbeat of the society. Religion is literally life because it does not only give order to a just and peaceful society, but offers meaning to life and relations to human beings and developmental stability. In Nigeria, there is the practice of triadic religions of African Religion (Afrel), Islam and Christianity. Thus, the history of African Religion or Indigenous Religion is as old as the people themselves. It is a religion handed down by our forbears from the yore, and it is orally transmitted from one generation to another. It does not possess sacred scriptures, yet, it is thus written in memory of the very world we live and transmits orally as the occasion demands. This is not proselytising religion, nor does it have a drive for membership, yet it is tolerant, it accommodates and remains autochthonous. Therefore, we are born into it, live in it and die it.

Islam and Christianity are the proselytising religions, which had been imported into Nigeria. Thus, Islam was introduced into Nigeria in the 11th century by the Timbuktu traders who had contacted or encounter with the Northerners. It was in the 16th century that Islam spread to the Southwest. While Christianity penetrated into Nigeria in the 16th century. However, this attempt to Christianise Nigeria failed due to many factors. Be that as it may, Christianity came to be planted permanently in the 19th century. They have had disproportionate size. Interestingly therefore, Nigeria is secular and pluralistic state without any particular religion being a state religion. There is no gainsaying the fact that Nigeria is a country of diverse cultures, traditions and beliefs. But of the entire diverse elements, religion has proved to be most sensitive agent of legality in the society. It is this fact about religion that has made it an instrument of legality, unifying factor as well as social mechanism for national development. Of a truth, the tenets of religion provide individuals with shared values, roles and incumbents, altruism and responsibilities. Religion as a way of life is aimed at transformation of individual life. This individual life is a means of micro-

cosmic structure in the overall macrocosmic structure of the society. Apart from this, “each of the patterns of life and practice presupposes a structure of shared beliefs.

The Nigerian Context

Conceptualising democratisation and corruption in the Nigerian religious society, several forces are seriously militating against the democratisation crusade. When one considers the attitudes taken by all the major stakeholders like governments, unions, businesses, the industrial commission, the churches, the mosque, lobby groups and individuals, it is difficult to avoid the conclusion that no sincere effort goes into improving the lot of the masses vis-à-vis the body politic. It is a known fact that there are many lacunas in the Nigerian democratic system. Furthermore, the turns and twists in the democratisation crusade are in the strength or weakness of the people vis-à-vis corruption. The Nigerian nation seems to have supported Hutchful’s assertion as quoted by (Olufemi 1998:25) that “the success or otherwise of democratic transitions seems to be relatively independent of the democracy in the continent.” This assertion is traceable to what is perceived as the decline in the pace and depth of democratisation to corruption in the polity.

Tracing the memory lane, democratisation crusade in Nigeria has been in existence since the colonial masters had relinquished powers to the natives. From 1960 till date, it is unfortunate that all promising transition programmes embarked upon by successive military regimes have all failed to bring about democratic sustenance and continuity. Hence, such transitions have been thwarted by the military at the crucial stages as a result of many reasons such as corruption and political instability. But corruption is always the major reason. It should however be established that political transitions in Nigeria have simply been a transition from authoritarian military regimes to democratically civilian regimes religiously. Since Nigeria is a religious state, a handful of them are corrupt religiously; they steal religiously and they receive kickback religiously “These transitions have been endless, ill-designed and in all cases derailed by the military cabals at critical stages of implementation” (Oketa 1998:52). The exceptions in this case are probably the Muritala/Obasanjo’s military regimes of 1975-79 and Abdulsalami Abubakar’s military regime of 1998-99.

As earlier observed, beginning from 1960 since the colonizers had evacuated the Nigerian nation, “the virus of corruption has already found its way in our body-politic. Here, election rigging resulting to massive destruction of property and lives forced the military to intervene in the political governance of the country” (Iroanusi 2006:2). It is therefore evident from the above that corruption was the major bane that truncated the first republic and corrupt practices became incorporated into politics. Gen. Aguiyi Ironsi who assumed leadership supported the fact that “one of the reasons why the military terminated the life of the first republic was corruption. However, the regime declared its intention to stamp out corruption from our public life, which was never done until Gowon appeared on the scene” (Iroanusi 2006:3).

However, during the military tenure of Gowon, he promised to quit governance in 1976, but he was so pressurized by some of his extremely corrupt accolades that he had to recant from that initial promise.

Muritala/Obasanjo’s military regime purged and punished severely corrupt officers in the country. But this experience was later ignored when ten-presenters and the graft-masters became the movers and shakers of the Nigerian society. Nigeria again relapsed after Muritala’s attempt was silent in death, thus plunging the Nigerian nation deep down into the basement of rot.

Despite “Shagari establishment of a code of conduct Bureau and a code of conduct Tribunal...his Second Republic administration would for long, represent one of the most corrupt and

most graft stricken periods, where politicians, public officers and law makers succeeded in elevating profligacy and public treasury looting to an art form". Thus, the democratisation process kick-started was not sustained because of the corrupt leaders. The Second Republic leaders fleeced the nation so massively that it bothered on probity. Some political leaders in this republic had the flair for corrupt tendencies. "They breakfasted in London, lunched in Madrid and dined in Lisbon. While the Nigerian Naira nose-dived in worth, they coursed their path to the vaults of the Swiss and became notorious for stashing stolen money abroad....Therefore, the political corruption centre seems not able to hold. Subsequently, government gave fillip to the bug" (*Sunday Tribune* 2002:3).

The above revealed the extent of corruption during the second republic. This was however the major reason for truncating this period under review. This resulted in democratic breakdown, and the democratic consolidating fillip was thrown to the bug. The self-seeking and self-serving disposition of Nigerian political elites and opportunists were apparent in the second republic. Their shoddy deals dismissed the regime from being democratically consolidated by Buhari and Idiagbon military regime of 1983-85.

Babangida came in, and as if in sympathy with corrupt politicians locked up by the Buhari regime, reviewed their issues. It must be noted that Babangida tenure at no point in time of the history of that regime, ever preached against corruption (Iroanusi 2006:4). In a nutshell, during the Babangida government, corruption became "institutionalised" as opportunities for stealing were almost limitless and the temptation irresistible. Thus, the words of Aluko in (*TELL* 1991:69) are apposite here; when a nation gives its rule to the military, that nation is finished.

When a soldier captures a city, he loots it, when a soldier captures a country, what do you expect? He loots it.

He emphasizes that military leaders do not spare any country they hijack and they never wish such country well. And so, corruption became a full-blown cancer during Babangida administration. Things were not further helped by the nose-diving economy when it was obvious perhaps that Nigeria was scooping up extra dollars from international market. The gulf oil windfall was a case in point (*Sunday Tribune* 2002:3).

In spite of the "institutionalisation" of corruption during Babangida era, many thought that by so doing democracy would be entrenched as he introduced vibrant and brilliant democratic transition programmes. At the end, Nigeria was faced with the annulment of June 12 1993 election adjudged to be the freest and fairest election ever held in Nigeria. Thus, the journey of transition to civilian regimes came to fizzle out immediately the annulment was stamped, sealed and delivered. However, the annulment generated unprecedented reactions, which were not favourable and have the potential of destroying the very corporate existence of the Nigerian nation. Thus, the Nigerian people suffered the annulment "in the form of economic paralysis, political apathy, social industrial unrest and more recently the call for the restructuring of the armed forces, police and other governmental institutions/agencies and the rotation of the office of the president among the six major geo-political zones in the country" (Oketa 1998:52). To this end, Babangida "stepped aside" by hurriedly introducing interim National government headed by Chief Ernest Shonekan.

Shonekan's ill-fated adventurism as a "child of circumstance" into politics only recounted of his dream against corruption, of which before he had time to settle down for business in which he was absolutely unsuitable, (Iroanusi 2006:4). Abacha with "a gun on the head" approach terminated his interim government. Abacha with his own agenda became a dictator or tyrant in Nigeria. "Abacha can easily pass as the world champion grafter of the century, after the order of the

former Zairean dictator, Mobutu Sese Seko, who until his overthrow, had plundered his country's treasury to the extent of perhaps more than \$1 billion during the 32 years he miss-ruled and bankrupted his country" (Iroanusi 2006:4). Abacha's enthronement was to perforate the till. It is customary with the military Junta that overnight millionaires are made through inflated contract, outright diversion of public funds, allocation of choice oil blocs and fraudulent allocations of money under the pretext of officialdom and democratic transitions. It thereafter became clear after the death of Abacha that he was the chief presiding officer over the flinch. Abacha as the Governor of CBN brazenly raided the Central Bank, using the CBN bullion vans and CBN top officials to execute the several raids (*TELL* 2001:69). He died with his five leprous political parties he floated all in the guise of democratic transition.

Corruption has since remained unabated in the polity. The Abdulsalami Abubakar's junta is yet battling with charges of having aided itself to colossal billions of Nigerian Naira. In fact, the alarming corrupt practices in Abubakar's junta had elicited surprise from insiders. The financial recklessness was more scandalous than Abacha's financial fraud (*TELL* 2001:69). Moreover, people who thought Abubakar was a simple naïve man, were shocked to find out that he suffers from this inferiority syndrome that Abacha had, which made him wanted to surpass everyone with his acquisitive tendencies. In sum, his administration was inveterate in looting with the shortest period the administration lasted before the advent of nascent democracy. The basic reason while people decided to let go was the fact that Nigerians were tired of military regimes and the mental torture they experienced in the military era. All these and other reasons made the people to down play the financial recklessness during this period. However, the democracy he enthroned is still being sustained by the current civilian government. Those who thought that, with the enthronement of democracy, corruption would become a thing of the past were disappointed. The masses of the people could not but express disappointment and chagrin at the massive theft in high and low places going on (*Sunday Tribune* 2002:4). While local and state governments literally sit in court over monthly allocations, the governors too are busy building castles in the air and replicating the odious theft of the past regimes. In other words, corruption and its choking grip are common among cabinet ministers, legislators, governors, chairmen, councillors who are plundering the nation, competing to outdo one another in the art of cornering Nigerian wealth. In fact, Nigeria as a nation is strikingly rich, and she is the richest country perhaps in the world. Despite the money stashed away and the ones still flying with wings, she is still rich and has money in foreign reserve. If what is happening to Nigeria in every successive regime had happened to U S, U S would have run aground long ago; yet Nigeria is still moving despite the problems of corruption.

Nigeria is rather very unfortunate as a country in spite of the fact that (Obasanjo 1999:133) had said among others during his inaugural speech that corruption "must not be condoned. This is why laws are made and enforced to check corruption, so that society would survive and develop in an orderly, reasonable and predictable way. No society can achieve anything near its full potential if it allows corruption to become the full-blown cancer it has become in Nigeria. One of the greatest tragedies of military rules in recent times, is that corruption was allowed to grow unchallenged and unchecked."

This speech led to the anti-corruption bill sent to National Assembly after his inauguration. The results of this were the establishments of Independent Corrupt Practices Commission and other Related Matters (ICPC), Economic and Financial Crime Commission (EFCC), Code of Conduct Bureau (CCB) and among others. These various commissions started off well, indicting

and arresting serving governors, public personnel and former corrupt leaders and their cronies, i.e. Chief Diepreye Alamiesigha, late Abacha's family and the Swiss bank phenomenon.

Today, these commissions are being accused of being one-sided, targeting opponents in the Obasanjo's government, and they are also accused of living above their means. Presently, many allegations of theft are prevalent in Obasanjo regime even before he left power. However, his government successfully relinquished power to Yar, Adua in May 29 2007.

Since the ascendancy of Yar, Adua into power, it has been the era of probe in the national assembly of various embezzlements that took place during Obasanjo era and this present government, i.e., the impeachment of the former speaker of the House of Representatives, Mrs. Patricia Etteh, and the Minister of Health; all linked to various embezzlements and graft of different kinds. All these corrupt practices are antithetical to democratisation crusade in the Nigerian polity.

The concept of democratic breakdown or erosion is too familiar with Nigeria, because corruption has been elevated to the status of gold and adorned purple as a carnival without rules and limitations. Everywhere, one wonders if "corruption is not a Nigerian person" (Oyeshile 2000:55). Corruption in Nigeria soars like fern in the open field. The grave implication is that democratic transition and consolidation aimed at democratisation in Nigeria, is shaking, because the electors and some electorates are simply pursuing self-seeking and parochial interest all in the name of corruption. This democratisation process seems not to be registered in the consciousness, discourse or agenda of the politically attentive and active public. Oche (2002:202) argues that: "The dangers and possibility of democratic erosion, which may have already started, and breakdown, seem to have entirely discounted. The avaricious and self-serving disposition of Nigeria's political class has been apparent within the past one and half years".

To this end, Nigeria is democratising in corruption religiously and legislating in extravagance religiously instead of guiding jealously the hard-worn democracy from the military dictatorship. In fact, these things are happening in a religious society. Therefore, they kill religiously, they are corrupt religiously; they rig election religiously; kidnap religiously; siphon and misappropriate the government coffer religiously and elope and escape religiously. Broadly speaking, democracy suffers when the rulers embark on a mission of shameful extravagance in which money; sex, power and material acquisition are key elements of some of them. The foregoing reveals that democratisation and corruption are archenemies, un-mashed and unholy bedfellows. In fact, they are incomparable fellows and cannot work together. As a result of the pride of place corruption assumes in Nigeria, it will be difficult for democracy to thrive in this thorny terrain. Except, corruption gives way to democracy to soar or democracy gives in to corruption so that democracy can be forgotten at a glance. With this at hand, one is quick to ask the following;

Are Nigerians psychologically prepared for democracy, let alone democratic consolidation?

What brand of democracy do they want? And

How do we reconcile democracy and corruption in the Nigerian polity?

These and others would be treated in our recommendations.

Recommendations

Without fuss, Nigeria is democratising in corruption religiously and legislating in extravagance religiously, which is dangerous having weighed its pros and cons. To this extent, it shows that this hard-worn democracy that is being democratically consolidated, having succeeded in transiting from civilian to civilian regime for the first time, is beset by corrupt practices. It therefore appears that Nigerians are not psychologically prepared for democratisation project. If not,

the issue of corruption would have not pervaded the political economy. Despite the zero tolerance for corruption, the nation is still battling with cases of corrupt leaders. (Ogbonnaya and Ofoeze 1994:56) are of the opinion that “such impression and its actualisation in a democratic order remain undemocratic, it could lead those in custody of the regime being democratised to take steps aimed at forestalling that possibility.” Therefore, it is advocated that viable mechanisms should be built into the democratisation process in order to safeguard this nascent democracy that emerged after much tunnel. This fact should be recognised on the basis of widespread hardship foisted on the masses by long years of military regime as well as the fresh memories of crucibles Nigerians have suffered. The people should learn from history and be schooled in the art of democratisation and its implication on Nigerian society.

Like Africa, Nigeria is familiar with the problems of communal, ethnic and religious affiliations as basis for power sharing and solutions to some challenges. But democracy is all about individualism. Therefore, Nigerians should live beyond ethnic, religious and communal affiliations to individualism in order to sustain and protect democracy. Religion is an instrument of unifying factor and social mobilization and mechanism for national development. In addition, it serves as check and balance, shared values, roles and incumbents, altruism and responsibilities. Democracy is not a commodity purchased from the market; rather, it is fought for and won by the local groups that desire it (Ogbonnaya and Ofoeze 1994:57). Nigeria, regardless of these affiliations, should not allow themselves to be trumpeted into premature democratisation. This is because like development, democratisation is not something that people do for another, people must do it for themselves or it does not happen (Claude Ake 1991:38).

Under democratisation process, Nigerians should transcend marginalization, political clique, self-interest and so on. Democracy can only thrive in an atmosphere that is politically friendly. Like (Rustow 1985:82) argues that, “no two existing democracies have gone through a struggle between the very same forces over the same issues and with the same outcomes.” Instead of the democratisation process promoting dialogue, participation and reducing the scope for political instability, corruption and social-economic conflicts, it is producing a regime of politically marginalized and highly discontented populace with negative implications for military intervention (Eyinla 2007:74).

Cohen (1971:78) observes that democracy is that system of community government in which the members of the community participate in the making of the decisions, which affect them. However, the only challenge in respect of this observation is that equality and direct participation as the core of democracy renders it impracticable in contemporary society. We submit that since like Africa, Nigerians are known for communal life, communal democratic development should be practiced. Because without communitarian relative democracy, there is no identity for African perhaps Nigerian person. Only together with others can one become a complete human person and achieve individual freedom, which is the core of democracy that again should be exercised in a democratic communitarian manner. In fact, the communal structures cannot elude the reality and quality of self-assertiveness, which individuals show through their political actions. It is this capacity to assert oneself in the community that makes possible the intelligibility of an individual's autonomous choices of goals and plans for common life (Ezekwona 2005:5). Therefore, we advocate that Nigerians should embrace communal democracy so that community members participate in the process of decision-making that affects them other than having representatives that seek for their common end instead of the people that send them to represent their interest. Nigerians should re-examine the meaning of communal existence and to re-appraise the democratic virtues upon which our socio-economic and political structures are based.

It is clear that democratisation and corruption together cannot help Nigeria because they are incompatible religiously. Therefore, the people should totally embrace genuine democratisation of the polity and economy. The masses at the grassroots should enjoy greater democratic power over their electorates. As a result, the masses at the grassroots should have greater resources to enhance the performance of their activities and strengthen their accountability. Thus, this can be possible when the masses are more popular than the political clique or political “godfathers” who for no other reason save for their interest impose candidates for the people. If the masses of the people make imposition of candidates correspondingly irrelevant, the issue of corruption in the polity will evaporate with time. This will give room for a communal broad-based government. This awareness will educate the citizenry on the importance and benefits of democracy, and the negative implications of corruption on democracy.

Not only that, all the agencies recruited to tackle corruption in Nigeria should be strongly encouraged, empowered, and remained independent religiously in their assignment without interference, and the government should, as a matter of strong commitment and dedication, punish corrupt officials regardless of the antics of their collaborators. The issue of zero tolerance on corruption should not be seen as a “traitor” rather faithfully and religiously executed and internalised like “Caesar’s wives” who lived above board. Phillips quickly adds that “accomplishing goals that are important, for society as well as for ourselves, building something that has permanence and value beyond personal or strictly corporate objectives, should be at least as important as the imperatives of the bottom line (Phillips 1999:60).” Therefore, the aforementioned suggestions would definitely build a democratic order that can be effective, and capable of stamping out corruption religiously with a view to consolidating and making every democratic regime in Nigeria as the exact symbol of her people and as a legality.

Conclusion

From our effort so far, it is discovered that democratisation and corruption are unholy and incompatible bedfellows. The paper has thus revealed that in the democratic effort in Nigeria, corruption has been the major bane that had and has crumbled all the democratisation structures in the polity. Of a truth, Nigeria is seen to be democratising in corruption and legislating in extravagance instead of guiding religiously the hard-won democracy from the military dictatorships. Consequently, it will be knotty for democracy to thrive in this thorny terrain of corruption. This problem needs to be addressed, not redefined and attention needs to be focused, not diverted. The various games and circuses promoted by each successive regime have continued to make corruption soaring in an alarming proportion. Perhaps, democratisation as a democratic institution aimed at furthering political conscientisation processes propelled by the political regimes should not be a monumental waste as a result of corruption. Nigerians must in fact and indeed internalise zero tolerance to corruption, and give Nigeria a democratic soul, develop for it a political virtue and a direction to follow, away from the false and ephemeral lip-service paid to anti-corruption crusade since the successive regimes. To this end, the attainment of a corrupt-free society in Nigeria though is an uphill and Herculean task, but it would afford leadership of strong will, purpose, dedication and respecter of the rule of law who must use all state apparatus to entrench and impose it on the populace.

These set objectives are not options to select rather they are matters for the *polis* through the normal democratic processes to help fostering the corporate existence of the Nigerian nation. This will aid democratisation project to grow and build domestic political consensus, full individual and collective participation and assuming new roles capable of keeping with the demands

of the times. This and others will extend the life span of democracy and make it immune against the threat of incursion of military regime and stem the tide of possible democratic breakdown. Finally, communal democracy is suitable for Nigeria because of her communal background and with this at hand; democratisation will be “the only game in town”.

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Impacts of Social Capital on Household Consumption Expenditure in Rural Kenya: An Instrumental Variable Approach

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Abstract: *This paper investigates the impact of social capital on consumption expenditure of households in rural Kenya. For many years, rural development in Kenya relied on the strategy that focused mainly on achieving economic growth through accumulation of physical capital, ignoring the diverse dimensions of social capital and how these dimensions affect rural livelihoods. The paper uses primary data collected from a sample of 340 households from Nyeri district. Instrumental variable and control function approach models are used to correct for the endogeneity of social capital and the heterogeneity bias in the household consumption expenditure model. The results indicate that social capital enables households to generate consumption expenditure sources that support non-monetary forms of exchange. Further, the results show that there is need to control for the endogeneity of social capital. Failure to do so would result in making policy decisions and conclusions that are misleading.*

Keywords: Instrumented aggregate social capital, household consumption expenditure, rural livelihoods approach, instrumental variable, control function approach models

Introduction

Social capital can be best understood as a means and/or a process for accessing resources and support at vulnerable life cycles through networks of social relations. At the core of social capital, is the capacity of people for social ties, solidarity and self-organization. Rich endowments of social capital allow people to produce and provide for one another outside the mechanism of the market.

Formulation of development policy in Kenya has often not taken into account key forms of national resources, particularly social capital. Yet research elsewhere (Government of Canada, 2003) has shown that social capital facilitates achievement of a broad range of development objectives. For instance, Kirori et al. (2010), show that social capital has an important role to play in improving the consumption expenditures of rural households in Kenya. The findings of the authors indicate that households with large social capital endowments are able to meet their basic needs through non-cash transactions. Social capital can enable households to increase consumption without cash expenditure, and without relying on self-purchased goods. These findings were arrived at while treating social capital variable as exogenous. This paper is a follow-up of the

work of Kirori et al. (2010) to investigate and address reverse causality of social capital and any heterogeneity bias in the consumption expenditure model.

The overall objective of this study is to investigate the impact of social capital on consumption expenditure of households in rural Kenya while the specific objective is the problem of reverse causality of social capital and heterogeneity bias in consumption expenditure models of rural households rural Kenya based on a case for Nyeri District.

This study aims at seeking answers to the following questions: In its role of improving consumption expenditures of rural households, is social capital endogenous? Is there existence of heterogeneous bias in models of consumption expenditures of rural households?

The area of social capital is new ground that is complex and not yet well studied. In Kenya, the research on social capital, though not a lot, includes the work by Kirori et al.(2010) focusing on the influence of social capital in the improvement of welfare of rural households in Kenya, Nyangena (2004) and Nyangena and Sterner (2008) focusing on determinants of social capital. This study attempts to investigate the problem of endogeneity of social capital and heterogeneity bias in the consumption expenditure models of rural households. It is expected that the study will increase understanding of social capital and contribute to the formulation of rural policy and development programs and to efforts of combating poverty. It will also add to the existing literature on social capital.

Relevant Literature Review

This section presents the literature review covering issues related to the definition and uses of social capital, its role in rural livelihoods and public policy and effects.

The idea that social capital could guide economic activity dates as far back as 18th century during the period of Scottish Enlightenment (Woolcock, 1998). Burke (1757) contended that markets could not function at all without prior existence of civilizing norms and moral principles. Hume (1777) speculated that an appropriate 'moral sense' would emerge of its own accord to guide markets. Smith (1776) argued that while peoples' pursuit of self-interest was tempered by an innate moral sense, there was need to regulate markets by the church and state (Woolcock, 1998). The first proponents of the modern concept of social capital were identified by Woolcock (1998) as being Hanifan (1920) and Jacobs (1961). Hanifan invoked the concept of social capital to explain importance of community participation in improving school performance. Jacobs researched on culture of urban communities based on the theory of social interaction.

In the last two decades, the concept of social capital has profoundly been popularized especially in the prominent studies of Bourdieu (1986), Coleman (1988, 1990) and Putnam (1993a, 1993b, 1995). Bourdieu (1998) defined social capital in terms of social networks and connections and posited that social capital provided potential support and access to resources. Coleman (1988, 1990) contended that social capital was a resource in terms of social structure of families and communities and helped actors to achieve their objectives and interests. Putnam (1993a, 1993b, 1995) defined social capital as a key characteristic of communities where the theory of social capital was crucial for policies of grassroots participation, community development and empowerment. Durlauf (2002) argued that the definition of social capital has remained elusive despite immense amount of research on it. The study contends that social capital refers broadly to community relations that affect personal interactions.

Helliwell and Putnam (1995), Helliwell (1996), Uphoff (1986), and Krishna and Uphoff (1999) defined social capital as a community level public good emphasizing that social capital may be embedded in society rather than in any one individual. The studies also explained that

social capital is given value by actors including individuals, institutions and organizations who use it to further their individual or collective interests. Ellis (2000) referred to social relations as the social positioning of individuals and households within society where factors such as gender, caste, class, age, ethnicity, and religion created constraints on individuals' courses of action. Lietaer (2001) explained a model of social capital formation through creation of communities and community (or complementary) currencies emphasizing a need for radical money reform. North (1990) referred to institutions as including formal rules, conventions, and informal codes of behavior that could be a constraint in human interaction.

The theory of social capital has been used to contest some important notions in traditional economics. Social capital theorists have placed critique on some common notions in traditional economics. Narayan (1997) argued that the notion of development capital, as traditionally used in economic operation to determine measures of poverty and household welfare, was inadequate as it ignored the social dimension. The author described a social capital model as a new innovation focusing incorporation of social dimension into the development equation of capital. Lehto (2001), contested the notion of competitiveness. The theorist contended that the notion of competitiveness in traditional economics was connected only in three capital types, the natural capital, the human-made capital and the human capital and ignored social capital. According to Lehto (2001), efficiency in production was also created by social capital comprising key factors such as human relationships, rules of the game in the group and society, trust and mutual support and the spirit of cooperation, all of which formed a mixture of social factors and economic performance. The study explains that the concept of social capital is a key factor to understanding the experience of rural development in finding solutions towards local economy competitiveness.

Social capital is important in improving the livelihoods of rural people directly and indirectly through increase in access to goods and services. Chambers and Conway (1992), defined livelihood as 'comprising the capabilities, assets (stores, resources, claims, access), and activities required for means of living'. Ellis (2000) and Ellis and Freeman (2005) explained that social capital mediated access to assets and activities, and the access to these assets and activities to rural households and this essentially determined the level of survival of the households. Baron, et al. (2000), emphasized that social capital underpinned the livelihood strategies of the rural household as it enabled participants to act together more effectively in pursuit of shared objectives. The studies explain that social capital enhanced rural livelihood directly and also increased access by people to goods and services particularly those that exhibited public good characteristics. Knack and Keefer (1997) argued that cooperative norms act as constraints on narrow self-interest, leading individuals to contribute to the provision of public goods of various kinds. For example, in communities within countries where capital markets are weak, strong social capital could facilitate the pooling of finances, which then could be invested in projects such as schools, village enterprises, or irrigation infrastructure. Berry (1989, 1993), Hart (1995) and Bryceson (1996), contended that social capital was essential for facilitating and sustaining diverse income portfolios and access to opportunities and resources to individual households.

Rose (1997, 1998, and 1999) gave a detailed description of social capital in activities that are familiar in everyday rural life. The study distinguished between three categories of activities commonly carried within the household as productive activities, cooperative enterprises, and other activities. In productive activities, social capital becomes part of the household's primary economy producing goods and services (for example, food, water, firewood, shelter, childcare, and so on) for consumption and exchange to the extent that a household tends towards self-sufficiency. Carmen and Friedland (1995) concurred that social capital was productive since two

farmers exchanging tools could get more work done with less physical capital, rotating credit associations could generate pools of financial capital for increased entrepreneurial activity, and job searches could be more efficient if information is embedded in social networks.

Cooperative enterprises were marginal activities and non-agricultural enterprises involving an extension of the immediate household rather than as conventional business enterprises. Rose (2000), identified four categories of persons that could be engaged in an enterprise including the working proprietor, unpaid household members, unpaid helpers, and paid employees. Other activities included (i) remittances (ii) education, (iii) job search (iv) crime in the absence of social capital and (v) corruption as an indicator of 'negative' social capital. Fukuyama (1999), described the use of social capital in free-market liberal democracy focusing on the economic and political functions as well as the civil society. The author argued that an abundant stock of social capital produced a dense civil society, which in turn was a necessary condition for modern liberal democracy.

Social capital has important role for public policy. UKONS (2001) reviewed main issues surrounding policy implications of social capital and showed that social capital related well with outcomes which were important to policymakers such as economic growth, social exclusion, better health and well-being. Cote and Healy (2001) suggested that specific types of social capital including bridging, bonding, and linking could be important for policies aimed at minimizing social exclusion. Donnelly-Roark, et al. (2001), showed that social capital in the context of local level institutions could play an important role in poverty and inequality reduction, promotion of equitable development, rural decentralization and community prosperity. The studies explained that, in the rural decentralization model, local people got an opportunity to integrate their local level institutions (i.e., social capital) into legal, economic, and administrative framework, which in turn, shaped the institutional environment. Alila (1993) explained that a local level development strategy was critical for local capacity mobilization and improvement where local organizations including public organizations, non-governmental organizations, community development organizations, cooperatives, and so on, acted as catalysts for local level development initiatives. In the environment where social capital might lead to unproductive or immoral behavior policymakers could focus on influencing social structures rather than their consequences.

Social capital has profound impact, positive or negative, in many different areas of human life and development (Aker, 2007; Productivity Commission of Australia, 2003; Rose, 2002; Grootaert and Bastelar, 2002a, 2002b; Woolcock, 2001; Grootaert, 2001; Narayan and Pritchett, 1999). The studies provide empirical evidence regarding the contribution made by social capital to the livelihoods of households. For example, the studies showed that social capital resulted in direct income gains and more widespread and efficient services delivery; affected the provision of services in both urban and rural areas; transformed the prospects for agricultural development; influenced the expansion of private enterprises; improved the management of common resources; helped improve education; and could prevent conflict. Putnam (2000) explained that, though social capital was always an asset for those individuals and groups involved, it might not always be beneficial to society as a whole. For instance, horizontal networks of individual citizens and groups that enhanced community productivity and cohesion were said to be positive social capital assets while self-serving exclusive gangs and hierarchical patronage systems that operated at cross purposes to societal interests could be thought of as negative social capital and placed burdens on society.

Portes (1998) identified four negative consequences of social capital: exclusion of outsiders, excess claims of group members, restriction on individual freedom, and downward leveling

norms. Fukuyama (1999) argued that social capital differed from other forms of capital because it led to bad results like hate groups or in-bred bureaucracies. The study also argued that there appeared to be a natural human tendency for dividing the world into friends and enemies, which was the basis for all politics. It was important when measuring social capital to consider its true utility net of its externalities. However, this paper is not able to explain social externality of social capital since it does control for group interaction effects. A key empirical policy question therefore is 'what institutional conditions and or combinations of different dimensions of social capital generate outcomes that serve the public good.

Theoretical Framework and Methodology

This section presents the theoretical framework and methodology used in the paper. The main premise used is the basic economic model of utility maximization subject to a constraint (Nicholson, 1991) and a modification of Ellis' (2000) rural livelihoods framework to derive the household consumption expenditure model. Endogeneity of social capital and heterogeneity bias in the consumption expenditure model are corrected by the instrumental variable (IV) and control function approach (CFA) models.

Conceptual Framework

The rural household is assumed to maximize utility by participating in diversified means of survival and improvement of their well being. Households undertake a multiple portfolio of resources and activities (Ellis, 2000). The rural livelihoods approach comprises four blocks, (a) the asset (resources) block, (b) the livelihood mediating processes block or the conditioning factors block, (c) the livelihood strategies and activities block, and (d) the outcomes/effects block as illustrated in Figure 1 adopted from Ellis (2000).

The resources block comprises five capital types (natural capital, physical capital, human capital, financial capital and social capital) accessed in some way by the household. The resources block is the basic building block upon which households are able to undertake production, engage in labor markets, and participate in exchange with other households.

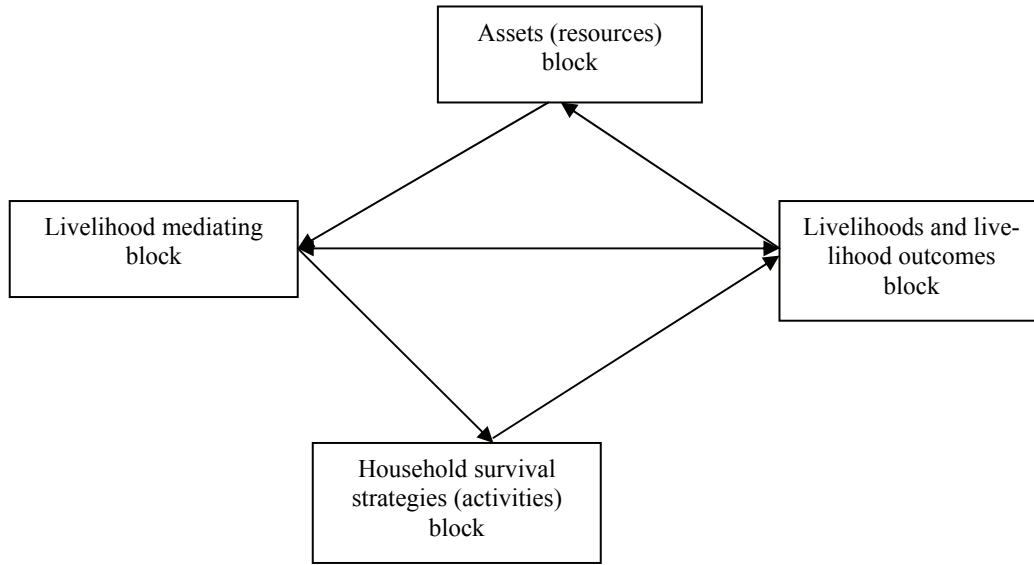
The livelihood mediating processes block is characterized by factors that influence households' access to resources and pursuit of viable livelihoods. The mediating processes for livelihoods encompass transforming processes and vulnerability processes in terms of agencies that may facilitate or inhibit the exercise of capabilities and choices by individuals and households. The household survival strategies block is characterized by coping strategies and adapting behaviors of rural household for its survival in terms of participating in a collection of activities made possible by the interaction of resources and opportunities accessible to the household.

Two categories of activities that form potential components of a livelihood strategy are the natural resource (NR)-based activities and the non natural resource (NNR)-based activities. The livelihood outcomes block is characterized by some combination of attributes related to the level and stability of rural household income as well as access of the household to social services and basic needs including education, health, water, shelter, and so on.

Drawing from Ellis (2000), welfare, W_i , is a function of consumption expenditure. Let X_i denote social capital goods and Y_i denote non-social capital goods demanded by household i , so that

$$W_i = f(X_i, Y_i) \quad (1)$$

Figure 1: Micro Policy Analysis Framework of Rural Livelihoods



Source: Authors' formulation based on Ellis (2000)

Let p_x and p_y denote the prices of good X_i and good Y_i respectively, so that the objective of the household is to maximize welfare subject to the budget constraint, I , given by:

$$\begin{aligned} &\text{Max } W(\cdot), \text{ s.t} \\ &I_i = p_x X_i + p_y Y_i \end{aligned} \quad (2)$$

The solution to this problem is a set of household's demands for X and Y as functions of I , p_x , p_y and other environmental characteristics.

Replacing W_i in equation (1) which is unobservable with the observable household consumption expenditure, E_i , we have:

$$E_i = f(X_i, Y_i) \quad (3)$$

Thus, real consumption expenditure, E_i , is a function of social capital goods (X_i) and non-social capital (Y_i) goods, as shown in equation (3). A social capital good (for example, home care for children) can be accessed through social networks without the need to incur cash expenditure. On the other hand, a component of the same good, e.g., nursery care for children, can only be obtained through an outlay of cash expenditure in the market for this care. It is easily seen therefore, that one component of this good, e.g., the one obtained through cash can decrease as the other component increases. In other words, welfare of a household can increase as one of these expenditure component falls.

Empirical Model

The rural household uses its assets endowment to engage in productive activities either in enterprises within the household or in external labor markets. The structural equations of the model may be given by:

$$E = \alpha X + \beta Y + \mu \quad (4)$$

where

E = Real total household consumption expenditure

α = A vector of coefficients on endogenous variables (X)

β = a vector of coefficients on exogenous variables (Y)

μ is a random error term.

The central idea here is that the rural household's real consumption expenditure level, (E_i), varies depending on levels of social capital (X_i) and non-social capital (Y_i). The non-social capital variables relate to household assets and are twofold, the natural resource-base types (land, human capital, livestock, and so on) and non-natural resource-base variables (radio, television, bicycles, refrigerators).

Household i 's consumption expenditure can therefore be specified as:

$$E_i = \alpha + \beta_j X_{ij} + \tau_i Y_{ij} + \mu_i \quad (5)$$

where j refers to the specific measure of social and non-social capital.

X_i has the following elements

XGN _{i} = Group and network variables

XTS _{i} = Trust and solidarity variables

XCA _{i} = Collective action and cooperation variables

XIC _{i} = Information and communication variables

XSC _{i} = Social cohesion variables

XEP _{i} = Empowerment and political action variables

Y_i has the following elements

YHCE _{i} = Human capital of the household head

YNC _{i} = Natural capital of the household (land)

YHC _{i} = Household characteristics

YCC _{i} = Community and/or locality characteristics

μ_i = error term

It should be noted that if E is captured by cash expenditure rather than by total household consumption, the coefficient on social capital variables can be negative.

The preferred solution to the endogeneity problem is to use instrumental variable (IV) estimation, which provides an empirical test of two-way-causality. The model must include all the control variables in equation (5), i.e., Y and a set of instrumental variables to identify the system of equations. The social capital model can therefore be specified as:

$$X_i = \alpha_1 Y_i + \alpha_2 Z_i + v_i \quad (6)$$

where X_i and Y_i are as defined earlier; Z_i is a set of instrumental variables; v is a random disturbance term.

This paper has used the religious background of head of household, the proportion of villagers involved in lobbying (petitioning of leaders) for issues that benefit the community, and the level of people's democratic rights in terms of the voting rate at general elections, as instrument variables. The three indicators are covariates of social capital but do not directly affect household livelihoods. For example, the religious background of a household member will influence the need and type of association and participation in the activities of the network (Putnam, 1995) but will not necessarily affect the livelihoods directly. Involvement of community in lobbying for provision of social services, including and infrastructure, affects social capital accumulation, but has no direct effect on livelihoods (Grootaert, 1999). Communities that lobby for support or vote for leadership are likely to be more cohesive than communities that do not involve themselves in these activities. Such communities are more likely to fight together for their rights.

In addition to controlling for endogeneity¹, the study also controls for heterogeneity bias in the social capital and consumption expenditure relationships. The heterogeneity bias arises in the household consumption expenditure model from unobserved household characteristics that are correlated with social capital and may impact on consumption. Examples of such unobserved household characteristics include virtues, traditions, and experience that can lead to transfers from extended relatives, cohesion in a family, ability to influence others, and community goodwill (for instance, a retired teacher in a village may be given a hearing by society or may be more respected than anybody else). To take into account heterogeneity bias, the identification condition should be explored through a control function (Florens et al., 2008). This would involve addition of a reduced form social capital model residual to the estimated consumption expenditure model so as to purge the observed relationship between consumption expenditure and social capital of any effect of the unobservable by allowing social capital to be treated as if it were exogenous during estimation. The inclusion of the residuals leads to an OLS estimate of the coefficient of social capital that is identical to the one obtained by IV instrumenting for social capital. Assuming the unobserved component is non-linear in the social capital residual (X^*), the addition of an interaction term of the social capital and its residual (XX^*) as a second control variable is sufficient to eliminate endogeneity bias even if the reduced form social capital is heteroscedastic (Card, 2001; Mwabu, 2009). This controls for the effects of neglected non-linear interactions of unobservable variables with determinants of livelihoods. Introduction of the control function variables into equation (5) yields the following control function approach model:

$$E = \alpha + \gamma X + \lambda X^* + \eta XX^* + \mu \quad (7)$$

where X^* is the fitted residuals from the reduced form of social capital model while λX^* captures the non-linear indirect effects of social capital on livelihoods. XX^* is the interaction between social capital and its reduced form residuals. ηXX^* captures the effect of the non-linear interaction between the potentially endogenous social capital and the unobservable household characteristics livelihoods.

¹ The estimation procedure specified in equation (6) may still not solve the endogeneity problem completely given the complexity of doing so and also due to issues of obtaining appropriate valid instruments. Some studies propose use of experiments as the best alternative in the absence of valid instruments (see for instance Durlauf, 2002) but experiments also have their own disadvantages. We believe that the instrumentation proposed here still enables us derive policy relevant results and also to make a significant contribution to the emerging literature on social capital and rural livelihoods.

Study Site and Data

This study sought to investigate the impact of social capital on consumption expenditure of rural households in Kenya based on survey data for Nyeri district. The district has 7 divisions, 37 locations, 194 sub-locations and 4 Local Authorities (Republic of Kenya, 2002). Nyeri district is self-sufficient in water resources for purposes of domestic use, agriculture, and industrial development. About 72 percent of the total area is arable land. Much of the agriculture is carried out in smallholder farms, which produce both food and cash crops. The main crops include tea, coffee, horticulture, maize, beans, potatoes and bananas. The literacy level stands at 91.3 percent. The district has a total road network of 2,974 kilometers and a total of 19 financial institutions. There are more than 105 groups and cooperatives of various types including producer, transport, housing groups and SACCOs in the district with a total membership of 154,859 and a turnover of 4.3 billion Kenya Shillings (Republic of Kenya, 2002). The 1999 population and housing census, estimates the population of the district to be 677,216 people (499,152 rural, 178,064 urban) and a total of 168,788 households.

The study uses primary data from a sample of 340 households from Nyeri district to demonstrate the linkage between social capital and consumption expenditures of the rural households. The sample was generated from a master national household sampling frame of the Kenya National Bureau of Statistics (KNBS). The sampling frame is a multi-stage stratified cluster sampling design. Through field visits, data were collected covering social capital and consumption expenditures of rural households as well as basic household characteristics. The data on social capital focused on the five key social capital dimensions including group and networks; trust and solidarity; collective action and cooperation; social cohesion and inclusion and; empowerment and political action.

The survey data generated a total of 22 social capital variables. Principal factor analysis (PFA) technique is performed on the social capital variables deriving the respective social capital indices. To construct the index for the aggregate social capital, all the 22 variables are combined together. Econometric methods are used to explore the nexus between social capital and consumption expenditures.

Results and Discussion

This section investigates the effects of instrumented social capital on consumption expenditure of rural households. The basic question addressed is whether households with higher levels of aggregate social capital are better off than households with lower levels. The key hypothesis of this study is that aggregate social capital influences consumption expenditure of rural households. To test this hypothesis, we measure the effects of instrumented aggregate social capital on consumption expenditure. Aggregate social capital is instrumented using religion of the household head, lobbying leaders by citizens for support in the provision of services benefiting the community, and the proportion voting variable capturing democratic rights of citizens.

The model of household expenditure consumption underlying this paper assumes that households' consumption expenditure is maximized through various social capital activities. The demand for social capital could also rise with improved household consumption expenditure implying that there could be endogeneity of social capital over consumption expenditure. Instrumental variable and control function approach models are employed to correct for the endogeneity of social capital and the heterogeneity bias in the household consumption model. We first discuss the descriptive statistics of the variables used in the study.

Descriptive Analysis

Table 1 shows some statistics of household characteristics and socioeconomic status used in the study.

Table 1
Household Characteristics and Socioeconomic Status

Household characteristics and socioeconomic status		
Variable	Mean	Standard deviation
Age in years	28.3	21.1
Age of respondent	48.2	16.3
Household size	4.2	1.8
Years of schooling	8.5	3.3

The data analysis of the study shows that the average household size for rural Nyeri District is 4.2 while the average age of the people in the District is 28.2 years. The data further show that the mean age of the rural household head was 48.2 years with years of schooling at 8.4.

Table 2 presents some statistics on social capital activities used in the study.

Table 2
Social Capital Activities

Social capital type	Sample size	Percentage
Groups and Networks		
Group membership	168	70
Decision making	151	90
Mutual support	200	85
Trust and solidarity		
Bonding (intra community relations)	215	96
Bridging (cross-community relations)	76	31
Linking (community and service providers)	213 doctors and nurses	88 doctors and nurses
	146 police	60 police
Community participation	239	100
Collective action and cooperation		
Cooperation in problem solving	206	90
Social cohesion and inclusion		
Feelings of togetherness	218	91
Crime levels	21 household member victims	9 household member victims
	13 burglarized houses	5 burglarized houses
Empowerment and political action		
Control over decision making	120	93
Lobbying leaders	112	47
Democratic rights	219	91

% in parenthesis

The membership into groups and networks of the households was about 70 percent. In about 90 percent of the cases members participated in decision making through discussing and deciding together. The level of mutual support in the District is high as about 85 percent of the household heads indicated that they benefited from social networks.

The data also show levels of bonding, bridging and linking in terms of trust among various actors in the District. The level of bonding or intra community relations is indicated by level of trust among people living in the same village, which is very high (90 percent). The level of bridging or cross-community relations is indicated by the level of trust the community in one vil-

lage has on other communities from other villages which is low (31 percent). The level of linking, measuring the quality of relations between the community and service providers, is high (88 percent) for doctors and nurses but moderate (60 percent) for police. The level of community participation is also high (99 percent).

In the case of collective action and cooperation, the data records high levels of cooperation in matters such as solving water problems (90 percent). The data further show that the level of cohesion and inclusion among the rural households was very high as measured by feelings of togetherness (91 percent) and low levels of crime (9 percent household crime victims and 5 percent house burglary). The data also indicate high levels of empowerment and political action enjoyed by the rural households in terms of control over decisions that affect their daily activities (93 percent) as well as expression of democratic rights (91 percent). Table 3 shows the summary of descriptive statistics of selected variables in the model.

Table 3
Summary Statistics of Selected Model Variables

Variable	Mean	Standard deviation
Aggregate social capital	0.27032	0.676714
Groups and networks	-0.01014	0.755211
Trust and solidarity	0.149162	0.55918
Collective action and cooperation	0.167336	0.547626
Social cohesion and inclusion	-0.14374	0.527735
Empowerment and political action	0.059865	0.666543
Wealth score	-0.30318	0.798668
Gender (1=male)	0.664032	0.473264
Years of schooling	7.822134	4.575208
Age	51.3913	15.55383
Age squared	2882.032	1693.401
Marital status (1=married)	0.770751	0.421183
Religion (1=protestant)	0.616601	0.487178
Petitioning leaders (1=yes)	0.462451	0.499576
Proportion voting in general elections	0.928854	0.10616
Observations	253	

The data show that on average, the aggregate social capital ownership by rural households is about 0.270. The largest of the social capital dimensions contributing to this average are collection action and cooperation (0.167), trust and solidarity (0.149) and empowerment and political action (0.60); while the least contributors are social cohesion and inclusion (-0.144) and groups and networks (-0.010).

Impact of Instrumented Social Capital

Table 4 presents empirical results of the consumption expenditure model controlling for the endogeneity of aggregate social capital and for heterogeneity bias springing from the effect of unobserved covariates of consumption expenditure that are correlated with social capital.