



## **ECONOMIC IMPACTS OF ETHNO-RELIGIOUS CONFLICTS ON NIGERIAN ECONOMY**

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### **ABSTRACT**

The paper examines the economic impacts of ethno-religious conflicts on Nigerian Economy. What the paper seeks to find out is subsequently the extent to which the ethno religious conflicts bedeviling Nigeria affect the different sectors of our economy. It is recommended among others that, while economic growth is accorded priority, policies which will promote equity, foster mass employment, minimize distortions and reduce poverty need to be enacted and vigorously implemented.

### **INTRODUCTION**

The country is divided along religious lines, with the boundaries between Muslim and Christian often overlapping with some of the most important ethnic and cultural divides (HRW Vol. 18 No 3 (A) pg.7, April, 2006). Nigeria since independence has remained a multi-ethnic nation state with over four hundred ethnic groups (Chidi, 2005; Salawu, 2010), belonging to several religious sects. Nigeria has been trying to cope with the problem of ethnicity on one hand, and the problem of ethno-religious Conflict on the other. In the last decade, ethno-religious conflict, which is a form of urban violence, has been reported in most major towns in Northern Nigeria. The religious contradictions that Nigeria faces are daunting. The country is essentially heterogeneous society, with the two monotheistic religions (Christianity and Islam) enjoying the loyalty of most Nigerians. The once peaceful Country has now been symbolize as one of the best reference Points of ethno religious violence it is an established fact the so called industrialized countries which Nigeria dreams of joining by the year 2020 have served as secure abodes to both their citizens and foreigners alike. However, the situation in Nigeria is such that even the Nationals sleep with one eye opened due to the insecurity situation. The Worsening level of Poverty and the explosive nature of unemployment no doubt are signs that the country is far from achieving real economic growth.

Ethno-Religious crises in Nigeria has reached the state that it could be referred to as war in various parts of the country ranging from Kano revolt (1980); Bulunkutu Bizarre (1982), Kaduna crisis (1982, 2003), Jimeta War (1984), Gombe revolt (1985), maitatsine insurrections which took place in the northern cities of Kano, Maiduguri, Kaduna, Gombe, Yola and Funtua (1980- 1993), Kastina crises (1999), Kano riot (1995), Sharia crises in Zamfara Kaduna, Bauchi, Sokoto etc in 1999, sharia reaction in Aba, Onitsha, and Owerri in 1999, Jos crises in 2008, and Boko Haram since 2009, and the recently Fulani herdsmen and farmers clashes. These instances are few as there was no year without three to four instances

of ethno-religious Conflicts in Nigeria. These Conflicts are not of course without cost to the Nigerian Economy. The disintegration, dispersion instability, loss of lives and properties discontinuing economic programs and projects, the increase in the number of FDI/DI that escapes the Country cannot go Without notice alongside the Consequent unemployment; hunger; diseases; infrastructural decay; corruption and low income per capital that still pervade the economy. It has equally been explained that these violence have continued to exist because they serve some of the political and economic interest of ethnic religious leaders in Nigeria.

## LITERATURE REVIEW

### Conceptual and Theoretical Framework

Ethnicity is a concept referring to a shared language, culture and way of life. Nigerians are more likely to define themselves in terms of their ethnic affinities than any other identity. Indeed, according to the authoritative 2000 survey on “Attitudes to Democracy and Markets in Nigeria”, ethnicity “is demonstrably the most conspicuous group identity in Nigeria” (Lewis and Bratton 2000: 27). Thus, the survey found that almost one-half (48.2%) of Nigerians chose to label themselves with an ethnic identity, compared to almost one-third (28.4%) who opted for class identities, and 21.0% who chose a religious identity (Lewis and Bratton 2000: 24-25). The exact number of ethnic groups in the country is not known. A recent ethnic mapping project puts the number at over 500 (PEFS 2001). The wide variation is largely explained by the different criteria used by the authors (language, kinship, core territoriality, myth of common origin, dialects of languages...). Ranking next to ethnicity is religious identity. The concept of Religion can be defined as the belief in and worship of a god or gods, or any such system of belief and worship. Religious identity is more critical than ethnic identity and in fact serves to activate ethnicity. Thus, among Nigeria’s largest ethnic groupings, the [southern] Yoruba were considerably more prone to define themselves ethnically... than were the [northern] Hausa-Fulani ...who rather opted for a religious [Muslim] identity” (Lewis and Bratton 2000: 25). Religious identities in Nigeria are usually classified into three — Christian (being predominantly in the south), Muslim (being predominantly the North) and Traditional.

Besides, the concept of conflict has been approached in a variety of ways and there is apparently no universally accepted definition of the concept, in that it is contentious as to whether it is a situation or a variety of behaviour (Rahim, 2010). Francis (2006) considers conflicts as an intrinsic and inevitable part of the existence of human beings, and defines the phenomenon as the pursuit of incompatible interests and goals by different groups. What can however be said to underlie most definitions offered is that conflict is a process, which has developed from past interactions by individuals and groups; and that there are recognized opposing interests between parties in a zero-sum situation. From the point of view of civil conflicts, three major theories or approaches are delineated in political economy literature. However, it needs to be stressed that although they offer some useful insights into the causes and nature of civil unrest, none of them is exhaustive on the nature and dimensions of the phenomenon. These are: (1) Theories that place emphasis on the failure of the social contract as the principal driver of conflict; (2) Theories that emphasize private incentives, and

consider conflict as motivated by private interests in hopes of exploiting the gains arising from it; and (3) Theories that highlight group stimuli, which underscore conflict as driven primarily by disparities in social and political resource distribution between and among groups with common affinity in religion, ethnicity or other bonds. There is no consensus about the impact of conflict on economic performance, at least from a purely theoretical standpoint. A glance at most literature shows contradictory and opposing views. While there is a prediction in neoclassical growth theory for example that an economy will recover relatively quickly and converge to its steady state, Barro and Sala-i-Martin (2004), an alternative model contends that a long time may be taken for an economy to catch up to pre-conflict levels because of the slow rate at which human capital recovers. Other scholars like Sachs (2005) argue that conflict and poor performance can coexist where a country is trapped in a low level equilibrium. On the relationship between violent conflicts (such as civil wars) and economic growth, there is no consensus among scholars. While some consider civil war as a contributory factor to economic growth, due to the influence of employment generation, technological innovation, improvement in efficiency, and reduction of rents seeking power, in addition to military expenditure found to be positively correlated with economic growth due to the improvement in property rights (Murdoch and Todd, 2002; Harold, 1997), others are with the opinion that war affects economic Growth negatively, in that resources are generally destroyed, there is hike in inflation due to higher defence spending, debt contraction becomes heightened and resources are unproductively allocated (Collier, 1999). The findings by Murdoch and Todd (2002) are particularly instructive in that the direct effects of conflicts are more pronounced and intense than the indirect effects. Consequently, a society or country where conflicts are predominant tends to have slower economic growth.

### **ECONOMIC EFFECTS OF ETHNO-RELIGIOUS CONFLICTS ON THE NIGERIAN ECONOMY**

The paper highlights some of the economic effects of ethno religious conflicts on the Nigerian economy as follows:

- **Discouragement of foreign direct investment:** frequent ethno religious conflicts have both in the past and the present seriously reduced the inflow of foreign capital into the country. On one hand, the country is in dire need of capital due to its low rate of capital formation and on the other hand, a lot of foreign investors have lost confidence in the economy due to insecurity and hence are not willing to invest despite campaign and propaganda by the different governments to woo foreign investors. Although lack of infrastructure is also a contributing factor, insecurity is the major cause of low foreign direct investment. There have been cases of abduction of foreign nationals in the Niger Delta region, and the Northern parts of the country. To further buttress the above position, studies conducted by Chidi (2000) on the aftermath of the Nigerian crises of the 80s, about 50% of the manufacturing companies in the country shut down; national output fell by 8% in 1983 and by 13.5% in 1984 while inflation rose to 40% during the same periods. Ethno-Religious conflicts according to them slow down the diffusion of ideas and technological innovation within the country affecting negatively investments.

- **Disruption of local production:** many small and medium firms located around the conflict prone areas of the country have either closed down completely or moved to other places considered to be more peaceful. A lot of petty trading shops in Kano especially around Sabon Gari area have been shut down following the religious crisis and their owners who are mostly southerners have fled to their homelands. While in the northeast, especially Borno, Yobe and Adamawa states, commerce, agriculture and other production activities are almost at as standstill.

- **Prevalence of unemployment:** due to closure of businesses in conflict areas, many people have lost their jobs, businesses, and so on. In fact, some have turned into beggars. Thus, ethno religious conflict has contributed to the worsening of the unemployment situation in the country. According to the NBS, the rate of unemployment stood at 23.9% in 2011 and 38% in 2013.

- **Increase in unplanned expenditure:** One of the major threats currently posed by ethno religious conflicts on the Nigerian economy is that huge amounts of money are continuously expended on arms and provision of security, rehabilitation and reconstruction of damaged infrastructure which could have been used for the betterment of the country. The total amount budgeted for security for the year 2012 was about 921 .2lbn Naira which could have been used to solve some of the major problems of the country (health, education). The main thing is that most of these expenses were not provided for in the government's budget and hence a lot of other vital development projects have to be abandoned or postponed.

- **Human Resources:** The importance of human resources to the economic development of a country cannot be overemphasized. Since 1960 to date, so many people have lost their lives to ethno-religious conflicts, properties worth billions destroyed, trade stifled and service institution closed down in Nigeria. In fact the loss to these conflicts cannot be calculated accurately.

- **Inflation Implication:** Inflation in Nigeria has unrelentingly been moving upward partly because of years of indirect effects of ethno-religious conflicts (the destruction and neglect of socio-economic infrastructures). inflation rate was recorded at 7.9% in April 2014 and it averaged 10.31% from 2006 until 2014, reaching an all time high of 15.6% in February of 2010 (NBS) industrial inputs are becoming very expensive and the consumer price index(the main inflation gauge) shows that cost of living is skyrocketing. The ordinary folks feel the pain every day even if they do not buy fuel, because they buy food every day. Therefore, if prices for food and fuel, which are the vital necessities of life, raise the people feels the pinch of inflation. Part of the problem with the economy is that the Naira has been falling against the dollar, euro, cfa.... and most observers expect the slide to continue if nothing is done. The surplus Naira in circulation is the contributing factor because the value of anything tends to fall, ceteris paribus, if the commodity is surplus supply.

**Political Instability:** No doubt Nigerian political system is seriously overheated with ethno-religious conflicts. One can even argue that Nigeria is threatened with disintegration. This becomes more intense as each of the two dominant religions in Nigeria (Islam and Christianity) tries to control government economic activities or to shape economic activities of government following the tenets of her religion. The question now becomes is he a Muslim

or Christian President, Minister, Governor or even Local Government chairman? The consequent abuse of human rights following these ethno-religious conflicts cannot go unnoticed. Such rights as freedom of speech, life, association, religion and movement are no longer observed. In the face of political instability following these conflicts Southern (Christians) no longer settle in the Northern (Muslim) Nigeria for fear of loss of life and property and vice versa.

**Hamper Economic Growth:** viewed in totality, ethno religious conflicts have continued to draw back the pace of development of Nigeria. The whole attention both the government has now shifted to restoring peace and security. On the whole, the economic effects of ethno religious conflicts on the Nigerian economy are not quantifiable as such lots of resources have been spent and are still being expended on peace restoration and provision of security which could have been used in funding developmental programs.

**Food Insecurity:** recently the pregnant Fulani herdsmen and farmers clashes in the country have a drastic effect on food security and have caused a loss of 814 billion in three years (Omanumi Eyekpimi 2016). As farmers are not willing to risk their lives by going to farm for the fear of attacks by the herdsmen, this in essence causes a shortage in food production which triggers insecurity of foods.

The British department for international development (BFID) carried out a research between 2013 and 2016 on the cause and effect of the prominent clashes between herdsmen and farmers in Nigeria. The study pointed out that ongoing conflict is wasting the country's economic development to an enormous extent, and if conflicts were resolved the average household affect today could see income increase by at least 64% and potentially 21% or higher. And also state affected by headmen farmer's conflicts lost an average of 47% of taxes (internally generated revenue).

## RECOMMENDATIONS

This paper recommends that the Christian/Muslim beliefs, teachings and programs should be reviewed to accommodate Nigeria's economic development objectives through a Sovereign National Religious Conference with emphasis on nationality, purity, morality, love and honesty as the basis for peaceful co-existence. The Federal Government should also strive to provide the foundation upon which this conference would take place through judicious policy implementations to avoid the feeling of domination among Nigerian ethno-religious groups. Also the paper recommends

- Proper funding of education
- Well-designed educational curricula that would reflect the realities and complexities of the nation
- Monitoring and regulation of religious organization and bodies
- Good governance via credible elections.
- Feasible anti-corruption laws and their enforcement
- Individual and community roles in peace promotion

- Equity in Resource distribution laws
- Poverty eradication via job creation and providing functional education not literacy.

## CONCLUSION

Ethno-Religious conflicts retard economic progress, hamper economic activities and consequently breed unemployment, poverty and starvation. There is a tendency for ethno-religious conflicts to disrupt trading and other commercial activities. It claims the lives of able-bodied men and women who would have engaged in productive ventures and contribute to the economic development of Nigeria. The cost of rehabilitating and reconstructing destroyed buildings after each ethno-religious conflict in Nigeria is so high and could be channeled to more useful direction for further development of our productive forces in Nigeria.

Largely these conflicts persist because some ethno-religious elites utilize these violent opportunities to enrich themselves. Sometimes, these religious elites appeal to adherents of the same religion outside the country therefore; giving room for infiltration of illegal arms into the country. The elites under the cloak of ethno-religion connive with foreign capitalists who are interested in exploitation to foment ethno-religious troubles to subsist their exploitative motives.

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