THE IMPERATIVE OF PEACE AND SECURITY FOR THE ATTAINMENT OF INCLUSIVE GROWTH IN NIGERIA

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ABSTRACT

This paper examined the relationship between peace, security and inclusive growth in Nigeria. Countries that are peaceful, secured, and allow people to contribute to the growth process have efficient institutions, larger local and foreign private sector investments, less risk and uncertainty, and higher productivity. Beyond the pure theoretical western-based causes of economic growth, the peaceful sociopolitical and economic environment of the Newly Industrialized Countries is arguably a major determinant of their economic prosperity. Despite several past reforms and policies dictated by the IMF and World Bank, African countries are still experiencing economic instability. Absence of security and exclusive growth process are some of the underlying obstacles of physical and human capital accretion in developing economies. Thus, this study suggests that government policy on social inclusiveness has to be promoted while policymakers must comprehend the structural change dimension of growth and the forces that prevent the accomplishment of full-employment.

Keywords: Peace, Security, Inclusive Growth, Development, Full-employment.

INTRODUCTION

There are quite a number of policy measures and explanations by economics theorists for the achievement of macroeconomic goals of growth, price stability and employment. The classicals, led by Adam smith, accentuated the laissez faire policy or economic system with liberal democratic principles, and the shift from closed/inward economy to open/outward policy. The classicals insisted that fluctuations are mainly determined by supply side factors while the Keynesian economists stated that increased aggregate demand will lead to overall macroeconomic stability. The monetarists on their part insisted money supply is the major determinant of economic fluctuation. Like the classicals, the real business cycle theorists argue that output and employment is determined by supply side factors while economic growth theorists lay emphasis on technological progress with physical and human capital accumulation for the attainment of rapid growth (Vitez, 2015).

In an empirical study on peace and economic growth in developing countries, Sevarathinam (2008) identified that developing economies, particularly African countries, have implemented or applied one or the other of these theories and policy measures since the 1970s in order to achieve macroeconomic stability. Some countries especially Asian countries like Singapore, Malaysia, South Korea, Taiwan, Hong Kong, Thailand, the Philippines India and China, as well as Brazil, Mexico, Turkey and South Africa, otherwise known as the Newly Industrialized Countries (NICs) have achieved rapid growth and controlled inflation, but the overall economy of African countries have not been stable. China, in particular, without a liberal democracy but under one party political system with predefined groups of leadership has maintained rapid growth and stability during the last three decades. Why are African countries not been able to achieve economic growth, control inflation and maintain economic stability despite several past reforms and policies dictated by the IMF and World Bank? According to several development analysts, these initiatives or policies have unfortunately led to many of the
problems that Africa is experiencing today, such as debt crisis, extreme poverty, and political instability.

However, the achievements of most NICs have been reached by market transformation, reforms and western-based policies. Beyond the pure theoretical causes of economic growth such as government investment, net exports, physical and human capital accumulation, quality education, technology, productivity, free markets and institutions, the NICs have been able to achieve economic prosperity mostly due to their peaceful operational environment. Any one cannot dispute the argument of peace which these countries had during their rapid economic development era without liberal democracy until the end of the twentieth century (Selvarathinam, 2008).

There is no region of this world that has not experienced wars, but while many parts of the world have moved towards greater political and economic stability and cooperation, Africa remains a cauldron of instability and economic deprivation (Nkurayija, 2011). The author added that post-independence political crises, ethnic cleansing, religious crises have systematically undermined both security and development. Maloka (2002) as cited in Nkurayija (2011), acknowledged the contribution of the Organization of African Unity (O.A.U), the African Union (A.U) and the New Economic Partnership for Africa’s development and other structures that have been trying to foster peace and development in Africa since independence. Thus, the author concluded, rethinking development in Africa needs the incorporation of disarmament and other peace promoting initiatives as a precondition for economic growth and development.

According to Marshall (2005), it does not mean that western thoughts are dreadful or inapplicable to developing economies, but rather it means that developing countries can achieve growth and stability along with the theoretical western-based liberal political and economic policies only in a sociopolitical and economic environment devoid of violence, conflicts, wars, coups, revolution, riots, ethnic cleansings, election violence, religious crisis, non-judicial killings, murders, assassinations, abductions, terrorist attacks, discrimination, and violence against women. Wealth of developing nations can be increased by sustaining peace and security in their countries. Peace, therefore, is the foundation for economic growth and development.

The role of any government is to facilitate the provision of livelihood to the poor by playing its institutional role which includes creating conducive environment for activities of the poor to take place. If there is no economic activity government will not be able to derive or generate any revenue emanating from the poor through direct or indirect taxation and other value addition to the economy. Economic, social and political activities cannot take place in the midst of insecurity and lack of peace (UNDP, 2015). It is against this background that this paper examined the determinants of lack of peace and insecurity; analyzed the effects of lack of peace and insecurity both at the national and global level; and assessed the set of policies that lead to full-employment necessary for the achievement of inclusive growth in the economy.

CONCEPTS/LITERATURE REVIEW

Peace

Peace is defined as freedom from disturbance; tranquility; or a state or period in which there is no war or a war has ended. In a publication on peace and security Steward, (2012) stated that peace is when people are able to resolve their conflicts without violence and can work together
to improve the quality of their lives. Peace is when everyone lives in safety, without fear or threat of violence, and no form of violence, and there is a system of fair and effective laws protecting peoples’ rights. The Oxford English dictionary (2003) simply defined peace as a situation or period of time in which there is no war or violence in a country or area.

The creation of a peaceful country or area devoid of or with decreased risks of conflicts and instability is necessary for prosperity in matters of education, health, trade, social and economic welfare, equality, and political order, as well as regional integration. In short, peace is seen as a socio-political environment without violence, non-judicial killings, murders, conflict, wars, coups, revolution, riots, ethnic cleansing, election violence, assassinations, abductions, terrorist attacks, discrimination and violence against women.

Over the years, according to Mohammed and Ahmed (2014), Nigeria has had her share of socio-economic disruption; Boko Haram in the North East, kidnappings and oil pipeline vandalism in the East and South-south, the medical terrorism “EBOLA” in the West. Each and every one of these anti-social vices has disrupted economic activities in Nigeria. Of the aforementioned anti-social variables, religion induced crises seem to pose greater challenges in the study area. Apart from the Nigerian civil war of the late 1960s, the most catastrophic security challenge of Nigeria is the Boko Haram insurgency. For more than seven years, almost on a daily basis, it has been news of devastating bomb blasts, suicide bombings, assassinations, abductions, lootings, robberies, torture and rapes, as well as the wanton destructions of public and private property, including attacks on schools. One of such attacks has been the kidnapping of over 200 teenage girls in 2014 at Chibok in Borno State.

The two major non-oil growth drivers of the economy such as Agriculture and Manufacturing (SMEs) sectors have reduced the rate of inclusive growth in Northern Nigeria due to lack of peace and security. The impact of Boko Haram-led insurgency in the north eastern part of Nigeria is more glaring in the agricultural sector as output in the sector has declined drastically leading to rapid increase in food prices. There is also fear-induced migration that is greatly affecting the level of trade and commerce particularly in Borno and Yobe states thereby exacerbating the unemployment rate, low revenue generation and economic growth in the region.

Lack of peace and fragile peace has become the largest obstacle to the Millennium Development Goals (MDGs) which has transformed development cooperation over the years. These goals are expected to have been fulfilled by the year 2015. The goals were adopted by 189 countries, including Nigeria. The main reason behind the goals is to find solution to the challenges facing development in the countries where the MDGs are adopted. The eight goals are;

“to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development (UN, 2000).”

It has been argued that the post 2015 framework of MDGs should separate goals related to peace and security, while a clear, concise and measurable target on violence be put in place through indicators on battle-related deaths and international homicides. Most forms of violent conflicts have no clear military, political and ideological objectives.
In attempting to gauge peacefulness, the Global Peace Index (GPI) investigates the extent to which countries are involved in on-going domestic and international conflicts. GPI is an attempt to measure the relative position of nation’s and region’s peacefulness. It is a product of the Institute for Economics and Peace (IEP) and developed in consultation with an international panel of peace experts from peace institutes and think tanks with data collected and collated by the Economist Intelligence Unit. The index gauges global peace using three broad themes: the level of safety and security in society, the extent of domestic and international conflict, and the degree of militarization. Factors are both internal such as levels of violence and crime within the country, and external such as military expedition and wars. It also seeks to evaluate the level of harmony and discord within a nation. The report of the institute concludes that low crime rates, minimal incidences of terrorist acts and violent demonstrations, harmonious relations with neighboring countries, and stable political scene and a small proportion of the population being internally displaced or refugees can equated with peacefulness (IEP, 2015).

**Security**

The concept of security is basically the condition of feeling safe or free from harm or danger or threat. It is the defense, protection and preservation of core-values of the people. According to the Oxford English dictionary (2003), it is the protection of a person, building, organization, or country against threat such as crime or attacks by foreign countries. It is, therefore, the degree of resistance to, or protection from, harm. It applies to any vulnerable and valuable asset, such as a person, dwelling, community, nation or organization.

According to Blakeley (1995), security has three dimensions, namely: traditional, military and non-military. The traditional security focuses on threat and the use of regular police; military security on the other hand focuses on the protection of the country’s territorial integrity; while non-military security is mainly concerned with environment and people of the area.

The United Nations Development Programme (UNDP) (2015) used the term ‘human security’. Security in this sense is understood not only to mean protection of peoples’ basic freedoms but also protection against different kinds of threat. It encompasses also the creation of appropriate structures to protect peoples’ physical integrity and dignity, as well as their ability to make a living. To quote the commission directly: ‘Human security connects different types of freedoms – freedom from want, freedom from fear and freedom to take action on one’s own behalf.’ Human security is the combination of threats associated with war, genocide, and the displacement of populations. At a minimum, human security means freedom from violence and from the fear of violence.

Peace and security are both a prerequisite for, and critical aspects of, development. High levels of insecurity will lead to lack of peace thereby making development impossible. Lack of peace and security in the society imposes a heavy burden upon both economic and political activity. It is, therefore, necessary for the reform of a country’s security sector if development programs of a country are to progress (UNSDSN, 2013).

**Inclusive Growth**

In economics, growth typically refers to growth of potential output, which is production at full employment. It is usually calculated in real terms – that is inflation-adjusted terms – to eliminate the distorting effect of inflation on the price of goods produced. Growth is the
increase in the goods and services produced by an economy, typically a nation, over a long period of time. It is measured as a percent increase in real Gross Domestic Product (GDP), which is GDP adjusted for inflation (Gracianna, 2012).

However, growth is meaningful to the citizens only if it addresses the following questions:

- What is the level unemployment?
- What is the level poverty?
- What is the level inequality?
- To what extent has the poor been participating in the growth process as well as benefiting from the fruits of the growth?

According to Wikipedia (2014) inclusive growth is growth that allows all members of society to participate and contribute to the growth process through productive and decent jobs. Decent job is a critical component of inclusive growth as it paves the way for broader social and economic advancement, strengthening individuals, families and communities. It is a concept that advances equitable opportunities for economic participants during economic growth with benefits incurred by every section of the society. The definition implies direct links between the macroeconomic and microeconomic determinants of the economy and economic growth.

According to Chakrabarty (2007), inclusive growth refers to both the pace and pattern of the economic growth. Its approach takes the long term perspective as the focus is on productive employment. While income distribution schemes can allow people to benefit from economic growth in the short run, inclusive growth allows people to contribute and benefit from economic growth. Growth, the author added, is inclusive when it creates economic opportunities along with ensuring equal access to them. Apart from addressing the issue of inequality, the inclusive growth may also make the poverty reduction efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable section of the society. By encompassing the hitherto excluded population inclusive growth can bring in several other benefits as well to the economy. The author concluded that the concept “inclusion” should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process, and not simply as welfare targets of development programs.

According to the UNDP (2008) publication on inclusive growth, many people are excluded from development because of their gender, ethnicity, age, sexual orientation, disability or poverty. The effects of such exclusion are staggering, deepening inequality across the world, the report added. The richest 10 percent of people in the world own 85 percent of all assets, while the poorest 50 percent own only 1 percent. Development can be inclusive – and reduce poverty – only if all groups of people contribute to creating opportunities, share the benefits of growth and development and participate in decision-making. Labor, education and training programs must all work to maximize opportunity and inclusiveness.

Rafaei and Ramos, (2013) explained that inclusive growth comprises both outcomes and processes, involving participation and benefit sharing. Given that the poor face challenges that impair their conditions and limit their opportunities, to be inclusive, growth should benefit everyone while reducing the disadvantages faced by the poor, both in terms of benefits enjoyed, and especially, in terms of access to opportunities for participation. The author concluded that inclusive growth must be spread across board to include both the rural and the urban areas.
National Development

It refers to a sustainable growth and development of a nation. National development is people oriented (i.e. inclusive) and its success is evaluated in terms of the impact it has had in improving the lot of the masses. In defining the concept, the third national development plan of 1980 says “true development must mean the development of man, the unfolding and realization of his creative potentials, enabling him to improve his material conditions of living through the use of resources available to him. It is a process by which man’s personality is enhanced, and it is that enhanced personality – creative, organized and discipline – which the moving force behind the socio-economic transformation of any society.”

Thus, development becomes a function of peace and security, and peace and security need to operate within the framework of development itself. There is a relationship between peace and development. Insecurity is a stumbling block to economic growth and development. Governance combined with peace lead to economic transformation, the core incentive of economic growth and development (Nkurayija, 2011).

Objectives of Development

Todaro and Smith, (2003) identified three objectives of development, which are;

- Increase availability and widen the distribution of basic life sustaining goods such as food, shelter, health and protection,
- To raise levels of living in addition to higher incomes, the provision of more jobs, better education, and greater attention to cultural and human values, all of which will serve not only to enhance material well-being but also generate individual and national self-esteem,
- To expand the range of economic and social choices available to individuals and nation by freeing them from servitude and dependence, not only in relation to other people and nation states but also to the forces of ignorance and human misery.

DISCUSSION

Determinants of Lack of Peace and Insecurity

Lack of peace and insecurity are determined by many socio-political factors such as:

- Poverty, hunger and disease
- Youth unemployment and lack of economic opportunities
- Exclusion of part of population in development processes
- Gender inequality
- Ethics of the people
- Illicit drugs
- Religion
- Tribalism and ethnicity
- Human rights violation
- Injustice, lawlessness and impunity
- Quality of leadership
- Democracy
- Bad governance and corruption
- Small arms and light weapons proliferation
- Environmental degradation, deterioration of natural resource base
- Competition for natural resources for domestic and industrial use, e.g. river water disputes, disputes over fishing, grazing and land rights
- Relationship with neighborhood, and
- Political reform (UNCTAD, 1999).

**Effects of Lack of Peace and Insecurity at National and Global levels**

**Effects of Lack of Peace and Insecurity at the National Level**

Insecurity and breach of peace are likely to or indeed affect legitimate social and economic activities in various ways such as:

- Destruction of life and property
- Reduction in capacity of people to add value to output
- Destruction of physical and social capital
- Increase rate of unemployment
- Damages the environment
- Decrease school attendance
- Slow down manpower development
- Disrupt private sector investment
- Slow down and hamper growth and transformation of the economy
- Make the expected gains from Foreign Direct Investment a mirage
- Funds meant for human capital development are deployed to the rehabilitation and renovation of human and property, as well as amnesty program.
- Disruption of the democratic process (Etekpe, 2012).

**Effects of Insecurity on Vital Sectors of the Nigerian Economy**

**Agriculture**

- Interruption of farming activities
- Forest and wildlife
- Landmines
- Killing of farmers and livestock
- Burning of farmers houses and foodstuffs
- Food insecurity
- Surge in prices of agricultural products

**Health**

- Reduced medical and health workers
- Displacement of health personnel
- Destruction of health infrastructure, products/pharmacies or chemists
- Increased mentality
- Spread of communicable diseases

**Education**

- Reduction of number of education workers
- Destruction of educational facilities
- Displacement of teachers
- Increase in school drop-outs
- Decrease in school attendance
- Increase in illiteracy and vulnerability

**Rural Infrastructure**

- Destruction of lives and properties
- No markets
- Reduced demand
- Reduced supply
- High prices and inflation
- Food insecurity
- Coping strategy becomes difficult
- Uncertainty and fear increase

**Skill Acquisition and Knowledge**

- Vocational training becomes impossible because of insecurity

**Water Investment**

- Lack of access to clean portable water by the citizenry
- Increase in water borne diseases
- Increase in government capital expenses thereby swelling the fiscal packages and sometimes government borrowing
- Fall to vicious circle of indebtedness and debt overhang

**Transportation**

- Destruction of critical facilities of the sector
- Affect movement of persons and goods, both capital and consumer goods
- Communication and contact becomes difficult
- Affects industrial production
- Increase production costs and prices of goods and services
- Improving economy and all actions along the value chain becomes almost impossible and unattainable

**Electricity**

- Destruction of facilities and installations
- Decrease in electricity supply which negatively affects all other sectors
- Advancement in science and technology (research and development) will be virtually retarded
- Increase production costs for large, medium and scale enterprises
- Reduced output or supply of goods and services
- Price increase
- Reduced welfare of citizenry (Adebayo, 2004).
Effects of Lack of Peace and Insecurity at the Global Level

Available statistics show that 1.5 billion people live in countries affected by conflict and fragility. With the exception of Brazil, China and India, 47 percent of these people are in developing nations. The negative effects of insecurity and lack of peace include the following:

- In affected countries government recruits soldiers, buy more weapons and ammunitions and direct resources to military up to the average of 2.8 percent to 5 percent of GDP
- Slow down economic growth of affected countries by 2.2 percent
- Absolute poverty in affected countries will increase by 2.2 percent
- Average growth rate for countries affected by civil war will be -3.3 percent
- Social policies of affected countries is less inclusive
- In conflict affected countries capital flight increases from 9 percent to 20 percent of private wealth

The G8 Gleneagles Communiqué (2005) on Africa does recognize “peace is the first condition of successful development. Consequently, the wealth of conflict affected states cannot be increased unless they have peace (UN, 2013).

Full Employment

Full employment is defined in the Business dictionary (2003) as a state of economy in which all eligible people willing to work can find employment at the prevailing wage rates. However, it does not imply 100 percent employment because allowances must be made for frictional unemployment and seasonal factors. At full employment the labor market has reached equilibrium. It means all factors of production i.e. land, labor, capital, entrepreneur and technology are fully and properly utilized. The goal of government is full employment with social inclusion. Governments use fiscal policy to achieve this. Employment is a basic right; therefore, societies must be able to provide jobs for all willing to work. Massive unemployment is not due to skill mismatch or lack of human capital but a systemic failure of the economy. Of all the market failures, none is perhaps more important because of its social consequences than the failure of an economy to utilize its resources fully. Use of labor saving technologies and insufficient spending due to lack of political will are some of the reasons why it is difficult to achieve full employment.

Benefits of Full Employment

- A country’s resources will be fully utilized
- Increases productivity
- Leads to high wages
- Revenue generated from taxes will be high
- Delivers social benefits
- There will be lower social costs, poverty, misery, crime and injustice
- Leads to more buoyant markets
- It attracts more investments and businesses
- Full employment will reduce the need for subsidies
- It eliminates unemployment and underemployment which acts as a form of social exclusion, thus prohibiting inclusive growth (Todaro and Smith, 2003).
Sets of Policies that Lead to Full Employment in the Context of these Challenges

1. Agriculture policy – still a major employer of labor across the region
2. Public investment policy – government infrastructural spending is key for development
3. Industrial policy
4. Fiscal and monetary policy
5. Job creation programs
6. Public private partnership
7. A level playing field for the private sector because the sector generates wealth and employment
8. Planning and coordination
   - Let the private sector operate and spend whatever it desires (laissez faire)
   - Government must spend so as to close the gap to full employment
9. Structural change
   - Shift in resources from the less productive to the more productive sectors
   - Diversification and sophistication of production which leads to increase in exports
   - Discovery of new products (i.e. innovation)

CONCLUSION

As is evident from the foregoing, peace and security are very vital and instrumental in the economic development of any nation. Billions of investible funds have been wasted in the process of proffering lasting solution to national and regional conflicts, particularly in developing economies. Lack of peace and insecurity stifles agricultural and industrial production, and a disincentive for private and Foreign Direct Investors. It increases illiteracy, poverty, communicable diseases, child mortality, unemployment, hunger, terrorism, small arms proliferation, vandalism, arson, corruption and other forms of social vices. It swells the number of refugees and internally displaced persons. The attainment of inclusive growth and development that requires the massive participation of the poor and benefits the poor, in both urban and rural areas, cannot be realized in an environment that is rife with fear and uncertainty and not conducive for a good working relationship. Lack of adequate peace and security has adversely affected the growth of the Nigerian economy, particularly the activities of terrorists in the North and militants in the Niger Delta. Therefore, peace and security is an essential ingredient for inclusive growth and a guarantee for sustainability of the livelihood of the poor.

RECOMMENDATIONS

- Policy makers must understand the structural change dimension of growth and the forces that prevent the achievement of full-employment and come up with innovative policy packages that will deliver full-employment, price stability and equity.
- Government policy on social inclusiveness has to be promoted by providing what citizens require and not what the state wants. This requires the provision of enabling environment for the participation of the poor in the growth process through the provision of jobs and employment opportunities.
- Central to inclusiveness is the work of rehabilitation of the internally displaced and traumatized persons, reconstruction of critical infrastructure and property should be put in place urgently, especially in the North-east region of Nigeria.
• In order to achieve the objective of inclusive growth, the eight vital sectors of the economy need to be protected through deployment of more well-equipped military personnel to assist in the on-going peace keeping operations in conflict affected states.

• Political will and commitment of the elite to growth and development is also needful.

REFERENCES


