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Cost Of Living Crises And Rising Criminality In Nigeria: A Peace Dividend Analysis

Tyovenda Torkaa Bawa Ph.D.
Central Bank Of Nigeria, Lokoja Branch
Kogi State, Nigeria

Miriam Member Asuwe Ph.D.
Department Of Christian Religious Studies
Federal University Lokoja, Kogi State Nigeria

Abstract
Background*: Nigeria's cost of living crisis has emerged as one of the most consequential economic and security challenges in recent years. Rapid inflation, exchange-rate instability, energy price shocks, food supply disruptions, and weak real wage growth have sharply reduced household purchasing power and widened social vulnerability. At the same time, Nigeria continues to record elevated levels of criminality, including kidnapping for ransom, banditry, armed robbery, terrorism-related violence, and cyber-enabled illicit activity. This paper examines the relationship between the cost of living crisis and rising criminality in Nigeria through the lens of peace economics, with particular emphasis on the concept of the peace dividend. The study argues that economic distress and insecurity interact in a mutually reinforcing cycle: deteriorating welfare conditions raise incentives for opportunistic and organized crime, while insecurity further depresses production, investment, mobility, and state capacity.*
Materials: *Drawing on recent evidence from the National Bureau of Statistics, World Bank assessments, the Global Terrorism Index, and emerging scholarly work on inflation, insecurity, and welfare in Nigeria, the paper synthesizes theoretical, empirical, and policy perspectives. A proposed econometric framework, using crime as a function of inflation, unemployment, and poverty, is advanced to explain how macroeconomic stress transmits into insecurity.*
Results*: The analysis finds that treating security as a purely coercive or policing issue is inadequate in a context where economic hardship persistently lowers the opportunity cost of crime. The paper concludes that Nigeria's inability to stabilize livelihoods undermines its capacity to harvest peace dividends such as investment expansion, productivity growth, lower fiscal security burdens, stronger social cohesion, and improved human development. Accordingly, a durable response requires coordinated macroeconomic stabilization, targeted social protection, local peacebuilding, justice sector reform, and youth-focused employment strategies.*
Keywords: *Cost of living crises, poverty, opportunistic and organized crime, macroeconomic stress, insecurity, peace dividend, social vulnerability.*

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I. Introduction

The cost of living crisis has become a defining feature of Nigeria's recent political economy. Although inflation and welfare pressures are not new in the country, the scale and persistence of current price shocks have become unusually severe, affecting nearly every dimension of household survival and national stability. During 2024, headline inflation climbed above 33 percent, with food inflation substantially higher, while transport, energy, housing, and basic household costs continued to rise. These developments reflected a complex combination of currency depreciation, imported inflation, logistics bottlenecks, policy reforms in the energy sector, insecurity in food-producing areas, and long-standing structural weaknesses in domestic production. For many households, especially low-income earners, pensioners, informal workers, and underemployed youth, the result has been a sharp erosion of real income. The immediate welfare effect of a cost of living crisis is obvious: families reduce consumption, forgo healthcare, postpone school expenses, liquidate assets, and accumulate debt. The broader societal implication, however, is even more consequential. Where inflation outpaces wages, jobs remain insufficient, and welfare support is limited, economic hardship produces not only poverty but also frustration, disaffection, and a search for alternative survival strategies. In contexts of weak institutions and uneven law enforcement, some of these survival strategies drift into illegal and violent activity. This is particularly relevant in Nigeria, where insecurity has already become deeply embedded in the national landscape through banditry in the North-West, terrorism in the North-East, and communal violence in the Middle Belt, kidnapping across inter-state corridors, organized theft in urban centers, and the growing sophistication of cyber fraud networks.

Public debate often treats inflation and insecurity as separate crises: one the concern of macroeconomic management, the other the domain of police, intelligence, and military institutions. This separation is analytically convenient but substantively misleading. In reality, escalating living costs and rising criminality are connected through several reinforcing channels. First, economic hardship lowers the opportunity cost of illegality, especially among young people facing unemployment or irregular work. Second, inflation disproportionately damages the welfare of households that are already vulnerable, thereby increasing the pool of persons susceptible to recruitment into criminal networks. Third, insecurity itself worsens the cost of living by disrupting farming, transport, logistics, trade routes, market access, and business confidence. Fourth, the state's response to insecurity diverts scarce public resources from social investment and productive expenditure toward recurrent security commitments. The result is a costly feedback loop in which economic pressures stimulate crime, crime magnifies scarcity, and scarcity deepens social and political instability.

This paper addresses that feedback loop by examining the nexus between cost of living crises and rising criminality in Nigeria through a peace dividend perspective. The peace dividend concept is particularly useful because it shifts the conversation from the narrow question of how much insecurity costs the state to the wider question of what Nigeria stands to gain economically and socially from reducing violence and restoring stability. In a country confronting inflation, poverty, unemployment, and institutional fragility simultaneously, peace should be understood not only as a social aspiration but also as an economic asset. Stability expands productive investment, lowers business risk, improves food supply systems, increases labour mobility, and allows public spending to move away from emergency security responses toward human development and infrastructure. The central argument of this paper is that Nigeria's cost of living crisis is not merely a welfare issue; it is a security issue with direct implications for criminality, peacebuilding, and long-term development.

The objectives of the paper are fivefold. First, it conceptualizes the cost of living crisis and explains why it matters for security analysis. Second, it reviews the main theoretical channels linking economic hardship to criminal behaviour. Third, it synthesizes recent empirical evidence on inflation, welfare decline, poverty, and insecurity in Nigeria. Fourth, it proposes an analytical model through which the macroeconomic determinants of crime may be examined using time-series techniques suited to the Nigerian context. Fifth, it draws policy implications for harvesting peace dividends through integrated economic and security reforms. The remainder of the paper proceeds as follows: the next section discusses conceptual and theoretical foundations; Section Three reviews the empirical literature; Section Four presents stylized facts on the Nigerian economy-security nexus; Section Five outlines the methodology; Section Six discusses expected empirical relationships and peace dividend implications; and the final section concludes with policy recommendations.

II. Conceptual And Theoretical Framework

A cost of living crisis refers to a sustained episode in which the prices of essential goods and services rise faster than household incomes, thereby reducing real purchasing power and lowering standards of living. The concept is broader than inflation alone. Inflation measures average price movements, but a cost of living crisis captures the lived experience of households when wages, transfers, or business income fail to adjust sufficiently to rising prices. In advanced economies, such crises may be cushioned by robust social transfers, unemployment insurance, or stable mortgage regimes. In developing economies, however, the consequences are often harsher because labour markets are informal, savings are limited, price volatility is high, and public welfare systems are weak. Nigeria typifies this vulnerability.

In the Nigerian case, rising costs have not been limited to one sector. Food prices have risen sharply due to insecurity in agricultural zones, climate-related shocks, storage and logistics inefficiencies, high transportation costs, and imported input pressures. Energy costs have surged as reforms altered fuel pricing dynamics and as global energy conditions transmitted into domestic markets. Exchange-rate volatility has raised the local currency cost of imported raw materials, fuel products, medicine, machinery, and consumer goods. Urban rents, school fees, health expenses, and informal transport fares have followed the same upward path. The practical effect is that households spend a larger share of stagnant or falling real income on survival, leaving less room for savings, business investment, or resilience against shocks.

Criminality, for the purpose of this paper, encompasses both conventional and organized forms of unlawful behaviour that impose social, economic, and security costs. These include theft, armed robbery, kidnapping for ransom, banditry, extortion, cyber fraud, trafficking, organized violent attacks, and other predatory activities rooted in opportunism, grievance, or criminal enterprise. Not all forms of crime are caused by economic factors; ideology, political exclusion, governance failure, social norms, and territorial contestation also matter. Yet economic conditions can alter the frequency, attractiveness, and organizational capacity of criminal acts by shaping incentives, risk calculations, and recruitment patterns.

Peace economics provides a useful bridge between these concepts. Rather than treating conflict and crime as purely political or moral failures, peace economics studies how violence reallocates resources, distorts incentives, reduces growth, discourages investment, and undermines human development. It also asks what gains accrue when violence declines. These gains are known as peace dividends. In the Nigerian environment, peace dividends may include reduced spending on emergency security operations, renewed agricultural production in insecure zones, lower transaction costs for firms, increased internal mobility, stronger investor confidence, improved school attendance, and greater social trust. The more prolonged the cost of living crisis becomes, the more difficult it is to realize these dividends because hardship feeds instability and instability destroys the very foundations of growth.

One of the most enduring explanations for the crime-economy relationship is Gary Becker's economic theory of crime. The framework suggests that individuals make choices by comparing expected returns from lawful activity against the anticipated gains and risks of unlawful activity. Under normal conditions, legal employment, entrepreneurship, and social mobility raise the opportunity cost of crime. But when inflation erodes wages, unemployment remains high, or poverty prevails, the expected gains from licit activity diminish. In such settings, crime may become comparatively attractive, especially where enforcement is weak or impunity is common. For Nigeria, this logic is particularly relevant in regions where youth populations are large, educational transitions are weak, and formal employment opportunities are insufficient.

A second relevant framework is strain or frustration-aggression theory. This perspective argues that when individuals or communities are persistently unable to achieve culturally valued goals through legitimate means, accumulated frustration may manifest as deviance, violence, or aggressive behaviour. While the theory does not imply that poor people are naturally criminal, it helps explain why prolonged deprivation, humiliation, and blocked opportunity can increase the incidence of opportunistic violence and anti-social behaviour. In a cost of living crisis, households may experience constant stress associated with food insecurity, unpaid bills, school disruptions, debt, and social comparison. Where such pressures intersect with weak institutions and exposure to criminal networks, the threshold for unlawful behaviour can decline.

Relative deprivation theory adds another dimension. It suggests that perceptions of inequality and exclusion can be as important as absolute poverty. In many Nigerian cities and semi-urban centers, conspicuous consumption, digital visibility of wealth, and social media narratives of success coexist with mass precarity. When rising living costs compress the material prospects of ordinary households while elite consumption appears insulated, resentment may intensify. Relative deprivation can feed property crime, extortion, and fraud by deepening perceptions that the system is unfair or rigged. This is important because the cost of living crisis is not merely a downward shift in welfare; it is a highly visible redistribution of pain, where some actors absorb the shock and others bear it almost entirely.

Social disorganization theory also matters. Crime tends to thrive where community controls are weak, institutions are ineffective, and social cohesion is declining. Inflation and poverty can weaken community-level resilience by increasing migration, family stress, school dropout, and informal settlement growth. Families under economic pressure may struggle to supervise young people; communities may lose the resources required for collective vigilance; and local norms can erode when survival itself becomes precarious. In the Nigerian context, these processes can converge with broader governance weaknesses, producing environments in which criminality becomes normalized or tolerated as part of local survival economies.

Finally, peace dividend theory integrates the preceding perspectives within a macro-development framework. The key proposition is that peace is productive: when conflict, violence, and insecurity decline, resources can be reallocated toward investment, welfare, and growth-enhancing sectors. The converse is equally true. When insecurity rises, societies forgo growth and incur hidden losses through disrupted trade, investment hesitation, labour displacement, school closures, trauma, and damaged infrastructure. In a context of high living costs, the loss of peace dividends is especially damaging because households already have minimal buffers. Thus, peace dividend theory helps explain why cost of living crises and criminality should not be managed separately. They are intertwined constraints on development and mutually reinforcing obstacles to stability.

III. Review Of Empirical Literature

The Nigerian literature on macroeconomic distress and crime has developed steadily, though it remains less integrated than the policy problem itself. Earlier econometric work identified statistically meaningful relationships between crime, inflation, and unemployment, suggesting that macroeconomic pain translates into social instability. More recent studies deepen this insight by incorporating welfare, governance, insecurity, and perception-based evidence. A consistent pattern emerges across these studies: where legitimate livelihoods deteriorate, incentives for unlawful activity often rise, though the mechanisms vary by region, crime type, demographic group, and institutional context.

Igbinedion (2018) provides one of the more systematic macro-level examinations of the socioeconomic determinants of crime in Nigeria using error-correction techniques. The study reports that inflation and unemployment positively affect crime, whereas education and per capita income reduce it. This finding remains important because it highlights that crime is responsive not only to punishments or policing but also to changes in economic opportunity and social investment. In practical terms, an economy that produces higher education, stronger incomes, and more predictable price conditions creates disincentives for criminal activity. Conversely, when price instability and labour market weakness persist, crime may become more rational from the perspective of vulnerable actors.

Recent work by Sakanko, Adeniji, and Akume (2025) extends the inflation debate by showing that insecurity is itself a significant driver of price instability in Nigeria. Using an autoregressive distributed lag framework with robustness checks, the authors find that insecurity, oil dynamics, and production-side factors shape inflation in both the short and long run. This contribution is crucial because it demonstrates bidirectionality: inflation may increase social stress and criminal incentives, while insecurity also raises inflation by disrupting production and food supply. Such evidence supports the argument advanced in this paper that Nigeria faces a mutually reinforcing insecurity-inflation trap rather than two unrelated crises.

At the micro level, survey-based research by Usman and Halidu (2025) shows that Nigerian consumers perceive inflation as deeply damaging to household welfare, with strong effects on confidence, coping behaviours, and expenditure patterns. Their evidence illustrates what aggregate figures can obscure: households do not experience inflation as a neutral statistical trend but as a daily erosion of dignity, nutrition, mobility, and planning capacity. When families are driven to adopt coping strategies such as reduced food consumption, delayed health expenditure, child labour tolerance, or dependence on informal survival channels, the broader social environment becomes more vulnerable to opportunistic and organized crime.

Reports by the World Bank in 2024 and 2026 reinforce the welfare dimension. The Bank's Nigeria Development Updates argue that inflation, weak real income growth, and repeated shocks have dramatically increased poverty incidence, with tens of millions more people pushed below the poverty line in recent years. Importantly, these reports note that employment alone is not a guarantee of escaping poverty, because many jobs are low productivity and poorly remunerated. This point matters for security analysis. If work no longer protects against hardship, the moral and economic distinction between licit struggle and illicit gain may blur for some individuals, particularly in settings where state legitimacy is already weak.

The National Bureau of Statistics has also documented the intensity and persistence of inflation, particularly in food categories, confirming that the burden on households is both broad and severe. Since food constitutes a large share of expenditure for low-income households, food inflation has especially regressive effects. In security-sensitive regions, where farming communities face attacks, displacement, or extortion, the interaction between inflation and violence becomes even sharper. Production falls, market access shrinks, transport risks rise, and prices increase. The burden is then transmitted nationwide, meaning localized insecurity generates national cost of living consequences.

Security-focused sources reinforce the same broad conclusion. The Institute for Economics and Peace, through the Global Terrorism Index, continues to place Nigeria among the countries severely affected by terrorism and organized violent activity. The U.S. Department of State's 2023 Country Reports on Terrorism similarly note that attacks, kidnappings, and bandit activities remain widespread in northern and central regions, displacing populations and disrupting relief operations. These assessments show that insecurity is not merely a law-and-order concern; it is a developmental emergency with economic spillovers that affect food systems, mobility, business decisions, and local governance.

Beyond Nigeria, a growing peace economics literature emphasizes that stability yields measurable economic dividends. UNDP's 2022 work on forging resilient societies argues that peace depends on social cohesion, resilience, and inclusion, while newer empirical work by Feng and co-authors demonstrates that economic integration can have a conflict-reducing effect. Although these studies are not direct analyses of Nigerian criminality, they sharpen the policy relevance of the peace dividend concept: when violence or insecurity declines, economies can redirect public and private resources toward productive use. In countries such as Nigeria, where security burdens absorb substantial fiscal and administrative attention, the unrealized peace dividend may be one of the largest hidden costs of persistent hardship and violence.

Taken together, the literature suggests four propositions. First, macroeconomic distress influences crime through incentives, welfare pressure, and social stress. Second, insecurity simultaneously worsens inflation and poverty by disrupting production and markets. Third, welfare deterioration has both immediate household effects and wider social externalities, including weakened social cohesion and increased recruitment into criminal networks. Fourth, integrated policy is essential: inflation control without social protection may fail to reduce insecurity, while policing without economic stabilization may only suppress symptoms temporarily. These propositions guide the empirical and policy discussions that follow.

IV. Nigeria's Stylized Facts: Cost Of Living And Insecurity

Nigeria's recent macroeconomic and security conditions reveal a troubling pattern of convergence between hardship and violence. On the macroeconomic front, accelerated inflation has reduced real wages across formal and informal sectors. The depreciation of the naira has raised the local cost of imported goods and production inputs, while energy and transport costs have spilled over into food pricing. Households dependent on fixed incomes—such as junior civil servants, pensioners, and contract workers—have seen marked declines in purchasing power. For informal workers, whose earnings fluctuate daily, inflation has meant an unstable and often inadequate capacity to reproduce basic consumption.

On the welfare front, poverty has broadened in both rural and urban areas. The old assumption that urban residents are relatively insulated from extreme hardship no longer holds as rents, school fees, transportation, and basic food costs have outpaced ordinary earnings. Urban poverty has therefore become more visible, and with it a rise in petty theft, phone snatching, street extortion, and fraud-related activity in many towns and cities. In rural and peri-urban areas, the effects are different but equally severe: farmers deal with insecurity, crop loss, displacement, poor roads, and weak market access, whereas pastoral and trading communities confront extortion, route insecurity, and shrinking margins.

Security data reveal heterogeneity across regions, but the underlying connection with livelihood stress remains significant. In the North-East, terrorism and insurgent violence continue to disrupt production and humanitarian access. In the North-West, banditry and kidnapping in rural communities and along transport corridors have imposed direct costs on households, farmers, and traders. In the Middle Belt, communal clashes and land-use conflicts interact with broader economic stress. In southern urban centers, cyber-enabled fraud, organized theft, and street-level crime reflect a different, more digitally and commercially embedded response to economic pressure. The specific forms differ, but the broader ecology of insecurity is linked by scarcity, weak institutions, and uneven opportunity structures.

An especially important stylized fact is that insecurity and inflation reinforce one another through food systems. When farmers are attacked, displaced, or unable to access fields safely, food output drops. When transporters face road insecurity or extortion, logistics costs rise. When markets are periodically shut or inaccessible, supply chains fragment. The resulting shortages and cost escalations feed into national food inflation, which then deepens urban hardship. Thus, the insecurity of a farming community in one state can rapidly become a cost of living problem for households in distant cities. This mechanism illustrates why treating inflation as purely a monetary phenomenon is inadequate in conflict-affected economies.

Another salient fact is the changing profile of vulnerability. Youth remain central to insecurity analysis, but the cost of living crisis is broadening stress across other demographics, including women-led households, retirees, petty traders, and low-wage salaried workers. Women often bear the brunt of food inflation through unpaid care work and household provisioning burdens. Men facing joblessness or income collapse may experience social pressure linked to provider roles, raising the risk of frustration, migration, or recruitment into violent networks. Children are affected through school discontinuity, malnutrition, and socialization into precarious survival strategies. These intergenerational consequences mean that the security effects of today's cost of living crisis may persist well into the future.

Finally, Nigeria's institutional context matters. Where policing is uneven, justice processes are slow, border control is porous, and community-state trust is weak, economic stress is more likely to spill into criminality. The same inflationary shock can produce different security outcomes depending on the presence of social protection, credible law enforcement, local dispute-resolution capacity, and opportunities for lawful earning. This institutional mediation explains why not every poor or inflation-affected community becomes violent, but it also shows why macroeconomic adjustment without governance reform is unlikely to generate lasting peace dividends.

V. Methodology And Analytical Framework

To analyze the relationship between the cost of living crisis and criminality, this paper proposes a macro-econometric framework in which the level or incidence of crime is modelled as a function of inflation, unemployment, and poverty, with scope for additional controls such as education, per capita income, inequality, insecurity intensity, or governance indicators where data permit. A baseline specification may be written as: Crime_t = beta_0 + beta_1 Inflation_t + beta_2 Unemployment_t + beta_3 Poverty_t + epsilon_t. The expected signs of the principal coefficients are positive for inflation, unemployment, and poverty, reflecting the argument that economic hardship raises incentives and opportunities for crime.

An autoregressive distributed lag (ARDL) approach is particularly suitable for Nigeria for several reasons. First, key variables may be integrated of different orders, I(0) or I(1), making ARDL attractive relative to methods that require uniform integration orders. Second, ARDL permits simultaneous estimation of short-run and long-run relationships. Third, the framework can be paired with an error-correction term that indicates how quickly deviations from long-run equilibrium are corrected after-shocks. Given the likely persistence of inflation, unemployment, and crime series in Nigeria, such dynamic modelling is more appropriate than static ordinary least squares.

Data could be assembled from the National Bureau of Statistics, the Central Bank of Nigeria, the World Bank, police records, security monitoring datasets, and the Global Terrorism Index or related conflict-event sources, depending on the crime categories selected. Inflation can be proxied by headline CPI inflation or, where the focus is on welfare stress, food inflation. Poverty may be represented by poverty headcount, multidimensional poverty indicators, or proxies derived from income and welfare statistics. Crime can be measured using officially recorded incidents, victimization estimates, or broader insecurity indicators, though each option raises trade-offs concerning underreporting, comparability, and aggregation.

The empirical strategy would begin with unit root tests, such as Augmented Dickey–Fuller or Phillips–Perron, followed by bounds testing for cointegration. If a long-run relationship exists, the estimated ARDL can be re-parameterized into an error-correction model. Diagnostic tests should assess serial correlation, heteroscedasticity, normality, and model stability. Depending on data availability, robustness checks could include alternative inflation measures, lag structures, disaggregation by crime type, or inclusion of governance and education variables. The objective is not simply to establish correlation, but to illuminate the channels through which macroeconomic distress transmits into insecurity.

Because underreporting is a recurrent problem in crime data, especially where victims distrust law-enforcement processes, the analysis should be interpreted with caution. Yet imperfect data do not invalidate the inquiry. On the contrary, they strengthen the case for triangulation across official statistics, perception studies, security reports, and welfare indicators. In a setting like Nigeria, where both insecurity and hardship are often experienced more widely than official counts suggest, combining quantitative modelling with contextual interpretation offers a more realistic basis for policy than relying on a single dataset or institutional source.

VI. Discussion Of Expected Results And Peace Dividend Implications

Even without presenting a fully estimated time-series model in this paper, strong theoretical and empirical grounds support a positive relationship between the cost of living crisis and criminality in Nigeria. Inflation is expected to raise crime through three principal channels. The first is income compression: as prices rise faster than earnings, households face pressure to maintain minimum consumption, which can increase the attractiveness of theft, fraud, extortion, or participation in illicit networks. The second is market disruption: high inflation often coincides with scarcity, hoarding, and informal market expansion, creating criminal opportunities around supply chains. The third is psychological stress: persistent inability to meet basic needs can generate frustration, domestic strain, and social aggression that spill into broader insecurity.

Unemployment is also expected to have a positive association with crime, especially when combined with education-job mismatches and regional livelihood collapse. Youth unemployment is particularly significant because it intersects with demography, social identity, and recruitment dynamics. Where large numbers of young people are unable to access dignified work, criminal entrepreneurship and violent mobilization become more feasible. Poverty reinforces the same pattern by limiting legal alternatives and reducing the capacity of households and communities to absorb shocks. A poverty-stricken community may find it more difficult to resist recruitment, support schooling, or sustain local surveillance against criminal actors.

Illustratively, a preliminary regression structure would likely show positive and statistically significant coefficients for inflation, unemployment, and poverty. Such a result would be consistent with prior Nigerian studies and with the argument advanced here. In the long run, the coefficients may capture structural relationships—indicating that periods of sustained price pressure and welfare decline are associated with higher crime incidence. In the short run, lagged effects may reveal adjustment dynamics, where crime responds not instantaneously but after households exhaust savings, social support, or coping mechanisms. This distinction is important for policy timing. It implies that delayed social protection can allow temporary hardship to evolve into more permanent insecurity.

The peace dividend implications of these expected relationships are substantial. If inflation, unemployment, and poverty materially increase criminality, then policies that stabilize prices, expand livelihoods, and protect vulnerable households are not merely social policies; they are preventive security investments. When crime or organized violence falls, producers return to farms, traders move goods with lower risk, firms invest more confidently, and governments can reallocate resources away from reactive security spending toward schools, health systems, transport corridors, and digital infrastructure. The gains are multiplicative rather than additive because improvements in one sector reinforce others.

Conversely, failure to address the economic roots of insecurity imposes cumulative costs. Businesses face higher insurance, transport, and private-guard expenses. Agricultural supply chains absorb losses from displacement and extortion. Families pay ransoms or adopt defensive spending that reduces productive investment. Youth who enter criminal networks may suffer long-term employability loss even if they later disengage. Government attention is consumed by crisis management, reducing planning capacity for structural reform. In effect, the economy becomes trapped in a low-peace equilibrium where both markets and institutions operate below potential because insecurity keeps reallocating resources away from productivity.

The policy implication is that peace dividends should be measured not only by reductions in violence but also by improvements in welfare, market efficiency, and public expenditure quality. A secure road network is a peace dividend because it lowers logistics costs. A functioning irrigation and farming system in formerly insecure zones is a peace dividend because it expands supply and reduces food inflation. A youth employment programme that credibly shifts labour from illicit to licit activity is a peace dividend because it strengthens both security and output. Framing policy in these terms helps bridge the artificial divide between ministries and agencies that traditionally see inflation, welfare, and insecurity as separate domains.

Regression Template

Table 1 presents an illustrative regression template consistent with the theoretical expectations discussed in this paper.

Variable	Coefficient	Std. Error	t-Statistic	Probability
Inflation	0.452	0.141	3.206	0.002
Unemployment	0.381	0.133	2.865	0.005
Poverty	0.517	0.142	3.641	0.001
Constant	1.284	0.488	2.631	0.010

Source: Author generated

The positive signs on inflation, unemployment, and poverty reflect the expectation that worsening economic conditions increase criminal incentives and the probability of social instability. In a full empirical version, long-run and short-run coefficients would be interpreted alongside the error-correction term, diagnostic tests, and stability statistics.

VII. Policy Directions For Capturing Peace Dividends

The most immediate priority is macroeconomic stabilization that is credible, coordinated, and sensitive to welfare transmission. Price stability remains fundamental because prolonged inflation steadily erodes the economic foundations of peace. Monetary tightening can play a role, but it must be complemented by exchange-rate management credibility, improved foreign-exchange market functioning, better communication, and measures that address the structural sources of food and energy inflation. Insecurity in agricultural regions, poor logistics, storage deficits, and import dependence all limit the effectiveness of purely monetary responses. Stabilization therefore has to be both macroeconomic and real-sector oriented.

Second, targeted and well-administered social protection is indispensable. In periods of sharp cost escalation, vulnerable households require temporary but meaningful support to prevent welfare collapse from translating into social breakdown. Cash transfers, school feeding, transport relief, health subsidy programs, and food support can reduce the immediate desperation that often fuels opportunistic criminality. However, design matters. Programs must be transparently targeted, digitally tracked where feasible, and insulated from political capture. Poorly designed transfers can produce cynicism and fail to reach the households most at risk of distress-induced insecurity.

Third, Nigeria needs an employment-centered security strategy, particularly for young people. Skills training alone is insufficient unless linked to market demand, financing, mentorship, infrastructure, and actual livelihood pathways. Public works, agribusiness hubs, digital services, vocational apprenticeships, and local enterprise support should be integrated into security planning for high-risk areas. The goal is not simply to distribute jobs but to raise the opportunity cost of crime in a sustained manner. Where youth perceive lawful work as viable, the recruitment base for bandits, kidnappers, gangs, and fraud networks can narrow significantly.

Fourth, local peacebuilding and security governance should be strengthened. Community policing, early-warning systems, mediation platforms, and local intelligence cooperation can reduce predatory violence when anchored in legitimacy and accountability. These initiatives are most effective when combined with economic recovery measures. A community that receives only security patrols without roads, schools, credit access, or farming support may remain fragile. Likewise, a community that receives economic inputs without credible protection may not be able to use them productively. The peace dividend approach requires that security and development arrive together.

Fifth, justice sector reform is critical. If property crime, kidnapping, extortion, and corruption are not investigated and punished credibly, inflation-induced illegality can become normalized. Swift and fair adjudication, witness protection, anti-corruption safeguards, and improved investigative capacity all raise the expected cost of criminal activity. The point is not to rely on punitive measures alone, but to ensure that economic hardship does not unfold in an environment of impunity. Deterrence works best when paired with visible alternatives for lawful survival.

Sixth, national measurement systems should be improved. Better integration of crime, welfare, food price, and displacement data would allow policymakers to identify hotspots where inflation pressures are most likely to spill into insecurity. Security planning often concentrates on incident response, while economic policy focuses on aggregates. A unified monitoring architecture could identify which local government areas or corridors combine rapid price increases, job loss, displacement, and rising violence, permitting more precise and preventive interventions.

Finally, the peace dividend should be incorporated explicitly into national planning. Governments often justify security spending by emphasizing threat containment, but they less frequently quantify what lower insecurity would release in terms of output, tax revenue, school retention, business investment, and household welfare. Making these dividends visible can improve policy coordination and public accountability. It also reframes peace not as a passive absence of violence but as a productive economic condition that can be pursued, measured, and defended through intelligent policy.

VIII. Broader Implications For State Capacity, Social Cohesion, And Development

Beyond immediate crime outcomes, the cost of living crisis has implications for state legitimacy and institutional trust. When citizens perceive that the state cannot protect purchasing power, secure transport corridors, or guarantee basic livelihood conditions, confidence in public institutions may decline. This erosion of trust can weaken tax morale, compliance with regulations, and willingness to cooperate with law enforcement. Where cooperation falls, security agencies lose local intelligence, making criminal networks harder to detect and disrupt. Thus, inflation and hardship do not only affect private welfare; they can also reduce the effectiveness of the state itself.

Social cohesion is similarly affected. Cost escalation often intensifies contestation within households, between occupational groups, across regions, and among identity communities. Competition over shrinking resources can sharpen old grievances or create new ones. In multi-ethnic and politically contested environments, economic pressure may therefore increase the salience of divisive narratives, making it easier for criminal or insurgent actors to frame predation as protection, resistance, or entitlement. This does not mean that every hardship episode produces communal breakdown. It means, rather, that prolonged economic insecurity can thin the bonds of reciprocity and trust that help communities absorb shocks peacefully.

There are also important developmental consequences. Children raised in periods of acute hardship may experience lower nutritional intake, disrupted schooling, poorer health outcomes, and greater exposure to unsafe work or criminal environments. These outcomes affect future productivity and social mobility, meaning the security effects of today's cost of living crisis can persist into the next generation. The same applies to businesses: firms that close, downsize, or relocate because of insecurity and inflation do not always return quickly, and the resulting job losses can create long periods of localized stagnation. Policy therefore needs to treat hardship-induced insecurity as a developmental risk with long-term scarring effects, not merely a short-term public-order problem.

For scholars and policymakers alike, the Nigerian case offers a broader lesson. Economic stabilization should not be evaluated only against headline inflation or fiscal balances; it should also be assessed against its implications for safety, legitimacy, market access, and the resilience of ordinary households. Similarly, security interventions should not be evaluated only by arrests, patrols, or incident counts; they should also be judged by whether they restore farming, schooling, trade, transport, and confidence. An integrated scorecard would better reflect the reality that peace and prosperity are mutually constitutive rather than sequential objectives.

IX. Conclusion

This paper has argued that Nigeria's cost of living crisis and rising criminality are deeply interconnected through incentive, welfare, and institutional channels. Inflation, poverty, unemployment, and insecurity do not operate in isolation; they reinforce each other in ways that undermine both daily survival and long-term development. A household facing persistent price shocks, weak earnings, and limited support is more vulnerable not only economically but also socially and politically. At scale, such vulnerability can expand the space for theft, kidnapping, banditry, fraud, recruitment into violent networks, and broader forms of instability.

The paper has also shown that a peace dividend framework adds analytical and policy value to this discussion. It directs attention to what Nigeria loses when insecurity persists—foregone investment, disrupted agriculture, weakened productivity, fiscal diversion, and reduced social trust—and, equally, to what the country stands to gain from stabilizing livelihoods and reducing violence. Peace, in this sense, is not simply a desirable social outcome; it is an economic resource.

The most important implication is strategic rather than rhetorical: Nigeria cannot sustainably address rising criminality without addressing the cost of living crisis, and it cannot durably solve the cost of living crisis while insecurity continues to destroy production and confidence. The way forward lies in integrated policy that combines price stabilization, targeted protection, employment creation, local peacebuilding, justice reform, and data-driven prevention. If these elements are pursued coherently, Nigeria can begin to convert hardship reduction into security gains and security gains into measurable peace dividends.

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