

**THE IMPACT OF ETHNIC CONFLICT ON ECONOMIC DEVELOPMENT: THE
CASE OF POST-ELECTION VIOLENCE IN KENYA, 2007-2008.**

By:

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DECLARATION

This research project is my original work and has not been presented for an award of degree in any other University.

Signature.....Date.....

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This research project has been submitted with my approval as a University supervisor.

Signature.....Date.....

Dr. Farah Ibrahim

DEDICATION

To my auntie Cecilia Nduta and her family who suffered three post-election conflicts in Molo. And to my wife who sat with me in the home library and kept reminding me that by doing this study I will be solving a social, political and economic problem that has made many states especially in African laughing stalks.

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LIST OF ACRONYMS AND ABBREVIATIONS

GDP	Gross Domestic Product
E C	Ethnic Conflict
ED	Economic Development
EPZ	Export Processing Zones
GEMA	GikuyuEmbuMeru Association
INGO	International Non-Governmental Organizations
KNCHR	Kenya National Commission on Human Rights
MNC	Multi-National Corporations
NSE	Nairobi Stock Exchange
ODM	Orange Democratic Movement
PNU	Party of National Unity
PEV	Post-election Violence
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund

ABSTRACT

Ethnic diversity is one of the greatest pillars of any society world-wide. The variety and competition that comes with it is good for social-economic growth. However, ethnic groups' interests and competition for scarce resources among the different groups brings about ethnic polarization.

Most countries especially in Africa have experienced a form of conflict that has an ethnic relation. These wars take an ethnic perspective even when the real cause could be land/natural resources, politics, discrimination or unequal distribution of resources. Ethnic conflicts have caused a lot of destruction in many great nations. This research shows that the destruction of property, mistrust, apathy, and killings that comes with ethnic polarity reduces the GDP of nations across the globe.

This study shows the impact of ethnic related conflicts to the economic growth and development of Kenya with a particular analysis of the post-election violence in Kenya that happened between December 2007 and February 2008. This particular warfare had a great effect on the Kenyan economy more than any other catastrophe in the history of the country. The aftermath of this PEV continues to bite to-date and therefore structures and policies have to be put in place in countries with potential of this conflict in order to immunize national economy from annihilation.

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background

Ethnic conflict is an armed warfare between ethnic groups. It is a clash of interests between two or more tribes. This could be brought about by the fundamental differences in the cultures of those different ethnic groupings. In Kenya, ethnic communities are generally classified into Bantu, Nilotes and Cushites.

These Kenyan ethnic groups have over time tried through all means to protect their interests. One of the means used has been war. They have fought over land, power, and animals among other issues. These wars have in most cases involved the major Kenyan ethnic communities such as Kikuyu, Luo and Kalenjin. The communities have fought in major cities and towns and hence paralyzing most urban and rural activities. Ethnic conflict in Kenya has been an impediment to local and international investment and integration. Investors, tourists, students, explorers and all other local and foreign business people consider peace and stability of a country as a priority before engaging with people of such places.

Conflicts worldwide have shut the dreams of so many people. They have brought some people a lot of agony and distress all their lives. But in places where signs of these conflicts have been detected early, they have managed to stay out of them.

Ethnic conflict remains the biggest cause of deaths especially in the continent of Africa. Virtually all states of Africa have in one way or another been involved in warfare of ethnic basis. This therefore cannot be considered as a way of life. There is a great need to understand it and get a remedy to it.

Ethnic diversity in itself is a very nice thing because it offers variety of doing things in a country. Those nations that have managed to create good structures of equity among the different ethnic groups boast of a very cohesive way of living with beauty in diversity. However, those that have not gotten a solution always sit staring at a potential time bomb, a volcano of ethnocentrism ready to erupt anytime.

The effects of ethnic violence are huge and at times they have brought down huge economies into becoming banana nations. These effects stretch from loss of lives e.g. the Rwanda case where they lost over 1million people, to massive displacement of people, and to economic downfall.

It is worrying to see the trends of this phenomenon in Africa and across the globe and it is important for us to discuss it. Africa has lost a lot of resources because of these fights in the last 50 years. 70% of the wars like I have earlier mentioned are of ethnic type. It is ironic to say that before the start of colonialism, most countries in the continent were so united. Different communities that comprised of people of different cultures lived so well together. They intermarried, did business with each other, learnt from each other and respected each other's way of life. Fast forward in to the 20th century, ethnic hatred started creeping in and sparks of violence started showing up. Some countries (or at least parts of them) have remained in conflict for over half a century now. These countries for instance Central African Republic, Nigeria, South Sudan, Congo and parts of Kenya open up to ethnic wars spontaneously either because of resources, power, elections or boarder issues.

The effects of these conflicts have been evident. Africa as a continent has ragged behind in development for quite a long time. Because of these wars, most African countries make one step forward and few steps back. Multinationals that had pitched tent in most

countries in this continent have closed business after interruptions coming from intra-state conflicts most of which are ethnically instigated. The economies of these countries have hence nose-dived greatly oblivious of the riches of natural resources in the continent.

To narrow it down to a manageable bit, this thesis is going to look at the impact of the post-election violence in Kenya in 2007/2008 and its impact of the economy. The researcher will seek to understand how ethnic conflicts have affected the economy of our country. It will show how internal business has been lost as well as how ethnic conflict have led to a strained relationship between Kenyan and her neighbours and other business partners. What are the effects and what is the extent of that damaged relationship? The research will be conducted on Kenyan communities that have been involved in war of an ethnic nature and seek to see if, during such wars, for example the Post-election violence of 2007-2008, some economic opportunities and investments were shuttered. The research will also draw examples from countries in Africa that have experienced these sorts of conflicts as it puts the research into perspective. In the literature review, it will analyse the writings of previous authors on this subject matter. This will involve analysing the theories of ethnic conflict and what has been written on the effects. The researcher will develop the theoretical framework/conceptual frame as well as do a justification of the study. The researcher will also indicate how data will be collected, analysed and a report written.

1.2 Statement of the Problem

In a situation of conflict, there is expected to be impacts. In all conflicts of ethnic nature involving communities with different tribal background, there is bound to effects be they social, economic or political. In a nutshell, all ethnic conflicts have consequences. When people fight instead of participating in economic activities, then the growth and development of that particular economy fails to take place. Property is destroyed, life is lost, infrastructure brought down and investors are scared away.

The diversity of ethnic groups brings in an aspect of diversity in cultures, language, and religion. A country endowed with different ethnic groups boost of successful inter-community trade, tourism attraction, a lot of learning from each other and generally a super blending among people of different back grounds. It is the best thing that brings about unity in diversity and a lot of symbiosis. The resultant of all this is a hybrid country.

However, this scenario of unity in diversity does not always manifest itself especially among ethnic communities that build up African countries. On the contrary, there are permanent wars that exist between these groups and the main contributing factors being greed and protection of ethnic interests. Kenya is not different when it comes to inter-ethnic wars. There are more than 40 ethnic communities in Kenya and time and again, these groups rise against each other resulting to displacements, loss and destruction of property and deaths. In the recent past, there has been ethnic conflicts of political nature e.g. 2007-08 post-election conflict, conflicts because of land, resources e.g. animals, power among other causes. Evaluating the impact of these wars, we realize that a lot has been lost both internally and internationally. Of course lives, natural resources and private investment have been destroyed. But looking further, there has been a reduced investment where investors have

closed businesses in areas prone to these conflicts. The country has lost a lot of investors as well as tourists who bring in foreign exchange. Besides losing business with states and non-state international organizations, the country's image in the international community becomes tainted. Kenya, or at least some parts of it have been branded as no go zones because they are insecurity hot spots, insecurity brought about by fighting between different ethnic groups of that region. An example is Samburu and Turkana, Pokot and Oromo, communities in Marsabit and Wajir, occasionally the Kikuyu and Kalenjin in Rift valley regions and recently the communities at the boarder of Rift valley and Nyanza i.e. Nyakach area.

This research is meant to bring out the causal linkage between the ethnic conflict and economic growth and development. The research intends to academically proof that if some entities/communities live in harmony, then their GDP would be higher than economies of communities in constant wars. The journey could as well proof that ethnic polarity has a positive effect or has no effect on national economy.

1.3 Objectives of the Study

The overall objective of the study is to examine the impact of ethnic conflict on economic development. More specifically, the study aims to:

- i) Provide an overview of ethnic conflicts and their impact on economic development;
- ii) Analyse Kenya's ethnic-based post-election violence and its impact on economic development;
- iii) Explore the linkage between ethnicity and economic development..

1.4 Literature Review

World over there are concerns of clashes between different groups within states and without states. Most of these conflicts are as a result of protection of individual interests. These conflicts stretch from religious to border to ethnic among other many types. With these conflicts dogging all societies, there are a myriad of effects to individual countries and at times cutting through continents and some even having a magnitude to affect the globe. Some of the effects of these conflicts include loss of lives, asylum, mass displacement of people and most commonly effect on business; both internal (where the conflict is happening) and international. In this academic research, the researcher seeks to understand the nature of conflicts, nature of ethnic conflicts, causes of conflicts and most importantly the effects that the ethnic conflicts have on economic development. A special emphasis will be paid to the post-election violence that happened in Kenya after the 2007 election. A lot of writings have been done on the area of conflict because it is one of the social issues that everyone would want to understand and avoid.

1.4.1 Conflict: Definition

John Galtungi (1976) says that the word conflict is a situation that arises when two or more than two people or nations or generally parties have differing opinions and hence do not understand one another¹. Conflict has also been described in the Dictionary of Political Analysis as an interaction that has features of antagonistic encounters or clash that happens between people or groups with different interests, policies, ideas and programs. Earlier scholars who featured in the early philosophical writings such as Thomas Hobbes and Karl Marx put in their writings that in man's nature, there is an inherent feature of conflict and

¹J Galtungi. "Peace, War and Defense." Essays in Peace Research, Vol. II, Copenhagen 1976, pg 307

more so in the created political systems of the states. The descriptions above therefore depict a situation in the nature of living rational beings of differing in interests and points of view in which this clash may result in warfare.

Conflict as I have mentioned comes from the need for people and communities to protect their interests/needs and sort of annihilate the other(s). In this therefore we realize an intrinsic aspect of self-centeredness in all rational beings. Some scholars may want to take the definition to go beyond rational beings but for this study, I would want to confine myself to beings that have a capacity to reason and make choices. Ethnicity on the hand is an area of interest to many scholars because of its ability to unite people so strongly and help in synchronizing activities of a group of people who perceive to have a common origin, language or at least culture. Ethnicity is a big issue in some part of the globe like Africa, Asia and parts of America. It is however not a big issue with those who are Diaspora in different parts of the world say for instance the USA, Canada and most parts of Europe. Ethnicity has been defined by the Oxford Advanced Learners Dictionary as the situation (fact or state) of one who belongs to a social organization of members that share a common tradition be it cultural or national². This so called situation manifests itself like earlier said in Africa among other parts of the world.

1.4.2 Ethnicity: Definition

The Africans have exploited this reality of humans getting together as a community and have used it as a security for themselves but occasionally as a threat to others. Ethnicity is a safety cocoon as well as a shell used by people of similar roots and culture. Ethnicity gave Africans the skill to survive the attack that came in the days of slave trade and the imperialism brought by the colonial powers from Europe. This happened through the

²Oxford University Press. Oxford Advanced Learners Dictionary. UK: OUP. 2009, Page 248.

African's retreating into these pockets when the turmoil came by. Generally, ethnicity has helped people, and still does, go through hard times. In this case it has acted as a shield of specific group of people marginalized or not. It also helps to bridge the gap between individuals in a state and the state itself. The benefits of ethnicity are that; it helps to give identity to people, gives useful elements that are needed in a family as well as giving people a sense of security. Security is mentioned because the coming together of families to form a tribe makes the group larger and hence able to negotiate or fight for its rights. Hameso (1997) says that ethnicity also comes with a source of trust, protection, certainty, reciprocity and help. It acts as a buffer from exploitation and denial of one's rights as well as neglect of one's interest by strangers. Above all, ethnicity acts as the foundation or corner pillar of accommodation and identification³.

This same ethnicity has for quite some time been a key determinant to the political choices that are made in Africa. Simply put, Africa's politics is pre-dominantly tribal or ethnic based. This has been the situation in most part of the globe. With globalization and urbanization, the phenomenon has eased away in most places outside Africa. Given the way African communities are in their very nature, it would be strange for them not to be so (ethnic)⁴. Ethnicity is politics which has its very nature in protecting members' rights within a disjointed state. It is a kind of pressure politics being played. In the African context, this ethnicity is participation by groups of same culture engaging politically. Seymond continues to say that they do so in organized activities which are joined together by unity of special identity as they seek to maximize in some joint manner their interests be they religious,

³S, Hameso. Ethnicity in Africa: Towards a Positive Approach.(London: London Press, 1997.) Page 36

⁴Hameso, 1997, 38

political and economic inside their states and outside⁵ Having looked at the meaning and the application of the words conflict and ethnicity, it is necessary to now turn and look at the term ethnic conflict which is an important variable in the hypotheses of this particular research paper. At this point, it is important to try and see what writers have defined and described this term and go ahead to offer own descriptions of the same. Just like in the areas of ethnicity, several writers have made efforts to describe ethnic conflicts. They have also gone ahead to give the causes, course and the consequences of the term in the context of politics of the globe.

1.4.3 Ethnic Conflict: Overview

In the past two decades or so, there has emerged a noticeably high growth of written materials on the topic of ethnic conflict. In some aspects, authors have agreed on the content and context of this subject matter. According to Cordell and Wolff (2010), it is most likely for academicians to disagree than agree which in itself is a good thing. In this particular case, most of the authors have disagreed on the causes, course and consequences of these conflicts and ways in which affected people should try respond to them⁶. The disagreements have emerged from the different approaches the authors have taken in terms of the Geography and political locations and backgrounds. Rodolfo (1999) says that ethnic conflict is a clash in whichever level where the people or groups/ parties involved try to identify themselves and others, including those from outside the group, in ethnic terms and using ethnic process⁷. In this description, the common bond between members of the group is basically ethnicity and people and outsiders see the unity of the group as because of the ethnic principle embedded in the culture, language, and all behaviours attributable to the ethnic group.

⁵Hameso, 1997 , 38

⁶K Cordell, S Wolff. Ethnic Conflict: Causes, Consequences and Responses. (UK:Policy press. 2010.) Pg 2

⁷S Rodolfo.The Ethnic Question.(Tokyo: United Nation Press, 1999), Page 10

A few questions have been asked by previous authors in regard to this phenomenon which may assist us understand the direction of it; Why do ethnic conflicts appear randomly? What drives persons and groups to inflict suffering or give support to those who do this? Who are these people that fight in ethnic fights? Why do these people fight in these conflicts? Is there a mobilization process for these kinds of conflicts? Are there strategies used in executing the warfare and/or tactics? Could there be some environmental factors which act as catalysts to conflict instead of fostering co-existence?

Cordell, (1996) also wonder why the international organizations and the super powers are always silent of the security threats posed by conflicts of this nature and only appear concerned when a huge crisis emerges⁸. At this point, it is important that we look at the above mentioned causes and the consequences of ethnic conflicts. This is a purely academic journey and we are looking at the theoretical framework of this phenomenon as it is brought out by earlier authors.

When colonialism was over in most African states, there was clamour for nationalism. All the known ethnic groups that existed before and during colonial period joined hands to form united countries. According to Oucho (2002) there was a creation therefore of an amalgam of ethnic nationalities in all African countries. These relations fluctuate time and again as the different tribes struggle to get the national cake and therefore they take up conflict as a convenient means of settling scores⁹. In terms of general causal theories, writers have agreed that there are several models that explain the origin and composition of these ethnic conflicts.

⁸ K Cordell, (2010), page 1

⁹ J O. Oucho, Undercurrents of Ethnic Conflicts in Kenya, African Social Studies Series; Leiden, Boston, UK, 2002 page 122

Landis and Albert (2012) say that one of the set of theories is the primordial versus the instrumental theory¹⁰. The primordial theory holds that it is innate among human beings to have a need to classify social stimuli. This means that mortals are ethnic by their very nature and will tend to group according to ethnicity. Therefore, ethnicity is not learned but inborn. Humans therefore value those people who belong to their group (in group) and disregard the out group. On the other hand, ethnic conflict has some essential underlying causes that are not fundamentally innate. They say that such causes could be environmentally caused where people or groups compete for available resources.

Ryan (1995) on his part says that other set of theories is Micro versus Macro focused theories. In this set of theories, the distinction is between the narrow based approach and a broad based one¹¹. While the micro focus theories, e.g. Contact theory, the issue of ethnic conflict comes from behaviour and attitudes of people and groups which are primordial theories precisely the post-mordial version of these theories is the macro focused theories which focus on trends that are societal and national. He continues to say that this means that the theories here approach ethnic conflict from what happens in the society and nationally.¹² These theories are considered to be instrumental meaning that they hold that ethnic conflicts come from the environment out there.

Having said the above concerning the theories explaining ethnic conflicts, Brown Michael (1994) ethnic conflict is a phenomena that is not fully out of natural human tendencies. It might be so to some extent but it is also fanned by political, social, territorial,

¹⁰D. Landis, R. D Albert. "Handbook of Ethnic conflict." International Perspective. (London: DordechtHiderber. 2012), Page 2.

¹¹ S. Ryan, Ethnic Conflict and International Relations, Dortmund, University of Michigan, 1995. Page 286.

¹² Ryan, 1995, 287

environmental and cultural issues that happen between ethnic groups¹³. He says that in this case ethnic conflicts manifest itself in two levels; vertical- that's is between a group that feels dominated and is trying to fight the rest and horizontal which is conflict appearing between two parties that can be considered to be equal in all ways.

1.4.4 Effects of Ethnic Conflict

The implications of ethnic conflicts generally depend on the type of the conflict and the course it has taken. However, some of the effects noticeable globally are that; first, ethnic conflicts within a state tend to spread to neighbouring powers that tend to take sides in a bid to protect their interest. Secondly, when we have a minority group being attacked in this kind of conflict, their ethnic related brothers from neighbouring states tend to come for defence hence creating a web of conflict that takes an inter-states dimension. An example of this situation is Rwanda-Congo war or the recent Russia-Ukraine crisis in respect to Crimea. In the history, Michael (1997) also noted the conflict where Serbians drove the Albanians from Kosovo. The Albanians from across the neighbouring states came to help. In the third effect of ethnic conflict globally, there is always a tendency for countries far off to want to protect their interests in the war torn areas. They do so by sending military personnel to evacuate their people¹⁴. This indeed affects internal and international business of the warring nation which is the very essence of this research paper.

Bringing this discussion closer home, in Africa, Ngomba-Roth holds that there has been several cases of intra- states conflicts for instance, civil wars in DRC, Liberia, border

¹³ B. Michael. Causes and Implications of Ethnic conflicts. (Newyork, 1994), Page 10.

¹⁴ B. Michael. Ethnic Conflict and International Security. (New Jersey: Princeton University Press, 1997) Pg 1

of Eritrea and Ethiopia, Sierra Leon, Burundi, Rwanda, Sudan and the ethnic conflicts of Nigeria¹⁵.

All these mentioned conflicts among other minor ones like the post-election violence of Kenya in 2007/2008 have led to huge numbers of refugees, spread of diseases, and displacement of masses, women and children abuse, loss of lives, destruction of social-political and economic development of African states in general. This last bit of economic development once again is the biggest cause of worry in this thesis and the researcher will dig deep to understand the situation and see if we can remedy it.

1.4.5 Economic conflict in Kenya

As the matter of ethnic conflict is concluded and as the thesis tries to make more sense out of this whole discourse, the researcher analyses what authors and other contributors in this area have said about the Kenyan situation. Which conflicts have affected this country that has for a long time been a beacon of peace and what implications did these conflicts have on the social and economic development of the country.

Kenya, after independence had a slogan of *uhurunaumoja* (freedom and unity) that depicted that all people were one. The country was a hub for peace in the whole horn of Africa and great lakes region. Two years after independence, Kenya retreated into ethnic pigeon holes of the Luos, Kikuyus, Kalenjins among others. Fast forward to the 90s, Kenya proved to be a country full of ethnocentrism when the volcano erupted in the Rift Valley, urban centres and several other highlands. Most of these wars were politically founded but always took an ethnic course. Together with politics, rural-urban migration and rural-rural migration where conflicts erupted between the natives and the emigrants were other sources of conflicts, unequal distribution of resources, political marriages and divorces of

¹⁵R. Ngomba-Roth. Multinational Companies and Conflicts in Africa: The Case of the Niger Delta.

convenience, land disputes, and political wrangling were some of the other causes. Conflicts in Kenya had been influenced by the boarder Kenya shares with Somalia, Ethiopia, South Sudan, and Uganda. Cattle rustling have also been a great source of conflict in Kenya especially between Samburu and Isiolo, Narok and Kisii, Kajiado and Limuru, Tanariver and Mt. Elgon area, Kericho and Kisumu, and Kisii and Kisumu.

According to Ndiku (2014), during the past elections, the hotspots of ethnic conflicts were in Narok, Burnt Forest, Molo and Kuresoi. It was also experience in the coast especially Mombasa (Bombolulu and Likoni), and Tanabasin¹⁶. After the 2007/2008, there was a spate of ethnic conflict that happened across the country mainly in Eldoret, Kisumu, Nairobi and Naivasha. In this research paper, we will take this 2007/2008 Kenya's post-election violence as a case study and establish its cause, course and effects especially on economic development

Before delving into it, it is important to understand the second variable in the hypotheses; economic development. This is the dependent variable that the researcher is seeking to test and see if there is any effect coming from ethnic conflict. Several authors especially those in the world of trade have define this term and described in differing ways.

1.4.6 Economic development: Definition

Todaro and Smith (2009) say that economic development can be defined as a process which impacts on growth and development of an economy to bring out the wellness of a society. This is done through activities of job creation, job retention, tax base enhancements

¹⁶K. Ndiku, "Conflict in Kenya; Global Coalition for Conflict Transformation from Kenya (GCCT)", www.transconflict.com/gcct/gcct-member. Accessed on 11.00am, 1st April 2014.

and quality of life¹⁷. There is no single definition for economic development and there is no one specific strategy that will help in achieving successful economic development. Since societies differ in their geographic and political strengths and weaknesses, each community, will have a unique set of challenges for economic development.

In developing a country's economic, we have to develop human capital, increase the literacy ratio, improve important infrastructure, improve health and safety and others areas that aims at increasing the general welfare of the citizens.

As per Sean (1983) there is a great difference between economic growth and economic development. While economic development focuses on the policies that are aimed at improving the livelihood of the humanity, economic growth is a small aspect of the development that looks into the market activities and the rising of the GDP of a country. Therefore, economic growth is only one of the ingredients of economic development¹⁸

In the process of economic development, a country improves through policies, the whole welfare of human beings; political, social and economic says Sheffrin (2003)¹⁹. Most countries in Africa have been seen to end their economic journey by just economic growth where they just produce enough to care for their well-being and feeding the developed nations. They do not manage to graduate to economic development activities. This is an argument that has been propagated by the dependency theorists. Harrison and Fidelis (1996) says that in this case it can be said therefore that economic growth is good for economic

¹⁷M. P. Todaro, S. C. Smith. *Economic Development*,(Addison Wesley. 2009), p 18

¹⁸Sean A. "Development, which way now?" *Economic Journal*, vol. 93 issue 372, (1983) pages 745-762

¹⁹A. and Sheffrin, S. M. *Economic Principles in action*.(New Jersey: Pearson Prentice Hall, Upper Saddle River. 2003),471pgs.

development but it is not enough. There has to be some form of structural transformation to achieve the said development²⁰

1.4.7 Impact of ethnic conflict on economic development

As earlier discussed, ethnic conflicts have a myriad of impacts to the communities in warfare. There is a direct linkage between ethnic conflicts and its impacts including economic growth and development of a country. Any economic, social or political development requires an environment of stability and peace. More specifically, activities of economic growth and development require the players to be in a non-conflict situation. Besides this, ethnic conflict also destroys a lot of what has been developed during the time of stability. It breaks structures created for economic development. Businesses are brought down, infrastructure is destroyed and lives of people who drive development activities are lost. Countries like Nigeria, Congo, Rwanda, Syria, and parts of Kenya have had instances of underdevelopment precipitated by ethnic conflicts.

According to Oucho (2002), while it is true that ethnic conflict affects the economy, economic interests of a country or community may play a big role in ethnic conflict and hence lead to even more destruction into the economy. It ends up being a never ending vicious cycle.²¹

Easley (2000) says that the situation of ethnic conflict has been considered to be the greatest contributor to the slow pace of development in Africa. Many decades after independence, ethnic conflicts are still in the news today from central Africa to Nigeria. The effects of these conflicts have been on income, growth and economic policies.²² By this it means that in the situation of warfare in countries of African, and even globally, there can

²⁰ E. Harrison, Fidelis. *Economic Development: Theory and Policy Applications*, 1996), P. 12.

²¹ J. O. Oucho. *Undercurrents of Ethnic Conflicts in Kenya*. (Boston, UK, African Social Studies Series; 2002) pg 48

²² W. R. Eastley. *Can Institutions Solve Ethnic Conflicts?* (World Bank Publication, 2000), P 3

never be any meaningful economic growth. The warring communities divert their resources and energies to fighting with each other and hence lose out on developing their communities and nation in terms of engaging themselves in meaningful economic activities.

Where there is a slow pace of growth and of developing structures and system that are meant to improve the living standards of people, it is considered to be underdevelopment.

This research therefore wants to look into the possibility of a connection between ethnic conflict and economic development. A special case study will be done on the conflict that took place in Kenya a few years ago between 2007/2008- the post-election violence. It will seek to see the causes, course and the implications of this conflict and see if authors have written anything on this conflict's effect on economic growth and development.

1.4.8 Post-election violence in Kenya-2007/2008

Ushahidireport (March 2008) records that in the year 2007/08 there was a major ethnic civil war in Kenya that was ignited by the announcement of the winner of the presidential elections. The wars started immediately in sections of Nairobi, Rift valley and Kisumu. In this warfare, it appeared as a war of the people who supported PNU and those who were supporters of ODM. A few days after the warfare erupted, there was more fighting spreading fast with organized groups mainly in parts of the Rift valley like Eldoret, Naivasha, Nakuru and Molo. It also happened in Nairobi. Some organized youth groups attacked regions in the Rift Valley mainly where there were opponents of ODM party especially Kikuyu, Kisii and Luhya. A few days later youths mainly from the Kikuyu community

started engaging in war with the non-kikuyus in Naivasha, Nakuru and Mathare (Nairobi) mainly²³.

This warfare though triggered by allegations of rigged elections seemed to have come out of a long time of ethnic tension may be because of land issues or economic marginalization of some people. The stand-off between the sworn in president, Mwai Kibaki and the leader of opposition took 2 months after which a deal was signed to sharing of power. During this period of the stand-off, the supporters of each were all over butchering each other and causing massive damages. KNHRC report (2008/2009) indicated in a report that the warfare was highly planned before the elections and its management and execution showed that a force behind the scene was evident. Politicians, businessmen, local leaders were the engine of the warfare²⁴

As mentioned above, Munene (2002) holds that the violence was triggered by allegations of bungled elections²⁵, cases of a long time of historical marginalization of some communities which led to anger because of the grievances aired and not resolved, a weak constitutional framework which was endorsing cases of inequality and encouraged root of exclusion according to Roberts (2009)²⁶. There was generally a rotten governance system.

In the agreement signed to quell the warfare, a few recommendations were arrived at by a committee of experts that were led by Kofi Annan, former UN Secretary General. The

²³Ushahidi, report on Post-Election Violence in Kenya, UN Human Rights team.

[http://blog.ushahidi.com/2008/03/20/report-on-post-election-violence-in-kenya-un-human-rights-ved on team](http://blog.ushahidi.com/2008/03/20/report-on-post-election-violence-in-kenya-un-human-rights-ved-on-team). Accessed on 1/4/2014

²⁴KNHRC, *Annual Report for the year 2008/2009 Financial Year*. (Nairobi: KNHRC, 2008), p6

²⁵Munene, M. "Kibaki's Moment in History: The Election of 2002 and its Aftermath. *East African Journal of Human Rights and Development*." Vol71-72, 2003, page 46

²⁶Roberts, M *Conflict Analysis of the 2007 Post-election Violence in Kenya*. New Dominion Philanthropy Metrics., 2009, page 22

experts recommended that the displaced be settled, a new set of laws/constitution drawn which will be all inclusive and that there should be prosecution of those who organized and executed the warfare.

1.4.9 Effects of the Kenyan Post-election violence

There were major ramifications to the warfare. So many people were killed, others moved from their homes with properties torched. There emerged a new phenomenon of internally displaced persons living in tents all over the country.

Regarding the economy, the post-election violence had effect on businesses both within the country and outside. During the period of the warfare, businesses remained closed. Many other business premises and goods were destroyed by looters and the youths that were engaged in the warfare. Workers in the war torn areas could not access their places of work or could not report to work due to cases of tension and hence their workplaces remained closed.

Looking further ahead in the infrastructure, the closure of roads brought a big loss to the economy. This affected local enterprises but also the neighbouring countries who rely on our ports. Rwanda, Burundi, Congo and South Sudan and Uganda suffered a shortage of fuel and other essential goods because the Mombasa highway and the Kampala road were closed²⁷.

Tourism sector which is a major income for Kenya was also greatly affected. This conflict time was the peak season for the service industry and evidently, hotels and parks remained empty. The booking and occupancy mainly by the foreigners went down by over

²⁷Kenya in Crisis; Africa Report No 137, 21st February 2008. Accessed at 2000hrs 4/4/2014
http://www.crisisgroup.org/~media/Files/africa/horn-of-africa/kenya/137_kenya_in_crisis.

60%²⁸. Horticulture and tea farming was also some of the biggest losers since no business was transacted around then. It is believed that the flower business for instance lost over a billion shillings within the two months²⁹

This is just a summary of the economic effects, a lot more happened during this time and some of the effects can still be felt up to today.

1.5 Literature Gap

From the analysis of the literature above, many authors have written on the causes and the course of the ethnic conflicts in the world. There have however been very little in terms of academic publications on the impacts these conflicts have on trade, especially international trade.

This type of trade is very important to any economy and therefore, the more we generate from foreign trade the better the economy becomes. However with any conflict affecting the people who move these trade, then economic development is unachievable. In this case, a thorough impact analysis needs to be conducted and recorded with clear figures to help guide policy makers.

1.6 Research Questions

The study is guided by the following questions:

- i) What are the effects of ethnic conflict on economic development?
- ii) How does ethnic conflict impact on economic development?
- iii) What was the impact of Kenya's ethnic-based post-election violence on economic development?
- iv) What are the experiences of other African nations?

²⁸ "Conflict Threatens Kenya Tourism" McClatchy News Service., 19th January 2008

²⁹ "Horticulture Players decry Naivasha Violence" 98.4 capital News on 28th January 2008

v) What measures can be put in place to insulate economies from the effects of ethnic polarization

1.7 Theoretical framework

The theories that explain the existence of ethnic conflicts are three. These three theories show how persons and communities rise against each other because of their ethnicity as they protect their interests.

Steven (1994) argues that the proponents of the primordial theory argue that there exists an ethnic grouping because there are traditions created for people to believe that people living in the same location have similar biological features³⁰. Donald says that kinship is what binds people of the same ethnic grouping. Kinship make members of an ethnic group think like a family³¹.

In this model, ethnicity is seen to be having a utility function. People are seen in this case to be deriving their identity from the ethnic background. Ethnic conflict comes therefore as a response the threat of one's identity. In the instrumentalist theory, Anthony (2001) says that this theory, which came in the 70s and 80s, holds that ethnic conflict is a result of community leaders who use cultural groups to do mobilization of people in protection of power and resources³². In this case therefore, Green (2003) argues that ethnicity is an instrument used towards some end. This means therefore that mere ethnic difference in ethnicity is not reason good enough for violence.

³⁰ C. Steven. "The verdict of history: The inextinguishable tie of primordiality – a response to Eller and Coughlan". *Ethnic and Racial Studies* 17 (1): 164–171, 1994 Page 168.

³¹H. Donald .*Ethnic Groups in Conflict*. (Berkeley, CA: University of California Press, 1995), Page 57.

³²S. Anthony. *Nationalism: Theory, Ideology, History*. (Cambridge: Polity, 2001) pp. 54–55.

The third theory is constructivism. It holds that ethnic conflicts are a result of a historical process³³.

This means that over time, people develop some attitude about a certain other group and this creates hatred. If two ethnic groups have been in war in the past, each group develops an image of a bad people. Constructivism is therefore an external process and not internal as instrumentalism or primordialism. In forming the theoretical framework of this research, the researcher will use all the above mentioned theories since they are all interrelated and they all relate to the topic of the thesis.

In this research, the two variables are ethnic conflict as the independent variable and economic development as the independent variable. The main focus for this thesis is on the effects brought about by these inter-tribal wars. When people who, live together, work together, worship together, exchange goods and services, educate their children together and even intermarry rise against one another because either they hate the tribes of the other person, or the politicians have made them do so, what are the implications? Do all the potential economic activities and other activities get blocked? And therefore, do the two or many communities fighting not lose their hard earned resources and waste time that would have been used for economic growth? This relationship between ethnic wars and the impacts is so important to understand as it is to try and solve it.

But besides local businesses, why do international organizations, tourists, foreign persons, and any other multinational suffer because of conflict between locals(the people such organizations come to help, employ, work with and even educate/train). International banks, international hotels, international tour companies, international publishing firms,

³³Green, D. et al., "What Role Does Prejudice Play in Ethnic Conflict?", Annual Review of Political Science,2003, pg.521

international telecommunication and international horticultural farms among other cross-border businesses have shut down others retrenching, others losing their staff to killings and displacement and more generally have lost business because, the host communities have violently disagreed on something.

In theoretical terms, if community X clashes with community Y because of high held ethnic differences, business Z set up to take care of not only the two communities but the country and beyond will lose business.

However, the hypotheses of this research paper also anticipate a situation where such a conflict does not result to any negative effect on economic development. In very unlikely but possible circumstance, such a conflict may also result into increase in business for local economic activities and multinationals operating from the conflict bedrock.

This study therefore will aim at trying to discover this natural relationship between ethnic conflicts and economic development.

1.8 Justification of the study

As noted from the literature reviewed above, it's quite clear that world over a lot of business is lost as a result of different types of conflict. The need for states to quantify the amount of business lost because of these conflicts is so important for the sake of planning. Ethnic conflicts can be avoided, and when it happens, it can be stopped before causing huge damage. For this reason, it is important for the state to get to know how much they stand to lose in the event these conflicts emerging. What areas of the economy are hard hit by the ethnic conflicts and why. Is there a possibility of insulating some businesses especially the biggest contributors to the economy from?

The researcher will specifically want to identify how a state and more specifically the regions where conflict of ethnic origins occur affect economic development. Taking an example of PEV of 2007/2008 in Kenya, what was the extent of business lost in the horticulture and tourism in the rift valley region among other economic opportunities. With this information, the society and the state at large will seek ways of preventing these occurrences happening.

The government also loses a lot in its business within and with neighbouring states when these conflicts affect transport, closure of offices, loss of taxes and lack of foreign exchange. For this reason, such a research document will assist government remedy such conflicts as soon as it is possible.

Loss of lives and displacement of people also affects labour force in businesses including EPZs, international firms, INGOs, government firms and local businesses. These conflicts scare away international investors, international researchers, tourists and local workers working in the firms that export products. Information on the business lost or round to be lost because of these conflicts will be useful in planning by the society and government. It would be cheaper for the society and the government to implement the recommendations of such a research than wait for violence to erupt so that they can respond by deploying police and engaging lengthy dialogues with the perpetrators of the conflict.

1.9 Research Methodology

This research will depend on secondary data mainly. The information will be collected from journals, books, newspapers, online sources, conversations with the people who might be resourceful to this topic.

Therefore in chapter 2, there will be a theoretical discussion of the topic whereby the researcher will depend on the writings other authors who have specialized in this area. In

chapter 3, it will be an analysis of a case study whereby the researcher will identify a situation of ethnic conflict and its impact on national economy. This paper will discuss the case of post-election violence of 2007/2008. It will also have a brief discussion on other African cases of ethnic conflict and the impacts of that to economy. In this chapter, the researcher will highly depend on the written records of how these events happened likenewspapers, journals, magazines, radio and TV records, online records, books and face to face conversation with those who experienced the situations being researched.

In chapter 4, the researcher will do a scholarly discourse on some emerging issues that are related and coming out of the discussion in the previous chapters. This being a theoretical journey, the researcher will be dependent on written materials mainly books and journals.

1.10 Chapter Outline

This research project is going to take an academic journey on the above topic in 4 chapters. It will start by an analysis on the theories that touch on the topic, and then it will explore the situation further with a case study to try and bring in more information to support my hypothesis. The researcher will have a scholarly perspective of some of the emerging issues in this topic. After this chapter, there will be summary, key findings and a few recommendations. Then lastly there will be a list of references used.

CHAPTER TWO

THE IMPACT OF ETHNIC CONFLICT ON ECONOMIC DEVELOPMENT:

A THEORETICAL DISCUSSION

2.1 Introduction

Africa states' economies have been struggling for decades suffering from permanent false start all the time. The common denominator in most of the nations has been conflicts, and more precisely ethnic related conflicts. It is not just Africa that has this problem, countries in the rest of the world faced this long time but luckily most of them were able to navigate out of the quagmire. In the previous chapter, we have covered an overview of the journey that this thesis is going to take. There has been a clear mention of the expectations of the research to be achieved at the end. It has been noted that to-date Kenya has experienced about 10 ethnic related wars with the mother of all happening after the elections of 2007. Right now, in the middle of the 21st Century, Kenya is divided ethnically more than ever before. This is reason enough to carry out this research.

This chapter takes a theoretical discussion on ethnic conflict and its ramifications on economic growth and development. There will be a historical look at the ethnic conflict and economic development in Kenya. The thesis will also have an exhaustive discussion of the theories relating ethnic conflict to economic development. Finally, there will be a linkage done to relate the theories to real life situations in Kenya, Africa and the entire globe. The researcher will highly depend on contributions of various scholars of this discipline. Lastly there will be a conclusion and the bibliography of the citations.

2.2 Background

2.2.1 Ethnic Conflicts in Kenya

Conflicts worldwide have shut the dreams of so many people. They have brought some people a lot of agony and distress all their lives. But in places where signs of these conflicts have been detected early, they have managed to stay out of them.

Ethnic conflict remains the biggest cause of deaths especially in the continent of Africa. Most of the Africa states have in one way or another been involved in warfare of ethnic basis. This therefore cannot be considered as a way of life. There is a great need to understand it and get a remedy to it.

Ethnic diversity offers variety of doing things in a country. Those nations that have managed to create good structures and policies of equity among the different ethnic groups are proud of a very cohesive way of living with healthy competition and beauty in diversity. However, those that have not gotten a solution always sit staring at a potential time bomb, a volcano of ethnocentrism ready to erupt anytime.

The effects of ethnic violence are huge and at times they have brought down huge economies into becoming banana nations. These effects stretch from loss of lives e.g. the Rwanda case where they lost over 1million people, to massive displacement of people, and to economic downfall.

Ethnic conflict is civil warfare between ethnic groups. This could be brought about by differences in the cultures of the different ethnic groupings. In Kenya, there are three major ethnic communities; Bantu, Nilotes and Cushites. These 3 ethnic groups, there are 42 tribes with different cultures. This heterogeneous situation has been a blessing and a curse to the Kenyan nation in equal measures.

These ethnic groups have tried through all means to protect their interest in which case some of the situations have led to civil wars. The issues of conflict have been land, power, and animals among other issues. These wars have in most cases involved the major Kenyan ethnic community's i.e. Kikuyu, Luo's and Kalenjin's. The battle fields have been in the major cities and towns and hence paralyzing most urban and rural activities. Ethnic polarization in Kenya has been an impediment to investment and integration

In Kenya, ethnic conflicts have been occurring frequently though most of these conflicts have been minor. They have been happening spontaneously across the country but there are areas like North Eastern, Coast, and Rift valley and sometimes in Nairobi where violence has been repeated.

Diamond (1966) notes that historically, the ethnic conflicts dogging Kenyan state tail back to the times of the advent of the multi-partism. The causes of ethnic conflicts in Kenya cannot be narrowed down to one single factor. One of the long term causes is said to be the colonialism. Kenya, which was a colony of the British, was divided into small ethnic units for easy rule. After the colonialists left, the nation never got united. The groups that championed for unity of the ethnic groups were different ethnic unions, for instance, Kikuyu Central Association, Ukambani Members Association and Kalenjin Political Alliance among others³⁴.

According to Barasa (1993) another cause of Kenyan ethnic violence is land. This problem was created by the colonialists who wanted to use some parts of Kenya as white settlers land. As they did this, they alienated big tracks of land. Native Africans were pushed to the unproductive parts. As colonialists vacated, they sold the land those who could afford though it was sold in low prices. Those who couldn't afford were denied the good fertile

³⁴S. Diamond, et.al (eds): The Transformation of East Africa. (Nairobi: basic books, 1966) pp.64,183, 186

lands. The GEMA (Gikuyu, Embu, Meru Association) community was the main people that acquired those white highlands. This ultimately led to serious ethnic division³⁵.

Ethnic conflict has also been caused by unequal distribution of resources. Since the kikuyu people had a follow up of several advantages, they got a lot of resources such as good infra-structure. This situation created lots of envy from the other ethnic groups. The rich members of the GEMA community assisted their people to acquire more resources. Those who tried to question this favouritism suffered political consequences or even death.

The other major cause of ethnic polarization was ethnic prejudice and conflict brought by Africanization of the civil service. When the whitecolour jobs were being given to Africans, the leaders who were dishing out the jobs favoured people from their tribes. This hence led to a situation where large number of employed people in the *mzungu* jobs was from one community.

Other trigger factors of ethnic conflicts that have emerged lately include: divisive leadership and unclear understanding the meaning of pluralism/ *majimboism*. Many people have objected to this concept.

Immediately after independence, Kenya had a slogan of *uhurunaumoja*(freedom and unity) that indicated that all people were one and united in all aspects. Kenya was a centre for peace in the horn of Africa and great lakes region. A few years after independence, Kenya retreated into ethnic pigeon holes of the Luos, Kikuyus, Kalenjins among others.

Besides the division that was created by the colonial governments, the other main causes of conflict in Kenya are cattle raiding, political instigations, access to water and

³⁵N. Barasa. Of Ethnicity and Leadership in Kenya: An article published by theDaily Nation newspaper's Weekly Platform, 3rd April 1993, Nairobi

pasture, lack of alternative sources of livelihood, corruption and extortion, terrorism among other minor ones.

In all these factors, John (2010) notes that the main switch to ethnic wars is always political. Though other causes could be underneath, elections and political gerrymandering has always led to incitement of one or several of tribes against others. An example brings itself out when we look at elections since the start of multi-partism. After the 1992, 1997 and 2007 elections, ethnic conflicts happened more in Rift valley where land related grievances have been the common denominator. The worst of ethnic conflicts in Kenya was the post-election violence of 2007-2008³⁶.

This PEV of 2007-2008 was the only national-wide ethnic conflict where most communities were fighting against the Kikuyu community in different towns and cities and later the kikuyu community fighting back. The apparent cause of the war was the disputed presidential elections where MwaiKibaki, a Kikuyu who vied on PNU coalition was announced the winner. The closest opposition party led by RailaOdinga, a Luo disagreed with the results and this led to warfare targeting the Kikuyu community. It was believed that the elections were rigged.

From the Wikipedia, it is documented that earlier before the PEV of 2007-08, there were small scale cases of violence in Kenya mainly involving the major tribes. In 1992 as mentioned earlier, there was conflict in Rift valley where 3,000 people were killed and 75,000 were displaced³⁷. Molo was the epicentre of the warfare. The violence was mainly between the Kikuyu and the Kalenjin and the major cause was land ownership. In 1997, Moi won the election again and war erupted. The kalenjins killed the Kikuyus again. Geoffrey

³⁶J. O Oucho. The Undercurrents of Ethnic Conflicts in Kenya, African Social Studies Series, vol 3, 2010.

³⁷"Ethnic Conflict".Wikipedia.http://en.wikipedia.org/wiki/Ethnic_Conflict_in_Kenya#cite, retrieved on 5/8/15, 11.00am

2007 notes that the raiders seemed to be quite prepared judging from the weapons they used; rifles, bows, arrow and spears. Their intention was to move the ‘foreigners’ kikuyus out. About 1500 people were killed³⁸.

In the 1992 and 1997 conflicts, it appeared clearly that most Kenyans feared Kikuyu presidency and Moi was able to play around this fear gallery. In 1997 still, besides the clashes in the Rift valley, there were ethnic conflicts in Likoni and Mombasa sections of the coast. The spirit of this warfare was the indigenous people targeting the outsiders, i.e. Kikuyu, Luo, Luhya and Kamba. This warfare was perceived to be a plan by the Moi’s government to throw out people who were not his supporters. The warfare happened in August of 1997 a few months to the general election.

He continues to say that in 2005, the Sabaot Land Defence Force caused war in the Mount Elgon district of western Kenya. Again the conflict was ethnic in nature and the fighting was because of land.³⁹

Brown hill and Tuner (2012) as notes that, the 2008 PEV conflict was the most catastrophic the country has experienced. The violence which lasted between 28th December 2007 and the end of February 2008 had about 1500 people were killed and more than half a million evicted from their homes resulting from a disputed presidential election⁴⁰

This warfare had several modes; it was spontaneous, it was organized and it was retaliatory. It started as a spontaneous warfare immediately after the elections were announced. The main battlefield was in Nairobi and in Kisumu. A few days later, violence erupted in Rift valley, i.e. Eldoret, Naivasha, Nakuru and Molo among other towns. It also

³⁸G. Mwakikagile. *Ethnic Politics in Kenya and Nigeria*.(Nairobi: A new African Press, 2007), Pp 121.

³⁹Geoffrey, 2007, page 138

⁴⁰L.BrownHill&T. E.Tuner. “Seven Days in December: Kenya’s Parliament Rejects the ICC and the Citizens reject Parliament”., 28/12/12.

happened in Nairobi. Organized youths attacked regions in the Rift Valley where opponents of ODM party especially Kikuyu, Kisii and Luhya lived.

In the third phase of the violence, some Kikuyu youths who lived across the country started fighting back engaging the non-kikuyus in Naivasha, Nakuru and Nairobi mainly as recorded in the Ushahidi (March 2008)⁴¹.

The actual cause as written by authors was not the rigging of elections as alleged. It appeared to have been a long plan to remove ‘foreigners’ from lands. The wars were therefore as a result of tribal polarization, rigging of elections, a weak constitution and years of historical marginalization that led to economic inequity and dissatisfaction. The conflict ended with a signing of a power sharing agreement.

The implications of this war as mentioned earlier were huge. People were killed, people were moved from their homes, many businesses were closed for long and others destroyed. Workers were trapped in their homes and hence they did not report to work for long. Roads were closed leading to loss in economy both internal and international.

Amos Kimunya as mentioned in chapter one estimated that the loss incurred during the PEV was Kshs60 billion. The railway line in Kibera was also destroyed leading to multiplier effect that would take time to recover⁴². Losses included in areas of horticulture, tea farming and international businesses in the country. According to Capital News on 28th

⁴¹Ushahidi, report on Post-Election Violence in Kenya, UN Human Rights team,

<http://blog.ushahidi.com/2008/03/20/report-on-post-election-violence-in-kenya-un-human-rights-ved-on-team>.

Accessed on 1/4/2014

⁴²Kenya in Crisis, 19

January 2008, over 1 billion shillings was lost in the flower industry in the two months of PEV⁴³

Most recently, in 2012-2013, ethnic violence between the Orma and the Pokomo groups in Tana River over grazing land, farming land and water led to deaths and displacement of several people. Other conflicts have happened in the last ten years in Mandera, Marsabit, Moyale, Narok and other pastoralist regions as a result of cattle rustling and competition for grazing land and water.

Economically, Nyukuri (1997) noted that Kenya's loss due to ethnic polarity cannot be quantified. The country drifted back every time there are tribal conflicts. Some of the economic impacts of ethnic conflicts in Kenya have been decline in economic production because of insecurity, food shortage and insecurity, land grabbing, disruption of agricultural activities, resources being diverted, inflation and infrastructure misappropriation, breakdown in transport and communication networks, destruction of public property, commercial activities being disrupted, environmental degradation, misallocation of money and unexpected expenditure incurred.⁴⁴

2.2.2 Economic development in Kenya

Todaro (2009) defines economic development as a process which brings out the growth of an economy to enhance the well-being of people and the society. Activities such as job creation and retention, tax base enhancements and quality of life are the indicators of this⁴⁵. Different societies differ in so many different ways such as geographically and politically and hence their needs and challenges in economic development differ. However,

⁴³ "Horticulture Players decry Naivasha Violence" 98.4 capital News on 28th January 2008

⁴⁴ B. K. Nyukuri. The impact of the Past and Potential Ethnic Conflicts on Kenya's Stability and Development: a Paper prepared for the USAID conference on conflict resolution in the Greater Horn of Africa, June 1997. Pp 8-21

⁴⁵ M. P. Todaro, Stephen C Smith. Economic Development. (Addison Wesley 2009), p 18

Sean notes that most countries aim at developing human capital, improving literacy and numeracy capacity, improving infrastructure and generally raising the welfare of the citizens. All these contribute to economic growth which is only one of the ingredients of economic development⁴⁶

The economic journey of Kenya has been one of rise and falls since the founding of the nation. Kenya has moved economically from a situation of dependence on pastoralism and agriculture to the current situation of agribusiness and industrialization. Kenyan economy has been inconsistent since independence (1963). After the independence, it had an economic growth of 6% which remained largely in the same level but occasionally declining up to 4%. In the 90s, the economy oscillated between a negative and 4%.

According to Ochieng' and Maxon (2012) The PEV of 2007-2008 together with the global financial crisis reduced the economic growth of Kenya to a GDP growth of 1.7%. This was a really low for the economy; however, in the years 2010-2011, it shot up to 5%⁴⁷. In 2012, Gaye (2013) mentions that the economy was still at 5% even with the same weak global economy.⁴⁸

KIPPRA (2009) report states that, agriculture contributes 19% of the formal employment. 60% of the households are farmers and 75% of the work forces are also farmers. They also observed that 84% of the people living in the rural areas as households keep livestock. Therefore, agriculture contributed indirectly up to 27% of the economy of Kenya by the year 2010. There is also a significant contribution of agriculture to Kenya's export to the tune of 60-70%.

⁴⁶Sean A. "Development, which way now?" Economic Journal, vol. 93 issue 372, pages 745-762

⁴⁷Ochieng W. R, Maxon R. M. An Economic History of Kenya, (Nairobi: EAEP Ltd, Kenya. 2012), Page 18

⁴⁸D. Gaye, Kenya Economic Update, Ed. No. 8, "Time to Shift Gear, Accelerating Growth and Poverty Reduction in the new Kenya", Nairobi: World Bank. June 2013

Kenya is fast moving to the middle income class/ status. This is shown by the performance indicators. Although the inflation is at 12%, it is declining and the Kenya shilling stabilizing. The country is focusing on increasing exports and adding into its investment in the transport and the energy sector.⁴⁹

2.3 The impact of ethnic conflict on economic development: a theoretical discussion

In the writings of Ibrahim and Sambanis (2002), ethnic diversity has been a treasure as well as a recipe for conflict. Different societies have had different experiences when it comes to the co-existence of ethnic groups. For some, ethnic diversity has helped in bringing out a stable economy because of the inter group bargaining process. These bargaining processes will be peaceful and beneficial to the economy of a nation if the different ethnic groups feel adequately represented by the national political institutions and if the national economic framework provides opportunity for all to engage in productive activities.

On the other hand, the authors believe that ethnic diversity which in some cases leads to polarization hampers growth because the different groups do not agree at all on the scope and the nature of the public investments the nation need to engage in⁵⁰.

The other theory advanced by the same authors above is that in a society that has ethnic diversity, some leaders exploit the ethnic divisions in order to gain political power. In this case, this behaviour leads to lack of efficient use of human capital. The leaders will favour less qualified people from their tribe who cannot deliver on the task given. With this

⁴⁹<http://Kenya.un.dk/en/about-kenya-new/economy-new>. Retrieved on 5/8/14, 8.30pm

⁵⁰Elbadawi Ibrahim and Nicholas Sambanis , "Why are there so many Civil Wars in Africa? Understanding and Preventing Violent Conflicts", Journal of African Economies, 2002. Page244

kind of trend, there is very little done by those who get employed and hence the economy of a nation stagnates⁵¹.

Ethnic conflict has a great impact to the society as seen in the historical journey of Kenya. There is a direct link between ethnic conflict and economic growth and development of a country. Any social or political or even economic development requires an environment of stability and peace. Together with hindering economic growth, ethnic conflict also destroys what has been done during the time of stability. It breaks structures and institutions that were created for economic growth and development. Businesses are annihilated, infrastructure is destroyed and lives of people lost. In some instances, the economic interests of an ethnic community can as well cause conflicts. This hence means that after the conflict has erupted more economic loss is encountered. It ends up being a never ending vicious cycle.⁵²

Ethnic polarization brings about violence that in so many cases could generate into a big civil war which in most cases will have serious economic consequences⁵³. Statistically, Montalvo (2005) says that when one does a data analysis, it is apparent that ethnic polarization has a great negative impact on investment. In reducing the polarization from a 1 to 0, there will be an increase of 1.20% of the average growth rate of the GDP per capita⁵⁴.

Reksulak (2000) discusses an economic growth model known as Standard growth regression model and in this model he says, ethnic tensions and polarization reduces the per capita growth rates of a nation. The tension makes the participants in the belt of a country's wealth creation become sluggish and hence produces less. The tension brings about mistrust

⁵¹E. Ibrahim and N. Sambanis, 2002, page 245

⁵²J O. Oucho. Undercurrents of Ethnic Conflicts in Kenya. (Boston: African Social Studies Series, 2002)

⁵³Montalvo J G, Reynal Q. Journal of Development Economics, 2005. Page 295. www.elsevier.com/locate/econbase

⁵⁴Ibid, page 317

and uncertainty such that people do not want to gamble investing or carrying out economic activities in the fear that their investments will be destroyed⁵⁵.

Another theoretical look at the impact of ethnic conflicts on the economy is what is advanced by Jean and Malambe. In their writings, they observed that it is the language aspect of ethnicity that really causes conflict and hence economic retardation. In this assertion, people of different tongues always tend to disagree and distrust each other hence reduce cases of doing business or partnering in any way. This tongue diversity hence affects economic growth. Lack of common language therefore is a major impediment of growth as demonstrated even in the bible story of the tower of babel. It prevents a society from pursuing common goals.

The duo also argues that these people of the same tongue that is in offices employ and promote the less qualified tribes mates who serve them. Because of this tribalism, the level of economic growth slumps because the employment is not of qualified people⁵⁶.

This ethnic conflict can also affect the rate of investment negatively and bring in the so called rent-seeking behaviour which in turn will lead to increased public consumption⁵⁷. In times of tension and violence, most people will grab resources available and want to keep for themselves more so the wealthy and powerful people. They may therefore cripple an economy by wanting to get the wealth for themselves without generating more.

Still on the same issue of ethnicity in allocating jobs, there emerges the element of protracted social conflicts whereby dominant economic and political positions are filled on the basis of ethnicity rather than merit. In this case, development is biased toward fulfilment

⁵⁵M. Reksulak .Reducing the Impact of Ethnic Tensions on Economic Growth-Economic or Political Institutions? School of Economic Development.(USA ,Georgia South University), 2000

⁵⁶J Marc and K. Malambwe, "Ethnic Conflicts, Institutions and the Tragedy of the Commons: When Human Diversity Hinders Economic Growth." Emperical Evidence from a Sample of African Countries.

⁵⁷Barro R, "Economic Growth in cross section of countries", Quarterly Journal of Economics, pp 407-443

of certain groups' aspirations, with an intention of pleasing the group that took you to power. Protracted social conflicts hence can easily erupt into violence and bring in some deep economic crisis. This is because it affects development priorities and hence economic growth in a country.

Ethnic diversity and civil wars according to Horowitz (1985) are not monotonic. In societies that are highly heterogeneous or are predominantly homogeneous, there are fewer cases of ethnic conflicts. These conflicts happen mostly in societies where there is a large ethnic minority that is facing an ethnic majority⁵⁸.

When a society has been split ethnically, the tension emerges along those divisions. In the mentioned rent-seeking model, authors argue that the resources that are spent by the divided groups in order for them to get political influence are a huge cost that has negative ramifications on economic growth. This is because the rent seeking behaviour is a non-productive use of the inputs⁵⁹.

And according to Doyle and Sambanis (2000), civil wars or violence brought about by a clash of ethnic groups is really traumatic to the people and it always leads to some long lasting effects on growth. The destruction it brings plus the effect it leaves in the minds of the people causes fear and mistrust and hence there is in most cases a clear lack of a good environment for economic development⁶⁰.

The other impact that ethnic polarization has on the economy is the effect on the real GDP and the per capita because of the opportunity cost of the rebellion aspect of the violence. This means that as the masses go to the street to protest and fight, the same people

⁵⁸H. Donald. *Ethnic Groups in Conflict*. (USA: University of California Press, 1985), Page 304

⁵⁹Mantalvo J G (2005), page 308.

⁶⁰Doyle, Sambanis et al. *International Peace Building: A Theoretical Quantitative Analysis*, (American Political Science Review, 2000), Page 94

ought to be involved actively in economic activities which contribute to the GDP of a nation. Therefore failure to work means reduced per capita income. This is more so when there are two major ethnic groups fighting each other and the government is intervening. According to Collier and Hoeffler (1998), the opportunity cost and the cost to the economy is far much less if the conflict is between an ethnic group (the rebels) and the government- in which case the government is the other ethnic group⁶¹. This is possibly because the government and those in that ethnic group continues to generate income as the rebel group spills in the streets.

Easterly and Levine (1997), also agree that ethnic conflicts or even just mere ethnic divisions affect the economy of a state greatly. This is because the polarization affects the social institutions of a country, institutions which are responsible for providing a frame work for positive economic growth. Such institutions like schools, universities, and members clubs are forums for setting an agenda for economic growth. Such conflicts also affect financial institutions like banks, Multinational corporations and NGOs which facilitate people in economic growth⁶².

On their part, Kefer and Knack (2002) agrees with Easterly and Levine that polarization of an ethnic cause always destabilizes all social, political and economic institutions which may hence reduce economic growth. The mistrust generated by from the ethnic divisions and clashes does not allow the building of cohesive institutions. Without these cohesive institutions, then economic growth and development is barred.

⁶¹Collier P, Heffler. "On Economic Cases of Civil Wars", Oxford Economic Papers, 50, pp563-573.

⁶²Easterly W & R Levine, "Africa's Growth Tragedy," Policies and Ethnic Divisions: the Quarterly Journal of Economics, vol 112, page 1203.

They also argue that there is a great causal link connecting ethnic conflicts and the institutions that protect property right. Protection of property rights is of course very key to economic growth and development and lack of this protection hampers the growth.⁶³

William Easterly (2001) also asserts that in countries where there is ethnic polarization, the state reacts more adversely to the external trade shocks than in a stable country. The foreign aid donated to such a polarized nation is always diverted to corruption as the ethnic kingpins try to enrich themselves and establish themselves in power. In states that lack conflict on the other hand, there is a lot of mutual trust and hence good utilization on donor funds and ultimately bringing in faster growth and higher output for the workers⁶⁴.

Further to the discussion on the impact of ethnic conflicts on economic development, writers have argued that ethnic groups which are in conflict have a lot of difficulty agreeing on the type of public good they should take up. Humans are not an island and hence they need time and again to agree how to compromise and arrive at the middle for the good of all. This is a nightmare in a polarized society. Because of not agreeing on the public good, they therefore spend less on growth promoting public goods. This definitely affects the growth of an economy. An example of such stalemate is where linguistically distinct ethnic groups have conflicting preference when it comes to the language of instruction to be used in their schools. Because their different languages cannot be used, they may agree on Swahili. The two ethnic groups will obviously value schooling and investing in school less because the language used is not their mother tongue. If they detach themselves from schooling, the

⁶³Kefer P and Knack, "Does Social Capital Have an Economic Pay-off?" A Cross-country investigation: Quarterly Journal of economics, vol 62, 1251-8

⁶⁴W. Easterly. "Economic Development and Cultural Change, Can Institutions Resolve Ethnic Conflict?" ABI/INFORM Global, 2001. Page 687

money they invest in the school, which in this case is the public good, is reduced, hence slow economic growth in the long run⁶⁵.

Well established and strong economic institutions can help to reduce the impact of ethnic conflict on growth where as weak institutions will just cave in during such conflicts. The government therefore must device public policy that will focus on and enhance economic freedom rather than redrawing its boarders each time there is a conflict in order to bring people together. This will be effective because when a state has good policies promoting economic freedom, it will bring down the relevance of mistrust across ethnic divisions in providing societal benefits.

2.4 The Relevance of the Theory

Ethnic conflict as discussed earlier has been considered to be the greatest contributor to the slow pace of development in Africa and globally. Many years after independence, ethnic conflicts are still in the news today from central Africa to Nigeria and all across Africa. The effects of these wars have been on income, growth and economic policies.⁶⁶ This means therefore that in the situation of warfare there can never be any meaningful economic growth.

The theories discussed in the last chapter all point out to the reality that ethnic conflict has a potential to cripple economies of so many nations. There are so many ways that this ethnic conflict is not good for any business, either public or private. It is therefore a lifeline for government across the conflict dogged nations to insulate their economies from being shattered by the ethnically related polarization. However, it is also worth noting that

⁶⁵A. Alesina, R. Bagir and W. Easterly, "Public Good and Ethnic Divisions", Quarterly Journal of Economics vol 114, No.4, 1999. Page 1243-84

⁶⁶W. R.Eastley. Can Institutions Solve Ethnic Conflicts?(World Bank Publication, 2000), P 3

ethnic diversity without the polarity is a great thing. It brings stability in an economy by its nature of offering peaceful bargaining process.

The untrustworthiness of people of different tribes across Kenyan urban and rural regions has led stalled economic progress. There are investors for instance who because of the PEV 2007-2008 have closed their businesses. This is mainly happening in key battle field areas like Eldoret, Molo, Mombasa and Kisumu. Kikuyus for instance who owned businesses like schools, banks, supermarkets etc. in Kisumu, Eldoret and Molo have reduced their investment there. They do not trust the residents of those areas judging from what happened in the PEV period. Currently, the tension at coast, especially at Mpeketoni in which the government claimed it was ethnically motivate has made members of certain communities move their businesses as well as residence.

In societies affected by ethnic polarization, the workforce is always a bunch of inefficient people. This in turn leads to slow decline in growth. When a form four graduate is given a technical job in a bank because such a person is from the tribe of the employer/manager of an institution, the person will not deliver. When for instance a parastatal based in Voi decides to employ just people of Taita ethnic community irrespective of their academic credentials and experiences and locks out qualified people who have better capabilities to run the institutions, then the profitability is bound to be less. Construction of roads, power lines and other economy facilitators is paramount to any countries growth. When ethnicity comes into play, a shoddy job is done and gradually the facilities break down an economy stalls. It is even worse when there is ethnic war, what would have happened because of just ethnic affiliation is done in a bigger magnitude.

Ethnic conflict by its very nature is a volatile, unstable and violent environment not good for business. It brings in tension and this way institutions and businesses are closed down until things normalize. The investors may decide to move base of their business to other countries that are relatively peaceful. We saw a lot of investors moving out of south Sudan and Dinka and Nuer took on each other, a fight that brought the economy of the oil rich country down. In Rwanda, in the year of 1994, when the greatest African ethnical fight happened, French and other major investors left the country and pitched tent in other countries with others going back to Europe. The war that pitted the Hutus and Tutsi communities brought the economy down. After the horrific genocide of 1994, the country was at the blink of annihilation economically. The farms and animals that were all across the country were destroyed. And the bigger tragedy was since about 20% of the population died there was no workers to rebuild the economy⁶⁷.

Conflicts are never peaceful demonstrations. There is a lot of destruction in such rebellion whereby a lot of structure, business and institutions are destroyed. Sometimes, the destruction is so huge that reconstruction takes almost a lifetime. Rails are uprooted, banks and learning institutions looted and burnt down, homes and plantations torched and worst of all, lives taken away. Close to a million working Rwandese people were killed in the ethnic genocide. Many died in the Kenya PEV violence too. In the PEV of Kenya, 2007-2008, local and international channels showed a rail being uprooted, homes torched some worth millions, businesses looted and stolen like the case of the Equity Bank in Kisumu. The worth of these destructions runs into billions, money that people and governments sweat for in many years.

⁶⁷D. Neyshloss, <https://site.google.com/sites/stanleystherwandangenocide/causesandeffects> accessed on 10/8/14, 15.30hrs.

Closely related to this is what ethnic wars do to the GDP of nations. The case of millions lost in flower and other horticulture businesses in Naivasha, one of our major export businesses is a clear indication. The millions lost from lack of doing business at the NSE as announced by the minister of finance then at the time of the 2007-08 PEV. A lot more was lost in tax that the government would have been collected if businesses were running, exports were going on, transport services were moving on well among other economic activities⁶⁸

Corruption is an element of ethnic conflict. As discussed in the theoretical analysis, tribe kingpins take advantage of such conflicts to get for themselves enough wealth. They use the wealth to bribe and reward the hoi polloi of their tribe so that they can remain in power. After independence, the wealth few from the Kikuyu community have been accused of taking the fertile highlands, key development areas like Nairobi and have used the wealth to fund violence that will make the tribe remain in power. These ethnic godfathers have run down public institutions and kept wealth to themselves through what we mentioned as rent seeking strategy. This trend happens across all worn torn regions with ethnic polarity. In Sudan, wealth rich few fan violence in the country by making their tribesmen perceive that they are being victimized. They steal public wealth in the meantime.

Still on the issue of wealth of the state being to corruption in the middle of polarity, ethnic division also brings about bias in development. The former president Moi and Kibaki have both been accused of benefitting their communities with roads, schools among other developments and neglecting their ethnic foes. In the middle of fighting, the tribe in power rewards unfairly their people. Some of the development projects they give to their communities are a waste because a proper economic plan is not followed. During Moi's

⁶⁸Horticulture Players decry Naivasha Violence" 98.4 capital News on 28th January 2008

regime, it was said that roads built in some parts of rift valley were used to dry maize. When one takes a visit to Rwanda, more so in the countryside, some regions especially in the western, the place is far match developed. This is the region that the rich Tutsi people live and all this was done before the war time as their opponents the Hutus languished and suffered in bad infrastructure and lack of food. This scenario has also created imbalance in Somalia with some tribes being so wealthy and controlling most businesses like the charcoal and other sea businesses.

The opportunity cost of the rebellion as ethnic groups go into the streets to fight affects business big time. As the youths in Central Africa Republic or in Sudan or even in the coastal town of TanaRiver go to fight, no one is left to work to improve the lives of their families as well as generate something for the common basket, the tax. The ethnic conflicts all over are driven by energetic youths who could do farming, office work, casual jobs in roads construction, industries among other government business hubs. This way therefore, a lot of public wealth goes to waste. Take for instance when the Kikuyu youths engaged their age mates from the kalenjin tribe in 1992, 1997 and 2007-2008. Who was left to harvest tea in Kericho? Who went to weed crops in Molo, who milked cows in Nakuru? Any ethnic conflict leads to loss on labour and misplacement of energy and ultimately big loss in a country's growth.

Finally, the disagreement on the public good that is seen between people of different ethnic groups especially when the ethnic groups are in war delays or/and stalls development. A case in point is where in the middle of the conflicts in Samburu, the two communities could not agree on anything. They could not see eye to eye in the market place or their children could not mingle in same schools. Schools, market places, roads and institutions that

offer public good and humans have to work together since no one is self-sufficient. In ethnic polarized regions, public good is hard to arrive at and hence even where they have to do things together, the good will of offering their all in terms of investing in the project is not there. For instance, earlier in the other chapter there was a mention of communities agreeing a common language in school. So in the case of Rwanda, since Tutsi do not want to support a project where their kids will be taught in a foreign language and the Hutus too, they both decide not to support their local schools and some even keep away their kids from schools. In this case, the school may collapse and definitely lack of education is lack of development.

2.5 Conclusion

Without a doubt, all indications are that there exists a very strong linkage between the ethnic conflicts and economic development, the two variables this thesis is seeking to test. In almost all instances of ethnic polarity, it has emerged clearly that the national economy is affected in more ways than one.

Though we saw that ethnicity does not in itself bring out war, ethnic divisions in most ways cause violence which in turn causes a lot to get halted. Every business survives best in the environment of peace and stability. The opposite of these two realities cripples economic potentials.

In Africa where we may borrow the word used Mbithi and say the people are ‘notoriously ‘ethnic’. The umbrella of ethnicity is the source of identity and security and hence most people cling to it so tightly. The impact of this therefore as seen is divisions on ethnic lines which ultimately end up in tension and wars. When these wars erupt, no business can be contracted, no institutions can run, no movement can be made, no schooling can be done, no export or import can happen and no farms can be tilled. That is why this paper has

made a journey through the history of the two variables, to the theoretical framework of our discussion and lastly the instances of this phenomenon. The thesis has borrowed heavily from earlier authors and experiences from across Africa. In the following chapter, we will look at a case study of Kenyan PEV of 2007-2008 which has been mentioned adversely in the paper so far.

CHAPTER 3

CASE STUDY: POST ELECTION VIOLENCE IN KENYA 2007/08

3.1 Introduction

Different researchers have delved into the area of conflict and its impacts. This is because issues of conflict have far reaching long term consequences and it is preferable to prevent them from happening. The greatest impact of conflicts to a nation in most cases happens to be in the economic growth and development. In the previous chapter, a theoretical discussion of ethnic conflict and the effects it has on economic development has been looked into. There has also been a linkage of the theories to what has been happening across the globe.

In this chapter, the researcher seeks to understand the nature of conflicts, nature of ethnic conflicts, causes of conflicts and most importantly the effects that the ethnic conflicts have on economic development by using a case study. A special emphasis will be paid to the post-election violence that happened in Kenya after the 2007 election. The chapter will have a brief overview of the topic but delve deeply into the case study. Information will be sort from journals, broadcast media, newspapers books and interviews with people who had first-hand experience. Finally there will be a conclusion and the list of references.

3.2 Ethnic Conflict: An Overview

According to Plano, (1973), conflict is as a phenomenon whereby there is differing opinions among two people/nations or more. This differing in points of view makes the participant focus on protecting their interests and opinions. Conflict also means hostile encounters which happens between people or groups who have different interests, policies,

ideas and programs⁶⁹. Earlier scholars say that there is an inherent character of conflict in people and created political systems of the states. Conflict is when people and communities want to protect their interests/needs and sort of annihilate the other(s) side as mentioned in chapter one.

The Oxford dictionary, ethnicity is the state of one who belongs to a social organization of members who share a common tradition⁷⁰. Seymond says that ethnicity helps in bridging the gap between individuals and the state. It helps to give identity to people, give people a sense of security and instil some qualities needed in a family and society. African communities are in their very nature, very ethnic⁷¹.

Authors belong to differing schools of thought on the matter of ethnic conflict. They have followed different theoretical frameworks to enlist the causes, course and the effects of this phenomenon.

Cordell and Wolff (2010) makes few statements as noted earlier in chapter one which may assist in creating a way forward for this discussion are; ethnic conflicts happen randomly, people and/or groups cause suffering or give support to those who do this act, there are certain people who fight in ethnic wars, there are certain reasons why the people involved fight in the conflicts, the people fighting are mobilized/sponsored to do such actsof conflict, there are strategies used in by the planners in executing the warfare and environmental factors also fuel conflicts instead of promoting co-existence. There are also queries why most international organizations and the developed nations only appear concerned when a huge crisis emerges⁷².

⁶⁹J. C. Plano (ed): The Dictionary of Political Analysis,(England, 1973), Page 26

⁷⁰Oxford University Press, Oxford Advanced Learners Dictionary, (UK: OUP, 2009), Page 248.

⁷¹Seymond, 36

⁷²K. Cordell, S. Wolff.“Ethnic Conflict: Causes, Consequences and Responses. (UK: Policy press 2010) pg 1

Colonialism in most countries of Africa was succeeded by clamour for nationalism. Ethnic communities came together to strengthen the nation. Time and again, the communities would however disagree and sometimes leading to warfare.

There are some already mentioned theories of ethnic conflict. These theories are tackled in chapter one as follows as discussed by Landis and Albert (2012); primordial versus the instrumental theory⁷³ and Micro versus Macro focused theories.

The impacts of ethnic conflicts depend on type of the conflict. All the ethnic warfare that has happened across Africa has been of specific type mostly related to the cause. The results of these conflicts in Congo, Rwanda, Zaire and Kenya among other places have led to huge numbers of refugees, diseases, and displacement of people, abuse of women, deaths and destruction of economic development of African states.

3.3 Ethnic Conflicts in Kenya

The causes of ethnic conflicts in Kenya are a myriad. They includes the hangovers of colonialism, land disputes and unequal distribution of resources

The other major factors are ethnic prejudice, elements of divisive leadership and unclear understanding by people of the meaning of majimboism. These factors have been elucidated in chapter one of this research thesis.

Kenya has a long history, since its birth it has always been the hub of peace and unity. It has acted as the centre of peace in the whole horn of Africa. Two years after independence, Kenya retreated into ethnic madness. The tribes started ganging up to outdo others. Cattle rustling have been a great source of conflict in Kenya especially between Samburu and

⁷³D. Landis, R. D Albert. "Handbook of Ethnic conflict: International Perspective"(New York: Springer & London: DordrechtHeidelberg, 2012,) Page 2.

Isiolo, Narok and Kisii, Kajiado and Limuru, TanaRiver and Mt. Elgon area, Kericho and Kisumu, and Kisii and Kisumu.

Ndiku notes that in past elections, there have been sporadic tribal related conflicts in parts of the rift valley such as, Burnt Forest, Molo and Narok. The same was experienced in parts of the coast especially Mombasa (Bombolulu and Likoni), and the Tana River area⁷⁴.

Following the announcement of the 2007/2008 election, there was an explosion of ethnic warfare that happened in Rift valley, Nyanza and Nairobi.

Generally, ethnic polarization in Kenya has had social and economic effects in the lives of the people. Socially, many lives have been lost, people displaced and others placed in refugee camps, hatred created among others.

Nyukuri (1997) economically, the loss that Kenya went at is not quantifiable. The country has always leaped back after every of these ethnic conflicts. The economy has been affected in the following ways; food shortage, insecurity, disrupting of agricultural activities, decline in economic production, massive land grabbing, resources diversion, breakdown in transport and communication, destruction of property, disruption of commercial activities, environmental destruction, misallocation of finances and unexpected expenditure, inflation and infrastructure disruption⁷⁵.

An in-depth look at the events of the 2007/2008 Kenya's post-election violence will be analysed in this chapter and a deep look at the impacts of the same with a special attention to the effect of the national economy.

⁷⁴K.Ndiku, Conflict in Kenya; Global Coalition for Conflict Transformation from Kenya (GCCT),

www.transconflict.com/gcct/gcct-member. Accessed on 11.00am, 1st April 2014.

⁷⁵B. K. Nyukuri. The impact of the Past and Potential Ethnic Conflicts on Kenya's Stability and Development; a Paper prepared for the USAID conference on conflict resolution in the Greater Horn of Africa, June 1997. pp 8-21

3.4 Economic Development

Economic development is the dependent variable that the researcher is seeking to test and see if there is any effect coming from ethnic conflict. Several authors especially those in the world of trade have define this term and described in differing ways

Todaro and Smith (2009) defines economic development can be defined as a process which impacts on growth and development of an economy to bring out a well people of a society. This is done through activities of job creation, job retention, tax base enhancements and quality of life⁷⁶. Other definitions describe economic development as the consistent and united actions of policy makers and society members which promote the [standard of living](#) and of a specific area. It is also the quantitative and qualitative changes in the economy. The actions that bring about this growth includes development of infrastructure, human, [competitiveness](#) among neighbouring nations, [environmental sustainability](#), [social inclusion](#), [health](#), [literacy](#), among others.

There is no single definition for economic development and there is no one specific strategy that will help in achieving successful economic development. Since societies differ in their geographic and political strengths and weaknesses, each community, will have a unique set of challenges for economic development.

In developing a country's economic, we have to develop human capital, increase the literacy ratio, improve important infrastructure, improve health and safety and others areas that aims at increasing the general welfare of the citizens.

There is a great difference between economic growth and economic development. While economic development focuses on the policies that are aimed at improving the livelihood of the humanity, Sean (1998) notes that economic growth is a small aspect of the

⁷⁶M. P. Todaro, Stephen C Smith. Economic Development, (Addison Wesley 2009), p 18

development that looks into the market activities and the rising of the GDP of a country. Therefore, economic growth is only one of the ingredients of economic development⁷⁷

Dependency theorists argue that developing countries have in some cases experienced [economic growth](#) with little or no economic development initiatives at all; an example is in cases where they have functioned only as providers of resources to wealthy developed countries.

As per Sheffrin (2003), in the process of economic development, a country improves through policies, the whole welfare of human beings; political, social and economic⁷⁸ most countries in Africa have been seen to end their economic journey just economic growth where they just produce enough to care for their well-being and feeding the developed nations. They do not manage to graduate to economic development activities. This is an argument that has been propagated by the dependency theorists says Harrison and Fidelis (1996). In this case, we say therefore that economic growth is good for economic development but it is not enough. There has to be some form of structural transformation to achieve the said development⁷⁹

There are several factors that affect economic growth and development across the globe. The main factors include:

Interest rates- when interest rates increase, it prevents customers from borrowing to finance the purchase of products and services. High interest rates also prevent companies from investing in new capital and expansion. Falling interest rates can help industries to grow. This can then lead to innovation and higher employment levels.

⁷⁷A. Sean. "Development, which way now?" Economic Journal, vol. 93 issue 372, 1983, pp 745-762

⁷⁸A. and Sheffrin, S. M. Economic Principles in action. (New Jersey: Pearson Prentice Hall, Upper Saddle River,, 2003), 471pgs.

⁷⁹E. Harrison, Fidelis. Economic Development: Theory and Policy Applications, 1996. P 12.

Currency strength- companies that help grow national economy and those that purchase inputs from other countries are able to be more competitive in pricing. In industries that are heavily dependent on foreign raw materials and processing, such as the clothing industry, the whole economy can be lifted or depressed with a strengthening or weakening of the dollar.

Government Intervention- in any state economy, most of the industries are regulated by the government in one way or another. Some industries are more regulated than others and the new laws can shake up an entire industry and depress growth. The government agencies that control industries help to set standards

Environmental Impact- Economic development in any industry can be impacted both by the environmental effect the products or services and also by consumers' perceptions of that impact. If the public has a perception that a particular industry's products and services as being unsafe, most companies within that sector can experience a drop in sales very fast.

Overall economic health- The economic condition of any country and the attitude that citizens have of the products can help to grow and develop any economy or kill it. When the economy is receding, people reduce their spending on luxury and expensive items. Companies too bring down their hiring, production, and development of new product lines and services to ensure that their finances can take them all the way. These companies expand when there is economic growth. But for the basic products like food, the consumption is constant irrespective of the economic times.

Besides these factors, there are issues of ethnic diversity and ethnic polarity that reduce opportunities of economic prosperity. We have looked into the entire causes, course and consequences of ethnic conflicts and we now look at the impact of this conflict on national economy.

3.5 Impact of Ethnic Conflict on Economic Development

According to Barro (1991), ethnic division brings in conflicts which could lead to political instability and civil wars that have long-lasting economic effects. People change their economic behaviours by resulting to spending most of their finances on activities of consumption than investment e.g. looking for rent in safer places⁸⁰.

Ethnic diversity can become a hindrance to the economic growth and development together with social stability. For example, if some group of people/ community is given some special treatment by the government like it happens in most African states, and then growth is not equitable. However, Hino 2012 notes that ethnic diversity, as it is meant to be and when it is encouraged by leaders, can lead to great social and economic growth and the reduction or elimination of poverty. Many scholars and leaders have suggested that possible ethnic inequalities should be incorporated into overall development policies, in order to have an effective conflict prevention strategy⁸¹.

As earlier discussed, ethnic conflicts have a myriad of impacts to the communities in warfare. There is a direct linkage between ethnic conflicts and its impacts including economic growth and development of a country. Any economic, social or political development requires an environment of stability and peace. More specifically, activities of

⁸⁰ Barro, R., 1991. Economic growth in a cross section of countries. *Quarterly Journal of Economics*, 407– 443.

⁸¹ H Hino, et al. *Ethnic Diversity and Economic Instability in Africa: Interdisciplinary Perspectives*. (Cambridge: Cambridge University Press, 2012), Pg 89

economic growth and development require the players to be in a non-conflict situation. Besides this, ethnic conflict also destroys a lot of what has been developed during the time of stability. It breaks structures created for economic development. Businesses are brought down, infrastructure is destroyed and lives of people who drive development activities are lost. Countries like Nigeria, Congo, Rwanda, Syria, and parts of Kenya have had instances of underdevelopment precipitated by ethnic conflicts.

Oucho (2002) says that while it is true that ethnic conflict affects the economy, economic interests of a country or community may play a big role in ethnic conflict and hence lead to even more destruction into the economy. It ends up being a never ending vicious cycle.⁸²

Ethnic conflict affects people's economic incentives. Some sections of the economy flourish, while others suffer. To evaluate this, researchers have tested and discovered that the less destructive conflicts affect the labour-intensive sectors more. Conflict reduces the share of the manufacturing sector in the GDP, increasing the exploitation of some natural resources and reducing. Labour-intensive sectors are also negatively affected by conflict. It is also found that exporting sectors and industries that require external financing suffer more during conflict according to Hirschman (1981)⁸³.

Further, writers have said that Ethnic Conflict among other types of conflict can affect the level of development in a country in many other ways. In some ways, conflict is likely to disrupt distribution of food and other resources to the population affected by it. For instance reason so many people died in the 1984 famine in Ethiopia was not drought but

⁸²J. O. Oucho, *Undercurrents of Ethnic Conflicts in Kenya*, African Social Studies Series; Leiden, Boston, UK, 2002

⁸³ Hirschman, A. O. *The Rise and Decline of Development Economics: Essays in Trespassing: Economics to Politics to beyond*, 1981, Pp 1-24

because the food could not be distributed to the people due to the magnitude of the war which was going on at the time. Conflicts also affect many services, such as schools which get devastated by conflict and this may cause literacy rates to fall and it's obvious that levels of literacy are an indicator of widespread development. Also, ethnic conflict can bring an imbalance in the population structure, since men of economic age are those most likely to be involved in the fighting and get killed in some cases. A case in point is Rwanda where the war led to men getting away from economic activities as they fought and unfortunately, most of the men were killed in the wars.

The situation of ethnic conflict according to Easley (2000) has been considered to be the greatest contributor to the slow pace of development in Africa. Many decades after independence, ethnic conflicts are still in the news today from central Africa to Nigeria. The effects of these conflicts have been on income, growth and economic policies.⁸⁴ By this it means that in the situation of warfare in countries of African, and even globally, there can never be any meaningful economic growth. The warring communities divert their resources and energies to fighting with each other and hence lose out on developing their communities and nation in terms of engaging themselves in meaningful economic activities.

Where there is a slow pace of growth and of developing structures and system that are meant to improve the living standards of people, we consider that as underdevelopment.

This thesis therefore wants to research into the possibility of a connection between ethnic conflict and economic development. A special case study will be done on the conflict that took place in Kenya a few years ago between 2007/2008- the post-election violence. It will seek to see the causes, course and the implications of this conflict and see if authors have

⁸⁴ W. R. Eastley, Can Institutions Solve Ethnic Conflicts?, World Bank Publication, 2000. P 3

written anything on ethnic conflict's effect on economic growth and development in the case study below.

3.6 CASE STUDY: THE KENYAN POST ELECTION VIOLENCE- 2007/2008

Brown Hill and Turner notes that a few years ago, between the 28th December 2007 and the end of February 2008, about 1500 Kenyans were killed and more than 500,000 evicted from their homes after a disputed presidential election⁸⁵

This war had three similar but somehow different patterns; there was one pattern that was spontaneous, the other was organized and other was on retaliatory. The first phase which appeared spontaneous happened immediately after the elections were announced. The main hot spot of this was in Nairobi and in Kisumu. A few days later, warfare began in parts of Rift valley including Eldoret, Naivasha, Nakuru and Molo. It also happened in Nairobi. In this phase, organized youth groups attacked regions in the Rift Valley mainly where there were opponents of ODM party especially Kikuyu, Kisii and Luhya. And in the third phase some Kikuyu youths who lived across Rift Valley and other parts of the country started to fight back engaging the non-kikuyus in Naivasha, Nakuru and Mathare(Nairobi)⁸⁶.

These three approaches or phases of the conflict show that the war was both planned and spontaneous and that the planning had started way before the elections were done and announced. The actual cause according to many thinkers therefore was not the alleged rigging of elections. It must have been a long plan to remove some people from lands that they had occupied without being the original, native inhabitants. We may therefore attribute the unprecedented violence to the deep tribal divisions and years of economic dissatisfaction

⁸⁵L.BrownHill&T. E. Tuner, Seven Days in December: Kenyas Parliament Rejects the ICC and the Citizens reject Parliament., 28/12/12.

⁸⁶Ushahidi, report on Post-Election Violence in Kenya, UN Human Rights team. Accessed on 1/4/2014

<http://blog.ushahidi.com/2008/03/20/report-on-post-election-violence-in-kenya-un-human-rights-ved-on-team>.

which brought the country to the verge of collapse. It was only after the two main competing political leaders signed an agreement for power sharing on 28th February 2008 that the country was rescued from the cliff of breakdown.

According to Kenya National Commission on Human rights (KNCHR), the form of violence subsequently indicated planning and organization by political leaders, businesspersons, rural community leaders and local leaders, who solicited criminal gangs to carry out the violence. Though they remain behind the scene, they offered ideas, space and resources. This was mostly the case in Rift Valley and Nairobi provinces⁸⁷

The main causes of this violence were;

Rigging-Munene (2003) says that it was alleged that the result of the election held in December 2007 was rigged and this caused the violence due to lack of satisfaction by the supporters of the opposition party.⁸⁸

Historical marginalization-According to Throup (1998), election violence may be started by a disputed poll results but its root causes may originate in historical exclusion and marginalization as in the case for Kenya. In such a case, those in power will try to retain power at all cost including using foul means. Equally, if those outside authority have long been expelled from mainstream country political power and financial system, they will seek to achieve it through all means including violent behaviour⁸⁹

When a party is quite certain of losing or being excluded in an electoral competition, especially when they imagine they are losing not just once, but repeatedly, the certainty of results is also a strong underlying driver of hostility. Sisk (2008) notes that when a strongly

⁸⁷KNCHR, *Annual Report for the year 2008/2009 Financial Year*. Nairobi: KNCHR,2008.p6

⁸⁸Munene, M. Kibaki's Moment in History: The Election of 2002 and its Aftermath. *East African Journal of Human Rights and Development*. 71-72, 2003, page 46

⁸⁹Throup, D., Elections and Political Legitimacy in Kenya. *Journal of the International African Institute*.1993 pg 18-19

unconfident party or group expects to be consistently excluded from political control, they may as well resort to violence either to stop their exclusion or to stop the election process. This was the case in Kenya⁹⁰.

For Roberts (2008), Kenyans were reacting to events that had grown out of a period of gestation. It was a sign of deep-rooted centrifugal issues ingrained within the society. The outcomes of long neglected but very significant issues more especially the issue of land. As such, the fact that Kenya has enjoyed relative harmony does not make it resistant from election violence particularly if grievances in the nation have remained unsolved for years. Accordingly, unresolved grievances are a superb recipe for election violence⁹¹.

Weak constitution- Roberts (2008) continues to say that the constitution had created a government that is insensitive to the rights of the underprivileged and the bulk of the weak citizens who are largely women, the youth and children. This continuing legacy generated and encouraged a culture of impunity, the exploitation and ignoring of the institutions of the country, lack of liability and a culture that ignores international rules and standards of control and human rights protection and support. From this cultural perspective, the politics of segregation have taken root⁹². The politics of Kenya of exclusion were power-driven by ‘the conqueror takes-it-all’, and this had created a system that made elections an affair of life and death where the losers also lose everything in the political system. The violence was as a reaction against this system.

⁹⁰Sisk, T, *Elections in Fragile States: between voice and violence*. International Studies Association., 2008 pp51,52

⁹¹Roberts, M *Conflict Analysis of the 2007 Post-election Violence in Kenya*. New Dominion Philanthropy Metrics.,2009, p20

⁹²Ibid, page 22

The conflict was managed in phases with a start with ceasefire where the competing groups in the elections that is Kibaki and Odinga signed a coalition pact to share the government. Later, a few recommendations were arrived at by a committee of experts headed by Kofi Annan, former UN Secretary General. The plans put in place to settle the conflict permanently were; resettling of the displaced persons, coming up with a new constitution that is all inclusive and prosecuting those that planned and those who executed the Post-election warfare

The implications of this war as mentioned earlier were huge. There had never been such ethnic war in the country. All people in the country were affected in one way or another. People were killed, people were moved from their homes with their houses and other properties torched, and many people moved to refugee camps and assumed IDP status.

Economically, PEV affected business in the country and outside. Many businesses remained closed for over a month while other business premises and goods were destroyed. Workers in service industries like Banks, hotels, insurance companies and many more were trapped in their homes and hence their places of work closed.

The closure of roads especially those that head to and from other countries brought a big loss to the Kenyan economy. For about a week in the month of January, countries that get goods from Kenya or through Kenya like Uganda, Rwanda, Burundi, Congo and South Sudan had suffered a shortage of fuel and other important goods since the Mombasa highway and the Kampala road were closed⁹³. It is worth noting that Kenya is the transit point of a quarter of the GDP in Rwanda and Uganda and a third of the GDP of Burundi and therefore this violence really affected their trading with us.

⁹³Kenya in Crisis; Africa Report No 137, 21st February 2008. Accessed at 2000hrs 4/4/2014
http://www.crisisgroup.org/~media/Files/africa/horn-of-africa/kenya/137_kenya_in_crisis.

On January 8, 2008, the then Finance minister Amos Kimunya estimated that the loss incurred during this conflict was 60 billion and an average of 2 billion in taxes daily because of closure of local and international companies. There were other causes of loss in business like the destruction of the railway line in Kibera. This brought a multiplier effect that would take time to recover⁹⁴

There was massive destruction of multinational and local firms in Kisumu like petrol stations, supermarkets, banks and other service firms. The Kisumu Business District Board estimated that it would take 20 years to get back to business as it were.

One of the hardest-hit sectors was tourism which is the largest source of foreign exchange in the country. This is because the conflict found the industry in the peak season of Christmas. The common of attractions that is the game parks and the coastal resorts were nearly empty. The booking and occupancy had gone down from over 80% in ordinary times to less than 20%⁹⁵.

There were big losses in the area of horticulture and in tea farming and exportation. This is because the places of Rift valley where flowers are grown (Naivasha) and tea (Kericho) were burning. Actually all the crops grown in Naivasha were rotting in the farms. Besides the employees of these farms being displaced, the roads for transporting the produces were damaged and others blocked. Flower business loss for a month into the violence was estimated to be about 1 billion shillings⁹⁶. Cecilia Nduta, who was at the time working as a farm supervisor at Sunripe companies in Naivasha told the researcher in an interview that crops on the farm went unharvested for over a month. Ordinarily, such crops were harvested

⁹⁴Kenya in Crisis, 19

⁹⁵ "Conflict Threatens Kenya Tourism" McClatchy News Service., 19th January 2008

⁹⁶ "Horticulture Players decry Naivasha Violence" 98.4 capital News on 28th January 2008

and sent abroad on daily basis. She goes on to say that the company did not just loose sales but in some cases they lost an entire market with the customers looking for supplies from elsewhere⁹⁷.

She further said that more cost was incurred after the resumption of business since the management had to recruit over 100 workers who they had to train for the job. This is because most of the farm workers either died or vacated the place and never came back. Further into the violence effect on economy, operations at the NSE were suspended. They were suspended on 29th January 2008 at 11.52am and it is estimated that 40billion shillings was lost before it reopened later in the day. There was also huge loss of trust from this closure. Some of the biggest losers were EABL, Equity Bank, Barclays bank, Mumias Sugar Company, CFC Bank, DTB Bank, KCB and Ken Gen.

Major companies operating in different towns of the country were also greatly affected by loss of their experienced workers. Some of the workers hired because of their talent and expertise had to leave their jobs for fear of being killed. For instance Richard Chege, a top telecommunication expert working with Telecom Kenya in Kisumu had to run from there and never to return. He looked for job elsewhere since as a Kikuyu, he feared for his life. According to him, 90% of the staff in that company left never to return and the company closed for six months as new staff was being hired. This is one case among many that happened during this warfare⁹⁸.

3.7 Conclusion

The post-election violence in Kenya of the years 2007 and 2008 had great impact on the economy of the country and beyond. Though it was not the first ethnic conflict in Kenya, it

⁹⁷C. Nduta, Interviewed by KuriaNyiri, 12/07/2014.

⁹⁸R. Chege, Interviewed by KuriaNyiri on 01/07/2014.

had the greatest magnitude. The effects reach to us today almost a decade later. In the chapter just concluded, the researcher brings out testimonies of people affected economically by the violence. There is also a clear mention on the size of business lost within the conflict period. This is an indication that the research's hypotheses that ethnic conflict impacts on economic development has been confirmed to be true.

In the next chapter, the thesis will look into some of the issues that have emerged from the previous chapters of the research. The aim of this is to give a scholarly input into those issues that the thesis has mentioned in passing. Four of these emerging issues have been identified and their in-depth analysis will help to bring in more dimensions of this research topic. After the analysis of the issues, there will be a conclusion and a list of references used.

CHAPTER 4

THE IMPACT OF ETHNIC CONFLICT ON ECONOMIC DEVELOPMENT:

EMERGING ISSUES

4.1 Introduction

In the preceding chapters, a journey has been made through the topic of ethnic diversity/conflict and economic development. In the theoretical discussion and the case studies, the thesis has brought out the relationship between the two variables clearly. In chapter 2, a thorough theoretical look at the how ethnic polarization impacts on national economic growth has been done. The impacts are innumerable and the link is so natural and easy to pick. So far one of the hypotheses of the research has been confirmed that ethnic conflict has an impact on economic development.

In chapter 3, the researcher looked at case studies of instances in Africa where ethnic conflict has brought down economies. The most common cases mentioned were the conflicts on Rwanda, Congo, South Sudan and the Kenya Post-election ethnic violence of 2007-2008. A special look has been done on the Kenyan PEV of 2007-08 among other post-election ethnic conflicts that happened in Kenya in 1992 and 1997.

On the other hand, a detailed analysis of the economic growth and development of Kenya since her independence a decade ago has shown that the graph has been rising and falling in different years for different reasons. The factors that have affected the national economy have been noted as being inflation and conflicts as the most common. The worst economic nose dive happened in 2008 when the country experienced a catastrophic ethnic violence and a global economic recess.

The impact of these conflicts have been brought out clearly in an analysis of the growth of Kenyan economy in the environment of this ethnic polarity. The already mentioned Kenya PEV of 2007-08 which was the most catastrophic in the history of Kenya. The economy of the country sunk by a big percentage and the paralysis on activities in the country affected the region and the whole globe. In some way, Kenya has not recovered fully from the impact of the calamity. The destroyed infra-structure, the killed human resource, the businesses set ablaze or destroyed, the farms torched or destroyed and above all the hatred created have dragged the economy of the affected places big time.

In the course of looking into these conflicts and their effects, the researcher has been able to identify new trends and areas of further scholarly debate identified them as a research gap. The researcher is now seeking in this chapter to look into some of these emerging issues in the area of ethnic diversity/polarization and the impact on economic development. The researcher will analyse four emerging issues and will make it precisely a scholarly discourse whereby the paper will look at what authors have said about these issues. The emerging issues will be the ideas that came up in the earlier chapters which, according to the researcher, require some further research and discussion. At the end, there will be a conclusion and a list of references.

4.2 Emerging Issues

4.2.1 Social Media as the New Battlefield for Ethnic Conflict and the Effect on National Economy

According to Back and Hallonem (2008), social media is the group interaction among people in which they create, share or exchange information and ideas in virtual communities

and networks.⁹⁹ By this we mean that a web of societies is created whereby those who are in the social group can chat, exchange pictures, videos and all manner of information. The different kind of social media available today include Twitter, Facebook, YouTube and Instagram among others. Social media is dependent on mobile and web-based technological infrastructure to create highly interactive avenues through which people share content.

In another definition, Michael M. Ndonge (2014) describes social media as digital media which are interactive and that involves a two or more ways communication. He continues to say that this communication involves some form of computing¹⁰⁰. Although social media is not a face to face interaction, two or more different people in different location converse, share information, pictures and even videos just like it happens in real communication. Some of the examples according to Michael are twitter, face book, blogs and you tube among others.

This method of communication and networking is very popular today and especially among the young people who can access data enabled gadgets that facilitate connection to the internet. The main reason why social media is quite a popular means of communication today is because of the micro-blogging nature.

Conflict across the globe is a regular occurrence. There has been a series of conflicts of different types all emerging from different causes. For most cases of the internal conflicts, the fuelling factor or the causal factor has been ethnicity. Ethnicity has already been defined in the earlier chapters. Generally, ethnicity is a good thing because the variety and diversity it brings into a community. The ethnicity that promotes healthy competition and learning for

⁹⁹ Ahlqvist, Toni, Bäck, A. Halonen, M. (2008). "[Social media road maps exploring the futures triggered by social media](#)". *VTTTiedotteita – ValtionTeknillinen Tutkimuskeskus* (2454): 13. Retrieved 9 December 2012.

¹⁰⁰ Michael M. Ndonge, "Social Media, Ethnic Hatred and Peace Journalism" *International Journal of Research in Social Sciences* 4 (6) 437-450.

each other is called positive ethnicity. On the other hand, negative ethnicity is the one that makes people disagree strongly, form biased stereotypes and even fight.

Howard (2009) says that ethnicity is attributed and exploited by the politicians for their personal gains. They use ethnicity as a means to access power and trample on the less fortunate. Politicians, as they look for votes and power, use identity and division as some strategies to help them gain wealth and power for themselves¹⁰¹. As they amass all the wealth they leave the poor people to live in endless tolerance. Negative ethnicity sometimes comes in form of a hate speech or some sort of discrimination and it may bring up a situation whereby each ethnic group has some endless intolerance. Negative ethnicity ends up being a scenario of one ethnic group blaming the other for all the evil and misfortunes. When this happens, the parties agree to come together and terminate the hatred through ethnic cleansing.

This ethnic conflict, a resultant of negative ethnicity happens in both real/physical word and virtual world. Social media offers a cocktail of good and bitter things. Through it, people share their experiences and useful information. On the other hand, social media provides a platform for conflict, accusations and counter accusations and a lot of word lashing.

Since social media platform is a new phenomenon, with access to the internet only a few decades old, not say many scholars have written on this area. However, the case of Kenya's ethnic war on the social media platform has been noted by many authors especially after the closely contested election of 2013.

¹⁰¹ Howard R, Conflict Sensitive Journalism in Practice, Centre for Journalism Ethics: School of Journalism and Mass Communication, University of Wisconsin Madison, 2009. Page 11

Kenyans have a routine of attacking each other and other people on social media. For instance some attack messages went viral on twitter and face book in what was dubbed as #someoneTellCNN and a few months later attacked the Nigerians following a mistreatment of the Kenya soccer team. They used #someoneTellNigeria.

As mentioned above, after the Supreme Court ruling in 2013 on the case of the winner of the election, there erupted a serious war of words online in face book and twitter. Michaelsen (2008) noted that the wars had clear ethnic overtones fuelled by the close contest between to presidential candidates. The two close contestants who came from different tribes, tribes that have a history of hating each other. The insults in the blogs and social sites were so serious and many people feared that this warfare could erupt into physical war¹⁰².

If we compare the elections of 2007 and 2013, we may generally say that in 2013, Kenyans had learnt their lesson. The elections went on peacefully without cases of violence, at least physical. But when one looks at what was doing rounds on face book and twitter and even in some blogs, we can very well say than Kenya was burning through ethnic hate messages. A statement posted by a person perceived to be of a certain tribe especially touching on the election would elicit hateful reactions from people of a different divide.

Social media in a nutshell as put by Oloo A (2010) is used to amplify and bring out the political ghosts of hatred in people's hearts expressed in form of ethnic hate speech¹⁰³. Digital experts have predicted that if not controlled, ethnic hatred/conflict experienced on social media is a time bomb that can end up being a violent physical conflict. In remedying this situation, countries have established hate speech sensors which go through messages passed on social sites and investigate those that they consider to be spreading the hate.

¹⁰²Michaelsen M, *New Media vs Old Politics: Internet, Social Media and Democratization in Pakistan*, Berlin. Fredrick Ebert Stiftung, 2008.

¹⁰³Oloo A, *Party Mobilization and Membership: Old and New Identities in Kenya Politics*, 2010.

In Afghan, in a case where Pashtun and Tajik tribes were in war, a warfare that was happening on social media, especially face book, the afghan government was asked to ban face book use¹⁰⁴.

With this tension and conflict on social media, the impact on economy is clear. The warring groups hate each other out of the hate messages propaganda on the social media to the extent of boycotting products produced by the other group, avoiding hiring or working with people from the other tribe, failing to agree on the common good which would make them all develop economically among other economic effects. The reason why social media platform for ethnic conflict is so effective is because most of the people having accounts are anonymous or cannot be traced immediately. The warfare on social media go to the extent of people hating on firms associated with some community or towns inhabited by certain tribes and they speak with so much hate about those towns, residences and companies and hence leading to bad publicity and ultimately low businesses for such organizations.

4.2.2 The Impact of Language Diversity on Economic Development

Language is a key element of identity among human beings. It is one of the few unique features found in cultures and key component of ethnicity. Ethnic groups hold language as a key feature of the members of the group because in the language, members can communicate secret information, counsel their young people, defend their heritage, and compose their music and folktales among other importance.

For Simonton, language is what unifies human beings. It also divides people in equal measures. This paradox was experienced first in the biblical story of the tower of Babel.

¹⁰⁴thejournal.i.e, 19/8/ 2014. Why was the Afghan Government asked to Ban Face book? <http://www.dev-john.thejournal.i.e/afghan-government-ban-facebook>, retrieved on 19/8/14, 1900hrs.

People were united and spoke the same language and had great plans, until God confused their language and nothing could move on¹⁰⁵.

Language diversity is the variety of languages spoken in a community/country. This may mean the different languages spoken by different people of different tribes or different languages spoken by the same people in the society.

There are about 6000 languages that are spoken world-wide. Some of them are dominant and cut across countries and continents while others are just localized. With time, the number of languages is declining because of globalization and economic growth and development.

For economic development to happen there has to be a common playing ground. The market place must have some common field for all the players. One of the common things has to be means of communication. Economic development most obviously requires some form of specialization and trade. Those who engage in any form of trade must have a common means of communication. Although ethnic diversity does not mean precisely one ethnic group not understanding the other group's language, it is most commonly the case. Common language facilitates easy business¹⁰⁶.

It is important at this point to remember that ethnic groups in war use their language to hide their secret war plans. At the same time, they use the same language to disadvantage the other group economically.

Language diversity of any sort is known to cause some form of retardation of political and/or economic nature. This is so because language diversity increases the levels of political

¹⁰⁵ D. K. Simonton. An observation by University of California, Davis.

¹⁰⁶ P. De Graue, Language Diversity and Economic Progress, University of Lauven, www.econ.kuleuven.be/ew/academic/intercon/Dagraue/PDG.papers/work-in-progress-presentations/EcDevandLanguages

sectionalism which in turn hinders corporation and national unity. This also brings in some lack of political enculturation. People get divided according to the ethnic groups and they vote, plan, converse and do everything on the basis of their language cocoon. Again, language diversity tends to impede the political support for the authorities and the entire regime especially in situations where there is ethnicity as the dividing line between the government and the opposition or rebels (in situations of conflict). This failure to support government in its programs reduces government's effectiveness in service delivery and also brings in political instability. With a politically unstable government, there is slow economic growth if any.

Language barriers on economic activities have gone down by a big leap from the 90s more so because of high number of educated people and because of technological advancement. However, this observation only applies to the developed nations¹⁰⁷.

Language diversity according to Karl (1966) kills occupational mobility and hence decreasing efficiency and also preventing the diffusion of innovative techniques from people of diverse backgrounds¹⁰⁸.

It is clearly apparent that in societies that have increased communication, there is a greater level of productivity. This is because the people involved are able to agree on the common good. Language diversity on the other hand, according to Nicolo Machiavelli's book *The Prince* where people have not agreed on a common language for use, affects universal education which is a key pillar for nationalism and economic growth and development¹⁰⁹.

¹⁰⁷ Intercultural Economic Analysis: Theory and Method, Perking University, Beijing, China. 2009, page 124

¹⁰⁸ D. Karl W, Nationalism and Social Communication: An inquiry into the foundations of Nationality: 2nd Ed, Cambridge M T, 1966, page 4.

¹⁰⁹ M. Nicolo, Machiavelli's The Prince, Education and Transformation of the Prince by Mark Musa, St.Martins, New York. <http://utilika.org/pubs/etc/ndld-asl.pdf>

On their part, Ginsburg and Wheel (2011), hold an argument that in a highly diverse community, where there are so many different language groups and hence different cultures, such a nation needs to put most of its resources in building or reinforcing the education institutions. These institutions will give an opportunity to the people to learn languages and cultures of varied people and hence learn to co-exist. The country should as well prioritize developing communications and coordination within different ethnic groups. This way, people of different tribes will work together for the good of the state. If this does not happen, the financial costs of the diversity and the communication barrier may end up affecting the national unity and the economy in a negative way¹¹⁰.

Another effect that language diversity has on economic development is to do with balancing the economy. When the language diversity is such that there is an undue disadvantage on one group of people in the society, then the result is an unbalanced economic growth. Areas with strict local language are hard to do business with and are also unemployable. For this reason, such places remain behind economically. On the other hand, areas where people have agreed on the common good in terms of a common language of communicating, things run smoothly. At the end of all this, one part of a nation becomes more developed than the other¹¹¹.

Rural development is crucial to national economic development. This is because most of the people who drive the economy are in the rural sides. To avoid an economic growth imbalance, development has to be equitable. Communication has a very key role to play in order to develop the rural areas. Most times, besides the lack of a common language for communication that affects economic interest, lack of communication affects the numeracy,

¹¹⁰ V. Ginsburgh and S. Wheel. *How Many Languages Do We Need? The Economics of Linguistic Diversity*; New Jersey. USA :Princeton University Press, 2011, page 10

¹¹¹ World Development Report: Reshaping Economic Geography, World Bank, 2009.

literacy and education in general. According to Smith (1997), dialogue is the key to rural development where the most vital thing is participation and empowerment. Language is the major factor of dialogue¹¹².

Researchers and sociologists all agree that there is a marginalizing effect that is brought about by language especially in the environments where speaking a certain other language denies one access to some economic benefits. Rubin 1997 notes that stereotype and discrimination of people of different linguistic orientation happens all the times in the rural and urban settings and hence the disadvantage group ends up economically challenged¹¹³

UNESCO and UNICEF on their part have a strong regard for unity. They hold that one of the major aims of any development in a nation is to remove all the barriers set for the people e.g. ethnic diversity. This is for the sole reason that this will help all people regardless of ethnic affiliation or race participates in economic development. They continue to assert that cultural/language diversity is one of the major factors that contribute to the ever increasing unequal participation in education and this brings about in the end high levels of underdevelopment.¹¹⁴

4.2.3 The Vicious Cycle of Ethnic Conflict and Economic Development (Under-Development)

Earlier in this thesis, the researcher brought out theories and case studies to show the connection between ethnic conflict as the independent variable and economic development as the dependent variable. So far, the paper shows that there are many ways in which ethnic

¹¹²Smith, M. K. (1997, 2002) 'Paulo Freire and informal education', *the encyclopaedia of informal education*. [<http://infed.org/mobi/paulo-freire-dialogue-praxis-and-education/>]. Retrieved: 19/8/14, 2300hrs.

¹¹³Rubin et al. *Language Planning Process*. (, Netherlands: Mouton Publishers, 1977), Page 40

¹¹⁴AdamaOuane. *Towards a Multi-Lingual Culture of Education* (Nairobi: UNESCO Institute of Education, 2003), page 33

conflicts impact on economic development. In most of these cases, ethnic conflict has a negative effect on national economy.

However, among the emerging trends is that just as economic development is affected by ethnic conflict, so does economic growth or lack of it cause ethnic conflict or make conflicts worsen. There is therefore a vicious cycle that keep repeating itself this way all the time especially in war torn areas.

In general, we can therefore say that some conflicts in the society are caused by economic reasons. According to Collier (2006) these economic reasons could be economic growth and development or economic underdevelopment in a society. Some of the ways in which this happens is when there are group motives or political inequalities that lead to some mobilization of a certain ethnic group and horizontal inequalities¹¹⁵. By group motives it means group differences that make a certain ethnic groups distinct from others.

In the previous chapters that touch on the impacts of ethnic conflict, we have seen that this type of polarization in most cases has a strong dependence on places with high primary commodity exports. These include minerals, oil, horticulture products among others. Ethnic conflict also thrives well in places that have a low national income. We mention high primary commodity exports because as one community fights another, the belief is that one of the groups will get an opportunity to sell the resources. In the matter of low national income, most people in such a country would be considered to be needy and hence the cost of hiring such people to become rebels and fight another ethnic group is so high¹¹⁶.

¹¹⁵ P. Collier. *Economic Causes of Civil Conflict and their implications for policy*, department of economics. London: Oxford University Press, 2006), Page 18

¹¹⁶ Andrea Neal- Marji. *Ethnic Conflict*.(University of Kenturkey), 2010.

Paul and Hoeffler (2004) emphasise the earlier made point by saying that ethnic conflict and other forms of conflict happen in countries with large stock of easily expropriated primary commodities amongst them drugs, metal and rent for immovable products like oil¹¹⁷.

Ethnic conflict in most cases happens in places with low education levels. This is because with their education level, first, it is easy to convince such people through propaganda and a lot of convincing to join in a revolt against another tribe. And second, people who are not so advanced in education happen to be mostly unemployed and hence they can easily be dragged into cases of ethnic fighting. Some people who may be influential in the group are helped to safe guard self-interest.

Statistically, if 55% of the youths in a country are out of school, there is a 14% risk of violence erupting. On the other hand, if the number of the school going students who are not in school is about 14%, then the risk for violence reduces it around 10%. This shows that the effects are major.

In most cases, in matters to deal with ethnic conflicts, it has been observed that there is always an economic decline. A 1% of ethnic conflict always raises the economic growth and development of the place by 1%.

When people are poor, it is said that such people consider themselves and are considered to having nothing to lose by going into conflicts and hence the patrons of the ethnic conflicts can recruit people to go into rebellion or welfare since it is cheaper.

Robins and Cape (1939) argue that for the masses to move into some form of violence there has to be some form of trigger. This trigger is in most cases economic injustice which in the end ends up being some huge ethnic conflict¹¹⁸.

¹¹⁷C. Paul & A. Hoeffler, "On economic causes of civil war", Oxford Economic Papers, 56, 563-595.

¹¹⁸ L. Robins and J. Cape. The Economic Causes of War. (London. 1939)

Moving further ahead, it is observed that the economic conflict can easily be caused by the available resources. When there are cases of hard economic times and conditions, there emerges issues of high unemployment and dimmed prospects for the future and most people feel real victimized and hence blame their misfortunes on other ethnic groups that seem to be doing well. This finally breeds to inter-ethnic competition. As we continue to see the causal link of ethnic conflicts and in general, all conflicts, some authors observe that in some cases, ethnic competition or ethnic conflict may be brought about by what may be termed as ethnically split labour market, employment segregation, cultural division of labour among other causes¹¹⁹. These three factors are some of the key issues in economic development. With such issues, a society paralysis and hence development stagnates.

Further in this linkage between economic developments and ethnic conflict, some authors have discussed a theory known as internal colony theory. According to this theoretical discussion, a group of people from some ethnic community establishes their dominance within the society and from there the group asserts itself by maintaining some cultural division of labour. This locks out most of the other people who do not belong to that tribe and hence sparks some level of ethnic dissatisfaction which ends up as an ethnic conflict. In this case we are talking about a situation where there is stratification and cultural distinctions are made so clear and they are superimposed upon class lines¹²⁰.

Hechter (1978) observes that when ethnic groups are victimized in some ways or if they have some perceived or real threats that are coming from other ethnic groups who in most cases rival them, identification in terms of ethnicity becomes the most important way of shielding

¹¹⁹A. J. Kposowa and J.C. Jenkins, "The Structural Sources of Military Coups in Postcolonial Africa, 1957-1984," *American Journal of Sociology*, Vol. 99, No. 1, 1993, pp. 126-63.

¹²⁰M. Hechter, *Internal Colonialism: The Celtic Fringe in British National Development, 1936-1966*, (Berkeley: University of California Press, 1977), p. 30.

themselves. This is because all across the globe, and especially among people living in Africa, Asia and South America, ethnic grouping is seen as the major source of protection¹²¹. Susan and Woodward (1997) in his analysis of causes of economic growth as a recipe for conflicts says that in situations where there are declining quality of life in a state, say for instance Bosnia which was part of her case study, there will always be a collapse of the community because the expectations that people were clinging on and the hope for the future has diminished. In this case of Bosnia, there came the collapse of communism. The political entrepreneurs used the tactic of ethnic hatred to protect their interest, a move that created some social categories that had disguised as a concerned organisation which was protecting group interests. As this became the attitude among the group members against the other group, the two tribes played safe to try and remain cautious not to be denied the limited resources available¹²². This kind of a hide and seek game paralyses a lot of operations and reduce the per capita and hence the GDP on a nation.

Muscat (2002) argues that economic growth and development aggravates and fans the ethnic conflict because whenever there is some level of growth, it raises expectations as well as discontents. There is a lot of sharpening resentments that comes from the relatively disadvantaged people. This situation when it unfolds like this it becomes the new source of ethnic conflict and in other cases other forms of conflict. This is worsened if the differences

¹²¹Michael Hechter, "Group Formation and the Cultural Division of Labor," *American Journal of Sociology*, vol. 84, no. 2, 1978, pp. 293-318.

¹²²Susan and Woodward, *Interventions in civil wars- Bosnia and Herzegovina*, working paper, Institute of War and Peace Studies, university of Colombia, 1997. <http://www.ciaonet.org> accessed on 18/8/14, 1125hrs.

are made public and they are used by the ethnic kingpins/elites to mobilize the already miserable members of the tribe.¹²³

From the above discussions on the vicious cycle of causal link between ethnic conflict and economic development, Cordell and Wolff (2010) say that ethnic conflicts are not ethnically caused by their very nature. By this I mean, when a tribal war erupts, the problem is normally not because of the difference in ethnic background. It is always because of some very much hidden causal factors like land. There must be an economic disturbance that seems to favour a particular ethnic grouping¹²⁴.

Ethnicity by itself is a neutral reality. It is a form of identity which distinguishes a group of people from another. If it remained so, there would never be any conflict with an ethnic causation. However, when some ethnic grouping seems to be advantage in some way be they financial benefits, social, political or any other indication of unequal treatment, conflicts erupts. In this case therefore economic development will hence have brought war which in turn will destroy all the remaining economic gains.

Collier &Hoffler (2014) and James&Laitin (2003) all agree in their writings that poor countries face a greater risk of ethnic conflict. This is because of some of the already mentioned reasons that include the opportunity cost of rebellion, vulnerability to manipulation, lack of proper education among others.

The real vicious cycle as alluded to in the sub topic of this research document comes in when such poor people as mentioned above do not make effort to improve their economic status. In the long run, lower economic development leads to more conflict¹²⁵.

¹²³R. J. Muscat, M E Sharpe. Investing in peace, How development aid can prevent or promote conflict , (New York 2002), Page 10.

¹²⁴ K. Cordell, S. Wolff. Ethnic Conflict: Causes, Consequences and Responses, (USA: Polity Press, 2010).

¹²⁵F.James& D. Laitin "Ethnicity, Insurgency and Civil war, America Political Science Review", 97, 75-90.

Further in the issue, some authors have said that ethnic conflict is also able to show its ugly head when economic gains are higher and opportunity cost is low. High capita income reduces the prospects of insurgency since the opportunity cost of joining such activities increases and hence the wages activists will pay a lot more to recruit people of the ethnic warfare¹²⁶.

4.2.4 Multi-National Corporations /INGOs' and their Contribution towards Ethnic Conflicts

Multinational corporations or enterprises are organizations that have business of trade on good or services in another country apart from the mother country¹²⁷. This means that if the company is established first in Kenya, it establishes branches in a few other countries outside Kenya. MNCs are owned by individuals or a government(s). Some of the MNCs have a bigger economic value than the GDP of many countries especially in Africa. Their impact therefore is huge in particular states because they contribute greatly to the economy of the host country through tax collected, infrastructure created, jobs provided to the residents, transfer of technology and even the goods that are sold into that country either for resale or for consumption. Some of the biggest MNCs/INGOs in the world include Woolworths, Coca cola, Barclays, Britam Investment among others.

It is because of the above mentioned impact on the social, political and economy of a country that it is important to ask; does the presence of these MNCs/INGOs impact or fuel ethnic conflicts?

The answer to the above question is in the affirmative. MNCs have been found to in some cases cooperate with some repressive groups and offer them support to fight their opponents. This

¹²⁶P. Coulier & A. Hoeffler, 1998, page 10.

¹²⁷<http://www2.econ.iastate.edu/classes/econ355/choi/mul.htm>

is because of the huge economic power with these organizations hence funding is quite possible. Campbell notes that some of the MNCs/INGOs also take part in some criminal activities like corruption, poaching, extortion and smuggling. This way, they may collude with a section of the community and steal from them as they probably export such smuggled goods. Campbell notes that this creates friction between the allies of the MNCs//INGOs and those from whom this corruption is happening¹²⁸.

There is also a common phenomenon of unequal distribution of resources whereby certain regions benefit more than others. In this case therefore, ethnic conflict is influenced by the variance in economic strengths of the two ethnic groups. In this case we are looking at a situation whereby the residents may see favoritism which could be influenced by local or political leaders or may be situation that is just by default.

Cases of environmental degradation that are brought about by the activities of the multinational corporations could end up marginalizing or disadvantaging some people and hence creating some conflict. For instance, some grazing land may be used up to set up a factory in a pastoralist area prompting the displaced people to move to the other communities grazing areas and hence causing war. Again in some areas where MNCs/INGOs establishes a factory, the impact of the manufacturing works may affect the people of the area hence causing some adjustment in their living styles which could in the end lead to a conflict for land or any other resource.

On the other hand, the activities of multinational corporations/INGOs in a region could bring about friction or fuel existing friction in some community. Such activities like hiring of workers, and marketing strategies used in selling the goods/services may bring

¹²⁸ A. Campbell, Fuelling Conflict or Financing Peace and Development? Linkages between MNCs investment Development and Conflict. <http://www.carletonica/eifp/>

about some tension between the tribes in that region. Consider for instance employment. If there are two tribes living in conflict in a place where an organization has been set up, and the jobs are not given equitably, then this may bring about war¹²⁹. As they do this, they as well create some domestic inequalities which in some ways bring in a new form of social-economic marginalization.

The MNCs/INGOs may as well bring about ethnic conflict because they adhere to some operational policies and practices which in themselves intensify ethnic conflicts. The organizations may as well come up with some technologies which sort of disrupt the traditional economy of the people living in the area. This technology may in some way advantage some and disadvantage others leading to hatred and ultimately warfare.

According to Ngomba-Roth (2007), these corporations also participate in fuelling already existing warfare. MNCs/INGOs though acting on good faith have helped communities by building local infrastructure. However, the good infrastructure at times provides access to resources that are used by parties in their violent ethnic conflict¹³⁰.

Since these organizations are run by humans who sometimes have personal interests, there can emerge some form of unfair patronage which would in the end lead to unfair resource usage. By the MNCs/INGOs acquiring land in the area of production, they may have to resettle people in different areas. If they happen to come up with a bad resettlement scheme, some people will miss the ability to even get their basic needs or maybe they are excluded from accessing resources and opportunities hence hatch thoughts of violence.

The MNCs/INGOs may also bring polarization and warfare if the people managing the organization are seen to be discriminative in the work place where they treat some of the

¹²⁹ Ibid, page 30-62

¹³⁰ R. Ngomba-Roth, *Multinational Companies and Conflicts in Africa: The Case of the Niger Delta*: Transaction Publishers, London, UK. 2007.

tribe with favouritism and others with injustice may be owing to the stereotypes in the community.

Ruesch 2008 notes that when the MNCs/INGOs become fully entrenched in the country's system, one of the tribe may accuse another of colluding with the MNC/INGO may be to do corrupt deals that marginalize others¹³¹. Alao (2007) observes that there are also cases of MNCs/INGOs which fuel conflicts by reinforcing inequalities by sponsoring and supporting legislators and politicians to pass oppressive laws and laws that violate human rights so that people can fight and ultimately the MNCs/INGOs and other international organizations can benefit from the conflict¹³².

The MNCs, INGOs and Powerful nations benefit from Ethnic conflicts and other conflicts because during the conflicts, they cease the chance to exploit natural resources in the area. This is made possible because of the chaotic situation in the area. The organisations also cut deals with either of the warring groups to support them as long as they will aid in the exploitation and smuggling. They also benefit from the conflicts since they will sell fire arms to those in war as well as doing illegal taxations. The exploitation of the resources helps the warring groups to sustain their warfare. During these conflicts, there is a lot of sale of conflict goods like non-military materials, knowledge, animals and sometimes human beings in order to keep the war. This is happened a lot in D R Congo¹³³.

4.3. Conclusion

Ethnic conflict and economic growth and development have so far been seen to be intertwined and joined at the hip. They are like what we have in the analogy of the chicken and

¹³¹ M. Ruesch, *Corporations and their role in Violent Conflict*, (Maastricht: University College, 2008).

¹³² A. Alao. *Natural Resources and Conflict in Africa, the Tragedy of Endowment*. (Rochester: University of Rochester Press, 2007). Page 97

¹³³ <http://www.lar-gwu.org/node/26-AglobalapproachtoregulatingtradeintheDRC,InternationalAffairsReview>, The Elliot School of International Affairs at George Washington University.

egg, which came first. In this analytical discourse on the emerging issues coming from the earlier chapters of the research thesis, the linkage between the two variables has been brought out vividly as mentioned in the research objectives.

Any form of ethnic polarization has a way of affecting in all cases evaluated above negatively to the economic growth and development of any nation. The four issues discussed above point out to the fact that there are now serious players and change of trend in the ethnic conflict, economic development linkage. With the advancement in technology, ethnic conflict and the impacts this has on national economy has now changed course and the machetes, rungas, pangas and guns have been replaced or at least complemented by war of words and pictures on internet. This has a disastrous effect since the confrontation is heartless due to the anonymity of the fighters.

Further on, the chapter has analysed the impact created by language diversity. There has been a discourse on the hindrance that lack of proper communication causes to the course of education, national unity and most importantly, economic progress. The observation is that this diversity can be used for good but in most cases, it has been a very big hindrance to growth.

The researcher has also delved into the reversed roles that are played by economic development and ethnic conflict in some ways. Though the thesis hypothesizes that ethnic conflict has some impact on economic growth, research has shown that actually the levels and nature of economic development or lack of it can cause ethnic conflict or fuel an already on-going conflict. Poverty, lack of employment, presence of minerals, increased population and other factors of the economy in some way point to ethnic conflict. It is only in economically stable states that this possibility of polarization is averted.

Lastly among the emerging issues is the contribution of the non-state actors in ethnic conflict. These are the powerful nations, multinational corporations and the international non-governmental organizations. The local NGOs could also be in this band wagon. In this school of thought, the research has shown that in many ways, these actors fund, influence, mobilize and create environments conducive for ethnic war. These organizations do all these in order for them to gain economically or just politically. So if a government does not have surveillance and control of these non-state organs, there might be non-ending civil wars which will in turn shrink the economy of a nation.

Finally therefore, there has been a clear and exhaustive look at the emerging issues in this thesis. Analysis has been done and market gaps identified. In the following chapter, the researcher will be drawing the recommendations and come up with a final conclusion. The hypotheses will be tested and further areas of research suggested.

CHAPTER 5

SUMMARY, KEY FINDINGS AND RECOMMENDATIONS

5.1 Summary

This research thesis has undertaken an academic journey from the chapter on the skeleton to chapter 4 on emerging issues. The research has sought to find out if there is a direct correlation between ethnic conflict and economic development.

Ethnicity as discussed is a key identifier for most people all across the globe. It is the most immediate way of identifying the origin and the belongingness of an individual in a nation. Ethnic diversity therefore is a common thing all across the globe owing to people's origin and areas of first settlement. In itself, ethnic diversity is not evil. It is actually a great pillar of building a nation. This is because members of different ethnic groups have unique strengths and talents. Therefore, this variety in a community/nation enhances competition and a blend of several skills to bring in a high breed.

However, even with these benefits of ethnic differentiation, there are times that ethnic groups use their uniqueness in terms of culture to try and protect their interest and in some cases intrude into other people's rights. When several ethnic communities hold different ideologies and opinions and they differ with the other community, then an ethnic conflict ensues. An ethnic conflict is therefore simply a clash of interests between ethnic groups.

In the first chapter, the thesis looks at a broad outline of the research project. The objectives of the research are clearly put as an attempt to see the linkage between ethnic conflict and national economy. This is to be achieved by looking into the theories that discuss the variables in this topic while citing specific examples of the conflicts and their impacts from across the globe. In the literature review, a thorough search into the contributions of

different authors of this subject matter has been done. These ranges from authors of the theories of ethnic conflict and economic development to people that have cited examples of the topic. A brief look has been done into the post-election violence of 2007-2008 in Kenya with further analysis of the same to be done in other chapters.

The hypotheses of the research are in line with the objectives. It is simply to identify if there is a relationship between the two mentioned variables. In the same chapter, a theoretical framework has been done explaining the broad scope of the research according to the theorists of this topic. The research took the direction of all the theorists discussed. Further in chapter one, the researcher shows the means intended to be used to do the research. There is a heavy reliance on secondary data but a bit of primary data has also been thrown in.

Chapter two of the thesis is a theoretical discussion. It is digging deeper into the subject matter but guided by the theoretical framework already discussed in the first chapter. In this chapter two, an overview is done on the areas of ethnic conflict and economic development. Further, a historical journey is made across the globe in terms of ethnic conflict and economic development. Here, the researcher shows how the world has suffered several cases of this conflict with a regular pattern noted. In most countries of Africa, this pattern repeats itself at the time of elections. The elections in this case appear just as a trigger factor with the main problem lying underneath. The most common cause has been identified as land. In the chronology of economic growth of Kenya, the thesis notes irregular growth rate that oscillates between 2 and 6. The reasons for this fluctuation are mainly terrorism and conflicts.

The researcher as well shows the theories mainly economic oriented that related economic development to ethnic conflict and vice versa. In the theoretical discussions, names of the main proponents of the main theories applicable to this topic like Easterly and Levine, Keffer and Knack, and Collier and Hoeffler come up conspicuously. After the theories relating the variable are analysed, a relevance of these theories is drawn to link theory to history. Cases of the nations that have had their economies brought down by ethnic conflict like Rwanda, Somalia, South Sudan and Congo are cited. Other general examples are also given to firm up the theories. The case of the post- election violence of Kenya in 2007 and 2008 is also used since it is the main focus of this research.

In the following chapter, the researcher now seeks to contribute to the body of knowledge by looking at a case study. In this case study, a brief overview is done to build the case. In this build up, the researcher looks into the many cases of ethnic conflicts in Kenya since independence. There is a mention of the conflicts that came immediately after the country gained independence. A special mention is done on the 1992, 1997 and 2007 ethnic conflicts which all seemed to be related at least by cause. They were all election triggered and with land as the source of dispute. The research as well looks into the issue of economic development since independence in Kenya with a particular attention to the nose dive of the time following the PEV of 2007-2008.

The climax of the chapter is the case study that analyses the case of PEV of 2007/2008 as mentioned above. In this section, the researcher looks into the causes, course and the consequences of the worst case of civil war to happen in Kenya. The cause of the violence is mentioned as rigging of an election, historical injustices and a weak constitution that allowed inequality. The thesis navigates through the whole journey of the conflict and concludes by a

look at the impacts. The effects included mass movement of people, deaths, destruction of property, closure of businesses, and creation of a higher level of ethnic hatred among others. In general, there were social impacts and economic impacts. The economic impacts ranged from millions of loss in flower farms, tourism, destruction of property, taxes from closed businesses and taxes from goods not exported. The data collected from journals, broad cast media and interviews with people affected economically the PEV show that over 6 billion was lost during the 2 month stand-off. Evidently, the country is still struggling to heal socially and economically from the conflict.

In chapter four, the researcher looks through the first three chapters and identifies some key emerging issues in the topic of research and gave the same a deeper look in them. This is because a lot has changed in the world of ethnic conflict and economic development since the times when various authors gave their input. In the area of ethnic conflict and economic development, some of the emerging issues identified include; the social media as the new battlefield for the ethnic conflict and the effects this has on economic growth and the impact of language diversity on economic development. Others are the double edged sword of ethnic conflict and economic development or underdevelopment whereby each can cause the other and the influence that multinational corporations and international no- governmental organizations have on ethnic conflicts. In the scholarly discourse of the issues, the research shows that ethnic conflict has taken a new platform of social media. In this virtual space, people fight with words, incite others, and agree to boycott goods produced by their rivals. This affects a country's economy. The research also shows the vicious cycle where ethnic conflict causes ethnic underdevelopment while economic prosperity or lack of it causes ethnic conflict.

On the emerging issues, it is also noted that multinationals are a big contributing factor to ethnic wars across the globe. The reasons identified are many to the extent of removing any doubt on this assertion. Finally, the researcher has also discussed the role of language and language diversity in ethnic polarization. In this analysis, language is considered to be the key characteristic of an ethnic group and hence it is used sometimes as a great weapon in the ethnic warfare.

5.2 Key Findings

At the beginning of this thesis, the researcher set out to confirm one of the hypotheses contained in chapter one. After the academic journey of discovering the relationship between the ethnic conflict (dependent variable) and economic development (independent variable), it can be said categorically that there is a strong connection. Ethnic conflict impacts on economic development to a very great extent.

It has been found out that in cases of ethnic polarity in a nation, the GDP of that country goes down. This is owing to the fact that people who act as the engine of the economy stay away from work, the workers live with a lot of fear and hence reduce their productivity and workers are killed or displaced. Another impact to the national economy has been found by this research to be the destruction caused by ethnic fights. Natural resources are burnt and destroyed, infrastructure like roads, rails, electricity, telecommunication etc. is destroyed or blocked leading to transport and communication hindrance, tension built force investors to relocate their businesses, tourists cancel their bookings, exports are stopped and horticultural crops like flowers rot in the farms among other impacts.

The research finds out that the bundling up of all these effects has a capacity of bringing down a giant economy. GDPs of countries are reduced from 10% growth to a

negative like it happened in the Kenya post-election crisis in 2007-08. The research finds out that up to date the effect of the PEV is still being felt. Places where conflict happened has notable features of a dead economy especially characterized by closed businesses, vacated farms, closed social facilities, polarized community with a lot of mistrust and above all graves of many people killed.

The PEV was therefore found to have had the greatest effect on Kenyan economy since independence, greater impact than the global financial crisis and the droughts and famine situations that dog the country time and again.

The research also finds out that the ripple effect of the damages caused trickles down to all sectors and remains in the play many years after the conflict.

Another key finding is that ethnic conflict is taking on a new dimension which is hard to control and that has even higher impact on the society and the economy. This is a technological aspect whereby the warfare is on the social media like twitter, Face book, and blogs. A lot of hatred is spread through anonymous accounts which in turn heats up people of the different community. A serious eruption can come out of this if measures are not well put in place.

The multinational organizations, developed nations and the international non-governmental organizations have also been found in this research to be liable of funding or facilitating ethnic warfare. This is because of the lucrative nature of wars and the resources that can be looted during the chaotic time.

5.3 Recommendations

After a thorough research through the topic, the researcher suggests a few social, political, economic as well as further research recommendations.

Socially, the researcher recommends that governments should use their intelligence services to detect early signs of ethnic conflict and come up with mitigation factors. This will in extension help to immunize the economic system. This will entail empowering the national intelligence services to learn tell signs and know how to advise the necessary organs of the government who can mitigate.

Another recommendation to the government is that there needs to be a strong economic structure and strong institutions and policies that can weather through an ethnic warfare without being greatly affected. In cases where ethnic warfare erupts, response actions should be fast enough before massive destruction to the economic activities and hubs has occurred.

There is need for further research in the area of political patronage in ethnic conflict especially in Africa and parts of the Arabic peninsula. This means a look into the role of politicians in the strategic planning of the ethnic wars and the benefits they gain from such conflicts.

Also to be given a deeper study is the specific effect that ethnic conflict has on international trade. This will be a look into the extent to which ethnic conflict affects exports and other forms of foreign trade.

Another area recommended for further research is to try and understand if a homogeneous society is more likely to have cases of ethnic conflict than a heterogeneous society, and which conflict situation would have the biggest impact on the national economy.

The basis of this research is on the belief that the course and impact of a conflict is dependent on the nature/composition of those in conflict.

Further research can also be carried out on the mentioned rent-seeking behaviour especially the impact this theory has on the economic growth and development of a country.

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