

Chapter 5

Dark Money and Socio– Economic–Political Challenges in Nigeria

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ABSTRACT

The study examined effect of dark money on economy, social value, and political systems in Nigeria. This study adopted cross sectional survey research design, which facilitated the use of a structured research instruments in obtaining data from the respondents for the analysis of the study objectives. The population comprises infinite and the total sample of 530 was obtained through Taro Yamane. The primary source of data was used in gathering field survey data from the respondents through Google form. The simple ordinary least square regression was used. It was revealed from the study that dark money has positive influence on economic, social value, and political systems in Nigeria. It was concluded that dark money creation of job opportunities encourages civic engagement, community mobilization among others in order to promote the betterment of society as a whole. Thus, it was recommended that public education, cross-partisan collaboration, campaign finance regulation among others are vital factors for promoting economic interests with democratic value.

1. INTRODUCTION

There is no one set definition of dark money in economic theory. However, other names are used synonymously to denote the same idea, including “unaccounted revenue,”

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“black earnings,” “dirty currency,” “black riches,” “underground money,” “black economy,” “parallel economy,” “shadow economy,” and “unofficial economics.” However, the “revenue on which fees and taxes levied by the government are not paid” is referred to by the phrases above. Dark money is progressively eating away at the socio-political underpinning of the Nigerian economy. Nigeria, sometimes nicknamed the “Giant of Africa,” is a nation with several socioeconomic and political challenges. These challenges are a result of the dubious effects of “dark currency,” which is the term for covert or invisible political funding. Dark money operates surreptitiously to finance campaigns for politicians while keeping the contributors’ identities a mystery.

This corruption is the main cause of black money in Nigeria. But corruption may take on any form. Dark markets and illicit currency were made public during World War II. A black market where things were provided but sold for prices higher than those regulated was developed at the time as a result of various prohibitions on the distribution and sale of goods. The phrase “black money” has gained popularity when discussing funds acquired or moved through the “black market.” Over time, black market activity grew far more quickly than black money. Rani and Kumar cited by Raj (2018) says a shadow economy grows as a result of the use of black money, making it difficult to calculate exact estimates of GDP and national income and producing false economic data. This compromises the precision of policymaking. Black money is produced, which causes tax evasion and a loss of income for the government. The outcome is a “financial deficit,” which is terrible for the economy and forces the government to levy more taxes. Black money is used for betting luxury, fraud, election finance, and other unlawful activities, which not only promotes criminal activity and corruption but also worsens how limited resources are exploited, leading to resource waste. (Saxena & Samuel, 2017).

This phenomenon has major implications in Nigeria, a nation that is struggling with a wide range of socioeconomic and political problems. These difficulties include widespread corruption, subpar public services, racial and religious conflicts, and a system of government that is always under fire and being reformatted. Shadow money, or the covert flow of undetectable finances into politics, has significant ramifications for the stability and growth of the country. A significant conundrum arises from the cohabitation of dark money, which is defined by covert and undetectable political fundraising, with Nigeria’s intricate socioeconomic and political problems. This problem statement aims to clarify the complexity of the situation, its ramifications, and the pressing need for academic research and legislative change. Nigeria is confronted with a complex web of interconnected socioeconomic and political issues, such as widespread misconduct, poor delivery of public services, ethnic and religious conflicts, and a nascent system of democracy that is rife with flaws (Eneanya, 2020; Transparency International, 2021). These problems impede the country’s efforts to

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