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Macro-Economic Consequences of Terrorism and Anti-Terrorism Expenditure on Economic Performance in Nigeria, 1980 – 2014

ABSTRACT: The worldwide manifestation of terrorism has been evident in Africa, including Nigeria. With particular reference to Nigeria, the phenomenon has found expression in the emergence of Boko Haram insurgency. Since its advent, the sectarian insurgency has wrecked immense havoc in the country, especially by using explosives and firearms with gruesome fatal consequences. This paper focuses on macro-economic consequences of terrorism and counter terrorism expenditure on economic performance in Nigeria, over the period 1980–2014. The paper argued that due to attacks occasioned by terrorism and other criminal activities in Nigeria, many firms have either closed down or relocated to other countries. The objective of the study is to examine the impact of counter terrorism expenditure of the government and terrorist attacks on economic performance in Nigeria. The study finds that while impact of government expenditure in security on economic growth is positive and significant, the relationship between the later and terrorist attacks is negative. The paper recommended that the nation defense forces should be adequately equipped to urgently deal with the menace of insecurity in Nigeria.

KEY WORD: Terrorism; Counter Terrorism Expenditure; Terrorist Attacks; Economic Performance; Nation-State of Nigeria.

RESUME: “Konsekuensi Makro-Ekonomi tentang Terorisme dan Pengeluaran Kontra Terorisme terhadap Kinerja Ekonomi di Nigeria, 1980-2014”. Manifestasi global tentang terorisme telah terbukti di Afrika, termasuk Nigeria. Dengan merujuk khusus kepada Nigeria, fenomena itu telah diekspresikan dengan munculnya pemberontakan Boko Haram. Sejak kemunculannya, pemberontakan sektarian tersebut telah membuat malapetaka besar di negara Nigeria, terutama karena menggunakan bahan peledak dan senjata api dengan konsekuensi yang fatal mengerikan. Makalah ini memfokuskan pada konsekuensi makro-ekonomi tentang terorisme dan pengeluaran kontra terorisme terhadap kinerja ekonomi di Nigeria, selama periode 1980-2014. Makalah ini menyatakan bahwa karena serangan yang disebabkan oleh terorisme dan kegiatan kriminal lainnya di Nigeria, banyak perusahaan telah ditutup atau dipindahkan ke negara-negara lain. Tujuan penelitian ini adalah untuk menguji dampak serangan terorisme dan biaya untuk menangani terorisme dari pemerintah terhadap kinerja ekonomi di Nigeria. Penelitian ini menemukan bahwa sementara dampak pengeluaran da ri pemerintah dalam keamanan terhadap pertumbuhan ekonomi itu bersifat positif dan signifikan, namun hubungannya kemudian dengan serangan teroris adalah negatif. Makalah ini merekomendasikan bahwa kekuatan pertahanan nasional harus dilengkapi secara memadai untuk segera menangani ancaman ketidakamanan di Nigeria.

KATA KUNCI: Terorisme; Pengeluaran Kontra Terorisme; Serangan Teroris; Kinerja Ekonomi; Negara-Bangsa Nigeria.

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INTRODUCTION

The incidence of terrorism has been on a steady rise globally, since the beginning of the millennium. Initially, terrorism was more or less a national or regional affair, a trend that has since changed as brilliantly observed by J. Awake (2008); T. Barga (2012); and Imasuen Emmanuel (2015). Few years ago, terrorism seemed to be restricted to a few isolated places, such as Northern Ireland, the Basque Country in Northern Spain, and some areas of the Middle East (Okoli & Iortyer, 2014). However, with the destruction of the Twin Towers in New York USA (United States of America), on 11 September 2001, referred to as 9/11, terrorism has assumed a very dangerous dimension.

Indeed, the worldwide manifestation of terrorism has been evident in Africa, including Nigeria. With particular reference to Nigeria, the phenomenon has found expression in the emergence of Boko Haram insurgency. Since its advent, the sectarian insurgency has wrecked immense havoc in the country, especially by using explosives and firearms with gruesome fatal consequences (Awake, 2008).

Thus, in Nigeria, terrorism is fast becoming an emerging challenge to national security. Though the country has remained a relatively peaceful and terror free country between 1967 and 1970, W.R. Obene (2012) argues that the killing of Mr. Dele Giwa, the editor of *News Watch* magazine by a letter bomb that bore the simblast of IEDs (Improvised Explosive Devices) in October 1986, marked the beginning of violent killing in Nigeria (Obene, 2012).

Subsequently, the Movement for the Advancement of Democracy hijacked a Nigerian Airways aircraft in October 1993, following the annulment of June 12 Presidential Election. Thereafter, a vicious bomb blast ripped Shed 6 of Ilorin Stadium in August 1994. Several other incidents have occurred since then. For instance, between 1996 and 1998, there was bomb attack on the car of the then Chief Security Officer of Federal Aviation Authority of Nigeria, Dr. Omoshola. Subsequently, the escort car of the former Military Administrator of

Lagos State, Brigadier-General M.B. Marwa (retired), was attacked (Omale, 2013).

Other notable acts of terrorism in Nigeria, according to D.J.O. Omale (2013), can be summarized as follows: the 2010 New Year's Eve bombing of the Mammy Market at Mogadishu Military Cantonment, Abuja; the 1st October 2010 bombing in Abuja; April 2011 post-Presidential Election violence in Northern Nigeria; 8 April 2011 Suleja INECoffice bombing; Nigeria Police Force Headquarters bombing in Abuja on 16 June 2011; bombing of UN (United Nations) House in Abuja on 26 August 2011; Christmas day bombing at St Theresa Catholic Church in Madalla, near Abuja, in 2011; Mubi, Yola, Gombe, and Maiduguri bombings on 5-6 January 2012; Kano coordinated bombings on 20 January and 1 February 2012, in which over 200 people were feared dead; and HQ (Head Quarter) 1 Division Nigerian Army Kaduna bombings on 7 February 2012 (Omale, 2013). The list is endless.

Most of these bombings have been attributed to the Boko Haram, a group that emerged out of the *Taliban* founded by Mohammed Yusuf (a Kanuri), as *Yusufiya Islamiya* group between 2001 and 2002. During this period, an Islamic religion complex that included a mosque and a school were established in Maiduguri. In 2002, the complex was relocated to Mohammed Yusuf's home state of Yobe in the village of Kanamma, near Niger Republic border (Eme & Ibietan, 2012).

The group first became known internationally following the 2009 sectarian violence, when several sect members were arrested by the police, which included Mohammed Yusuf, the leader. Mohammed Yusuf was later killed by the police of whom international and local Human Rights Organizations and Civil Society Groups unequivocally condemned as "extra-judicial" killing. However, in recent times, international news reports have argue that Boko Haram appears to have links to international terror organizations in Somalia, North Africa, and the *Al-Qaeda* terror groups.¹

¹"Boko Haram: The Emerging Jihadist Threat in West Africa". Available online at: <http://www.adl.org/assets/pdf/>

Consequently, Boko Haram can be said to have emerged in northeast Nigeria around 2002, espousing an extreme form of Islam and capitalizing on alienation and poverty in this region of the oil-rich country. After a series of deadly clashes with the Nigerian government, the group launched a violent insurgency in 2009, which has left thousands dead and parts of northeastern Nigeria in ruins. In 2014, Boko Haram escalated attacks, capturing towns and villages in the northeast, and taking hundreds captive. In one incident, which drew worldwide condemnation, the militants stormed a boarding school in Chibok and seized nearly 300 school girls.²

The failure of the Nigerian security forces to recover the girls abducted at Chibok by the Islamist insurgency group, Boko Haram, generated much public anger at home and abroad. The former administration of President Goodluck Jonathan was derided by all sorts of groups amazed by the inability of his administration to find and rescue the girls; and which eventually contributed to his defeat at the poll. As understandable as this outrage is from a moral perspective, much of the criticisms have side stepped the real dilemma facing Nigeria in dealing with the Boko Haram insurgency (Blood, 2015).

At one point, in 2014, the militants controlled a territory approximately the size of Belgium. Meanwhile, a relentless stream of suicide bombings has terrorized cities around the country, many of them using women and young girls who may be coerced into carrying out attacks. From 2013 to 2014, the death toll from terrorism-related attacks climbed dramatically in Nigeria, increasing by 300 percent. The Global Terrorism Index called the rise "the largest increase in terrorist deaths ever recorded by any country" (cited in Blood, 2015; and Morley, 2015).

There has not been a clear cut official revelation of expenditure by the federal government on security. However, the latest report released by the SIPRI (Stockholm

International Peace Research Institute) revealed that in 2006, when there was relative peace despite the Niger Delta militancy that had begun to take its toll, the Nigerian government spent \$ 1.067 billion on defense. By 2009, when the Boko Haram crisis erupted in the north east, the expenditure rose to \$ 1.825 billion (about ₦ 233 billion).

In 2010, a huge sum of \$ 2.143 billion or ₦ 246 billion was spent in procuring military hardware; and by 2011, stood at \$ 2.386 billion or ₦ 348 billion. In 2012, the total budget for security was ₦ 921.91 billion, a figure that attracted criticisms from various sector of the society. Similarly, by 2014 budget approval, security got 19.5 percent or ₦ 968.127 billion of the national budget. With so much being spent on security and with so little to impress Nigerians and justify these allocations, the level of dissatisfaction with the government may have unpleasantly increased.

Already, the pensioners of the power sector are paying the price and so are the educational sector and other sectors of the economy. It may be that the fight against terrorism is stretching Nigeria's financial capacity to its limit, a stark reminder that restoring peace is an expensive effort. Aside from the tragic loss of lives, the economic damage and the raw Dollars spent by governments, agencies, and individuals fighting terrorism is difficult to quantify. And if the war on terror is ever won in any nation, then, the cost of rebuilding will always be an economic reminder of the evils of terrorism.

Terrorism has the potential to impede economic activity through several channels, including the redirection of government expenditures from growth-enhancing investment activities to less productive expenditure on defense and anti-terrorism activities. It also inhibits FDI (Foreign Direct Investment) and domestic portfolio investments, due to investment reallocations motivated by changes in the perceived political and country specific risks in the economy and destruction of physical capital infrastructure (Chuku, Abang & Isip, 2014).

combating-hate/boko-haram-jihadist-threat-west-africa-2013-1-11-v1.pdf [accessed in Abuja, Nigeria: 10 December 2015].

²See "Chibok School Girls Kidnapping". Available online at: https://en.wikipedia.org/wiki/Chibok_schoolgirls_kidnapping [accessed in Abuja, Nigeria: 10 December 2015].

Thus, it is important to obtain an objective assessment of the macro-economic consequences of terrorism in Nigeria, in order to help government and policy makers to institute effective anti-terrorism mechanisms that cost the least to the economy in terms of GDP (Gross Domestic Product). It is against this backdrop that the current study is germane.

The rest of the paper is structured as follows: section two deals with brief review of the literature, while section three contains the method of study. In section four, the findings of the study are unveiled and analyzed. Finally, section five concludes the study.

CONCEPT OF TERRORISM

The term *terrorism* is being defined in several ways, as there is controversy about what should and should not be classified as terrorism. However, some official definitions provide a broad guide. For example, the USDD (United States Department of Defense) defines *terrorism* as follows:

[...] the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological objectives (cited in Chuku, Abang & Isip, 2014).

The official UN (United Nations) definition of terrorism emphasizes the political nature, namely that terrorism is the act of destroying or injuring civilian lives or the act of damaging civilian or government property without the expressly chartered permission of a specific government in an attempt to effects some political goals (cited in Setty, 2011).

Other official definitions by FBI (Federal Bureau of Investigations), the DIA (Defense Intelligence Agency), and others in USA (United States of America) can be found in White House policy in USA government in 2003. To the FBI, terrorism is defined as the unlawful use of force and violence against persons or property to intimidate or coerce a government, the civilian population, or any

segment thereof, in furtherance of political or social objectives.³

Although the definitions of terrorism vary, there are at least five crucial components of what may be classified as terrorist activities: violence; political/ ideological or religious motivation; perpetrator(s); victim(s); and target audience(s). These components seem to be present in almost all the violent activities witnessed in Nigeria since independence (Abadie & Gardeazabal, 2008).

The ITSR (International Terrorism and Security Research) allude to the fact that terrorism is not new; and that even though the word has been used since the beginning of recorded history, it can be relatively hard to define (Omale, 2013). Thus, the ITSR described it as both a tactic and strategy; a crime and a holy duty; a justified reaction to oppression; and an inexcusable abomination (Omale, 2013).

Terrorism, according to the GTI (Global Terrorism Index), is defined as “*an intentional act of violence or threat of violence by a non-state actor*”.⁴ Meanwhile, A. Hussain (2003)’s definition is also popular. Thus, he defined it as violence designed to induce fear in the enemy by an individual or group, against non-combatant members of another group within the same state or against non-combatant members of other states (Hussain, 2003). Terrorism in many cases is rooted in economic deprivation, a sense of social or political injustice, or a narrowing of mind induced by ideological or religious indoctrination (*cf* Hussain, 2003; and Malik & Zaman, 2013).

According to USDS (United States Department of State), terrorism is premeditated politically-motivated violence perpetrated against non-combatant targets by sub-national groups or clandestine agents, usually intended to influence an

³Cited in “The National Security Strategy of the United States of America”. Available online at: <http://www.state.gov/documents/organization/63562.pdf> [accessed in Abuja, Nigeria: March 2, 2016].

⁴See “Global Terrorism Index: Capturing the Impact of Terrorism from 2002-2011”. Available online at: http://www.academia.edu/23487639/GLOBAL_TERRORISM_INDEX [accessed in Abuja, Nigeria: 10 December 2015].

audience (cited in Lum, Kennedy & Sherley, 2010). Outside the USA government, there are greater variations in what features of terrorism are emphasized in definitions.

The UN (United Nations), in 1992, defines terrorism as an anxiety-inspiring method of repeated violent action, employed by (semi-) clandestine individual, group or state actors, for idiosyncratic, criminal or political reasons, whereby – in contrast to assassination – the direct targets of violence are not the main targets.⁵ The most commonly accepted academic definition of terrorism starts with the UN definition quoted above. However, the BHO (British Home Office), in 1974, defines terrorism as the use of violence for political ends, and includes any use of violence for the purpose of putting the public, or any section of the public, in fear (cited in ITSR, 1984).

From the above definitions, therefore, the ITSR (International Terrorism and Security Research) argues that terrorism is a political and criminal act that influences an audience beyond the immediate victim; and that the strategy of terrorists is to commit acts of violence that draws the attention of the local populace, the government, and the world to their cause. The effectiveness of the terrorist act, therefore, lies not in the act itself, but in the public's or government's reaction to the act. For example, the ITSR argues that in 1972, at the Munich Olympics, the Black September Organization killed 11 Israelis to express their views on the plight of the Palestinian refugees. The Israelis were the immediate victims, but the true target was the estimated 1 billion people watching the televised event (ITSR, 1984).

Similarly, in October 1983, the ITSR argues that the Middle Eastern terrorists bombed the Marine Battalion Landing Team Headquarters at Beirut International Airport. Their immediate victims were the 241 USA military personnel who were killed and over 100 others who were wounded. Their true target was the American people and the USA Congress to withdraw the Marines

from Beirut. Hence, terrorists believe they are legitimate combatants, fighting for what they believe in, by whatever means possible (ITSR, 1984).

That is why the ITSR argues that terrorists take great pains to foster a "Robin Hood" image in hope of swaying the general public's point of view toward their cause (cited in Omale, 2013). In Nigeria, for instance, Boko Haram has killed over 3,000 persons in Nigeria, since it commenced operations, but public opinion are divided after the JTF (Joint Task Force)'s onslaught with the insurgents in Baga, Borno State, on 16th April 2013, killing about 85 insurgents (including women and children that were used as shields). This sympathetic view of terrorism, the ITSR argues "*has become an integral part of their psychological warfare and needs to be countered vigorously*" (cited in Omale, 2013).

Theoretically, P. Collier (1999) argued that terrorism as a phenomenon can be considered as destruction of physical capital, which includes public infrastructure and the loss of human capital (Collier, 1999). K. Gaibullov & T. Sandler (2008) opined that terrorism diverts economic activities away from investment spending to government spending by installing non-productive defence mechanisms against terrorist activities (Gaibullov & Sandler, 2008). It is also argued that terrorism increases the perceived probability of an untimely death and, therefore, prompts people to substitute future savings with current consumption in order to enhance utility in the present at the expense of the future and the effect is decline in economic activity (Shahbaz *et al.*, 2013).

Empirically, S.B. Blomberg, G.D. Hess & A. Orphanides (2004) conducted an empirical investigation of macro-economic consequences of international terrorism and interactions with alternative forms of collective violence. Their results show that on average, the incidence of terrorism may have an economically significant negative effect on growth. They also found that terrorism is associated with a redirection of economic activity away from investment spending and towards government spending

⁵Cited in "Definitions of Terrorism". Available online at: https://en.wikipedia.org/wiki/Definitions_of_terrorism [accessed in Abuja, Nigeria: March 2, 2016].

with different levels of incidences among different sets of countries (Blomberg, Hess & Orphanides, 2004).

In another study, S.B. Blomberg, N. Broussard & G. Hess (2011) examined the relationship between growth, terrorism, and resource curse in the SSA (Sub-Saharan Africa) by using a rich unbalanced panel dataset of 46 countries. Employing growth and quartile regressions and controlling for a variety of other factors and structural breaks, they found that terrorist-oriented fragility of SSA has increased in recent time and the fragility can be explained by the growth in countries that are primary fuel exporters (Blomberg, Broussard & Hess, 2011).

M. Gassebner & S. Luechinger (2011) assessed over 70 previous terrorism studies using extreme bound testing; and found that economic activity had a robust and negative relationship with terrorism (Gassebner & Luechinger, 2011). In Pakistan, S. Mehmood (2014) found that the aggregate cost of terrorism between 1973 and 2008 was 33.02 percent (Mehmood, 2014).

The study by P. Collier, A. Hoeffler & C. Pattillo (2002) discovered that countries experiencing sustained period of internal conflict, the share of private wealth held abroad increased from 9 to 20 percent. They also found that there is sustained capital flight, brain drain, population displacement, destruction of social capital, and psychological effects, including depression and post-traumatic stress disorders, all of which are associated with terrorism and internal conflicts (Collier, Hoeffler & Pattillo, 2002).

TERRORIST ACTIVITIES IN NIGERIA

Terrorism though widespread is not found in all countries, neither is terrorism a stable features in the business world. The cost of destruction of lives and property, and national productivity are directly affected; and while there are long term indirect cost of reducing and curbing the menace, the human cost and the amount of lives wasted in the process are enormous. The cost of controlling and managing violent crime and terrorism in Nigeria has been very expensive.

Nigeria as a nation-state is under a severe internal socio-economic and security threat. On a more general level, the threat has social, economic, and political environmental dimensions. Each of these dimensions has greatly affected the nation's stability; and can be traced to the ethnic militia armies, ethnic and religious conflicts, poverty, terrorism, armed robbery, corruption economic sabotage, and environmental degradation (Awake, 2008). For instance, it will be an understatement to mention terrorism in Nigeria without reference to the activities of Boko Haram, a terrorist group which has taken responsibility for most of the attacks in some part of the country.

The increase in terrorist activities, as argued by most analyst ratings, complicated the Nigerian business climate and made it investment unfriendly. The impact of these nefarious activities on Nigerian economy has been intense so much, so that a Minister in National Planning Commission, under President Goodluck Jonathan administration, argues that terrorism has created a lot of distortions in the economic activities in northern Nigeria. These groups perpetrated several bombing that have killed millions of innocent citizens, involving both private and public properties worth billions of naira.

The World Bank Investment Climate Assessment Report, for the 2011 fiscal period, indicates that the Nigerian business environment in spite of the ongoing reform remains among the hostile economy in the world. According to the report, investors are losing 10 percent of their revenue as a result of the hostile investment climate, poor quality infrastructure, crime, insecurity, and corruption, all of which affect Nigerian's business environment.⁶

The predominant threat and security challenging in the area are emendating from un-abating attacks on Nigerian citizens, banks, public and governmental

⁶See "The Effect of Terrorism on the Survival of Banks in North West Nigeria, 2003 to 2013". Available online at: <http://www.legacytechnologies.biz/entries/general/business-administration-project-the-effect-of-terrorism-on-the-survival-of-banks-in-north-west-nigeria-2003-to-2013-n6000-> [accessed in Abuja, Nigeria: March 2, 2016].

Table 1:
Stationary Test Result

Variable	Level	1 st Diff	2 nd Diff	Order
LY	-0.058266	-4.352102	-7.899591	I(1)
LGES	-2.808743	-4.962767	-6.703886	I(1)
C.V = 5%	-3.5514	-3.5562	-3.5614	--

Table 2:
Regression Estimate
Dependent Variable: LY

Variable	Coefficient	Std Error	t-Statistics	Probability
Constant	10.91641	0.894173	12.20840	0.0000
LGES	0.233563	0.083142	2.809192	0.0087
DUM	-0.070274	0.096769	-0.726205	0.4733

Note: R² = 0.74, F-stat = 28.57, DW = 2.0

installations, kidnapping, and destruction of properties. All these effects of Boko Haram activities are serious crime against the Nigeria state, which has threatened its business environment, national security, and socio-economic activities. This has posed great challenges to the development of business activities in the country. Disrupted economic activities of any kind in the three states, where they held sway, i.e. Adamawa, Borno, and Yobe. This situation has made it impossible for the citizens in that part of northern Nigerian to carry on their legitimate businesses. It is also scaring foreign investors out of the country.

About the Model. The study employs a simple linear regression model to examine the relationship between anti-terrorism expenditure and economic performance in Nigeria. The data which were culled from the Central Bank of Nigeria covers the period of 1980-2014. It is specified thus, as follows:

$$Y = f(GES, DUM) \dots\dots\dots(1)$$

In log stochastic form, equation (1) becomes:

$$Y = \beta_0 + \beta_1 GES_t + \beta_2 DUM + \varepsilon_t \dots\dots\dots(2)$$

Where:

Y = real gross domestic product at 1990 constant price, a proxy for economic performance.

GES = Government Expenditure on Security.

DUM = Dummy for terrorism (where 1 for terror attack and 0 otherwise).
t = time trend.
 β_0 = constant and $\beta_1 - \beta_2$ = parameter coefficients.
ln = logarithmic term.
 ε_t = white noise error term.

About Unit Root Test. The ADF (Augmented Dickey Fuller) is used to test for unit roots of the variable to avoid spurious regression. The ADF test is specified thus, as follows:

$$\Delta Y_t = C_i + \omega Y_{t-1} + C_{2t} + \sum_{i=1}^p \delta_i \Delta Y_{t-1} + \varepsilon_t \dots(3)$$

yt = relevant time series.
 Δ = an operator for first difference.
t = a linear trend.
t = error term.

The lag length of equation (4) is determined using the AIC (Akaike Information Criteria) and the SC (Schwarz Criterion). The null hypothesis of the existence of a unit root is $H_0: \omega = 0$. Failure to reject the null hypothesis leads to conducting the test on further differences of the series. Further differencing is conducted until stationary is reached and the null hypothesis is rejected.

RESULT AND DISCUSSION

To ensure that the results were not spurious, we tested for the stochastic properties of the series using the ADF (Augmented Dickey Fuller) test. See table 1.

Table 1 shows that the variables are non-stationary at level since the respective ADF (Augmented Dickey Fuller) values are smaller than the 5 percent critical value. However, at integration of order 1 and 2, the variables became stationary at 5 percent confidence levels.

In table 2, the model is estimated using the AR(1) process to correct for serial correlation as such the DW statistic shows no sign of autocorrelation while F-stat reveals that the model statistically significant. The fit of the model is relatively robust as the R^2 shows that about 74 percent of economic growth in Nigeria is explained by government expenditure on security, while the remaining 26 percent can be attributed to factors outside the model.

The result also shows that the relationship between government expenditure on security and economic growth is positive and statistically significant. It reveals that a unit increase in expenditure on security increase economic growth by 0.23 percent and vice versa. On the other hand, the impact of terrorist attack on economic growth is negative with a magnitude of 0.07 percent. This means an increase in attack on the citizens has a deleterious impact on economic growth.

It can be seen that over the last few years especially from 1999, economic growth in Nigeria hovers between 7 and 10 percent reflecting the period of relative increase in government expenditure, which include security such as defense and other paramilitary services. However, from about 2009, when insecurity is taking a different dimension, the country's economic growth has been dwindling to the extent that the growth rate in 2014 stood at the abysmal level of about 4 percent.

Thus, insecurity has negatively affected the Nigerian economy, so that the performance of other key indicators of growth such as employment, income per head, the GDP (Gross Domestic Product), life expectancy, etc. are also affected. In the Niger Delta, for instance, where armed robbery and kidnapping of expatriates is rampant, some oil companies have either

closed down or relocated from the region to other countries.

CONCLUSION

The paper examines the consequences of terrorism and counter terrorism expenditure on economic performance in Nigeria over the last three decades; and it argues that in Nigeria, terrorism is fast becoming an emerging challenge to national security. Government has diverse various means at solving the problem, which has continue unabated and portray the Nigerian economy as unfriendly environment unsafe, especially for foreign investors.

The major conclusion of the paper is that the downturn being experienced by the economy in recent time can be partly attributed to terrorism and insecurity as no foreign investors will invest in such an economy. It is, therefore, recommended that the nation defense forces should be adequately equipped to deal with the menace of insecurity once and for all as urgently as possible. Also, the government should do all within its reach to create an atmosphere that will provide employment for the youth as idle mind, they say, is devil's workshop.⁷

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⁷**Statement:** We, hereby, certify that this paper is our own work. So, it is not product of plagiarism, due acknowledgment is made in the text for materials written by other authors and researchers. We also declare that this paper has not been submitted and reviewed by other publishers as well as not been published by other scholarly journals.

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(Source: <http://www.informationng.com>, 2/3/2016)

Nigeria as a nation-state is under a severe internal socio-economic and security threat. On a more general level, the threat has social, economic, and political environmental dimensions. Each of these dimensions has greatly affected the nation's stability; and can be traced to the ethnic militia armies, ethnic and religious conflicts, poverty, terrorism, armed robbery, corruption economic sabotage, and environmental degradation. For instance, it will be an understatement to mention terrorism in Nigeria without reference to the activities of Boko Haram, a terrorist group which has taken responsibility for most of the attacks in some part of the country.