

Terrorism and Insecurity in Nigeria: Economic Implications

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ABSTRACT

There is presently a general feeling of insecurity among the Nigerian populace. These feeling of insecurity has risen as a result of activities of the Boko Haram sect, Herdsmen Terrorist, Islamic State of West African Province (ISWAP) Terrorist, unknown gunmen, among others. This paper investigated the economic implications of terrorism and insecurity in Nigeria. The paper adopted a qualitative and quantitative approach on the economic implications of terrorism and insecurity. Trend analyses on the selected economic indicators were conducted for a period of twenty (20) years, 1999 to 2019 using charts. Findings revealed that the terrorism and insecurity situation in the country has indirectly thwarted economic growth by affecting macroeconomic variables, such as, reducing Foreign Direct Investment, increasing the rate of unemployment, increasing food insecurity, reducing GDP Per Capita, among others. The study therefore recommended that government should apply any reasonable strategy possible to return peace to the country, in other to accelerate the pace of economic development.

Keywords: Terrorism, Insecurity, Economic Implications

1. INTRODUCTION

National security is a premise for national economic growth and development of nations (Omede and Omede (2015). This is because peaceful nations attract foreign investors while the domestic investors freely operate the economy with little or no tensions and apprehensions. Security is the pillar upon which every meaningful development could be achieved and sustained (Nwanegbo and Odigbo, 2013). Nigeria as a nation has witnessed unprecedented series of crisis arising from the activities of the Niger Delta militant, Boko Haram sect, Herdsmen Terrorist, Islamic State of West African Province (ISWAP) Terrorist, unknown gunmen, among others, which has placed Nigeria in position of a terrorist country. Terrorism as defined by the Oxford Advanced Learners Dictionary is the use of violent action in order to achieve political aims or to force government to act. It can also be seen as using violent or threat to obtain a political objective. Therefore, terrorism is the use of violent action in order to achieve political aims or to force government to act. It is

“the premeditated use or threat of use of violence by

individuals or sub-national groups to obtain a political or social objective through the intimidation of a large audience, beyond that of the immediate victim” (Sandler and Enders,2005).

Consequently, terrorism creates an atmosphere of insecurity. Terrorism is of both national and international concern. This is because their activities most times are not concentrated in a particular place. Its waves span across geographical boundaries both local and international. Terrorist activities had led to displacement of people, loss of lives and properties, feelings of suspicion, anger and hatred as well as psychological and emotional trauma and general state of insecurity. This study is sub-divided into six sections. Section one is the introduction while section two is the review of related literature and section three is the methodology. Section four is the analysis of data while section five is the discussion of findings and section six concluded the study.

Statement of the Problem

Terrorism and violence in Nigeria caused by the activities of Boko Haram, Herdsmen, ISAWP, Niger-Delta Militants, Unknown gunmen, etc. have heightened fear and an insecure feeling among the populace and the global society. Several meetings, high point conferences etc have been held in a bid to curb the menace in the country but all to no avail. Also, distant from the fact those meetings have been held, the Federal Government has spent millions of naira in ensuring that safety is brought back to the country but that has not worked either. Military option is not yielding probable solution in tackling the menace, rather military action has increased the rascality of the terrorists as well as militarized some initially peaceful group. Terrorism has not only brought about an insecure situation but has adversely affected the macro economy, especially foreign direct investment, unemployment, food security and Gross Domestic Product (GDP) per Capita. Consequently, this study sought to investigate the economic implications of terrorism and insecurity in Nigeria.

Objectives of the Study

The general objective of the study was to investigate the economic implications of terrorism and insecurity in Nigeria. However, the specific objectives were to:

1. Examine the effect of terrorism and insecurity on foreign direct investment (FDI).
2. Analyze the effect of terrorism and insecurity on unemployment.
3. Investigate the effect of terrorism and insecurity on food security.
4. Examine the effect of terrorism and insecurity on GDP per Capita.

2. REVIEW OF RELATED LITERATURE

Terrorism

Terrorism is the use of fear and acts of violence in order to intimidate societies, governments or against an ideology. Terrorism creates room for insecurity which is the state of not being secure or unsafe. The history of modern terrorism began with the French revolution and has evolved ever since. The most common causes or roots of terrorism include civilizations or culture clashes, globalization, religion, Israeli-Palestinian conflict, or the Russian invasion of Afghanistan. More personal or individual-based reasons for terrorism are frustration, deprivation, negative identity, narcissistic rage, and/or moral disengagement (EKU, 2020). Terrorism could be classified as: state-sponsored terrorism, dissident terrorism, religious terrorism, ideological terrorism, and international terrorism. Sub-classifications of accepted typologies include nationalist terrorism, ethno-national terrorism, and racial terrorism.

Insecurity

The concept of insecurity connotes different meanings such as: absence of safety; danger; hazard; uncertainty; lack of protection, and lack of safety. According to Beland (2005) insecurity is a state of fear or anxiety due to absence or lack of protection. Achumba et al (2013) defines insecurity from two perspectives. Firstly, insecurity is the state of being open or subject to danger or threat of danger, where danger is the condition of being susceptible to harm or injury. Secondly insecurity is the state of being exposed to risk or anxiety, where anxiety is a vague unpleasant emotion that is experienced in anticipation of some misfortune. These definitions of insecurity underscore a major point that those affected by insecurity are not only uncertain or unaware of what would happen but they are also vulnerable to the threats and dangers when they occur. In the context of this paper insecurity is defined as a breach of peace and security, whether historical, religious, ethno-regional, civil, social, economic, and political that contributes to recurring conflicts, and leads to wanton destruction of lives and property.

Terrorism, Insecurity and foreign direct investment

Foreign direct investment (FDI) involves a business taking controlling ownership in a company, sector, individual, or entity in another country. Through FDI, foreign companies are directly involved with day-to-day tasks from the other country, resulting in a transfer of money, knowledge, skills, and technology (OECD, 2002). Foreign direct investment takes place when an investor establishes foreign business operations or acquires foreign assets including initiating ownership or controlling interest in a foreign company (Research FDI, 2021).

Jelilov, Ozden & Briggs (2018) observed that foreign direct investment (FDI) is a remarkable and fundamental piece of an open and global financial framework and a noteworthy impetus for economic development.. It might bring about an exchange of proprietorship from household to foreign investors or as an extension of profitable limit and capital arrangement in a nation (Adelopo, Omoteso & Obalola, 2010). FDI is additionally an investment in genuine resources where genuine resources comprise of physical things such as manufacturing plants, land, capital products, enterprise and inventories (Adeleke, 2010). Basically, FDI is beneficial to both the investors and the community. Some of the benefits of FDI includes stimulation of economic development, enhancing international trade, creating employment, tax incentives, human capital development. Resource transfer, reduced cost, increased productivity and increase in a country's overall income. However, terrorism and insecurity decreases the foreign investor confidence, which decrease the FDI and in turn, the benefits of FDI

Insecurity and terrorism has a huge economic, socio and physical cost. It is obvious that the loss of human lives and the suffering of survivors in the aftermath of an attack can be tremendous. Apart from the loss of lives, terrorist attacks are likely to have negative consequences on the investment behavior (Gassebner, 2005). Withdrawal of FDI by countries and companies may occur due to the direct destruction of infrastructure, the rise of operating costs as a result of high demand for security (Enders and Sandler, 2006; Frey et al, 2007). In the field of stock market, insecurity and terrorism may negatively influence the prices of stock as well as the sales and purchase of stocks.

Terrorism and Food Insecurity

In recent times, food security has become an issue of global concern. Nigeria, notwithstanding her huge endowed human and natural resources is not spared (Adebayo, Olagunju, Kabir & Adeyemi, 2016). Koren and Bagozzi (2016) and Butler and Gates (2012) suggest that a greater access to food is associated with increased incidence of armed conflict. However, Kah (2017) viewed that the Boko Haram insurgency which became active in 2009 in the Northern part of the country has decimated communities, destroyed food crops, killed cattle, forced farmers to flee to

protective camps and many now rely on food aid from international organizations. Consequently, food production in Nigeria has come under threats since the emergence of these series of attacks by the terrorist sect called 'Boko Haram' (Adebayo, Olagunju, Kabir & Adeyemi (2016). The Middle Belt region of Nigeria, comprising significant parts of Benue, Nasarawa, Taraba, Adamawa, Plateau, Kogi, and Kwara, has been a battle ground for the nomadic (herdsmen) terrorism in the past few years (Olayiwola, 2020). Through the inspiration of Boko Haram, the nomadic terrorists have been able to infiltrate this part of the country impossible for the conventional Boko Haram to penetrate, leading to destruction of lives and livelihood, and displacement of thousands of people, with Benue State, referred to as the "Food Basket of the Nation," the worst affected in the zone. While much attention is given to its impacts on human insecurity, what has been less observed, at least from an academic point of view, is its food insecurity impacts (Olayiwola, 2020). Undeniably, Nigeria's food insecurity is tied to human security, climate impact and government's responses. Attacks on farmers have made farming unsafe while destruction of farmlands has contributed to the problem, thereby worsening the food insecurity situation (Nextier SPD, 2020).

Consequently, Emefele (2021) attributed the rising inflation in Nigeria to insecurity. He stated further that the inflation which has increased for the 18th consecutive months, was exacerbated by food inflation, and this increase continues to be attributed to both food and other core components of inflation.

This specific uptick in food inflation was the major driving factor for the uptick in headline inflation. This was due to the worsening security situation in many parts of the country, particularly the food-producing areas where farmers faced frequent attacks by herdsmen and bandits in their farms (Emefele, 2021).

Similarly, Vanguard (2021) maintained that the failure of the Nigerian Government to effectively tackle the insecurity challenges in the country has given rise to another form of insecurity – hunger.

Possible Causes of Terrorism and Insecurity in Nigeria

Terrorism creates an atmosphere of insecurity. Many scholars have identified several causes of insecurity in Nigeria that are inimical to socioeconomic and national development (Achumba and Akpor 2013). The causes of terrorism and insecurity could be classified into external and internal causes. In Nigeria the internal causes of terrorism and insecurity pose major challenge to socio-economic development than the external causes. Some of the causes are:

1. Ethno-religious conflicts – Ethno-religious conflicts arises as a result of ethnic and religious extremism. It is a product of distrust among various ethnic groups and among the major religions in the country. Ethno-religious conflict was defined as a situation in which the relationship between members of one ethnic or religious group and another of such group in a multi-ethnic and multi-religious society is characterized by lack of cordiality, mutual suspicion and fear, and a tendency towards violent confrontation (Achumba et al. 2013; Salawu, 2010). Frequent and persistent ethnic conflicts and religious clashes between the two dominant religions (Islam and Christianity), present the country with a major security challenge.
2. Weak Security system - This result from inadequate equipment for the security arm of government, both in weaponry and training (Achumba et al. 2013). In many cases, security personnel assigned to deal with given security situations lack the expertise and equipment to handle the situations in a way to prevent them from occurring. And even

when these exist, some personnel get influenced by ethnic, religious or communal sentiment and are easily swallowed by their personal interest to serve their people, rather than the nation.

3. **Unemployment and Poverty:** Unemployment has a severe negative implication on national development in Nigeria as most of its productive force is unemployed. What this means theoretically is that poverty and unemployment increase the number of people who are prepared to kill or be killed for a given course at token benefit Salawu (2010). It could predispose one to engaging in illicit activities that would undermine security of the environment.
4. **Inequalities and Unfairness:** This is one of the major factor that contributes to insecurity in Nigeria is the growing awareness of inequalities, and disparities in life chances which lead to violent reactions by a large number of people. There is a general perception of marginalization by a section of the people in areas of government development policies, political patronage, and these are triggers of disaffection, resentment, and revolt (Achumba, et al. 2013). The incessant strikes by labour, professional groups and demonstrations by civil society groups are mainly due to pervasive material inequalities and unfairness. Their agitations are aimed at drawing public sympathy for their struggle for just and fair treatment by the government.
5. **Porous Borders:** Achumba et al. (2013) observed that the porous frontiers of the country, where individual movements are largely untracked have contributed to the level of terrorism and insecurity in Nigeria. As a result of the porous borders, there is an unchecked inflow of Small Arms and Light Weapons into the country which has aided militancy and criminality in Nigeria (Hazen and Horner, 2007).
6. **Systemic and political Corruption:** It has been described as cancer militating against Nigeria's development, because corruption deeply threatens the fabric of the Nigeria society (Nwanegbo and Odigbo, 2013). Corruption hampers economic growth, disproportionately burdens the poor and undermines the effectiveness of investment and aid (Iyare, 2008). It has been described in the academic circles as cancer militating against Nigeria's development; corruption is deeply threatening the fabric of the Nigeria society (Iduh 2011). The existence of two anti-graft agencies; Independence Corrupt Practices Commission (ICPC) and Economic and Financial Crimes Commission (EFCC) since 1999 appear to have done little in an effort to totally eradicate corrupt practices in Nigeria. The ICPC and EFCC seem to have come under severe criticisms owing to what appeared as „selective“ prosecution in handling corrupt related matters under Obasanjo administration.

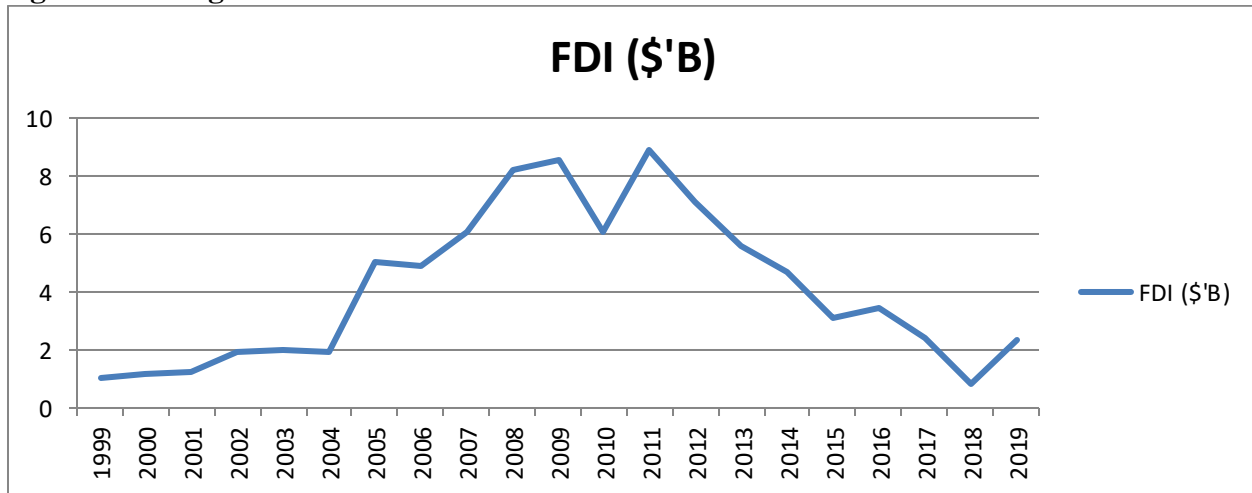
3. METHODOLOGY

The study adopted both the qualitative and quantitative approach on the implications of terrorism and insecurity in Nigeria. It covered a period of twenty (20) years, 1999 to 2019. Data were collected from the World Bank country by country economic indicator and the data were analyzed using charts to understand and interpret the trend of the variables under discussion. The macroeconomic variables observed were foreign direct investment, rate of unemployment, food insecurity and Gross Domestic Product (GDP) per capita.

4. ANALYSIS OF THE ECONOMIC IMPLICATION OF TERRORISM AND INSECURITY IN NIGERIA

This section shows the trend analysis of some macroeconomic indicators within the period under review.

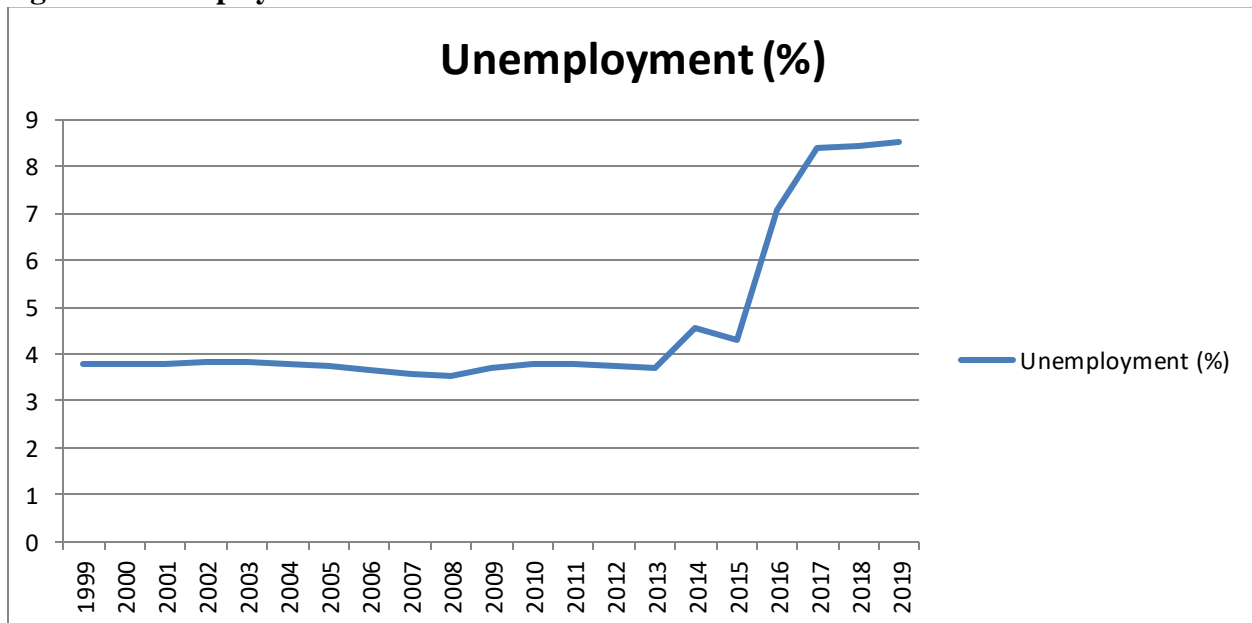
Figure 1: Foreign Direct Investment Trend: 1999 to 2019



Source: World Bank Indicator, 2019

Figure 1 shows that foreign direct investment increased from ₦1.693B in 1999 to ₦2.931B in 2009. That is, an increase of about 73% after ten (10) years. However, this trend shows a decline to ₦0.195 in 2018 and ₦0.514 in 2019.

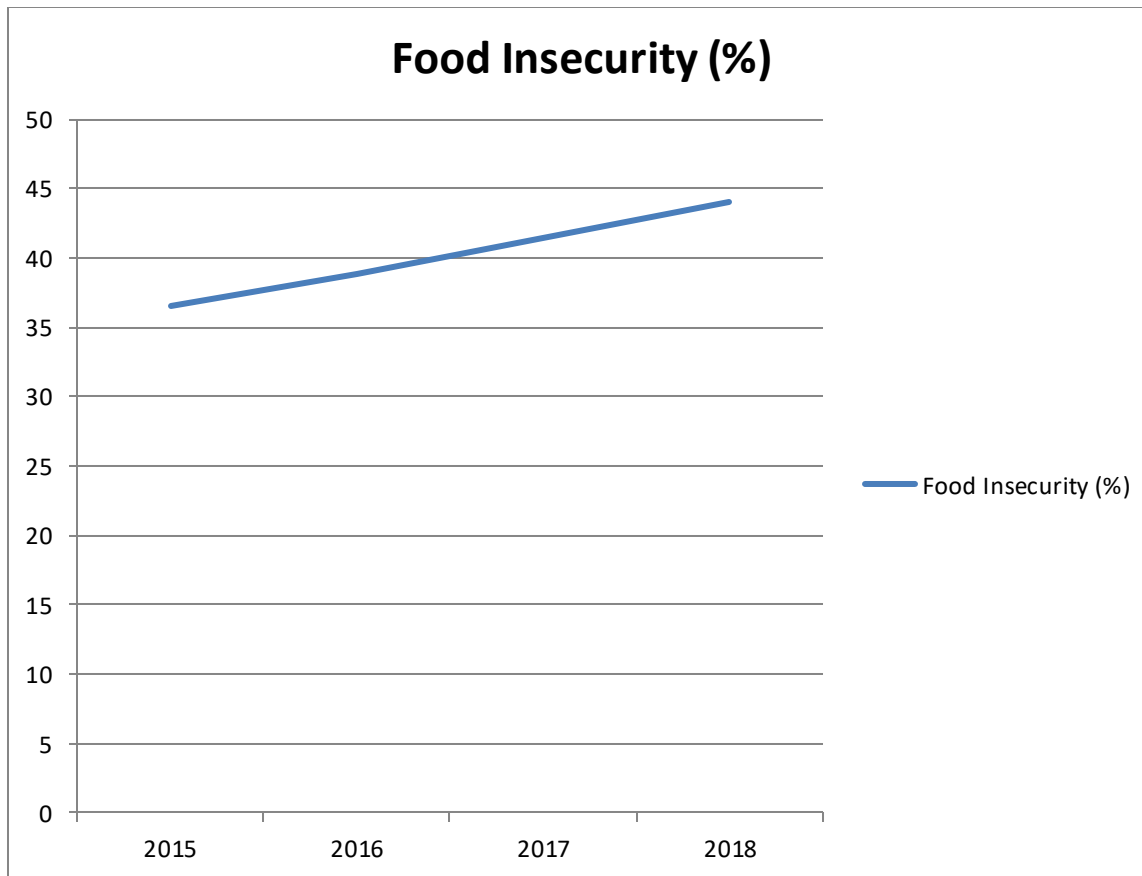
Figure 2: Unemployment Trend: 1999 to 2019



Source: World Bank Indicators, 2019

Figure 2 shows that the unemployment rate increased from 3.79% in 1999 to 7.06% in 2016 and 8.53% in 2019.

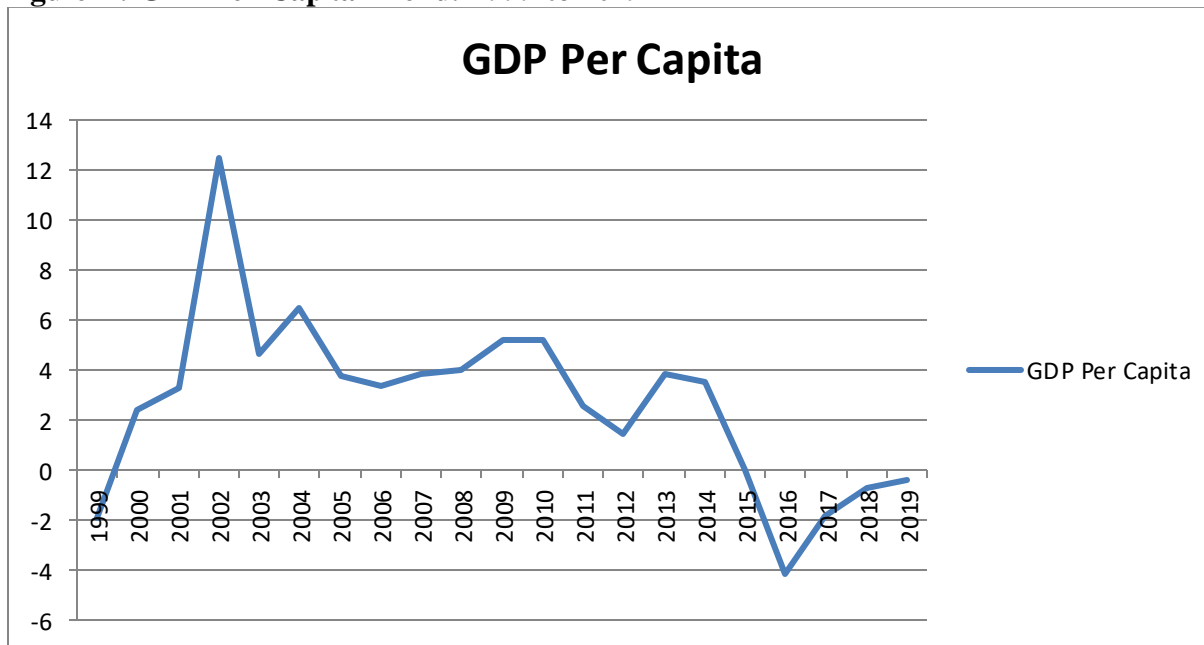
Figure 3: Food Insecurity Trend: 2015 to 2019



Source: World Bank Indicator, 2019

Available data in figure 3 shows that food insecurity has increased from 36.5% in 2015 to 44.1% in 2018.

Figure 4: GDP Per Capita Trend: 1999 to 2019



Source: World Bank Indicator, 2019

Figure 4 shows that GDP per capita has been fluctuating downward since 2003. It became worse when the GDP per capita became negative from 2015, 2016, 2017, 2018 and 2019 at -0.029, -4.168, -1.789, -0.68 and -0.38 respectively.

5. DISCUSSION OF FINDINGS

There is no gainsaying that, development cannot occur in the absence of peace. The economy suffers in an atmosphere of crises. One of the major implications of persistent loss of peace is the insecurity of lives and properties which tend to hinder foreign economic relations to jumpstart the economy. The loss of peace in the country has not only reduced domestic investment but also foreign investment which is very crucial in Nigeria's economic development. The downturn in investment slowed sustainable development in the country as shown in the chart at figure 1 and increased the rate of unemployment as seen in the chart on figure 2.

The loss of peace also had negative impact on the economic growth in the country as seen in the chart in figure 4. Nigeria is presently experiencing severe inflation which is attributed to increase in food prices (see chart in figure 3). The reason for the rise in prices of goods is mainly due to the fact that food products have become relatively scarce due to the crisis in the Northern part and recently in the Eastern part and some Western part of the country which is as a result of attacks by Boko Haram, Herdsmen, and unknown gunmen, among others. This hike in prices of food products in the Market has led to an increase in the prices of goods in the economy.

Moreso, terrorists activities, provoked mix of insecurity and threat to socio-economic undertaking, separating realities from emotions, economic analysts hold the view that in the event of destruction of lives and properties in any society, investment and economic development will suffer. The impact of the activities of the groups called Boko Haram, Niger-Delta Militants, Herdsmen, Unknown gunmen, among others on the economy of Nigeria cannot be over emphasized. Their activities have paralyzed almost all sectors of the country's economy (see figure 1, 2, 3, and 4)

6. CONCLUSION

The world we live in is seriously under threat; domestic and international threat perpetuated on the basis of frustration, aggression, marginalization, ideology and such other excuses by terrorists. Terrorism and insecurity in the country has indirectly thwarted economic growth by affecting macroeconomic variables, such as, reducing Foreign Direct Investment, increasing the rate of unemployment, increasing food insecurity, and reducing GDP per capita to as low as being negative, among others. The study therefore recommended that government should apply any reasonable strategy possible to return peace to the country, in order to accelerate the pace of economic development; through creation of job opportunities, policies that encourage cordial ethno-religious relationship, equity and fairness, national patriotism, creation of relevant social, economic and physical infrastructure among others. Without doubt, a peaceful Nigeria, where there is the absence of terrorism and insecurity will surely pave way for a meaningful and systematic economic development.

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