

Terrorism comes with Economic Underdevelopment: An Appraisal of how Boko-Haram Activities Undermined Nigeria's Economy during Jonathan's Regime

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Abstract: *The rise of Boko Haram insurgency has introduced a criminal dimension, hitherto unknown and uncommon in the Nigerian society. Boko haram has continued to unleash terror on people and has been a major threat to social and economic activities. The influence of security on the economic prosperity of a nation cannot be overemphasized. This is because without a serene environment, industrial activities, trade and production would forever remain elusive. Different studies have examined the horrendous effects of terrorism on national and global economy. However, there is a paucity of studies regarding the effects of Boko haram menace on the Nigeria's economy, especially during President Jonathan's regime. This identified gap is the major rationale for this study. The paper was anchored on structural functionalism theory. The paper discovers that the Boko-Haram activities discourage foreign direct investment and trade flows during Jonathan's regime. Hence, efforts should be geared towards extricating Boko haram insurgency in order to have a viable economic development.*

Keywords: terrorism, economy, development, foreign direct investment, and trade

Introduction

The phenomenon of terrorism is now becoming a global malady as there is no country that is completely exonerated from its impact. Terrorism, war and other kinds of transnational political violence are more threatening today than ever before, as killings and destruction of valuable properties have been on the increased (Rourke, 2008).

Indeed, the rise of terrorism and insurgency also abound in Nigeria. The phenomenon has found expression in the emergence of Boko Haram insurgent. Boko Haram, an Islamic fundamentalist sect has been agitating for the Islamisation of Nigeria through violent means such as destruction of lives and properties. It is imperative to note that Nigeria is not alien to violent fundamentalist groups' crises. However, the emergence of Boko Haram took an unprecedented violent dimension which draws global attention (Adesoji, 2010). The nefarious activities of Boko Haram have received both national and international condemnation. Boko haram has continued to unleash terror on people. In fact, most states in Northern part of Nigeria have not known peace for some years now.

The gruesome activities of the Islamic sect, have unsettled Nigeria to the extent that the precious time and socio-political cum economic resources that ought to have been channelled to the development of the country is being squandered on efforts geared towards extricating the insurgency in the North-

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East of Nigeria. The current budgetary allocation to security by governments at all levels in Nigeria is a drive towards underdevelopment and poverty. Though North-East geopolitical zone can be said to be the epicenter of insurgency, its impact reverberates through the country and has constituted a fundamental source of underdevelopment to Nigeria (Awortu, 2015).

The implication of the current insecurity in Nigeria is that, the security apparatus is not capable of securing lives and properties. This would therefore limit the ability of people to develop economically. Also, the state's ability to attract foreign investors will be limited as a result of the palpable insecurity in the country (Ali, Musa & Fada, 2016). Foreign investors are reluctant to invest in an unsafe environment. They will react to insecurity by either relocating their businesses to environments where they feel the security of their investment is assured or by requesting for higher returns which will serve as compensation for risking their capital (Cam, 2007; Rasheed & Tahir, 2012).

Security precedes economic development. There is no gainsaying that social and economic development can only thrive in a serene atmosphere. Terrorism creates insecurity which affects production and consumption patterns, thereby making the market less attractive for both local and international producers. Terrorism causes increase in security measures. Tighter security makes trade cumbersome and more expensive by causing delays in transaction processing and deliveries of goods and services. It also makes trade more expensive in terms of higher insurance premiums, and larger salaries to at-risk employees (Sandler & Enders, 2008). Also, terrorism can damage traded goods and infrastructure needed for the trade.

Different studies have examined the horrendous effects of terrorism on national and global economy. However, there is a paucity of studies on the effects of Boko Haram menace on Nigeria's economy, especially during President Jonathan's regime. This identified gap is what this study filled.

Conceptual Clarification

The term terrorism connotes different meanings to different people. Enders and Sandler (2002:145) defined terrorism as "the premeditated use or threat of use of extra-normal violence or brutality by sub-national groups to obtain a political, religious, or ideological objective through intimidation of a huge audience, usually not directly involved with the policymaking that the terrorists seek to influence". Terrorism is the intentional use of violence directed at a large audience in order to force a government into conceding ideologically or politically motivated demands.

Thus, terrorism can be said to be a practical response to a political conundrum that resorts to the use of intimidation and violence instead of following political democratic processes. Schmid and Jognman (2005) see terrorism as a method of violence and intimidation directed at civilians with the aim of compelling a perceived enemy into submission by establishing fear, political friction and demoralization in the population under attack.

It is also inescapably about power: the quest for power, the possession of power, and using power to achieve political change (Hoffman, 1998). The Department of Homeland Security defines terrorism as violence perpetrated by sub-national groups or state agents against civilians, in order to influence their target audience (cited by Sandoleet.al., 2004). This definition shows that the perpetrators of terrorism are not only non-state actors and rogue states. In fact, democratic states also commit terrorism in order to achieve economic, political or religious objectives.

The U.S. Department of State as cited by Zumve, Ingyoroko and Akuva (2013) defines terrorism as “premeditated politically-motivated violence perpetrated against non-combatant targets by sub-national groups or clandestine agents, usually intended to influence an audience”.

The objectives which terrorist are seeking are quite different ranging from a change in government policies, a change in the leadership of a government and or a change in the whole structure of government. Others can have quite more complex objective such as changing a state boundary, to seeking an autonomous region, alignment with another state or an independent state of their own.

Domestic and transnational terrorism are the two major forms of terrorism that we have. The domestic terrorism is the homegrown or localized terrorism with consequences for just the host country, its citizens, properties, institutions, and policies. The victims and perpetrators of domestic terrorism are from the host country. Many ethno-religious conflicts are associated with domestic terrorism (Enders & Sandler, 2006).

In contrast, the transnational terrorism goes beyond the host country. It involves more than one country through a variety of possible connections e.g., a domestic terrorist group deliberately targets foreigners or the group has members from different countries (Schneider, Brück&Meierrieks, 2009).

The Concept of Boko Haram

Boko Haram is a Nigerian terrorist group that seeks the Islamisation of Nigeria especially the Northern region of Nigeria. Boko haram has unleashed terror on people by killing people and destroying valuables properties. The group is one of the most deadly terrorist groups in the world. The group wants Sharia law to be imposed in the Northern states of Nigeria. Ideologically, the group have an aversion to western education and culture, and modern science (Duma, 2010). Therefore, accepting and imbibing western education and culture such as wearing shirts and trousers, taking part in any social or political activities attributed to the western society, receiving a western education, working in banks and any government establishments, watching television etc., are sins. The group real name is Jama'atuAhliss-SunnahLidda'awatiWal Jihad. The group's aversion to western education may be the reason the general public tagged them as Boko Haram (Idris, 2011; Omipidan, 2011).

Literature Review

Causes of Terrorism

The significance of understanding the root causes of terrorism cannot be underestimated. It is argued that understanding the root causes of terrorism will go a long way in bringing an end to the menace. Arguments continue to linger on the exact causes of terrorism. There is however, no single cause to explain the cause of terrorism globally. The cause of terrorist activity varies from one terrorist group to another and from one clime to another.

The first point of argument in contemporary terrorism is the use of religion to unleash terror. The use of religion to vindicate acts of terrorism can be dated to antiquity. Terrorists destroy lives and properties to assert the sanctity of their religion or force governments to make laws or govern based on certain religious doctrines (Lutz & Lutz, 2004). It is crucial to note that using religion to justify acts of terrorism is purely misinterpretation of the message of the religion as no known human religion condones the destruction of lives and properties.

Another salient factor put forward to explain the causes of terrorism is the socio-economic variables. The socio-economic condition of people is a force to reckon with when it comes to criminality and violence. Some scholars argue that terrorism is rooted in poverty and inequality. Poverty creates frustration and anger, which in turn makes violence more likely. Sustainable peace is uncommon in a society where poverty and economic deprivation are rife. Terrorists often find it easier to lure people into their camps in a poverty-ridden society.

The role of socio-economic change and not long-run socio-economic conditions has been used to explain the rise of terrorism. The process of modernization generates different kinds of strain, e.g., new ideas (Western ideologies), economic changes, and new forms of living (rural-urban migration). All of these factors create grievances associated with social, demographic or economic strain (Robison, Crenshaw & Jenkins, 2006). For instance, development in medicine leads to decrease in mortality rate, resulting in higher populations with high youth burdens (Ehrlich & Liu, 2002). In general, modernization is associated with social, economic and demographic changes. Modernization lowers the costs of terrorist activity as they capitalize on the grumbles of "modernization losers", hence, making financing, recruitment or other kinds of support more likely. Also, terrorists often use modern information and telecommunication technology to disseminate their opinions more effectively and to lure people into their camp (Ross, 1993).

Political instability and transformation are also connected to terrorism. Changes in a political system cause political vacuums, which terrorist groups capitalize on. Also, political instability and change are crucial to terrorism as terrorists are less likely to be confronted or challenged by an unstable government, making terrorism a less costly venture in such environment. Political unstable countries may serve as terrorism breeding grounds and safe havens (Rotberg, 2002). Systemic and political corruption can also fuel terrorism. Systemic and political corruption threaten human development and also emasculate the effectiveness of aid and investment which in turn leads to agitations which could be violent in nature from members of the society.

Apart from local politics, international politics may also enter the terrorists' calculus. Foreign dominance (Western or US supremacy), foreign policy, alliance structures, may incite terrorist activity (Bergesen&Lizardo, 2004). For example, a conflict between a government and a group may be spread to a foreign associate of the government. This is evident in the conflict between Israeli and Palestine which triggered Palestine terrorist activities in USA and Europe (Addison &Murshed, 2005).

Furthermore, contagion may be another factor explaining terrorism (Midlarsky, Crenshaw & Yoshida, 1980). If one society suffers from terrorism, it may infect neighbourhood (spatial contagion) societies. An emerging terrorist organisation may capitalise on the skills of older groups in adjacent societies. In addition to that, when terrorist groups cooperate, this will increase their pay-offs and reduce their costs of unleashing terrors.

Porous borders also fuel terrorism. Achumba, Ighomereho and Akpan-Robaro (2013) observe that the porous borders where movements are largely unchecked have aided insecurity in Nigeria. Porous borders also leads to easy movement of weapons into the country, thereby aiding criminality and violence (Hazen & Horner, 2007).

Lastly, terrorism could be as a result of weak security system in the society. This stems from poor funding and inadequate equipment for the security apparatus, both in training and weaponry. In most cases, the security personnel assigned to tackle given security situations lack the equipment and expertise to handle the situation. Some even get influence by religious or ethnic sentiment and are easily consumed by their personal interest to serve their people, rather than the nation (Achumba, Ighomereho&Akpan-Robaro, 2013).

An Empirical Review of the Impact of Terrorism on the Economy

There is mixed evidence regarding the effects of terrorism on the economy in different regions. Tavares (2004) using a cross-country dataset for the period 1987-2001, examined the influence of terrorism on economic growth. He used ordinary least square regressions to measure the impact of natural disasters, currency crises, and terrorism on GDP growth. He finds that terrorism decreases GDP annual growth by 0.3 percent. Overall, terrorism negatively affects the economy than currency crises and natural disasters which reduce growth by 0.24 and 0.12 percent respectively

Blomberg, Hess and Orphanides (2004) cross-country study of the impact of terrorism, internal and external wars on economic growth shows that terrorism compared to other forms of conflict, decreases GDP growth by around 0.5% yearly, and increases government spending.

Similarly, Crain and Crain (2006) investigate the impact of terrorism on the economy. They analysed a panel of about 147 countries for the period 1968 to 2002. They discovered that a reduction in terrorist activity increases national income. Specifically, the study reported that eliminating all transnational terrorism would increase global income by US\$3.6 trillion and increase in fixed capital investment.

Gaibulloev and Sandler (2008) examined the relationship between terrorism and economic growth in Western Europe between 1971 and 2004. They discovered that terrorism reduces economic activity. Their study concludes that both transnational and domestic terrorism affect economic growth differently: while domestic terrorism increases inefficient government spending, transnational terrorism leads to crowding out of investment.

Eckstein and Tsiddon (2004) provided a detailed analysis of the impact of terrorism on the economy of Israel from 1980 to 2003. They used VAR model to estimate the effect of terrorism on GNP, GDP, export, non-durable consumption and investment. Among the five economic variables tested, investment and export are the variables that are most sensitive to terrorism. Terrorist activities reduced quarterly GNP and GDP growth by 0.67 and 0.46 percent respectively. On a yearly basis, GDP growth is reduced by 2 percent.

It is imperative to note that some country specific features could be the factors that determine the extent of the effect of terrorism on economic growth. For instance, Tavares (2004) while analysing the effect of terrorism on GDP growth, controls for socio-political environment. He finds that the cost of terrorism is lower for democratic countries than non-democratic countries.

The level of terrorism, in most cases, does not determine the degree of the economic consequences. For instance, Blomberg, Hess and Orphanides (2004) observe that despite the higher terrorists' activities in OECD countries, the economic cost of terrorism (GDP growth) for these countries is not higher than other parts of the world. In contrary, Africa has the least number of terrorist attacks compared to other continents, but the economic consequence of terrorism in the region, is significantly higher than the rest of the world.

Tourism is another sector which suffers greatly from terrorism. Terrorism affects tourism as result of increase (perceived) vulnerability or increased security measures. Enders and Sandler (1991) investigate the impact of transnational terrorism on tourism in Spain. They discovered that terrorism scares away more than 140,000 visitors, combining all monthly impacts. Similarly, Enders, Sandler and Parise (1992) calculate the exact losses in tourism revenue for Austria, Greece, and Italy to amount to US\$ 4.538 billion, US\$ 0.77 billion, and US\$ 1.159 billion, respectively, from 1974 to 1988. For the same period, terrorism caused Europe as a whole US\$16.145 loss in tourism revenue.

International trade is another economic variable that receives attention when it comes to terrorism. Many empirical studies confirm the negative impact of terrorism on trade (Nitsch & Schumacher, 2003; Eckstein & Tsiddon, 2004; Walkenhorst & Dihel, 2002; 2006; Blomberg & Hess, 2006). For example, Nitsch and Schumacher (2003) use gravity model to evaluate the impact of wars and terrorism on trade flows and volumes in 200 countries from 1968 to 1979. Their findings show that terrorism and wars lower bilateral trade by 4 percent.

Terrorism raises frictional trading costs such as insurance, customs, transport and handling. Research by Walkenhorst and Dihel (2002) focuses on these frictional costs to calculate the losses generated by the incidence of terrorism on trade. They used the Global Trade Analysis Project

(GTAP) model to analyse the GTAP database. The findings show that 1% increase in frictional costs leads to a worldwide welfare loss of about \$75 billion per year.

Another macroeconomic variable that is sensitive to terrorism is foreign direct investment (Eckstein & Tsiddon, 2004). This is because foreign investors are reluctant to keep their investments in volatile environment. Study by Rasheed and Tahir (2002) concluded that FDI reduces in a country with increase incidence of terrorism and the reason for this is that investors have no confidence in such economy. Shahbaz, Javed, Dar and Sattar (2012) use ordinary least square regression model to investigate the relationship between foreign direct investment and terrorism in Pakistan. The study shows a negative relationship between terrorism and foreign direct investment.

Anwar and Afza (2014) focused on the impact of political instability and terrorism on inward foreign direct investment along with other economic variables such as infrastructure, investor's incentives, inflation, exchange rate, trade openness and market size. Their findings confirmed that there are negative impacts of political instability and terrorism on inward foreign direct investment along with other economic variables such as infrastructure, trade openness exchange rate, inflation, investor's incentive and market size. Similarly, Abadie and Gardeazabal (2007) study of over 110 countries shows a negative relationship between terrorism and country Net Foreign Direct investment (NFDI).

Theoretical Framework

The paper is anchored on structural functionalism theory. The theory was first used in Biological sciences and later adopted by scholars such August Comte, Emile Durkheim, Herbert Spencer, Talcott Parson etc., to explain the human society. Structural functionalism revolves around two major concepts: structures and functions (Nwaorgu, 2002). The theory assumes that the society is made up of parts and these parts contribute positively or functionally to the operation and functioning of the system as a whole. Structural functionalism holds that each part of the society is necessary for the functioning and survival of the social organism that is the society. The theory sees the human society as an entity in which all the components, work together cooperatively and cohesively for the betterment of the overall society (Ogunbameru, 2013: 20).

Structural functionalism sees the human societies as coherent, and bonded relational constructs that function like the organisms, with their various parts or components (social institutions) working together to maintain and reproduce order and stability. Structural functionalism also asserts that since the human society is composed of different interdependent parts, a change in a part or component affects other parts (see Parsons, 1951; Turner, 1991).

The key assumption of structural functionalism which posits that the human society is composed of interdependent parts, components or organs, in which problem with one component would ultimately affect the other components, explains the nexus between terrorism and economic underdevelopment. This is because without an enabling environment in which production, industrial activities and trade can take place and prosper, economic growth would forever remain elusive.

Boko Haram Activities and Nigeria's Economy during Jonathan's Administration

Since the gradual incarnation of Boko Haram into a terrorist organisation in Nigeria, the country on a daily basis experienced the death of innocent souls through either exchange of gun fires between the military and Boko Haram or bomb blast by Boko Haram. The sect has paralysed business activities in Nigeria and led to investors moving out their investments from the country. The country's foreign direct investment has been dropping sharply since 2009. For instance, World Investment Report (2013) unveils that in 2011, Nigeria's inward foreign direct investment was \$8.9 billion, while in 2012 it reduced to \$7 billion. This shows that the country's inward foreign direct investment reduced by \$1.9 billion (21%) in just one year, a figure considered very huge for a country in need of shoring up its revenue.

One salient way through which Boko Haram activities affect the foreign direct investment is the decline of the tourism industry. Tourism in Nigeria has been negatively affected by the rife of Boko Haram phenomenon with some countries placing travel warning on the country. It is estimated that the number of tourists who visit Nigeria declined from 1,555,000 in 2010 to about 486,000 in 2012. The negative impression created by the Boko Haram insurgents accounted for the dwindling of fortunes in the hospitality industry (Okereocha, 2015).

Tourism experts revealed that the Northern region of Nigeria had lost over 30 billion naira due to the continued insurgency. In fact, the region experienced the highest inconclusive business visits, closure of amusements of parks and bars, gross stifling of revenue and lowest tourists' arrival. Awosika (2014) notes that millions of jobs could be created by the tourism industry in Nigeria. Sadly, this may not happen if the war against insecurity fails. Hence, ending the insurgency is a fundamental aspect in the restoration of the economy.

Boko Haram activities have negative impact on trade flows and volumes in Nigeria, especially in the North. Terrorism can damage traded goods and infrastructure needed for the trade. Asike (2013) observes that many farm lands and agricultural products were destroyed by Boko Haram. The commercial sector has been paralysed by the insurgents. The small and medium scale enterprises, road side shops and stores, local markets in the Northern region of the country have been close down. All these affect the trade flow and volume in Nigeria. The effect of Boko Haram activities on grain market in Gamboru and TashanBaga markets in Borno from 2009 to 2015 will be used to give a semblance of how the menace of Boko Haram impedes trade flow and volume in Nigeria.

Mohammed and Ahmed (2015) captured the trend of grain business before and during the insurgency. The Gamboru and Baga grain market collects grains (maize, beans and sesame seeds) from neighbouring states and countries. The flow and volume of grain was greatly hindered by insurgency in the North-Eastern part of Nigeria. The grain flow as captured by Mohammed and Ahmed (2015) is presented in Table 1.

Table 1: Grains flow from Gamboru Market to Neighbouring Countries (2008-20014) in Tonnes

Items	2008	2009	2010	2011	2012	2013	2014
Maize	33,600	35,000	31,000	28,500	25,000	20,000	16,000
Millet	5,040	7,500	8,200	6,000	5,200	3,600	3,600
Beans	88,200	82,000	80,000	72,000	64,000	43,000	21,000
Sorghum	27,300	30,000	24,000	19,000	20,000	15,200	7,000
Total	154,140	154,500	143,200	125,500	114,200	81,800	47,600

Source: Mohammed and Ahmed (2015).

Table 1 revealed that in 2008, an estimated 154,140 tonnes of grains (maize, millet, beans, sorghum) flowed in and out of Gamboru en route sub markets in the hinterland. The quantity increased a bit to 154,500 in 2009. However, grain volume in Gamboru market experienced a dramatic decline when the insurgency was at its peak (2010-2014). This is because a substantial amount of these grains comes through the Boko Haram annexed communities of Monguno, Baga, Gubio and Dabarmasara.

Table 2: Grain flow from Baga market to Neighbouring Countries (2008-20015) in Tonnes

Items	2008	2009	2010	2011	2012	2013	2014
Maize	38,400	38,600	30,200	24,500	16,700	15,900	13,000
Millet	18,900	22,000	16,500	14,000	12,600	7,000	3,700
Beans	58,300	52,900	43,000	45,000	33,000	30,000	16,000
Sorghum	25,200	21,000	19,000	22,000	16,000	14,000	14,200
Total	140,800	134,500	108,700	105,500	78,300	66,900	46,900

Source: Mohammed and Ahmed (2015).

The Baga market which is also noted for transaction in cereal and grains products was also greatly affected by the activities of the Boko Haram. The market can be said to be the gateway to other parts

of the country for grain commodities such as beans, millet, sorghum-bicolour, maize and sorghum-vulgare. Grain flow to/from Baga market as captured by Mohammed and Ahmed (2015) is presented in table 2

Table 2 revealed that in 2008, grain flow to and from Baga grain market was 140,800tonnes. It decreased to 134,500tonnes in 2009. A very significant reduction was witnessed between 2010 and 2014.

Table 1 and 2 showed that grain flow was greatly affected by the insurgency. The grains sold in these markets are sourced mostly from Niger, Tchad and Cameroon and transported through the various local government areas controlled by the insurgents. Thus, movement of goods through these routes was very difficult.

Conclusion and Recommendation

Terrorism in any society threatens lives and properties, impedes business activities and discourages investments, all of which hinder the socio-economic development of a country. In a nutshell, terrorism can be said to be the antithesis of humanity as well as socio-economic development. Hence, all hands must be on desk to ensure that Boko Haram insurgency is curbed as doing this would not only bring peace to the society but also sustainable economic development. In order to curb the menace of Boko Haram, the following recommendations are essential:

1. The activities and preachings of the clerics must be censored.
- 2 The security apparatus should be strengthened by recruiting capable people, increase their welfare and by giving them sophisticated weapons. All these will encourage the security personnel to confront the insurgents.
3. There is need for a sincere and robust regional collaboration in terms of training, intelligence gathering and sharing etc., among the neighbouring countries like Nigeria, Cameroon, Niger and Tchad.
4. Government at all levels should ensure that poverty, unemployment and illiteracy are curbed.

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