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Abstract
Curtailling the insurgency that has engulfed the North Eastern States of Nigeria: Borno, Adamawa, Yobe, Bauchi and Gombe has had an impact on Public Expenditures. Budgetary allocations have decreased in some sectors of the economy while it has increased tremendously in some sectors year after year. This study is aimed at determining the impact of insurgency on public expenditures in Nigeria from 1980 to 2014. This study used econometric model i.e Ordinary Least Square (OLS) techniques of analysis for estimation of one independent variable which is Insurgency and one dependent variable which is Public Expenditure. The result shows a positive significant relationship between Insurgency and Public Expenditure in Nigeria within the period of this study. The result recommended that the government should maintain the current expenditure until they defeat Insurgents in the country as a result of the constitutional responsibilities of government to secure lives and properties of the populace. Also, government should protect the nation’s territorial integrity so as to enhance a secure environment for all sectors to grow. Also, government should source for more funds so as to increase her expenditure on insurgency attack.

Introduction
Public expenditure is an important instrument for government to control the economy. It plays an important role in the functioning of an economy whether developed or underdeveloped. Public expenditure was born out of revenue allocation which refers to the redistribution of fiscal capacity between the various levels of government or the disposition of responsibilities between tiers of the government. Broadly speaking, public expenditure affects aggregate resources use together with monetary and exchange rate. Specifically public expenditure refers to the value of goods and services provided through the public sector. Public expenditure is spending made by the government of a country on collective needs and wants such as pension, provision, infrastructure, etc. Until the 19th century, public expenditure was considered as wastage of money. Thinkers said Government should stay with their traditional functions of spending on defense and maintaining law and order.

Presently, in Nigeria, insurgent actions are carried out by a controversial Nigerian militant Islamic group that seeks the imposition of Sharia law in the Northern States of Nigeria. This group opposes not only western education, but western culture and modern science as well. Every part of the economy suffers the attacks of this group at every point in time. This holds for severe implications for economic development in the country as it
becomes difficult for government to implement its policies due to dearth of peace. This group is known as the BOKO HARAM. According to Omenma (2012) the Boko Haram Insurgents started as a militia group called “ECOMOG”, which have being sponsored by prominent politicians in the north – eastern states of Borno and Yobe during the build up to the 2003 general elections. Later, other politicians in some parts of Northern Nigeria began to sponsor the group they provided them with huge sums of money, provision of training grounds on the many mountains scattered in the northern region as grounds on the many mountains scattered in the northern region as well as protection against arrests by the Federal governments. 

The sect’s spokesman Abu Qeda in one of his confessions on Nigeria Television Authority (N.T.A) News in 2012 stated that the “Boko Haram sect started as a fundamentalist group officially called AhlusSunna Lid Dawatis Jihad which is now popularly known as BokoHaram”. Since the inception of the activities of this group, Nigeria’s security has been threatened and it has also affected the economy. In Nigeria Boko Haram snowballed into national menace after the 2011 general elections, the northern governors who had relationship with the sect began to withdraw their patronages and eventually abandoned them to their fate. (The Nation, May13, 2011). Most scholars and analysts tend to subscribe to the opinion that terrorism is a political expression and not a criminal act. As a result they agree that terrorist groups across the world have a common adversary in the status quo, represented by the regime in power, the political system of the economic system. In their view therefore, the major objective of terrorists is to disrupt the status quo or dismantle the regime in power so as to impose their own values on the rest of the society. However since the terrorists usually lack willing public support and face stiff suppression from the government, they always resort to indiscriminate violence on a tactical and strategic basis to spread fear and intimidation and persuade the public of the validity of their cause. All terrorist acts involve violence or equally important, the threat of violence. The Islamic militant sect, BokoHaram has been terrorizing Nigeria’s population for almost two years, sapping economic development in the northern part of the country. According to “focus Nigeria” an interactive program on Africa Independent Television (A.I.T) in 2012, the insurgency has brought about the demise of business in the country most especially in the northern parts. For instance, traders who come from all over Nigeria and neighboring countries to buy textiles in Kano, no longer frequent the market again and the market is not as busy as it used to be. The study is set to investigate how this menace has eaten deep into our economy. According to Ogiri (2014), peaceful social atmosphere is intrinsic to successful economic development, but like most powerful tools, it can also cause great damage if absent.

Curtailing religious and political crisis that has engulfed some parts of Nigeria States like Borno, Yobe, Bauchi and Adamawa States on one land and mostly Churches, banks, schools, public parastatals, private companies, lives and properties on the other had been a challenge in the country. Government expenditures have been affected and allocation of funds to some sectors (like Mining, Education, Health, Transport, Information Communication Technology, Agriculture, etc) of the economy has dropped while others like the defense sector has been skyrocketing with a tremendous allocations and there has been an unprecedented decline in economic activity as a result of the incessant attacks and killings. In an online article (http://www.indexmundi.com), defense had N37.3 Billion in the year 2000. In an online article (http://www.dailytrust.com.ng), at the wake of the insurgency in 2010it increased to N299 Billion and jumped to N921.91 Billion, N950 Billion and N968 Billion in 2012, 2013 and 2014 respectively.
African Outlook (2014) in an online article (www.africanoutlookonline.com) titled “Nigeria insurgency beginning to take toll on economy”. An increasingly violent insurgency by Islamist sect Boko Haram in Nigeria has begun pressuring the country's finances by forcing extra spending on security. It is diverting money away from needed infrastructure spending and could be costing as much as 2 percent of the country's economic output. Boko Haram, which wants Islamic Sharia law more widely applied across Africa's most populous nation, has been waging a low level insurgency against the government and security forces since 2009. The severity of its attacks has leapt in the last six months with its strikes have been largely confined to the Muslim Northern States of Yobe, Borno, Adamawa, etc. Foreign direct investors and portfolio managers are, however, concerned about the progress of structural reforms in one of the continent's most inefficient and wasteful economies and about the government's ability to keep a lid on spending. On that latter point, insurgency is having a bigger impact. Nigeria's security bill has risen to 20 percent of spending in the 2012 budget from 16 percent in 2010, leaving less money for much-needed infrastructure projects and for work on reforms to the power and other social and industrial sectors. The 2011 budget did not give a breakdown for security costs. "It implies less spending on power infrastructure, education and healthcare, which combined have been allocated a smaller budget than security in 2012," (Mhango, 2012). The direct cost of security is at least 2 percent of Nigeria's $250 billion economy, measured by the share of spending-to-Gross Domestic Product (G.D.P) in 2012. (Mhango, 2012). In addition, this study will serve as an adequate guide for further research and a useful guide for potential researchers on this topic and other topics relating to global crisis and terrorism in Nigeria Kaduna Journal of Sociology (KJS) Vol. 5 No. 5 July, 2017

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and will facilitate in designing anti-crisis policies by government that can help in combating future crisis that may occur.

This study covers the period of insurgence of Boko Haram sect that precisely began in 2004; though its effects linger till date of this study. Few years prior to the insurgency of Boko Haram were selected to study the nature of government spending. The main aim is to find the actual impact of the crisis on government expenditures during the period of the crisis by the sect.

Conceptual Issues

According to Ladan (2012) Insurgency is a crime against public order because it is a pattern of internal disturbances and tensions that poses serious problems of public safety and public order for the relevant authorities, which can eventually lead to situations that threaten the life of a nation and tempt the government in power to proclaim a state of emergency. Internal disturbances has to do with situations of confrontational acts of violence, which can assume various forms, of the way from the spontaneous generation of acts of revolt to the struggle between more or less organized groups and the state authorities in power. As for internal intensions, the term usually refers to either the situations of serious tension (political, religious, ethnic, social, economic, etc), or sequels of internal disturbances or an armed conflict. Therefore, insurgency becomes a crime of Terrorism when insurgents use arbitrary violence or threat of force deliberately aimed at causing fear, harm or kill by attacking defenseless civilians and their property or undermining peace by disrupting the social, political and economic life of a nation or any part thereof. This explains the definition of Terrorism under section 1 of the 2011 Terrorism Act.

Furthermore, he contributed that insurgency has become violative of the Nigerian Constitution, Criminal Law and Nigeria’s international treaty obligations in the following circumstances:
I. When it constitutes an attack on defenseless civilians and their property resulting into injuries, loss of lives and property as well as forced or massive internal displacement of people out of their habitual places of residence.

II. When it chases business/investors (local and foreign) away from investing in an unsecured nation.

III. When it involves the elements of any of the following domestic and international crimes punishable by law: Treasonable felony, terrorism, murder, crimes against humanity and genocide.

The large size of government expenditure in less developed countries (LDCs) in general and particularly Nigeria, and its attendant effects on macroeconomic variables has become one of the hottest debates among scholars. Public expenditure plays an important role in the functioning of an economy whether developed or underdeveloped. Public expenditure was borne out of revenue allocation which refers to the redistribution of fiscal capacity between the various levels of government or the disposition of responsibilities between tiers of government (Okoro, 2013). Thus, government intervenes in undertaking fundamental roles of allocation, stabilization, distribution and regulation especially when there is market failure and externalities whose outcome may be socially undesirable.

In Nigeria, total government expenditure in terms of capital and recurrent expenditures have continued to rise over the last three decades or so. Expenditures on administration, economic, social and transfer sectors are proportionately rising overtime. For instance, government total recurrent expenditure increased from N4, 805.20 million in 1980 to N36, 219.60 million in 1990 and further to N1, 589,270.00 in 2007 and later by 2011, it stood at N2, 632,876.50 on the other hand, government capital expenditure rose from N10, 163.40 million in 1980 to N24, 048.60 million in 1990. It stood at N239, 450.90 million and N759, 323.00 million in 2000 and 2007 respectively and by 2011, it stood at N2,425,049.00. In year 2013, government total expenditure was N4,900,000.00 where Capital Expenditure was N1,621,477,655,252 and recurrent expenditure was N2,386,024,770,349. In the year 2014, total government expenditure was N4,964,000.00 where Capital Expenditure was N1.1 Billion and recurrent expenditure was N2.5 Billion (Oni, Aninkan and Akinsanya, 2014).

Theoretical Framework

Wagner’s law

Wagner’s law which is also known as the law of increasing state spending, it was first observed by a German economist Wagner (1835 – 1917). He used it for his country and then other countries. For any country, the public expenditure rises constantly. It shows an upward sloping trend. The law predicts that the development of an industrial economy will be accompanied by an increased share of public expenditure in gross national product: “The advent of modern industrial society will result in increasing political pressure for social progress and increased allowance for social consideration by industry.” Wagner’s law suggests that welfare state evolves from free market capitalism due to the population voting for ever-increasing social services. Neo Keynesian and socialists do urge the government to emulate modern welfare states. In spite of some ambiguity, Wagner’s in formal terms has been interpreted by Musgrave as follows:

As progressive nations industrialize, the share of the public sector in the national economy grows continuously. The state’s increase in expenditure is needed due to the following three major aims, viz:
Welfare functions
- Social activities of the state
- Protective and administrative functions

Wagner’s real premise includes:

**Economic:** science and technology advance, consequently there is increase in the state’s assignments or projects into the science, technology and various investment projects, etc.

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**Socio-political:** social role of the state expands over time; natural disaster aid (either internal or external), retirement insurance, environmental protection programs, etc.

**Historical:** the state resort to government loans for covering contingencies, and thus the sum of government debt and interest amount grow; i.e. an increase in debt service expenditure.

**Peacock-Wiseman Hypothesis**
The study conducted by Peacock and Wiseman on public expenditure for the period of 1891-1955 in United Kingdom based on Wagner’s law, which was found to be applicable. It was stated that: “There has been considerable increase in revenue to the government due to the economic developments over the years, there by leading to a boost in public expenditure.” The government can simply not ignore the demands that people make regarding various services, especially, when there is an increase in revenue collection at a constant rate of taxation. Further, it stated that during the times of wars the tax rates are increased by the government to generate more funds to meet the increase in defense expenditure. This is known as displacement effect. This effect is created when the earlier lower tax and expenditure levels are displaced by new and higher budgetary levels. But it remains the same even after the war as people become habituated to it. Such an increase in revenue therefore gives rise to government expenditure.

**Rostow-Musgrave Model**
Rostow and Musgrave also carried out a research on the growth of public expenditure and conclude that, at the early stage of economic development, the rate of growth of public expenditure will be very high because government provides the basis infrastructural facilities(social overhead) and most of these projects are capital intensive, therefore the spending of the government will increase steadily, the investment in education, health, roads, electricity, water supply are necessities that can launch the economy from the traditional stage of economic development, making government to spend an increasing amount with time in order to develop an egalitarian society.

**Insurgency and Religion Ideas**
Religious fanaticism denotes religious extremism, which in other words is an irrational attitude to religion which leads the religionist to the practice of religion beyond the bounds of reason and, therefore, without moderation (Nmah, 2004). Security on the other hand can be conceived in terms of either conventional security doctrine or alternative security doctrine, depending on whether one is toeing the Realist or Idealist theoretical perspective (Enuka, 2010). Adherents of political realism advocate conventional security which places emphasis on military and strategic concerns. This position which limits the concept of security to the domain of military matters is shared by the likes of Al-Mashat who maintain that security is concerned solely with the military aspects of the nation, strategic issues of the super powers, and alliance-building process (Onoja, 1998). On the other hand, the opponents of the Idealist theory do not share this view, but
stress on the alternative security doctrine which emphasizes such imperatives as food, shelter, health, employment, security of lives and property, equitable distribution of national Resources, strong political institution, strong educational institution, strong political institution, strong electoral institution, moral and intellectual spiritual citizens coupled with functional social cohesion. Irrespective of the ambiguity that characterize the definition of insurgency and its concomitant killings and damages especially the way it has become prevalent today in Nigeria and other African countries hurts to no small measure in individuals’ and states’ protection and, therefore, portends dangerous consequences to the global security.

Enuka (2010) opines that a universally accepted definition of terrorism has been difficult owing to reasons of politics rather than semantics. The aphorism “one man’s terrorist is another man’s freedom fighter” underscores how the use of terrorism can be highly subjective, depending upon one’s sympathies (Hoffman, 2000). Insurgency could be defined as the deliberate creation and exploitation of fear for bringing about political change. The acts are often by non-governmental groups or individuals not officially serving governmental agencies. To justify their use of violence, terrorists argue that they have been excluded from or frustrated by, the accepted process of bringing about political change.

**Empirical Review**

Different people had at different times linked the Boko Haram Insurgency to religion while others to politics. Abdulkarim (2011), a researcher on Boko Haram asserts that violent uprisings in Nigeria are ultimately due to “the fallout of frustration with corruption and the attendant social malaise of poverty and unemployment”. Kwaja (2011), maintains that “religious dimensions of the conflict have been misconstrued as the primary drive of violence when, in fact, disenfranchisement and inequality are the root causes”. Nigeria, he points out, has laws giving regional political leaders the power to qualify people as ‘indigenes’ (original inhabitants) or not. It determines whether citizens can participate in politics, own land, obtain a job, or attend school. The system is abused widely to ensure political support and to exclude others. Muslims have been denied indigene-ship certificates disproportionately often.

Marchal (2012), highlights the issue of the divergent economic and social dynamics of northern versus southern states in Nigeria as a main factor in the Boko Haram rebellion: “Boko Haram is an ultra-violent social movement that has deep roots in the social and economic marginalization of a large section of Nigeria’s northern population. The extent of relative poverty and inequality in the north has led several analysts and organizations to argue that socio-economic deprivation is the main factor behind Boko-Haram’s height of violence in northern Nigeria (Agbiboa: 2013; Mustapha: 2012; Kukah: 2012).

Bose, Haque, and Osborn (2003) examined the growth effect of public expenditure by sectors using panel data for thirty developing countries covering the period of 1970-1990. The study found that public capital expenditure is positively correlated with economic growth, while the growth effects of current expenditure is insignificant for the group of countries. Meanwhile, at sectorial level, government expenditure on education is the only outlay that remains significant throughout the analysis. And whereas the growth effect of transport and communication, defence initially had significant impact they could not survive when other sectors and budget constraints were incorporated into the analysis.

Ghani and Din (2006) accessed the impact of public investments on economic growth in Pakistan. The variables employed in their study were public investment, private
investment, public consumption and GDP for the period of 1973-2004. Employing VAR model on time series data, the study found that growth is largely driven by private investment than public investment as public investment crowds out private investment. Schaltegger and Torgler (2006) examined the growth effect of public expenditure at the state and local levels in Switzerland from 1981 to 2001. The study found that impact of public expenditure on economic growth is negative.

Abu-Badaer and Abu-Qarn (2006) investigated the causal link between government expenditures and economic growth for Egypt, Israel and Syria. The study found bidirectional causality from government spending to economic growth but with a negative long term relationship between the two variables. At the sectorial level, it was also found that Military burden negatively affects economic growth for all the three countries and that civilian expenditure had a positive growth effects in Egypt and Israel.

In Sudan, Badawi (2007) found that the impact of private investments on real growth has been more pronounced compared to that of public investment. While the crowding-out effect of public investment on private investment was found to be highly significant.

Musaba, Chilonda and Matchaya (2013) investigated the impact of government sectorial expenditure on economic growth in Malawi. Employing co-integration and error correction model on a data set of 1980-2007, he found that in the short run there was no significant relationship between government sectorial expenditure and economic growth. On the other hand, the long run results showed significant positive effect of agriculture and defence expenditure on economic growth. The expenditures on education, health, social protection and transportation and communication were negatively related to economic growth.

Okoro (2013) investigated the impact of government spending on economic growth for the sample data of 1980-2011. He employed Johansen co-integration test, ordinary least square (OLS) multiple regression technique, error correction model (ECM) and causality test and found long-run equilibrium relationship between government spending and economic growth in Nigeria. Also, the short-run dynamics adjusts to the long-run equilibrium at the rate of 60 percent per annum which means that both the shortrun and long-run expenditure has significant effect on economic growth. Finally, he found unidirectional causality running from government expenditure to economic growth.

In a study by Usman, Mobolaji, Kilishi, Yaru and Yakubu, (2011), they investigated the effect of government expenditure on economic growth in Nigeria spanning the period 1970-2008. An augmented Solow model is specified in Cobb-Douglas form with public capital as one of the factors. The study decomposed expenditure into three expenditure streams namely public expenditure on education and health, public expenditure on transport and communication and public expenditure on administration. They found that in the long run, there is relationship between public expenditure and growth while in the short run, public spending has no impact on growth.

Ohwofasa, Obeh and Atumah (2012) scrutinized the relationship between government expenditure in education sector and economic growth in Nigeria using time series data spanning 1986 to 2011. The study employed Johansen co-integration technique and error correction method and found that long run relationship existed between the variables. Also, results further indicated that a one year lag of gross domestic product, current level of recurrent expenditure on education, two year lags of recurrent expenditure on education, current as well as two year lags of gross capital formation exhibit positive impact on economic growth in Nigeria. On the other hand, previous year capital expenditure on education and human capital development has negative and significant impact on economic growth within the period of study.
Oluwatobi and Ogunrinola (2011) examined the impact of government recurrent and capital expenditures on education and health and their effect on economic growth in Nigeria. The study adopted the augmented Solow model and real output as dependent variable while the explanatory variables are government capital and recurrent expenditures on education and health, gross fixed capital formation and the labour force. The result found that there exists a positive relationship between government recurrent expenditure on human capital development and the level of real output while capital expenditure is negatively related to the level of real output.

Akpan (2005) found that impact expenditures on functional classification (i.e. administrative, economic, social and transfer sectors) disaggregated into recurrent and capital components on growth to be negative by some variables and positive by others. The coefficients of those found to be positive was rather small meaning that their impacts on growth would be minimal. The error correction showed that the rate of adjustment parameter was relatively high, significant and appropriately signed. This shows that economic growth in Nigeria adjusts fairly to changes in the explanatory variables. Loto (2011) applied co-integration and error correction model and showed that in the shortrun, expenditure on agriculture and educations were negatively related to economic growth. However, expenditure on health, national security transportation and communication were positively related to economic growth.

Methodology
Model Specification
An attempt is made in this study to determine the impact of Insurgency on Public Expenditure in Nigeria. In view of this, a model is here by specified in order to accurately estimate the study for policy recommendation. The model captures the relationship between Insurgency and Public Expenditures from 1980 to 2014. It is specified as:

Implicit form: \( \text{PubE} = f(\text{INS}) \)

Explicit form: \( \text{PubE} = b_0 + b_1 \text{INS} + U \)

Where:
- \( \text{INS} = \text{Insurgency} \)
- \( b_0 = \text{Intercept or Constant Term} \)
- \( b_1 = \text{Coefficient of PubE} \)
- \( \text{PubE} = \text{Public Expenditure} \)
- \( U = \text{Error or Stochastic Term} \)

Hence, this study employs secondary data for its analysis. This is because the data required is found in documented form. In undertaking the study, the researcher collected annual time series data of total Public Expenditure from the year 1980 to 2014. The data was obtained from the Central Bank of Nigeria (CBN) statistical bulletin and the National Bureau of Statistics (NBS) Fact Book. Insurgency is an unquantifiable variable and is considered as a dummy variable in the regression analysis. Therefore, the years prior to insurgency were depicted by zeros (0) and 1s in the years of crisis.

Result Presentation and Interpretation
Table 4.1 the regression result from E. views 7.0.
The regression result gotten through the OLS method is:

\[ \text{PubE} = 11.42745 + 3.487468 \times \text{INS} \]

\[ \text{Std. Error} = (0.307473) (0.566953) \]

\[ T\text{-statistic} = (37.16566) (6.151247) \]

\[ \text{Prob. Value} = (0.0000) (0.0000) \]

\[ R^2 = 0.54, \quad R^2 = 0.52, \quad F* = 37.83(0.0000), \quad DW = 1.88. \]

From the regression result above, it can be deduced that 54 percent variation in Public Expenditures is caused by the activities of Insurgency in Nigeria as explained by the coefficient of determination \( R^2 \), while after taking into consideration the degree of freedom, the adjusted coefficient of determination with 52 percent explained that 52 percent of the variation in government expenditure is still explain by insurgency in Nigeria. Hence, the model shows a good fit as the dependent variable explains over 50 percent of the variation in the model. Therefore, to confirm the worth or credibility of the model, we examined the \( F \)-statistic value and confirmed that the null hypothesis that the variable does not significantly explain the dependent variable can be rejected given the \( F \)-statistic probability value (0.000) which is significant at both 1 and 5 percent.

In the same vein, the result revealed that Insurgency has a positive and significant relationship with Public Expenditure as shown by large amount of funds that had gone to the security sub-sector to curb the activities of Insurgency. The result however agrees with our apriori expectation of a positive relationship. In other words, as the activities of Insurgency increase, the government or public expenditure also follow suit.

**Conclusion**

This study has attempted to establish a relationship between Insurgency and Public Expenditure. The finding from the empirical analysis has shown that, Insurgency has a significant impact on Public Expenditure. This agrees with our apriori expectation that there will be a positive relationship between Insurgency and Public Expenditure. Government expenditures have been affected and allocation of funds to some sectors (like Mining, Education, Health, Transport, Information Communication Technology, Agriculture, etc) of the economy has dropped while others like the defense sector has been on a high increase with a tremendous allocations and there has been an
unprecedented decline in economic activity as a result of the incessant attacks and killings. This has begun pressuring the country's finances by forcing extra spending on security. It is diverting money away from needed infrastructure spending. Hence, based on this finding, it is recommended that while government intensify more on securing the nation’s territorial integrity, they should maintain the current expenditure until they defeat Insurgents in the country as a result of the constitutional responsibilities of government to secure lives and properties of the populace also, government should protect the nation’s territorial integrity so as to enhance a secure environment for all sectors to grow. Also, government should source for more funds so as to increase her expenditure on insurgency attacks.

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