

National Insecurity and Economic Growth in Nigeria

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Abstract

Nigeria is one of the relatively secured nations in West African sub-region. In recent times, this endowed nation suddenly metamorphosed into abode of serial bombing, hostage taking, armed robbery, cold-blooded killings and ethno-religious conflicts traceable to militant groups with conflicting ideological, political and religious agenda. The resultant loss of lives, rising budgetary spending for security and destruction of valuable government facilities portend devastating consequences for sustainable economic development in the country. This study examined the link between national security and economic growth in Nigeria. The researcher adopted econometric method, which entailed extraction of secondary data from the publications of Central Bank of Nigeria, National Bureau of Statistics and other reliable reports on the subject spanning between 1985 and 2015.

The generated data were carefully analysed using Ordinary least square multiple regression and inferential statistics on the basis of which far-reaching conclusions were drawn. The research findings indicated that Nigeria's expenditure on national security is rising faster than spending on education and other critical sectors and that capital, labour and government expenditure on security are positively related to GDP while government expenditure on education is inversely related to GDP. This unpleasant finding has negative effect on sustainable economic development in Nigeria. The paper recommended that priority attention should be placed on good governance with a robust institutional framework that ensures prudent and effective management of resources to better the lot of its citizenry while the government should build strong viable institutions that can proactively respond to the challenges of security.

Keywords: National Security, Nigeria, Terrorism, Economic Growth and GDP

Introduction

Nigeria is a populous Black African nation, blessed with an intimidating population of over 170 million people, with wide geographical spread across thirty-six (36) states and a federal capital territory (Akhuemonkhan, Raimi and Ogunjirin, 2012). Nigeria is part of the NEKS countries; an acronym for Nigeria, Egypt, Kenya and South Africa, described by analysts as nations with huge untapped markets for foreign direct investment (FDI) in Africa. At independence and several years after, the country was perceived as a relatively secured nation in the West African sub-region because of its steady economic growth and leadership role in the Economic Community of West African States (ECOWAS). However, the sudden discovery of crude oil truncated the nation's steady drive towards sustainable economic development, as the focus of Federal government shifted from commercial agriculture to crude oil exploration and exploitation (Dode, 2011).

While the ruling elites, technocrats and their cronies were busy stealing, embezzling and sharing the nation's oil wealth, the age long peace and security that the nation enjoyed started waning because of threats to national security orchestrated by militant groups with conflicting socio-economic and political agenda. The militant groups whose antics

and activities portend serious danger to national security in Nigeria are: Movement for the Actualisation of the Sovereign State of Biafra (MASSOB), Niger Delta People's Volunteer Force (NDPVF), Movement for the Emancipation of the Niger Delta (MEND), Bakassi Boys, O'dua People's Congress (OPC), Student Cults and Boko Haram sect (The Economist, 2008; Akhemonkhan et. al, 2012). The emergence of militancy in Nigeria fueled ethno-religious crises in Jos, vandalism of oil installations in the South-South, massive robbery in South-West, kidnapping in the South-East and heinous killing/bombing of innocent Nigerians in Northern Nigeria (Daily Independent Online, 2010). Other manifestations of threat to national security include drug trafficking, human trafficking, human sacrifice, ritual killing, sectarian violence, political violence, communal strife, natural disasters and pervasive acts of normlessness (Darmer, 2004).

Evidence that lends credence to the fact that security situation is nose-diving in Nigeria can be found in the 2010 survey report published by the Business Environment in Nigerian States, which highlights the deplorable security situation in Nigeria along with other environment components. For 2007, the survey rated national security in Nigeria as 62.69 per cent, which was against 49.49 per cent in 2010 report. This represents a significant fall in national security rating by 13.2 per cent (BECANS-II, 2010). From the foregoing, threat to Nigeria's internal security was real, as the international community has declared Nigeria a failing state in several circles as well as in policy papers. For instance, the Fund for Peace (FFP) in its 2012 report, ranked Nigeria as one of the top 10 failed states in Africa and 14th in the world because of growing wave of insecurity and endemic violence (Tella, 2012).'

The Federal government has continued to appropriate huge funds for 'defense and internal security' in the national budget; a trend that has denied capital projects in the education, health, agriculture and construction sectors that needed attention. In the 2008, 2009, 2010 and 2011 fiscal years, the total expenditures earmarked for both internal security and defense in the approved budgets were ₦92.7, ₦276.5, ₦422.9 and ₦563.2 billion respectively (Central Bank of Nigeria, 2011) Despite the fact that at the Federal level, the 36 states and 774 local government councils in Nigeria enjoyed security votes, the rate of

insecurity remained unabated. Some public analysts including few serving governors called for the immediate abrogation of security vote on the grounds that it is not economically sustainable considering the diverse challenges facing the nation; and also because security votes open the floodgate to monumental frauds and stealing of state's fund by the political elites in Nigeria (Eboh and Obodoechina, 2012). No wonder, Oyovbaire (2007) notes that the World Bank in February 2007 reclassified Nigeria alongside over fifty other developing nations like Sao Tome, Papua New Guinea, Djibouti as a 'fragile' state even though much earlier the same polities have been dismally branded as 'failed' states. These states have been stigmatized for their wanton inability to engage their citizens in productive ventures that would guarantee, amongst others, security of life and property, protection of human rights and the provision of basic public utilities for meaningful development, the lack of state apparatus to contain territorial assault and the possible outbreak of civil war.

Statement of the Problem

According to Omoyibo and Akpomera (2013), security is a concept that is prior to the state, and the state exists in order to provide that concept. The 1999 Constitution of the Federal Republic of Nigeria specifically states that "the security and welfare of the people shall be the primary purpose of government". Unfortunately, government on this constitutional responsibility has failed to provide a secured and safe environment for lives, properties and the conduct of business and economic activities. The alarming level of insecurity in Nigeria has fuelled the crime rate and terrorists attacks in different parts of the country, leaving unpalatable consequences for the nation's economy and its growth. To address the threat to national security and combat the increasing waves of crime, the federal government in the 2013 budget made a huge allocation to security, and the national assembly passed the Anti-Terrorism Act in 2011 (Ewetan, 2013). Despite these efforts, the level of insecurity in the country is still high, and a confirmation of this is the low ranking of Nigeria in the Global Peace Index (GPI, 2012).

Despite the plethora of security measures taken to address the daunting challenges of insecurity in Nigeria, government efforts have

not produced the desired positive result. This has compelled the Nigerian government in recent time to request for foreign assistance from countries such as USA, Israel, and EU countries to combat the rising waves of terrorism and insecurity. Amidst the deteriorating security situation in the country, Nigeria is also confronted with daunting developmental challenges which pose serious threat to socio-economic development. These developmental challenges include endemic rural and urban poverty, high rate of unemployment, debilitating youth unemployment, low industrial output, unstable and deteriorating exchange rate, high inflation rate, inadequate physical and social infrastructure, very large domestic debt, and rising stock of external debt (Ewetan, 2013).

The Nation has not only suffered colossal loss in terms of infrastructure, properties, and human lives but also economic disruption leading to crowd out effect of foreign investment. From the foregoing, it becomes increasingly difficult for socio-economic activities to thrive under the present security threats that have enveloped the country. This is evident in the continuous relocation of Igbo businessmen from the North to other more peaceful environment. Also, the Yoruba people are equally returning to Lagos and Ibadan while multinational corporations are relocating to other peaceful neighboring African countries (Egbemode, 2012). In fact, not only has the continued state of insecurity threatened the very fabric of national integration in the country and created the ecology of fear, disquiet and anxiety, it has also meted a deadly blow or what Imhonopland Urim (2012) call “spectral bite” to industrial development. From the above unveiled facts, it becomes expedient to investigate the influence of national security on Nigeria economic growth.

Research Hypotheses

The following hypotheses were formulated

- H0₁:** There is no significant relationship between insecurity and Nigeria economic growth.
- H0₂:** There is no significant relationship between insecurity and government security expenditure.

Conceptual Review

Concept of Security

Like any other terminology, it does not lend itself to easy definition. However, from the conventional usage of the word, security means safety or freedom from danger; and protection from external attack or infiltration. This is security defined from the militarist point of view, but even at that, security involves but does not just mean defense (Nwolise, 2006). The contemporary thinking about security is all-encompassing. As aptly captured by (Ogunbanwo, 1997) writing on the developing world: Security is more than military security or security from external attacks. For many of the four billion inhabitants in the developing countries, security is conceived as the basic level of the struggle for survival. Therefore, in order to provide an integrated African security assessment, the non-military dimensions of security should be added.

Concurring with the contemporary school of thought, McNamara (1983) has long warned that any society that seeks to achieve adequate military security against the background of acute food shortage, population explosion, low level of production and per capita income, low technological development, inadequate and efficient public utilities, and chronic problem of unemployment, has a false sense of security. He goes further warning against the perpetration of poverty in a country, as it is the harbinger of unrest, internal upheavals, violence, and escalation of extremism.

Security is the absence of threat to acquire values or tendencies that would undermine national cohesion and peace as criteria for the determination of the meaning of security. Security is the condition or feeling of safety from harm or danger, the defense, protection and absence of threat to acquire values (Oladeji and Folorunso, 2007).

Security is aptly conceptualized by Professor Imobighe as 'the freedom from danger or threat to a nation's ability to protect and develop itself, promote its cherished values and legitimate interest and enhance the well-being of its people. Thus, security is the freedom from or the absence of those tendencies which could undermine internal cohesion and the corporate existence of a nation and its ability to maintain its vital institutions for the promotion of its core values as well as freedom

from danger to life and property' (Oche, 2001). It is simply the existence of conditions within which individuals in a society can go about their normal daily activities without any form of threat to lives and property (Igbuzor 2004; Akin 2008). Anything devoid of this constitutes a challenge to security.

Concept of National Security

There is no single universally accepted definition of national security. The variety of definitions provides an overview of the many implications of the concept. The term remains ambiguous, having originated from simpler definitions which initially emphasized the freedom from military threat and political coercion. However, the scope of the term has been expanded to include other forms of non-military security as suits the circumstances of the time. The term has therefore been enlarged to include elements such as economic and environmental security. According to Harold Brown, the former US Secretary of Defense, national security is the ability to preserve a nation's physical integrity and territory; to maintain its economic relations with the rest of the world on reasonable terms; to preserve its nature, institution, and governance from disruption from outside; and to control its borders (Brown cited in Watson, 2008).

Similarly, Prabhakaran (2008) defines national security as: The measurable state of the capability of a nation to overcome the multi-dimensional threats to the apparent well-being of its people and its survival as a nation-state at any given time, by balancing all instruments of state policy through governance, that can be indexed by computation, empirically or otherwise, and is extendable to global security by variables external to it. National security is therefore an appropriate and aggressive blend of political resilience, human resources, economic structure and capacity, technological competence, industrial base, availability of natural resources and of course the military might. National security from the various definitions provided above is a sacrosanct and non-negotiable phenomenon in human society. Little wonder Section 14(b) of the 1999 Constitution of the Federal Republic of Nigeria states that the security and welfare of the people shall be the primary purpose of government.

Empirical Review

Empirical Review on National Security and Economic Growth Security for lives and properties are statutory function of the state, which the constitution guarantees. In order to ensure enduring national security for lives and properties, the National Security Agency (NSA) was constituted and recognized by enabling laws. The NSA as the apex security apparatus in Nigeria comprises of the National Intelligence Agency (NIA), State Security Service (SSS), Nigeria Police Force (NPF), Nigeria Immigration Service (NIS), Nigeria Customs Service (NCS), National Drug Law Enforcement Agency (NDLEA), and Ministry of Internal Affairs (MIA) and Defense Intelligence Agency (DIA) is mandated to keep the country safe (Gbanite, 2002).

Moreover, for effective and efficient enforcement of the laws in civil communities, the Nigeria Police Force maintains security for lives and property; the Nigeria Customs Service safeguards the border posts; the Nigeria Immigration Service coordinates entry and exit of nationals and foreigners into the country; National Drug Law Enforcement Agency (NDLEA) ensures the nation is rid of narcotics and hard drugs; while the National Intelligence Agency/State Security Service carry out undercover security surveillance.

Apart from legal framework for national security, the various security agencies are massively funded to discharge their statutory mandates effectively and efficiently; the constitution approves the appropriation of budget for “defense and national security”. Interestingly since 1961, the Central Bank of Nigeria reflected “defense and internal security” as two functional classifications of security expenditures in Nigeria (Central Bank of Nigeria, 2011). The contentious security vote, which the political elites have turned into a goldmine for the sitting President, Governors and Chairmen of local government councils are paid from funding for “defense and internal security” (Eboh and Obodoechina, 2012; Best Naira, 2012).

According to Eboh and Obodoechina (2012) “security votes are funds provided at the three tiers of government in Nigeria to provide security for the citizens. These funds are collected by the Federal, state and local government Chief Executive in Nigeria as security votes.” The security vote despite the positive intention behind its creation has not mitigated incidences of insecurity; rather the political office holders enrich

themselves with the funds. The Institute of Directors (IOD) remarked that despite huge sums of money earmarked for security vote, there has been consistent annual increase in the incidences of killings, kidnappings, cultism and other acts of insecurity across the length and breadth of the country (Ibid.). The view that security vote is unsustainable fund support from some Executive Governors in Nigeria. In the first instance, Rabiu Kwankwaso, an ex- governor of Kano State noted that security vote is a smokescreen created by governors to fraudulently divert public funds to their personal coffers. He has consequently abolished budgetary provision for security vote in Kano state, thus keeping public expenditure on security in the state as lean as possible (Best-Naira, 2012).

In the same vein, the Governor of Imo State, Rochas Okorocha announced his patriotic desire to reduce the state's security vote from ₦6.5billion annually to ₦2.5billion, thus setting aside ₦4.0 billion. The variance of ₦4.0 billion would be channeled into the state's free education programme (Ibid.). Kwankwaso was averse to security vote because its retention as lawful budgetary provision leads to neglect of vital developmental projects and programmes that would provide maximum welfare benefits to vast majority of Nigerians. He opined that instead of security votes, the governments at all levels should strengthen the armed forces and the police with logistics and infrastructural support (Best-Naira, 2012).

In Edo state, the former Executive Governor, Adams Oshiomhole was accused of collecting the sum of ₦911million as security vote within a period of two months (November 12 - December 31, 2008). Despite the huge allocation, incidences of heinous killings, kidnappings and cultism continued unabated. In Ondo state, Governor Olusegun Mimiko collected the sum of ₦4billion as security vote annually despite the fact that the Ondo state is relatively peaceful and faces no security threats (Best-Naira, 2012). More importantly, official statistics provided by the Central Bank of Nigeria from 2000 to 2011 lend credence to the fact that national spending on security is not economically unsustainable (see Table 1). For instance, the security spending for 2000 and 2002 were approximately ₦68.5 billion and ₦132.4billion respectively.

Considering the deplorable security situation in the country, the budgetary provision has risen astronomically. From table 1, the budgeted amount for security in 2006 was ₦202.2 billion. By 2010, the nation was spending on security the sum of ₦422.9 billion respectively. Right from 2000 to 2011, the huge budgetary allocation to defense and internal security has diverted attention from education, agriculture, health and construction. In 2006, allocations to education, agriculture, health and construction were ₦87.3billion, ₦17.2, ₦62billion and ₦20billion respectively. The analysis shows clearly the preference for security as opposed to boosting real sectors of the economy that impact directly on the wellbeing of Nigerians.

Besides, the proportion of GDP devoted to military spending or purchasing of arms has increased exponentially over the last decade. This diverts funds from productive activities to unproductive ones. Other things being equal, a rise in military spending exerted a negative impact on the rate of investment in productive fixed capital. This occurs because of well-known crowding-out effects: an increase in military spending must be financed either by raising current taxes or by borrowing (future taxes). In either case, it will lower the expected after-tax return on productive fixed capital, while simultaneously reducing the flow of (domestic plus foreign) savings that is available to finance productive fixed capital formation in the domestic economy (Deger and Smith, 1983).

Table1: Federal Government Recurrent Expenditure (₦' Million)

Year	*Security	Education	Agriculture	Health	Construction	GDP
1961	9.47	4.52	0.42	1.81	0.59	2361.2
1965	27.73	10.61	6.08	1.88	25.29	3110.0
1970	135.18	24.44	1.92	12.48	14.28	5205.1
1975	610.11	126.5	22.48	52.85	31.97	20957
1980	595.13	155.81	17.14	52.79	46.03	49632.3
1985	1430.2	258.60	20.36	132.02	151.11	70633.2
1990	6540.2	2402.80	258.00	500.70	643.40	271908
1995	11855.2	9746.40	1510.40	3320.70	1699.10	1934831
2000	68556.99	56956.64	6335.80	15218.08	4991.09	4727523
2001	85922.29	39882.60	7064.55	24522.27	7202.04	5374335
2002	132369.9	80530.88	9993.55	40621.42	7452.14	6232244
2003	119444	64782.15	7537.35	33267.98	16951.37	6061700
2004	174117.5	76524.65	11256.15	34197.14	14897.01	11411067
2005	153618.1	82795.06	16325.60	55661.63	17914.96	15610882
2006	202200	87294.56	17212.81	62300.00	20100.00	18564595
2007	253400	107529.39	21202.73	81900.00	71300.00	20657317
2008	164500	164000.0	65400.00	98200.00	94500.00	24296329
2009	276490	137156.60	22435.20	90200.00	80630.00	24794238
2010	422900	170800.00	25200.00	99100.00	138050.00	29205782
2011	563200	335800.00	41200.00	231800.00	195900.00	33994612
2012	420863	214585.5	29611.73	140366.7	138193.3	29331544
2013	238592	275190.8	35405.9	186083.4	167046.7	31663078
2014	411388.8	868273.4	32854.4	164337.5	159797.5	31048754
2015	356947.9	452683.2	32624.0	163595.9	155012.5	21014459

*Security Column is the summation of expenditure for Defence and Internal Security for 1961- 2011

Source: Federal Republic of Nigeria Official Gazettes, Central Bank of Nigeria (1961, 1965, 1970, 1975, 1980, 1990, 1995, 2000-2015).

Apart from diverting attention from the productive sectors of the national economy, the growing crisis of national security in Nigeria has adversely affected the country's economy. Before the Federal Government's Amnesty Programme designed for repentant militants in

the Niger Delta region, the oil production and the number of barrels produced per day declined drastically. This was largely due to kidnapping and hostage of oil workers in the region. This singular problem adversely reduced government's revenue from oil as well as implementation of government's policies and programmes during this period. Thus, most capital projects captured in the 2007 and 2008 annual budgets were not effectively implemented largely due to shortage of financial resources occasioned by militancy in the Niger Delta. This includes the construction and rehabilitation of federal roads in the six geo-political zones, construction of dams in the North-West and North-Central zones, the immediate take-off of dredging of River Niger, and construction of additional power plants in the six geo-political zones (Ezeobi, 2009). This ugly trend denied Nigerians these amenities because government was incapacitated to provide social services to the people.

Similarly, the spate of kidnapping in some parts of Nigeria ultimately resulted in serious economic problems. The continuous kidnap cases in commercial cities of Port Harcourt, Aba and Onitsha, obviously forced investors, businessmen and manufacturing companies to either relocate to other relatively peaceful cities in Nigeria or other countries within the West African sub-region. In Aba for instance, SEVEN UP PLC, UNILEVER, PLC, PZ PLC relocated to Enugu largely due to constant kidnapping of their expatriates (Nwagboso, 2012). The period 2007-2011 witnessed increase in kidnapping activities and the target group initially was the businessmen who frequently paid millions of naira as ransoms to kidnapers. Later on, this inhuman and violent criminal activity was extended to poor people and innocent children in the affected states in Nigeria. More worrisome is the silent suspicion that the security agencies are actually involved in the business of kidnap for ransom in the South.

Methodology

The Ordinary Least Square (OLS) Regression model is used to obtain the parameter of the variables. Coefficient of determination (R^2), T and F tests were also used to ascertain the validity of the estimated coefficients. Coefficient of determination gives the extent to which the independent variables explained the variation in the dependent variable. For the T-test and F-tests, the calculated values will be compared with

the tabulated values to estimate the statistical significance of explanatory variables. They will also determine the acceptability or otherwise of the hypothesis formulated and the standardize beta coefficients will be used to estimate the relative effectiveness of the explanatory variables.

Model Specification

The primary aim of this study is to examine the extent to which national security influence Nigeria economic growth. In evaluating this, variable such as gross domestic product, expenditure on security, health and education will be used. While the gross domestic product will serve as dependent variable, capital accumulation (proxy by national savings), labour (proxy by manufacturing capacity utilization) government expenditures on security and education will serve as explanatory variables. To establish the relationship among the variables, a growth model will be adopted which is in line with that applied by Adeoye (2006) and Durance (1966) in Habeeb (1994) where they proposed a relationship between economic growth and inflation. Thus, the methodological approach for this research work will follow the specification of a model which specifies gross domestic product as a function of capital accumulation, labour, government expenditures on security and education. Thus, the model can be specified as stated thus:

$$Y_t = f(X_1, X_2, X_3, X_4, \dots, X_n) \dots\dots\dots (1)$$

$$Y = (X_{t1} + X_2 + X_3 + X_4 + U_n \dots\dots\dots (2)$$

In a linear form, the model can be specified as;

$$Y_t = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + U_n \dots\dots\dots (3)$$

Where;

Y_t = Gross Domestic Product

X_1 = Capital Accumulation (proxy by National Savings)

X_2 = Labour (proxy by Manufacturing Capacity Utilization)

X_3 = Government Expenditure on Security

X_4 = Government Expenditure on Education

U_n = Error term (stochastic variable)

The Logarithm format: The logarithm format becomes necessary due to the fact that it measures the general growth rate to de-emphasize the rising trend of each of the variables to be used in the model. The researchers intend to carry out the regression logging the variable and the model is thus stated:

$$\ln Y_t = b_0 + \ln b_1 X_1 + \ln b_2 X_2 + \ln b_3 X_3 + \ln b_4 X_4 + U_n \dots \dots \dots (4)$$

Other equations are stated thus:

$$Y_t = b_0 + b_1 X_1 + b_2 X_2 + \ln b_3 X_3 + U_n \dots \dots \dots (5)$$

$$Y_t = b_0 + b_1 X_1 + b_3 X_3 + \ln b_4 X_4 + U_n \dots \dots \dots (6)$$

$$Y_t = b_0 + b_2 X_2 + b_3 X_3 + \ln b_4 X_4 + U_n \dots \dots \dots (7)$$

While equation 3 combined all the variables together, equations 5, 6 and 7 are meant to ascertain how each of the variables in turns will affect gross domestic product and how their non-inclusion in the equation will affect the performance of the analysis.

Data Types and Source

The estimation of the model in this study is done using time series data over the periods 1961 to 2015. All the data used were sourced from various issues of the reports/publications of Central Bank of Nigeria, National Bureau of Statistics and other scholarly reports on the study. The data shall be analyzed using multiple regression analysis

Data Analysis and Interpretation of Results

Presentation of Result

In order to estimate the influence of national security on economic growth in Nigeria, the gross domestic product was regressed on the explanatory variables (capital accumulation, labour, government expenditures on security and education) over the periods 1985 to 2015. The result is thus presented below:

Table 2: Effect of Capital Accumulation, Labour and Government Expenditure on Security on GDP

Dependent Variable: Gross Domestic Product
Method: Least Squares
Sample (Adjusted): 1985-2015
Included Observations: 30

Explanatory Variables	Coefficients	Standard Error	T-statistic
Constant	-29.91625	41.54208	-0.720143
LOG(X ₁)	0.123020	0.097964	1.255769
LOG(X ₂)	4.508248	10.84019	0.415883
LOG(X ₃)	3.248207	2.100763	0.321143

R-squared = 0.841231 Adjusted R-squared = 0.674479
F-statistics = 1.056239 S.E. of Regression = 1.132379
Durbin-Watson stat = 1.322747 Prob. (F-Statistic) = 0.057519
Akaike info Criterion = 3.194685 Mean Dependent Var. = 12.53195

$$Y_t = -29.91625 + 0.123020X_1 + 4.508248X_2 + 3.248207X_3$$

In this model, capital accumulation, labour and government expenditure on security served as explanatory variables while the Gross Domestic Product (GDP) is the dependent variable. The result of the model as indicated in table 2 showed that all the explanatory variables are positively related to the dependent variable (GDP). The coefficient of multiple determination shows that the model is of high good fit with approximately 84% of GDP being explained by the variables included in the model, while the remaining 16% are factors influencing national security but were not captured in the model. Similarly, the low Durbin-Watson value of 1.322747 suggests that there is presence of serial correlation. The F-statistics indicate the joint significance of the explanatory variables and the high degree to which variations in the GDP are explained by variations in the explanatory variables.

Table 3: Effect of Capital Accumulation, Government Expenditures on Security and Education on GDP

Dependent Variable: GDP
Method: Least Squares
Sample (Adjusted): 1985-2015
Included Observations: 30

Explanatory Variables	Coefficients	Standard Error	T-statistic
Constant	-27.43110	42.05804	-0.652220
LOG(X ₁)	3.816399	10.98550	0.347403
LOG(X ₃)	0.132854	0.105979	1.253579
LOG(X ₄)	0.241321	2.143253	0.439562

R-squared = 0.813916 Adjusted R-squared = 0.704256
F-statistics = 1.053432 S.E. of Regression = 1.132505
Durbin-Watson stat = 1.335190 Prob. (F-Statistic) = 0.034970
Akaike info Criterion = 3.194909 Mean Dependent Var. = -12.53195

$$Y_t = -27.43110 + 3.816399X_1 + 0.132854X_3 + 0.241321X_4$$

In this model, capital accumulation and government expenditures on security and education served as explanatory variables while the GDP is the dependent variable. The result of the model as indicated in table 3 showed that capital accumulation as well as government expenditures on security and education are positively related to the dependent variable (GDP). The coefficient of multiple determination shows that the model is of high good fit with approximately 81% of the GDP being explained by the variables included in the model, while the remaining 19% are factors influencing national security but were not captured in the model. Similarly, the low Durbin-Watson value of 1.335190 suggests that there is presence of serial correlation. The F-statistics indicate the joint significance of the explanatory variables and the high degree to which variations in the GDP are explained by variations in the explanatory variables.

Table 4: Effect of Labour and Government Expenditures on Security and Education On GDP

Dependent Variable:	GDP
Method:	Least Squares
Sample (Adjusted):	1985-2015
Included Observations:	30

Explanatory Variables	Coefficients	Standard Error	T-statistic
Constant	-20.33120	22.15814	-0.552124
LOG(X ₂)	2.716395	8.67552	0.447213
LOG(X ₃)	0.432861	0.245954	1.223552
LOG(X ₄)	1.321431	4.132459	0.321415

R-squared = 0.913612 Adjusted R-squared = 0.844236
F-statistics = 1.053432 S.E. of Regression = 1.122515
Durbin-Watson stat = 1.235191 Prob. (F-Statistic) = 0.024570
Akaike info Criterion = 2.174604 Mean Dependent Var. = -11.52163

$$Y_t = -20.33120 + 2.716395X_2 + 0.432861X_3 + 1.321431X_4$$

In this model, labour as well as government expenditures on security and education served as explanatory variables while the GDP is the dependent variable. The result of the model as indicated in table 4 showed that labour as well as government expenditure on security and education are positively related to GDP. The coefficient of multiple determination shows that the model is of high good fit with approximately 91% of GDP being explained by the variables included in the model, while the remaining 9% are factors influencing national security but were not captured in the model. Similarly, the low Durbin-Watson value of 1.235191 suggests that there is presence of serial correlation. The F-statistics indicate the joint significance of the explanatory variables and the high degree to which variations in the GDP are explained by variations in the included explanatory variables.

Table 5: Effect of Capital Accumulation, Labour and Government Expenditures on Security and Education on GDP

Dependent Variable:	GDP
Method:	Least Squares
Sample (Adjusted):	1985-2015
Included Observations:	30

Explanatory Variables	Coefficients	Standard Error	T-statistic	Prob.
Constant	-28.68089	0.548670	0.123857	0.5227
LOG(X ₁)	0.067957	0.593497	0.102072	0.0126
LOG(X ₂)	0.060579	11.57763	0.359824	0.2196
LOG(X ₃)	4.165906	44.15668	-0.649525	0.1224
LOG(X ₄)	-3.241135	10.211431	-0.421176	0.1242

R-squared = 0.874554	Adjusted R-squared = 0.740279
F-statistics = 0.677336	S.E. of Regression = 1.157555
Durbin-Watson stat = 0.009717	Prob. (F-Statistic) = 0.057519
Akaike info Criterion = 3.271135	Mean Dependent Var. = 12.53195

$$Y_t = -28.68089 + 0.067957 X_1 + 0.060579 X_2 + 4.165906 X_3 - 3.241135 X_4$$

In this model, all the variables are combined together to ascertain the influence of capital, labour and government expenditures on security and education on GDP. While capital, labour and government expenditures on security and education served as explanatory variables GDP is the dependent variable. The result of the model as indicated in table 5 showed that while capital, labour and government expenditure on security are positively related to GDP, government expenditure on education is inversely related to GDP. The positive signs of capital, labour and government expenditure on security implies that these variables rise with increase in GDP and vice versa. The negative sign of the coefficient of government expenditure on education indicates that expenditure on education falls with increase in GDP.

The coefficient of multiple determination shows that the model is of high good fit with approximately 87% of GDP being explained by the variables included in the model, while the remaining 13% are factors

influencing national security but were not captured in the model. Similarly, the low Durbin-Watson value of 0.009717 suggests that there is presence of serial correlation. In addition, capital, labour and government expenditure on security conformed with the a-priori expectations with positive signs while government expenditure on education showed negative signs. Besides, only capital accumulation was found to be statistically significant at 5% per cent significant level while others were not when considered individually. The F-statistics also indicate the joint significance of the explanatory variables and the high degree to which variations in the GDP are explained by variations in the explanatory variables.

Policy Implication

The findings of the study showed that a positive relationship exists amongst capital accumulation, labour and government expenditure on security is in conformity with the a-priori expectation while government expenditure on education showed negative signs which is at variance to the a-priori expectation. The negative sign of the coefficient of government expenditure on education may be attributed to institutional failure, corruption and inefficient allocation of education expenditure vote which compromised the effectiveness of the educational system which no doubt manifest in terms of quality of education and graduates turned out from our educational institutions which invariably affect the growth rate of the economy.

Conclusion

Insecurity is debilitating to the economic development of many less developed economies, Nigeria inclusive. In fact, in the last 15 years, intra state conflicts have by far caused several deaths in Nigeria including civilians and annihilating basic public services, state institutions and generating extensive poverty among the populace. The bogus budgetary provision for national security in Nigeria is economically wasteful at the expense of other critical sectors like education which have positive spill-over effect on the growth of the economy. The political class/elites that claim to represent the people should listen and follow the aspiration of

the wider majority including deepening democratic processes and experiences to avoid incessant attacks like Boko Haram.

Recommendations

- To assist policy direction in order to promote national security and ensure economic growth in Nigeria, the following recommendations could be considered:
- Good governance with a robust institutional framework that ensures a prudent and effective management of resources to better the lot of its citizenry should be put in place rather than huge invest in the security at the expense of other critical sectors of the economy like education.
- Federal Government of Nigeria should work assiduously at providing direct and indirect employment opportunities for unemployed, restive and hopeless youth in the six geo-political zones in Nigeria in order to dissuade them from being recruited as militants, armed robbers and terrorists. In addition, the Nigerian state should build strong viable institutions that can proactively respond to the challenges of security.
- The federal government should re-organize the country's intelligence system and build a capable and more proactive security apparatus in Nigeria. This will add more values in checking incessant bombings, robbery, kidnapping and violent crimes by hoodlums all over Nigeria and correspondingly attract more investors.
- The use of military action to confront militants appears to be very expensive and most often military confrontational approach escalates violence rather than douse tension. Principles of mediation, negotiation, arbitration, reconciliation and general amnesty are contemporary strategies for contemporary conflict resolution.

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