



The Impact of Terrorism on Governance in African Countries

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Summary. — This study investigates how terrorism affects governance in 53 African countries for the period 1998–2012. Four terrorism indicators are used namely: domestic, transnational, unclear, and total terrorism. Ten bundled and unbundled governance indicators are also employed namely: political governance (consisting of political stability and voice and accountability), economic governance (encompassing government effectiveness and regulation quality); institutional governance (entailing corruption-control and the rule of law), and general governance. The governance indicators are bundled by means of principal component analysis. The empirical evidence is based on Generalized Method of Moments. Three key findings are established. *First*, all selected terrorism dynamics negatively affect political governance and its constituents. *Second*, evidence of a negative relationship is sparingly apparent in economic governance and its components. *Third*, no proof was confirmed in relation to the impact of terrorism and institutional governance with its elements. *Fourth*, compared with domestic terrorism, transnational terrorism more negatively and significantly affects political, economic, and general governance. Policy implications are discussed.

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1. INTRODUCTION

There are two main reasons motivating this inquiry, namely: (i) growth trends of terrorism in Africa and (ii) gaps in the literature.

First, terrorism is a growing concern in Africa (Alfa-Wali, Sritharan, Mehes, Abdullah, & Rasheed, 2015). Whereas terrorism is not entirely new on the continent, the magnitude with which it is increasing is dismal. Today Africa is a fertile environment for the growth of terrorism because of a plethora of characteristics, among others: religious fundamentalism, tribal and ethnic tensions, growing regional and political instability, and ideologies of extremists groups that are lobbying to establish new states in replacement of old ones (Fazel, 2013). Whereas the world is currently focusing on the Middle East comparatively, Africa is not being given the scholarly attention it deserves, in spite of growing radicalization and Islamic fundamentalism therein (Clavarino, 2014). Some notable examples of such extremist groups include: al-Qaeda in the Islamic Maghreb, the Boko Haram of Nigeria, and al-Shabab in Somalia.

Second, whereas the substantial bulk of the literature has focused on governance as a tool in mitigating terrorism, scholarly focus on the influence of terrorism on governance is limited. Accordingly, the literature on whether good governance promotes or mitigates terrorism has been the subject of much debate (see Lee, 2013). There is a branch of the literature which argues that some fundamental characteristics in good governance can reduce the likelihood of terrorism (or recruitment by terrorists' organizations) by reducing resentment toward the State (Li, 2005; Windsor, 2003). Conversely, another stream of the literature disputes that good governance is not an important instrument in reducing terrorism because in democratic politics, terrorist interests are represented in the institutions of government (see Gause, 2005). In essence, societies with comparatively better levels of democratic institutions can harbor terrorism because there are a series of features in these societies that are conducive for the growth of

terrorism. These consist of among others: civil liberties, freedom and access to media, and freedom of speech in the expression of dissatisfaction and disagreement (Ross, 1993). While political access theories (see Eyerman, 1998) argue that the relationship between good governance and terrorism is weak because of features like judicial independence (Findley & Young, 2011); rule of law (Choi, 2010); and better conditions for conflict management (Li, 2005); another stream of the literature argues that terrorism is more likely to develop in conditions of government instability (Lai, 2007; Piazza, 2008a). The latter perspective is consistent with a broad stream of literature (Eubank & Weinberg, 1994; Piazza, 2007; Schmid, 1992).

To be sure, much of the literature has focused on the effect of governance on terrorism. We contribute to the literature by assessing the reverse relationship. It is important to investigate the effect of terrorism on governance because from intuition, terrorism is likely to affect *inter alia*: (i) political governance or the election and replacement of political leaders; (ii) economic governance or the formulation and implementation of policies that deliver public commodities, and (iii) institutional governance or the respect by citizens and the State of institutions that govern interactions between them. Hence, terrorism can substantially affect the role of government in many separate areas, notably improvements in standards of living (Anyanwu & Erhijakpor, 2014; Fonchingong, 2014; Fosu, 2013) and societal change (Fosu, 2015).

The inquiry also contributes to the literature by improving the harmony between the conception and measurement of governance. For instance, whereas political governance is often used in many scholarly circles, the concept is misplaced unless it is justified by some empirical validity. Given that political governance is a combination of “voice and accountability” and political stability/no violence, a composite indicator encompassing the two underlying indicators is needed for

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the employment of the term “political governance”. In other words, it is inappropriate to use some concepts of governance without the employment of some preliminary techniques to bundle constituents of governance variables into composite/representative indicators. Hence, the inquiry contributes to the literature on consequences of terrorism on the one hand and to the growing literature on measuring governance on the other hand. We use both composite and sub-components of governance variables in order to increase room for policy implications.

The remainder of the paper is structured as follows. Section 2 discusses and clarifies the theoretical and empirical underpinnings of governance concepts. The data and methodology are covered in Section 3. Section 4 presents the empirical results. Section 5 concludes with policy implications.

2. CLARIFICATION OF GOVERNANCE AND THEORETICAL UNDERPINNINGS

(a) Clarification of governance

In this section, we elicit governance concepts. Consistent with [Asongu \(2016\)](#), governance is a multidimensional and complex phenomenon that has many definitions.

First, [Dixit \(2009, p. 5\)](#) defines economic governance as “... structure and functioning of the legal and social institutions that support economic activity and economic transactions by protecting property rights, enforcing contracts, and taking collective action to provide physical and organizational infrastructure”.

Second, according to [Fukuyama \(2013\)](#), a more comprehensive notion of governance encompasses four main features, namely: procedural measures, output measures, indicators of capacity that entail professionalism and resources, and bureaucratic measures.

Third, consistent with [Tusalem \(2015\)](#), the notion of governance embodies: bureaucratic effectiveness, corruption-control, the rule of law, regulation quality, and political stability.

Fourth, models of governance from [Kaufmann, Kraay, and Mastruzzi \(2010\)](#) have been the most widely employed in the literature. Three main indicators of governance are suggested by the authors, namely political, economic, and institutional dynamics. (i) Political governance is defined as the election and replacement of political leaders. It is measured by two indicators: political stability/no violence and voice and accountability. (ii) Economic governance is defined as the formulation and implementation of policies that deliver public commodities. It is also measured by two indicators: regulation quality and government effectiveness. (iii) Institutional governance is defined as the respect by the State and citizens of institutions that govern interactions between them. Again, it is measured by two variables: corruption-control and the rule of law.

Despite the wide acceptance enjoyed by the indicators from [Kaufmann et al. \(2010\)](#), several criticisms have been leveled on the quality of these measures from scholarly circles. However, [Mastruzzi, Kraay, and Kaufmann](#) have been providing prompt rebuttals to such criticisms in order to provide assurances in the confidence enjoyed by their governance variables. The debate by [Marcus Kurtz and Andrew Schrank](#) is one of the most notable in the literature. It can be summarized into four main strands, namely: “models, measures and mechanisms”; a reply; a defense, and a rejoinder ([Kurtz & Schrank, 2007a, 2007b; Kaufmann, Kraay, & Mastruzzi,](#)

[2007a, 2007b](#)). We briefly discuss the elements in chronological order.

First, doubts have been raised by [Kurtz and Schrank \(2007a\)](#) about the consensus that good governance is positively linked to economic development. According to them, in the empirical literature on the governance–growth relationship, there is an exaggeration in the confidence afforded to the governance indicators from [Mastruzzi, Kraay, and Kaufmann](#). They remarked that the governance indicators are problematic mainly because of concerns associated with: perceptual biases; sampling adverse selection; and conceptual conflation with policy choices.

Second, in response, [Kaufmann et al. \(2007a\)](#) use the following three points to argue that the claims by [Kurtz and Schrank \(2007a\)](#) are not substantiated. (i) They argue that the anxieties pertaining to “perception-oriented measurement biases” are speculative, falsifiable, and do not withstand empirical scrutiny. (ii) To further substantiate this point, they provided empirical justification for the support of their position that the contending argument on a short-term relationship between governance and economic development is conceptually flawed and statistically fragile. (iii) They have also debunked the empirical standpoint raised by the contenders on the impact of governance and growth.

Third, in order to defend their earlier position, [Kurtz and Schrank \(2007b\)](#), have responded to [Kaufmann et al. \(2007a\)](#) by further arguing that the underlying issues raised on measurement bias and conceptual conflation are solidly grounded from empirical debates underpinning on the governance–growth relationship.

Fourth, in a rejoinder, [Kaufmann et al. \(2007b\)](#) have reiterated the absence of empirical basis to the criticism maintained in [Kurtz and Schrank \(2007b\)](#). They argued that the worries about “potential respondent bias” are not limited exclusively to the appreciation of government effectiveness, but well extend to other variables. In the light of these clarifications, in the discussion of empirical underpinnings and analysis that follow, our conception and definition of governance are consistent with those of [Kaufmann et al. \(2010\)](#).

(b) Empirical literature

According to [Enders and Sandler \(2006\)](#), terrorism can be understood as threatened use of force by sub-national actors for the goal of employing intimidation to secure political goals. Hence, by definition terrorism is designed to either influence political governance positively or negatively. But we argue that the definition could also be extended to economic and institutional governances. On the one hand, terrorism can influence economic governance because it is logical to resort to violence as means of manifesting grievances on the poor formulation and implementation of policies that deliver public commodities. Such terror may either affect economic governance positively or negatively. On the other hand, terrorism can also influence institutional governance when the State fails to respect institutions that govern interactions between citizens and the State. The outcome could also either be positive or negative. The empirical underpinnings linking terrorism and governance can be discussed in three main branches: (i) linkages between domestic terrorism and governance; (ii) the nexus between governance and transnational terrorism, and (iii) relationships between governance and terrorism.

First, on the relationship with domestic terrorism, [Choi \(2010\)](#) argued that governance is related to domestic terrorism in the view that ordinary citizens are gifted with incentives to

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