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1.0 INTRODUCTION

Terrorist activities refers to organized use of violence aiming to send a political message with the motive of influencing disapproval voice and policy (Congleton, 2002). This has prompted political scientists and economist to give insights on terrorism and the consequences aftermath especially in their elaboration on who becomes a terrorist, causes of terrorism, optimal counterterrorism policy, government-terrorist negotiations, internal politics of terrorist organizations and terrorism and radical mobilization (De Mesquita, 2008).

Kenya being the gateway to east and central Africa, a tourism destination, an investment hub, a host of United Nations Environment Programme and a technological center in the region has attracted the interest of many groups. Among the groups was the tourists and investors who were to boost Kenya's economy through foreign currency exchange and full employment of resources respectively. On the same note, the country too has attracted the terrorism activities who have occasionally disrupted the nation's fabric leading to detrimental effects on the economic growth and the political landscape. This paper seeks to generate policy recommendations to the Kenyan government based on the literature from across the globe.

1.1 Effects of terrorism and radicalization on the economy

Terrorism incidents particularly on the low-income jurisdictions, have been found to cause a severe negative impact on the side of economic growth (Cinar, 2017). The aftermath analysis of terrorism attacks from among the developed and developing world has revealed that low-income countries a category Kenya belongs suffer three times more than higher-income countries. The low-income countries carry the heaviest economic burden on the wake those series of terrorism attacks due to direct and indirect costs that normally range from loss of human lives and assets who are key drivers of economic growth (Krieger & Meierrieks, 2013). Skilled and unskilled human labor and infrastructures such as industries, means of transport and technology get consumed with those attacks therefore due to cost implications reinstate the situation, affects the economy growth on the long-term.

Tourist is a critical source of revenue generation and therefore a cornerstone for economic development especially for low-income countries (Ranga & Paradhan, 2014). Kenya's economic boost has been enhanced by revenues flowing from her diverse wildlife, geographical and cultural has constantly attracted local visitors and international tourists. But more often, the revenue flow from tourism industries experiences setbacks brought about by Al-shabaab insurgents. Kenya's experience correlates with the findings by Yap and Saha (2013) who reveal that one unit increase in political instability yields to decreases in tourism arrivals and revenues between 24% and 31% and 30% and 36% respectively. Therefore, events emanating from terrorism have suggested a large effect on the economy due to an increase in uncertainty which in turn reduces return to investment hence impacting the allocation of capital across countries (Abadie & Gardeazabal, 2008).

In the open world economy, the adverse effects of terrorism activities have been solely responsible for the collapse of some specific industries such as tourism and promoting an increase of counter-terrorism attacks expenditures by slashing resources from other productive and important sectors to be spent in security (Abadie & Gardeazabal, 2008). Industries affected include among others

tourism, aviation and hotel as local and internal visitors, flights and hotel investors tend to relocate to safer destinations. Terrorism activities directed especially to tourism destinations are disastrous and their ensuing events causes a serious tourism crisis in the affected country specifically in sociopolitical and financial turmoil (Sönmez, Apostolopoulos & Tarlow, 1999). In Kenya for instance foreign investments especially on hotel industry along the coastline and tourism activities tremendously went down on the wake of the series of terrorism attacks and tourists' abductions. The Kenyan experience corresponds to Santana-Gallego, Rossell-Nadal & Fourie (2016) who assert that terrorism and crime have a negative effect on tourism arrivals

In terrorism ridden countries where Kenya is among, besides the environment of fear evoked by terror attacks, losses incurred directly and counter-terrorism policies have detrimental effects to daily economic developments and daily life of the citizens (Frey, Luechinger & Stutzer, 2007). The limit of money withdraw to a million shillings and curfews imposed by government of Kenya security apparatus on the affected area has significantly slowed down business transactions and the twenty-four-hour economy respectively hence reducing the overall baking of the national cake. Besides stringent measures on financial sector, most governments affected by terrorism have increased anti-terrorism expenditure through budget allocation as one way of ensuring economic growth and social welfare (Yang, Lin & Chen, 2012). The government of Kenya is also committed avoid future fearful environment, economic costs and counter-terrorism negative effects by increasing each year budget allocation towards counter-terrorism endeavors.

Terrorism activities induces higher levels of uncertainty, and also human and physical (capital stock) of a given state experience a significant reduction (Abadie & Gardeazabal, 2008). Kollias, Kyrtsoy and Papadamou (2013) while exploring the effects of terrorism and war on the oil price concluded that war and terrorism activities affected the covariance between stock and oil returns. Kenya having entered into the league of oil exporting countries; her government is tasked to ensure prevention of terrorism attacks that will otherwise predispose oil investors and market agents to influence a profound and long-lasting economic growth. Similar views are also share by De Mesquita (2008) that terrorism attacks lead to loss of productive lives, work stoppages and destruction of infrastructure. When uncertainty levels goes up, foreign investments on the other hand reduces at a very higher rate as witnessed in republic of Basque where per capita GDP reduced by 10% due to a two decade long of terrorism activities (Abadie & Gardeazabal, 2003). The aftermath of terrorism attacks have resulted to an indirect costs and substantial amount of property damage and casualties (Olson & Enders, 2012). This is felt especially in the transportation, tourism, financial markets and direct foreign investment sectors due to their responsive nature to terrorism attacks hence leading to overall decline in economic growth rate. This corresponds to an insight by Beigut and Amendah (2016) that 1% increase in fatalities significantly reduces tourist arrivals by about 0.13% which translate to 2507 decline of visitors to various destinations across the globe per year with a rough estimate of 158.1 million Kenyan shillings revenue lost.

As indicated by Lee (2016) foreign direct investment refrain from entering destinations with high political risks, terrorism being a political risk, deter foreign and local investor as it creates unsafe investment environment. Terrorism activities starting from 1998 Nairobi bombings and

subsequent bombings have discouraged potential investors from investing in Kenya. Arif and Suleman (2017) gives more insights that besides personal injuries and the loss of lives of targeted population, terror attacks have resulted to economic costs whose end product is the reduction of the firm's expected profits. Kenya has since then experienced higher unemployment rate and stunted economic growth a phenomenon whose roots are lack of optimum resource employment. An evidence from Turkey on the economic costs of separatist terrorism too for the period 1988-200 pointed out that the per capita real gross domestic product went down by 6.6 percent after the emergence of terrorism in Eastern and Southern Anatolia (Bilgel & Karahasan, 2017). On the same note, Mehmood (2014) brings into perspective that cumulatively as documented, terrorism has so far cost Pakistan around 33.02 percent of real national income which translates to around 1% of real GDP per capita growth every year. Just like the republic of Basque, Turkey and Pakistan, Kenya too has witnessed loss of lives of her security, teaching and medical personnel, citizens, a portion of the budget channeled to counter-terrorism attack, reduction in economic growth and investors relocating to other destination in the continent.

The sentiments above by Abadie and Gardeazabal (2003) on the harm of high uncertainty brought by terrorism corresponds to the 7th July 2005 and 11th March 2007 in London and Madrid respectively where majority of market sectors experienced a significant negative abnormal return (Kollias, Papadamou & Stagiannis, 2011). The absence of human services especially teachers and the medics in North Eastern part of Kenya has been greatly felt due to the fear of being killed and also their number being reduced through death emanating from terrorism attacks. Frey, Luechinger and Stutzer (2007) brings into perspective that there has been an upward trending in the number of people dead as a result of terrorism whereby in 1968 there were 34 killings and in 2002 there were 3,250 killings.

Terrorism has negative consequences on the economy especially in the national income and growth, foreign trade, urban economy, investment, stock markets, savings and consumptions, foreign direct investments (FDI) and tourism (Frey, Luechinger & Stutzer, 2007). According to De Mesquita (2008) as a result of terrorism activities, economic performances of the third world and wealth countries suffers more. Frey, Luechinger and Stutzer (2007) for instance argues that savings and consumption maybe curtailed in the wake of terrorism in the sense that there could be legal compromise on spending the generation realized from the assets and an inducement of individuals to place their money on safe havens rather than buying. In Kenya, terrorist suspects and those perceived to fund terrorism, their bank account are freed to prevent them from spending and their assets seized pending investigation.

An economic perspective from India in the period 2004-2013, an economic degrowth measuring tool revealed that the economy was -0.91 % in the year 2004 and economic degrowth of -2.05 in 2013 of the same economy (Khan, Estrada & Yusof, 2016). This prompted the scholars to conclude that terrorism is one of the main issues of the Indian economy thereby recommending for the government to take a precise action to overcome the menace. An evidence from their Pakistan counterparts has revealed the cointegration between inflation, economic growth and terrorism (Shahbaz, 2013). For instance, it was found an increase in inflation which translates to higher cost of living raises terrorist attacks. The high cost of living as reflected in the high cost of goods and

services coined with high rate of the vast population of Kenya, has been an incentive for youths to be recruited by terrorist groups.

1.2 Effects of terrorism on politics.

Across the world, predominant terrorist organizations demonstrate clear political aptitude and at same time maintaining highly successful political parties while simultaneously carrying out terrorism attacks (Heger, 2015). The scholar further asserts that terrorism groups such as Hamas and Hezbollah have of the recent gained a significant support as a consequence of their attacks mostly those involving USA and Israel casualties. Political terrorism occurs in a variety of settings and takes a wide variety of forms, but its central features are the emotional reactions it produces and the resulting social effects (Stohl, 1979). Loss of lives and properties emanating from terrorism activities exerts anxiety among the targeted populations and thereafter put pressure on the government of the day whom they have a social contract with of protecting their lives and properties. Therefore, political terrorism apart from putting national security on the political agenda, it has been pinpointed out to influence domestic politics especially in altering the priorities of the electorate and the politicians (Indridi, 2008). In Kenya, the political class in the executive and the legislature are on the record of adjusting security law- draconian security laws- and incremental budget allocations towards the security sector as one way of countering terrorism.

Terrorism attacks can dramatically influence the world towards a particular direction especially as it was the case in New York 11th September 2001 that had far-reaching and prolonged effects (Bruce, 2013). In the wake of terrorism activities, the ordinary citizens tend to hold the political class accountable for their incompetence to curb terrorism (Indridi, 2008). This agitation by the citizens is informed by the catastrophe that terrorism attacks leave behind which range from unemployment, deflation, homeless and many other social and economic ills (Baker, 2014). The aftermath of Wastegate Nairobi terrorism attack, saw by then the minister for interior to be sacked due to uproar of incompetence from the Kenyan citizens. A number of beliefs pertaining terrorism do exist but the common ones are; terrorism is practiced to oppose the government by antigovernmental forces and that political terrorism aims at producing chaos (Stohl, 1979).

Among the 18 advanced democracies assessed since 1960s and 2003, the findings suggested that terrorism exacerbates the like hood of some government to fail and others still remain on course (Williams, Koch & Smith, 2013). These scholars offer more insights that the chances for left-wing governments to fail were high as opposed to those of right-wing governments who were able to firmly hold to power despite the intensity of the attacks. Terrorism activities due to their highly arousing nature have brought about the understanding of political intolerance and perceptions and pervasive influence of decision making at the national level (Huddy, Feldman, Capelos & Provost, 2002; Bodenhausen, Sheppard, & Kramer, 1994). Congleton (2002) is of the idea that terrorism is an avenue for groups of people to influence policies. Abadie (2004) provides further explanations that geographical factors and more specifically high levels of political freedom makes any country more prone to terrorism activities. In Kenya, intolerance especially in forgoing certain civil liberties when cracking suspects and perceptions through stereotyping certain political leaders, religious leaders, communities and religious groups is prevalent especially in the wake of terrorism attacks.

Terrorism activities tend to be a unifying factor as both sides of the political divide stand with the government and in making decision for easier coordination of security agencies. This in line with

Indridi (2008) who notes that the presence of an external threat provides an incentive to overcome internal disagreements, suggesting that larger and more inclusive coalitions are inevitable. The series of terrorism attacks in Kenya have seen the two warring political camps issue a press conference together as one way of expressing unity and patriotism to the external enemy of the state. This is necessary on the knowledge that both terrorist networks and ordinary political-interest groups attempt disproportionate influence on controversial public policies (Congleton, 2002).

Regular terrorism activities across the globe are conducted purposely with the intention of exerting political control through pressure and fear (Pain, 2014). This in line with the perspective of conventional wisdom which suggest that dissent groups opt for terrorism as a strategy when they face an overwhelming more powerful state (Hendrix & Young, 2012). These arguments support the claim that the intensity of terrorist attacks is to achieve that goal of frustrating those countries with large, technologically sophisticated militaries, but less frequently target at states with higher bureaucratic and administrative capacity. Kenya has attracted these kinds of efforts from the terrorist who perceive her as a powerful entity having the strongest economy in east and central Africa.

1.3 Causes of radicalization and terrorism

The discussions around the root causes of terrorism mobilization point out to lack of access to opportunities and poverty (De Mesquita, 2008). This correspond to Abadie (2004) who argues that media and political debates have been centered on terrorism prevention policies and have pointed out poverty as the root cause of terrorism. Therefore, the concern of terrorism as a policy issues flows from number of people succumbed to terrorism, the criteria to allocate counterterrorism resources and persistent anxiety of attack whose consequences could be the damage of the state's economy and politics (De Mesquita, 2008).

Most governments have the tendency of standard inquisition whereby they firmly maintain their reluctance of negotiation with terrorist (De Mesquita, 2008). The government of Kenya should come up a double standard policy of treating the enemies of the state. The government should seem to listen to the terrorist to avoid more damage on capital resources and also as one way of gathering more intelligence from these groupings.

It is critical for government susceptible to terrorism to have an insight into the inner politics of the terrorist organizations (De Mesquita, 2008). The government of Kenya should endeavor to access some secrets about the internal dynamics of terrorist's groups in order to employ strategies of divide and rule and also make it easier to gather information on when and how to hit the center to scuttle the group.

Terrorism is explained to be a manifestation of political conflict, this implies therefore that poverty and adverse economic conditions may have a huge contribution to it (Abadie, 2004). The government of Kenya should seek to ensure equitable and fair distribution of national resources across all regions. The government should also seek to achieve a 24-hour economy by investing more on industrialization that could reduce the level of youth unemployment, reduction in poverty index and therefore the reduction in the cost of living.

Counterterrorism tactics that enhance short-run security may diminish long-run security by fanning the flames of conflicts - curfew, bombings that will destroy infrastructure, border closings (De Mesquita, 2008). An explanation given to this is that harsh government crackdowns triggers support and sympathies to the terrorists which results to large scale damaging retaliatory attacks

(Sönmez, Apostolopoulos & Tarlow, 1999). The government of Kenya should invest in technology especially the satellite in order to locate and have a clear demarcation of the terrorists' territories as one way of avoiding mass casualties on innocent citizens and destruction of her infrastructure. Counter-attack should be followed immediately by the crack-down on sympathizers to avoid a devastating response from the terrorist that will cripple the economy in future.

Tourism destinations venerable to terrorism attacks should seek to incorporate crisis management planning into their overall sustainable development and marketing strategies to safeguard and regenerate their overall image, to reaffirm prospective tourists of the area's safety, to reestablish the area's functionality and attractiveness, and to aid local travel and tourism industry members in their economic recovery (Sönmez, Apostolopoulos & Tarlow, 1999). The Kenyan government should also market their tourism destination in the world media platform as one away of building confidence by elaborating the country's security measures that are in place that minimizes any acts of terrorism.

Countries that have been affected by terrorism attacks should remain committed towards improving socio-economic and politico-institutional conditions that will enable individuals not to engage terrorism groups (Krieger & Meierrieks, 2013). The government of Kenya should invest in industrial parks in order to ensure full employment of Kenyan vast population and a corruption free bureaucracy based on meritocracy that will never tolerate bribes from the terrorists.

Kenya should be able to enhance her financial institutions capacities to monitor and determine the purpose of money flowing within, from outside and out of her borders. This is in line to what Krieger and Meierrieks (2013) asserts countries susceptible countries to terrorism attacks to work towards drying out the financial flows from organizations sponsoring terrorism groups. Parliament should be able to enact prudent legislations targeting terrorism related financial flows and ensure they have been implemented to the letter.

Kenya should employ mechanisms that will completely eliminate ethnic conflicts a situation otherwise terrorist groups may take advantage of to carry out their ill motives. The lesson should be drawn from Pakistan whereby a myriad of religious, ethnic and linguistic conflicts have increased terrorism attacks and severely affected the socio-economic fabric of that country (Hyder, Akram & Padda, 2015). Therefore, when wrangles are experienced from within, they stretch and strain the security apparatus given the limited resources and equipment available for them therefore justifying the phrase a house divided by itself will definitely fall.

While looking into the whole issue of terrorism and India an economic perspective, Khan, Estrada and Yusof, (2016) the scholars recommended that for the Indian government to improve her economy, there was need to make harmony between Muslims and Hindu within the Indian territory and also work in collaboration with Pakistan in overcoming the issue of Kashmir and Jammu. The government of Kenya should follow the same route by fostering harmony between Christians and Muslims followers, marshal resources with countries that have been hit with terrorism attacks in region such as Uganda and work in collaboration with the government of Somalia in order to overcome Al-Shabaab militants.

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