

# THE COST AND THE IMPACT OF WAR ON TERROR



BY

TEHRIM HANIF

SUPERVISED BY: DR. HAFIZ PASHA

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## **ABSTRACT**

Terrorism is an international phenomenon and has hampered world peace to a great extent. As a frontline state in the war against terror, Pakistan has faced terrorist attacks over the last 11 years. These have shaken the country's social fabric, hampered economic growth and shackled the political system. This study examines the actual cost to the economy as a result of terrorism. The quantitative analysis includes calculating the actual loss to the economy in the sectors of private investment, market capitalization and additional expenditure in terms of high security costs.

The paper explores various dimensions of the direct and indirect costs to the economy as an immediate effect or externality of war. Using secondary data, the analysis covers reduced GDP, FDI, tourism and sports revenue. The impact on the social sectors and the psychological impact is also studied as well as an in-depth analysis of how terrorism leads to a chain of problems such as crime.

Combating terrorism is a priority for the government and military. This paper takes into account important steps taken to eliminate terrorism. The analysis conducted accounts for the success of Zarb-e-Azb and the 20-point National Action Plan. Zarb-e-Azb has dealt a strong blow to terrorists but its success is still questioned. The weak and underfunded NACTA has led to problems in the completion of the National Action Plan.