



## Socio-Economic Consequences of Terrorism in Pakistan: A Critical Analysis of Development, Governance, and Quantitative Evidence

(2001-2018)

<sup>1</sup>Anjum Mumtaz

<sup>2</sup>Muhammad Ramzan Shahid

<sup>1</sup>PhD Scholar, Doctor of Philosophy in Political Science [18816115-001@uog.edu.pk](mailto:18816115-001@uog.edu.pk)

<sup>2</sup>Assistant Professor University of Gujrat [ramzan.shahid@uog.edu.pk](mailto:ramzan.shahid@uog.edu.pk)

### Article Details:

Received on 18 April , 2026

Accepted on 28 ,2026

Published on 15 May , 2026

Corresponding Authors\*:

[Anjum Mumtaz](#)

### Abstract

This paper critically looks at the socio-economic impact of terrorism in Pakistan between the period of 2001 and 2018. It is primarily based on the attendant doctoral thesis, literature review, methodology, quantitative analysis and policy discussion and uses the thesis tables verbatim. According to the article, terrorism has provided a multi-dimensional shock to the Pakistani society and economic system: it weakened its people, disrupted their education and health systems, promoted displacement, discouraged investment, demolished infrastructure, made investment driven economic growth toward security and led to political instability. At the same time, critical reading demonstrates that there is no way of reducing things about the costs of terrorism to the number of environmental attacks or the overall economic waste. Two aspects that exist in broader relationships of power, discourse and state capacity, are terrorism and counterterrorism. The article therefore combines data that is descriptive with data that is quantitative but it critically interprets how the security discourses are utilized to obscure structural forces that result in poverty, unemployment, weak governments, sectarian polarization, and inequality in the regions. The conclusion justifies the thesis statement that Pakistan must not just take security measures to rebuild itself in the aftermath of terror but also social repair, good governance, education transformation, mental health support, inclusive growth, and protection of civil liberties.

**Keywords:** terrorism; Pakistan; socio-economic impacts; foreign direct investment; displacement; governance; development; Critical Terrorism Studies.



## INTRODUCTION

Terrorism in Pakistan experienced between 2001 and 2018 had profound social, economic and political impacts. This thesis outlines these ramifications as outlined in the attached thesis using secondary data, literature analysis and quantitative measures built on the aspects of terrorism, exports, foreign direct investment, population of refugees, unemployment, domestic production, industry, political stability and crop production. Another way that the thesis illustrates is that terrorism is not just about violence or security; is a phenomenon that transforms the normal life, social services, state legitimacy and economic anticipations.

The post-September 11, 2001 context of the world security environment placed Pakistan in a context of domestic militancy, the Afghan war, the collaboration between the United States and Pakistan, the sectarian struggle, and the ethnonationalist grievances collided. Pakistan retaliated with military actions, legal reforms, intelligence integration and development oriented programmes. The socio-economic impacts of terrorism, however, continued to be lasting, especially within the conflict-riddled regions like Khyber Pakhtunkhwa, the former FATA, Balochistan and large cities that were vulnerable to bombings and targets.

The article employs the thesis material as the main source base and builds it up into a research article with a critical orientation. It claims that terrorism not only undermined the development path of Pakistan by directly destroying the country, but also indirectly: insecurity deterred investment, security spending misappropriated fiscal resources, displacement distorted labor and community patterns, or fear curtailed education and market and community involvement. One of the critical questions also is how the problem is defined by dominant security discourses. When terrorism is simply defined as militant violence, then the structural reasons and costs of counterterrorism to the civilian population are not well investigated. The analysis should be more effectively policy-useful, in case it is considered as a social, economic, and political process.

### 1.1 Literature Review: Social Economic Costs.

In their paper, Economic Consequences of Terrorism: The Case of Pakistan, Shakeel and Shah investigate the economic effects caused by terrorism, whereas they concentrate on GDP growth along with the foreign direct investment (FDI) and trade transactions. The research confirms the fact that terrorism ends up in the huge losses of economic productivity and increased cost of security expenditure and deter foreign investors to invest in big project. The authors claim that due to terrorism capital outflows have been generated leading to destruction of infrastructure as well as severe economic losses to key manufacturing and agricultural sectors. The study shows that Pakistan is in need of strengthening its governance framework and increasing security measures



and diversification of their economy as the essential factors to mitigate the losses to the economy due to terrorism (Shakeel and Shah, 2015).

The article Macroeconomic consequences of terrorism in Pakistan by Malik and Zaman has studied in depth macroeconomic consequences of terrorism in Pakistan based on inflationary dimensions and the exchange value changes and distribution of foreign aids and patterns of economic stability. They found that the terrorist activities lead Pakistani economy to have all three factors, increased inflation in combination with currency depreciation and a reduced investor confidence in their financial market. The study examines the manner in which the increased commitments on security resources such as the national treasury and counterterrorism resources have led to reduced commitment on important sectors such as healthcare and education. The authors recommend Pakistan implement a sustained economic plan which combines controlled finances and human capital development and international economic collaboration as remedies against terrorism's negative impact on its economy (Malik & Zaman, 2013).

In his article; Impact of Terrorism on Pakistani Society, Malik explores the implications of terrorism based on social trust factors and communal solidarity alongside the views of the institutions of security of the population. The analysis reveals that terrorism generated more social divisions and yielded less confidence in government institutions and increased religious and ethnic social conflicts. The writer shows that communities that experience frequent terrorist assaults experience lasting psychological injury and financial isolation as they are provided limited health care and educational amenities. The study suggests the necessity to create full-scale social schemes that should be based on mental healthcare assistance and community-based resilience training and conflict-mediating mechanisms to restore societal trust and stability (Malik, 2017).

In Effects of Terrorism on Socio-Economic Developments in Pakistan, the paper by Chaudary examines the socio-economic growth indicators in Pakistan using terrorist attacks. Weak economic groups in the areas where the terrorist attacks take place are overwhelmingly affected thereby resulting in increased levels of unemployment and lack of education in the areas. The author says that a slowdown of major development spending by considerations of military security has intensified regional differences between regions. The study proposes the use of both economic stimulus packages and job creation initiatives as well as social protection programs to correct socio-economic stasis caused by terrorism (Chaudary, 2019).

In comparison of the effects of terrorism on the manufacturing capacities and market stability and global market links, the assessment of the influence of Terrorism in Economic Development in Pakistan examines the stunted progress of Pakistan as a result of terrorism. It is lower in platform production due to acts of terrorism attacks that brings about cut off supply networks and increased



costs of manufacture as per the research study. As a result of the security concerns, Pakistan has experienced poorer performance in international trade which has limited local industrial goods export and limited access to markets. The study shows that it is crucial to establish stronger collaborations between that of the private and the public and improve on the process of building up regional trade policies as well as the creation of security frameworks to facilitate trust amongst investors and allow the economic process to go on (Hyder et al., 2015).

In their paper, Lodhi and Qureshi discuss the economic impact of Pakistani terrorism on foreign direct investment (FDI) and trade relationships as well as working life in Pakistan in their article titled: Terrorism and Its Impact on Economy of Pakistan. The study uncovers that the continued terrorist activities have two significant impacts on the economy by scaring investors out of Pakistan and stirring up disruptive business activities that lower the rate of productivity in the countries. The authors state that insecurity creates significant economic growth barriers since it causes business activities to shift to secure regions and thus more capital flight occurs in Pakistan. It shows that Pakistan needs to develop improved security practices along with robust economic structures as it strive to achieve peace in the region to minimize economic damage caused by terrorism (Lodhi and Qureshi 2017).

Sami and Khattak ( The Impact of Terrorism on the Economic Growth: An Empirical Study of Pakistan ) present an empirical analysis of Pakistan and its relationship between terrorism and economic growth, through the analysis of the statistical data between 2000 and 2016. Their research results in a cumulative analysis indicating that terrorism is having heavy adverse impacts on the GDP growth rate in Pakistan and further hurting other units of tourism, export and infrastructure development among others. The presence of high security levels and military operations along with a government paid in terms of scarce resources in these areas causes shortage of resources to support key sectors of the economy such as health care and education as well as investment in development. Among various recommendations, the authors will suggest the application of the policies that will equate security expenses to the development-oriented investments (Sami & Khattak, 2017).

Research article Terrorism in Pakistan: The Psychosocial context of Terrorism and its Relevance considers societal reactions toward terrorism produced in Pakistan by both psychological and interpersonal aspect and clarifies why such reactions are significant to society. The extended acts of terrorism have created an increase in levels of anxiety and PTSD and depression among the victims and women and children demonstrate to be particularly vulnerable to these mental health problems. The bombings and terrorist acts led the people of Pakistan to lose their trust in official institution and the unity of the society becoming units of fragmented units due to fear. Combined



mental-health policies and community resilience programmes should focus on long-term psychological implications control of terrorism (Nizami et al., 2018).

In their article, titled *Terrorism as a Major Threat to Societal Peace: The Case of Pakistan*, Ashraf and Fatima examine how the societal peace of Pakistan is disrupted due to fear, brought about by uncertainty, on both the economy and stability of the government. The study confirms economic inequalities along with bad governance systems alongside religious extremist formations as major factors resulting in pre-terrorism. The writer claims that development of terrorism resulted in a very high social difference among sects and ethnic groups that has disintegrated the national identity, leading to violence in conflict management. The research team proposes certain policies, which hinge on education and at the same time alleviating poverty and creating interfaith dialog programs to reduce social fragmentation due to terrorism (Ashraf and Fatima, 2021).

In this paper, terrorism in Pakistan is discussed in the context of historical accounts and geopolitics where the interaction of state-backed militancy, ineffectiveness, and administration of the state, as well as external geopolitical restrictions, have resulted in extremist ideologies. According to the book, the Cold war alliance and the presence of Pakistan in the Afghan war alongside its post 9/11 counterterrorism efforts created a process that drove the radicalization of its population and resulted in a protracted conflict. The study examines the counterterrorism efforts in Pakistan by indicating that their military-oriented practice does not address the root causes which fall under the economic deprivation and education deficits and denying citizenship rights (Blom, 2011).

By using the conceptualisation of Trendpatterns on terrorism in Pakistan, Feyyaz is able to discuss the growth of terrorist movements in Pakistan since the 1980s sectarian wars to the present Taliban related terror groups since 9/11. Statistical analysis of terrorist incidents creates certain political and ideological patterns that show non-randomness of terroristic events. The research uses an analysis of how regional events like impact of U.S. invasion of Afghanistan and domestic developments altered the mode of operations adopted by groups of terrorists of Pakistan (Feyyaz, 2013).

The study measures the laws of anti-terrorism used by Pakistanis, in particular, their vague formulations that have an impact on human rights norms. Pakistan The Anti-Terrorism Act (ATA) 1997 has a broad set of definitions by which terrorism is defined which allows the authorities to misuse counterterrorism tools by using political detention and long-term military operations. The paper demonstrates that terrorism and political activism are still intertwined inadequately in Pakistani legal contexts that catalyze the making of unpopular legal proceedings and human rights violations. The authors advocate legal reforms aimed at reconciling national security objectives with safeguarding civil rights (Iqbal & Shah, 2018).



## 1.2 Methodology and Data Sources.

In this chapter, the Secondary methods to be applied in studying the topic carefully are analyzed. The chapter describes the reasons why we work with a secondary data and its advantages and disadvantages such as time and cost saving, access to the data and its quality. The ethical standards that should be used in the document are outlined. This chapter describes the research methodology, research design and sample selection processes. The study presents data collection, measurement and outcome evaluation to make the research credible and reliable (Bryman, 2012). Through this method the reader can be able to comprehend the process of research.

Multiple important causes motivated to examine using secondary data. Secondary data give a richer understanding of the problem in a wider time frame than primary data. This study covers 2001–2018. This period of time makes the primary research data collection consumptive of both time and resources. The secondary data permits a systematic assembly of crucial data over time, which makes it possible to analyze the long-term tendencies precisely (Johnson & Christensen, 2014). Valid secondary data can be gathered with the use of credible sources such as academic articles, journals, and official reports. Huge sample sizes and rigors sampling procedures are often overbearing to individual researchers or tiny research groups. Secondary Information is objective since the data does not hold any prejudices on a personal encounter with the subject of study (Bryman, 2012). Due to ethical and safety concerns, researchers are supposed to utilize surveys and interviews to obtain primary data on sensitive issues such as terrorism.

This qualitative study on "Impacts of Terrorism in Pakistan: A Study entitled An Analysis of Social, Economic, and Political Television Insinuations (20012018) took a systematic method in undertaking the study on the secondary level. Using the idea of qualitative research in terms of focusing on secondary data collection would imply the chance of getting a comprehensive outline of the years of the time interval. The chapter develops the research done based on the interpretivism paradigm. This is useful to find out more about given phenomena by either putting them into the most characteristic of contexts. Content analysis is also a salient approach towards the analysis of qualitative data based on secondary sources. The possibility to discover the hidden essence of the given material and discuss the socioeconomic and political consequences of the terrorism in Pakistan in the given period becomes possible. In this final section, each of the process phases will be outlined, starting with the identification of secondary data sources, and ending with the implementation of analyses techniques that will give us our findings.

The paradigm is based on the key assumption that its primary goal is to study the causes of terrorism (Sageman, 2004). Crenshaw (2000) says that such aspects as culture, economy, politics, and religion can significantly contribute to the development and maintenance of terrorism.



According to Fair (2005), there might be a number of contributory factors in a particular situation. This can be such factors as political instabilities, social injustices, religious persecutions, or foreign relations with a foreign party. The second element of the framework relates to the sociopolitical aspects of terrorism in Pakistan, focusing on its effects on the life of societal relations, political system and the sociopolitical system of the state in general (Abadie 2006). This part examines how Piazza (2006) explored the relationship between the political systems, sociological structures and terrorism. The third element of the suggested framework will center on the structural aspect of economic effect of the terrorism in Pakistan. Abadie and Gardezabal (2008) and Gaibullov and Sandler (2009) emphasize the dual impact of terrorism: it negatively impacts economic growth and development of the country as well as it can undermine foreign direct investment; it leads to losses of structures and human capital. The fourth one is the analysis of the government efforts aimed at providing solutions to factors underlying acts of terrorism. In order to achieve this it is important to evaluate the results of counter-terrorism measures, the measures used to deal with the underlying causes and the measures to reconstruct affected communities (Bapat, 2011). It also outlines the factors that lead to the occurrence of the activities of terrorism within the country. This segment outlines the considerations that could enable terrorist activities like Fair (2005) and Ross (2004) observed. The success of any operation carried out by terrorists can be increased due to legislative determinations. A systematic investigation is required due to cultural destabilization and shifts in geopolitics. The crafted research questions provide a systematic guideline on obtaining and analyzing relevant information, which fits well into the overall goals and theoretical framework under consideration.

The methods that the study will employ in this case would be a conceptual framework and design-based research. The researcher begins by discussing the sociopolitical factors that drive terrorism in Pakistan, its economic impacts, government reactions, and other pertinent aspects of the previous studies. Such an in-depth analysis assists to find gaps in existing knowledge (Creswell, 2014). The investigator will select the secondary data sources that are relevant i.e. peer-reviewed articles, official reports, and international organizations, and other significant publications. A careful investigation on the research objectives and questions was anticipated in a study by Johnston (2014). Having sifted through the studies to select the ones of interest, the investigator will gather the data needed, which can be quantitative (statistics on terror attacks or economic performance) and qualitative data (story information on policy descriptions or sociopolitical occurrences), as stated by Saunders, Lewis, and Thornhill (2009). The researcher will apply content analysis to locate hidden messages in the qualitative data (Krippendorff, 2018) and statistical analysis to locate relationships, patterns and trends in the quantitative data (Bryman, 2016) to resolve the study



questions. After the results section, the researcher will analyze the data and draw conclusions and interpretations related to the study questions and previous research (Creswell & Poth, 2018).

### 1.3 Descriptive and Quantitative Evidence.

Interconnection between terrorism and economic factors has received a lot of coverage in the available literature and their implications on both domestic and the global economies has gained an interest among both the academic and policy-makers. Throughout this chapter, the authors unveil the complex nexus of terrorism incidents and economic attributes on the basis of the previous studies. All the table consists of the observations of terrorist attacks, goods exportation, FDI, the number of refugees, unemployment, domestic product, investment in industries, political stability, level of statistical capacity, and crops harvests. Even the past contributions to the economy are caused to widen the ripple effects of terrorism in economies beyond type-comprising the effects of terrorist events and their impact on the economies, investment activities, and market health. According to Pratiwi and team, the economic impact of terrorism that occurred over the past two decades is significantly huge, stressing that Government sectors are mostly affected and stressing the need for multi-sectoral strategies (Pratiwi, Abdullah, Abdullah, Wardana & Muhammad, 2019). The article by Bardwell and Iqbal (2020) approximated that the economic impact of terrorism worldwide from 2000 to 2018 was \$855 billion; this is an indication that it was a serious problem (Bardwell and Iqbal, 2020).

Furthermore, the literature indicates the impacts of terrorism, both advantageous and disadvantageous, to the financial markets and investment climates. Procasky and Ujah (2016) compile the body of literature by reviewing studies on the long-term impacts of terrorism on the cost of debt that find that terrorism leads to an expensive cost of debt particularly in the developing world (Procasky and Ujah, 2016). To reinforce this idea, Lassoued, Hamida, and Hadhek (2018) explicate that the impact on the economy and unemployment of terrorism is subtle in terms of its dissimilarity in its impact on various countries (Lassoued, Hamida, and Hadhek, 2018). The elaborated table which underlines this research provides a base to broaden the research knowledge on these trends. As an illustration, the correlation amid the frequency of terrorist attacks (terrorist) and the foreign direct investment (foreigner) can also give additional hints about the impact of terrorism on investment attraction as well as the pattern of development. Similarly the additional correlation of terrorism with refugee population (refugeepop~r) may also place emphasis on the other social and economic impacts of terrorism. To conclude on the information studied in this chapter, the author aims at enriching the information on the economic dimension of terrorism and offer a theoretical and empirical context of policy-making practice, and subsequent research. The



given justification can be used to highlight the importance of considering the economic aspects and consequences of terrorism in the further evolution of the policies leading to the possession of the stability and sustainable growth amidst the adversity.

The table consists of many indicators, which define many facets of socioeconomic and political development in 19 observations. All of the variables focus on various attributes related to terrorism and the economic factors and political stability to have a complete image of the environment in the said entities.

**Table: 1. Descriptive Analysis**

Variable	Obs	Mean	Std. Dev.	Min	Max
terrorista~k	19	685.7368	698.3702	29	2215
exportsofg~t	19	2.19E+10	7.30E+09	9.94E+09	3.07E+10
refugeepop~r	19	1558075	334864.4	1044464	2198792
unemployme~o	12	5.6675	4.989579	0.94	16.79
domesticpr~e	19	17.57931	5.834286	8.448936	26.81447
industryin~l	19	3.63E+10	1.67E+10	1.41E+10	6.62E+10
politicals~i	18	-2.22833	0.495006	-2.81004	-1.10481
statistica~s	19	33.33333	0.96225	30	35
cropproduc~g	19	90.04526	10.29076	72.07	105.3

**Table: 2. Correlation Table**

	terror~k	export~t	foreign~r	refuge~r	runempl~o	domest~e	indust~l	politi~i	statis~s	scropr~g
terrorista~k	1									
exportsofg~t	0.7645	1								
foreigndir~r	0.3148	0.1891	1							
refugeepop~r	0.2124	0.2806	-0.348	1						
unemployme~o	0.2691	0.1347	0.6087	-0.3765	1					
domesticpr~e	0.4546	0.8008	-0.3039	0.2845	-0.0191	1				
industryin~l	0.579	0.9246	0.1361	0.1876	0.221	0.8504	1			
politicals~i	-0.5379	-0.7011	0.1932	-0.7504	0.3563	-0.61	-0.5521	1		
statistica~s	-0.1353	0.3411	0.1199	-0.1778	0.0936	0.4193	0.6192	0.0595	1	
cropproduc~g	0.8166	0.9178	0.0817	0.4036	0.0434	0.726	0.8047	-0.7578	0.1174	1

**Table: 3. Regression Analysis**

stdterroristattack	Coef.	Std. Err.	t	P> t	[95% Conf.Interval]
Stdexportsofgoodsandservicescurr	0.825813	0.590798	1.4	0.2	-0.53657 2.188196



stdforeigndirectinvestmentnetbop	0.01303	0.180556	0.07	0.944	-0.40333	0.429394
Stdinternationaltourismnumberofa	-0.35433	0.100444	-3.53	0.008	-0.58596	-0.12271
stdrefugeepopulationbycountryort	0.049696	0.095687	0.52	0.618	-0.17096	0.270352
Stdunemploymentwithadvancededuca	-0.33651	0.156234	-2.15	0.063	-0.69679	0.023766
stddomesticprivatehealthexpendit	-0.56232	0.426869	-1.32	0.224	-1.54668	0.42204
stdindustryincludingconstruction	0.54632	0.775634	0.7	0.501	-1.2423	2.334936
stdpoliticalstabilityandabsenceo	-0.13775	0.160915	-0.86	0.417	-0.50882	0.23332
stdstatisticalperformanceindicat	-0.1707	0.059754	-2.86	0.021	-0.30849	-0.03291
stdcropproductionindex20142016io	0.204426	0.348362	0.59	0.574	-0.5989	1.00775
_cons	-1.99454	0.607617	-3.28	0.011	-3.3957	-0.59337

Table 4. Fully modified ordinary least squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECONMONIC <sub>2</sub>	0.291316	0.419878	0.693812	0.5102
ECONMONIC <sub>1</sub>	0.255274	0.072286	3.531425	0.0096
POLITICAL <sub>1</sub>	-0.102407	0.092975	-1.101439	0.3071
INDUSTRY <sub>1</sub>	-0.213396	0.037482	-5.693288	0.0007
IFRASTRUCTIONAND_DEVELOPEMENT <sub>1</sub>	1.01828	0.58741	1.733507	0.1266
EDUCATION <sub>3</sub>	-0.330107	0.094318	-3.499924	0.01
HEALTH <sub>3</sub>	-0.323323	0.250566	-1.29037	0.2379
TOURSIM <sub>1</sub>	-0.385586	0.066318	-5.814187	0.0007
POPULATION_DYNAMICS_AND_DISPLACEMENT <sub>1</sub>	-0.135623	0.090271	-1.502399	0.1767
ARGRICULTURE <sub>1</sub>	0.162316	0.20559	0.789516	0.4557
C	-2.380194	0.381077	-6.245959	0.0004
R-squared	0.925945	Mean dependent var		0.050653
Adjusted R-squared	0.820152	S.D. dependent var		1.003598
S.E. of regression	0.42561	Sum squared resid		1.268009
Long-run variance	0.04734			



#### 1.4 The Quantitative Patterns Critical Interpretation.

Descriptive indicators demonstrate that terrorism should be viewed as a shock, which combines with more development variables than a one-off security event. There is high average number of attacks, a wide variation in across the observations and simultaneous movement in economic variables, which leads to the implication insecurity was a subset of a bigger political economy. Weakened exports, reduced investment, refugee inflows, unemployment strains, and reduced political stability all are not free-standing effects; they are supporting aspects of a development crisis.

Interpretation of correlation and regression results must be done with caution since in most cases, terrorism data lacks measurement constraints, absent observations, ambiguity in definition and lack of contextual consistency. However, the empirical tables are not in vain due to their transparent arrangement of the connection between terrorism and socio-economic indicators. They demonstrate that economic impact of terrorism cannot be limited to immediate physical harm. Insecurity has an impact on confidence of investors, mobility of labor, priorities in expenditure by the populace, delivery of services and expectations regarding stability in the future. There is also a critical interpretation, which is concerned with what the quantitative models cannot describe. It is possible to enumerate terrorist attacks, but it is hard to reduce fear, stress of trauma, lack of trust, displacement, interrupted schooling and low legitimacy to numerical values. On the same note, counterterrorism activities can decrease the occurrences of attacks; however when they lead to displacement, rights issues or political estrangement the overall socio-economic price of such activities would also need to be evaluated. That is why the combination of qualitative and quantitative evidence of the thesis is useful: it allows the author to have a multidimensional description of the experience of Pakistan.

#### 1.5 Dislocation, Education, Health, and Trust.

In sum, health care and education in Pakistan are facing many and intricate threats in regards to terrorism. Besides thwarting real-time service delivery, these social vices have far-reaching consequences to social order and economic development. In this section, I will discuss the most significant challenges of the critical sectors, as well as the results of the literature review.

#### 1.6 Healthcare Challenges

Then, he came to the fact that the difficulties of healthcare delivery in post-terrorist countries in Pakistan are incredibly tough because of the bad infrastructure, the lack of resources, and the lack of security. Nevertheless, according to the study of Khan Xiaoying and Kanwal (2016), one of the regions that have been influenced most is FATA and because of the weaknesses of the governments,



the NGOs are giving healthcare. The study has indicated that the conflict has been a continuous one with disastrous impacts on the health care facility in need of the continuous support to transform the health sector.

The other sphere that has been especially impacted is the mental health of people. Razik, Ehring, and Emmelkamp (2013) note that the effects of terrorism on the psychological health of the victims are high with high rates of PTSD being recorded on survivors and emergency responding teams. Lack of proper health services makes the issue more complicated and most of them fail to get the help according to which they should handle the trauma that they have gotten due to constant violence.

Governance and legitimacy of state institutions require people's confidence in the government, which in turn depends on the trust people have. Examining Pakistan, it is possible to say that it does not have a trust of people because of corruption, inefficiency and absence of transparency. The following section will center on the topic of public trust in the government: what are the problems, and how it is possible to restore it, based on the modern research.

#### 1.7 Factors affecting Public Trust.

Many factors determine the level of trust people have towards their governments, such as the efficiency of the government, the level of openness of the government, and the efficiency of most governance institutions. According to Yousaf, Ihsan, and Ellahi (2016), poor public trust is caused by technical negligence and unethical activities among government agencies. In one study, the authors indicated that good governance principles, including transparency and accountability are crucial in building and maintaining the trust of citizens. Those findings indicate that prevention of unethical practices and implementation of ethical standards in the context of a public administration are essential to improve safety of trusting the government among the citizens.

#### 1.8 Impact of E-Government

#### 1.9 Economic Implications and Functional Motives.

Pakistan has had its economic impact of terrorism taking place in various ways. The direct costs comprise the destroyed infrastructure, damaged markets, lost lives, disrupted production as well as higher expenditure on security. Indirect costs encompass diminished foreign direct investment, brain drain, increased transactions costs, and supply-chain disruption, decreasing tourism, and a decrease in investor confidence. Based on the thesis literature, terrorism influenced the GDP growth, inflation, trade, industrial productivity, and employment, particularly in the regions that were consistently exposed to violence.



Of special interest is the connection between foreign direct investment and terrorism. Investors are also looking at the present profitability and risk in the future. The repeated terrorism breeds uncertainty, augmented the cost of insurance and security, and deterred long-range obligations. A wider conclusion is that economic development is based on the trust to security, consistency in policies and institutional capacity that has been discussed in the thesis in terms of FDI, exports, industry and political stability. When terrorism diminishes these conditions, local and international investors are wary.

Simultaneously, the reasons of terrorism are economic as well. Income inequality, poverty, unemployment, and regional underdevelopment as well as the lack of access to schooling can lead to a scenario where extremist groups enroll, intimidate or acquire or gain local power. This does not imply that poverty is the mechanical cause of terrorism; instead, economic deprivation can interplay with ideology, political marginalization and poor governance. Withdrawing state policy critical framework should thus cover the two faces of the relationship: the closeness that allows development to be negatively influenced by terrorism; and failed development can contribute to increased exposure to radicalization.

#### 1.10 The Politics of Development, Governance and Counterterrorism.

One of the significant issues that has continued to worry the political government and institutions of Pakistan is terrorism. Terrorism has diverse impacts on political governance, and in this chapter, the disruption of political institutions, changes in power relations, and impairments of political authorities will be discussed. Terrorist activities have been a permanent danger, and a recurrent phenomenon in Pakistan; hence, their impact on political sphere could not be overlooked hence this study.

By presupposing the functioning of political institutions, terrorism has a harmful impact on the functioning of political institutions. The activities of both chambers are somehow vulnerable, as terrorist threats and attacks have the potential to slow down or halt legislative processes. To illustrate this point, Rehman and Vanin (2015) outlined that the lack of ceasing exposure to the concept of terrorism in Pakistan lessens the readiness of people to take up such democratic tenets and values and alters their choice towards military governance. This interference is worsened by aggressive behaviors towards legislative enclosures and harassment towards lawmakers, obstructing the legislative process and slowing down governance. Executive authority is also greatly tested by terrorism. Terrorist threats and incidences continue to put a challenge on the influence and implementation of the control and policies by the Pakistani government. The executive branch finds it hard to act appropriately, hence the decline of state capitalization (Khan, 2016). The



relationship between military intervention in politics and the arena of military forces is further complicated by the fact that the latter are the ones that intrude into the sphere of the civil authorities as the former is empowered to a greater or lesser degree in response to terrorist threats (Rizvi, 2013).

With this respect it is worth mentioning the balance of power which is one of the critical elements of a state. Terrorism has a great influence on civil-military relations in Pakistan. Another notable effect of the inclusion of the military in counterterrorism is that military power on matters affecting politics is enhanced. It fundamentally replaces the civilian rule, resulting in an unequal distribution of power weakening democratic ideals (Siddiqa, 2015). But that can cause drastic shifts in power dynamics in the state, by implementing terrorism. New actors such as militant groups will most likely redefine the use of force and can predict political consequences too. These groups can take advantage of the weaknesses of the state, deepening insecurity in the country (Malik, 2017).

Pakistan especially has faced attacks on their political leadership by terrorist organizations and this has resulted into assailants as well as targeted attacks that are likely to create a successive leadership as well as political insecurity. Civil unrest against the political leadership will hamper governance and weaken the state in its fight against terrorism. As an example, Abbas (2018) emphasizes drastic outcomes of targeted killings like political instability as one of the highly problematic aspects that might emerge because of the given type of attacks and the following lack of trust in the political administration. The resultant leadership gaps created by these targeted attacks are more likely to reduce stability. This is because leadership succession may take a long to solidify since they have to overcome existing threats (Jalal, 2014). This insecurity can hamper the government's efforts to implement strong counterterrorism policies and measures, as well as stability.

There is thus an urgent need to ensure that a counter-terrorism approach in Pakistan is intertwined with the military strength, intelligence collection and analysis, legal actions, and socio-economic paradigms. In this section, the counter-terrorism policies that are available within Pakistan will be examined and their effectiveness will also be discussed, as well as what can be done to improve their effectiveness.

### 1.11 Military Operations

Operation is a long-term program in counterterrorism in Pakistan. They have been useful in combination with such massive operations as Operation Zarb-e-Azb and Community Action Plan (NAP) to counter terrorism. Rehman, Nasir, and Shahbaz, in their analysis in 2017, established that Operation Zarb-e-Azb, aided by NAP, was successful in creating a positive incapacitation coefficient and thus reducing violent incidents significantly. However, although military actions



lead to a more unstable infrastructure of the terrorists, in the short run, they will lead to a higher degree of violence due to the vengeance factor. At least, it is not wrong to say that to make a final blow against terrorism the kinetic means should be used together with non-kinetic ones.

#### 1.12 Critical Discussion

The critical analysis of the social-economic evidence brings out the constraints of state-centric analysis of security alone. In case terrorism is defined chiefly as an attack on the state, then policy will focus on re-establishing the control of the state. Policy will also need to understand why communities get exposed to be coerced, why institutions are unable to provide services and why some regions are kept as politically economically marginal to the community, should it be theorized as a complex social relation. The thesis content is repeatedly drawn to this broader definition, in particular in the manner it addresses education, healthcare, infrastructure, public trust, and local governance.

Socio-economic policy is also influenced by the politics of labelling. When one of the areas becomes marked as mostly a security zone, development will be seconded to surveillance and control. Conflict regions can consider the population as a risk and not citizens, with rights, needs and political demands. The implementation of a critical development strategy should thus overcome efforts to make the communities affected mere objects of counterterrorism. They must be collaborators of reconstruction, local rule, peace building, and responsibility.

This evidence is further confirming that militarized counterterrorism might achieve short term gains at the expense of leaving long term development questions unanswered. A military operation can destroy militant networks, but only the schools, hospitals, roads, jobs, transparent courts, and legitimate political representation can help stabilize the situation. The economic programs presented in the thesis such as targeted development programs, investment in infrastructure and creating employment opportunities are thus not additional to counterterrorism; and are prime in it. Special attention should be paid to the mental health and social cohesion. Terrorism has a lasting effect of trauma which may not receive resolution after the violence is seen. There are psychological and social effects on survivors, displaced families, children, teachers, healthcare workers, police workforce, and emergency workers. A lack of counseling, community support, educational continuity, and reintegration policies may destabilize social wounds of terrorism, without the possibility to sustain the stability in the long term. The psychosocial harm and social cohesion factor in the thesis should be considered hence a significant contribution in policy analyses.



### 1.13 Policy Implications and Conclusion.

The paper has suggested that the socio-economic impacts of terrorism in Pakistan in the period 2001-2018 had devastating effects. Based on the thesis provided above, predominantly, it can be demonstrated that terrorism has affected the social cohesion, education, healthcare, investment, exports, industry, employment, infrastructure, and political stability. The quantitative tabular data corroborates the perception that major development indicators interplayed with terrorism, whereas the qualitative discussion indicates that the human and institutional impacts of terrorism were both profound.

The article also has suggested that critical framework is required. Terrorism is not merely a quantifiable security occurrence, it is constitutive in discourse, government, political economy, and global security discourses. Counterterrorism policies should then be considered not by a measure of decreases in violence but also by their capability to defend rights, restore trust, solve structural grievances, and create inclusive development. The key policy priorities that should be adopted by Pakistan are rehabilitation of the affected communities, enhancement of local governance, investing in education and health, mental health, job creation, judicial reform, clear policing, and ultimately community-level peacebuilding.

#### References

- Abadie, A., & Gardeazabal, J. (2008). Terrorism and the world economy. *European Economic Review*, 52(1), 1-27.
- Ahmad, J., & Mehmood, T. (2010). The socio-economic cost of conflict and terrorism in Pakistan: An analysis. *Journal of Law and Conflict Resolution*, 2(7), 159-166.
- Ahmed, S., & Haider, A. (2017). Terrorism and economic growth: A case study of Pakistan. *Journal of Economics and Sustainable Development*, 8(6), 58-69.
- Asad, A., Munir, A., & Hussain, B. (2015). Socio-economic impact of terrorism in Khyber Pakhtunkhwa: A study of Peshawar. *Journal of Humanities and Social Sciences*, 23(1), 9.
- Azam, M., & Khan, A. Q. (2016). Terrorism and foreign direct investment in Pakistan and India. *Journal of Policy Modeling*, 38(6), 1065-1080.
- Bushra, M., & Amjad, R. (2017). Women, children, and terrorism: Social, economic and political costs. *Pakistan Journal of Social Sciences*.
- Chaudary, A. (2019). Effects of terrorism on socio-economic developments in Pakistan. *Journal of Political Studies*.
- Ghaffar, A. (2019). The impact of terrorism on Pakistan's capital market. *Pakistan Economic and Social Review*.



- Hyder, K. (2017). Does terrorism influence the flow of foreign direct investment in Pakistan? *Defence and Peace Economics*, 28(6), 688-703.
- Ismail, A., & Amjad, S. (2014). Determinants of terrorism in Pakistan: An empirical investigation. *Economic Modelling*, 37, 320-331.
- Jackson, R. (2007). The core commitments of critical terrorism studies. *European Political Science*, 6(3), 244-251.
- Khan, M. A., Xiaoying, J., & Kanwal, N. (2016). Armed conflict in the Federally Administered Tribal Areas of Pakistan and the role of NGOs in restoring health services. *Social Work in Public Health*, 31(4), 215-230.
- Lodhi, R., & Qureshi, J. (2017). Terrorism and its impact on economy of Pakistan. *Journal of Business and Economics*.
- Malik, S., & Zaman, K. (2013). Macroeconomic consequences of terrorism in Pakistan. *Journal of Policy Modeling*.
- Nizami, A., Rana, M., Hassan, T., & Minhas, F. (2014). Terrorism in Pakistan: A behavioral sciences perspective. *Behavioral Sciences & the Law*, 32(3), 335-346.
- Rafique, N. (2019). Countering measures of terrorism in Pakistan. *Pakistani Journal of Humanities and Social Sciences Research*, 2, 61-75.
- Sami, J., & Khattak, N. U. R. (2017). The impact of terrorism on the economic growth: An empirical study of Pakistan. *Journal of Economic Studies*.
- Shakeel, M., & Shah, M. (2015). Economic consequences of terrorism: The case of Pakistan. *Journal of Economics and Sustainable Development*.
- Siddique, H., Ahmad, M., & Khan, A. (2017). Impact of terrorism on investment in Pakistan. *Pakistan Journal of Applied Economics*.
- World Bank. (2015). The effect of conflict on migration: Evidence from Pakistan. World Bank.