



# Terrorism and Employment: Impacting the definition of State Development

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## ARTICLE DETAILS

### Article History

Countries across globe and continents have been facing the issues of terrorism for decades and centuries. A major part of country resources have been consumed in their fight against terrorism. This adversely impacts the developments of societies, states and countries.

## ABSTRACT

Population demography and Economic growth of states and countries have always been impacted by the terroristic activities in different regions. The All-Time violence and terrorism suffered but naturally extremely beautiful most northern region of India, the region of Kashmir, in the state of Jammu and Kashmir, is one of the greatest examples for the same and has always been a center of researches on sociology subjects. This paper studies the persistence of the effects of terrorist attacks and other linked activities in different states of globe on the economic development of the states and other vicinity areas.

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## Keywords

Economic Growth; Terrorism;  
International Business

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## 1 Introduction

The terrorist attacks in different regions across globe, including United States, Bangladesh, Iraq, France, and Istanbul are only some of the more than ten thousand terror attacks between in last one decade. Investors and businesses in the United States have dealt with the realities and tragedies of global terrorism since at least 2001, and the threat has only increased. Similar conditions have been faced in other countries too.

While the human cost is devastating, the impact on economic growth of societies may be larger than most of us can even imagine.

## 2 Direct Economic Destruction

The most measurable and direct impact of terrorism is physical destruction in any region. Terrorists destroy existing properties, plants, machines, industry setups, transportation systems, workers, and other economic supporting resources.

The most infamously the World Trade Center bombings on Sept. 11, 2001 destroyed property and resources worth billions of dollars, besides senselessly kill thousands of productive workers.

The impact of terrorism, war, and other violence is always negative for the economy of any state or the country. Productive resources that might have otherwise generated valuable goods and services are destroyed, while other resources are almost invariably diverted from other productive uses to bolster the military, security, and defense.

None of this creates wealth or adds to the standard of living, even though military spending is often erroneously cited as a stimulant; this is the "broken window fallacy" sometimes mentioned by economists.

## 3 Increased Uncertainty in the Markets

Even if someone does not live anywhere near terrorist attacks, it might still be negatively impacted indirectly. This is because all kinds of markets and investors hate uncertainty, and terrorism creates a lot of it. This makes the investors lose their interest in the impacting region and hereby the economic growth of the region is impacted adversely.

There have been plenty of debate about the depth and pervasiveness of the actual impact of terroristic activities on financial markets. As the threats and publicity of global terrorism continue to rise, the economic markets appear to be more and more resilient.

#### **4 Insurance, Trade, Tourism, and FDI**

There are some obvious industries significantly vulnerable to the effects of terrorism and other violence. These include Insurance and tourism industry. Not all insurance companies payout in the event of demise by international terrorism or cross border wars, so their impact may likely less. Yet, for the companies who cover the death by mass violence, this is a big risk.

Tourism is even more prone to violence. In France, for example, tourism accounts for approximately 7% to 8% of total gross domestic product (GDP). In India, states like Goa significantly depend on tourism and hospitality industry for their GDP. Any mass violence, terror attacks or other disturbances would repel away the tourists from the region and depreciate the economy of the state.

On a broader scale, terrorism hurts international trade. This hits FDI, this hits investments, this hits overall international support of local business. This may be due to imminent threats to the security of the investment and returns on investments. This may be leading the threats such as compromised trade routes and distribution systems, or because of the psychological and physical reactions to terrorism. This also leads to less foreign direct investment (FDI), especially in unstable countries.

#### **5 War Is the Health of the State**

In the study of political economy, there is an old saying that reads "war is the health of the state." It means that during the times of international or cross border conflict, reactive governments and nervous citizens are more concerned about their securities and they are far more inclined to give up economic and political freedoms in exchange for security.

Such things could result in acceptance to higher taxes, inflations, and higher government deficits. During wartime, it is common to see implementation of price controls measures by the Governments and sometimes even the nationalization of industries.

#### **6 Conclusion**

Terrorism and other mass violence impact the state economy adversely by repelling the interest of investors and tourist. This also adversely impact the interest of local citizen towards economic growth and rather they give more importance to security.

Knowing the economic costs of terrorism can improve the ability of organizations like the United Nations and World Bank to assist developing countries that experience terror attacks, they noted.

FDI, international Trade, Insurance, Tourism, and many other market segments are adversely impacted by terrorism and mass violence.

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