

WOMEN, CHILDREN AND TERRORISM: SOCIAL, ECONOMIC AND POLITICAL COSTS (EMPIRICAL INVESTIGATION FROM PAKISTAN 2002-2015)

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Abstract: *Today terrorism is confronted by the contemporary world in different forms and shapes. After the invasion of Afghanistan by the U.S and alliances of Pakistan with the U.S against Taliban, the socio-economic and political culture of Pakistan has completely changed. Pakistan is a participant in this Global War on Terror (GWO) for the last twelve years and trying to do more. This paper provides an exploratory analysis of victimization due to terrorism in Pakistan. The focus is on two questions; what are the latest challenges in form of victimization due to the evil of terrorism? And what key lessons and prevention can be to Pakistan in this terror situation? In today's 21st century's discourse of global terrorism, Pakistan spanning the border of Afghanistan is exposed to militancy and extremism. Today, about 50 Taliban groups are stationed and are hiding in seven different agencies of FATA in the name of Tehrik-e-Taliban (Al-Qaida), committing terrorism. By the year 2012-13, more than 52000 people including militants, civilians and law enforcing agencies have been killed. It has worst affects especially on the women and children of the area, who are the most vulnerable community. Consequently, direct cost is paid in the form of socio-economic and political instability. However not enough work has not been undertaken to highlight the socio economic and political implications of terrorism in Pakistan. This study has undertaken government effectiveness, political stability, foreign direct investment, primary level school enrolment of women and terrorism as the variables of primary concern along with graphs for a time period of 2001-02 to 2015. The findings emphasized that cost of war is mainly paid by women and children in public. Local government's inability to provide*

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security and political instability are the other major factors that contributed towards victimization in country.

Keywords: *terrorism; victimization; government effectiveness; political stability; primary level school enrolment of women*

JEL Classification: *I24, I28, K37*

Introduction

Facing the menace of terrorism by Pakistan is destroying not only the political system but also affecting the country's social and economic development system. For the last 12 years Pakistan has faced to about \$ 102 billion as a cost of war on terror. These acts of terrorism has adversely affected Pakistan's law and order situation and caused severe damage to economic and infrastructure opportunities. One most brutal act of terrorism was experienced in 2014 which targeted the innocent children at their school in KP.

Such acts of terrorism not only disturbs the domestic activities but also affects trading and economic activities which consequently affects the business cycle and results in delayed export orders throughout the world. And this is the reason Pakistan has lost its market share to the competitors. Increase in uncertainties regarding investments and maximum risk perceptions are other additional factors caused due to terrorism that adversely affects Pakistan's economic growth. To cope up with such crucial situation Pakistan needs to enhance its production capacity as we are facing some other basic problems of energy crisis, restricted exports and this terrorism problem is making the economic cost of terrorism high. Such situations will take longer than expectations to be done with. Rapid decrease in sales, low productivity and decrease in investment are other crucial results of terrorism. It not only discourages foreign investors to invest in Pakistan but also the residents of Pakistan are reluctant to invest here and switch their investments to more safe countries of Europe and Middle East. In FATA and KP province of Pakistan agriculture is considered as the main source of revenue and a core economic activity. Swat which was considered as a core hub of planting and grafting of plants and nursery become victim for unfortunately the terrorist activities including hostilities, destruction of bridges in bomb blasts in swat results in a loss of Rs 35 billion. The shocking breakdown of law and order resulted in serious damage to fruit based economy of swat and rendered billion rupees loss to land owners, farmers and labour class whom core source of earning livelihood were orchards. The destructions not ended here, the KP education department reported about intensive destruction of schools i.e. to about 65 % of girl's schools and 42% of boy's schools.

According to some survey reports, about 150,000 students and 8000 female teachers are rendered jobless due to the rebellion act of terrorism. But not losing heart and being at positive perspective Pakistan is among the greatest and bravest nation of the world that paid heavy prices for war against terrorism and made marvelous sacrifices in this war. In such scenario government must develop a plan to minimize the counter effects of terrorism. This plan can be implemented in few stages. i.e.

- Firstly to stabilize the affected areas first with the help of concerned locals.
- In the second stage development of infrastructure should be started and later on utilization of natural resources should be ensured for industrialization. This will ensure employment opportunities and consequently leads to economic growth. In this regard responsibility also lies on international community to help Pakistan in financial assistance and by creating economic opportunities in such areas.

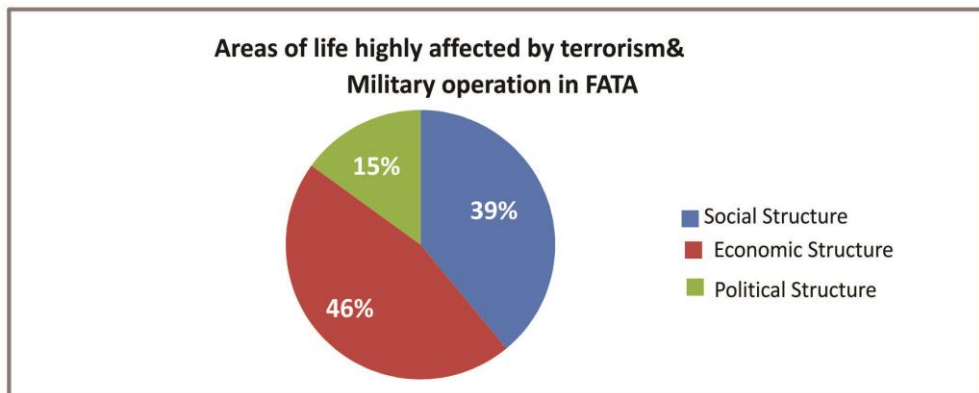
In all such scenario government effectiveness and attention is needed in the specific regions of KP particularly in the Malakand division that has a geo-strategic importance and certain positive actions by government can ensure this place as trade route for china and central Asia. Besides awareness campaign would help ensuring the removal of uncertainty among people of this area. The core cause of instability in Pakistan is terrorism. It is therefore necessary to build a consensus on the issue among political, religious bureaucratic and army leaders and the core agenda should be focused on single point i.e. against extremism. However regional countries must also be taken into confidence to minimize these terrorist activities and to maintain national stability.

Literature review

Greenbaum, D. & LaFree (2007) analyzed the impact of terrorism on business outcomes and employment in Italy for a time period of 1985 to 1997 and found that terrorist activities lead to decrease in employment opportunities. Employment is considered as more of a social issue than an economic because it likely affects the lives of all people. Hudson (2002) explained that terrorism is a result of any violent behavior in a society. Its impact is reflected in social mobility of people, economies and political behavior in a country and can be controlled through counter terrorism. Buckley *et al.* (2002) explained the effects of high terrorism in terms of creating fear in host countries which results in increased investment risk. Such high risk with minimum return on investment drives out foreign direct investment from the host country. They further explained effects of increased foreign direct investment creates friendly environment in host countries. However with terrorism activities on peak make investors insecure and feel fear of loss regarding their investment. In most of the western developed countries

media is seriously concerned about the victimization of women during conflict situation. After 9/11 when Afghanistan was invaded by U.S, the leaders showed serious concerns about subjugation of women under the Taliban in Afghanistan. In the same concern in November 2001, first lady Laura Bush announced about the administration of Bush kicking off a “world-wide campaign to focus on the brutality against women and children by the Al-Qaeda terrorist network and the regime it supports in Afghanistan, the Taliban” (quoted in Cooke, 2002, 469). According to the report of OSCE, involvement of women in education, their role in policy making as their presence as community members are essential for prevention of terrorism. It further emphasized that women have the ability to provide a strong feedback on counter terrorism efforts of international community and they can be the best shapers of narratives to offset the violent extremist and terrorism’s propagandas and can carry a quality weight age with women audiences. Shahrudin, N., et al (2010) examined determinants of terrorism in Malaysia for a time period of 1970 to 2008 using ARDL frame work. Results of the study showed that increase in security and political stability has positive effect on decreased terrorism activities. Zaman et al (2006) explored determinants of FDI in Pakistan’s context by using ECM for a time period of 1971-2003. They found a significant relationship among inflation market size and trade openness however service sector variable was insignificantly correlated with FDI flows in Pakistan.

Figure 1 - Socio-Economic and Political Impacts of Terrorism



Source: PIPS security reports

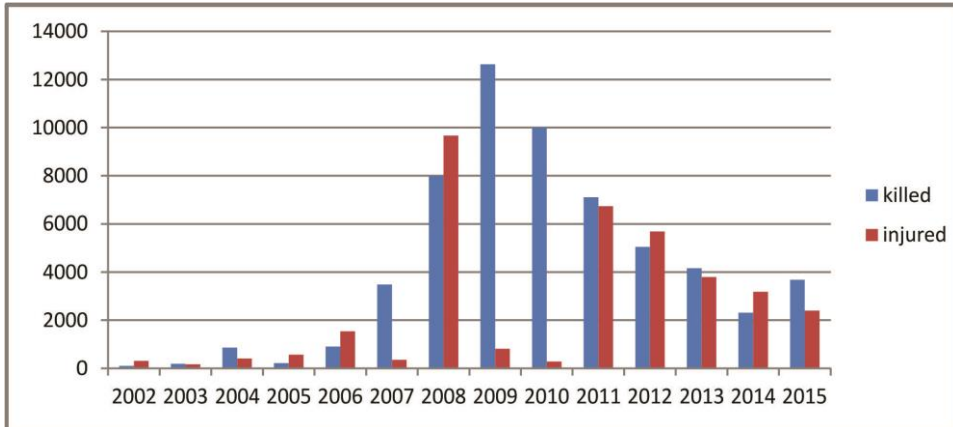
Increase in security expenditures due to terrorism has resulted in immense fiscal deficit and a cut down of social and development expenditures. A few examples including terrorist attacks on Chinese engineers, loot of NATO containers and many more acts of violence and terrorist activities shown on media have damaged investors confidence

and made them reluctant to invest in Pakistan. Pakistan is still paying a high cost of this existing conflicting situation in education sector. Targeting educational institutions is not only crating a situation of fear but is taking place of symbolic attack on state of Pakistan. Consequently many students especially females are deterred from seeking education. According to the annual education report 2012, 9 percent females got dropout from schools in KP province and the situation is worst in FATA with a dropout of percentage of 25. Out of this 23 % increase is because of the security situation. Not only students and teachers the vans that gives pick and drop to students are been targeted through remote control bombs. A panic example of such terrorist activity was attack of Taliban on Malala Yousafzai on October 9, 2012 who was not only school girl's campaigner but an activist while she was travelling on her van. The drone attacks are also no less than the sword of Damocles on the citizens of FATA and so sending children to schools in such situation is impossible.

The evil of terrorism has not only affected economic growth but human capital, physical infrastructure and other non tangible variables like education are some of the victims.

It is concluded that women being victim in war on terror is the most effected community in the country both directly and indirectly. The figure below portrays the situation.

Figure 2: Human Loss in Terrorist violence in Pakistan (2002-2015)

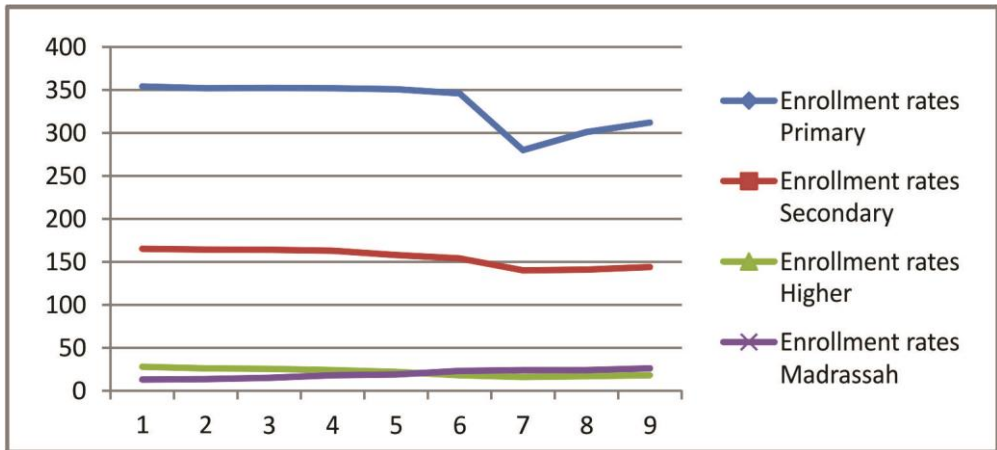


Source: Data from National Crisis Management Cell (NCMC), Ministry of Interior.

The figure shows the human loss which is faced by the country due to war on terror. The years 2007 till 2015 faced the worst effects of war on terror.

The figure below shows the health and education status of the Khyber Pakhtunkhwa province. The data is pre and post terrorism.

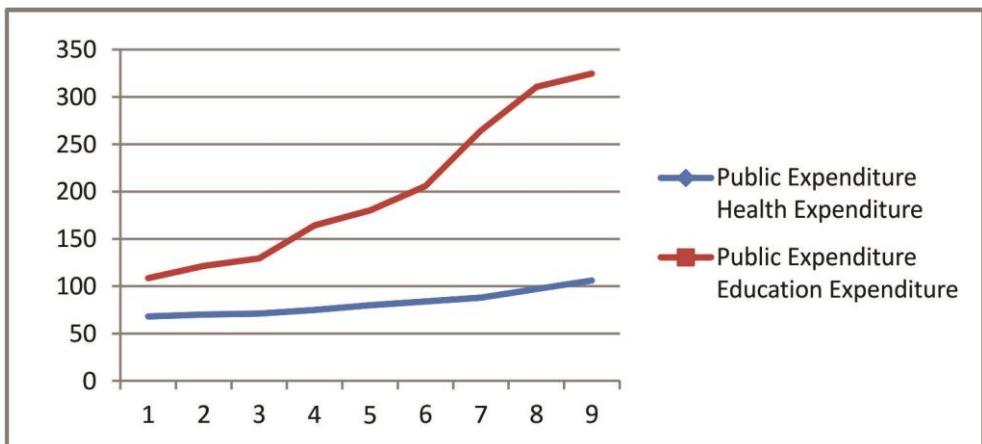
Figure 3. Effects of Terrorism on Enrollment Rates in Education



Source: Education Department, Khyber Pakhtunkhwa.

The figure concludes that enrollment rates (primary, Secondary, and higher) have declined due to terrorist activities. The people of this area are extremely religious people. Due to the religious preachers, the people moved the children from the schools and colleges to Madrasahs. It is shown by the diagram that enrollment rates in the Madrasahs increased during this time.

Figure 4. Public expenditure on health and education in Khyber Pakhtunkhwa



Source: District Health and Education Departments, Khyber Pakhtunkhwa.

As the terrorists attacked the schools, colleges and hospitals, the government spends a lot of budget to repair the infrastructure. School buildings were destroyed by the terrorists were re-built by the government and hence led to increase in government spending.

Objective of the study

The main focus of research is on the following objective

To empirically identify the socio-economic and political cost of terrorism in Pakistan for a time period of 2001-2015.

Model's Framework

The study has undertaken three models to analyze the social, economic and political cost of terrorism in Pakistan. Regression analysis and granger causality are used to measure the socio economic and political cost of terrorism and to analyze relationship among these variables.

Construction of model

Based on the theory and available literature the following models are developed to investigate the socio-economic and political cost of terrorism;

$$GEF=f(MLT\ EXP, TSM)..... eq \quad (1)$$

$$FDI= f(ERATE, TSM)..... eq \quad (2)$$

$$F.EDU= f(EMP, TSM).....eq \quad (3)$$

Where:

GEF= Government effectiveness

MLT= Military Expenditure

TSM= Terrorism

FDI= Foreign direct investment

ERATE= Exchange Rate

F.EDU= Female education

EMP= Employment

The regression model can be estimated as;

$$GEF = \beta_0 + \beta_1 MLT EXP + \beta_2 TSM + \mu$$

$$FDI = \beta_0 + \beta_1 E.RATE + \beta_2 TSM + \mu$$

$$F.EDU = \beta_0 + \beta_1 EMP + \beta_2 TSM + \mu$$

In the above equations β_0 is constant and $\beta_1, \beta_2, \beta_3$ and β_4 are expected to be positive while μ is the error term. All the collected data is secondary and is gathered from websites of World Bank and Global Terrorism Data Base.

Data and Methodology

To discover relationship among the variables three equations are undertaken in which female education, government effectiveness and foreign direct investment are taken as dependant variables. For this purpose sampling is based on annual time series data which is collected for a time period of 2001 -2015 from World Bank and Global Terrorism Database websites.

Estimation and Results:

This study contains three models for the case of Pakistan. The first one reflects the economic cost of terrorism, second one for social and third contains political cost. Regression analysis, normality distribution and granger causality test are used to analyze the relationship among these variables. This study is an attempt to reveal relationship among terrorism, female education, government effectiveness, military expenditures, employment and exchange rate.

Results and Discussion

Table 1 below shows the determinants of government effectiveness;

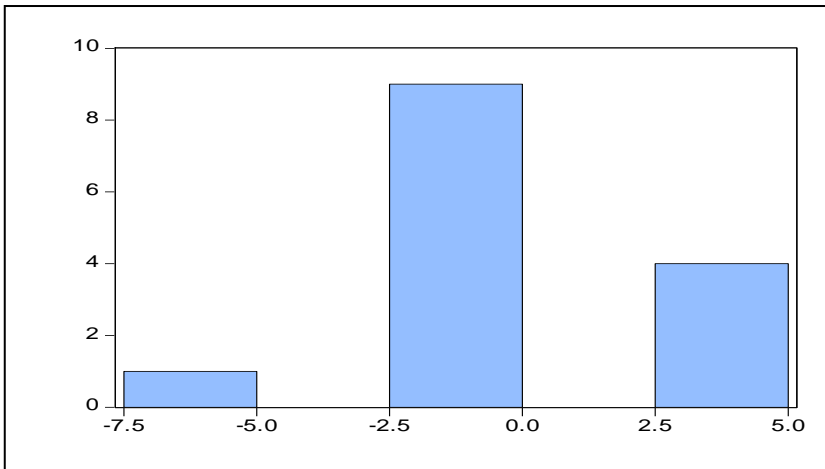
Table 1 - Determinants of government Effectiveness

Variables	Coefficient	t-stats	Prob.
Constant	45.64295	27.79136	0.0000
Mlt Exp	-0.000166	-5.062678	0.0004
Tsm	-0.001424	-5.677269	0.0001
Adj R ²	0.887		
D-W Stats	1.668		
F-stats (prob)	(52.02) 0.000		

Source: author's estimation

Both the military expenditure and terrorism have negative relationship with government effectiveness. It means that the more budget is allocated to defense sector, government effectiveness will be adversely affected and vice versa. Fink (2010) has found international initiatives towards the counter terrorism and militancy and explained that ignorance to these aspects will threaten the socio economic and political sectors of the country. Similarly, the greater extent of terrorism has negatively affected the government effectiveness. Both these results are significant.

Figure 5 - Normality Distribution Graph of Government Effectiveness



Probability of Normality distribution of government effectiveness model 0.97, which is greater than 5% significance level, and therefore the graph, is normally distributed.

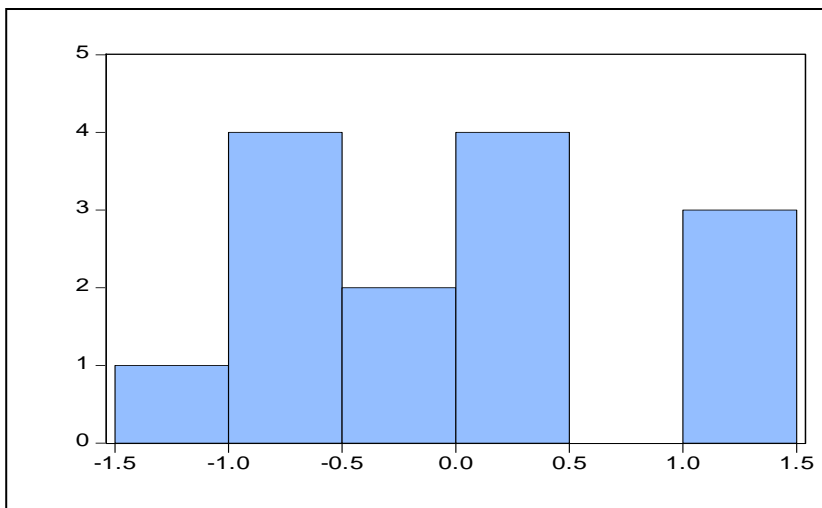
Table 2. Determinants of Foreign Direct Investment

Variables	Coefficient	t-stats	Prob.
Constant	4.821	4.097	0.001
ERATE	-0.05	-2.938	0.013
TSM	-0.000	-1.819	0.083
Adj R ²	0.343		
D-W Stats	0.802		
F-stats (prob)	(4.40) 0.039		

Source: author's estimation

The results show that all variables have significant impact on foreign direct investment for Pakistan. Abadie and Gardeazabal (2007) examined the effects of terrorism on Foreign Direct Investment and concluded that one percent increase in terrorism bring about 4.16 – 6.54 percent decrease in FDI to GDP ratio. Considering the economic impact of model, exchange rate has negative relationship with foreign direct investment. It explains that with fluctuations in exchange rate due to terrorism, foreign direct investment (FDI) will decrease. The terrorism is also negatively and significantly affecting the foreign direct investment.

Figure 6 - Normality Distribution Graph of foreign direct investment



Probability of Normality distribution of foreign direct investment model is 0.643, which is greater than 5% significance level, and therefore the graph is normally distributed.

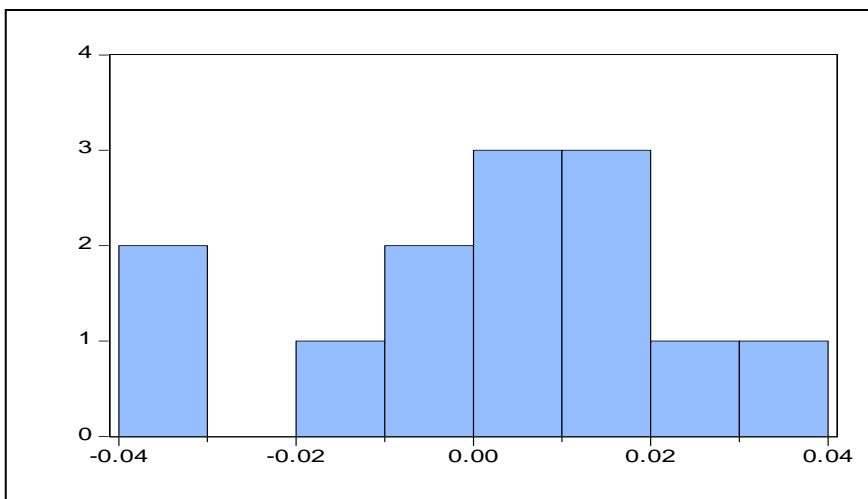
Table 3 - Determinants of Female Education

Variables	Coefficient	t-stats	Prob.
Constant	-0.253	-1.141	0.280
EMP	0.025	4.513	0.001
TSM	0.008	3.507	0.005
Adj R ²	0.866		
D-W Stats	1.675		
F-stats (prob)	(39.90) 0.000		

Source: author's estimation.

The results show that all variables have significant positive impact on female education for Pakistan. Reports of OSCE (2013) found that involvement of women as a member of community, policy shaper and educator' plays important role in preventing terrorism. Considering the social impact of above table 3, employment has positive relationship with female education which means that peaceful situation in country can provide employment opportunities and consequently it encourages the female to get higher education. A workshop conducted by SAVE (2010) in Yemen brought the fact that spotting terrorism and reaction toward such situation in families widely base on the level of education and the local awareness. They further reported that mothers with less formal education struggle more to recognize the warning signs as they strive for a positive change. So Pakistan needs to bring such situation in country where females are encouraged to come out for education and represent their country at international plate forms.

Figure 7 - Normality Distribution Graph of female education



Probability of Normality distribution of female education model is 0.689, which is greater than 5% significance level, and therefore the graph is normally distributed.

Granger Causality Test Results

Standard Granger (1969) has been used to find causality among the variables. Jones (1989) has considered that ad hoc selection method for lag length selection is better to be used than other kinds of statistical methods used for optimal lag selection and

therefore two lag lengths are assumed for all models. Results of Granger Causality test are presented in the following table

Table 4. Granger Causality of Government Effectiveness

Hypothesis	F Stat (Prob)	Results
MLTEXP does not Granger Cause TSM	0.42116(0.6719)	Accepted
TSM does not Granger Cause MLTEXP	6.97134(0.0216)	Rejected
GEF does not Granger Cause TSM	2.55618(0.1467)	Accepted
TSM does not Granger Cause GEF	1.67201(0.2549)	Accepted
GEF does not Granger Cause MLTEXP	15.5432(0.0027)	Rejected
MLTEXP does not Granger Cause GEF	0.49843(0.6275)	Accepted

Table 4 shows that there is no bi-directional causality among the variables. However uni- directional causalities are been observed among the terrorism (from terrorism to military expenditure), and government effectiveness (from government effectiveness to military expenditures).

Table 5. Granger Causality of Female Education

Hypothesis	F Stat (Prob)	Results
FEDU does not Granger Cause TSM	1.24244(0.3454)	Accepted
TSM does not Granger Cause FEDU	0.16266(0.8530)	Accepted
EMP does not Granger Cause TSM	3.64843(0.0919)	Accepted
TSM does not Granger Cause EMP	0.17840(0.8409)	Accepted
EMP does not Granger Cause FEDU	7.43153(0.0238)	Rejected
FEDU does not Granger Cause EMP	0.36849(0.7064)	Accepted

Table 5 shows that there is no bi-directional causality among the variables. However uni-directional causality is been observed in employment (from employment to female education).

Table 6. Granger Causality of Foreign Direct Investment

Hypothesis	F Stat (Prob)	Results
FDI does not Granger Cause TSM	4.11466(0.0658)	Accepted
TSM does not Granger Cause FDI	1.73111(0.245)	Accepted
ERATE does not Granger Cause TSM	0.53444(0.6081)	Accepted
TSM does not Granger Cause ERATE	0.55693(0.5964)	Accepted
ERATE does not Granger Cause FDI	3.75551(0.0780)	Accepted
FDI does not Granger Cause ERATE	1.51677(0.2836)	Accepted

Table 6 shows that there is neither bi nor uni-directional causality among the variables.

Conclusion

Considering the above discussion no doubt terrorism has caused an immense victimization situation in country and has damaged the socio economic and political situation of country. One major issue is that most of the security forces are assigned to the security of politicians on their protocol and securing the government organizations which divert them from their actual duties. The list of ineffectiveness is long. The case of missing persons that lingers on is still unresolved and the government is saddled with. This is a serious issue that must be resolved by the present government. Although Pakistan is and will face the terrorism situation endogenously as well as in its foreign policy. Besides the intense negative impacts, some positive aspects can also be extracted from such war on terror situation, i.e. the integration of FATA and the reforms held in, ensuring de-weaponized society, maintenance of good political relations with neighboring countries on the same issue. The curse of terrorism in intense today, however political integration and stability at national and international level and development of national public consensus can cut the roots of this evil.

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