



Financial Cataclysm of Terror

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Abstract: The article is talking about terror and specially its catastrophic effects on economy and financing process across the globe. Here in the article is given examples of different countries where one may see rise of terror every passing day. With statistical data and proven disadvantages, the article is by and large touching upon post terror effects on economy and how its effects extend throughout time.

Keywords: Terror, Cataclysm, Financial After Effects, Financial Security, Accumulate, Birth Place, GDP, USD, PPP (Purchasing Power Parity)

1. Introduction

When we are talking about terrorism, we may not deny the fact that this terror has had tremendous impact on economic factors across the globe. For example in 2014 alone the cost of terrorism was 52.9 billion USD in 2014. (1, 2014) As seen today throughout the world terror impacts every part of our lives be it social side, or economic side. For example as the result of terror acts perpetrated in Turkey tourism sector has got blown up and more and more people are reluctant to set a foot in this country which will results tourism industry backdrop in this country decreasing money flow entering. With just terror people tend not choose the destinations for their vacations, because as a human being we always seek security and safety for our own selves. For instance Sharm-Al Sheikh, one of the famous tourist destinations in the world got degraded if just it can be called as the result of jet crash in October 2015 which later has been confirmed to be a terror act. (2, 2016) So just looking at figures in tourism is enough to get the idea that how badly affected the result can be.

2. Materials and Methods

The total cost of terror acts perpetuated in 2014 was 52.9 billion USD in 2014 which is the highest since 2001 in accords with new 2015 Global Terrorism Index. In the Index if we look at the figures on different years we may come to conclusion that the highest point in terrorism cost reached in 2014 even surpassing the impact felt in 2001 as the result of

so-called 11/9 attacks. This shows 10-fold increase on the figure in 2000 and a rise of twenty billion USD on the previous year. As a point of comparison we can tell that the losses faced from violent crime or other terror-related incidents reached 1.7 trillion USD which is catastrophically high number ever noted down.

Now we will talk about Iraq by estimating cost of terrorism to the GDP (Gross Domestic Product) of the country. If we glance at 2005-2014 years we may see the following picture regarding total accumulated costs to GDP from terrorism. Terrorism is estimated to have cost 159 billion USD since 2005. In 2005 the total cost of terrorism in the country became approximately 1 billion USD and the number began leveling off the following years. For example the GDP in 2009 was expected to have reached 400 billion USD but the actual number was 300 billion USD. So it means had there been no terrorism acts perpetuated in Iraq in 2009, GDP would have reached 400 billion USD, but the number actually reached 300 billion USD losing 100 billion USD just to terrorism. So, terror just caused 100 billion USD on overall GDP. In 2014 we were face to face with more catastrophic results, without terror acts GDP in Iraq would have come to 650 billion USD, but in reality it was just 500 billion \$, with 150 billion USD deficit which just went off because of terror in the country. And it is alleged that the terrorism has cost Iraq 159 billion USD in PPP (Purchasing Power Parity) which represented 32% of the country's GDP in 2014. (3, 2015)

In Nigeria, where terror cells are abundant with Boko

Haram topping the list, terrorism has caused foreign direct investment flows to drop to 6.1 billion USD in 2010 which is 30% decline when compared with the previous year. Across the globe, the report highlights that 10 countries most affected by terrorism saw decreased GDP growth rates of between 0.51 and 0.8 %. (3.2015)

On the night of 13 in 2015, 7 terrorists unleashed a barrage of coordinated attacks at public hotspots in Paris as the result of which 129 people have been slain with some calling it the worst attacks since World War II in France. According to 2005 IMF research paper "Terrorism on Financial Markets", the aftermath of terrorism results indirect and indirect economic costs. Here in direct impacts can be included destruction of property, infrastructure and more importantly life, these are short-term consequences though. However, this is the indirect impact that gives the worst blow to the nation, its economy, and financial situation of people. (4, 2015)

Terror and other disruptive elements always have completely negative elements on finance of a country. Turkey is just reeling from foiled coup attempt and number of terror acts that ripped the country apart. After purge in police, judiciary and military systems the foreign Office warns that the country remains "potentially volatile". The focus of these afore-mentioned attempts has been in cities Ankara and Istanbul, cities have long been famous for touristic destinations across the globe. And before that Turkey's Istanbul airport has been hit by terrorist cells. Ankara, Turkish capital, has also been targeted a number of times, including an attack on a military convoy in February that left 29 people dead and a bus bomb a week later that killed 37 people. Every year 2.5 million British nationals visit turkey for touristic and other purposes. But after these threats the number is surely likely to go down. (5, 2016)

3. Discussions

But which countries have had the most terror attacks in the world? If we list the countries we should begin with Iraq followed by Afghanistan, Nigeria, Pakistan and Syria. These countries witnessed high number of terror attacks in 2014 which had tremendous negative effect on their economics, the worst ever year for terrorism. According to the Global Terrorism Index 2015 which was published by Institute for Economics and Peace, the afore-mentioned 5 countries were victims of all 78 % attacks in 2014. The index ranks countries against terrorism statistics and analyses economics impacts of terrorism. In the Index the countries have been given 10 out of 10 ratings in accords with the impact of terror acts, where Iraq tops the list with the number 10 followed by Afghanistan 9.233 and Nigeria 9.213 then comes Pakistan with 9.065, Syria 8.108. If we look at the chart (to be publish on the article) we may see countries on the following order from the highest impact of terrorism to the lowest India, Yemen, Somalia, ending with South Africa and Iran. (6, 2015)

The report (to be published in the article) says that in 93 countries 32,658 people lost their lives to 13,370 attacks.

From 2000 there have been over 61,000 terrorist attacks killing more than 140,000 people. There are nine times more people killed in terror attacks in 2014 in comparison with 2000. We can easily see rise of terrorism since 2000. Again, when we say rise of terrorism we should begin with Iraq, where it the "birth place" (if just it can be called) of terrorism hovering across the globe now.

When we talk about terrorism cost on global economics, we have to note that it has also become reason for international labor markets losses causing people losing their jobs in the countries where terrorism is rampant. These terror cells have caused billions if not trillions of people leave their countries hence having large amount of impact on labor markets in the globe. Now countries in the world are allocating huge amount of finance to stop and destroy terror cells most of which I would tell result with no fruit otherwise we would not have been talking about the huge ever-rising impact on economics since 2000 and on. (6, 2015)

As talked above, there is inevitable economic impact of terror across the globe. Now we will delve into some countries and their experience regarding the impact affected from terror acts perpetrated so far. When we think about terror we should not just think about terror physically destroying the nations, terror acts within the country, but also economic terrorism. In economic terrorism you might not see any visible destruction at first hand. Economic terrorism is deeply entrenched in the spirits of some countries in the world. One of the countries so deeply impacted by terror is Pakistan.

Generally talking since 2001 the world has seen terrorism evolve into a new dimension in the form of economic terrorism. This economic terrorism is far worse than direct invasion of the country. It is like a cancer that kills the country slowly making even the mightiest state demoralized, non-functional and turn it into ashes. Pakistan is one of the countries that was hit by economic terrorism from 2007 till 2010. As the result of economic terrorism the nation collapses into ground zero; it give rise to confusion, slowdown in all economic activities, street protests, demonstrations and a decline in tourism. (7, 2015)

There are various tools in economic terrorism, which are definitely used to bring down the nation creating havoc and chaos. One of them is cost impact on state budget. Here include Non-Governmental Organizations which bring social unrest in the country and increase the burden on state in terms of providing state assistance to people, victims of terrorism. Pakistan suffered a lot of financial losses due to economic terrorism and as per official Ministry of Finance estimates, the losses accounted for 40-45 billion dollar approximately. (7, 2015)

ISIL, IS- Islamic State or Daesh, these names are familiar to us, they are different names of terrorist organization which has rampaged the world so far killing massacred many people across the globe. All these had very negative impact on world economy or at least economy of the country where terror act has been perpetuated. We can give some examples of terror acts perpetuated by ISIL.

For instance, one in Kabul, ISIS is claiming responsibility for a joint suicide bombing on Saturday that killed dozens of people during a peaceful demonstration initiated by a minority group in Kabul, Afghanistan. The attack, the worst in months in terms of casualties, drew attention to ISIS instead of Taliban, which had been blamed for recent bombings. Two ISIS fighters detonated their suicide belts among the protesters according to ISIS' media wing AMAQ. A third attacker was killed before he was able to detonate his belt. (8, 2016)

This explosion had its physical affect on country, we cannot deny it, but it will surely have long-term financial impact within the country. When the name Afghanistan comes to our mind we may not anyway talk about decent economy, economic structure, normal life style as the result of terror acts. So the terror is something that has its immediate negative impact on the country, but after years to come people see its negative impact in their daily lives. Some incidents in the world are not terror acts, but they are those usually claimed to have been inspired by terror acts perpetuated in the world or terror organizations. These incidents also have negative affects on world economy and financial stability. We can give example of German so-called machete attack, when a knife-wielding teenager went for spree killing in the street.

And yet another attack in France, where two assailants attacked church in Suburban area Rouen in northern France killing a priest reportedly slitting his neck beheading him, although not much has been confirmed yet. (9, 2016) This is again a terror, where there is extensively visible link to IS. All these things, terror acts which just happened within a week will have completely negative impact upon economics.

It is not France that will suffer. The ability of Islamic State to strike indiscriminately and at will, means that consumers across Europe could pull in their horns. Anecdotal evidence suggests that British shoppers remained home over the weekend, unnerved by reports that additional security personnel had been assigned to patrol shopping areas in London's busy West End and in popular shopping malls. (10, 2016). It once more shows that these kinds of attacks spiraling in France, Germany and the fact that the number of incidents of this kind increases every passing day, we can easily come to the point that people are not only afraid of others but even afraid to set a foot outside fearing that they will or may be the next victim. As the result fewer people will be outside, and it means fewer consumers will consume outside which will definitely result with negative impact on economics and financial backbone of the country.

4. Conclusion

To recap the ideas mentioned above we can come to conclusion that terror can be considered as a two-edged sword, one edge has short-term negative effects on daily social lives of people such as destruction of properties, lives and so forth while other edge can be resembled as the one to long-term negative impact such as economic or financial

effects.

Terror affects negatively domestically and internationally. For example, Paris attacks. The events in Paris were human tragedy. For many people directly affected or close to some who was, the scars, physical and emotional, will endure. And there of course will be wider impact on Europe, the will have social impact, impact on psyche of people not only living inside the country but around the globe, especially those living in Europe. This will have very negative impact and ramifications on domestic security. And there is a question here whether there will be economic damage to add insult to injury in France and whole Europe? In short term the answer is definitely yes. The immediate impact is widely seen in front of eyes which is direct impact on the businesses dependent on tourism. For the country as a whole it accounts for 2 million jobs and 7% of economic activity according to the Tourism promotion council. Many would-be visitors canceled their visit plans to France and Brussels because of the on-going events in those territories. In the case of Brussels attacks 40% of hotel bookings have been canceled. This of course had negative ramification on funding of hotels and their budgets. (11, 2016)

Certainly the financial markets have shown little sign of expecting a prolonged adverse impact across economy. The French market did drop when trading began on the Monday after the attacks, but it quickly regained control. (11, 2016)

This is just the result of events in Brussels and Paris. But we should not forget about almost daily terror acts which fray nerves of people as the result of which people's psyche gets degraded which in turn has completely negative effect on society and economics. And when the economics collapses then the country really gets degraded and no hopes remain for the people to live. Because when people cannot bring bread to their homes which they used to do in the past, at that time they get depressed. This is long-term negative consequence of terrorism. Surely we are automatically afraid of immediate impact of terror, but in true sense of the word it is long-term economic impact that we should be afraid of. World leaders should now be more focused on how to stop would-be terror acts, how to root out terror cells not just by tightening security measures within their countries and internationally, but they should make it in the spirit, mindset of people. Because it has always been proven that terrorism can not be eliminated, unless you adjust people's brains accordingly, countries thoroughly check people crossing their border lines, specially those of Syrian and other war-wrecked country decent given the facts that most of terror acts have been perpetrated by people of the same decent or those seeking asylum in Europe.

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