# **ABSTRACT**

This study aims to examine the effect of terrorism on economic growth with a study that occurred in Southern Thailand. The terrorism index, government spending, investment and the unemployment rate are independent variables that are used to influence economic growth.

The data used is in the form of quarterly data starting from 2004Q1 to 2018Q4. Data is taken from the National Statistical Office of Thailand (NSO), the Thai Budget Bureau, the Deep South Coordination Center (DSCC), and the Thai Ministry of Manpower. The Autoregressive Distributed lag (ARDL) approach is applied to see the cointegration between variables in the model using the Eviews 10 application. Data analysis methods include stationarity testing, optimal lag, cointegration test, bounds test, Error Correction Model (ECM), classical assumption test, and model stability test.

The results obtained indicate cointegration between government spending, investment, terrorism, and unemployment on economic growth in Southern Thailand. Government expenditure and investment variables have a positive and significant effect on economic growth only in the short term, while they do not get significant results in the long run. The variables of terrorism and unemployment have a negative and significant effect on economic growth in Southern Thailand, both in the short and long term.

**Keywords**: Terrorism, Economic Growth, ARDL Model, Southern Thailand