

An Economist Considers the Causes of Terrorism

BY ANDREW FOERSTER

Since Sept. 11, 2001, terrorism has been firmly planted in the public's mind. While much of the policy debate has focused on measures that might help prevent future attacks, some economists have turned to analyzing the factors that breed such risks in the first place.

Much of that work has concluded that poverty is a core cause of terrorism. But Alberto Abadie, an economist at Harvard University, argues that there are other, more important factors, including a country's level of political freedom, its degree of linguistic diversity, and its natural terrain or geography.

Previous studies on terrorism also make a crucial mistake by exclusively considering international acts of terrorism, argues Abadie, a native of Spain's Basque region, which is home to a strong separatist movement that wants political independence from Madrid. These studies use statistics provided by the U.S. State Department, which include only those terrorist acts that involve citizens and property of multiple countries.

A significant number of terrorist attacks, however, are carried out domestically — involving citizens and property of a single country. Abadie notes that in 2003 alone, there were 1,536 accounts of domestic terrorism compared to 240 international accounts.

Abadie uses data from the World Market Research Center's Global Terrorism Index to estimate the risk of terrorism. These forecasting data consider the risk of attack against 186 countries around the world and their respective interests abroad, such as embassies.

So what factors increase the risk of terrorist attacks? As noted above, many economists have argued that wealth — or, more precisely, lack of it — may be a principal factor. Wealthy countries may be widely resented by people from poorer countries, and thus become terrorist targets. This may be especially true when the rich country is seen as engaging in "economic imperialism" by exporting its goods and culture to less prosperous parts of the world.

Also, poverty may create an environment where people, unhappy with their own lots in life, turn to violence at home. For instance, a number of studies have documented that poverty increases political strife, which can lead to civil war.

Abadie finds that countries with lower incomes do in fact have higher terrorist risks. While these results may seem to lend some credibility to the idea that poverty breeds terrorism, the situation is more complicated.

Lower-income countries have higher terrorist risks not because they are poor but because they generally have additional characteristics that fuel terrorist activity, Abadie says. In other words, there is no causal link between poverty and greater terrorist risk.

The level of political freedom in a country, for instance, is an important factor in determining how much risk a country may face. How does this process work? "Over most of the range of the political rights index, lower levels of political rights are associated with higher levels of terrorism," Abadie writes. But this is untrue of highly authoritarian countries. The policies those countries adopt to stifle political dissent may help keep terrorism at bay, Abadie argues.

Thus, both free societies as well as authoritarian ones tend to be at less risk than those in the middle — countries with moderate levels of political freedom. Those risks may be especially acute for countries like Russia and Iraq, which are making the transition from authoritarian political systems to more democratic ones.

Internal strife caused by ethnic or religious differences also may elevate the risk of terrorism, some analysts have argued. But the real key is not ethnicity per se, but the number of languages spoken in a country, Abadie says. The high-

er the probability that two people from a given country speak different languages, the higher the country's terrorist risk.

Geographic factors also are important. Three key variables increase a country's risk: size, elevation, and the fraction of the country that is tropical. Certain features, such as mountains or rain forest, provide potential terrorists with relatively safe training grounds. Geographic characteristics also contribute to the production of illegal drugs, which are sold to finance terrorist activity. For example, terrorists in Afghanistan have sold opium for funding and relied on mountains for protection, while those in Colombia have used cocaine and the rain forest. Lastly, larger countries may have more trouble monitoring potential terrorists, increasing the terror risk.

Abadie's work suggests that there is no magic cure for the root causes of terrorism. Increasing political freedom in a country is a long and difficult process, and there are no obvious policy responses to the problems raised by linguistic differences and geographic characteristics. Still, his research may help us determine the places where terrorist activity is most likely to arise and to better focus our efforts in preventing future attacks. **RF**

"Poverty, Political Freedom, and the Roots of Terrorism" by Alberto Abadie. National Bureau of Economic Research Working Paper 10859. October 2004.