

THREE STRATEGIES TO DEAL WITH TERRORISM

by

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Deterrence has been a crucial element in fighting terrorism. An economic analysis of terrorism also points to alternative and potentially superior policies. We suggest three policies that can well be integrated into existing constitutions of democratic and rule-based countries. Two policies are based on diminishing the benefits of committing terrorist acts for prospective terrorists. This can be done by decentralising various parts of society or by diverting attention from terrorists, once a terrorist act has been committed. A third policy is to raise the relative costs of terrorism by lowering the costs of non-violent means for pursuing political goals.

Keywords: Terrorism, Deterrence, Media, Decentralisation, Political rights, Civil liberties, and Positive incentives

JEL Codes: D74, H56

1 Introduction

Most people, including above all politicians but also academics, automatically identify anti-terrorist policy with deterrence. Actual or potential terrorists must be subdued by harsh measures in order to prevent them from undertaking any action. If they nevertheless become active, they must be punished so severely that nobody else will dare to imitate them. Governments all over the world have followed this strategy by enacting strict anti-terrorism laws, by tightening security in all possible areas, by curtailing political and human rights of the populace in general, and by strongly increasing the budgets of the police, intelligence, and the military forces.

The 'Economic Approach to Terrorism' has, with few exceptions, followed this line (for general introductions to the economic analysis of terrorism, see Frey, 2004; Enders and Sandler, 2006; Krueger, 2007). It is based on the 'rational choice' approach to crime pioneered by Becker (1968), which holds that all individuals, including criminals, systematically respond to a change in the relative cost of the actions considered. Increasing the probability of apprehension and the severity of punishment induces individuals to use non-violent activities. This also applies to terrorists (Landes, 1978). This expected utility calculation focuses on negative sanctions, or on deterrence, and

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tends to disregard other possibilities for changing the relative costs of violent and non-violent means of action.

In this paper, we take a totally different policy perspective. We propose three strategies to deal with terrorism. Two of the strategies aim at lowering the benefits of terrorism to terrorists by decentralising the polity, the economy, and the society (Section 2) and by diffusing media attention (Section 3). The third strategy attempts to raise the relative or opportunity costs of terrorism by reducing the price of its alternatives (Section 4). Section 5 concludes.

2 Decentralise the Polity and the Economy

Terrorists seek to destabilise the polity and the economy. For example, in a video message in December 2001, Bin Laden identified the US economy as a target: "It is important to hit the economy [of the US], which is the base of its military power" (BBC News, 2001). In the following, we argue that decentralisation increases the resilience of a country's polity and economy. And if the resilience is increased and the effect of terrorist attacks is thereby diminished, prospective terrorists have less incentive to commit attacks in the first place (Frey and Luechinger, 2004).

Any system with many different centres is more stable due to the ability of the various centres to substitute for one another. When one part of the system is negatively affected, another part or parts can take over. This basic insight also applies to terrorism. A target's vulnerability is lower in a decentralised society than in one that is centralised. The more centres of power there are in a country, the less terrorists are able to hurt it. In a decentralised system, terrorists do not know where to strike because they are aware that each part can substitute for the other so that a particular strike will not achieve much. In contrast, in a centralised system most decision-making takes place in one location. This power centre is an ideal target for terrorists and is therefore in great danger of being attacked.

As a means of reducing vulnerability, decentralisation of the polity and the economy can be achieved in various ways. Political decentralisation may take at least two forms: horizontal decentralisation or separation of powers; and vertical decentralisation or federalism. In the first case, political authority is distributed over a number of different political actors. Most important is the classical separation of power between government, legislature, and courts. In the second case, political power is spatially decentralised and is distributed over various levels of government. According to an empirical analysis of the occurrence of terrorist attacks in 111 countries during the years 1972–2000, fiscal decentralisation has been found to reduce the number of events in a country; but no effect was found for other indicators of federalism (Dreher and Fischer, 2007).

A market economy is based on an extreme form of decentralisation of decision-making and implementation. Under competitive conditions, the suppliers are able to completely substitute for one other. If one of them is eradicated due to a terrorist attack, the other suppliers are able to fill the 'void'. They are prepared, and have an incentive, to step in. Therefore, the more an economy functions according to market principles, the less vulnerable it is to terrorist attack (see Frey, Luechinger and Stutzer [2007a, 2007b] for a survey of the economic consequences of terrorism and an estimate of the overall consequences of terrorism in France and the British Isles).

3 Diffusing Media Attention

The relationship between terrorists and the media can be described as ‘symbiotic’ (Chalk, 1995; Rohner and Frey, 2007). The media want to make news to attract readers or viewers and thus have an incentive to sensationalise terrorism. The terrorists on their part rely on the media to spread fear and to publicise their cause and have become skilled in using the media to achieve a maximum effect (Nacos, 1994). They have learned to exploit the media to propagate their political demands to millions, or even billions, of people. Terrorists have skilfully adjusted their tactics in order to accommodate media ‘needs’.

Terrorists can be prevented from committing violent acts by reducing the utility gained from such behaviour. One way to ensure that terrorists derive lower benefits from terrorism consists in the government ascertaining that a particular terrorist act is *not* attributed to a particular terrorist group. This prevents terrorists receiving credit for the act, and thereby gaining full public attention for having committed it. The government must see to it that no particular terrorist group is able to monopolise media attention. Therefore, several scholars advocate media censorship, statutory regulations, or voluntary self-restraint (Wilkinson, 2000). All information on who committed a particular terrorist act is then suppressed. But in an open society, it is impossible to withhold the type of information that the public is eager to know. Further, such intervention does not bind the foreign press and news media. Any news about the occurrence of a terrorist act and the likely perpetrators is therefore likely to leak out. Terrorists seeking publicity can easily inform foreign news agencies. This first strategy must therefore be rejected as being ineffective and incompatible with democracy, as the freedom of the press is seriously limited.

We propose an alternative way of diffusing media attention without infringing on the freedom of the press (see also Frey, 1988). The government can divert attention from terrorist organisations and their goals by supplying *more* information to the public than desired by the terrorist group responsible for a particular violent act. It might be made known that several terrorist groups could be responsible for a particular terrorist act. Experience shows that with most terrorist attacks several groups have claimed responsibility. The authorities have to suggest that they never know with certainty which terrorist group may have committed a violent act. Rather, the government should publicly discuss various reasonable hypotheses. As a consequence, the media disperses public attention to many different, and possibly conflicting, political groups and goals.

The information strategy of refusing to attribute a terrorist attack to any particular group can be expected to have systematic effects on the behaviour of terrorists. The benefits derived from having committed a terrorist act decreases for the group having undertaken it because the group does not reap the hoped for public attention. The political goals it wants to publicise are not propagated as much as desired. This reduction of publicity makes the terrorist act (to a certain degree) senseless, as modern terrorism essentially depends on publicity. Terrorists who are ready to take a high risk—even the risk of death—in order to promote their political beliefs, feel deeply dissatisfied. Their frustration is intensified by the feeling that other, not equally ‘brave’, political groups are given a publicity free ride. The terrorists become frustrated and may either desist from further activities or increasingly expose themselves to ordinary counter-terrorist methods by the police. The amount of terrorism will decrease and the

dissatisfaction with existing political and social conditions will be expressed in different, less violent ways.

4 Positive Incentives

Positive incentives consist of providing people with previously unattainable opportunities to increase their utility. Since these opportunities are only available for people and groups abstaining from violence, the opportunity costs of remaining or becoming a terrorist are raised. Similarly, by offering non-violent alternatives to address terrorists' political goals, the relative costs of terrorism increase. At first glance, an obvious possibility for raising opportunity costs would be to increase incomes in peaceful occupations. The reasoning is that the more an individual can gain in ordinary activity the less she or he is inclined to engage in terrorism. However, contrary to popular opinion, most evidence suggests that there is no economic foundation for terrorism. Analysing the characteristics of members of Israeli extremists, the Hezbollah, Hamas and Palestinian Islamic Jihad, Krueger and Maleckova (2003) and Berrebi (2008) have found that poverty does not increase the propensity to participate in terrorism. If anything, terrorists, including suicide bombers, come from the ranks of the better off in society. The same pattern reverberates in public opinion data on attitudes toward violence and terrorism. Among the better-educated and better-off respondents, more respondents consider terrorist attacks to be justifiable than among the respondents from lower ranks (Maleckova, 2006; Krueger, 2007). Further, opinion polls conducted in the West Bank and Gaza strip find little evidence to suggest that a deteriorating economy increases support for terrorism. Time-series analyses fail to reveal a significant relationship between terrorism and GDP growth in Israel (Berrebi, 2003; Krueger and Maleckova, 2003). Finally, according to cross-country studies, poverty does not increase the risk of terrorism, as assessed by an international risk agency (Abadie, 2006) or reflected in the number of international terrorist attacks (Piazza, 2006), nor do perpetrators come predominantly from poor countries (Krueger and Laitin, 2008). The pattern can be explained by understanding that terrorists are not so much motivated by their own material gain but rather by their political cause. The well-educated and well-off individuals usually have stronger political views than the general population and are more often prepared to pursue their political goals—be it through terrorism or other form of political participation (Krueger, 2007). Therefore, in the following we propose counter-terrorism policies aiming at lowering the relative costs of pursuing political goals by non-violent means by reintegrating terrorists and providing access to the political process as well as welcoming those who repent (see more fully Frey and Luechinger, 2003).

One of the most fundamental human motivations is the need 'to belong', and this also applies to terrorists. Isolation from other social entities gives strength to a terrorist group because it has become the only place where a sense of belonging is nurtured. An effective way to overcome terrorism is to break down this isolation. The (potential) terrorists must recognise that there are other social bodies able to satisfy their need to belong. Interaction between groups tends to reduce extremist views, which are more likely to flourish in isolated groups of like-minded people. Segregation reinforces extremism and *vice versa* (Hardin, 2002). Therefore, breaking the vicious circle of

segregation and extremism should reduce terrorists' inclination to participate in violent activities.

Further, terrorists can be granted access to the normal political process and they should be enabled to pursue their political goals by legal means. This approach was effective in Northern Ireland. From the Northern Ireland peace process *The Economist* (2005 p. 25) drew a general lesson: "[O]ffer such people [terrorists] a legitimate way to get what they care about most and they drop the[ir] most extreme aims, and give up terrorism too". This evaluation is buttressed by Neumann (2003, p. 154) who has written that "the peace process of the 1990s appeared to set a precedent well beyond Northern Ireland in showing that the main insurgent group—the Republican movement, consisting of the Provisional Irish Republican Army (IRA) and its political front, Sinn Fein—could be persuaded to abandon its military campaign in exchange for nothing but a place at the negotiating table".

If the inclination of terrorists and their supporters to participate in violent activities can be lowered by offering them non-violent alternatives to address their grievances, one should observe less terrorism in countries with extensive political rights and civil liberties. A growing body of cross-country studies is providing evidence on the relationship between political rights, civil liberties, and terrorism (the literature is reviewed in Frey and Luechinger, 2007). Several studies investigate differences in the occurrence of terrorism across countries. In these studies, the majority of results points to an inverted U-shaped relationship between terrorism and political freedom or democracy, i.e. terrorist activity is most prevalent in countries with an *intermediate* degree of political freedoms or democracy. This is evidence for two countervailing effects. On the one hand, wide-ranging political rights decrease the costs of non-violent legal activities and increase the relative costs of terrorism—as posited above. On the other hand, freedom of speech, movement, and association facilitate terrorism as they permit parochial interests to get organised and reduce the costs of conducting terrorist activities. However, there is even more direct evidence supporting the positive incentive hypothesis. Krueger and Laitin (2008) calculate the average number of terrorist attacks per country based on the origin of the perpetrators. The results strongly support the positive incentive hypothesis: countries with a lower level of civil liberties or political rights have, on average, a higher participation rate in terrorism. Further, there is evidence for the positive incentive hypothesis from micro-data. MacCulloch and Pezzini (2002) have analysed the determinants of revolutionary preferences of respondents in three surveys conducted over three time periods between 1981 and 1997, containing the answers of 130,000 people living in sixty-one countries. Revolutionary preferences were elicited by asking respondents for their agreement or disagreement with the following statement: "[t]he entire way our society is organised must be radically changed by revolutionary action". The effect of political freedom on the support of revolutionary actions was analysed with a probit regression, controlling for individual characteristics, macroeconomic variables, country and time fixed-effects. The coefficient on Freedom House's composite index of political freedom was negative and significant. An individual, living in a country that loses one point in the level of freedom on the three-point scale, demonstrated an increase in the probability of supporting a revolt by three to four percentage points, depending on the specification. Similarly, civil liberties and political rights both have negative and significant effects on revolutionary inclinations. Hence, the denial of civil liberties and political freedom increases the

propensity to undertake terrorist acts. This is shown by both individuals' behaviour (Krueger and Laitin, 2008) and their stated preferences (MacCulloch and Pezzini, 2002).

Another policy to increase the opportunity costs of terrorism is to welcome those who repent. Persons engaged in terrorist movements can be offered incentives—most importantly reduced punishment and a secure future—if they are prepared to leave the organisation they are involved with and are ready to talk about it and its objectives. The prospect of being supported raises a member's opportunity costs of remaining a terrorist. Such an approach has indeed been put into practice with great success. In Italy, a law introduced in 1982, the *legge sui pentiti* (law on penitents), left it to the discretion of the courts to reduce sentences quite substantially, on condition that convicted terrorists provided tangible information leading to the arrest and conviction of fellow-terrorists. The implementation of this principal witness programme turned out to be an overwhelming success (Wilkinson, 2000). It provided the Italian police with detailed information, which helped to crack open the *Brigate Rosse* (Red Brigade) cells.

5 Concluding Remarks

Politicians and most academics focus on deterrence and pre-emption when considering counter-terrorism policies. We argue that the application of the economic methodology to the study of terrorism offers a wider range of anti-terrorism policies. A first alternative to deterrence is to reduce terrorist attacks by making them less attractive to terrorists. This can be done by immunising targets through decentralisation, or by diffusing media attention once an attack has taken place. Another strategy is to raise the opportunity cost to terrorists. Specifically, we suggest reintegrating terrorists and providing them with access to the political process, and welcoming penitents. The strategy of offering positive incentives to terrorists to relinquish violence has been used with good results in the bloody Northern Ireland conflict. Further evidence on the effectiveness of this approach comes from cross-country studies on the relationship between civil liberties, political rights, and terrorism. Terrorists often originate from countries with regimes that suppress the political rights and civil liberties of their citizens. Moreover, countries with an intermediate level of political rights and civil liberties face the highest terrorism risk.

The three policies against terrorism outlined in the present paper support the view that “there is no contradiction between a robust application of constitutional rights and an effective counterterrorism strategy” (Cole and Dempsey, 2002, p. 15). On the contrary, extensive separation of powers is the cornerstone of the Constitution in all democratic countries, many of which have federalist structure. Publicity of terrorists can be reduced without infringing on the freedom of the press, but by the rigid application of the principle that someone is considered innocent until proven guilty. Finally, no trade-off exists between civil liberty (and political rights) and security. The analysis of alternative counter-terrorism policies also point at the costs and potentially counter-productive effects of ill-founded counter-policies. In the fight against terrorism, governments often curtail civil liberties and undermine the separation of powers. As the preceding discussion suggests, such reactions—even if well-intentioned—may inspire more people to resort to terrorism than prevent them from doing so.

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