



Examining the effect of repressive and conciliatory government actions on terrorism activity in Israel[☆]



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HIGHLIGHTS

- We examine the impact of the Israeli government actions on terrorist activity.
- This study endogenizes repressive and conciliatory government counterterrorism policies.
- An increase in repressive actions leads to a reduction in terrorist attacks.
- An increase in conciliatory actions has no effect on terrorism.
- Terrorists' response to government actions is symmetric.

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ABSTRACT

This paper examines the impact of repressive and conciliatory actions by Israel on terrorist activity using vector autoregression. Increases in repressive actions lead to a significant reduction in terrorist attacks. Conciliatory actions, on the other hand, have no effect.

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1. Introduction

Terrorism has been studied through economic theories on utility, which are based on an *a priori* assumption that humans are rational actors able to calculate the costs and benefits of their behaviors. When examining government responses to terrorism, many counter-terrorism policies also assume that terrorists are rational actors, developing deterrence based counter-terrorism models that seek to increase the costs and reduce the benefits to groups and individuals engaging in terrorist activities. Alternative rational

choice policies focused on decreasing terrorism may also be guided by a “benevolence” or conciliatory approach, theorizing that increasing opportunity costs can be more impactful than increasing the material costs (Frey and Luechinger, 2003). The purpose of this research paper is to examine the relationship between government counter-terrorism actions, both repressive and conciliatory, and levels of terrorist activity. Specifically, we examine if terrorist organizations take into account the costs and benefits of the Israeli government's actions and, subsequently, modify their behavior. Although there is research on whether government policies can deter future acts of terrorism (see e.g. Brophy-Baermann and Conybeare, 1994, Dugan and Chenoweth, 2012 and Enders and Sandler, 1993), none use vector autoregression (VAR) to examine the impact of terrorism on government responses and how government responses can impact each other, as well as terrorism. This methodology allows us to examine what, if any, type of cost–benefit analysis terrorist organizations make based on the actions of the Israeli gov-

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ernment. For example, can increases in conciliatory actions lead to decreases in violence as terrorists acknowledge the increased utility of desistance over resistance, as suggested by Dugan and Chenoweth (2013)?

The efficacy of deterrence and counter-terrorism policies are especially relevant in modern day Israel, where political violence is prevalent. In the summer of 2014, incursions by Israeli Defense Forces into Gaza during the 50-day war were aimed at destroying the leadership and military infrastructure of Hamas, as well as a network of tunnels that circumvented checkpoints and border crossings. By no means was this violence between Israel and Palestinian terrorist organizations the first. Terrorist activity during the First Intifada and Second Intifada, as well as the period between known as the Oslo Lull, was met by both repressive and conciliatory actions by the Israeli government. Each intifada, which means uprising, was unique. The tactics of the First Intifada were mostly non-violent demonstrations, civil protests, and stone throwing, with the minority of acts involving the deadly violence, such as suicide attacks, orchestrated by terrorist organizations that were common during the Second Intifada (Miskel, 2004). This research uniquely contributes to the body of literature on terrorism, deterrence, and the Israeli–Palestinian conflict.

2. Data

We use monthly data from June 1987 through December 2004 that originates from the Government Actions in a Terror Environment–Israel (GATE–Israel) database (Dugan and Chenoweth, 2012, 2013). Three variables were selected: the number of terrorist attacks per month against an Israeli target within Israel or Palestine, the number of repressive actions by the Israeli government per month, and the number of conciliatory actions by the Israeli government per month. The GATE–Israel data for the number of terrorist attacks originated from the Global Terrorism Database (GTD),¹ which currently provides event level data on acts of terrorism across the globe from 1970 through 2013.² One limitation of the GTD is that no attack data exists for 1993 as this information was lost before the database was converted to a digital format. Other papers published in economic journals have utilized the GTD to study the relationships between terrorism and migration (Dreher et al., 2011), economic growth (Llussá and Tavares, 2011), and banking crises (Gries and Meierrieks, 2013). For GATE–Israel, Dugan and Chenoweth (2012) collected and coded open-source media reports to develop the variables on repressive and conciliatory actions by the Israeli government. Repressive actions included Israeli government acts that ranged anywhere from military strikes to public admonishments. Conciliatory acts by the government also included a wide range of behaviors, from the withdrawal of troops from a Palestinian area to optimistic public comments by Israeli officials.

3. Methodology

We employ a multivariate VAR model in levels³ to study the recursive relationship between terrorist attacks and repressive and conciliatory actions by the Israeli government. Denote the number of terrorist attacks, the number of repressive government actions and the number of conciliatory government actions in month t by y_t , r_t and c_t , respectively. $D_i : \forall i = 1, 2, 3$ represents a dummy variable for Intifada I, Oslo Lull and Intifada II periods, and the reference group is a period prior to the first intifada. The reduced form VAR model can be written as:

$$\begin{aligned} y_t &= \alpha_0 + \sum_{i=1}^p \alpha_{1i} y_{t-i} + \sum_{i=1}^p \alpha_{2i} r_{t-i} + \sum_{i=1}^p \alpha_{3i} c_{t-i} \\ &\quad + \sum_{j=1}^3 \lambda_j D_j + e_{yt} \\ r_t &= \beta_0 + \sum_{i=1}^p \beta_{1i} y_{t-i} + \sum_{i=1}^p \beta_{2i} r_{t-i} + \sum_{i=1}^p \beta_{3i} c_{t-i} \\ &\quad + \sum_{j=1}^3 \lambda_j D_j + e_{rt} \\ c_t &= \gamma_0 + \sum_{i=1}^p \gamma_{1i} y_{t-i} + \sum_{i=1}^p \gamma_{2i} r_{t-i} + \sum_{i=1}^p \gamma_{3i} c_{t-i} \\ &\quad + \sum_{j=1}^3 \lambda_j D_j + e_{ct}. \end{aligned} \quad (1)$$

Rewrite (1) in a matrix form:

$$X_t = \alpha + \sum_{i=1}^p A_i X_{t-i} + \Lambda D + e_t \quad (2)$$

where $X_t = (y_t, r_t, c_t)'$, $e_t = (e_{yt}, e_{rt}, e_{ct})'$, $D = (D_1, D_2, D_3)'$ and p is the lag length determined by the Schwartz Information Criterion (SIC). The reduced form residuals, e_t , are uncorrelated with variables in period $t - 1$ and earlier. We assume that e_t is related to the fundamental underlying shocks according to $e_t = A_0^{-1} \varepsilon_t$. We can rewrite (2) in terms of the structural shocks by premultiplying by A_0 .

$$A_0 X_t = \alpha^* + \sum_{i=1}^p A_i^* X_{t-i} + \Lambda^* D + \varepsilon_t. \quad (3)$$

The identifying assumptions used in this paper, result in a recursively identified structural VAR model:

$$e_t = \begin{bmatrix} e_{yt} \\ e_{rt} \\ e_{ct} \end{bmatrix} = \begin{bmatrix} a_{11} & 0 & 0 \\ a_{21} & a_{22} & 0 \\ a_{31} & a_{32} & a_{33} \end{bmatrix} \begin{bmatrix} \varepsilon_{yt} \\ \varepsilon_{rt} \\ \varepsilon_{ct} \end{bmatrix} \quad (4)$$

where, we call the structural terrorist activity shock, ε_{yt} , the government's repressive action shock, ε_{rt} , and the government's conciliatory action shock, ε_{ct} . These assumptions imply that (i) the terrorists do not respond to Israeli government actions, whether repressive or conciliatory, contemporaneously, (ii) Israeli government does respond on impact with repressive actions following terrorist activity shock but not to the conciliatory shocks, (iii) terrorist and government's repressive shocks impact conciliatory actions contemporaneously. The first two assumptions are based on Jaeger and Paserman (2008), who find that Israel reacts to violence against its people and interests, while the actions of Palestinians are unrelated to Israeli violence.⁴

4. Results

4.1. Baseline specification

To examine the dynamic responses of terrorist attacks to the structural repressive and conciliatory shocks recovered using

¹ <http://www.start.umd.edu/gtd>.

² See LaFree and Dugan (2007).

³ Each series is stationary based on the augmented Dickey–Fuller test.

⁴ The examination of residual correlation matrix reveals the correlation coefficient of 0.09047 for conciliatory and repressive actions, and 0.09865 for attacks and conciliatory actions. Small correlation coefficients indicate that our findings will hold even if the ordering of conciliatory and repressive actions was switched.

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