



# Terrorism and spatial disparities: Does interregional inequality matter?

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## ABSTRACT

This article examines the relationship between interregional inequality and the incidence of domestic terrorism in a panel of 48 countries over the period 1990–2010. The results show that a high level of interregional inequality increases the number of domestic terror events in the sample countries. This finding is robust to the inclusion of additional explanatory variables that may affect both interregional inequality and domestic terrorism. Furthermore, the observed link between interregional inequality and terrorist activity does not depend on the choice of the specific measure used to quantify the degree of dispersion in the regional distribution of GDP per capita within the sample countries.

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## 1. Introduction

Terrorism has been responsible for an enormous share of casualties and hardship around the world throughout the last decades. According to the figures provided by the [Institute for Economics and Peace \(2014\)](#), since the beginning of the 21st century there has been over a five-fold increase in the number of deaths due to terrorist activity, rising from 3,361 in 2000 to 17,958 in 2013. Terrorism is now the most important national security risk for many countries. In addition to its direct consequences for victims and their relatives, terrorism often has a negative impact on economic outcomes through its effect on trade and capital flows ([Abadie and Gardeazabal, 2008](#); [Enders and Olson, 2012](#)). Terrorist activity can also represent a major threat to political stability and institutional order ([Gassebner et al., 2011](#); [Williams et al., 2013](#)), ultimately resulting in a loss of individual and collective life satisfaction ([Frey et al., 2009](#)). Furthermore, terrorism is likely to have important diffusion or contagion effects ([Neumayer and Plümper, 2010](#)), which may contribute to undermining regional stability and the relations between neighbouring countries. For all these reasons, preventing terrorist activity and reducing its intensity is crucial. Nevertheless, the design of prevention and management strategies requires a good comprehension of the causes of this type of violence, which explains the considerable efforts devoted in the literature to understanding the goals and motivations of terrorists.

Against this background, in recent years numerous scholars have examined the effects of various factors on the incidence of terrorism using cross-country data (for a review of this literature, see [Gassebner and Luechinger, 2011](#); [Krieger and Meierrieks, 2011](#)). However, to the best of our knowledge, no study has yet considered the role played in this context by interregional

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inequality, defined as income inequality across regions within a country. This omission may be potentially important, as there are various reasons to assume that interregional inequality should affect terrorism. Thus, a high level of interregional inequality may spark social unrest and grievances in the poorer regions of a country, which may eventually contribute to inspiring terrorist actions. Moreover, the existence of income disparities across the regions of a country may lead to redistributive conflicts (Bakke and Wibbels, 2006; Sambanis and Milanovic, 2014), thus undermining political stability and making terrorism more likely.

In order to fill this gap in the literature, this article investigates the relationship between interregional inequality and domestic terrorism for the first time. More precisely, our research aims to find out whether countries with higher levels of interregional inequality show a greater incidence of terrorist activity. In order to achieve this goal, we use data for 48 countries with different levels of economic development over the period 1990–2010. We focus our attention on domestic terrorism because the various arguments discussed below suggest that interregional inequality should affect domestic terrorism rather than international terrorism. Although international terrorism tends to be more visible in the media, domestic terrorist events are much more numerous (Abadie, 2006; Enders and Sandler, 2006; Kis-Katos et al., 2011). Furthermore, Enders et al. (2011) show that domestic terrorism can spill over to international terrorism. Therefore, unveiling the causes of domestic terrorism is especially important in order to formulate sound and effective policy recommendations.

The remainder of the article is organized as follows. After this introduction, Section 2 discusses from a theoretical perspective why interregional inequality should affect domestic terrorist activity. Section 3 describes the measures used in the article to quantify the level of interregional inequality and the incidence of domestic terrorism in the various countries. In turn, Section 4 presents the main results of the empirical analysis carried out to investigate the link between interregional inequality and domestic terrorism. The robustness of our findings is examined in Section 5. The main conclusions of the article are presented in the final section.

## 2. Why should interregional inequality affect the incidence of domestic terrorism?

The relationship between inequality, social unrest, and violence is one of the oldest concerns of political economy. In fact, the belief that an unequal distribution of resources and wealth can generate conflicts and violence in a society goes back at least to Plato and Aristotle, and is present in the works of many other major figures in the history of Western thought such as Machiavelli, Montaigne, de Toqueville, or Marx (Nagel, 1974; Cramer, 2005). The basic intuition behind the inequality–violence link is summarized in the so-called theory of the relative deprivation put forward by Gurr (1970). According to this theory, although absolute poverty may lead to apathy or inactivity, the existence of discrepancies between what individuals think they deserve and what they actually receive through the economic system creates collective discontent, and may inspire radical actions or even violence when the situation is perceived as a result of exploitation or discrimination. Thus, the potential for collective violence in a society ultimately depends on the magnitude of the gap between expected and achieved welfare.

Beginning with the seminal study by Russett (1964), in the last decades numerous scholars have attempted to empirically confirm the existence of a positive relationship between inequality and conflict (e.g. Midlarsky, 1988; Brockett, 1992; Fearon and Laitin, 2003; Collier and Hoeffler, 2004). Nevertheless, as Lichbach (1989) points out in his survey article, the results are generally ambiguous or statistically insignificant, and this conclusion is also applicable to studies examining the impact of inequality on terrorist activity (e.g. Li, 2005; Abadie, 2006; Kurrild-Klitgaard et al., 2006). In order to explain the causes of this apparent puzzle, it is necessary to determine previously how inequality matters for conflict. In fact, the vast majority of this empirical literature solely considers the role played in this context by the degree of interpersonal inequality across the whole population of individuals, quantified using Gini indices or other concentration measures. This standard approach is useful to measure *vertical inequality*, or inequality within a specific group of individuals or households. However, this type of analysis tends to ignore the degree of *horizontal inequality*, which refers to inequality between groups that coincide with identity-based cleavages (Stewart, 2000, 2002). The distinction between vertical inequality and horizontal inequality is particularly important in this context because the group dimension is a key aspect of human well-being and social stability (Sen, 1992). According to the evidence provided by a series of case studies, Stewart (2002) argues that horizontal inequality contributes to the strengthening of the sense of identity of individuals and the generation of group grievances, thus facilitating the mobilization for conflict.

Horizontal inequality can be based on various group identifiers, such as ethnicity and religion (Gurr, 1994; Alesina et al., 2015), gender (Caprioli, 2005; Melander, 2005), or urban–rural groups (Gurr, 1994; Sahn and Stifel, 2003). In this article, we are interested in the horizontal inequality brought about by the existence of various subnational regions within a country, since regional identity is especially relevant as a social cleavage with respect to distributional issues with a potential to foment social unrest and conflict (Herb and Kaplan, 1999; Østby et al., 2009). This implies that interregional inequality, defined as the degree of income inequality across the various regions within a country, may be one of the determinants of violence and civil conflicts. Given that terrorism is ultimately a particular form of violence, these arguments also suggest that terrorist activity may be more likely in countries with higher levels of interregional inequality.

According to Krieger and Meierrieks (2011, p. 4), terrorism can be defined “as the deliberate use of violence and intimidation directed at a large audience to coerce a community (government) into conceding politically or ideologically motivated demands”. Terrorism can be part of more widespread revolutionary movements, but it is different from other forms of political violence such as civil wars, guerrilla warfare, or riots because, among other reasons, the targets of terrorist attacks tend to be mainly civilian targets (non-military facilities and/or personnel) in order to achieve publicity and media attention, destabilize society, and damage the economy (Krieger and Meierrieks, 2011; Campos and Gassebner, 2013). Furthermore, unlike terrorist

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