



The socio-economic determinants of terrorism and political violence in Western Europe (1994–2007)

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ABSTRACT

The main objective of this paper is to empirically investigate the socio-economic causes of terrorism and political violence in a sample of 12 countries in Western Europe. First, we show that in western European countries the classical economic argument of opportunity cost is confirmed. That is, the larger is the set of current economic opportunities for individuals the lower is the likelihood or the willingness for them to be involved in a terrorist activity. Second, expected future economic growth seems to be associated with an increase in current terrorist activities. Eventually, our results also show that terrorist brutality (measured in people killed) is positively associated with real GDP per capita.

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1. Introduction

The main objective of this paper is to empirically investigate the socio-economic causes of terrorism and political violence in a sample of countries in Western Europe. Put differently, the main purpose of this work is to discover the socio-economic *preconditions* for terrorism, namely “*factors that set the stage for terrorism over the long run*”¹, as defined by Crenshaw (1981). A collateral objective is providing an explanation of the brutality of terrorist activity, which depends on the number of casualties of terrorist events. First, drawing from Sandler et al. (1983) it is possible to define terrorism as the “*premeditated, threatened or actual use of force or violence to attain a political goal through fear, coercion, or intimidation*”². Such a definition encompasses the four characteristics of terrorist activity as presented by Shugart (2006), namely (i) the use of violence (or its threat) for political effect; (ii) a planned course of action; (iii) a boundless behavior outside the context of legitimate conduct of warfare; and (iv) the effort to induce a disproportionate fear and feeling of insecurity among people, especially civilians.³

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¹ See Crenshaw (1981 p. 381).

² Sandler et al. (1983, p.37).

³ The four characteristics have been recognized by scholars as the fundamental components of terrorism. On the debate to define and conceptualize terrorism see Weinberg et al. (2004) and Schmid (2004).

The most important economic explanations of roots of terrorism generally focus on two main aspects.⁴ On one hand, poor economic conditions and lack of economic opportunities are supposed to favor the emergence of terrorism and political violence. In fact, poverty and income inequality would feed frustration, hatred and grievance which make political violence more likely. In fact, in the presence of widespread poverty, the opportunity cost for individuals is very low. This is supposed to favor the recruitment process undertaken by terrorist organizations. This point (which is based on the classical opportunity-cost argument) is commonly known as *economic deprivation* argument. The recent most cited source of the *economic deprivation* argument is Gurr (1968) who studied the root causes of political violence in western societies.

A second interpretation of the causes of terrorism can be defined as *immiserizing modernization theory*. Thus, according to this theoretical argument developed by Olson (1963), economic growth is expected to produce a shift in the distribution of interest so as fuelling the grievances of some groups of the society. Namely, the basic intuition of this argument is that socio-economic changes over long-run affect socio-economic conditions. In this view, terrorist organizations would flourish if they are able to collect and capitalize on the grievances of losers. Therefore, terrorism and political violence would emerge in the presence of economic growth and development.

With regard to the collateral objective mentioned above, namely explaining the brutality of terrorist events, in the latest years some scholars also expounded and tested the hypothesis that terrorist activity is positively related to the education and standard of living. That is, better educated individuals would become bloodier terrorists. Put differently, this idea predicts a positive relationship between education and terrorist activity.

The main novelty we claim for this paper is the focus on western European countries. In fact, the analysis of terrorism in western European countries may be peculiar in this respect. Western European countries are high-income countries where schooling and education are spread across society. Moreover, a complex architecture of welfare state reduces inequality within countries. In addition political and civil rights of citizens are guaranteed to a large extent. In spite of these favorable conditions, political violence and terrorism occur in western European countries. Then, it is interesting to investigate how political violence and terrorism take shape in this context.

The paper is structured as follows: In chapter 2 some theoretical interpretations are presented and discussed. In chapter 3, the sample of countries and some stylized facts about political violence are presented. In chapter 4, both dependent and explanatory variables are presented and discussed. Chapter 5 presents the econometric results and aims to explain the emergence of terrorist events, and chapter 6 shows the econometric results trying to explain the brutality (measured in number of people killed) of terrorist events. Chapter 7 then summarizes and concludes.

2. The emergence of political violence and terrorism

There are several studies analyzing economic conditions and emergence of political violence and terrorism. In particular, economic discontent is commonly associated with the emergence of political violence. Two main theories can be proposed to explain this phenomenon.

A first argument based on economic discontent is popularized as economic deprivation. It is a component of the broader *relative deprivation theory* as expounded by Ted Robert Gurr (see Gurr, 1968, Gurr, 1970a,b). The backbone of the theory is the perceived discrepancy between expected payoffs and actual payoffs of individuals. Whenever such discrepancy becomes collective it feeds anger and frustration which easily translate into collective violence. Echoing Gurr (1968), “[...] my basic premise is that the necessary precondition for violent civil conflict is relative deprivation, defined as actors’ perception of discrepancy between their **value expectations** and their environment’s apparent **value capabilities**. Value expectations are the goods and conditions of life to which people believe they are justifiably entitled. The referents of value capabilities are to be found largely in the social and physical environment [...] For purposes of general theoretical specification I assume that perceived discrepancies between expectations and capabilities with respect to any collectively sought value – economic, psychosocial, political – constitute relative deprivation [...]”.⁵ According to the theory, whenever the discontent turns to be widespread within societies, individuals and groups are more likely to turn to political violence and civil strife. In the latest decades, Gurr’s theory had become the major reference for a copious literature which analyzes the implications of socio economic conditions on emergence of political violence, even if empirical results in some cases provided mixed results. (see among others Bohlken and Sergenti, 2010; Brush, 1996; Muller and Weede, 1990).

A second argument can be defined as *immiserizing modernization*. Firstly, Olson (1963) suggested that economic growth could fuel social and political unrest. This is somehow a counterargument to the modernization theory as expounded by Lipset (1959) and recently confirmed by Gundlach and Paldam (2009). Thus, in his argument, Olson argued that in the presence of a rapid economic growth several imbalances are likely to occur so determining a higher degree of unevenness which turns to be closely related to the emergence of social disorders and political violence. Echoing Olson “[...] Economic growth – especially rapid economic growth – therefore involves vast changes in the methods of production. It involves vast changes in the importance of different industries, in the types of labor demanded, in the geographical configuration of production. It means vast changes in the ways and places in which people live and work. Above all, economic growth means vast changes in the distribution of income [...]”.⁶ In particular, Olson identified two forces at work in the short run: (1) first, prices rise faster than wages. That is, as the demand increases prices are likely to

⁴ For a comprehensive discussion please refer to the survey by Schneider et al. (2010), Krieger and Meierrieks (2010) and Enders and Sandler (2006).

⁵ Gurr (1968, p. 252–253), emphasis in the original, italics turned to bold.

⁶ Olson (1963, p. 532).

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