1. Introduction and overview

1.1 INTRODUCTION

The ‘war on terror’ dominated international relations during most of the first decade of this twenty-first century, after the 9/11 spectacular attacks on the Twin Towers and the Pentagon. However, the international community had already started to gradually build up its concern with fighting terrorism over the previous two decades at least. Suicide-bombing has become the most common form of terrorist attacks, after a spectacular beginning in the early 1980s in Lebanon. Before that, transnational terrorism existed under different forms, involving different types of attacks. Skyjacking and kidnapping were the hallmarks of terrorist attacks in previous decades, until metal detectors were installed in most airports and additional self-protection measures were implemented. The effectiveness of these counterterrorism measures has been confirmed empirically by a long series of quantitative analyses, which are synthesized by Enders and Sandler (2012), although some of these policy tools turn out to have undesirable side effects. For example, Enders and Sandler (1999, 2002) have shown that the introduction of metal detectors in airports from 1973 on, which decreased the incidence of skyjacking, has also increased the number of incidents with deaths. However, these authors have also pointed out that self-protection is not enough for fighting terrorism, as it entails some inefficiency due to deflection: as some targets become harder, the flow of terrorist attacks gets deflected onto other, softer targets. They also show how some broader historical events have shifted the pace of terrorist activity, such as the break-up of the Soviet Union that removed some major state sponsors of terrorism, or the North Atlantic Treaty Organization (NATO) summit in Brussels in 1994 and the effort to bring Eastern and Western Europe together, two events associated with a significant reduction in bombings and hostage-taking. Hence, there is a need for additional counterterrorist measures which can mitigate these inefficient consequences.

The international community has in particular implemented various measures aimed at reducing transnational terrorism at the source; that is, at curbing the flow of terrorist attacks by intervening directly in the countries where the transnational terrorists come from. The present book provides the
first synthetic analysis of this anti-terrorism strategy, by focusing on the roles of foreign aid and overseas military intervention in reducing the production of terrorist attacks against foreign countries. It provides a theoretical framework based on the rational-choice hypothesis and a series of empirical tests of its main predictions. Foreign aid emerges as an effective tool against transnational terrorism, which is used actively for this purpose by donors. In contrast, the book produces evidence that military interventions are counterproductive as they trigger on average a significant increase in the number of transnational terrorist attacks. The econometric analysis also shows that under the Obama administration a significant break occurred at the end of the 2010s in the number of United States (US) troops on the ground overseas, and in their marginal impact on transnational terrorism.

1.2 FOREIGN AID FOR ENHANCING GLOBAL SECURITY

Combining foreign aid and military interventions with a view to reduce terrorism at the source is nowadays a well-accepted policy mix. For example, in early April 2009, President Obama asked Congress for $83 billion of additional funding for Iraq and Afghanistan with a view to decisively eradicate the Al-Qaeda threat. This budget included $1.6 billion and $1.4 billion for Afghanistan and Iraq, respectively, for ‘diplomatic programs and development aid’. An additional $800 million was asked for the Palestinian Authority, including some humanitarian aid for Gaza. A further $1 billion of unconditional aid to Pakistan was announced about a week later, as a provisional measure before Congress voted a $1.5 billion aid flow to this country for the next five years. Some other politicians felt at that time that this switch of emphasis between aid and military solutions had not gone far enough. For example, Representative (Rep.) Lynn Woosley, a prominent anti-war Democrat, said: ‘instead of attempting to find military solutions to the problem we face in Iraq and Afghanistan, President Obama must fundamentally change the mission in both countries to focus on promoting reconciliation, economic development, humanitarian aid, and regional diplomatic efforts’ (Walsh, 2009). This debate illustrates the change of emphasis that has occurred since 9/11 and the decisions to invade Afghanistan and Iraq. Ricks (2006) provides a sample of excerpts from official speeches made by the Bush administration for justifying the intervention in Iraq, showing that the military option was then clearly presented as the key strategy in the war on terror. Nevertheless, the Millennium Challenge Account was created by the Bush administration as a new tool for channelling aid to poor countries in the
wake of George W. Bush’s much-cited speech in Monterrey on March 22, 2002, where he said: ‘We fight against poverty because hope is an answer to terror’ (cited in Krueger and Maleckova, 2003, p. 119). This suggests that aid has been part of the policy mix against terrorism at least since that date. Lancaster (2008) provides a very lucid analysis of the strategic use of foreign aid by the US government, and its inflexions under George W. Bush. Our econometric results presented in this volume confirm that this approach was adopted even before these events, although it was not much publicized at the time. Still, these findings suggest that some significant changes affected the strategy against terrorism under the Obama presidency. The following evidence suggests that foreign aid and transnational terrorism are connected in an intriguing fashion.

Figure 1.1 plots the evolution of foreign aid and the number of transnational terrorist attacks at the global level, using the same data as in Chapter 5 of this volume.¹ The sample is restricted to 124 countries

Note: The number of terrorist attacks comes from the ITERATE dataset (Mickolus et al., 2008). The aid flow is the standard Official Development Assistance (ODA) produced by the OECD (2016), measured in constant 2013 USD. The sample used is the same as in Chapter 5, which is restricted to 124 countries for econometric reasons. The spike in the number of terrorist attacks in 1999 is largely due to Colombia’s spike of 100 attacks that year.

Figure 1.1 Foreign aid and transnational terrorist attacks, 1990–2014

¹ The reader is referred to Chapter 5 for more details on the series used and the sample.
over the 1990–2014 period, excluding in particular Afghanistan, Iraq and Kuwait for econometric reasons. The number of terrorist attacks comes from the International Terrorism: Attributes of Terrorist Events (ITERATE) dataset (Mickolus et al., 2008). The aid flow is the standard Official Development Assistance (ODA) produced by the Development Assistance Committee (DAC), measured in constant 2013 USD. This aid flow aggregates the disbursements made by all the donor countries, which are mainly Organisation for Economic Co-operation and Development (OECD) members.

This plot suggests clearly that we observe two contrasting periods, with a break in the trends at the turn of the century or just before. From 1990 to 2000, the two series seem to be remarkably correlated, both trending clearly downwards and reaching a floor in the late 1990s. Then an upward shift seems to push the aid series upwards in 2001, while the year-to-year correlation seems to remain strong afterwards, up to 2004. Then, a spike in the aid series seems to occur in 2005, while the terrorism series seems to shift downwards at the same time. From then on, the aid series is driven by a sustained upward trend. In the meantime, the number of terrorist attacks seems to stabilize for half a decade at a floor level with a very small upward trend, before trending again more significantly upwards over the last three years of the sample. Overall, then, this plot suggests that the late twentieth century was an age of low aid and high transnational terrorist activity, while the early twenty-first century benefited from a stabilized low level of transnational terrorism and a high and rising level of foreign aid. Hence, eyeballing the data suggests that these two series are trending in the same direction most of the time over the sample period, with a notable exception during the 1998–2005 episode. The latter episode is marked by two major spikes in the terrorist attacks series: one in 1999 which is due to a one-off increase by 100 attacks in Colombia, and the second one in 2003–2004 as an echo to the US-led invasion of Iraq. Hence, besides some easily identified shocks, the series of foreign aid disbursed and of transnational terrorist attacks produced seem to follow a common trend downwards in the 1990s and then upwards afterwards.

This common trend raises the issue of causality, as a superficial reading of it would suggest that it would be simple to curb terrorism by cutting foreign aid. This would make no sense at all, unless donors were a bunch of idiotic players. We argue instead that donors are exploiting a trade-off, increasing the delivery of foreign aid when they learn that the risk of terrorist attacks is increasing. Azam and Thelen (2008, 2010) showed that a robust negative econometric relation existed between these two series, using data from 1990 to 2004. Now, a full decade of additional data are available, and the question arises whether this relation survived the test of
time or whether a structural break occurred during the subsequent decade. The econometric analyses reported in Chapters 5 and 6 of this volume support the view that these two series are still jointly determined, as aid is still used by donors as a means to fight transnational terrorism, as in the Azam–Thelen papers cited above. We then show that the co-movement of the aid flows and the number of terrorist attacks that Figure 1.1 reveals, after smoothing out the two big shocks mentioned above, reflects the exploitation by donors of a trade-off whereby foreign aid can buy a reduction in transnational terrorist activity at the global level, and can do so pretty quickly. Boutton and Carter (2014) have confirmed this finding, although they add the caveat that US aid seems to be aimed at reducing the number of terrorist attacks against US interests only, with negligible spillovers for other target countries.

However, the use of foreign aid thus highlighted as a tool in the war on terror did not initially get an enthusiastic reception from the academic community. Krueger (2003) expressed serious doubts about the potential role of aid for curbing terrorism. The bottom line of his skepticism was that poverty does not seem to be the main determinant behind terrorist attacks; while he seemed to believe, among many others, that poverty alleviation was the main objective of foreign aid. The survey data presented in Krueger and Maleckova (2003) show that terrorists from different movements, including Hezbollah, are predominantly recruited from a relatively wealthy and educated family background, relative to their society of origin. Similarly, the biographies of Al-Qaeda’s activists analyzed by Sageman (2004) show that they generally have a high level of education, mostly in scientific or technical disciplines. Some other insights on the profiles of terrorists can be gleaned from Bloom (2005, 2011), Gambetta and Hertog (2016), Hassan (2001), Reuter (2004) and Stern (2003), suggesting that terrorists are men and women in their twenties with some post-secondary training, mostly in technical or engineering education, and coming from a relatively well-off family background. Gambetta and Hertog (2016) bring out the surprising frequency of trained engineers among Jihadist and right-wing extremists. Chapter 2 of this volume surveys this literature in more depth, which tends to de-emphasize the religious factor that the media have tended to single out as the main motivation behind terrorism over the last few decades. However, while this microeconomic evidence refutes a simple view that poverty breeds terrorism, because terrorists are not recruited among the poorest segments of their society of origin, the negative conclusion voiced by Krueger about the potential role of foreign aid in the war on terror does not necessarily follow from it. In particular, the latter rests on the assumption that foreign aid effectively reduces poverty or enhances education in recipient countries. This view has been mostly
rejected by the so-called ‘aid ineffectiveness’ literature, which has accumulated a lot of empirical evidence against it. Easterly (2006) has offered an influential synthesis of this literature that basically claims to sentence foreign aid to death, a final step taken by Moyo (2009). Taking this point into account certainly undermines the force of the argument based on the Krueger and Maleckova (2003) statistical finding: if aid does not make people richer in aid-recipient countries, why should we care about the relative wealth of terrorists? This suggests that these two issues might really be independent of each other. We suggest below that economic development might in fact help reduce terrorist activity as more people are lifted out of poverty when the right policy framework is adopted. This is a welcome prediction, as new findings by Arndt et al. (2015) have shown econometrically, using instrumental variables, that foreign aid is in fact effective at boosting gross domestic product (GDP) growth in recipient countries. These findings challenge the empirical foundations of the mainstream ‘aid ineffectiveness’ literature.

The latter is in fact quite paradoxical, from a methodological point of view. It begs the question why rich countries have been consistently giving away zillions of dollars for nearly six decades if this aid flow really is ineffective. Moreover, one observes that emerging countries, such as China and India for example, are keen to become aid donors as soon as they reach a certain level of development. These observations suggest in fact that the donor countries’ behavior should not be gauged by looking at the poverty impact of foreign aid. Revealed-preference theory suggests a different approach, aimed at inferring their true objectives from donors’ behavior. A more satisfactory line of empirical research has tried instead to infer the donors’ hidden agenda from the econometric analysis of their aid allocation behavior, starting with papers by Svensson (1999) and Alesina and Dollar (2000). The latter literature, which is briefly surveyed by Azam and Thelen (2008), brings out convincingly that the allocation of foreign aid by donor countries across developing countries responds to some political determinants, rather than to the recipient countries’ performance in the fight against poverty. This search for foreign aid’s hidden agenda is somehow akin to a detective job, and researchers have thus tested a list of potential objectives, ranging from supporting democracy (Svensson, 1999; Alesina and Dollar, 2000) to fighting corruption (Alesina and Weder, 2002) or reducing immigration from the South (Azam and Berlinschi, 2010). This search is likely to have just begun, as many potential objectives easily come to mind, such as controlling cross-border pollution and greenhouse gas emissions, preventing fast-spreading pandemics, and so on. Moreover, this multifaceted agenda is not so hidden after all, as documented in particular by Lancaster (2008), at least as far as US bilateral aid is concerned.
There are in fact two conceptually different issues in this line of analysis, which the literature has not systematically distinguished. Assuming that the donors are rational, the first question to ask is whether aid can significantly affect the potential objective under scrutiny. The second is to test whether the donors are in fact using this potential trade-off. The latter test is a key step in the analysis because it affects the choice of an appropriate econometric method for testing the former. Using reduced-form estimation, for example, for performing the former test would rest on the untested assumption that the donors are either not aware of the existing trade-off, or else would simply disregard it for devising their policy. Neglecting the possible use of the assumed trade-off by the donor countries for pursuing their objective would thus probably lead to spurious estimates and preclude drawing any policy recommendations from the results. This two-part method just sketched was applied by Azam and Thelen (2008) for testing: (1) whether foreign aid has a significant impact in reducing the number of terrorist attacks originating from recipient countries; and (2) whether the donor community is actually using this trade-off to curb transnational terrorism. Their findings suggest a positive answer to both questions, suggesting that foreign aid is effective in particular for curbing terrorism at the source, and that donor countries’ governments are actively exploiting this trade-off. The latter finding forces the analyst to eschew the traditional ‘lesson-giver’ role played by economists and political scientists in the so-called ‘policy-oriented’ literature, and to aim instead at revealing what the governments are actually doing. Hence, the present book is predominantly devoted to explaining the behavior of the governments, both in the donor countries and in the aid-recipient ones, in their approach to controlling terrorism. It does not assume that policy-makers are ignorant, just waiting for the economist or the political scientist to show the way forward. It assumes instead that the analyst is the one who needs to learn, in a standard political economy perspective, in order to shed some light on the policy choices made in the past. The aim, then, is to identify the key parameters that would need to be changed to improve these policy choices in the future, by changing the incentives faced by the relevant governments.

However, this kind of ex post policy evaluation approach raises a well-known identification problem, which has probably been excessively emphasized in the literature. Whenever possible, this issue has been side-stepped by using the randomized controlled trial approach to determine the impact of some policy tools, mainly in the social sectors of developing and developed countries. By allocating a treatment at random in the sample population, this approach neatly separates the two-way causation problem raised in policy analysis based on historical data. However, there are many important topics for which randomized control trials are
infeasible, prompting the analyst to work with historical data using a two-stage approach to control for the endogeneity of policy responses. Azam (2016) has shown how a variant of the theory of near-identifiability introduced by Fisher (1965) allows the econometrician to put some confidence in this kind of approach. It can produce fairly reliable estimates of policy trade-offs using historical data and a testing procedure based on Nakamura and Nakamura (1981).

1.3 AMBIGUOUS MILITARY INTERVENTIONS

Azam and Thelen (2010) presented an extension of the analysis discussed above, using the same two-part methodology, and adding foreign military intervention to the list of potential tools used by the North for reducing the number of terrorist attacks from developing countries. The likely impact of this variable on terrorist activity has been highlighted in particular by Pape (2006) and Pape and Feldman (2010), using a series of case studies. They suggest that many terrorist attacks against Western interests have been prompted by military interventions by the US or the NATO alliance, and conclude that Middle Eastern terrorism, in particular, is mainly motivated by nationalism. These terrorists would thus simply be fighting against what they view as a foreign occupation of their country. In contrast, especially since 9/11, recent US military interventions have been justified as a key component in the war on terror. Hence, the link between terrorism and military intervention could in fact be due to reverse causation, the presence of US and allied soldiers being merely a response to a terrorist threat. Gelpi et al. (2009) have shown how this cue was quite successfully used by the Bush administration to attract the support of US public opinion in favor of the war in Iraq, at the beginning (see as well Ricks, 2006; Scahill, 2013). However, some dissenting views have been expressed, claiming that the control of oil reserves was the true agenda pursued by the invasion of Iraq, and not the fight against terrorism (see, e.g., Cramer and Duggan, 2009). The latter would thus be just a political cover for more materialistic interests that would not have attracted so much support from the general public. Chatterjee (2009) goes one step further in suggesting how some private contractors had a privileged channel for influencing the decision to invade Iraq, also for oil-related reasons. Scahill (2007) suggests a different channel whereby private contractors could have exerted some influence on that decision.

Figure 1.2 plots the number of US troops stationed outside of the US, for the same sample of countries as Figure 1.1, as well as adding troops engaged in Afghanistan, Iraq and Kuwait. The source of the latter series is described in Chapter 5. We have been unable to find similar data for
the United Kingdom or France, two other countries that participated significantly in military interventions overseas during this sample period. Nevertheless, it is well known that the US has provided by far the largest contingents of soldiers for overseas military interventions over the sample period. This plot shows some similarity with Figure 1.1. In particular, two contrasting periods can be identified, with a clear break in the early twenty-first century, at least if we include Operation Iraqi Freedom (OIF), Operation New Dawn (OND) and Operation Enduring Freedom (OEF) operations. While the number of troops positioned overseas falls until 1997, it goes back on the rise in the early 2000s. However, there are some significant differences. First, the number of US troops strongly shifts upwards later in the 2000s than the jump we observed in the foreign aid series. While the latter seems to shift upwards as early as 2001, the former jumps only in 2003. Hence, one can guess that the Anaconda operation in Afghanistan, which started at the end of 2001 and the beginning of 2002 in response to the 9/11 attack (Corbin, 2003), did not involve as many troops as the invasion of Iraq and the response to the ensuing civil war (Ricks, 2006). Second, besides this delayed jump, we observe that the number of US troops engaged in foreign countries falls significantly after
2010, at a time when the flow of foreign aid was staying on a steep trend. Casual inspection thus suggests that the correlation between the number of US troops overseas and the number of transnational terrorist attacks is not as tight as Figure 1.1 suggests for foreign aid. Hence, the first impression coming out of the eyeballing of these series is that foreign aid seems to be more closely linked to the number of transnational terrorist attacks than to the changes in the number of US troops stationed outside the US, despite the political rhetoric attached to the latter. Moreover, the dates of the apparent shifts in the series do not seem to provide convincing grounds for assuming that they respond to exactly the same rationale. While the foreign aid series seems to shift upwards in response to the 9/11 attack, the US troops series seems mainly to be affected by the war in Iraq, first, and then by the change in the administration in place in Washington DC.²

Whatever the reason justifying military interventions, the observation that foreign aid seems to be linked to the number of transnational terrorist attacks suggests that testing whether military interventions are effective in fighting terrorism at the source is a key issue to be addressed in the present book. This is done in Chapter 4 from a theoretical point of view, and in Chapters 5 through 7 from an empirical one. By and large, these chapters corroborate the findings presented in Azam and Thelen (2010). They show that military interventions involving ‘boots on the ground’ are probably quite counterproductive, while using foreign aid to induce recipient governments to fight terrorism within their sphere of influence is quite a powerful tool. The Obama administration seems to have taken on board this robust finding that the presence of US troops in foreign countries in fact triggers quite a lot of violence and terrorist activity. The new US military strategy presented by President Obama in January 2012 involved massive cuts in the number of troops in the Army, falling by about 50 000 as a first step, while subsequent cuts were expected to take place (Whitlock and Jaffe, 2012). As Figure 1.2 shows, this process had already started while this revised strategy was being prepared. This fall in the number of troops went hand in hand with a deeper change in the military strategy: ‘Yes, our military will be leaner, but the world must know the United States is going to maintain our military superiority with armed forces that are agile, flexible and ready for the full range of contingencies and threats’ (cited by Whitlock and Jaffe, 2012). A strengthening of Special Forces and the Navy’s Sea, Air and Land Teams (SEALs) in particular was planned in the new strategy.

² Kane (2016) presents a long-run quantitative analysis of US troop deployment, showing a significant downward trend since the early 1950s with occasional spikes during the Korean War, the Vietnam War and the Iraq War, as well as a smoother hump up to the end of the Cold War.
Moreover, this strategy planned to reinforce cooperation with foreign governments and an increased effort in training their own militaries. Taw (2012) describes in detail the institutional changes involved, while Scahill (2013) and Kilcullen (2016) also suggest that some of these changes had already started under the previous administration. Our econometric investigation in Chapter 5 presents some key findings for evaluating the impact of this change of strategy, using a sample extended by a full decade of observations relative to the 1990–2004 period covered in Azam and Thelen (2010).

1.4 OVERVIEW

The presentation of this book’s theoretical developments, in Chapters 3 and 4, combines graphical analysis with elementary calculus, while heavier calculations are presented in appendices. This is aimed at accommodating both the ‘mathscoholic’ readers and those who feel intimidated by calculus. Nevertheless, because some readers might still get discouraged by the theoretical pitch of Chapters 3 and 4, Chapter 5 begins with a non-technical summary of the main findings and predictions of the theoretical analysis. Hence, the empirical part of the book is largely self-contained and the theory-averse readers can jump directly from Chapter 2 to Chapter 5 and still be in a position to follow the econometric analysis. Nevertheless the latter is cast in a Popperian framework that tests the comparative static predictions of the formal theory.

Unlike Azam and Thelen (2008, 2010), the analysis presented in these chapters regards the fight against terrorism as only one of the different objectives pursued by the foreign power in its relations with recipient countries. The fight against poverty and in favor of economic development might in fact be the main reason for giving foreign aid, while different geo-strategic objectives might be the main motivation behind military intervention. Nevertheless, insofar as terrorism might be a response to these two types of intervention, the rational donor is bound to take them into account, if only to adapt their levels with a view to controlling the number of terrorist attacks that they might trigger. This point is mainly developed in Chapter 4. Why military interventions might trigger a hostile response in the form of an upsurge in terrorist activity is by now pretty clear, and this type of nationalist response has been documented and emphasized by Pape (2006) and Pape and Feldman (2010). Our theoretical and empirical analyses emphasize the two-way causation involved. It is less obvious why foreign aid might have a similar result, especially if it is well intentioned and aimed at reducing poverty in the recipient country. The transmission channels involved are more indirect than in the case of military intervention.
This requires some microeconomic analysis, which is performed in Chapter 3. One argument has already been alluded to above regarding the findings of Krueger and Maleckova (2003), assuming that foreign aid is boosting education in the recipient country. Different channels of transmission might be involved in transforming an increased level of education into an upsurge in terrorist activity. Azam (2005) has explored the idea that better-educated people might be more sensitive to the fate of the future generations of the group they belong to than its less educated members. This type of intergenerational altruism has been part of economic analysis at least since Barro (1974), where it is used to explain why government bonds are not net wealth. In the context of the collective ability of a group to acquire by evolution a superior ability to fight a war, Choi and Bowles (2007) have since then coined the expression ‘parochial altruism’ for this kind of intergenerational altruism. Then, if terrorism is perceived as the best solution to increase the probability that the next generation will benefit from a club good such as national independence or access to some valuable resource – that is, an excludable public good benefiting a select group only – the most educated ones will be the most inclined to engage in it. However, this analysis begs the question of why these people get educated in the first place, knowing that in doing so they engage upon a path that might lead them in the end to blow up the resulting human capital in perpetrating some terrorist attack. Azam (2012) provides a theoretical analysis that brings out how such a choice might be made in a fully rational fashion, building on Akerlof’s ‘loyalty filter’ theory (Akerlof, 1983). In this model, young people choose to get educated or not up front, knowing that they will have to choose between taking a job and turning to terrorism, while the education process might have changed their worldview in some unpredictable fashion. Chapter 3 offers a theoretical synthesis of these two dimensions of the complex relationships between education and terrorism. It combines in a new model the theory of suicide-bombing presented in Azam (2005) with the analysis of educational decisions made by potential terrorists in Azam (2012). Using a Nash equilibrium framework, without any form of direct coordination among players, provides a key insight about the decentralized terrorism that has developed gradually since the late 1990s.

Other motives, all also involving a public good dimension, might explain why foreign aid is liable to trigger some terrorist responses. In particular, foreign aid might involve the presence in the recipient country of a number of foreign actors, which might be perceived as a threat to its cultural integrity by some segments of its population. Similarly, foreign aid is often the vector of some foreign influence on the recipient government’s policymaking, which might offend some people’s national pride. In particular, it might fuel a feeling of injustice in some groups if the aid flow is believed to
benefit only other privileged groups. This ties in quite nicely with another interesting observation made by Roberts (2003). He points out that a common demand by all radical Islamist movements is the introduction of Shari’a law. Based on his analysis of the Middle East, and of Algeria in particular, he concludes that the popular support for this movement is thus rooted in the feeling by ordinary Muslims that Islamism is an effective response to a weak institutional environment marred by corruption and injustice. Shari’a law would thus be demanded by ordinary people as a way of attaining an equal rule of law for all. Hansen (2016) makes the same point about Somalia. This implies that terrorist organizations would thus benefit from more popular support if they were perceived by ordinary people as engaged in a fight against a government that sustains an unjust legal system, and its external supports. The empirical analysis presented in Chapter 5 suggests that this effect has a significant influence, as it highlights the impact of law and order, without restricting its domain of application to the Muslim world only. As mentioned by Cronin (2009), a similar kind of concern for justice seems to underlie the popular support for some violent Maoist movements such as Abu Sayyaf in the Philippines.

Chapter 6 corroborates these results, using a very different econometric method based on dynamic panel-data techniques, and it extends their reach by providing an estimate of the speed at which they impact on terrorist activity. A range of estimates is offered by using different methods that concur on one conclusion: foreign aid is indeed effective in countering terrorism, and its impact occurs pretty quickly. Chapter 7 raises a different issue that has not attracted enough attention in the recent debates about the relative value of foreign aid and military intervention in the war on terror. It shows that while foreign aid is effective in reducing the number of terrorist attacks perpetrated by citizens from recipient countries, it might at the same time attract some imported attacks from other countries. This finding calls for a level of global coordination of the use of foreign aid as a tool to enhance global security which has not yet been discussed appropriately in the literature.

In order to provide these five original pieces of analysis with the required background, Chapter 2 is devoted to a review of the literature focusing on three main issues. First, it describes the evidence that has been accumulated over the years showing that transnational terrorism mainly involves attacks against rich and democratic countries, perpetrated by nationals from poor and repressed ones. Second, this literature review goes deeper into what we know about the profiles of terrorists, in order to get a clearer picture of the links between education, poverty and the decision to engage in terrorist activity. This underscores the development dimension of the study of transnational terrorism, a theme that runs through this whole.
book. As a former World Bank Chief Economist wrote: ‘foreign aid is the main component of world development’ (Chenery, 1981), and we also devote some space in Chapter 2, as a third point, to discuss some issues about foreign aid that have emerged in the literature. Similarly, mention is made of the scant empirical literature that exists on military interventions.

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This book presents original theoretical and empirical results extending and enriching some material developed within a research program spread over more than a decade. It extends previous results published in a series of papers (Azam, 2005, 2012; Azam and Delacroix, 2006; Azam and Thelen, 2008, 2010, 2012) which have benefited from comments by seminar participants and discussants at various workshops and conferences, and anonymous referees. Various versions of these papers were presented at seminars, workshops or conferences in Annecy, Barcelona, Bilbao, Brussels, Chicago, Clermont-Ferrand, Dallas, Gaillac, Hamburg, Lyon, Marne-la-Vallée, Namur, Oslo, Oxford, Padua, Pamplona, Paris, Rennes, Thessaloniki and Toulouse.


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