

NEW SECURITY CHALLENGES

Series Editor: Stuart Croft



# Globalization and the Economic Consequences of Terrorism

*Brenda J Lutz and James M Lutz*



# New Security Challenges

Series Editor

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The last decade has demonstrated that threats to security vary greatly in their causes and manifestations and that they invite interest and demand responses from the social sciences, civil society, and a very broad policy community. In the past, the avoidance of war was the primary objective, but with the end of the Cold War the retention of military defence as the centrepiece of international security agenda became untenable. There has been, therefore, a significant shift in emphasis away from traditional approaches to security to a new agenda that talks of the softer side of security, in terms of human security, economic security, and environmental security. The topical New Security Challenges series reflects this pressing political and research agenda.

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Brenda J. Lutz • James M. Lutz

# Globalization and the Economic Consequences of Terrorism

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New Security Challenges

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*To Tessa Lutz and Cara Lutz*

## PREFACE

This manuscript is a continuation of our work and interest in global terrorism and the many issues surrounding it. While we have written and researched a great deal on the topic, this is our first book dedicated to the economics of global terrorism and how that affects the world. Terrorism is a very complex phenomenon, and it is a technique that is widely present in the world today. It is vitally important to understand the economic patterns of terrorism and to explore the significance of these patterns and the effects they have on the general population. This understanding will help us to better interpret the many facets and complexity of terrorism. In this book, we take the opportunity to discuss the economics of terrorism in depth and detail as part of our ongoing effort to have a greater knowledge of the topic. Of course, to understand the current economics and think about the future, we also have to look to the past even if not exclusively. This volume is just a step in the continuing study of one of the most important phenomenon in the world today.

We would like to acknowledge and thank a number of people. Many of our friends and colleagues have been very supportive of our work providing encouragement and suggestions along the way. Eleanor Davey-Corrigan and Hannah Caspar at Palgrave were instrumental in supporting the idea behind the book when Brenda Lutz pitched the economics of terrorism topic for a book in Dublin, Ireland, in June, 2014. We would also like to thank the copyeditors and others at this publisher as they have been responsible for a much better final product.

The dedication acknowledges our two amazing daughters, Cara (now in Law School) and Tessa (now a junior at university). They always have

and always will provide so much inspiration as well as fascination for us in all of our endeavors. The girls never cease to amaze us by all that they are. As always when all is said and done, Cara and Tessa are the reasons why we write. Hazel, our incredible 190 pound (really!), four-year-old English Mastiff is a magnificent companion to both of us and she provides unquestioning loyalty. She is a welcome distraction and she provides the balance that we sometimes (or often) need. Hazel will lay at (or on) our feet waiting to be petted or begging for tummy rubs or puppy treats. She also never ceases to amaze us. Moreover, we would like to take this opportunity to acknowledge our special friends, who are family to us—Virginie Pedoussaut our beautiful “French sister” in Les Roches de Condrieu, France, and David Power our wonderful “Irish brother” in Dundee, Scotland. They have been very interested as well as extremely supportive in the writing of this manuscript.

Of course, even with all this incredible help and inspiration, we remain responsible for the final product and any errors of omission or commission contained within. We sincerely hope that this book broadens the perspective and enhances the understanding of the economics of terrorism to all who read it.

Brenda J. Lutz  
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April 2016



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# Globalization, Terrorism, and the Economy

One of the residual effects of the terrorist attacks of 9/11 in the USA is that terrorism has become one of the most analyzed techniques of the twentieth and twentieth-first centuries. There has been an explosion of studies, analyses, and commentaries on the techniques and all of the different groups that utilize terrorism. Among all of these studies, there has been relatively little attention paid to the potential linkages between globalization and terrorism and the impacts that terrorism can have on economic activities. The present volume will determine some of the causes of political violence in the form of terrorism and whether globalization has played a role, the resulting economic consequences, and will do so in a systematic way. This volume will, consequently, contribute to the literature that has considered these linkages.

## OBJECTIVES

The present work will include an analysis of the effects that increasing globalization has had on economic, political, and social systems. Globalization is an ever-present reality in today's world. It has generated benefits for many groups in society. Globalization, however, can also cause disruptions to local economic, social, cultural, and economic systems as will be discussed below. These disruptions, moreover, can generate discontent, frustration, and opposition to change which can lead to outbreaks of political violence. Political violence in such circumstances can take a number

of forms including riots, military coups, civil wars, guerrilla movements, and terrorism. While the other forms of violence are obviously important, the current volume will focus on the question as to what extent globalization has been a factor in outbreaks of terrorism. There are a multitude of theories about the causes of terrorism, but it is fairly obvious that there is no one variable that will explain terrorism. Globalization is one possible factor involved that will be analyzed in depth to determine its role in the occurrence of terrorism. Globalization is a multifaceted phenomenon, but economic activities have driven much of the processes involved in increasing international linkages. The effects of economic changes accompanying globalization have also been combined with other changes that have occurred. Changes in economic, social, political, and cultural circumstances have led to efforts by individuals, groups, institutions, and nations to benefit from the new economic opportunities. The European and Chinese voyages of exploration in earlier centuries, for example, brought wealth and access to foreign goods and markets to the explorers in addition to greater geographic knowledge. Commercial posts and colonies were established to control trade routes or to protect trade and to guarantee access to resources—and in many cases to deny control and access to competitors.

Although globalization in all of its forms, including economic forces, is hypothesized to have contributed to outbreaks of terrorism, there is a significant amount of evidence that terrorism has often negatively affected economic activities in targeted countries. The adverse economic effects of 9/11 were just one of the most obvious examples. Political violence of all types can interfere with economic exchanges and limit the ability of individuals and groups to realize the economic potential of states and territories or to gain anticipated benefits. Terrorist violence should be no exception to this trend. As will be noted below, a number of terrorist organizations have thought that disrupting economic activities is an important technique. Some terrorist groups have launched campaigns which have directly targeted economic activities. The conscious efforts of these groups to disrupt economies and to raise costs for governments and populations have been an indication of the importance attached to economic targets.

The analyses in the chapters that follow will focus on both parts of the connections between globalization and terrorism and between terrorism and economic activities. Diagrammatically, the hypothesized linkages are:

## Globalization → Terrorism → Economic Activity

Higher levels of globalization are predicted to be associated with higher levels of terrorism. Higher levels of terrorism, in turn, are hypothesized to lead to increased negative economic effects. As a start to this process, the materials that follow will first provide a working definition of terrorism. The possibility that the disruptions that come with globalization will lead to more terrorism will then be discussed. A second discussion will concentrate on the extent to which it has been suggested that the attacks by terrorist groups have had negative effects on selected economic activities. A particular focus will be on the effects that terrorism has on tourism and foreign investment which will be dependent indicators of terrorism's effects in the pages to follow.

## TERRORISM DEFINED

As many researchers have noted, there are a great many definitions of terrorism. There are, however, a number of common themes among the many definitions. Key similarities include basic elements that terrorism involves violence by organized groups seeking to attain political goals. Terrorism also involves a target audience that the terrorists are seeking to influence with the victims of the violence being a means to that end. Terrorism is ultimately a form of psychological warfare that relies on fear to achieve its ends.<sup>1</sup> The political objectives of the terrorist groups include the creation of change through fear in the target audience, which may be the elite, a particular group in the population or the entire population of a region, country, or group of countries. Sometimes the attacks by terrorists are portrayed as random assaults. The targets or victims of the attacks may be random within a target audience that the group is seeking to influence, but very few terrorist attacks are actually random.<sup>2</sup> The appearance of randomness, however, can increase the psychological impacts of the attack by suggesting that virtually anyone is vulnerable. The targets for terrorist actions are usually civilians. Definitions of terrorism normally exclude actions undertaken in the context of war, whether international or civil; thus, it does not include attacks against members of the military in a combat situation. One distinction between guerrilla warfare and terrorism is that the guerrillas normally will attack military or security forces that can shoot back, although guerrilla groups can also use terrorism as an additional tactic.

Many definitions of terrorism only consider dissident terrorism. A focus on dissident terrorism may be appropriate for many studies, but it is important to note that governments can support or engage in terrorism against their own citizens.<sup>3</sup> Governments can tolerate or secretly support terrorist groups that attack the opponents of the government. This tactic provides the government with at least a pretense of plausible deniability.<sup>4</sup> In extreme cases governments can organize the terrorism with government personnel serving in death squads. Some of these incidents could be included in databases or compilations of terrorist attacks since it might be unclear who the perpetrators are. It should be noted, however, that there is a difference between repression and terrorism. No matter how distasteful repression may be, it is not terrorism since individuals can avoid negative consequences of repression if they obey the existing laws, even the unfair ones.<sup>5</sup> With terrorism, however, one may still become a victim. It is possible that governments might be negatively affected by globalization or use violence as a means of dealing with dissatisfaction by portions of the population negatively affected by globalization. Government-supported terrorism could even negatively affect the economy although it is doubtful that any government would intentionally damage the national economy by its reliance on terrorism as a means of controlling its population.

Terrorism is a technique that can be used by many different groups in an effort to achieve a variety of objectives. It can be used by ethnic or nationalist groups to gain autonomy or independence or as an effort to end real or perceived discrimination. Groups drawing upon religious identification and affiliation have challenged political and social systems in a number of countries. Ideologies of the left, including that of environmental groups, have been behind many other attacks. Right-wing extremists have also relied on terrorist techniques. Many of these right-wing groups may have their views reinforced by religious values and be opposed to the presence or even the existence of foreign religions. Some of these violent groups have also been linked with anti-immigrant attitudes. Some groups have a mixture of motives combining ethnicity, ideology, or religions. In the worst cases, there may be different groups with conflicting and contradictory goals that are using terrorist techniques. This situation was present in Turkey in the 1970s and into the 1980s that led to high levels of violence between the left and the right.<sup>6</sup> There were similar competing terrorist groups in Algeria in the 1960s between the Algerian National Liberation Front and the French settlers or competition between Palestinian extrem-

ists and the Jewish settlers in the West Bank seeking contradictory goals that have continued into the twenty-first century.<sup>7</sup> Under these circumstances, there is no way that a government can negotiate with terrorist groups or reach any kind of successful accommodations with them.

Dissident terrorist groups can follow a number of strategies or different mixes of strategies to achieve their political objectives. There have been five basic strategies that have been suggested that terrorist groups use: attrition, intimidation, provocation, spoiling, and outbidding.<sup>8</sup> Admittedly, terrorist groups may not always think of themselves in these terms, but they do correspond to their modes of action. The attrition strategy is almost always present in any sustained terrorist campaign and is intended to wear the government down. Even though many terrorist groups are quickly defeated, they pursue this strategy. The basic goal is to have the government decide that the costs of not changing policies or making concessions outweigh any perceived benefits from maintaining the status quo. Attacks on economic assets can frequently be part of such attrition strategies.<sup>9</sup> Intimidation strategies have the public or a significant portion of the public as the target audience. The goal is to convince the general public or an important group in society that the government is weak and can no longer protect them. Each successful attack can reduce the legitimacy of the government.<sup>10</sup> Even some unsuccessful attacks can contribute to this strategy by demonstrating that the terrorist group is capable of attempting significant attacks despite the best efforts of the government to protect important targets.<sup>11</sup> The provocation approach is a more intermediate strategy intended to have the government overreact to attacks and take repressive actions against a portion of the population. The repressive action by the government will then alienate a portion of the population, driving them into the arms of the dissident organization. Attempts to generate this type of overreaction have been successful in at least some instances, providing opportunities for the terrorist groups to gain recruits or financial backing or just to neutralize support for the government.<sup>12</sup> If the countermeasures violate constitutional or legal norms, the actions of the government can increase opposition.<sup>13</sup> Of course, provocation can be combined with other strategies such as attrition and intimidation as part of a broader effort to attain their objectives.

Spoiling and outbidding strategies are more frequently short-term efforts to improve the ultimate likelihood of an organization reaching its objectives. Spoiling strategies are intended to undermine negotiations or a peace proposal by the group that launches the attack. The group



behind the attack expects to gain more (eventually) from a continuation of the struggle than would be the case by negotiations that only gain some concessions rather than achievement of the final goals. The organizations may also use these attacks to undermine rival groups that are participating in the negotiations. The Real IRA and the Continuity IRA, both of which were offshoots of the Irish Republican Army (IRA), unsuccessfully sought to derail the peace talks between the British government and political representatives of the IRA since the likely solution would fall short of the immediate unification of Northern Ireland with the Republic of Ireland. Terrorist attacks have also led to the breakup of negotiations between the Israelis and Palestinians or made even the opening of negotiations between the two sides much less likely.<sup>14</sup> Similarly, spoiling attacks by Islamic groups have been effective in preventing détente between India and Pakistan.<sup>15</sup> Outbidding strategies are undertaken when competing dissident groups in the same area, even with the same objectives, seek recruits and financial support by engaging in attacks that demonstrate their ability to successfully attack the government.<sup>16</sup> Outbidding strategies appear to have driven competition between Hamas and Fatah in the Palestinian territories, but the adoption of such a strategy may be overstated in terms of its use in other areas.<sup>17</sup> There does appear to be some evidence of competition and outbidding efforts between Al Qaeda and the Islamic State in Iraq and Syria (ISIS). ISIS leaders have made their view clear that their organization should be the recipient of funds and recruits at the expense of Al Qaeda once they became more effective in attacking non-Islamic regimes in the Middle East and their external supporters in the West.

These terrorist strategies, like terrorism itself, can be used by different groups. There have been various types of violent dissident groups over time. Rapoport suggested that modern terrorism has come in four waves, each of which lasted approximately 25 years. The first wave was the period of anarchist violence in the late 1800s and early 1900s. The second wave involved the anti-colonial struggles, principally after World War II, although the violence surrounding the Irish independence struggle was an early precursor. The third wave consisted of New Left dissident groups beginning in the 1960s that particularly affected West Europe and Latin America. Many of the groups involved were motivated by opposition to the US involvement in Indochina which they saw as part of exploitation by capitalist classes in the advanced industrialized countries of both the developing world and working classes in the developed world. The fourth wave was religious in nature and began in the later twentieth century and

extended into the twenty-first century.<sup>18</sup> The religious terrorism of this fourth wave included more than the violence associated with Al Qaeda, the global jihad, and more recently the activities of ISIS. It included violence by Christian extremists in the USA, radical Jewish groups in Israel, the Sikh uprising in the Punjab, and the activities of adherents of Hindutva in India among others.<sup>19</sup> While Rapoport's four waves construct does miss some types of terrorist violence that occurred in other periods,<sup>20</sup> it is a generally good typology for modern terrorism. The time period covered in the current volume includes the New Left wave and the religious wave as well as the activities by the extreme right that overlaps with both of these waves.

## GLOBALIZATION

Globalization can take many forms. The economic impacts are perhaps the most obvious events that require adjustments, but additional challenges to local societies can occur. There have been instances in the past when external linkages among countries have noticeably increased. Long-distance economic networks expanded during the time of the Roman Empire.<sup>21</sup> Trade in this era has been regarded as a classical example of globalization. These Roman trade links built upon the maritime links were established by the earlier Greek Seleucid state. The long-distance trading relationships extended to India and indirectly to China.<sup>22</sup> The European age of exploration and accompanying colonialism ushered in another wave of globalization that involved much more than increased economic linkages. Another major wave of globalization occurred between 1870 and 1914.<sup>23</sup> This period, which could be considered the first modern instance of globalization, involved almost all areas of the world.

There has been general agreement on the broad outlines that globalization can take in the economic sphere, leading to broader, deeper, and speedier types of international connections.<sup>24</sup> These economic interactions can include trade in goods and services, foreign investment, financial transactions, and other connections. Globalization, moreover, can go much further. It can involve the movement of people, ideas, and cultures across space and include military, political, social, and cultural elements in addition to the economic ones.<sup>25</sup> Economic globalization can lead to other types of globalization. It appears that as trade networks have increased, social and cultural interactions have increased as well.<sup>26</sup> Political globalization can be extensive as actions and ideas in one country influ-

ence individuals in other countries, and social movements appear that can transcend international boundaries.<sup>27</sup> One of the consequences of these types of interactions is that socially different and formerly separate groups will be brought into close proximity to one another.<sup>28</sup> Globalization and terrorism have been related in earlier time periods.<sup>29</sup> The major increases in globalization in recent decades have resulted from the conjunction of technological, political, and economic circumstances.<sup>30</sup> Today, virtually no part of the world has been left untouched by trends in globalization.<sup>31</sup>

There is no doubt that globalization can bring benefits to populations around the world. Medicines and medical knowledge have conquered many diseases and provided the information on the value of improved sanitation. Of course, medical advances have also been responsible for major population increases that have placed pressures on social, cultural, and political systems. Increasing globalization, furthermore, can permit epidemics to spread much more rapidly than they did in the past.<sup>32</sup> Globalization, including economic globalization, thus can be a double-edged sword. Even so, it has been suggested that the countries that have benefited the most from these changes have been the ones most involved in economic globalization.<sup>33</sup> The same mechanism that brings increased prosperity can bring strains and challenges to the traditional views of economic, social, and political systems.<sup>34</sup> Increased economic interactions with the outside world can generate anxiety about the social and cultural changes that are associated with economic adaptations.<sup>35</sup> It is possible for globalization to increase the level of inequality present in societies. Exposure to the world economy can render some production sectors in countries obsolete as a consequence of competition from cheaper, foreign-produced goods.<sup>36</sup> Financial globalization will favor some sectors while other areas will suffer negative economic consequences.<sup>37</sup> The spread of market capitalism that began in the nineteenth century undermined a number of local economies.<sup>38</sup> Although traditional economies have frequently been distinguished by high levels of inequality, they usually have had important culturally determined expectations of reciprocity that included obligations on the part of both rich and poor. Modern economic practices, however, can undermine the reciprocity involved in existing relationships without providing any beneficial reductions in the inequality, resulting in major increases in societal tensions. Inequalities among states have also spread with globalization resulting in greater polarization among nations.<sup>39</sup> When local group and individuals are forced to adapt to new competition from the outside, the presence of external actors, and

other changes that come with a different position in the global economy, there will be winners and losers. Although it is not surprising that those who benefit from the changes have a favorable view of globalization,<sup>40</sup> there has been opposition to trade liberalization and economic openness by groups in societies that have been negatively affected by the processes involved in globalization.<sup>41</sup>

The pressures that globalization can generate has been associated with a variety of violent dissident groups. Left-wing radical groups have often equated capitalism with globalization and have thus opposed the spread of global capitalism, which they see as including the exploitation of developing countries.<sup>42</sup> Ultra-left-wing groups have become involved in opposing globalization.<sup>43</sup> Multinational corporations have frequently been considered part of the negative processes that occur with globalization. Violent right-wing groups have also appeared in opposition to the challenges of globalization, especially in the form of foreign cultures, ideas, and migrants. Both the left-wing and right-wing groups see themselves defending their societies against outsiders and their negative influences.<sup>44</sup> The Red Scare in the USA was an early manifestation of concerns about dangerous radical ideas penetrating American society.<sup>45</sup> There has been increasing opposition to foreign migrants in Europe and the USA who come from culturally and religiously dissimilar areas.<sup>46</sup> The Tea Party in the USA, for example, is defending a version of traditional values against unwanted outside influences; the opposition has not been violent, but indicates the depth of feeling that globalization can generate.<sup>47</sup> Similarly, the opposition to immigrants in Europe has reflected resentment toward globalization.<sup>48</sup> Negative attitudes toward migrants associated with increased globalization appear to have been generally present in many countries in the world.<sup>49</sup> This antipathy, of course, at times has led to violent attacks against members of immigrant communities as part of an effort to convince them to leave their current locations for safer areas. Some migratory flows can be even more problematic. Refugees fleeing violent conflict can spread terrorist activities to other countries since they involve individuals who are more likely to join terrorist groups due to loss of status or limited opportunities in the country of refuge.<sup>50</sup>

Globalization can lead to increased tension and violence among ethnic groups in different parts of the world.<sup>51</sup> It can support changes in national or ethnic identities that can lead to increased pressures on local communities.<sup>52</sup> Local and regional identities appear or re-appear to contest what are perceived to be the adverse effects of globalization.<sup>53</sup> Issues related

to ethnicity can be exacerbated by economic effects.<sup>54</sup> The reactions in Europe and the USA to migrants are one example of this phenomenon. Early examples of such violence occurred in North America and China. The violent actions of American Indian communities toward encroaching settlers (greatly exacerbated by the activities of the settler communities) were frequent reactions to the settler activities and the broader trends of globalization. The Chinese Boxers in the late nineteenth century represented an ethnic and cultural reaction to the globalization effects that were present. The violence of the Boxers was an effort to drive out the foreign influences, and it was an effort that in its early and middle stages involved classic terrorist techniques.<sup>55</sup>

If changing economic conditions provide advantages to one ethnic group at the expense of others, including the largest group, there can be a violent mobilization of ethnic groups to claim their share of the benefits.<sup>56</sup> The situation can be even more conflictual in situations where ethnic or religious minorities are often commercial middlemen in the society experiencing globalization and then become targets for the state or for the general population.<sup>57</sup> It is not only majority populations that can be concerned about the unwanted influence of foreign groups or migrants. Smaller ethnic groups can perceive that their cultures are in danger of being overwhelmed and transformed by the homogenizing trends that come in the wake of globalization. Indigenous groups in India have seen external influences as a threat.<sup>58</sup> Similarly, it has been suggested that such fears have been behind violent groups in Ireland and the Basque-speaking areas of Spain and France that have sought independence.<sup>59</sup> In addition to the Basques, French and Flemish groups in Belgium and French speakers in Quebec have also agitated for autonomy, separation, or independence for themselves in the wake of globalization.<sup>60</sup> Economic globalization has been found to contribute to the severity of civil wars, and other forms of globalization have particularly contributed to the severity of civil wars centered on ethnic differences between the two sides.<sup>61</sup> It is possible that similar effects would be present with terrorism.

Ethnic-based terrorism has accompanied the breakup of empires, which has been one of the consequences of the globalization of ideas. Anti-colonial struggles were also ultimately one consequence of the earlier wave of globalization that originally created the empires, whether they originated with overseas conquests and settlements or with overland expansion. The re-assertion of local identities noted above would clearly apply to anti-colonial situations as groups seek to establish independent states.

Groups in a number of areas have been inspired to adopt terrorism as a technique from the earlier successful struggles of the IRA to drive out the British in the aftermath of World War I.<sup>62</sup> More recently, the breakup of the Soviet Union led to the struggle for independence from the Russian successor state by the Chechens. The Chechens in their struggles have been able to attract significant foreign support for their efforts, which to date have failed.

Religious terrorism increased toward the end of the twentieth century leading Rapoport to include it as his fourth wave of terrorism. Globalization by its very nature has the potential to challenge and undermine traditional religious values and traditional cultural norms in societies. The threat can be directly religious or more indirect via the threat to indigenous cultures that inevitably incorporate religious elements. Cultural globalization has been considered particularly dangerous and has led to violent outbreaks and fundamentalism in all religious traditions.<sup>63</sup> Although economic distress has fueled some of the opposition to globalization, the perception of the presence of a cultural threat to their societies has also generated opposition.<sup>64</sup> Intrusions of these outside influences have in fact threatened the religious base of a number of societies.<sup>65</sup> Further, globalization has brought in its wake an increase in secularism that threatens the indigenous cultures and their related religions leading to resistance and violent retaliation.<sup>66</sup> One consequence of the spread of secularization has been a resurgence in religious beliefs, including fundamentalist views, in all of the world's major religions.<sup>67</sup> Fundamentalist religious organizations have resorted to terrorist violence as a response to globalization and the accompanying secularization.<sup>68</sup> The ideas that spread with globalization can promote religious rebellions that are opposed to the intrusion of outside values and homogenization.<sup>69</sup> In fact, it has been suggested that 9/11 could be interpreted as a consequence of the inability of governments to deal with the challenges that came with secularization and globalization.<sup>70</sup>

A variety of violent groups rooted in different religious traditions have reacted to the pressures that come with globalization. The threat can generate a defense by both religious and cultural groups. The Jewish revolts in the ancient world against the Greeks and then the Romans had numerous causes, but it included the threat to the indigenous religious beliefs of Judaism by the foreign Greek culture.<sup>71</sup> In addition, there was also an economic element as the rebels drew support from groups that had been disadvantaged by the incorporation of Judea into the two foreign empires.<sup>72</sup> More recently there have been Jewish extremists groups that have targeted

not only Palestinians as part of the ongoing struggle between Israel and the Palestinians but Jewish citizens in Israel that they perceive as being too secular.<sup>73</sup> Militant Hindu groups in India have used violence in attempts to drive out the foreign religious influences that have penetrated Indian society. Islam has been perceived as the greatest threat, but Christianity has also been considered to be an alien influence that should be eliminated.<sup>74</sup> Some of the right-wing extremist organizations in the USA have also had a religious component as part of their ideologies, which helps to explain much of their focus on the dangers represented by the religions of the migrant communities that they are opposed to.

Islamic groups have also reacted to the threats inherent with increased foreign influences.<sup>75</sup> The global jihad that developed in the aftermath of the 9/11 attacks represented such a response to foreign threats to Islamic communities. Westernization and secularism represent the excesses of globalization that threaten Islamic values and cultures.<sup>76</sup> It has been suggested that terrorism originating with Islamic organizations is likely to be greater in those countries that have had greater exposure to Western influence.<sup>77</sup> In Nigeria, Boko Haram (Western Education Is Forbidden) is one of the more recent manifestations of this trend. The group has drawn recruits from individuals economically and socially marginalized by globalization.<sup>78</sup> Further afield in Japan, the Aum Shinriyko cult was concerned about the cultural and religious changes that had come with globalization.<sup>79</sup> It was willing to use violence, including the 1995 Tokyo subway attack with sarin gas, to achieve its goals. All of these groups, whether Islamic, Christian, Jewish, Hindu, or an unique cult, represented negative and violent reactions to the disruptions and challenges that came with globalization.

There have been some indications that periods in which more rapid globalization was occurring have been associated with outbreaks of terrorism.<sup>80</sup> It has been suggested, in fact, that terrorism itself has become globalized.<sup>81</sup> While globalization can generate violent responses by negatively affected groups, it can facilitate terrorism in other ways. Globalization provides opportunities for terrorist organizations to recruit members, acquire and use technology, and provide greater access to potential targets.<sup>82</sup> Technological changes have meant that not only has the possibility of terrorism become global, its destructive power has increased.<sup>83</sup> The availability of greater access to international banking services has provided increased opportunities for terrorist organizations to finance their operations.<sup>84</sup> In addition, there are indications that globalization has encouraged

lone-wolf-type terrorist attacks.<sup>85</sup> Modern communications and information flows have permitted individuals or small groups to identify with the goals of dissident religious, ethnic, or ideological organizations elsewhere and to contribute to a joint attack on the opponents. While globalization in this context does not generate the dissatisfaction that leads to terrorism, it does facilitate the terrorist actions that are undertaken.

In sum, there is a great deal of evidence to suggest that globalization has had disruptive effects in many societies and that this disruption has led to political violence of all kinds, including terrorism. These negative effects have resulted in violent reactions from the left and the right, from religious and cultural elements, and from ethnic groups. The widespread violence suggests that the negative effects are difficult to avoid. The violent elements may have a further advantage in launching their attacks since globalization shocks reduce state capacity, limiting the ability of the state to effectively deal with terrorist organizations.<sup>86</sup> Even with challenges from violent groups, however, stronger and wealthier states can use social programs to appease the population and thus limit the appeal of the violent dissident groups.<sup>87</sup> Even though most analysts have suggested that globalization will be a potential cause for violence, there are some views that globalization will lead to decreases in violence. Globalization was not linked to outbreaks of civil wars, and in both economic and social senses it led to reductions in political violence.<sup>88</sup> One study even found that greater economic globalization reduced transnational terrorism.<sup>89</sup> It has been suggested that the intermingling of peoples and cultures will eliminate the differences that currently separate them and lead to a reduction in violence.<sup>90</sup> There have even been some indications that there actually is no link between globalization and terrorism.<sup>91</sup> The analyses in the following chapters are designed to determine whether there are connections between globalization and terrorism or if globalization may even reduce terrorism. In addition, it is possible that any effects present would be different in different regions or in different time periods. The analyses in the following chapters are designed to answer these questions.

### TERRORISM AS ECONOMIC WARFARE

Terrorist organizations by any reasonable definition in use have political objectives; moreover, they can also seek to achieve those political objectives by launching attacks against economic targets. The terrorists are quite aware of the economic consequences of their attacks that serve as a



means of pressuring the government.<sup>92</sup> The costs of these kinds of attacks are low while the potential benefits can be high. It is not surprising that terrorism has been found to have negative effects on income levels in a range of countries.<sup>93</sup> The terrorist groups will intentionally seek to undermine the economic base of the state. Such attacks are designed to reduce the economic resources available to the government and to increase public dissatisfaction.<sup>94</sup> In addition, campaigns of economic warfare can have both direct and indirect costs. The direct costs would reflect the real losses involved with an attack while the indirect costs would include the expenses involved in reducing the likelihood of future assaults.<sup>95</sup> These costs are present for major attacks like those of 9/11 or for a series of smaller activities that have both direct and indirect cumulative effects. For example, attacks against aviation targets are frequently part of this type of economic warfare.<sup>96</sup> There are the costs of direct losses as well as the costs that accrue as airlines and governments seek to prevent future attacks. Attacks on economic targets such as the aviation industry can be part of an attrition strategy wherein the goal is to wear down the government and reduce public support. These kinds of attacks are also designed to convince the government that making changes in policy or even modifying the institutions or even national boundaries is preferable to absorbing the damage that occurs with terrorism. In effect, the costs of the terrorist activities will lead to desired concessions. Environmental groups and animal rights activists have been quite successful in using economic targeting to achieve their goals. These types of organizations have focused on property attacks, and they have no doubt been successful in changing business practices because the targets are largely businesses where the economic costs will have the greatest effects and be the most persuasive.<sup>97</sup>

Economic warfare can be, and has been, launched against a variety of countries, and any country is potentially vulnerable to becoming such a target. The attacks, however, can be more effective against some countries than others. Violent dissident groups can have the greatest impact when the countries that are the targets already have weak economies.<sup>98</sup> It is also not surprising that the negative economic impacts will be greater for developing economies compared to more industrialized ones.<sup>99</sup> The smaller developing economies are especially vulnerable to being undermined by such economic warfare.<sup>100</sup> Attacks on those developing countries with less diversified economies can be especially harmful.<sup>101</sup> It is possible, as a consequence, that the analyses in the following chapters might find some dissimilarities based on these potential differences in the countries

facing terrorist violence that would increase the disruptive effects of economic warfare.

If economic warfare by terrorist groups is successful, resources available to the government will be reduced. A reduction in resources will mean less revenue for security forces or the police or less funding for social programs that might address the grievances, legitimate or otherwise, of the population. The absence of funding for these programs could result in increased dissatisfaction with the government and thus provide opportunities for the dissident groups to gain support. Counterterrorism programs create transaction costs for any society and reduce the funds available for other types of activities.<sup>102</sup> Government spending on security and the military, moreover, has frequently increased in the aftermath of terrorist attacks.<sup>103</sup> Economic attacks could also force the government to divert resources to provide protection for a much larger group of individuals or broader range of targets. There are opportunity costs involved in using these resources for the protection of others.<sup>104</sup> Countries are vulnerable not because of the abilities of the terrorist groups but because of the complexity of the modern system. "To prevent the murder of diplomats or the hijacking of airplanes—operations clearly within the grasp of even the most incompetent—requires a vast allocation of resources."<sup>105</sup> A byproduct of terrorist assaults, including economic warfare, is the diversion of government funds to essential but economically less productive investments such as greater funding for the security forces.<sup>106</sup> Finally, if security forces are detailed to guard economic targets, there will be fewer personnel available to track down and deal with the terrorists, providing another advantage for the dissident groups.

Terrorism can have negative effects on trade flows as well. Globalization led a number of countries to reduce their border controls to facilitate financial and trade flows.<sup>107</sup> The availability of access to international banking services has provided increased opportunities for terrorist organizations to finance their operations. There have been indications that terrorism has led to reductions in overall trade.<sup>108</sup> The effects of terrorist violence are particularly important for time-sensitive goods since any delays can be costly.<sup>109</sup> In addition to the direct costs, indirect costs can mount as well. Terrorist attacks or their threat can lead to increased surveillance and controls at national borders (reintroducing controls that had earlier been eliminated) that will interfere with international trade, either limiting trade or adding to the costs involved, and such trade costs can be greater for the developing countries.<sup>110</sup> Delays in shipping can be equivalent to a

tariff of 2.4 % in additional costs to the goods that move in international trade.<sup>111</sup> The importing nation faces a dilemma in regard to the increased costs. If border security is increased, costs will go up, but if the borders are relatively open to trade, then the probability of terrorism is likely to increase.<sup>112</sup> An increase in regulatory controls with the accompanying economic effects has been one example of where terrorist groups have been successful in inflicting damage.

A number of different kinds of economic activities can become special targets for terrorists. Foreign aid agencies and personnel are one such group. Targeting foreign aid can make sense for the dissidents since foreign aid has been associated with reductions in at least transnational terrorism.<sup>113</sup> The aid can contribute to the resources available to the government to deal with domestic problems or to assist in the provision of security. Foreign aid can substitute for the economic losses suffered elsewhere. Even non-military aid provided by private agencies or multilateral organizations can free up other government resources that will be available for use for the security or military forces. Foreign aid workers provide a convenient and easy target, especially for groups with anti-Western orientations.<sup>114</sup> Foreign aid can reduce other negative economic effects of terrorist violence. Bilateral aid is more effective in mitigating the effects of international terrorism whereas multilateral aid can mitigate the negative consequences of domestic terrorism.<sup>115</sup> Attacks directed against aid workers can lead to the withdrawal of the personnel and the elimination of the programs that may have been providing significant economic benefits thus weakening the government.

Foreign investment activities will be a key part of the analyses in this volume. They are another potential target for economic warfare.<sup>116</sup> Foreign businesses have become very attractive. In fact, terrorists may only choose investments linked to specific foreign countries.<sup>117</sup> These foreign businesses have been chosen in part because they are vulnerable and in part because of the economic benefits that they provide. Foreign businesses are a logical choice for attacks because they can make important contributions to employment, tax revenues, and an improved economy. In the past, terrorism has led to declines in foreign investment.<sup>118</sup> In the aftermath of 9/11, global levels of foreign direct investment (FDI) declined noticeably and did not rebound to the levels of 2000 until 2006.<sup>119</sup> Investment declines in smaller economies when they are under attack as the investors go elsewhere; larger economies appear to be less likely to suffer.<sup>120</sup> There has been some disagreement about the overall effects of terrorist incidents

in previous analyses. One study limited to large states found that only attacks against business targets reduces foreign investment, but that terrorism in general does not do so.<sup>121</sup> Another analysis, however, found that all types of terrorism will lead to a “general level of uncertainty” which leads to shifts in foreign investment.<sup>122</sup> The analyses to follow will help to determine which view is correct. Other studies have had somewhat contradictory results as well. Other analyses of foreign investment in developing countries discovered, not surprisingly, that there were reduced investments in those countries facing higher political risks.<sup>123</sup> One additional study did find that higher levels of globalization reduced the negative effect that political risk had on investment.<sup>124</sup> Of course, terrorism would contribute to the higher risks. A number of other studies have inconsistent results or found that conflict and the resulting instability did not negatively affect foreign investment.<sup>125</sup> Again, the analyses to follow may help to resolve the issues that these different results created.

Tourists have frequently become targets for terrorist organizations. Tourism can be very important to national economies. Tourists bring in foreign currencies and can generate significant revenues for the government as well as providing employment and income for local citizens. They are soft targets that are also usually quite accessible for attacks. Further, it is difficult to provide protection for tourists, and their routes from hotels to local attractions or from these attractions to the hotels are usually obvious and well known, permitting attacks to be planned in advance and with some precision. Tourists can be attacked in a campaign of economic warfare when dissident groups seek to destabilize the national economy.<sup>126</sup> Attacks on tourists can scare away future visitors. In the aftermath of 9/11, there was a noticeable drop in overall global tourist visits.<sup>127</sup> Other studies have noted that there have been declines in tourism in many countries when terrorism occurs.<sup>128</sup> Terrorism has reduced tourism when the risk level for attacks has been high or when both terrorism at any level and political instability are both present.<sup>129</sup> When the number of tourist visits does go down, there will be a reduction in revenues and income and the possibility of increased popular dissatisfaction with the government.

Terrorist actions have had other effects. They have led to shifts by tourists from one country to another in the same region.<sup>130</sup> These actions have a stronger effect on international tourist visits than they do for domestic ones.<sup>131</sup> This is not a surprising result since citizens may feel just as vulnerable at tourist locations at their home location, especially in a smaller country. There is some evidence that a major attack with high casualties

is more likely to lead to a greater downturn in tourism than a series of smaller, less deadly assaults.<sup>132</sup> In addition, terrorism is more likely to have negative consequences for developing countries than developed states that will generally rebound faster from the attacks.<sup>133</sup> Even if the tourists return after the terrorist attacks, there can be long-term negative effects for investments in tourist facilities that will extend the economic damage to the local economy.<sup>134</sup> A decline in these types of investments could generate even more losses than the immediate ones that flow from the attack and thus continue to serve the purposes of the terrorist groups in their efforts to undermine the government.

Foreign businesses and tourists can become targets for reasons beyond a campaign of economic warfare. They are symbols of foreign influence and globalization that provide an additional reason for choosing them as targets by violent dissident organizations. The 2002 attack on the tourist facilities in Bali provides a good example of an attack with multiple purposes. First, the bombing was against a major source of revenue for the relatively new democratic government of Indonesia, a government that was not Islamic enough in the eyes of the dissidents. The attack led to a significant drop in tourism, a loss in overall Indonesian GDP, and a 10 % loss of value in the Jakarta stock exchange.<sup>135</sup> The attack also followed in the wake of 9/11 and was a means of keeping pressure on the West to stop its involvement in Islamic countries. The tourists were also a symbol of the Western culture that the responsible Islamic group opposed. Thus, it was an effective attack in many ways—as economic warfare, a defense against and a reaction to globalization, and as a continuation of the psychological warfare that was tremendously heightened by 9/11.

The following chapters will analyze the connections between first globalization and terrorism and then the effects that terrorist activities have had on both foreign investment and tourism as indications of economic losses. While it is likely that actions that directly target foreign businesses or tourists would have the greatest impact, it is also likely as suggested by some previous studies that general levels of terrorism would also have negative effects. The next chapter will discuss the data sources and the methodology that will be used to determine the extent and importance of these linkages. The subsequent chapters will focus on the linkages in different regions of the world—Latin America, the Middle East and North Africa, Asia and Oceania, sub-Saharan Africa, and finally West Europe. The final chapter will undertake a global analysis and discuss the implications of the analyses in the individual chapters for an understanding of

the connections between globalization and terrorism and the economic consequences of terrorist attacks.

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## Methodology

The analyses to follow will rely on a substantial amount of information from different data sources. The analyses of these data will permit a determination of whether there are links between globalization and terrorism and then the subsequent effects that terrorism has had on a variety of economic activities. The types of data used for measuring globalization, levels of terrorism, and the economic indicators for tourism and direct foreign investment will be evaluated. Even though the data are often complete, there are some limitations with the databases that are used. Further, it is critical to discuss the rationale for a focus on individual regions of the world for the chapters that follow and the subsequent analysis of all countries. Finally, the methods used to test the hypothesis that globalization can lead to increased levels of terrorism and that this form of political violence can negatively affect economic activities will also be discussed.

The Swiss Economic Institute (ETH) has developed a complex set of indices of globalization that begins in 1970 and continues into current years. The KOF (Konjunkturforschungsstelle, which means business cycle research institute) data correspond very well with the data on terrorism that is available and with information on foreign investment and tourism. This congruence of the necessary data provides an opportunity to analyze the potential connections that are possible over the course of four decades. It was possible to compile relatively complete data for the years from 1970 to 2010, providing an excellent span of time for the analyses that were undertaken. Further, the long time period over which the data

are available will provide opportunities to discover if such linkages have been persistent or not, if they have changed over time, or if there are regional differences.

### GLOBALIZATION INDICES

The indices developed by the ETH measure a variety of connections that are considered integral to the process of globalization. There are indices for economic, social, and political levels of globalization in addition to an overall index of globalization that combine the three individual measures.<sup>1</sup> These indices provide base measures that can be used for the four decades that are used in the analyses. These indices cover most countries in the world for the entire period, although there are some countries and territories where the data are not available for the earliest years. As the years progress, more and more countries and territories were added to the database. The resulting database includes both independent countries and dependent territories or special status areas. For example, Caribbean island territories were included when they were still colonies and later as independent countries. Macau and Hong Kong were separate territories when under Portuguese and British rule respectively, and they have continued as special reporting entities given their special economic status after their incorporation into China. Overseas territories that are considered part of the mother country (the Canary Islands as part of Spain, overseas departments of France) lack separate indicators in many cases.

Initial perceptions of globalization inevitably involve increasing economic interactions that cross national borders. The KOF economic index is based on a variety of national linkages with the outside world, including trade and a number of financial flows. The economic index is composed of trade as a percentage of gross national product (GNP), FDI, and portfolio investment as percentages of GNP, and income remittances sent by nationals working abroad. The index also incorporates a number of government-imposed barriers to trade and financial flows. The index itself involves a complex set of weights where types of investment flows are weighted in that portion of the index and then combined with the trade measure and the measures that reflect barriers to international exchanges with different types of economic interactions all weighted to create the final index. The final index itself thus provides a very good overview of individual national economic interactions and linkages with the rest of the world.

The economic index has the least complete coverage of the three major indices. There are gaps in the available data due to limitations on useable measures of trade or financial activities, especially in earlier years. In general with this index as with the others, the data have become more complete with the passage of time. There remain a number of countries, however, that consistently lacked a measure for trade or the other inputs used to construct this index. This lack of information could have reflected limited data collecting capacity, which would be especially relevant for the early years. In later years, it more likely represents the desires of governments or political leaders to maintain some secrecy over at least some types of economic activities that their countries were involved in. Major oil and natural gas exporters often lacked data in this area, perhaps because of fluctuating prices for petroleum products that made calculations more difficult or perhaps because such information on trade, for example, would in effect provide outsiders with potentially useful information on oil revenues that the government leaders might prefer to keep to themselves.

The index for social globalization is intended to measure the level of connectedness with other parts of the world. Such contacts would facilitate the entrance of new ideas into a local society, which could be potentially disruptive in a variety of ways. Increased social globalization allows for greater information flows around the world.<sup>2</sup> This index does reflect this changing situation in countries since it includes measures for telephone traffic, international tourism, the percentage of the population that is foreign born, international mail, and connections with nationals working abroad. There is also information on Internet use, television ownership per 1000 people, and trade in newspapers as a percentage of GDP. Finally, there is an element of cultural interactions with the rest of the world with per capita measures of McDonalds restaurants and IKEA stores and trade in books as a percentage of GDP. While the number of McDonalds seems like an unusual measure, it is being used as a proxy for cultural proximity among the countries and territories in the world. Leftists have considered McDonalds to be a symbol of the policies of multinational companies that intrude upon local societies.<sup>3</sup> McDonalds has also become a target for ethnic and nationalist groups opposed to foreign intrusions.<sup>4</sup> The IKEA information serves the same purpose.<sup>5</sup> Collectively, this set of data provides a measure of social penetration from other parts of the world. Trade in newspapers and books provides an indication of openness to foreign influences and outside cultural activities. There have been some indications that higher levels of social globalization have been

more closely linked with outbreaks of terrorism,<sup>6</sup> emphasizing its potential importance in the analysis of globalization.

The third index was the one for political globalization. Like social globalization, political globalization has been associated with increased information flows.<sup>7</sup> The level of political globalization was based on a smaller number of measures—the number of embassies in a country, membership in international organizations, participation in UN Security Council missions (peacekeeping), and the number of international treaties that a country has signed. Higher levels on these measures would indicate a willingness of government leaders and political elites to allow their country to participate more in the broader international system, although it could be possible that the general population might be less willing to support such involvement than their political leaders. Unlike the social and economic indices where the level of interactions with accompanying impacts would be similar for the general population and government leaders, in the case of political globalization the impacts could be quite different for leaders and the general population. For example, political globalization might have a positive effect in reducing violence through the possibility of greater cooperation that would accompany economic agreements and treaties.<sup>8</sup> Such agreements would reflect the preferences of political leaders rather than the general population in many cases. All of these measures of political globalization do have a bias toward higher values for larger countries as well as a possible bias toward wealthier countries that could afford the costs of more international involvement. In this additional respect the political globalization index is different from the economic and social indices. Although this index provided another layer of complexity that can occur with globalization, it is perhaps not surprising that some studies of globalization and terrorism found that the political index had different patterns than was the case for social and economics indices.<sup>9</sup> In the analyses in the chapters to follow, the political index can only be used with independent countries. Territories that lack total independence (colonies, associated territories, special status areas, or occupied lands) cannot be included in analysis of political globalization since they lack the opportunities to have embassies present, to sign treaties, or to engage in peacekeeping operations although they might be permitted to join some international organizations.

The final index available from the ETH was a composite globalization index. This index was based on the three individual indices with the economic index weighted 36 %, the social index 37 %, and the political

index 26 %. Since there were no data for some countries on each index, the relative weights for the composite were adjusted when only data on two indices were available. If the economic index were missing, the social globalization index would be weighted 59 % and the political globalization index would be 41 %. The individual indices sometimes went in different directions in earlier studies as noted, so the composite was not used in the analyses to follow. The analyses will be based on the three individual indices. There are different dimensions of globalization rather than globalization being a homogeneous phenomenon.<sup>10</sup> Relying on the individual indices of globalization will permit testing for the effects of different aspects of the process of integration in the broader world. All three of these indices had the advantage of being based on a number of variables which meant that a dramatic change in any one variable would have only a limited effect on the overall index.<sup>11</sup> The reliance on multiple variables in each index provided a smoothing function that provided greater utility by leveling out any changes that were occurring.

## TERRORISM

The data on terrorism are drawn from the Global Terrorism Database (GTD) that is maintained by the University of Maryland at the Study of Terrorism and Responses to Terrorism Center.<sup>12</sup> The GTD relies on conventional definitions of terrorism to include actions designed to bring about political, economic, or social change through the use of violence or the threat of violence. This violence is intended to influence a target audience that extends beyond the immediate victims. It excludes activities that lack a political motivation such as actions designed solely for financial gain (entrepreneurial violence) or violence that would be caused by personal disputes or conflicts. The database does exclude most forms of state-sponsored or directed terrorism which can be very lethal and which is an important type of terrorism. There is not a total absence of records of government-supported or directed terrorism. Incidents that cannot be clearly ascribed to the government agents would appear in the database. There are, in fact, many cases where the identity of the perpetrators or the groups involved is not known. It is also possible that the organizations claiming credit for the attacks are front organizations or engaged in false flag attacks.<sup>13</sup>

The GTD is heavily based upon media reports on violent incidents. While there is the possibility that some regimes might repress knowledge

about terrorist incidents to prevent support from spreading,<sup>14</sup> it is difficult to consistently do so over time. Information frequently will leak out to foreign countries, including media outlets. The GTD information was built upon data in earlier databases. It covers the years from 1970 to the present time. The data for 1993 are less detailed than for any of the other years in the database; however, all the key information for 1993 necessary for the present analyses was available in summary format. Some of the original databases which provided much of the information for the GTD only included information on international terrorist incidents until the 1990s after which time both international and domestic incidents were consistently included. The GTD was retroactively updated to include domestic incidents for the earlier years. It is possible that some information for these earlier years was no longer available when the retroactive updating was done, so the data for the earliest years might be less complete. Major attacks, of course, would not be missed, but it is possible that some minor incidents would not have been included. Any systematic bias in the retroactive updates might have been greater for some regions of the world that had weaker media coverage. The fact that the present study considers different regions separately from each other controls for this type of systematic bias. The GTD, however, is easily one of the best available even with the concerns that are present, and the information that is contained in the database is still quite comprehensive and provides for a very workable measure of the relative levels of terrorism that occurred in different countries and territories.

As previously noted, the analyses will be undertaken within regions. The decision to use individual regions provided a partial control for cultural similarities and shared experiences that could have influenced either the level of globalization or the level of terrorism. Clearly, the countries of West Europe and North America would have had higher levels of globalization by virtually any measure than other regions of the world. As the discussions in Chap. 1 indicated in a variety of areas there are likely to be differences between the developed countries and the developing regions of the world in terms of the probable effects of terrorism. Relying on an analysis of separate regions also limited any effects from differential media access and reporting. In addition, it is also possible that different regions could have different patterns of foreign investment or tourism. The value of using the regions constitutes a more similar systems approach to understanding the linkages between globalization and terrorism and the effects of terrorism on selected economic activities. The use of regions is also

suggested by the fact that a number of other studies have found regions to be one important factor that has been useful in explaining levels of terrorism.<sup>15</sup> The five regions included are sub-Saharan Africa, the Middle East and North Africa, Asia and Oceania, Latin America, and West Europe. Even though regions are a potentially important element for analysis, a global analysis will be conducted in the final chapter combining the data for the countries in the individual regions.

Some analyses of the impacts of globalization in the past have focused solely on international or transnational attacks wherein the target for a terrorist group was in a foreign country or when foreign targets were attacked in the home country of the organization. There is an obvious logic to such analyses since these attacks may be more directly linked to the negative effects of globalization. Domestic attacks, however, need to be included. First, it is increasingly difficult to separate transnational attacks from domestic ones. Transnational attacks have domestic consequences and domestic attacks have international consequences. A further problem is that approximately 12 % of the incidents cannot be classified as domestic or international.<sup>16</sup> Second, the vast majority of terrorist incidents that occur are domestic ones.<sup>17</sup> Third, the potential negative effects of globalization can lead to many different types of organizations as noted above to resort to violence to force governments to reduce international contacts or to change policies to deal with what the groups perceive to be the adverse impacts of globalization.

The GTD information is quite detailed. It contains information for the country in which terrorist attacks occurred. It was thus possible to aggregate data on an annual basis at the country level on the number of incidents, the number of fatalities, and the number injured. The number of incidents was a fairly straightforward figure. Many terrorist incidents do not involve any fatalities or injuries, and others such as assaults and assassinations (or assassination attempts) only involve one victim.<sup>18</sup> It is only a minority of incidents where there are multiple casualties. The number of injuries reported is less reliable since there are differing definitions of what constitutes an injury, and in a minority of cases, the number injured is simply listed as unknown.<sup>19</sup> Of course, the most lethal attacks are the ones that have the greatest psychological effects. There are a few cases where the number of fatalities noted is listed as unknown. These entries had to be coded as zero fatalities or injuries respectively even though it was likely in many of these cases that unknown figures reflected a lack of precise numbers rather than the fact that there were no deaths or injuries.



The database permitted the creation of variables that reflected the number of incidents, the number of deaths, and the number of injuries per year for each country in a region. The data were then transformed to a per capita basis since, all other things being equal, larger countries would naturally be expected to have more terrorist activity than smaller countries. Previous studies have indicated that terrorism was more likely with increases in population.<sup>20</sup> It is likely that in very small states, it would be difficult for terrorists to remain unknown. It has been noted that terrorism was not likely to be present in the internal conflicts in the Greek city-states because the citizen body was relatively small.<sup>21</sup> Similarly, it has been suggested that crime was largely absent in colonial America because towns were small and community pressure acted as a deterrent. Such a situation would also suggest that political crime such as terrorism is less likely in smaller communities.<sup>22</sup> It has also been argued that larger population size affects a state's capacity to deal with terrorist activity.<sup>23</sup> It is not clear that a larger state with similar resources would be any more prone to terrorism on a per capita basis than a medium-sized one. The per capita standardization was necessary to avoid having population size alone bias the results. The inclusion of population (whether total population or a logarithm version) in regression analysis in previous studies quite naturally increased the explanatory value of the equations without providing any definitive information about the relationship between terrorism and other variables. Relying on per capita levels resolved this issue while still providing a control for the obvious effects that a large population would have. For the years from 1970 to 1979, the number of incidents, fatalities, and injuries were divided by population (in the millions) in 1975. Population in 1985 was the divisor for the 1980s, population in 1995 the divisor for the 1990s, and population in 2005 the divisor for the years in the twenty-first century. The population figures were drawn from the World Bank, which differs in many cases from the official figures based on national figures collected and reported in the *UN Statistical Yearbook*.<sup>24</sup> The use of the World Bank population figures had the advantage of a common estimation methodology for all countries and territories. Since the lack of terrorist activities in a more populous country would have greater relevance than the absence of incidents or casualties in a less populous country, each zero entry for incidents, fatalities, or injuries was actually coded as 0.01 instead of 0.00 for purposes of additional standardization before the division by the base population figures. This method, which gave slightly greater weight to the absence

of activity in the more populous countries, has been used in previous studies of terrorism.<sup>25</sup>

For the analyses to follow it was necessary to include both per capita incidents and per capita levels for fatalities and injuries. There can be significant differences between the two measures. For example, prior to 9/11 the USA had an extremely high number of incidents but relatively few incidents in which there were fatalities.<sup>26</sup> Although a greater number of incidents reflect higher levels of dissident activities, especially extended campaigns, as noted, many terrorist actions cause no or few casualties and thus may have a more limited effect on target audiences, government policies, or economic activities. On the other hand, when terrorist attacks generate casualties, especially larger numbers, they are more likely to have a greater impact. Thus, it is logical to include both types of measures as indications of relative levels of terrorism. It is possible that incidents might be more important in its effects on FDI, especially if it involves costly property attacks. Fatalities, on the other hand, might have a greater negative effect on tourist visits.

### ECONOMIC VARIABLES

The indicators that were used to test for the potential negative effects that greater levels of terrorism have on economic activity included measures based on the number of tourists visiting a country and the levels of FDI present. The use of both measures was based on the availability of detailed data over time and the fact that at least at times as indicated in the previous discussions and in the chapters to follow, tourists and foreign investments have been directly targeted by violent dissident organizations. Using both measures of possible economic impact also avoided the reliance on just one indicator which provided an additional check on the reliability of any results in the analyses to follow. In countries that rely heavily on tourism, revenue losses from reductions can cause severe damage to national economies. A weakened economy as noted will mean reduced revenues and potentially higher levels of public dissatisfaction. Attacks on foreign investment can have similar effects and are likely to be important to an even larger number of countries since foreign investors are an important source of capital for investment.

Data on FDI are available from the United Nations Conference on Trade and Development for many countries and territories for most years.<sup>27</sup> The data are the most complete from 1980 and the years that follow. Data for

the decade of the 1970s were somewhat less complete but still provided enough information for the inclusion of this decade to go with the later years.<sup>28</sup> The basic measure used is the change in foreign investment stock (positive or negative) in US dollars over time. The reliance on changes in the investment stock rather than per capita absolute levels at least partially controlled for other exogenous variables that would affect levels of foreign investment such as the availability of natural resources, levels of human capital in the form of an educated work force, abundant labor, or other factor endowments that go a long way toward explaining the absolute levels of investment. Relying on changes in the foreign investment stock rather than absolute or per capita levels also provided a partial control for the effects of restrictive government policies toward FDI that might have limited overall levels of such investment independent of terrorist violence. The analysis of investment reactions to terrorism did not include portfolio investments given the lack of comprehensive data for much of the time period under analysis. It would be logical to expect that it would be the short-term investment represented by portfolio activities that would be more sensitive to terrorist incidents, since long-term investors would have had greater sunk costs in terms of plants, mines, infrastructure, or other capital investments. It is possible, on the other hand, that short-term investors would have less at stake in particular countries in many cases and, therefore, might be willing to let higher rates of return compensate for the problems caused by terrorism.<sup>29</sup> It would have been quite useful to include portfolio investment since it can be very mobile and might have been especially sensitive to violent terrorism, but it was not possible to do so.

Tourism, the other type of economic activity included, has also been specifically targeted at times as noted. The World Bank has information on tourist visits from 1985 and later years, which was supplemented by data drawn from the United Nations *Statistical Yearbook*.<sup>30</sup> Two types of data on tourism were available that could be used—the number of foreign visitors and the dollar amounts of their expenditures. The total spending would initially seem like a better measure of the effects of violence, but it was obviously influenced by exchange rates between local currencies and the US dollar. There have been a number of fluctuations present over the years, even in countries that faced no terrorist activities. The number of visitors, on the other hand, was much more of a constant and likely to be just as sensitive to the violence. As was the case with foreign investment, positive or negative percentage changes in the number of visitors were the measures used. This reliance on percentage changes rather than absolute levels took into account the fact that some countries were much more

attractive as sites for tourist visits. Absolute levels for the number of visitors also had the disadvantage that in some cases the visitors consisted of anyone who entered the countries. In other cases it was required that the visitors stay overnight. Some countries only tallied persons who stayed in hotels or similar accommodations, thus excluding family visits or those staying with friends. Other countries only counted those who purchased a tourist visa. Given these differences and others in terminology, relying on changes in the number of visitors was much better than absolute or per capita numbers. There were, however, some discontinuities that represented a change in how tourist visits were reported in some years.

### ANALYSES

The first series of tests will focus on economic, social, and political globalization and their effects on levels of terrorist activity—number of incidents, fatalities, and injuries on an annual basis. The basic hypothesis is that greater globalization levels are likely to generate disruptions that will, on average, lead to higher levels of terrorism. The analyses will generate correlation coefficients that test for associations between globalization and the terrorism variables with the appropriate measures of statistical significance being used to identify the important linkages that are present. The correlations will be based on the globalization levels in year  $t$  with terrorist levels in years  $t$ ,  $t + 1$ ,  $t + 2$ , and  $t + 3$  as a way of testing for possible lagged effects. Higher levels of economic, social, and political globalization might require a period of time before resulting in greater levels of violence. As noted, these analyses will be done by region. The results of the analyses will be presented in summary tables by decade to provide a useful overview of the connections.

The second series of analyses will test to determine the level of association between the levels of terrorist violence and changes in the levels of foreign investment and tourist visits. The basic hypothesis will be that higher levels of terrorism will lead to reductions or slower increases in these types of economic activity. The effects of terrorism on foreign investors actually provide a form of feedback into the economic globalization index since investment is one element of this index. If a terrorism group is actually successful in reducing the levels of foreign investment, it could result in a reduction in economic globalization or less rapid increase. Of course, since direct foreign investment is only one element of the economic index the effect is not likely to be large in most cases. These analyses will also rely on a lagged analysis to determine what the effects of

terrorism in year  $t$  will be in year  $t + 1$ ,  $t + 2$ , and  $t + 3$  on these economic indicators. These data will also be presented in summary tables by decade to better understand any linkages that are present.

Many of the previous analyses of terrorism have often used a variety of variables to control for potential spurious associations. In the cases of the linkages between globalization and terrorism, the globalization indices already have controls incorporated since they were built on multiple inputs. Globalization is more likely to be an intervening variable since the indices reflect the effects of the multiple measures. The links between terrorism and foreign investment and tourism are also not likely to be spurious since terrorism is at least in part an intervening variable reflecting the effects of other factors. There are obviously going to be a large number of possible confounding variables that would affect changes in tourist visits and direct foreign investment levels. There are many different controls that have been suggested by earlier studies. The use of population as one has already been discussed. One difficulty with the use of many control variables is the absence of data for specific countries. The nature of the measures has also meant that the analyses frequently rely on varieties of a logistic regression, which while useful for determining statistical significance are much more difficult to use for determining the strength of associations or how much of the variation is explained. These forms of analysis often use country-years as the units of analysis which results in a large number of observations (i.e., 900–2700) which has had the consequence of making even small levels of association statistically significant even if not particularly meaningful. Reliance on the simple associations provides a more easily interpretable linkage which is preferable for the current analyses. Even with controls for a variety of factors, it is always possible that there are other influences that were missed.<sup>31</sup>

There are some controls that are included in the analysis. Population has been taken into account with the use of the per capita figures for the terrorism measures. Inclusion of countries that consistently avoided terrorist attacks provided baselines for global trends in tourism or investment that would not have been influenced by terrorism levels. The influence of a variety of exogenous variables was limited by the use of changes in tourist visits and foreign investment stocks. The analyses in the individual chapters by region also controls for the effects of geography. There have also been other regional factors such as the Asian financial crisis of the early twentieth century which would be a confounding factor for a global analysis. The dangers of a Greek default on its debt in more recent years

has a greater impact on economic factors in Europe even though it has repercussions for other parts of the world.

One caveat should be noted as a final point. It could be argued that the analyses should not include countries that are involved in civil wars or global conflicts since these kinds of situations would affect the globalization indices and the levels of FDI and tourism. It would be difficult, however, to determine at what level of political instability a country would be excluded from the analysis. Fortunately, it was not necessary to develop any criteria for exclusion of countries or territories since data for the indices and for the economic variables were usually missing for countries in turmoil even if there were data on terrorist attacks. For example, there is no information available for Somalia since the government collapsed or for Iraq for the years preceding and following the 2003 invasion by the USA and its allies. There are virtually no data for Lebanon during the years of its lengthy civil war. In effect, the nature of the data being used automatically excluded countries in great turmoil from being part of the analyses since the necessary information was lacking. In effect, there was a control for the confounding effects that such violent turmoil would have had on the linkages between globalization and terrorism and between terrorism and investment and tourism.

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## Latin America

Latin America, which for purposes of the analyses to follow include South America, Central America, and the Caribbean territories (see Appendix A for a list of countries in each region), has been a region that has experienced significant terrorist campaigns in terms of both level of violence and duration of the activity. The region has particularly seen the appearance of many groups linked with Rapoport's third wave consisting of new left terrorist groups. These new left organizations undertook major campaigns in a number of countries. The attrition suffered by governments under waves of attacks played an important part in the military coups in Argentina and Uruguay that were staged as a response to the violence. The leftists hoped at one level to force the capitalist-dominated government to show its true colors by becoming more repressive, and in Argentina and Uruguay they were successful.<sup>1</sup> Further, there was a declaration of martial law in Peru that was used to deal with guerrilla and terrorist violence in that country. There was sustained violence, including terrorist activities, in Colombia, El Salvador, Venezuela, and Guatemala. Violence in Chile originated with groups from the left and the center directed against the conservative Pinochet military regime. There were also low levels of terrorist activities in other countries as well as isolated incidents in additional states. The leftist organizations using violence in this region were active earlier than the frequently better-known organizations in West Europe that were associated with this third wave.

Although the preponderance of the terrorist attacks that occurred in the region originated with leftist dissident groups, there were other dissident elements that were behind some of the violence. A number of the groups had ethnic components including differences between the Europeanized groups in national societies and indigenous Amerindian populations. The ethnic issues frequently overlapped with leftist arguments about exploitation of the working class and peasants in societies. The more culturally European elements in these countries were invariably overrepresented in the upper and middle classes. There were ethnic elements involved with Shining Path in Peru where the dissidents were able to draw support from indigenous populations in the highlands. There were also troubles in Guatemala between the European groups and the Indians in the rural areas. The Contras in Nicaragua gained support from the Misquito Indians and peasants in the countryside opposed to the urban Sandinista government and its policies that would have reduced local autonomy.<sup>2</sup> The casualty levels in Peru were particularly high over the lengthy conflict. There were almost 70,000 deaths and disappearances that occurred between 1980 and 2000 when the conflict was at its height.<sup>3</sup> The government that relied on the enhanced measures that came with martial law was able to defeat Shining Path and another dissident group.<sup>4</sup> A further element present in terrorist violence involved criminal organizations such as drug operations that allied themselves with the terrorist groups. These allies of convenience shared a desire for a weak government. Drug cartels in Colombia and Peru, for example, aligned with leftist groups, and the Medellin Cartel in Colombia even undertook an independent campaign of terrorism in an effort to bring about policy changes in the government.<sup>5</sup> The Medellin Cartel was successful in achieving some of its goals even though the police and security forces as part of the government response to the challenge by the cartel greatly weakened the organization especially when key leaders of the cartel were killed or captured.<sup>6</sup> As a result of this campaign the cartel was replaced by other drug cartels that continued to cooperate with leftist dissident groups. The leftist Revolutionary Armed Forces of Colombia developed international ties in its battle against the government. The group hired members of the IRA to provide expertise in bomb making.<sup>7</sup> Three of these experts were arrested in Colombia in 2001.<sup>8</sup> There is also evidence that the group hired former members of the Japanese Red Army for the same reason.<sup>9</sup> There has been increasing drug-related violence in Mexico, including battles between different cartels for control of the distribution routes into the USA. The struggles for control

of the drug traffic have resulted in more than 10,000 deaths. Most of this violence is entrepreneurial seeking financial gain for the criminal groups rather than political in its goals.<sup>10</sup> The drug cartels have attacked local politicians and police officers, but these attacks are designed to convince these leaders not to interfere with the movement of drugs through their locales. Only in rare cases are the goals of this violence political or the targets chosen for political reasons rather than economic ones.

Right-wing ideological groups were also active in the region and willing to use violence.<sup>11</sup> There have been some indications that in Colombia these groups, which originally formed in opposition to the left and their drug cartel allies and which were willing to use violence against their enemies, have been subverted and corrupted by the pervasive opportunity to benefit from drug money.<sup>12</sup> The strategy of intimidation in the Contra insurgency in Nicaragua is one of the most obvious examples of activity by a right-wing terrorist group in the region. Finally, there is no doubt that some incidents that were recorded in the database involved government support or toleration for clandestine militias or vigilantes targeting government opponents. These groups often attacked left-wing dissidents, as was the case in Argentina, El Salvador, Colombia, and other countries.<sup>13</sup> In Argentina, the civilian government of President Isabel Peron used violence selectively against suspected dissidents, and the military government that replaced her administration after a coup relied on death squads on a massive level to deal with suspected leftist dissidents resulting in the deaths of tens of thousands of suspected opponents.<sup>14</sup> There were even connections to conflicts in other parts of the world that contributed to violence in this region. For example, there were overlaps with conflicts in the Middle East that appeared when Hizballah attacked Jewish targets in Argentina as a response to Israeli attacks on its leadership in Lebanon.<sup>15</sup> These attacks demonstrated that Israel could be targeted abroad in areas that lacked the high security and the dangers of detection and failure that would be present in any attack on Israeli soil.

## GLOBALIZATION AND TERRORISM IN LATIN AMERICA

It would not be surprising if Latin America had higher levels of globalization than other regions in the developing world since many of the countries in the region had much longer histories as independent countries and more time to diplomatically integrate themselves into the global system. In terms of economic globalization, however, the average for Latin America

was similar to the average index values for Asia in 1975 but behind the Middle East in that year (see Appendix B). By 1995, the levels for global economic involvement for Latin America were equal to both Asia and the Middle East. There were data for many more countries for the social globalization index than for economic globalization in this area; the values for Latin America were generally equal to the Middle East and higher than those for Asia throughout the study period. In terms of the political globalization index, Latin America was the most involved in the outside world in 1975. The Middle East eventually had a higher average value on the index for political globalization with Latin America having the second highest average. While Latin American countries were generally more involved with the outside world as was anticipated, the differences were not as great as would have been expected given the longer periods of independence for many of the countries.

There have been some indications that higher levels of globalization have led to discontent which in turn was then associated with violence. Early waves of globalization (1870–1920) in South America provided for economic expansion and led to increases in inequality in the nations in the southern cone.<sup>16</sup> Increased inequality can in turn fuel discontent in those portions of the population that are disadvantaged. The globalization that came later after World War II, by contrast, reduced inequality levels.<sup>17</sup> Leftist terrorist groups considered external investment projects to be appropriate targets since they were part of a neo-colonial effort to control the economic resources of Latin America.<sup>18</sup> It was suggested that much of the violence in Colombia that began in the late 1940s and carried forward into the twenty-first century was due to the increasing effects of globalization and a shift to export-led growth. This shift to the promotion of export-led growth policies had especially high costs for peasant farming populations.<sup>19</sup> More recently, there have been indications that violence associated with the left-wing Zapatistas who appeared in the Chiapas state in southern Mexico in the 1990s was another negative response to globalization.<sup>20</sup> The rebels themselves made resistance to globalization a rallying cry for the organization.<sup>21</sup> One example of Zapatista concern was the fact that the group was opposed to Mexico joining the North American Free Trade Agreement (NAFTA).<sup>22</sup> A free trade agreement is designed to generate increased economic interactions with the other member countries. There was apparently a perception among the poorer segments of the population in southern Mexico that the costs of membership outweighed the benefits.

## TERRORISM AND ECONOMIC EFFECTS

There have been some indications that terrorism in Latin America has had negative effects on economic activities. One study analyzed the effects of international terrorist incidents on tourism and investment between 1969 and 1998 in Latin America. The study was limited to some extent because it excluded domestic terrorism and only considered international terrorism, but it did focus on the potential effects of the per capita number of terrorist incidents on both tourism and foreign investment. The results indicated that there were no obvious linkages between the international incidents and declines in levels of foreign investment, but there were some significant negative associations between terrorist incidents and tourist revenues. As the number of incidents increased, revenues did decline as expected.<sup>23</sup> Kidnapping has been one of the techniques associated with terrorism around the world; in Latin America it has been frequently associated with leftist organizations.<sup>24</sup> These kidnappings, both for profit and to publicize political objectives of the groups, became quite common with the profits being channeled back into the other political activities of the dissident groups, including the violent ones. Many of these kidnappings targeted corporate executives in key positions, particularly foreign expatriates who worked for multinational corporations in key jobs.<sup>25</sup> These kidnappings of the business executives in addition to raising funds and gaining publicity were also designed to reduce levels of foreign investment.<sup>26</sup> Foreign investment was seen by left-wing groups as part of the system of global capitalist exploitation that needed to be eliminated. These kinds of activities had the potential to have a negative impact on foreign investment.

There are a number of additional indications that dissident groups in Latin America were consciously practicing economic warfare. Carlos Marighella, a Brazilian leftist theoretician on the use of urban guerrilla (terrorist) tactics, argued that it was necessary to attack investments in order to increase the likelihood and the severity of economic downturns. As part of an attrition strategy, he advocated sabotage of transportation links and even the destruction of food supplies based on the assumption that the government would be weakened and the population would lay the blame for the resulting problems on the ruling elite leading to changes in the political system.<sup>27</sup> Brazilian leftists took his advice to heart and started a campaign that targeted the Brazilian infrastructure as well as major investments, especially multinational corporate installations.<sup>28</sup> This

campaign was effective. Between 1969 and 1973 foreign investment was negatively affected by the terrorist attacks, kidnappings, and ransoms.<sup>29</sup> Some companies even closed all their operations in the country. Foreign investment in Colombia also became a target for an attrition strategy by leftist groups. Pipelines have been a favorite target for attacks in campaigns against economic assets in many countries, including Colombia where they were frequently damaged by leftist groups.<sup>30</sup> In El Salvador, the leftists in the Farabundo Martí National Liberation Front attacked power stations and electric transmission lines as part of another campaign of economic warfare designed to expose the weaknesses of the government.<sup>31</sup> In Nicaragua, the Contras as part of their battle against the Sandinista government attacked the infrastructure in rural areas and sought to undermine the economy.<sup>32</sup> They focused on government personnel involved in providing services in rural areas. The Contras succeeded in damaging the economic reform programs and reducing support for the Sandinistas as a consequence of their inability to improve conditions for many citizens.<sup>33</sup>

Tourism has been particularly important for the small island nations in the Caribbean, but it has also been important for some of the larger countries on the mainland. The importance of the tourist sector to national economies has made it a potentially important target for dissidents. A number of countries have experienced negative consequences in this sector as a consequence of terrorist violence. The leftist Tupamaros in Uruguay threatened tourists if they came to the country, and the threats were effective in dealing the tourist sector a major blow. These threats were a part of an effort to further undermine the already struggling Uruguayan economy.<sup>34</sup> An economy already experiencing difficulties would seem like a particularly inviting target for this type of economic warfare. Elsewhere, Cuban exiles attacked tourist targets in Castro's Cuba and other economic targets in their failed efforts to overthrow the regime.<sup>35</sup> Foreign visits to Peru declined with major increases in terrorism in this country.<sup>36</sup> While tourists were not normally the targets for this violence, the high overall levels of attacks by Shining Path and other leftist groups and the fact that their attacks occurred in some of the most important tourist areas no doubt convinced foreign tourists to avoid the country. Mexico also saw drops in tourist visits in the 1990s due to the perceptions of increased danger that had come with increased levels of violence.<sup>37</sup> Of course, the violence that accompanied the drug cartels fighting over distribution routes would also have had the potential to deter tourist visits. The leftists in El Salvador did not restrict their attacks to infrastructure; they also launched attacks

on tourists as part of the strategy of attrition against the government and the economy.<sup>38</sup> Overall, there have been at least some indications that the tourism sector in at least some countries had been specifically targeted, and there was economic damage inflicted.

## RESULTS: GLOBALIZATION AND TERRORISM

The results of the analyses of globalization and terrorism did not provide much in the way of evidence that supported the basic hypothesis that greater globalization has led to disruptions in societies which in turn led to political violence. In the 1970s, there were only a few positive linkages between globalization levels and the various terrorism measures (see Table 3.1). There were only nine positive correlations (out of the possible 40) in the case of the social index on the injuries variable and fewer for the other two variables. There were only ten positive correlations out of 120 for the decade for economic globalization across all three measures. The index for political globalization provided the most consistent positive correlations. There were 16 cases (of 40 possible) where greater political involvement was linked with a larger number of incidents in following years, nine (of 40) cases where fatalities were higher, but only four cases where there were more injuries linked to more political involvement in the world. At least in regard to incidents of terrorism, greater political contacts with the outside world were linked with terrorism in this decade.

In the 1980s, the patterns changed to provide less support for any linkage between greater globalization and increased terrorism. The values on the social index were largely unrelated to any of the measures of terrorism. The political index, which had provided the best evidence in the 1970s, was only important in the case of injuries from attacks, suggesting that it was the territories with the lowest levels of political globalization that suffered the most injuries. These results suggest that there is a possibility that in this period the countries with stronger connections to other nations may have been better able to limit some of the negative effects of terrorist attacks. These findings could even indicate that the higher levels of political globalization in the 1970s in countries facing terrorist violence at home subsequently increased contacts with other countries in the 1980s as a means of dealing with the political violence. What was most obvious for the 1980s was that the countries which were the least involved in the international economy had the strongest connections to more terrorism on a per capita basis—28 of 40 correlations for fatalities, 23 of 40



**Table 3.1** Globalization and terrorism in Latin America

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<b>1970s</b>								
<i>Incidents</i>								
Economic	1	0	2 (1)	0	2	0	1	0
Social	0	2	0	2	0	2	0	1
Political	1	4	3	2 (1)	3 (1)	1	1	1 (2)
<i>Fatalities</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	2	0	2	0	0	0	0
Political	1	2	3	1	1	0	1	0
<i>Injuries</i>								
Economic	0	2	0	2	0	0	0	0
Social	1	3	0	3	0	1	0	1
Political	1	1 (2)	1 (1)	0 (2)	1 (1)	0 (1)	0	1 (2)
<b>1980s</b>								
<i>Incidents</i>								
Economic	0 (5)	0 (1)	0 (4)	0 (1)	0 (4)	0 (2)	0 (2)	0
Social	0	0	0	0	0	0	0 (1)	0 (1)
Political	0	0	0	0	1	0	0	0
<i>Fatalities</i>								
Economic	0 (2)	0 (5)	0 (2)	0 (6)	0 (3)	0 (6)	0 (3)	0 (3)
Social	0	0	0 (2)	0	0 (2)	0	0 (1)	0 (1)
Political	0	0	0	0	0	0	0	1
<i>Injuries</i>								
Economic	0 (6)	0 (1)	0 (5)	0 (1)	0 (2)	0 (1)	0 (2)	0 (2)
Social	0	0	0	0	0	0	0 (1)	0 (1)
Political	0 (2)	1	1 (1)	0	1	0	0 (1)	1
<b>1990s</b>								
<i>Incidents</i>								
Economic	0 (1)	0	0 (1)	0 (2)	0	0 (2)	0 (1)	0 (3)
Social	1 (1)	0 (2)	0 (2)	0 (1)	0 (1)	0	0 (3)	0
Political	0	0	0	0 (1)	0 (1)	1	2	0 (1)
<i>Fatalities</i>								
Economic	0 (1)	0 (3)	0 (1)	0 (1)	0	0 (2)	0 (1)	0 (3)
Social	0 (3)	0 (2)	0 (1)	0 (3)	0 (2)	0 (1)	0 (3)	0 (2)
Political	0	0	0	1	0	2	0	2

*(continued)*

**Table 3.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	0 (2)	0	0 (2)	0	0 (1)	0 (1)	0 (2)	0 (1)
Social	0 (2)	0	0 (2)	0	0 (2)	0 (1)	0 (3)	0 (1)
Political	2	0	0 (2)	1	2 (1)	0	0	1
2000s								
<i>Incidents</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	1	0	2	0	2	0	2
<i>Fatalities</i>								
Economic	0 (1)	0	0 (1)	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	1	1	2	0	3	1	2
<i>Injuries</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	1	0	2	0	2	0	2

Figures in parenthesis represent significant associations opposite of the predicted sign

40 correlations for each of the 1970s, 1980s, and 1990s; 41 correlations for the 2000s since the last year for data on terrorism was 2011 and the analysis could only be conducted for  $t + 1$  for 2010 and  $t + 1$  and  $t + 2$  for 2009

correlations for incidents, and 10 of 40 for injuries. These negative correlations were exactly the opposite of what was anticipated. In this decade, the results directly contradicted the idea that economic globalization was creating disruptions in local society which in turn led to terrorism. In fact, it was the lack of economic globalization that was linked with the higher relative levels of terrorism.

In the 1990s the linkages, whether positive or negative, were much weaker. Most of the few significant correlations were negative as was the case in the 1980s. The social index had the most negative associations with fatalities (17), injuries (11), and incidents (10) in each case out of a total of 40 possibilities. In the case of the economic index, there were fewer negative correlations with fatalities (12), incidents (10), and injuries (9). The results for the social and economic indices suggested to the extent

that there were any linkages, it was the countries and territories that were less involved with the outside world that were somewhat more prone to outbreaks of terrorism. The results for the index of political globalization indicated that greater international connectedness in these areas was generally unrelated to later terrorism by any measure although there were a few indications that greater involvement was linked with more terrorism in a few cases in this decade. The most obvious conclusion for this decade is that the analyses found no real support for the idea that increasing globalization led to increases in terrorism however the violence was measured. The results for the twenty-first century indicated that there was virtually no evidence that globalization and terrorism were related in any fashion—either positively or negatively. These results provided evidence that the mixed linkages from the past were no longer present in this decade.

The results for Latin America for at least the first three decades of the analyses provided very little evidence that time lag effects were important in explaining the links between globalization and terrorism. None of the particular temporal measures ( $t$ ,  $t + 1$ ,  $t + 2$ , or  $t + 3$ ) were consistently more important (or less important) in predicting outbreaks of terrorism. They all appeared to be equally valid (or invalid) in terms of the expected relationships. The incidents per capita and fatalities per capita measures were most often in greater agreement with each other than was the case for the injuries per capita variable. It was not obvious from the analyses for this region that either the number of attacks or the casualties that occurred with the attacks were a consequence of globalization. It remains to be seen whether these patterns are unique to Latin America or representative of more basic patterns and relationships.

## RESULTS: TERRORISM AND ECONOMIC EFFECTS

It was anticipated that higher levels of terrorism, either in terms of the number of attacks or number of casualties, would negatively affect both the levels of FDI or tourist visits. The level for both of these variables would decline or increase less quickly in states affected by higher per capita levels of terrorism as measured by investments or casualties or both. The analyses relied on lagged effects which measured changes in these levels in the immediately following year ( $t + 1$ ), two years later ( $t + 2$ ), and the levels three years later ( $t + 3$ ). It was expected that it could take longer for any negative effects on investment to be apparent when compared to tourism where adverse reactions would be more immediate as was the case with the major downturn in global tourist travel after the 9/11 attacks in the USA.

In the case of FDI, there was minimal evidence that levels were negatively affected by any of the measures of terrorism (see Table 3.2). There were few significant correlations and almost as many in the opposite direction (6) as in the predicted direction (8). Terrorist attacks appear to have had very limited direct impacts on investment, at least in the following three years, and casualties were equally likely to be associated with more investment as with less investment. There was little difference in the results for the one-year, two-year, or three-year effects. Investment decisions could have been impervious to levels of terrorism as the investors overlooked these kinds of issues or pursued higher profit levels in countries as a consequence of the fact that these areas were facing more terrorism. It is also possible that investment decisions were responding to additional factors, some of which could be related to the initial investment decisions. Finally, there is a possibility that the time lag effects could be longer than even three years, but the longer the time lag, the more likely it would be that other factors would influence investment decisions.

**Table 3.2** Terrorism and changes in foreign direct investment levels in Latin America

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	1	0	1 (1)	1	1	0
<i>t</i> + 2 change	1	0	1 (1)	0	1	0 (1)
<i>t</i> + 3 change	0	0	0	0 (1)	0	1 (2)
1980s						
<i>t</i> + 1 change	1	0	0	0	1	0
<i>t</i> + 2 change	1	0	0	0	1	0
<i>t</i> + 3 change	2	0	0	0	0	0 (1)
1990s						
<i>t</i> + 1 change	2 (1)	0	0 (1)	1 (1)	1	0 (1)
<i>t</i> + 2 change	2	0 (2)	0 (1)	1 (3)	0	1 (2)
<i>t</i> + 3 change	1	0 (3)	1	0 (2)	1	0 (3)
2000s						
<i>t</i> + 1 change	0	0	0 (2)	0	0	0 (1)
<i>t</i> + 2 change	0	0	0	0 (1)	0	0 (1)
<i>t</i> + 3 change	0	0	0	0 (1)	0	0 (1)

Figures in parenthesis represent significant associations opposite of the predicted sign

In the 1980s, there were even fewer significant associations between terrorism levels and foreign investment, indicating a complete disconnect between the two variables. In the 1990s, there were somewhat more connections between the terrorism variables and changes in levels of investment. The links between the terrorism measures, counterintuitively, were more likely to have connections to greater increases in levels of investment (20) than in declines in those levels (10). This tendency was more pronounced with casualty measures than with the number of attacks per capita. There were also no discernable temporal patterns for the three years in terms of linkages. The last decade for the analysis was similar to the decades of the 1980s when there were extremely few linkages in any direction, suggesting as was the case in the 1980s that there were no connections.

In general, in the case of Latin America there was very little support for the hypothesis that terrorism had negative effects on foreign investment levels and even some indications that it has a perverse opposite effect in terms of being associated with increased levels of terrorist violence, although the overall absolute number of such linkages was not great. The lack of results across the countries in the region suggests that other factors were dominant in explaining investment decisions. It is also possible that in the case of Latin America, the levels for foreign investment were long established ones that went back many decades and thus were less sensitive to terrorist actions in any one year. Of course, the absence of a general pattern does not mean that individual countries were not negatively affected by terrorist campaigns. It also appears to be true that overall levels of terrorist violence did not have a depressive effect on foreign investment, but it remains possible that attacks intentionally directed at foreign economic activities could have had such impacts. Unfortunately, it is difficult to determine the intent of terrorist attacks on individual targets. Such an attack on a foreign corporation could have been symbolic, directed against the economic activities of the company, reflected dissatisfaction with the home country of the foreign corporation, some other issue, or a combination of factors.

Tourist visits were also expected to be affected by terrorism. There were some indications that tourism was negatively affected in the 1970s. There were 22 associations (out of 90 possibilities) with the predicted negative sign (see Table 3.3). The associations were usually at the higher level of significance ( $\alpha = .05$ ) reinforcing the likelihood that these associations were not random. There were eight linkages in the opposite direction indicating that there were limits to the direct effects or that there were

**Table 3.3** Terrorism and changes in tourism visits in Latin America

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	1	0 (1)	1	1 (1)	1
<i>t</i> + 2 change	0	2	0 (2)	3	0 (1)	4
<i>t</i> + 3 change	0	2	1 (1)	2	0 (1)	4 (1)
1980s						
<i>t</i> + 1 change	1	0 (1)	0	1 (1)	0	0 (1)
<i>t</i> + 2 change	0 (2)	1 (2)	0	0 (2)	1 (2)	0 (2)
<i>t</i> + 3 change	0 (1)	0 (2)	0 (1)	0 (2)	0 (1)	0 (2)
1990s						
<i>t</i> + 1 change	0	0 (1)	1 (1)	2 (1)	0 (1)	0 (1)
<i>t</i> + 2 change	0	0 (2)	1	0 (2)	0 (1)	0 (1)
<i>t</i> + 3 change	0 (1)	0	0	0 (3)	0 (1)	0 (2)
2000s						
<i>t</i> + 1 change	0	1 (1)	0	1 (1)	0	2 (1)
<i>t</i> + 2 change	0	1 (1)	0 (1)	1 (1)	0 (1)	2 (1)
<i>t</i> + 3 change	0	0 (2)	0 (1)	0 (3)	0	1 (3)

Figures in parenthesis represent significant associations opposite of the predicted sign

other confounding factors at play. The results did suggest that the negative effects were more likely to occur in the second or third following year instead of the first year after the attacks. To some extent, tourists did decide not to visit areas where terrorism was occurring.

In the 1980s, there was evidence that the negative effects on tourism largely disappeared. There were fewer significant associations and many more in the opposite direction (20) than in the predicted direction (7). These results would suggest that terrorist incidents and casualties led to increased tourist visits, which on the surface seems unlikely. It is possible, however, that locales suffering from such attacks offered special deals and packages for tourists as a consequence of the violence. The government and private sector could have mounted media campaigns to minimize the threats or to indicate that the attacks occurred in areas distant from tourist sites. It is difficult in this case to suggest that there were any apparent negative economic effects. The fact that there was virtually no evidence for negative effects on investment also suggests that the decade of the 1980s was very likely to be responding to other global trends in terms of economic effects.

By the 1990s, the anticipated negative links between terrorism and tourism had declined even further. The positive associations once again outnumbered the negative ones with only 4 negative links and 18 positive ones. Both the positive and negative associations were fairly evenly distributed among the various time lags and across the three terrorism measures. Overall, these results were not supportive of the basic hypothesis and again even suggested that tourists were more likely to visit countries that experienced more terrorism. It is possible as noted that much of the terrorism in question was occurring away from the tourist areas and thus had a much reduced impact, if any at all. In the first part of the twentieth century, the negative effects reappeared to a small extent with 12 significant associations but 18 positive ones. It seems clear that in some years levels of terrorism had different effects including the possibility that tourism declined in countries facing violence. Of course, in two-thirds of the cases there were no significant associations in either direction suggesting that tourism was responding to other factors or more probably a changing mix of factors.

#### SUMMARY

The above analyses did not provide much evidence to support the idea that globalization increased levels of terrorism or that terrorism in turn led to declines in tourism or investment. There was limited evidence that globalization was a causal factor as predicted in the occurrence of terrorism, although in the 1970s more terrorism was linked with higher levels of political globalization which could have reflected dissatisfaction of groups with the influence of foreign countries, which would most often be the USA in the case of Latin America. In the 1980s, however, there were indications that countries with weaker economic connections were more prone to terrorism. At least for Latin America, the predicted relationships were absent. Similarly, there was little evidence that terrorism in terms of either the number of terrorist actions or casualties per capita had depressive effects on economic activities. The 1970s supplied the clearest support in the case of tourism, but the number of linkages was relatively small. One of the more interesting results was the almost total lack of linkages in the 1980s for both investment and tourism, which was a decade in which the global economy was expanding in the aftermath of the oil embargo.

In terms of the variables, the political index often had different patterns than the social and economic indices, suggesting as expected that

the different globalization influences would have different effects and that it is thus necessary to have more refined measures. The economic, social, and political measures provide the necessary differentiation. Any use of the overall globalization index combining these effects would be likely to obscure patterns rather than to reveal them. The three terrorism measures did not demonstrate any consistent differences, and none of them demonstrated greater predictive value. The same conclusion holds true for the one-year, two-year, and three-year time lags for testing for the effects of terrorism on economic activity. They all appeared to have worked equally well (or poorly) as predictors. There were no differences in the time lags for either tourism or foreign investment. One possibility is that any effects of terrorism could be affected by events in following years. Thus, the effects on tourism in  $t + 3$  would be influenced not only by attacks in time  $t$ , but also levels of terrorism in times  $t + 1$  and  $t + 2$ . Unfortunately, it is extremely difficult to disaggregate effects from multiple years while still searching for relationships. Of course, it is also possible that Latin America as a region displays different patterns than other parts of the world.

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## The Middle East and North Africa

The Middle Eastern and North African region has been at the center of terrorist activities for many decades. The area of Israel/Palestine has seen significant outbreaks of terrorism. There were attacks before World War II and the period before the British withdrawal in 1948 by groups based in the Jewish settler population. Israel has been a target for what were basically nationalist terrorist organizations since the defeat of Arab armies in the Six-Day War in 1967. The Palestinian Liberation Organization (PLO) became synonymous with terrorism after a conscious decision to resort to such activities after the failure of conventional military action by the Arab armed forces. The PLO was an umbrella organization composed of different groups, some of which did not always agree with each other. One offshoot from the PLO (Black September) was involved in the 1972 Munich Olympic attack, which generated a great deal of publicity for the Palestinian cause. Many of the more spectacular terrorist attacks in the 1970s and 1980s were launched by the Popular Front for the Liberation of Palestine (PFLP) and its breakaway groups, all of which combined nationalist themes with Marxist–Leninist ideological views that saw Israel as part of the capitalist exploitation of the developing world. The PFLP was responsible for some of the more noteworthy hijackings in this period. Later, the appearance of Hamas (or Islamic Resistance Movement) introduced a religious element into the violence that was occurring although this group retained some elements of Palestinian nationalist elements in its view of the situation. Israeli society itself experienced elements of reli-

gious terrorism among Jewish extremist groups using violence against Palestinians or to oppose accommodation with the Palestinians. In some cases there were attacks to protest the secular nature of Israeli society.<sup>1</sup>

Other situations in the region provided opportunities for dissident political organizations to use violence to achieve their goals. As Lebanon descended into civil war in the 1970s, a great variety of groups engaged in terrorist actions against both domestic opponents and external governments that were seen to be aligned in some fashion with the domestic opponents. Other terrorist organizations used Lebanon as a safe base from which to launch attacks against their home governments. Hizballah developed out of the civil war as the representative of the Shia Muslim population of the country. It also made the presence of Israeli military forces in southern Lebanon a major issue, adopting an attrition strategy to liberate the territory.<sup>2</sup> The revolution in Iran that resulted in the creation of the Islamic Republic led to a major outbreak of terrorist violence directed against the new government by leftist and secular groups that were not in favor of the new religious government. These attacks led to high casualties among the supporters of the government and even higher casualties for those opposed to the system.<sup>3</sup> In addition, Iran gave external support for dissident organizations in nearby Arab countries.<sup>4</sup> Turkey faced major conflicts involving left-wing and right-wing groups in the 1970s and 1980s.<sup>5</sup> Other governments and their ruling elites in the region faced challenges from domestic groups in the same time period. These conflicts often resulted from ideological differences between the dissident groups and those in power.

Terrorism, already globalized in the case of Israel and to some extent Lebanon, became even more global as a consequence of the Soviet invasion of Afghanistan, the appearance of Al Qaeda, and eventually the coming of the Taliban to power. The creation of the Marxist government and the arrival of Soviet troops in Afghanistan led to the rebellions that relied on guerrilla warfare and terrorism. The Afghan rebels fighting against the government in Kabul were rooted in both nationalist and religious differences with the regime. The Afghan dissidents, usually referred to as mujahideen—normally translated as holy warriors although the more accurate meaning would be those who struggle violently, used terrorism as part of their campaigns against the foreign occupation. The departure of the Soviet military forces and the final defeat of the government in Kabul three years later provided an inspiration for Islamic religious groups throughout the region. The Afghan rebels had defeated military forces

associated with a Western ideology (communism). This victory convinced Osama bin Laden and others that they could drive other Western influences out of Middle Eastern countries and establish more religious political regimes. By attacking the West, Al Qaeda developed links with existing groups and drew upon global trends that favored the mobilization of the disenfranchised.<sup>6</sup> The struggles in Afghanistan also provided bin Laden with the opportunity to develop contacts with members of Islamic extremist groups in different Arab countries—the Afghan Arabs who were also veterans of the conflict. These veterans became involved in attacks against governments and other targets in Egypt, Algeria, and a number of other countries.<sup>7</sup> The attacks of 9/11 were preceded by the 1993 attack on the World Trade Center, the East Africa embassy bombings, and the attack on the *USS Cole* in the port at Aden. The activities of Al Qaeda then led to the attacks of 9/11, the global jihad campaign, and additional actions against governments that were seen as being allied to the West and which were too secular and not Islamic enough. The US response to the attacks of 9/11 helped to set the stage for the global jihad in many parts of the world where national governments are still dealing with the consequences. The spread of these Islamic ideas even reached Turkey where radical Islamic groups appeared to battle against the government.<sup>8</sup>

The activities of Al Qaeda and associated groups were the source for many outbreaks of terrorism. Although the Taliban regime in Afghanistan was toppled in the aftermath of 9/11, the new government was unable to successfully establish itself. Rebellions, guerrilla attacks, and terrorism began in various parts of the country. Some of the dissident groups were based in regional or ethnic differences, and some dissident organizations reflected the extreme views of the previous Taliban regime. The problems in Afghanistan carried over into neighboring Pakistan. Al Qaeda developed a number of franchise operations in the developing world. One such group was Al Qaeda in the Arabian Peninsula (AQAP) that became active in launching violent attacks directed against the Yemeni government. It was also involved in plots against Western targets. AQAP became involved in the recent Yemeni civil war and has been behind attacks elsewhere in the region. Al Qaeda in the Islamic Maghreb (AQIM) was another part of the global jihad. A number of dissident groups from parts of North Africa came together in this organization. The remnants of groups from the conflict in Algeria were central to the decision to combine in order to be able to continue to fight against the foreign influences that came with globalization. They attacked the secular governments in the region and their

foreign supporters.<sup>9</sup> The invasion of Iraq in 2003 by the US-led coalition destabilized the country and provided opportunities for groups opposed to the new government of various kinds, including Al Qaeda branches, to attack the new Iraqi political system. The battles inside of Iraq included conflicts between various Sunni and Shia factions in the country. Suicide attacks became prominent in the aftermath of the invasion, and many of them were attempts to generate or expand the violence between the Sunni and Shia communities.<sup>10</sup> Unrest in neighboring Syria provided an opening for even more terrorism by Islamic groups and other dissidents. The Syrian civil war contributed to the rise of the ISIS or the Islamic State in the Levant. ISIS has undertaken terrorist activities, including ones directed against targets outside the region as indicated by attacks in Paris in 2015 and Brussels in 2016, but it has also been behind attacks against targets in the region. The activities of ISIS in Syria in turn have carried over into Iraq, further contributing to the instability in that country.

Obviously, the Middle East and North African region has been the scene of numerous terrorist campaigns. The groups in the 1970s represented both ideological conflicts and at times ethnic and national differences. The invasion of Afghanistan set in motion a series of events that contributed to major terrorist organizations rooted in religious extremism that continue to plague the region. In Israel/Palestine religious opposition represented by Hamas appeared in addition to the existing nationalist opposition. Even with the predominance of religiously based terrorism, however, elements of nationalist and ideologically based terrorism have not disappeared from the region.

## GLOBALIZATION AND TERRORISM IN THE MIDDLE EAST AND NORTH AFRICA

The levels of globalization for this region were similar to those for Asia and Latin America. The levels of economic globalization for the region in 1975 were higher than for other regions, but by 2005 they were virtually the same. The economic globalization index did show steady increases over time, but these increases were smaller than the ones for Latin America and Asia. The average values for social globalization were approximately ten points lower than the averages for economic globalization for the region. The levels of social globalization were higher in the Middle East and Latin America in 1975 in comparison with Asia, a situation that continued to be true in 2005. The political globalization index was similarly higher for

the Middle East and Latin America than was the case for Asia. The overall values increased more rapidly for this index, and in 2005 the region was more involved politically with the rest of the world than any of the other developing world regions. Obviously, Middle East countries had chosen to engage in international relationships to a greater degree on average than was true for other developing regions.

There has been some discussion of the potential effects that globalization has had in the region. The processes involved with globalization have shaped the world in economic and cultural ways that have been based on standards originating in the Western world. One consequence of this aspect of globalization has been the creation of a situation in which non-Western groups, such as Muslims, effectively became cultural, social, and economic minorities even in their own countries.<sup>11</sup> As a consequence, it is not surprising that globalization has been seen as a new form of Western colonialism by Islamic groups.<sup>12</sup> There has been some feeling that there was a stigmatization of Muslim areas in the world by the West as a result of globalization.<sup>13</sup> In fact, it has been argued that globalization has been responsible for the West to be seen as the far enemy for Islamist groups like Al Qaeda.<sup>14</sup> One analysis of globalization did discover that while economic globalization was not linked to outbreaks of terrorism, higher levels of social globalization were associated with more terrorism in the region. Further, increased political globalization to a limited extent was also associated with higher levels of terrorism in later years.<sup>15</sup> The results from this study of the region would suggest that there is at least a possibility that global influences can be disruptive for Middle Eastern political and social systems and could be linked with terrorism.

Studies of individual countries support some of the more general concerns about terrorism. Attitudes toward globalization in Turkey have been mixed. Even though greater trade linkages have received popular support, there have been negative attitudes to international institutions involved in the global economy, to increasing flow of migrants to Turkey, and to the accompanying penetration of external cultural ideas into the country.<sup>16</sup> Not surprisingly, those who have benefited from increased globalization have had more favorable attitudes than those who have not benefited.<sup>17</sup> Turkish leftists have been among the critics; they have considered globalization to be just another manifestation of Western capitalist exploitation and imperialism.<sup>18</sup> The attacks against tourists in Egypt represent an effort to revive traditional Islamic values and to oppose the corruption of the modern world.<sup>19</sup> In Egypt, the reaction of individuals to the trade liberal-



ization that has come with globalization has been noticeably less supportive than was the case with Turkey.<sup>20</sup> Trade liberalization often generates losses for groups displaced by foreign competition. Globalization has been linked with discontent among affected national populations and the possibility of a resort to violence.

### TERRORISM AND ECONOMIC EFFECTS

Economic interests have often been chosen by dissident groups in the Middle East. Foreign activities could be targeted as a way of generating economic costs, but they can also be selected because they are symbols of Western secularism and cultures. Attacks against such symbolic targets can also be used to send a political message to foreign governments about their presence or support for a domestic government.<sup>21</sup> Tourists could be selected for the attacks for a combination of reasons. AQIM kidnapped tourists in various North African countries as a means of raising revenue for its activities in addition to the goal of reducing tourist visits in the region.<sup>22</sup> At times the group even killed tourists as a warning to others not to come to the region.<sup>23</sup> Tunisia has suffered some of the most serious attacks by Islamic extremists in North Africa. There was an attempted suicide bombing in Sousse, Tunisia, in 2013 that led to the death of the bomber. While no one else was killed, it did send a message that tourist visits to this area could be dangerous.<sup>24</sup> Attacks in 2015 at a museum in the capital and a resort hotel in Sousse were clearly focused on foreign tourists and were intended to be lethal. More than 50 tourists died in these two attacks and did significant damage to the tourism sector of the Tunisian economy. The attack at Sousse is estimated to have resulted in a loss of \$500 million to the tourism sector.<sup>25</sup> At an earlier point, the Tunisian government refused to confirm the kidnapping of two Austrian tourists due to fear that such an admission would lead to a drop in tourism revenues.<sup>26</sup> This avoidance behavior by the government demonstrated the value of tourism to the national economy. The global jihadists that launched the attacks are also aware of the value and vulnerability of the tourist industry.<sup>27</sup>

Turkey has also suffered economically from terrorism, especially the attacks launched by Kurdish dissidents. The Kurdish Workers Party (PKK) was the initial Kurdish dissident organization that opted for violence. The group directly targeted tourists in an effort to weaken the national economy.<sup>28</sup> Such actions were logical since the tourist sector has been

the second most important source of foreign exchange for the national economy.<sup>29</sup> The importance of the sector made it a tempting target for economic warfare. Casualties among the tourists and kidnappings appear to have achieved their purpose as their occurrence was associated with a drop in tourist visits.<sup>30</sup> The direct damage from these attacks was much less important than the damage done to the tourist sector as a whole when visits declined.<sup>31</sup> The levels of terrorism in Turkey have had overall negative effects on the economy. There have been other types of economic activity in Turkey that have been negatively affected. Kurdish dissidents have attacked other economic sectors.<sup>32</sup> Foreign investments have been selected. One study found that US investment in Turkey declined when American business activities were chosen for attacks by terrorist groups.<sup>33</sup> The levels of terrorist activity have been great enough to force the government to devote significant resources to counterterrorism efforts resulting in negative effects on the overall national economy because of the opportunity costs of lost investment elsewhere.<sup>34</sup> Not only has foreign investment been reduced, but portions of the remaining investment have been diverted to provide security against additional attacks.<sup>35</sup> In the final analysis, the terrorist attacks have negatively affected overall national growth, especially in the Kurdish regions of the country which have been the most affected by violence by the PKK and its successor organizations.<sup>36</sup>

Egypt has also experienced attacks on its national economic system. The Islamic groups responsible for these attacks have intended to damage the economy by driving away foreign tourists. Attacks on tourists in the 1990s led to a 50 % drop in tourist visits.<sup>37</sup> When tourist visits were recovering in the following years, there were additional assaults. In the first years of the twenty-first century, additional attacks against tourist sites in Cairo and the Sinai Peninsula occurred.<sup>38</sup> Further, in 2004, 34 people died at Sharm el-Sheikh in the Sinai Peninsula. A year later an attack killed at least 88 people and injured more than 100, raising serious doubts about the future health of the Egyptian tourism industry.<sup>39</sup> Tourists have also been symbolic targets. Israeli visitors in particular have been chosen at times because of their connection with their home state.<sup>40</sup> Tourists from other countries, however, were also targeted because they were symbols of foreign values, cultural penetration, and un-Islamic practices. Egypt has continued to suffer. The recent attack that brought down a Russian airliner resulting in 224 deaths by individuals associated with ISIS has also damaged Egyptian tourism. Even though this attack may primarily have been designed as a political attack on Russia for its continued support of

the Assad regime in Syria, it could also have been intended to generate economic damage to the pro-Western Egyptian government. The Egyptian government has recognized the economic damage that has been done to the tourism sector; the government allocated funds to subsidize tourism to rebuild the sector in the aftermath of the terrorist attacks.<sup>41</sup> While previous research has not focused on the possible major negative effects on investment, it is likely that there has been some reduction in investment levels in tourist facilities as the number of foreign visitors declined in various periods of time.

Israel is another country that has also suffered economically from terrorist attacks. Terrorism has led to declines in economic output, growth, and exports.<sup>42</sup> Israel's overall economic growth declined after the start of the Second Intifada, moving from a moderately high positive rate of growth to low growth and eventually to a negative figure in a few years' time.<sup>43</sup> Israel has seen negative effects on levels of foreign investment as a consequence of high levels of terrorism.<sup>44</sup> Further, tourist visits to Israel also declined as a result of terrorism, particularly when the Second Intifada started.<sup>45</sup> It has been suggested that it was only foreign tourism that was negatively affected by increases in terrorism within Israel since Israelis were still being tourists in their own country.<sup>46</sup> The restriction of the negative effects to foreign tourism, however, is not surprising in a small country. Terrorist campaigns that have been directed against Israel and its citizens have occurred in virtually all parts of the country. Since the danger of becoming a victim of terrorism could occur pretty much anywhere in the country, there would be relatively few disincentives for domestic tourism. Some Palestinian groups appear to have directly targeted the tourism sector as a means of damaging the Israeli economy with their attacks.<sup>47</sup> For the most part, even though there have been major effects on the Israeli economy as a consequence of terrorism, most of the violence has been designed to undermine the Israeli state as part of attrition and intimidation strategies. For these dissident groups, the negative economic effects would be seen as a positive side benefit.

Other countries in the region have experienced terrorism and are likely to have suffered negative effects. Yemen has been the scene of a great amount of violence, especially in recent years, that has affected foreign economic activities. AQAP has indicated that it views foreign tourists as corrupting Islamic society; thus, their visits should be discouraged.<sup>48</sup> Iraq was economically isolated in many respects before the US-led invasion as a consequence of the negative reputation of Saddam Hussein, and the coun-

try has been in turmoil since the invasion with negative economic effects. The disruptions that occurred during the Arab Spring, which did not usually include terrorism, discouraged foreign visits to the region, indicating what could be negative outcomes when there were major outbreaks of violence.<sup>49</sup> The civil war in Lebanon in the past and the current conflict in Syria have resulted in obvious losses. The attacks on tourists have led to changes in the choice for visits as a response to terrorism in individual countries in the region, but these shifts have often been to other countries in the region.<sup>50</sup> When tourists decide to change their plans to go to nearby countries, they may negate the efforts by organizations such as Al Qaeda and ISIS to drive foreign influences out of the entire region. If the tourists simply change to visiting other countries in the region, what one national economy loses leads to benefits for another local economy.<sup>51</sup> The relocation of tourism to a nearby country does not serve the interests of a group that seeks to drive external influences out of an entire region. Such attacks might work better for groups focusing on only one country instead of an entire region. Not all countries in the region are equally affected. The oil-rich countries, of course, are better able to withstand any negative effects from terrorism compared to the poorer countries or countries such as Egypt and Tunisia that have relied on an extensive tourist sector.

## RESULTS: GLOBALIZATION AND TERRORISM

Results for the following analyses were limited to some extent by the small number of countries in the region. The number of countries with data on the globalization indices ranged from 13 to 20 in the 1970s and 16 to 20 in the later decades. This small number of observations made even reasonably high correlations less likely to be significant in contradistinction to many studies of terrorism that had much smaller levels of association, which were significant due to an extremely large number of observations in some studies as was noted in Chap. 2. In the case of the Middle East and North Africa there were still indications of strong relationships despite the problem of the small number of observations (see Table 4.1). In the 1970s, political globalization was unimportant in explaining terrorist incidents, fatalities, or injuries. There were, however, a few indications that economic globalization was associated with terrorism—16 of a possible 120 associations with there actually being five significant associations that suggested that higher levels of economic globalization were associated with less terrorism. Higher levels of social globalization were most clearly

**Table 4.1** Globalization and terrorism in the Middle East and North Africa

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<b>1970s</b>								
<i>Incidents</i>								
Economic	1	0	1	0	1	0	0 (1)	0
Social	1	6	1	7	2	7	3	5
Political	0	0	0	0	0	0	0	0
<i>Fatalities</i>								
Economic	2	0	3 (2)	0	3 (1)	0	2 (1)	0
Social	2	3	3	3	2	4	1	3
Political	0	0	0	0	0	0	0	0
<i>Injuries</i>								
Economic	0	0	1	0	1	0	1	0
Social	2	0	1	2	5	0	2	0
Political	0	0	0	0	0	0	0	0
<b>1980s</b>								
<i>Incidents</i>								
Economic	2	0	1	0	1	0	1	0
Social	5	5	5	5	4	6	4	6
Political	0	0	0	0	0	0	0	0
<i>Fatalities</i>								
Economic	0 (3)	0	1 (3)	0	1 (1)	0	0 (1)	0
Social	6	3	7	2	7	2	4	4
Political	0	0	0	0	0	0	0	0
<i>Injuries</i>								
Economic	0 (2)	0	0	0 (1)	0 (1)	0	1	0
Social	7	3	8	2	9	1	7	3
Political	0	0	0	0	0	0	0	0
<b>1990s</b>								
<i>Incidents</i>								
Economic	1	0	1	0	1	0	1	0
Social	3	0	3	1	1	1	0	0
Political	0	0	0	0	0	0	0	0 (1)
<i>Fatalities</i>								
Economic	0	0	0	0	0	0	0	0
Social	2	0	1	0	0	0	0	0
Political	0	3	0	5	0	5	1	3

*(continued)*

**Table 4.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	0	0	0	0	0	0	0	0
Social	4	0	3	0	1	0	1	0
Political	0	0	0	0	0	0	1	0
2000s								
<i>Incidents</i>								
Economic	0	1	0	0 (1)	0	0	0	0
Social	0	0	0	0	0	0 (1)	0	0
Political	0 (4)	0 (2)	0 (4)	0 (2)	0 (3)	0 (1)	0 (2)	0 (1)
<i>Fatalities</i>								
Economic	0 (3)	0	0 (3)	0 (1)	0 (1)	0 (1)	0 (2)	0
Social	0 (4)	0 (2)	0 (1)	0 (2)	0 (1)	0 (2)	0 (2)	0 (3)
Political	0 (2)	0	0 (2)	0	0 (1)	0 (2)	0 (2)	0 (3)
<i>Injuries</i>								
Economic	1	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	0 (4)	0 (2)	0 (4)	0 (1)	0 (2)	0 (1)	0 (3)	0 (1)

Figures in parenthesis represent significant associations opposite of the predicted sign

linked with more terrorism in the following years. The connections were not only strongest with the per capita number of incidents (32 out of 40 possibilities) but were also fairly consistent for per capita fatalities (21) and even for the per capita number of incidents (12). These results would indicate that greater foreign intrusions in the form of social and cultural effects have had a disruptive influence and generated unrest in societies in the region. These intrusions in many cases challenged the strong traditional bases of some citizens who were threatened by the outside influences which in turn led to violent reactions.

In the 1980s, political globalization levels continued to have no links with outbreaks of terrorism. Economic globalization demonstrated virtually no associations with terrorism. There were only three significant associations in the predicted direction. There were, however, 22 associations in the opposite direction, suggesting that it was the countries with the lower levels of economic globalization rather than countries with higher levels of interactions that were linked with terrorism. The results for social

globalization were similar to the previous decade, but they were even more compelling in suggesting that outside social linkages played a role in outbreaks of terrorist activity. Despite the small number of observations, in 115 of 120 cases the associations were significant. They clearly indicated that higher levels of social globalization were linked with more terrorist activity and greater casualties. The evidence for this linkage is extremely compelling.

In the 1990s, the political index of globalization continued to have no apparent effect on outbreaks of terrorism in countries in the region. As was the case in earlier decades, there were a small number of associations (9) for the economic index indicating that greater involvement in the global economic system could have played a small role in contributing to violent reactions. The index of social globalization continued to have the greatest predictive value. There were 96 significant associations, suggesting that the disruptive effects from foreign contacts have continued into this decade. The number of significant associations was somewhat less than in the 1980s but was still quite large. The effects were similar for the per capita number of incidents, the per capita fatalities, and the per capita injuries. The strong relationships were similar for the same year,  $t + 1$ ,  $t + 2$ , and  $t + 3$ .

In the 1990s, there were obvious shifts in the relationships between globalization and terrorism. There were very few indications that economic globalization had any linkages with later outbreaks of terrorism. The index for social globalization indicated that the disruptive effects from earlier decades were less present in this decade. Most of the many fewer significant associations were in the early part of the 1990s, indicating that the trend from the earlier decades continued briefly before disappearing. With a sufficient passage of time, the countries in the region were able to adjust to the disruptions created by contacts with the outside world, or perhaps other variables had become much more important. Interestingly enough, the significant associations were largely restricted to the same year or  $t + 1$  but not in the following years. The effects of such contacts when they had any effect were immediate rather than long term. Political globalization had begun to have some linkages in this decade. The linkage was almost exclusively with the per capita level of fatalities which would mean that political interactions led to more deadly attacks.

In the twenty-first century, there were only a few indications that higher values of social and economic globalization on the respective indices were associated with more terrorism. For example, there were fewer fatalities in those countries that were more socially and economically integrated into

the outside world. In the case of the political globalization index, there was even more evidence that the least integrated countries were more prone to terrorism according to all the measures. There were 19 (out of 39) cases where there were more incidents in the politically least integrated areas, and there were indications that fatalities and injuries followed a similar pattern. These findings might suggest that in the case of this region, at least during the last decade of the analyses, the countries with more international contacts were better able to avoid terrorism. Perhaps these international connections provided more resources—such as intelligence information, training for security forces, or better technology—that in turn provided the governments and security forces with an increased capacity that helped them to minimize the number of incidents or casualties. It would also suggest that the larger countries, which generally have more political connections as measured by the globalization index, were less likely to suffer from terrorist activities on a per capita level rather than more likely to be the scene of attacks as has been suggested by some previous studies as noted in Chap. 2.

The results for the analyses of globalization indicated that for the Middle East and North Africa there were connections as hypothesized unlike the results for the Latin American countries. Social globalization for two plus decades was very clearly linked with more terrorism in this period of the analyses, providing evidence that the accompanying societal disruption contributed to violent discontent. Economic globalization had relatively weak relationships with terrorism and sometimes in the opposite direction than was anticipated. Political globalization was totally unconnected to occurrences of terrorism until the twenty-first century. In the aftermath of 9/11, there were greater political connections with an apparent deterrent on greater levels of terrorism, which permitted governments to maintain greater control. Interestingly enough, there were similar but fewer indications of these effects with the economic and social indices, but only for the measure for fatalities. These results for the political index were similar to some of the relationships discovered for Latin America.

## RESULTS: TERRORISM AND ECONOMIC EFFECTS

As was the case for Latin America the effects of terrorism levels by any of the measures on investment provided very little evidence to suggest that the investors were dissuaded from involvement in the region by political violence (see Table 4.2). The results were potentially limited in significance



**Table 4.2** Terrorism and changes in foreign direct investment levels in the Middle East and North Africa

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	0 (1)	0	0 (1)	0	0
<i>t</i> + 2 change	0 (1)	0	0	0	0	0
<i>t</i> + 3 change	0 (1)	0	0	0	0	0
1980s						
<i>t</i> + 1 change	0	0	0	0	0	0
<i>t</i> + 2 change	0	0 (1)	0	0	0	0 (1)
<i>t</i> + 3 change	0 (1)	0 (1)	0 (1)	0	0 (1)	0 (1)
1990s						
<i>t</i> + 1 change	0 (1)	0 (2)	0 (1)	0 (1)	0 (1)	0 (2)
<i>t</i> + 2 change	0 (2)	0 (2)	0 (1)	0 (2)	0	0 (3)
<i>t</i> + 3 change	0 (1)	0 (4)	0	0 (3)	0 (1)	0 (2)
2000s						
<i>t</i> + 1 change	0	0	0 (1)	0	0 (1)	0 (1)
<i>t</i> + 2 change	0	0 (1)	0	0 (1)	0	0 (2)
<i>t</i> + 3 change	0 (1)	0 (1)	0 (1)	0 (2)	0 (1)	0 (2)

Figures in parenthesis represent significant associations opposite of the predicted sign

by the small number of countries involved (17–20), even though the small numbers obviously did not limit the strong results for globalization. In the 1970s, there were only four significant associations (out of a possible 120) for all the measures, and these four were in the opposite direction from that which was predicted. The pattern was virtually the same for the 1980s with only seven significant associations with the opposite sign than predicted. For the first 20 years there was obviously no connection between any measure of terrorism and changes in the stock of foreign investment in any of the immediately following years.

In the 1990s, there were still no negative associations as predicted. There were, however, 29 associations which indicated that foreign investors were more attracted to locations where terrorism outbreaks were greater in terms of both incidents and casualties. This correspondence could have reflected the fact that in the case of the Middle East and North Africa the areas that attracted foreign investors were also the same areas that attracted the attention of terrorist organizations, perhaps because of previous levels of investments. This pattern might have been the most

likely in countries with significant petroleum resources. In the 2000s, the pattern reverted to the first two decades. There were only 11 significant associations in this decade, all in a positive direction contrary to what was hypothesized, suggesting that the 1990s were an exception in the limited number of positive linkages that were present in the analyses.

The patterns of associations between the terrorism variables and tourism were quite mixed (see Table 4.3). In the 1970s, there were some negative associations as anticipated (8) but twice as many positive ones (16) that were significant. These results, while relatively limited in the total number, appear to suggest that tourist visits were only negatively affected in a few years. Foreign visitors would appear to have been responding to different signals in some years. In the 1980s, the links between terrorism and tourism declined with only five associations negatively linking terrorism with declining tourism but seven linking terrorism with more tourist visits. These results would suggest that foreign visitors were as likely to increase or decrease when terrorist violence occurred. Although the changes in the number of visits were not random in all cases, they were obviously

**Table 4.3** Terrorism and changes in tourism visits in the Middle East and North Africa

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	1 (1)	0 (1)	0	1 (1)	2	0 (1)
<i>t</i> + 2 change	1	0 (2)	0	1 (1)	0	0 (1)
<i>t</i> + 3 change	1 (2)	0 (2)	0	1 (1)	0 (1)	0 (2)
1980s						
<i>t</i> + 1 change	0	0	1 (1)	0	0	0 (1)
<i>t</i> + 2 change	0	0	1	0 (1)	2	0 (2)
<i>t</i> + 3 change	0	0	2	0 (2)	1	0 (1)
1990s						
<i>t</i> + 1 change	0	0 (1)	0	0	0 (1)	0
<i>t</i> + 2 change	0	0	0	0	0	0
<i>t</i> + 3 change	0 (1)	0	0	0	0	0 (1)
2000s						
<i>t</i> + 1 change	0 (1)	2	1 (1)	1	0 (1)	3
<i>t</i> + 2 change	0	2	1 (1)	0	1 (1)	2
<i>t</i> + 3 change	1	0	1 (2)	0	1 (1)	0

Figures in parenthesis represent significant associations opposite of the predicted sign

very complex. It is possible that in some cases violence led to declines in tourism whereas in other cases foreign visitors increased in response to the terrorism. These results might correspond to the links between terrorism and greater political globalization which could have been associated with an increase in foreigners entering a country in response to the higher levels of violence. An increase in security demands as a response to the violence could have led to an influx of expatriate experts and personnel in response to the challenges that appeared with the violence.

There were no relationships between terrorism and investment for three of the four decades. The 1990s were an exception which included the beginning of confrontations between Iraq and the rest of the world. One analysis did consider the possibility that the Iraqi situation might lead to different results, but for the most part there was no support for this possibility.<sup>52</sup> It is possible, however, that the invasion of Iraq by itself or the combination of the invasion of Iraq, the 9/11 attacks, and the overthrow of the Taliban in Afghanistan resulted in major changes in the context in which terrorism was taking place in the Middle East and North Africa. Al Qaeda became less of a hierarchical organization and more of a network and increasingly relied on a leaderless resistance style of assault on its global targets. Organizations linked to Al Qaeda and ones inspired by it increased their assaults as did individuals who saw themselves as part of the broader global jihad which could have affected attacks against foreign activities and responses. The presence of US and other troops in Iraq and Afghanistan provided Al Qaeda and other groups with an excellent propaganda opportunity to mobilize individuals and groups by suggesting that the USA and the West were openly attacking Islam and occupying Muslim countries.<sup>53</sup> It would seem likely that Al Qaeda elements were able to move into some of the states that were less integrated into the global system to enhance its chances of survival and to create new bases after the defeat of the Taliban regime. It was more difficult for the West to undertake major military campaigns in these states or provide major support to indigenous military forces than might be the case in countries with stronger governments and greater links to the global system. Of course, the other factor that would explain the results for foreign investment patterns is the central importance of the petroleum industry in the region. Investors were obviously willing to provide funds for this sector in countries with major resources, regardless of levels of terrorism. As noted above, the same situation provided opportunities for dissident groups. The results for tourism were mixed with somewhat more evidence that foreign visits increased in

the aftermath of terrorist violence than the expected declines. The best evidence for the hypothesized relationship occurred in the 2000s, which was also in the aftermath of 9/11, increased activities of Al Qaeda, and the aftermath of the invasion of Iraq.

### SUMMARY

Although the analyses were limited by the small number of observations, there were some impressive results. Overall there was a great deal of support for the possibility that globalization, especially social globalization did result in increased terrorism. Economic globalization had more limited, and mixed, effects. There were some indications that the countries that were the least involved politically were more prone to terrorist violence. While the presence of petroleum resources may have introduced disruptions into local societies it could also have provided mechanisms for dealing with those disruptions. The increased economic wherewithal may also have provided the means for the additional political connections that some countries in the region developed.

In the case of the economic effect, the results for the Middle East and North Africa provided virtually no evidence that changes in investment levels were responding to terrorist violence. When there was a connection in the 1990s, it was clearly in the opposite direction. The importance of the petroleum industry no doubt played a role that would explain these results, although there was the intriguing possibility that petroleum deposits attracted both foreign investors and led to these states becoming a target. The petroleum resources could also have played a role in the limited results for tourism and the fact that many of the significant associations were in the opposite direction to that which was predicted. Foreign visitors in many countries could have been responding to the economic opportunities present in oil-producing countries rather than constituting tourists who were interested in historic or scenic sites. Dubai in the United Arab Emirates has a great attraction for those interested in economic opportunities but may have a limited appeal in terms of classic tourist attractions. Obviously, countries like Egypt with major antiquities are more likely to have foreign visitors than countries that do not.

The results for the various analyses did not consistently indicate that any particular length of time was a better predictor of occurrences of terrorism from globalization or in terms of the effects of terrorism on economic activities. With the exception of fatalities in the 2000s for globalization

effects, the three measures of terrorism have as many linkages (or as few) in the expected (or opposite) direction. The fact that the results for the social globalization index were present for all three measures of terrorism and for all the measures over time indicates that they were all equally valid. Incidents of terrorism and casualties were equally valid for the strong relationship that was present. In fact, in many cases the significant results for the relationships appeared for all three measures or for all the years that were used in the analysis. It is possible that while there was no general pattern for the effects of terrorism on tourism and investment for the region, individual countries may have suffered from negative economic consequences.

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## Asia and Oceania

Like other areas of the world, Asia has faced significant outbreaks of terrorism. The conflicts in Afghanistan, of course, were central to the appearance of Al Qaeda. Al Qaeda developed links both before and after 9/11 that enabled Osama bin Laden to create the network that has been important to the current global jihad. Bringing down the Taliban regime led to the departure of Al Qaeda but did not resolve the problems of Afghanistan. The end of the Taliban regime led to the installation of a new government that has been undergoing waves of terrorism from groups opposed to the national government or its policies or to the presence of foreign military forces supporting it. Some of this domestic terrorism has been connected to global jihadi issues, but much of the violence is actually quite local. While data on Afghanistan for analysis are lacking due to the decades of turmoil that have afflicted the country, events there have had an impact on conflicts in other states in the region. The conflicts in Afghanistan have clearly spilled over into Pakistan. Violent organizations from Afghanistan have created bases in Pakistan for their attacks into their homeland, but there has also been an increase in violence by Pakistani groups unhappy with their own government or its policies. Internal divisions inside Pakistan have contributed to the violence. There have been conflicts between the original inhabitants and refugees (and their descendants) that entered the country at the time of the partition of British India. There are also disputes between Sunni and Shia groups in the country that have involved terrorist activity.<sup>1</sup> Extreme Sunni groups have attacked Shia Pakistanis

who they consider to be apostates to true Islam.<sup>2</sup> Violence in Pakistan has been at high levels in the twenty-first century because the government is not in full control of portions of its territory.<sup>3</sup> This governmental weakness has been especially true in the Federally Administered Tribal Areas (FATA) where the state authority of the Pakistani government (and the British Indian government before it) has been nominal. Groups based in the FATA have contributed to violence in Afghanistan and eventually inside Pakistan.<sup>4</sup> These groups, including the Pakistani Taliban, initially were angered by the cooperation of the government of Pakistan with the USA in the aftermath of 9/11.<sup>5</sup> The attacks by these groups against the government for its support of the USA have in turn led to counterterrorism efforts by the government that has in turn led to more violence by the local groups. Some of these organizations have been following an attrition strategy against the Pakistani government to weaken it.<sup>6</sup>

India has faced terrorist campaigns originating from a variety of sources, including Sikh extremists in the Punjab region, insurgents in Kashmir, global jihadists, domestic Islamic groups, leftist groups collectively known as Naxalites, and extremist Hindu groups. The Naxalites originated in domestic groups that have been disadvantaged by changes in the economy and society and who have lacked power in the political system. They have attempted to force the government to undertake reforms or force local political and economic elites to distribute benefits to the disadvantaged. The Naxalites are one of the terrorist groups that have frequently used kidnappings as one of their tactics to attract attention and to achieve their objectives.<sup>7</sup> India has also faced violence originating in a number of religious traditions. The violent dissidents have included Sikh organizations involved in the uprising in the Punjab in the 1980s that resulted in more than 20,000 deaths.<sup>8</sup> India has also seen the appearance of Hindu groups that have sought to institute Hinduism and to purge the country of foreign religious influences such as Islam and Christianity. Actions by Hindu extremists had similarly resulted in casualties as Hindu nationalist groups have attacked Muslims and others deemed to be a threat to the Hindu nature of the country.<sup>9</sup> The violence by the Hindu extremists has in turn provided an incentive for local Muslims to join terrorist groups targeting the Hindu majority and the Indian state.<sup>10</sup> In many cases, the intergroup conflicts in India have been exacerbated by the economic inequality between groups.<sup>11</sup> The violence in Kashmir has been ongoing for decades. Local Kashmiri nationalists have opposed incorporation of the region into India and have opposed rule by ineffective and oftentimes

corrupt local politicians.<sup>12</sup> Islamic groups supported by Pakistan have also been involved. These Islamic groups, some of which are domestic and some of which have operated from bases abroad, have launched attacks against the government and the majority Hindu population. The Indian subcontinent has even seen the appearance of Al Qaeda and ISIS affiliates. Al Qaeda has extended its reach to South Asia with the creation of Al Qaeda in the Indian Subcontinent with branches in India and Bangladesh. ISIS has developed links to groups in Bangladesh as well.<sup>13</sup> In the Pacific portion of the region, Australia has faced occasional violence from individuals linked to or inspired by the broader global jihad.

Sri Lanka faced more than a quarter of a century of assaults from the Tamil Tigers as well as two campaigns by leftists. The Tamil Tigers drew upon dissatisfaction by the Tamil minority in the country that faced discrimination from the Sinhalese majority. A number of Tamil organizations eventually resorted to violent attacks on the government. The Tamil Tigers became the leading dissident organization. The group relied heavily on suicide attacks in the later twentieth century as part of their attacks on the government and its supporting population. In fact, the Tamil Tigers were responsible for more than half of all the suicide attacks committed in the 1990s.<sup>14</sup> The group also engaged in guerrilla attacks and eventually conventional attacks on the government before finally being defeated after a long civil war. There were two terrorist campaigns to take over the government by leftists. One took place before the outbreak of violence involving the Tamil minority, and one occurred during the height of the conflict between the Tamil Tigers and the government. The government also managed to defeat these campaigns. The Marxist–Leninist groups engaged in a rebellion in Nepal also relied on terrorist attacks before reaching an agreement with other groups to enter the government. There has been violence against the Muslim minority in Myanmar by Buddhist groups. The attacks have resulted in thousands of deaths and the displacement of many Muslims from their homes.<sup>15</sup> These attacks have often been tolerated if not encouraged by government officials. The government has more directly discriminated against the Muslim population and passed a number of legislative acts that made life more difficult for this minority and actively encouraged members to emigrate.<sup>16</sup>

Indonesia has experienced terrorism from a number of sources as has the Philippines. There have been left-wing groups such as the New People's Army and its offshoots in the Philippines. These groups centered in Luzon in the northern part of the country have drawn upon economic discon-

tent and concern about the unequal distribution of resources between the rich and the poor. National or ethnic conflicts have been present in the southern Philippines intertwined with religious overtones in confrontations between the Muslim Moros in the south and the Christian majority. The Moros comprise a number of different ethnic groups in the southern Philippines who share the Islamic faith. As a minority in a Christian country, they have felt that their needs have been ignored by the central government dominated by Christian political elites, including both dictators such as Ferdinand Marcos and more democratically elected leaders. The Moros have become a minority in their own region exacerbating the conflict.<sup>17</sup> Some of the Moro groups, such as Abu Sayyaf, have connections with Al Qaeda. The conflicts have also at times involved local Christian vigilante groups that have supported the government in its conflicts with the Moros and in turn have been tolerated by the government in their activities.<sup>18</sup>

Indonesia has dealt with a great variety of terrorist groups. There have been nationalist groups in Aceh in Sumatra that sought independence for the region, the national liberation movement in East Timor that was ultimately successful in gaining independence for the former Portuguese colony, and ethnic problems in Irian Jaya (West Papua).<sup>19</sup> Violence has broken out between Christians and Muslims in Ambon and the Moluccas in disputes that have centered on efforts to control local political offices that provide access to important government resources.<sup>20</sup> The level of conflict in these areas has been exacerbated by the infiltration of members of militant Muslim paramilitary groups from elsewhere in the country.<sup>21</sup> Indonesia has even seen violence related to international issues. The attacks on Western tourists in Bali in 2002 and 2005 were part of the conflict between Al Qaeda and the West. There were also attacks on Buddhist targets in Indonesia as a response to the attacks against local Muslims in Myanmar.<sup>22</sup> Communal violence between groups separated by religion or ethnicity or both has also broken out in many other parts of the region including Thailand and Papua New Guinea.

In addition to ethnic, religious, and left-wing attacks, right-wing organizations and government-supported or tolerated paramilitary groups have been involved in terrorist violence. As a consequence of all these types of terrorism, Asia and Oceania have experienced significant amounts of violent activity from organizations with a wide variety of objectives and orientations. The casualty rates from the attacks have been on the rise with the terrorism. Many of the organizations operating in India have increas-

ingly focused on soft targets with increased civilian casualties.<sup>23</sup> The effects of terrorism have also been increased as groups in India have developed links with criminal organizations.<sup>24</sup> A variety of other dissident groups in Southeast Asia have developed links with a variety of criminal organizations as well.<sup>25</sup> Connections with criminal groups have the potential to extend the reach of dissident organizations and increase their capabilities. All of these activities from the different groups have the potential for increased negative effects on the economy.

### GLOBALIZATION AND TERRORISM IN ASIA AND OCEANIA

The countries in Asia and Oceania were somewhat less globalized than the countries in the Latin American and Middle Eastern regions but scored higher on the various indices than sub-Saharan African states did (see Appendix B). The average on the economic index was similar to Latin America, but this average was lower than the Middle East in 1975. By 2005, Asia had fallen behind both Latin America and the Middle East on this index but remained well ahead of sub-Saharan Africa. The Asian and the Oceanic countries had consistently lower averages on the social index compared to the Middle East and Latin America, but they still were considerably ahead of Africa in all the years. On the index of political globalization, the average for Asia was lower than both Latin America and the Middle East and similar to sub-Saharan Africa in 1975. By 2005, however, the average for this region was lower when compared to all three of the other regions in the developing world. The lower level of political globalization could have resulted from a combination of factors. First, the region contained countries such as China, North Korea, Mongolia, Cambodia, Laos, and Vietnam that were more isolated from the broader world in the earlier years of the study and remained so in many cases to some extent even in the twenty-first century. Second, the index included a number of island countries in the Pacific with small populations. These states became independent much later than most of the other countries in the region. Their size, limited resources, and recent independence would have resulted in more limited diplomatic involvements and interactions with other countries.

Globalization appears to have contributed to violence in a number of countries in the region. Globalization in combination with increasing secularization contributed to outbreaks of violence by a number of Islamic groups in Indonesia.<sup>26</sup> It has been suggested that the spread of capitalist

activity around the globe has resulted in a shift of power from local labor groups to companies. This shift in relative power resulted in the weakening of local leftist groups that previously had provided a medium for individuals and groups opposed to governments in developing regions. This change has in turn facilitated the increase of ethnonationalist and religious movements providing an alternative to governments in power in countries such as Indonesia.<sup>27</sup> The activities of these Islamic groups have significantly contributed to instability in Indonesia where they are seeking to create an Islamic government and state to replace the existing political system. *Jamaah Islamiyah*, one of the more violent groups, has focused on Western interests for its attacks because these targets were associated with the globalization phenomenon that had challenged Indonesian society and the Islamic religion of the vast majority of the inhabitants.<sup>28</sup> It has also been suggested that globalization was linked with the increased strife between Hindus and Muslims in India.<sup>29</sup> The violent groups in India, which have combined religious and right-wing views that draw upon fascist elements, have attracted economic groups that have lost financially from the processes of globalization.<sup>30</sup> In the Philippines, the leftist New People's Army and the regional Moro dissident groups in the south have both drawn support from groups that had been relatively disadvantaged by increasing economic integration into the global system.<sup>31</sup> The dissident groups in Moro areas of the country, for example, were upset by government mining and logging operations that were draining local resources to provide higher levels of national exports.<sup>32</sup> The exploitation of local resources to provide advantages to groups elsewhere in the country thus contributed to the dissatisfaction of the local population that mobilized to oppose the government. The changes associated with integration into the broader world has led to increased tensions between competing groups in local societies in the Philippines, Indonesia, and elsewhere and has led to attacks against those identified with the external intrusions. It is possible that globalization has facilitated the increased role of criminal organizations that have taken advantage of the fact that state structures have been weakened by the process. Weaker states would permit the criminal organizations to generate greater profits and provide greater opportunities for criminal elements to follow their profession and even to become involved with terrorist groups.<sup>33</sup> Given the links between religious groups including those based on Islam that have reacted negatively to globalization, it is interesting to note that early waves of globalization in Asia, especially Southeast Asia, occurred at the same time that Islam was spread-

ing and was a conduit for the processes involved in these earlier waves of globalization.<sup>34</sup>

### TERRORISM AND ECONOMIC EFFECTS

There have been examples of economic warfare in Asia just as there was in other regions. China has faced ethnic/religious opposition from dissident Uighur groups in the west of the country. While many attacks have been directed against government structures, officials, or even the Chinese Han population, the dissidents have also launched violent attacks in railway stations in areas where the railroads are important transportation connections for the local economy.<sup>35</sup> In Pakistan, outbreaks of terrorism negatively affected foreign investment after the Global War on Terrorism began. The increased violence, which was linked to the unrest in neighboring Afghanistan, undermined the potential profits that could result from such foreign investment.<sup>36</sup> The effects of terrorism on foreign investment could be especially troublesome for Pakistan. A lack of sufficient foreign investment is likely to make it difficult for the government to deal with the extreme poverty present in many parts of the country, and the difficult economic conditions provide a base for both domestic and international terrorist groups to find recruits for their violent actions.<sup>37</sup> Aceh in northern Sumatra in Indonesia is a resource-rich region of Indonesia that has had some aspirations for independence. A dissident regional group seeking independence has targeted foreign investment and foreign workers in the area as part of a strategy to diminish the value of those resources to the central government.<sup>38</sup> During the violence in Punjab in India during the Sikh uprising, violence against farmers led to reduced investment in the agricultural arena and to declines in income for farmers.<sup>39</sup> Elsewhere in India there was also economic warfare in the Assam (northeastern) region by dissident ethnic and regional groups. Violent activities and demands for voluntary contributions from businesses by local nationalist ethnic groups have driven out both foreign and domestic investors.<sup>40</sup> While some of these negative effects on foreign investment may have been byproducts of terrorist campaigns, others clearly seem to have been intentionally designed to reduce the flow of economic benefits to the local population and the state.

Tourism has also been negatively affected by terrorism in different parts of the region. The overflow of terrorist violence into Pakistan from Afghanistan not only drove out foreign investors, it also crippled the tour-



ism sector in northern Pakistan with a significant loss of earnings for the local population.<sup>41</sup> Terrorism and violence in Kashmir in India has greatly harmed what was once a flourishing tourist industry.<sup>42</sup> In addition, there was a strong correlation between the number of attacks in Kashmir and the perception of risk on the part of potential tourists.<sup>43</sup> The tourist industry in Thailand has suffered declines as a consequence of terrorist violence.<sup>44</sup> In Sri Lanka, the Tamil Tigers launched an attack against the military aircraft based at the Colombo airport. They not only destroyed the military planes but also half of the commercial aircraft of the Sri Lankan national airline.<sup>45</sup> The economic intent of the attack was obvious since it was only commercial aircraft of the national airline that was destroyed. The attack on the airliners was obviously a form of economic warfare intended to damage the enemy state, but it also could have in part been an effort to discourage tourists from visiting the country and providing revenue that would support the government's efforts to eliminate the dissidents.

One of the most deadly attacks on tourism in the region occurred on the island of Bali in 2002 where more than 200 died as a consequence of a series of bomb blasts. The choice of targets reflected the Islamic dissident group's concerns about Western cultural penetration, the presence of tourists who flaunted Islamic morals, and disagreements with the nature of the Indonesian political system. Bali was a symbol of globalization and Westernization and the associated cultural changes that the group opposed.<sup>46</sup> The choice of Bali as a target is somewhat ironic in that tourism in Bali grew as rapidly as it did as a consequence of earlier globalization processes.<sup>47</sup> This deadly attack led to a major decline in tourism in Indonesia.<sup>48</sup> The impact of the attack was enhanced since it came so soon after the 9/11 attacks, and it spread the fear of tourists being attacked in all parts of the world. The loss of the tourism revenues was especially critical since Indonesian tourism was the only sector of the economy that had been growing in the aftermath of the Asian financial crisis of 1997.<sup>49</sup> It took 18 months for the tourist levels to recover to levels that were present prior to the attack.<sup>50</sup> The repercussions of the attack spread throughout the economy to other sectors. The Jakarta stock exchange lost 10 % of its value after the attack, and the overall economic costs of the disruptions amounted to a loss of 1 % of the Indonesia's GNP.<sup>51</sup> The second Bali attack in 2005 was not as deadly as the first, but it led to another decline in tourist visits just as the sector had been recovering.<sup>52</sup> These attacks were designed not only to attack the government and Western targets but to weaken the economy of the new democratic system. If the economy became weaker

from a decline in tourism so soon after the economic downturn following the 1997 recession, the dissident Islamic groups would have had opportunities to gain additional recruits from those who were suffering from the economic malaise.<sup>53</sup> The dissident organizations hoped that these new recruits would help the movement in creating a more Islamic government in Indonesia.

## RESULTS: GLOBALIZATION AND TERRORISM

The number of countries in this region was about twice as many as those in the Middle East and North Africa; therefore, there was less difficulty of there being a lack of associations because of the small number of observations. For this region, however, there were only a few of the expected linkages between globalization and later terrorist activities in the 1970s. The levels of economic and social globalization had virtually no relationship with later terrorist incidents, fatalities, or injuries. There were only three significant associations for the social globalization index—all of which were opposite to the predicted direction (see Table 5.1). In the case of economic globalization values, there were four significant associations which also had the opposite sign instead of the anticipated one. The political index, however, provided some evidence that higher levels of political interactions with the outside world were related to higher levels of terrorism. There were 21 significant associations (out of 120) in the predicted direction (and none in the opposite direction). It would appear that there were domestic groups that were opposed to the presence of foreign governmental influences in their countries and willing to use violence to express their discontent.

In the 1980s, higher levels of economic globalization continued to have no association with increased terrorism in later years. In fact there were nine instances where it was the countries with lower levels of economic integration that suffered from higher levels of terrorism. While there are only a small number of these linkages contrary to what was expected, it does suggest that greater economic integration into the global economy did not have the negative effects that have often been hypothesized. Unlike the 1970s, in the case of social globalization there were 20 cases where more terrorism did occur as social integration increased. It was not only most obvious in the case of incidents but was also present for fatalities and injuries. Greater political integration continued to be associated with more terrorism in the following years. There were 21 instances in which signifi-

**Table 5.1** Globalization and terrorism in Asia and Oceania

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>1970s</i>								
<i>Incidents</i>								
Economic	0 (1)	0	0	0 (1)	0 (1)	0	0	0 (1)
Social	0	0 (1)	0	0	0	0 (1)	0	0 (1)
Political	3	1	0	0	1	0	1	0
<i>Fatalities</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	0	4	0	4	0	1	0
<i>Injuries</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	0	2	0	2	0	0	0
<i>1980s</i>								
<i>Incidents</i>								
Economic	0 (1)	0	0 (1)	0	0 (1)	0	0	0
Social	3	0	3	0	3	0	3	0
Political	2	0	2	0	3	0	1	0
<i>Fatalities</i>								
Economic	0	0	0	0	0	0	0	0
Social	1	0	1	0	2	0	1	0
Political	0	0	1	0	1	0	1	0
<i>Injuries</i>								
Economic	0 (1)	0	0 (1)	0	0 (1)	0 (1)	0 (1)	0 (1)
Social	0	0	0	1	0	0 (1)	2	0 (2)
Political	2	1	2	0	1	1	2	0
<i>1990s</i>								
<i>Incidents</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	0	0	0	0	0	0	0	0
<i>Fatalities</i>								
Economic	0	0	0	0	0	0 (1)	0	0 (1)
Social	0 (2)	0 (2)	0 (2)	0 (4)	0 (1)	0 (2)	0 (1)	0 (1)
Political	1	0	2	0	0	0	0 (1)	1

*(continued)*

**Table 5.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	0 (3)	0 (1)	0	0 (1)	0 (1)	0 (1)	0	0 (1)
Social	0 (2)	0 (2)	0 (1)	0 (2)	0 (1)	0 (3)	0 (2)	0 (1)
Political	0 (1)	0	2 (1)	0	2	0	1	1
2000s								
<i>Incidents</i>								
Economic	0 (1)	0	0 (1)	0	0 (1)	0	0	0
Social	0 (1)	0	0 (1)	0	0 (1)	0	0	0
Political	0	3	0	3	0	3	0	0
<i>Fatalities</i>								
Economic	0 (1)	0	0 (1)	0	0	0	0	0
Social	0	0	0	0	0	0	0	0
Political	1	1	1	1	1	2	1	2
<i>Injuries</i>								
Economic	0 (2)	0	0 (1)	0	0	0	0	0
Social	0	1	0	0	0	0	0	0
Political	1	2	1	1	1	3	3	1

Figures in parenthesis represent significant associations opposite of the predicted sign

cant linkages indicated that greater political involvement preceded more terrorism as indicated by all three measures. It would appear that there was still violent opposition to foreign political ties by domestic dissident groups.

In the 1990s, the linkages between globalization and terrorism were weaker. The measure for the number of incidents provided no evidence of associations whatsoever. In the case of fatalities and injuries, social globalization was linked with fewer (rather than more) casualties in 29 instances and economic globalization in ten cases. The connection between political globalization and more terrorism remained present in this decade albeit at a lower level than earlier. There were ten significant associations in the predicted direction as was the case for the first two decades of the analyses. In this decade, there were three associations in the opposite direction. The total lack of any linkages in the cases of the per capita number of incidents is the first time that there has been some evidence that the per capita number of terrorist events was less relevant than the per capita casualty level

at least for this region in this decade. Of course, the political and social indices were usually linked with casualty levels in the opposite direction rather than the predicted one.

In the last decade, the patterns were similar to the earlier decades rather than the 1990s. The few significant associations for the economic and social globalization indices indicated that the least integrated countries faced more terrorism in the following years contrary to expectations. Thus, there was no evidence that greater levels of economic or social integration led to disruptions that fueled terrorist outbreaks, at least not in the immediately following years. The linkages between political involvement and terrorism remained and were stronger in this decade with 32 significant correlations, which was the most of any of the four decades. Interestingly enough, in this decade, incidents were as important as casualties in the relationships that existed, unlike the decade of the 1990s.

The most consistent finding for the Asian and Oceanic region was that the countries more politically involved with the global system were more likely to have more per capita incidents of terrorism and more per capita casualties. The results for economic and social globalization were weaker and in the opposite direction from that which was predicted. Obviously, social globalization levels did not have the same effects in Asia and Oceania as they had in the Middle East and North Africa in terms of introducing disruptions into local societies. The higher levels of social globalization present in the Middle East might suggest that either a threshold effect was present or perhaps that, probably, more rapid socialization that occurred in the Middle East was destabilizing whereas a slower rate in Asia was possibly less so. As was the case with Latin America and the Middle East there were no consistent indications that any one measure of terrorism was more important than the others.

## RESULTS: TERRORISM AND ECONOMIC EFFECTS

The results for the effects of terrorism on changes in foreign investment were very weak. In the 1970s, higher levels of terrorism were linked with increases in the foreign investment stock in 16 cases (see Table 5.2). These results were contrary to the expected negative relationship, which was only present in three cases. Although the time lags of one, two, or three years had similar results, there was some indication that greater casualty levels, counterintuitively, were associated with increased investment flows while the proportional number of events was not. These findings could

**Table 5.2** Terrorism and changes in foreign direct investment levels in Asia and Oceania

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	0 (1)	2	0 (2)	1	0 (2)
<i>t</i> + 2 change	0	0	0	0 (2)	0	0 (3)
<i>t</i> + 3 change	0	0	0	0 (3)	0	0 (3)
1980s						
<i>t</i> + 1 change	1	0	0	0	0	0
<i>t</i> + 2 change	0	0	0	0	0	0
<i>t</i> + 3 change	0	0	0	0	0	0
1990s						
<i>t</i> + 1 change	0	0	0	0	1	0
<i>t</i> + 2 change	0	0	0	0	0	0
<i>t</i> + 3 change	0	0	0	0	0	0
2000s						
<i>t</i> + 1 change	0	0	0	0	0	0
<i>t</i> + 2 change	0	1 (1)	0	0	0	0
<i>t</i> + 3 change	1	0	0	0	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

suggest as was noted in previous chapters that important resources or economic opportunities attracted the attention of both foreign investors and terrorists. Another possible explanation that would be relevant is that domestic investment was more likely in the 1970s in Asia but that the violence could have dissuaded local investors from participating in opportunities, thus opening the door for foreign investors to acquire a greater role in national economies. The results with associations opposite of the predicted direction for Asia in the 1970s were similar to the results for Latin America in the 1970s and the Middle East and North Africa in the 1990s.

In the next three decades there was virtually no connection between prior levels of terrorism and changes in the level of foreign investment. There were only a total of five significant associations—four in the expected direction and one in the opposite direction. This number over 30 years could easily be random, and they provide far too few indications that there was any real linkage present. The results of these analyses were weaker than those for Latin America and the Middle East and Africa, thus

setting Asia and Oceania apart from the other regions in the years after the 1970s. Obviously, no individual time lag measure worked better than any of the others in terms of predictive ability.

The linkages between foreign visits and terrorism were also relatively weak with the partial exception of the 1980s. In the 1970s, there were four associations in the predicted direction but three in the opposite direction (see Table 5.3). In the 1980s, however, there were some indications that terrorism had the expected negative effects with 18 significant associations in that decade in the predicted direction. At least in this time period it would appear that the greater occurrence of terrorism apparently depressed tourist visits. In the following decades the patterns were quite mixed. In the 1990s, there were four significant associations as anticipated but eight in the opposite direction. The patterns were similar for the first decade of the twenty-first century—four in the predicted direction but twenty-one in the opposite direction. It appears that in this region in the last 20 years foreign visitors were not deterred by terrorists. Tourist decisions about where to visit and when were obviously responding to different stimuli.

**Table 5.3** Terrorism and changes in tourism visits in Asia and Oceania

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0 (1)	0	0	0	0	0
<i>t</i> + 2 change	0	1 (1)	0	0	0	0
<i>t</i> + 3 change	0 (1)	1	1	0	1	0
1980s						
<i>t</i> + 1 change	1 (1)	2	0	3	0	2
<i>t</i> + 2 change	0	2	1	1	0	0
<i>t</i> + 3 change	1	1	0	1	2	1
1990s						
<i>t</i> + 1 change	0 (1)	1	0 (1)	0	0	0
<i>t</i> + 2 change	1 (1)	0	2	0 (1)	1 (1)	0
<i>t</i> + 3 change	0 (1)	0	0	0 (1)	1 (1)	0
2000s						
<i>t</i> + 1 change	1	0 (1)	1 (2)	0 (1)	0 (1)	1 (1)
<i>t</i> + 2 change	0	0 (2)	0 (2)	0 (2)	1	0 (3)
<i>t</i> + 3 change	0	0 (2)	0 (1)	0 (1)	0 (1)	0 (1)

Figures in parenthesis represent significant associations opposite of the predicted sign

The results for the Asian and Oceanic region suggest for the most part that tourism was not negatively affected in any direct fashion on the national level. The results were similar for one-year, two-year, or three-year time lags and for all three of the measures of terrorist activity. It is possible that the violence may have been at too low a level in many states and territories while in countries such as India, the Philippines, and Indonesia terrorist violence had become all too normal depressing tourist visits on a more routine basis. The definition of tourist or visitors could be such that the measures would not capture changes that could be due to political violence. There could, in addition, have been an overflow effect where terrorism in Indonesia, for example, would have a negative effect not only on Indonesia but also on neighboring countries such as Malaysia, Brunei, and Singapore. If terrorism had depressive economic effects in the Philippines, there might be fewer visits to other countries in the region whose economies were linked with that of the Philippines. Finally, it is possible that troubles in a particular country might have led to increased visits by individuals from countries that were supplying support to the governments facing the terrorist violence.

#### SUMMARY

The results for this region of the world only provided a few indications that globalization had a link to outbreaks of terrorism, however measured. There were some indications that it was political globalization that had triggering effects on occurrences of terrorist activity. It would appear that dissident groups were reacting negatively to the foreign ties that their governments had developed. Such foreign links, which could have reflected formal alliances between countries and the USA or other nations, might have provided the governments with additional resources to deal directly with the terrorists with enhanced counterterrorist programs or larger security forces or to provide assistance for programs that would undermine the appeal of dissident organizations. The significant associations were larger in total in the 1980s than was the case in the 1970s or 2000s (and very weak in the 1990s), so the linkages would have been independent of the global jihad activities that appeared after the attacks of 9/11 and the fall of the Taliban regime in Afghanistan. Any effects from the more networked activities of the global jihad, such as the Bali attack in Indonesia, would have come later. While such actions would have led to pro-Western governments being targeted in the years after 2001, they would not explain



the stronger connections in the 1980s. The results for this region were quite different from the results for the Middle East and North Africa where the social globalization index was clearly linked with terrorist violence. It is possible that the links were not as strong since this region was much more diverse than the Middle East and North Africa. South Asia, Southeast Asia, and East Asia as a group are less homogenous. They also all differ from the countries in the Pacific region. The region also included most populous countries such as China and India, and countries such as India, Japan, and China that are important economic or military actors on the regional or world scene that would have influenced the levels of international involvement in at least some areas of activity.

The results for tourism were similar to the ones for foreign investment in that there was little evidence by any measure or with any time lag that changes in the number of foreign visitors were little affected by levels of terrorist activity on a regional level even though it is quite possible that individual countries suffered declines in visits as a consequence of this type of political violence. Changes in the number of foreign visitors would have increased in countries such as China, Laos, and Vietnam as a consequence of greater openness to the outside world than in the past, and these trends would have continued independent of any low level of political violence for the most part. Two of the most isolated states in the region (and the world) have been North Korea and Myanmar. North Korea has virtually no reported terrorist actions but little potential for increased tourism under the current regime. Myanmar has faced a wide variety of dissident groups as well as communal tensions but only recently, as a matter of government policy has the country become more open to tourism and outside visits. Thus, there clearly have been other factors that would have come into play in terms of influencing changes in the level of foreign visits.

In terms of the economic impacts, the results—or the lack of results—were similar for this region to the results for Latin America and the Middle East and North Africa. The results indicated that investors were not dissuaded by terrorist activities in this region any more than they were in the other regions. In fact, there was the distinct possibility that the presence of significant investment opportunities attracted both foreign investors and terrorist organizations who found these to be ideal targets for attacks against the external influences they disliked. In addition, in this period the opening of China and India to great foreign investment occurred after periods in which the levels of external investments were constrained by self-imposed policies limiting foreign economic activities. Diplomatic

disputes between China and the West also limited opportunities for foreign investors. The smaller former centrally planned economies were also beginning to open up to outside economic forces as a natural consequence of the collapse of communism in the Soviet Union and Eastern Europe. Changes in the policies of China and the other former centrally planned economies could also have affected tourist flows since there were now increased opportunities for foreign visitors to many of these countries (other than North Korea).

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## Sub-Saharan Africa

Sub-Saharan Africa contains many of the poorest countries in the world. In the earlier decades there were relatively few reported acts of terrorism, but there has been more attention to such violent actions in more recent years. The attacks on the US embassies in Nairobi, Kenya, and Dar-es-Salaam in Tanzania in 1998 were some of the most deadly attacks in that decade. Al Qaeda, which was behind these attacks, has been active in other countries in the region. The organization has attracted followers in the region. AQIM has served as one of the major affiliated group that has developed links with the parent organization. AQIM has trained terrorists from North Africa and West Africa in camps in northern Mali.<sup>1</sup> This area of Mali has been involved in the revolt against the central government and has been under the control of a coalition of forces that includes AQIM, the Movement for Unity and Jihad in West Africa, some private militias, and other dissident groups with connections to Niger and Mauritania.<sup>2</sup> The intervention of military forces from France supported by the armed forces of neighboring African countries was necessary to prevent a victory by the coalition. In 2010, the leader of AQIM announced that it would provide training, weapons, and support to the Islamic group Boko Haram in Nigeria.<sup>3</sup>

Boko Haram (Western Civilization Is Forbidden) has become extremely active in Nigeria and neighboring countries, and it represents a clear threat to the stability of the Nigerian government. The group is based in the northern part of the country where the population is overwhelmingly

Muslim. It has been attempting to establish an Islamic state in the north and ultimately in all of Nigeria. Although rooted in Islam, Boko Haram has developed an appeal to the poor and those with limited economic opportunities in the northern part of the country.<sup>4</sup> The group has attacked government officials, members of the security forces, Christians, and anyone, even Muslims, who are seen as collaborating with the government.<sup>5</sup> Boko Haram and some of its predecessors have had confrontations with other Muslims who are not seen as pure enough in how they follow their faith.<sup>6</sup> This dissident organization has received major international attention for murdering Christians in schools in the north and kidnapping girls and young women to be forcibly married to members of the sect. The government has launched major campaigns against the group. One early leader of the group was taken into custody and then killed by security forces with many of his followers. This attack, however, failed to destroy the group. Other attacks by the armed forces and security forces have killed members of the group and also many innocent civilians, which has alienated other citizens and limited their support for the government.<sup>7</sup> Boko Haram, perhaps unwittingly, has implemented a provocation strategy in Nigeria. The strategy appears to be more of a conscious choice with some of its attacks in neighboring countries. These attacks in bordering countries may have been counterproductive since they have entered the battle against Boko Haram with some successes.<sup>8</sup> In addition, the group has taken advantage of existing communal tensions between Christian groups and Muslim groups in central Nigeria. Areas around the city of Jos in the central part of the country have been the scene of battles between indigenous communities (largely Christian) and recent arrivals from the north (largely Muslim) over control of land and other resources.<sup>9</sup> The conflict initially was essentially not a religious one since some local Muslim communities sided with the indigenous Christian populations in these battles in what was a struggle between local groups and the outsiders. The violence steadily increased and led to more than 10,000 fatalities.<sup>10</sup> The conflicts in this area have had an additional effect in that Boko Haram was able to take advantage of this rivalry on behalf of the Muslim migrant population that had been forced out, and it began to attack Christian targets in Jos as part of its larger campaign against the government of Nigeria.<sup>11</sup> In retaliation, Christian vigilante groups have attacked Muslim populations in Jos and other cities, exacerbating the conflict.<sup>12</sup> The communal conflict spread to other locations when violence in the area of Jos led to attacks against Christians in the north and the formation of ethnic



and religious militias to protect group members.<sup>13</sup> These kinds of attacks and responses have strengthened the appeal of Boko Haram and made recruiting adherents easier.

As has occurred elsewhere in the world, terrorist groups in sub-Saharan Africa have developed links with criminal organizations, connections that have added an additional factor that has contributed to terrorism in this region.<sup>14</sup> In the case of the Horn of Africa, criminal groups have combined with religious terrorist organizations. This part of Africa has become a center for terrorist attacks, especially in Somalia which has lacked any effective national government for many years. Al Shabaab has become a major terrorist group operating from areas of Somalia that are under its control. It has launched devastating attacks inside and outside of Somalia. Kenya has seen major attacks by members of the organization, as has Uganda, where the assaults have included suicide bombings.<sup>15</sup> These countries have been targeted for their support of pacification efforts in Somalia, designed to create a national government that would lead to the weakening of Al Shabaab. The attacks in Kenya have been especially deadly, and have included attacks against universities (especially Christian students) and shopping facilities. The lack of government in Somalia has also provided opportunities for involvement of terrorist groups with criminal organizations. Parts of Somalia have become a haven for pirate groups who have seized passing ships in international waterways which then held the ships, crews, and cargos for ransom. Al Shabaab then became involved with some of this piracy in those areas under its control. It has been able to coordinate the activities of the pirates and levy taxes on their operations.<sup>16</sup> Further, there is some evidence that at least some of the Somali pirates have already been politicized, and the revenues from the piracy have been used to finance jihadist groups such as Al Shabaab.<sup>17</sup> There is an increasing danger that these pirate activities could become even more politicized with the passage of time.<sup>18</sup> Naval patrols by European countries and regional states have been somewhat effective in preventing some of these attacks, but the danger has persisted.

Uganda has been the country of origin for other religious groups that have attacked the government and its citizens. In the 1990s, the Allied Democratic Forces led by a member of an Islamic sect attacked local citizens as part of its campaign against the government. There were as many as 10,000 fatalities as a consequence of the group's guerrilla and terrorist attacks. Its violent activities extended to the capital of Kampala before it was finally defeated by a major government counteroffensive.<sup>19</sup>

The Lord's Resistance Army (LRA) was another violent dissident group that began in Uganda and that has operated there and in surrounding countries. This organization was based in an unorthodox Christian sect or cult that challenged the government of Uganda and gained control of some rural areas. It quickly became known for its extremely brutal attacks on civilians as part of a policy of intimidation. Individuals in the countryside became unwilling to provide intelligence information to or work with the government for fear of retaliation by the LRA.<sup>20</sup> The group very consciously used its brutal tactics in a strategic fashion to instill fear in local populations.<sup>21</sup> There was an ethnic element to the membership in the LRA as it drew heavily upon tribal groups that had previously supported a former regime that had been in power and consequently feared reprisals from the new government.<sup>22</sup> The LRA was eventually forced out of Uganda but it has continued its operations in neighboring countries including the Democratic Republic of the Congo and the Central African Republic, both of which have faced internal turmoil which has provided opportunities for groups like the LRA that had the ability to take advantage of a weak state.

Other types of dissident organizations have been active in the region. While many of the more recent groups have had a religious connection (to Islam for the most part), the early decades saw terrorist violence that was often rooted in ethnic differences, and ethnic terrorism was widespread.<sup>23</sup> In fact, many of the ethnic differences also reflected socio-economic disparities between groups with different religious traditions. It has been suggested that the economic differences were reinforced by religious differences, and it was the differences in economic positions rather than religious animosity that has been an underlying cause of the violence.<sup>24</sup> This argument seems to be too strong, however, since clearly some groups, especially those linked with Al Qaeda, have drawn upon religion as the key mobilizing element. In some cases, however, the violence that has occurred has not had a religious element since competing groups shared the same religion, as has been the case in Rwanda and Burundi. The genocidal violence in Rwanda that was preceded by communal terrorism by Hutus against Tutsi has been the most obvious example of such conflict, but there has been many other ethnically based organizations that have resorted to terrorism. Neighboring Burundi has been the scene of ethnic-based attacks. In this case much of the violence was perpetrated by the Tutsi minority against members of the Hutu majority.<sup>25</sup>

The oil-producing areas of southeastern Nigeria have also witnessed terrorist violence by dissident groups that have combined ethnic grievances with a pro-environmental agenda which is essentially leftist in its ideology. The aggrieved groups developed an ideological perspective that was a consequence of the exploitation of the average local citizen for the benefit of the well to do.<sup>26</sup> The exploitation of the oil resources in the region has been quite important for the national treasury. The royalties, taxes, and other revenues from the oil industry have gone to the central government for redistribution to the state governments in the rest of the country. As a consequence, most of the revenues were diverted to other parts of the country with very little of the revenues being returned to the producing regions.<sup>27</sup> In 1960, half the revenues remained in the producing areas but the revenue gradually fell until it was only 1.5 % in 1984.<sup>28</sup> The local populations have suffered economic dislocations because of the oil industry as local agricultural and aquaculture industries have been disrupted or destroyed.<sup>29</sup> The local ethnic groups mobilized to protest the environmental degradation and the lack of benefits from the oil industry. They formed the Movement for the Emancipation of the Niger Delta (MEND) and similar organizations that sought a change in government policies. MEND and some of the other groups eventually adopted violent activities. They relied on property attacks, kidnappings of foreign workers, and other disruptions of the oil industry. The groups also siphoned off oil from pipelines in the region and sold it to criminals who re-sold it on the world market.<sup>30</sup> These organizations did achieve some successes, including a government policy to return more of the revenues to the producing areas and increased compensation from the multinational oil companies to ameliorate some of the environmental and economic consequences of the petroleum exploitation.<sup>31</sup>

There have been other violent terrorist groups that have appeared in the region. One of the more interesting combinations of religion and conservative ideology appeared in South Africa, initially in the Cape Town area, in the form of an organization known as the People against Gangs and Drugs. The group represented Islamic elements in the Colored (mixed race) population of the country. It was opposed to Western influence and US foreign policies, and in addition it used vigilante tactics against criminal groups in the country, especially those involved in supplying drugs to the local inhabitants.<sup>32</sup> The attacks against the drug dealers reflected the religious values and conservative societal orientation of the group. With the passage of time, the group also

attacked institutions that represented cultural behaviors, such as drinking, that the group opposed.<sup>33</sup> The organization initially had widespread support among the populations that it was seeking to protect from the drug dealers.<sup>34</sup> The additional attacks against broader society, however, cost the group support and eventually led to a government crackdown that led to the leaders of the organization being arrested, tried, convicted, and imprisoned for their actions.

It is possible that much of the earlier terrorist violence in sub-Saharan Africa has been missed. In the first databases there was a surprising lack of terrorist incidents recorded for sub-Saharan Africa compared to other regions of the world, especially in the early decades (1970s and 1980s). The absence of terrorist violence was unexpected given the high level of conflict and the continuing nature of much of the actions in places such as Sierra Leone, Liberia, Chad, and the Democratic Republic of the Congo (Zaire). These struggles were primarily civil wars or internal power struggles, but it is hard to imagine there was no terrorism involved in these sometimes lengthy struggles even if none or very little of this type of violence was reported in the media. At the very least they provided opportunities for Al Qaeda to acquire diamonds and other resources from groups engaged in these civil wars.<sup>35</sup> The early databases, however, did include information on international terrorist incidents which were more visible to the outside world. Some of the lack of attention to domestic terrorist violence could have reflected a certain amount of ethnocentrism in the Western media but there were other potential causes as well.

The data no doubt are less complete for this region in part because the media have considerably fewer resources in the region, limiting some of the potential coverage. International media in the past were less focused on low-level terrorism, especially African domestic conflicts, in a part of the world that was of less interest to their readers or viewers. Journalists in Africa, whether domestic or international, have also been limited in their activities by unsafe conditions and lack of access to areas in the countryside where villagers may be terrorized by groups operating in these areas. Events surrounding the genocide in Rwanda, Al Shabaab in Somalia, and Boko Haram in Nigeria, however, have redressed this lack of publicity. Islamic groups have gained more attention as a consequence of the global jihadist movement worldwide in the aftermath of 9/11 since activities by such groups have been of greater interest. There is more information available for the Islamic groups and other organizations like the LRA that operated in Uganda and neighboring countries. Governments have

provided some of the relevant information about activities of these groups, at least when it serves their purposes.

Other factors could have limited media coverage. It is possible that the governments in question might actively inhibit the spread of news, unlike in the more developed countries where media exposure for terrorist actions is easier for groups to receive publicity since it is more difficult for the authorities to hide the presence of terrorist incidents.<sup>36</sup> Governments could seek to prevent knowledge of attacks from spreading since terrorism is at its heart psychological warfare and publicity is essential for most terrorist groups. If a government could prevent knowledge of attacks, there would be less opportunity for attracting new recruits, foreign support, or financing, and a lesser chance of inspiring lone wolf attacks by individuals or small groups that identify with the terrorist organization. Another factor, as noted earlier, the GTD frequently does not report incidents that reflect communal violence between ethnic and religious groups but which has not involved attacks against government structures and which are not seen as attacks against the general population or government supporters. In the years prior to genocide in Rwanda, there was a significant amount of communal violence. Since Boko Haram began targeting the government of Nigeria, its attacks in Jos are now recorded as acts of terrorism where before the violence was not recorded since the targets were communal.

Another reason why terrorism may be less likely to occur in sub-Saharan Africa in at least some periods is the fact that dissident groups have other alternatives to bringing about political change. Armed rebellions and outright civil wars are mechanisms that can change political leaders, government structures, or even the boundaries of states after successful secession campaigns, as was the case in South Sudan. Military coups have been another frequent source of change in the form of governments or governing elites. For those unable to generate sufficient support for a coup or for a large-scale rebellion, guerrilla warfare has been available as an alternative for challenging the government.<sup>37</sup> The availability of these options would be a possible explanation for fewer incidents of terrorism and would combine with the weaker media presence that would miss some of the incidents that did occur which would provide an explanation for the limited number of incidents reported for the region. The possible incomplete nature of the data for some periods suggests that a regional analysis might be especially relevant for sub-Saharan Africa.

## GLOBALIZATION AND TERRORISM IN SUB-SAHARAN AFRICA

Not surprisingly, globalization levels in sub-Saharan Africa have been lower than in other regions throughout all the years (see Appendix B). The values on the index for social globalization for sub-Saharan Africa are significantly lower than for other regions and through the first three decades were quite static although the average did increase in the twenty-first century. Levels of economic globalization, also initially low, did increase more quickly, and the region was still less integrated into the global economy than the other regions of the developing world. The overall levels of political globalization were also lower, but they increased more rapidly and by the twenty-first century were similar to the levels for Latin America and Asia but lower than those for the Middle East. As was the case with the other regions the country data for the economic globalization index had the least complete coverage among nations in the region for the three indices.

There have been indications that globalization has affected the probability of violence in Africa including terrorist outbreaks. There has been evidence that economic marginalization has driven insurgencies in Nigeria.<sup>38</sup> In northern Nigeria, one consequence of the changes that came with integration into the global economy have been situations in which individuals, who formerly held an honored place in local societies, suffered a great reduction in status.<sup>39</sup> The change in social status and economic position of these individuals made them available as potential recruits for terrorist organizations like Boko Haram. Globalization led to increased agitation in the oil-producing regions since the entrance of foreign multinationals worsened the economic position of the local inhabitants.<sup>40</sup> The activities of the multinational oil companies and exploitation obviously fueled violence in the Niger Delta. Globalization has also apparently intensified local conflicts in other countries.<sup>41</sup> Many governments in African countries have weak capacities that have facilitated terrorist organizations and their operations, and globalization has exacerbated the problems of state weaknesses.<sup>42</sup> Given the negative consequences that globalization has had for some individuals and the fact that the processes involved have been associated with the West, it is not surprising that anti-globalization sentiment in Africa has consequently led to antagonisms representing opposition to domination by the West.<sup>43</sup>

Globalization has led to other potential negative effects for African nations. Globalization has increased the threat of transnational terrorism

in Africa as the region has become more integrated into the global system.<sup>44</sup> Another aspect of globalization that has affected sub-Saharan Africa has been the fact that groups have been able to emulate tactical techniques and strategies of organizations elsewhere in the world.<sup>45</sup> Even the benefits that come with globalization may not decrease the possibilities of terrorist attacks. Increased economic benefits in Africa may lead to more terrorism as dissident organizations now have access to more funding for their attacks. The groups are also better able to recruit from a larger pool of individuals who have access to more education opportunities. Such educated individuals have generally proven to be more effective terrorists.<sup>46</sup>

Another side effect of globalization has been that terrorist organizations have chosen African states as the location for attacks against external countries because of the weaker security that is often present. US and European targets in Africa are more vulnerable in the region than they would be in most other parts of the world.<sup>47</sup> These types of effects were perhaps best demonstrated by the Al Qaeda attacks against the US embassies in Nairobi, Kenya, and Dar-es-Salaam, Tanzania. Al Qaeda was not targeting either of the African countries but the USA. The location of the attacks was simply a matter of tactical convenience. Local security and intelligence services were weaker, and the operatives launching the attack were able to blend into the local population much easier than in many other countries, including a number of other sub-Saharan African nations.

### TERRORISM AND ECONOMIC EFFECTS

Terrorism appears to have had economic effects in the region. There have been increased threats to African economies as a consequence of the interconnectedness in the world that has come with globalization.<sup>48</sup> In addition, African economies have suffered from terrorist attacks and have been less resilient to the negative effect on economic activity when compared to other regions.<sup>49</sup> Incidents of international terrorism have been associated with lower rates of growth in Africa. Interestingly enough, the analyses that discovered these negative effects found that domestic terrorism did not have a similar effect on growth rates.<sup>50</sup> Of course, the failure to find similar effects for domestic terrorist acts might reflect the possible presence of incomplete data on domestic incidents in sub-Saharan Africa as noted above. The activities of Boko Haram with its domestic attacks, not surprisingly, have limited economic development in Nigeria.<sup>51</sup> This finding would suggest that attacks on other types of foreign economic activity

such as investment might be effective in undermining the economic base of societies and governments. These attacks could weaken governments beyond the loss of revenue and access to foreign exchange and the accompanying public discontent. Many governments in the region lack the resources to fund both security forces to combat the terrorist organizations and the economic policies that could reduce the support that the violent dissident groups can muster.<sup>52</sup> Governments in these situations, barring significant foreign aid, are forced into making a difficult choice that can have negative consequences regardless of the option chosen. Any government facing a terrorist challenge would have to find the appropriate mix between security and social programs—if such an ideal mix exists—and such a task will be difficult at best.

There have been some indications that terrorism has had other negative effects. Tourism does not appear to have been a major target for violent dissident groups, perhaps because sub-Saharan Africa has not yet become a major site for tourist visits. The activities of AQIM discussed in the last chapter have largely been located in North Africa, but some of its activities have overflowed into other parts of sub-Saharan Africa as it has attempted to both generate revenue from kidnappings and to weaken local economies.<sup>53</sup> Foreign investment, on the other hand, has been targeted with some frequency. The oil industry in the Niger River delta region of Nigeria has been a prime example of such attacks. The petroleum sector and its infrastructure have become favorite targets for a variety of dissident groups.<sup>54</sup> At one point, the attacks led to a 25 % reduction in Nigerian oil production.<sup>55</sup> The dissidents kidnapped workers in the petroleum industry and attacked the oil infrastructure. The oil companies paid for the release of the kidnapped workers, often foreign employees, and also paid to avoid future attacks on their properties by the dissident groups.<sup>56</sup> These economic attacks are as successful as they were because they affected the overall profits of the oil companies.<sup>57</sup>

One additional area of activity that could negatively affect economic activity involves outbreaks of piracy. Much of the focus has been on attacks in the area of the Horn of Africa off the Somali coast as discussed, but similar activities have occurred off the coast of West Africa as well.<sup>58</sup> The piracy off the Somali coast has been more of an international concern because of the number of attempts, the cost of ransoming ships and crews and cargos, and the increasing number of attacks.<sup>59</sup> The success of these seizures has implications that go beyond the immediate costs. Although such piracy can raise funds for both criminal and political groups, it has also raised the costs of conducting trade in the region (and outside of it).



Increases in indirect costs could also end up limiting overall levels of trade involving countries along the threatened shipping routes.

### RESULTS: GLOBALIZATION AND TERRORISM

As noted in the earlier chapters, sub-Saharan Africa had lower levels of globalization on the three indices than other parts of the developing world. In the 1970s, there were a large number of associations where the states relatively more involved in the global economy were the scenes of more terrorism as expected. There were 72 associations (out of a possible 120) in the predicted direction where the higher levels of economic involvement were linked with more incidents of terrorism or more casualties (see Table 6.1). The connections were present for all of the years ( $t$ ,  $t + 1$ ,  $t + 2$ , and  $t + 3$ ) in generally equivalent numbers, and the results were similar for all three of the variables that measured terrorism. These results provided very strong support for the hypothesis that economic globalization created disruptions that led to violence in local populations. There were 43 instances where higher levels of social globalization were linked with higher levels of terrorism in the following years, which also supported the hypothesis that social disruptions connected with globalization could lead to more terrorism. The index for political globalization led to different results. There were 44 correlations in which high levels of political involvement with the broader world were actually linked with less terrorist violence in the following years. These results for the political index of globalization were similar to those for other regions of the developing world.

In the 1980s, the pattern for the economic globalization index and later terrorism was similar in some respects to the 1970s. In 28 (out of a possible 40) cases, higher levels of economic globalization were associated with more incidents of terrorism and in 21 of 40 cases with more injuries from the terrorist attacks. Surprisingly, there were only two significant associations in the anticipated direction that linked economic globalization with more fatalities. Obviously, the number of fatalities, unlike the number of incidents and injuries from terrorist attacks, was very random in relationship to economic globalization. The results for this decade continued to provide support at a somewhat diminished level for the idea that economic disruptions could engender more terrorism. There were thirteen cases where the social globalization values at a higher level were associated with a greater number of incidents, but there was virtually no connection between the social globalization index figures and the level of casualties from attacks (two significant associations in the predicted direction and

**Table 6.1** Globalization and terrorism in Sub-Saharan Africa

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>1970s</i>								
<i>Incidents</i>								
Economic	1	5	1	6	2	4	1	4
Social	0	4	2	2	3	0	2	0
Political	0 (1)	0 (2)	0 (2)	0 (1)	0	0 (2)	0	0 (1)
<i>Fatalities</i>								
Economic	2	5	1	5	4	2	2	3
Social	2	4	1	3	1	1	0	0
Political	0 (2)	0 (4)	0 (2)	0 (2)	0 (1)	0 (2)	1	0 (2)
<i>Injuries</i>								
Economic	2	5	2	5	0	5	0	5
Social	0	6	1	4	0	4	1	2
Political	0 (1)	0 (6)	0 (1)	0 (4)	0 (1)	0 (3)	1 (2)	0 (2)
<i>1980s</i>								
<i>Incidents</i>								
Economic	7	0	0	8	0	6	1	7
Social	2	0	3	0	6	0	2	0
Political	0 (2)	0	0 (1)	0	1 (2)	0	0	0
<i>Fatalities</i>								
Economic	1	1	0	0	0	0	0	0
Social	0 (1)	0	1 (1)	0	0	0	0 (1)	0
Political	0	0	0	0	0	0	0	0
<i>Injuries</i>								
Economic	1	3	1	3	3	3	4	3
Social	0 (1)	0	0 (1)	0	0	0	0 (1)	0
Political	0	0	0	0	0	0	0	0
<i>1990s</i>								
<i>Incidents</i>								
Economic	2 (1)	1 (2)	1 (1)	0 (3)	1	1 (3)	1 (2)	0 (1)
Social	0 (1)	0	0 (1)	0	0 (1)	0	0 (1)	0
Political	0 (2)	0	0	0	0 (1)	0	0 (1)	0
<i>Fatalities</i>								
Economic	0 (2)	1 (3)	1	0 (5)	1	0 (5)	1 (1)	0 (4)
Social	0 (2)	0	0 (2)	0	1 (2)	0	0 (3)	0
Political	0	0	0	0	0	0	0	0

*(continued)*

**Table 6.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	2 (3)	1 (2)	2 (1)	0 (4)	1 (2)	0 (3)	1 (2)	1 (2)
Social	0	0	1	0	0	0	1	0
Political	1	0	0	1	0 (1)	0	1	0
2000s								
<i>Incidents</i>								
Economic	0 (1)	0	0 (1)	0 (3)	0	0 (1)	0 (1)	0 (2)
Social	0 (2)	0 (1)	0 (1)	0 (2)	0	0 (1)	0	0 (3)
Political	0 (2)	0 (3)	0	0 (4)	0 (2)	0 (2)	0	0 (2)
<i>Fatalities</i>								
Economic	0 (2)	0 (4)	0	0 (1)	0	0 (2)	0 (1)	0
Social	0 (1)	0 (1)	0 (6)	0	0 (6)	0 (1)	0 (4)	0 (2)
Political	0 (2)	0	0	0 (2)	0	0 (1)	0 (1)	0
<i>Injuries</i>								
Economic	0	1 (2)	0	1 (3)	0 (2)	0 (2)	0 (1)	0 (3)
Social	0 (2)	1	0	0 (3)	0 (2)	0	0 (1)	0
Political	0 (1)	0 (3)	0 (1)	0 (2)	0 (1)	0 (2)	0 (2)	0

Figures in parenthesis represent significant associations opposite of the predicted sign

ten in the opposite direction). It is possible that disruptions from social globalization were leading to the creation of groups that desired to limit casualties. It is probably more likely that the distribution of casualties was relatively random. Unlike the 1970s, the political globalization index in this decade had virtually no connection with later measures of terrorist activity. Obviously, the relationships between globalization and terrorism were in the process of changing in this decade. The disruptive effects of economic involvement with the outside world were still present but at a reduced level. The effects of social globalization as measured by the index, which were present in the 1980s, had disappeared for the most part. The effects for political globalization had also changed in this decade. These results suggest that linkages between globalization and terrorism, at least in sub-Saharan Africa, could obviously be quite changeable.

In the 1990s, the results continued to shift to different patterns. The associations between the economic index and terrorism now indicated that

it was the least economically integrated countries that were more likely to suffer from more incidents and casualties. Approximately half (71) of the associations were significant—19 in the predicted direction and 52 in the opposite direction. The linkage between less economic globalization and more fatalities was the most obvious relationship present. The social and political indices had very few associations with later terrorism, unlike the 1970s but similar to the 1980s. In the last decade, the less economically integrated countries in the region continued to be the ones more likely to suffer from more terrorism, paralleling the trend from the 1990s. There were 32 significant linkages in this direction. In the case of the social globalization index, there were 39 significant associations opposite of the expected direction, which suggests that not only countries that were less integrated economically but those that were less integrated in a social sense as well suffered from more terrorism. The results for the political globalization index were similar as there were 33 significant linkages indicating that the countries less involved politically were more prone to terrorism. These results for the level of political globalization could have been a result of having less external support to deal with domestic challenges that contributed to terrorism or to deal with the terrorist groups themselves. Even though the results were opposite of the hypothesized connections—they were similar for three indices. The agreement across the indices was somewhat unusual compared to the results from earlier decades and from the other regions.

The change in relationships that occurred between the first 20 years of the analysis and the second 20 years could result from a number of factors. It is possible that there were changes in the ways in which globalization was taking place in the region even though that type of variation is difficult if not impossible to test for. Another possibility is that there was a threshold level for globalization effects in sub-Saharan Africa. In the different decades, various countries had been affected to varying degrees, but as countries approached the threshold they were more likely to be vulnerable to the effects of globalization and to suffer more from terrorist violence. Eventually, all or most of the countries in the region reached this threshold of globalization for which societies or economies would have been suffering from sufficient disruptive influences that would drive individuals or groups that have been negatively affected to rely on terrorism. Under these circumstances, it was these countries that were now lagging behind in terms of globalization that began to face the most difficulties.

Outside circumstances beyond the level of globalization could also have played a role in explaining outbreaks of terrorism. Terrorism as a phenomenon was changing from the 1970s to the 1990s and into the twenty-first century. Rapoport's second wave of terrorism was ethnic and nationalist after World War II, his third wave involved new left groups in the later 1960s, and then his fourth wave was the religious one beginning at the end of the twentieth century. The peak of the ethnic and nationalist wave was earlier than the current analyses but continued into the later years. The new left wave corresponded to the first decades of the present analysis, and the religious wave the last two decades. The critiques by the left of the failures and problems of global capitalism suggested that greater integration into the world economic system created significant problems for developing countries. This integration would have exacerbated issues of inequality in developing regions. The results from the 1970s and 1980s would have been part of this wave, which may help to explain why economic globalization was so closely linked to outbreaks of terrorism. The 1990s and 2000s, however, would have been part of the religious wave represented by Al Qaeda and the global jihad and other groups. The appearance of Boko Haram in Nigeria would fit with this wave, whereas the earlier appearance of ethnic group violence in the Niger Delta region protesting the activities of multinational oil companies that resulted in environmental damage and economic losses would have been combined elements of the two earlier waves. Given the different motivations of the groups involved in terrorism campaigns, it may not be surprising that relationships changed. In the more ideological and nationalist waves, greater economic globalization scores were linked to terrorism while in the later periods it would have been groups that were less affected initially that were facing challenges from disruption to societies or economies, including greater challenges to religious beliefs and cultural patterns.

## RESULTS: TERRORISM AND ECONOMIC EFFECTS

There were very few connections between the terrorist variables and changes in foreign investment (see Table 6.2). In the 1970s, there were only five significant associations, and similar to other regions in the developing world the associations indicated that investment went up in those countries more prone to terrorism rather than declining. The pattern was the same in the 1980s with all ten of the significant associations being opposite of the anticipated links. The patterns for the 1990s and 2000s

**Table 6.2** Terrorism and changes in foreign direct investment levels in Sub-Saharan Africa

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0 (1)	0	0	0	0	0
<i>t</i> + 2 change	0	0	0 (1)	0	0 (1)	0
<i>t</i> + 3 change	0	0	0 (1)	0	0 (1)	0
1980s						
<i>t</i> + 1 change	0	0	0 (1)	0 (1)	0 (1)	0
<i>t</i> + 2 change	0	0	0	0 (2)	0	0 (1)
<i>t</i> + 3 change	0	0	0	0 (3)	0	0 (1)
1990s						
<i>t</i> + 1 change	0	0 (1)	0	0 (2)	0	0 (1)
<i>t</i> + 2 change	0 (1)	0	0	0 (1)	0	0 (1)
<i>t</i> + 3 change	0	0	0	0 (1)	0	0
2000s						
<i>t</i> + 1 change	1 (1)	1 (2)	0	0 (1)	0 (2)	1 (1)
<i>t</i> + 2 change	0	0 (3)	0	0 (1)	0 (1)	0 (2)
<i>t</i> + 3 change	0 (1)	0 (1)	0	0 (1)	0 (1)	0 (2)

Figures in parenthesis represent significant associations opposite of the predicted sign

were similar. There were eight significant linkages in the 1990s, suggesting that violence led to more foreign investments. In the 2000s, the association in the opposite direction was stronger with 20 such associations. The results were similar for all three of the variables that measured terrorism and for all three of the following years. The results for foreign investment were similar to the ones for the other regions of the world in the earlier chapters.

There are a number of possible reasons why these linkages to foreign investment were weak that would have been unique to sub-Saharan Africa. One is that the initial levels of foreign investment in sub-Saharan Africa started out with quite low amounts. Sub-Saharan Africa has had much lower levels of foreign investment when compared to other developing regions.<sup>60</sup> Foreign investment has continued to be low because of limited domestic resources, economic and political uncertainty, poor governance and corruption, weak physical and regulator infrastructure, small markets, a reliance on primary commodities as exports, debt, and weak capital markets.<sup>61</sup> As a consequence, changes in the amounts of investment could

have been very sensitive to changes—small changes in levels that would have led to exaggerated percentage changes that would have confounded the analysis. Another possibility is that the levels of terrorism did not vary tremendously or that they did not reach a level where they would have had any significant impact. Isolated terrorist incidents are probably less likely to influence foreign investment than more concerted campaigns.

The results for foreign visits were similar to the ones for foreign investment (see Table 6.3). In the 1970s, there were 23 significant associations in the opposite direction from that which was predicted and only three in the predicted direction. The results were similar for the 1980s. There were again a total of 23 significant linkages, all of which suggest that higher levels of terrorism as measured by any of the three variables led to more foreign visitors rather than fewer. In the 1990s the pattern was a bit more mixed. There were 19 instances where, like in the earlier decades, terrorism was linked with more foreign visitors. There were, however, also 19 significant associations in the predicted direction which indicated that terrorism did lead to fewer visits in at least some circumstances. Most of

**Table 6.3** Terrorism and changes in tourism visits in Sub-Saharan Africa

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	1 (1)	0	1 (1)	1	0 (2)
<i>t</i> + 2 change	0	0 (2)	0	0 (2)	0	0 (3)
<i>t</i> + 3 change	0 (1)	0 (2)	0 (1)	0 (3)	0 (1)	0 (4)
1980s						
<i>t</i> + 1 change	0	0 (2)	0	0 (3)	0	0 (3)
<i>t</i> + 2 change	0	0 (3)	0	0 (1)	0	0 (3)
<i>t</i> + 3 change	0	0 (3)	0	0 (1)	0 (1)	0 (3)
1990s						
<i>t</i> + 1 change	0	2 (1)	0 (1)	2 (1)	0	3
<i>t</i> + 2 change	3	0 (3)	3 (1)	0 (3)	3	1 (1)
<i>t</i> + 3 change	0	0 (3)	1	1 (4)	1	2 (1)
2000s						
<i>t</i> + 1 change	0	0 (4)	0 (1)	0 (5)	0 (1)	0 (4)
<i>t</i> + 2 change	0 (2)	0 (4)	0	0 (6)	0	0 (3)
<i>t</i> + 3 change	0	0 (3)	0 (1)	0 (4)	0	0 (3)

Figures in parenthesis represent significant associations opposite of the predicted sign

these associations occurred in the years from 1991 to 1996, suggesting that at least in this period of time more terrorism did have a negative impact on tourism in subsequent years. In the 2000s, the more familiar pattern was once again present. There were 41 significant associations, all of which linked the violence with higher levels of tourism in the following three years. Just as relatively isolated incidents would not have had a great impact on foreign investment, they could have had lessened impact on foreign visits, particularly in a region such as sub-Saharan Africa where tourism is just in its beginning stages.

### SUMMARY

The results for foreign visits in sub-Saharan Africa were similar to some for other regions where the expected decline in the aftermath of terrorist violence did not occur. It is possible that outbreaks of violence led to increased contacts by African governments with outside states as a means of dealing with the violence. Such increased contacts could have resulted in more foreign visits by individuals (military personnel, aid officials, and businessmen involved with the increased contacts) from the countries supplying support. Such additional support would also explain some of the relationships between terrorism and foreign investment as increases in external contacts might have resulted as a consequence. Another factor would be that the effects of terrorism are different in Africa and have had a decreased impact because there are other mechanisms available to dissidents that can be used to bring about changes in governments, including military coups d'état, guerrilla activity, insurgencies, and civil wars. These methods of dissident challenges can be more effective than terrorist campaigns resulting in less reliance on terrorism as a means of generating change. These types of violence would also have negatively affected both investment and tourism independent of the measured terrorist violence and perhaps as an alternative to terrorism campaigns. Nevertheless, for the first two decades, the results supported the basic hypothesis that higher levels of economic globalization and to some extent social globalization led to increases in terrorism. In the second 20 years, the circumstances changed and the relationships obviously were different. There is the possibility that for this region the changes reflected shifts in patterns of globalization, shifts in the major sources of terrorism from ethnicity and ideology to religion, and/or the responses to changing levels of globalization.



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## West Europe and North America

The West European cultural area, including the USA and Canada, has experienced its share of terrorist violence in the last 40 years. Even though Canada and the USA are not geographically part of West Europe, they are too important to not include in the analyses, and the two countries belong in this area given their levels of development and cultural heritage. While many analyses of terrorism only began to focus on the USA after the attacks on 9/11, the USA has been the scene of many terrorist incidents over the years, although many of the terrorist incidents result in few or no casualties.<sup>1</sup> The entire region, moreover, is more industrialized and economically developed than the areas analyzed in the preceding chapters. Further, North America and West Europe, especially the USA, have usually been considered to be behind the globalization phenomenon that is responsible for the stresses and challenges that other countries have had to face.<sup>2</sup> It is possible for this region to be affected by the changes in other regions for which it was responsible. It would not be surprising, as a consequence, if the patterns and connections were different for the developed regions of the world.

Violent dissident groups in the region have had quite different objectives. Some of the longest-lasting terrorist campaigns in West Europe have involved ethnic differences. The Basques in Spain desired more cultural autonomy, wanted to end the perceived persecution by the government and unenlightened Spanish citizens, and to create an independent Basque state.<sup>3</sup> Ultimately, the nationalists have been responsible for a great many

attacks against the Spanish state in their efforts to gain these objectives. The IRA and other dissident nationalist groups have been involved in efforts to change the political system in Northern Ireland and to reunite the north with the Republic of Ireland. The conflict in Northern Ireland has centered on British versus Irish identifications reinforced by religious differences between the nominally Protestant British inhabitants and the Catholic Irish. There was also an economic component to the differences since the Protestant population had access to better jobs and housing than the Catholic population. The levels of violence have been significant as a consequence of the basic issues dividing the groups, but it has probably been increased as a consequence of competition among different Republican groups for support among the Catholic community.<sup>4</sup> Terrorism by Republican groups generated violent reactions from Protestant loyalist groups that undertook attacks against the Republican groups and their supporters, at least at times with the tacit support of the British army and security forces.<sup>5</sup> An aggressive military response by the British government generated a backlash in the Catholic community that led to more support for the Republican groups.<sup>6</sup> While the major dissident factions in Northern Ireland eventually gave up the violent struggle after many false starts and years of negotiations, splinter groups have continued to use terrorism.<sup>7</sup> Elsewhere, there have been ongoing efforts by nationalist groups in Corsica to separate the island from France. In North America, the Quebec Liberation Front appeared to seek to separate that province from Canada, but the threat from this group was short-lived. There have been other violent attacks by regional or ethnic groups in West Europe and North America, including some violence that has been motivated by racist attitudes.

Ideology has been the underlying cause for terrorist organizations in numerous cases. A variety of new left groups appeared in West Europe to challenge the government, including the Red Brigades in Italy, the Baader-Meinhoff Gang in West Germany, and a variety of groups in many other countries, including the Weathermen or Weather Underground in the USA. Many of these groups were inspired by similar leftist movements in Latin America that appeared earlier.<sup>8</sup> These leftist groups were naturally opposed to what they saw as the dominance of capitalist classes in their countries. They opposed capitalism but in some cases they were also reacting to terrorism by right-wing groups in their countries which they saw as a continuation of past dominance by anti-left forces and fascist movements.<sup>9</sup> These groups hoped that the terrorist violence would either

directly lead to change in governments and policies or would result in the capitalist-dominated governments openly using repression to deal with the threat which would in turn result in a popular revolt that would overthrow the political system.<sup>10</sup> The wave of leftist violence was weakening when the demise of communism and the collapse of the Soviet Union further diminished the appeal of these leftist groups. Even so, they have not entirely disappeared from the scene. Some older groups continued their activities and new groups have appeared to challenge what they see as the evil capitalist systems that remain in place.<sup>11</sup>

Another form of terrorism appeared with environmental and animal rights groups. These groups share a dislike for the evils of capitalism with other leftist organizations, and they have remained active since the environmental damages and mistreatment of animals has continued. They have sought to drive companies that damage the environment or mistreat animals out of business.<sup>12</sup> There have been fears in some quarters that animal rights militants and environmental activists will be increasingly likely to resort to violence to achieve their objectives. For the most part, these fears have not been justified. Animal rights groups, including the Animal Liberation Front (ALF) as the major group, have been especially active in Europe, but the idea of fighting against animal cruelty by unconventional means has spread to North America. British groups have maintained that economic sabotage is necessary to defeat the wealthy abusers of animals who are protected by the political system.<sup>13</sup> The Animal Rights Militia, either a subsection of the ALF or a separate organization, has been somewhat more willing to use violence against people or companies in order to prevent the abuse of animals. They see themselves as fighting for animal rights and not as terrorists.<sup>14</sup> Environmental groups are represented by the Earth Liberation Front, which was founded in England when earlier activists were unwilling to use illegal activities.<sup>15</sup> Even though the group was founded in England, environmental activists have been more active in North America where they have challenged the private sector and at times the government.

Right-wing extremism has also been well represented in this region. Neo-fascist and neo-Nazi groups have been active at times in the earlier years in efforts to undermine democratic governments in Europe or to fight against the dangers that they see as coming with leftist ideologies. By engaging in battles with the left and creating chaos in national societies, they hoped to force the government to crack down on leftist groups.<sup>16</sup> Attacks by right-wing groups resulted in some of the higher death and



injury counts.<sup>17</sup> Many of these organizations were defeated by government security forces. For example, by 1976 the authorities had largely dismantled the neo-fascists networks in Italy.<sup>18</sup> These ideological organizations should have declined with the end of communism, but they were re-invigorated by changing their focus to opposing immigrants from other areas of the world especially migrants from Africa, the Middle East, or Asia. The presence of these outsiders has represented a negative aspect of globalization for the right-wing groups and a cultural and religious threat to the dominant values they claim to support. There has also been the perception that the migrants and refugees are taking jobs from citizens and have been treated better than citizens by the government.<sup>19</sup> German right-wing groups have been particularly active over the years and have launched more than 2000 attacks directed against the government, the left, infrastructure, foreigners, and Jews. Foreigners and Jews have been more frequently targeted in recent years, and there is an increasing tendency for the attacks to be undertaken by individuals and small groups rather than by larger organizations.<sup>20</sup> Many of the individuals have been using a leaderless resistance style for attacking their victims. Much of the most vehement opposition in Europe has been the immigration or refugees or job seekers from Islamic countries which they see as an Islamic invasion.<sup>21</sup> Anders Breviek launched his attack against the government and Labour Party in Norway as a response to what he saw as the Muslim invasion of Europe and the collaboration of the left in this invasion. There has been at least one other attack that was discovered which was planned in emulation of his action.<sup>22</sup> Violent activities involved with the global jihad have strengthened the appeal of these groups in West Europe and North America. In the USA, there are a number of extremist groups which have appeared and have targeted migrants and racial and religious minorities. There is opposition in the USA to migrants from Latin America. Unlike some of the earlier right-wing groups, these more recent groups have been willing to use terrorism against the government and officials that they see as providing support for the minority groups.<sup>23</sup> Many of these right-wing groups have an anti-Semitic element as well. In the USA, they often refer to the national government as the Zionist Occupation Government, reflecting their view that the government is serving the interests of Jewish financiers. The term has been adopted by some groups in West Europe as well.<sup>24</sup>

Religion has also been an important factor in the terrorist activities in the developed countries. As noted, religious differences reinforced the eth-

nic conflicts in Northern Ireland. Religion, more in a cultural sense than a theological one, has underlain much of the antipathy by the extreme right toward the non-Christians who have migrated to Europe or appeared as refugees or asylum seekers. In the USA, there are religious elements imbedded in the ideology of many of the right-wing extremist groups with their racist views and exclusionist ideas. The terrorist violence directed against abortion facilities in North America has been largely rooted in religious opposition to the practice. Much of the activity has involved property attacks, but assaults and murders have also occurred. Anti-abortion activists used hundreds of anthrax scares to successfully disrupt activities at clinics after the anthrax letters used late in 2001. Although all the threats were false, they did induce fear in clinic personnel.<sup>25</sup> Doctors and other medical personnel have been effectively deterred from entering into the practice as a consequence of the terrorist violence.<sup>26</sup>

Islamic militants have also been responsible for terrorist activities in the region. These attacks have included foreign terrorists who have entered countries with the direct intent of launching attacks as occurred with 9/11 and other attacks in London, Madrid, Paris, and Brussels among others. Individuals linked with Al Qaeda and ISIS have been involved in this violence. There have also been organized attacks by residents and citizens of the countries in the region as well as violence in the form of lone wolf attacks by individuals inspired by the global jihad. Isolated groups and lone wolf attacks have increased in recent years as a percentage of the attacks.<sup>27</sup> In Western Europe, Muslim migrants have been attracted to extremist groups and participated in violent attacks in part as a consequence of economic marginalization and discrimination.<sup>28</sup> Many of these Muslim migrants in Europe have become radicalized in part because they often have faced a loss of social status in their new country of residence and in part because they have been influenced by the existing ideology of leftists that has emphasized the continuing Western exploitation of the developing world.<sup>29</sup> Many second-generation Muslims in Europe have engaged in a global struggle that they see as a battle of good (Islam) versus evil (the secular West).<sup>30</sup> There are some indications that over time these terrorist activists are more likely to be residents of Western Europe rather than migrants from abroad.<sup>31</sup> In the case of Europe, expatriate terrorists dominated the earlier wave of attacks by Islamic extremists while domestic individuals who joined the extremist groups were more important in the next wave.<sup>32</sup> Currently, attacks from individuals in West Europe and the USA (and Australia) who see themselves as being linked to ISIS are more

likely to be inspired by ISIS rather than being individuals sent by ISIS to launch attacks against the West.<sup>33</sup> It is very important to note that Islamic terrorism has not been extremely prevalent in the region. Between 1980 and 2005, only 6 % of the attacks in the USA involved Islamic extremists and less than 1 % of the attacks in Europe between 2007 and 2010 were linked to Islamic groups.<sup>34</sup> Of course, Islamic groups have been linked to some, although clearly not all, of the most deadly attacks. Even though religion, including groups with links to religions other than Islam, has always played a role in terrorist attacks in West Europe and North America, it obviously has become more important in recent years.

### GLOBALIZATION AND TERRORISM IN WEST EUROPE AND NORTH AMERICA

Not surprisingly, this region of the world had much higher average levels of economic, social, and political globalization on the indices than the rest of the world. The index values in 1975 were highest for the political index compared to the economic and social indices as was the case with the developing regions. The index values rose steadily through the following decades (see Appendix B). In 1995, averages for the three indices were very similar; by 2005, the countries in this region were more involved economically and socially than politically, a situation that was similar to the Latin American and Asian regions. The West European and North American countries were clearly the most globalized ones in the world, which would suggest that different patterns could exist for these countries compared to the cases and linkages for regions analyzed in the previous chapters.

Obviously the anti-immigrant violence and religious violence from different groups in the region have reflected fear and reactions to the presence of individuals from foreign cultures. The opposition in turn contributes to negative feelings among the migrant communities toward the host communities. There has also been a process of radicalization in which members of second- and third-generation Islamic communities and converts to Islam join groups engaged in attacks against Western societies.<sup>35</sup> Globalization also affected the leftist groups in Rapoport's third wave that were opposed to the capitalist system, its spread to other parts of the world, and what they perceived to be the exploitation of the developing world. Interestingly enough, the opposition to the spread of this particu-

lar form of global influence and the resulting resort to violence occurred within what was seen as the exploiting region and not in the areas where the foreign intrusions were perceived to be having the negative impacts. There have been other indications that the center of globalizing trends has suffered negative impacts. It has been suggested that this globalization has threatened smaller ethnic communities with absorption into the broader world with the concomitant loss of identity. Such concerns have been considered to be a factor in the violence by the Basque and Irish dissidents.<sup>36</sup> Globalization has had some negative effects in the USA. American farmers who have been disadvantaged by the globalization of agricultural production which has led to the potential loss of family farms have in some cases joined far-right extremist groups that engage in violence.<sup>37</sup> The protests against international organizations such as the World Trade Organization and the International Monetary Fund are an additional indication of the antipathy toward globalization by a variety of groups in the USA and West Europe. These types of protests represent anti-globalization groups adopting new tactics and an unusual form of leaderless resistance.<sup>38</sup>

### TERRORISM AND ECONOMIC EFFECTS

Terrorist groups in West Europe have undertaken economic attacks in a variety of situations. At a general level, it has been argued that a number of European countries have suffered from negative economic repercussions as a consequence of terrorist violence.<sup>39</sup> There has been some evidence, for example, that European financial markets have suffered some downturns as a consequence of terrorism.<sup>40</sup> There have been instances in which foreign investment has been targeted. In Russia in the late nineteenth and early twentieth centuries, the Social Revolutionaries, a leftist party that was seeking major changes in the government and society, was involved in such violence. While the party engaged in conventional politics, it also used terrorism as a tactic, including attacks that were intended to discourage foreign investment.<sup>41</sup> In more recent times, the IRA has attacked both foreign and domestic firms in efforts to deter investors and in an attempt to disrupt and harm the economy.<sup>42</sup> The logic for such attacks was that a weaker economy would make keeping Northern Ireland as part of the UK less desirable and more costly—an obvious attrition strategy. The group extended its attacks to England as well and made a major effort in the 1990s to attack economic targets, especially in London.<sup>43</sup> Another analysis focused on the Basque region in Spain where foreign investment

was a target of the nationalist groups. The results suggested that the terrorist attacks had reduced foreign investment by 10 %.<sup>44</sup> Attacks have raised economic costs in other situations. Anti-abortion groups in North America have been effective in raising costs for clinics resulting in many of them closing down for economic reasons.<sup>45</sup> Environmental groups and animal rights organizations in West Europe and North America have been successful by attacking the bottom line of their targets. Companies have changed their practices because of the rising costs that would be involved if they continue their past practices.<sup>46</sup> Businesses as a target are especially susceptible to these kinds of campaigns that seek to cause economic costs.

Tourism has been very specifically targeted by terrorist organizations. In the 1800s, Irish dissidents sought to damage the local tourist sector, seeking to make Ireland a less desirable site for British investors in that sector.<sup>47</sup> These efforts would probably have had the additional benefit from the perspective of the dissidents of reducing English cultural and social influences on Ireland, which were becoming more intrusive at this time. Although it is not clear that these activities had the desired effect, it is interesting that the attempt had been made more than a century ago. More recently, tourism in the modern Republic of Ireland was very negatively impacted by the 9/11 attacks since Ireland has been a major destination for American visitors. The decline reflected the unwillingness of Americans to travel in a more dangerous world, and it took three years for the tourist sector to rebound after the attacks in the USA.<sup>48</sup>

One study found that terrorism had a negative effect on developing countries, but that there were no significant damages for the developed countries between 1999 and 2003 on average.<sup>49</sup> There do appear to be individual cases where the tourism sector was negatively impacted. Tourism has declined elsewhere as a consequence of terrorist violence. In Great Britain, the attempt to attack a British airliner in 2006 by mixing together two liquids to create an explosive mix was expensive even though it was thwarted. The discovery of the plot led to the cancellation of 1280 flights by British Airways and cost 40 million pounds.<sup>50</sup> The 2016 attack in Brussels by individuals affiliated with ISIS led to the closing of the airport for almost two weeks. The airport closure cost 5 million euros a day and led to a 50 % drop in overnight stays in Brussels hotels.<sup>51</sup> In France, the Corsican National Liberation Front began targeting the tourist sector decades ago, and a variety of other dissident groups that have followed have continued these attacks. These organizations have clearly made major efforts during the attacks to limit collateral damage in the form of inju-

ries or fatalities to tourists or others.<sup>52</sup> All of these groups desired independence for the island. Even though locals worked in the tourist sector and benefited from foreign visitors or tourists from mainland France, the investors and owners of tourist properties who benefited the most from the sector were not local. Just as Corsican nationalists attempted to reduce tourist visits, Basque nationalists adopted the same tactic. The Euzkadi ta Askatasuna (ETA—Fatherland and Liberty) launched a campaign designed to drive foreign tourists away from Spain. The ETA placed explosives in tourist hotels in the major visitor areas during the off-season to discourage tourism while limiting casualties.<sup>53</sup> The ETA clearly intended to deprive the Spanish economy of vital foreign currency.<sup>54</sup> One estimate concluded that each attack deterred 14,000 tourist visits.<sup>55</sup> Analyses have indicated that the attacks were quite successful in driving away foreign visitors and reducing the available foreign currency earnings.<sup>56</sup>

### RESULTS: GLOBALIZATION AND TERRORISM

The results for West Europe and North America for the 1970s were similar to the developing regions of the world at a general level where there were mixed patterns or some indications that globalization often had contrary effects rather than the predicted disruptive effects. There were virtually no linkages between the levels of the three globalization indices and the level of fatalities in the decade, but per capita incidents and injuries provided more evidence of negative effects (see Table 7.1). In the case of incidents, there were a number (10) of significant associations in the predicted direction for economic globalization but a generally equal number of seven in the opposite direction. There were also 5 cases in the predicted direction for the social globalization index but 15 in the opposite direction. Although injuries were not linked with economic globalization (only 4 and in the opposite direction), the patterns were similar for injuries for the social globalization index—3 as predicted and 16 in the opposite direction. These results provided more indications that the least globalized states were more affected by terrorism. In the case of political globalization there were only a few significant associations, all of which were contrary to the predicted links. Political ties apparently had relatively little effect, but whatever effects were present indicated that less involvement with the outside political world was linked with higher levels of terrorism. While the significant associations were present for all the years in this decade, there were fewer links in the  $t + 3$  column but this difference was

**Table 7.1** Globalization and Terrorism in West Europe and North America

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<b>1970s</b>								
<i>Incidents</i>								
Economic	0 (2)	0	0 (2)	0	0 (3)	0	1	4
Social	1 (1)	0 (3)	1 (1)	0 (4)	0 (2)	1 (4)	2	0
Political	0	0 (1)	0	0 (1)	0	0 (1)	0	0 (1)
<i>Fatalities</i>								
Economic	0	0	0	0	0	0	0	0
Social	0	0	0 (1)	0	0 (1)	0	0 (1)	0
Political	0	0	0	0	0	0	0	0
<i>Injuries</i>								
Economic	0 (1)	0	0 (1)	0	0	0	0 (2)	0
Social	1 (1)	1 (2)	0 (3)	1 (1)	0 (2)	0 (2)	0 (5)	0
Political	0 (1)	0 (1)	0	0 (1)	0	0	0	0
<b>1980s</b>								
<i>Incidents</i>								
Economic	0 (2)	0 (2)	1 (3)	0	1 (4)	0	0 (3)	1
Social	0 (3)	0 (3)	0 (3)	0 (3)	0 (2)	0 (4)	0 (3)	0 (4)
Political	0 (1)	0 (1)	0	0 (2)	0	0 (2)	0	0 (2)
<i>Fatalities</i>								
Economic	0 (1)	0 (1)	0 (2)	0	0 (2)	0	0 (1)	0
Social	0 (2)	0 (1)	0 (1)	0 (1)	0 (2)	0	0 (2)	0
Political	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)
<i>Injuries</i>								
Economic	0 (1)	0 (1)	0 (2)	0 (1)	0 (2)	0 (1)	0 (2)	0 (1)
Social	0 (2)	0 (3)	0 (1)	0 (4)	0 (1)	0 (3)	0 (2)	0 (2)
Political	0	0	0	0	0	0	0	0
<b>1990s</b>								
<i>Incidents</i>								
Economic	0 (4)	0 (5)	0 (3)	0 (5)	0 (4)	0 (3)	0 (5)	0 (2)
Social	0 (2)	0 (7)	0 (2)	0 (7)	0 (3)	0 (5)	0 (3)	0 (5)
Political	0 (1)	0	0 (1)	0	0 (1)	0	0 (1)	0
<i>Fatalities</i>								
Economic	0 (2)	0 (2)	0 (2)	0 (1)	0 (1)	0 (2)	1	0 (1)
Social	0 (1)	0 (2)	0 (1)	0 (2)	0 (1)	0 (2)	0 (1)	0 (2)
Political	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)	0 (1)	0 (2)	0 (2)

*(continued)*

**Table 7.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	0 (1)	0 (1)	0 (1)	0 (2)	0 (2)	0 (1)	0	0 (2)
Social	0	0 (1)	0 (2)	0	0 (2)	0	0	0
Political	0 (1)	0	0	0	0	0	0	0
2000s								
<i>Incidents</i>								
Economic	0 (2)	0 (1)	0 (2)	1 (1)	0 (2)	0 (1)	0 (1)	0 (1)
Social	0 (1)	0 (1)	0	1	0	0	0	0
Political	1	0	0	0	0	0	0	0
<i>Fatalities</i>								
Economic	0	0 (1)	0 (1)	1	1	0	0	0 (1)
Social	0 (2)	0 (2)	0 (1)	0 (1)	0 (1)	0 (2)	0	0 (3)
Political	0	0 (5)	0 (2)	0 (4)	0	0 (4)	0 (1)	0 (3)
<i>Injuries</i>								
Economic	0	0	0	1	0	0	0	0
Social	0	0	0	0	0	0	0 (1)	0
Political	0	0	0	0	0	0	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

not a startling one. Overall it would appear that those countries that were less integrated economically and socially suffered the most from terrorist activities in the form of incidents and injuries in the following years.

In the 1980s, what little evidence that was present suggested that greater globalization was no longer linked to more terrorism. The indications that disruptions led to discontent had disappeared. The level of fatalities again had the fewest linkages with any of the globalization indices, but the few that were present suggested that it was lower levels of globalization that were associated with terrorism. The number of incidents for economic and social globalization was linked with more terrorism—15 significant associations for the economic index and 25 for the social index. The results were similar for injuries—11 significant associations in the opposite direction for the economic globalization index and 18 in the opposite direction for the social globalization index. These associations are far too many to be random, especially since they are overwhelmingly in the same direction. All of these links were present in the same year and in the following



three years in similar numbers. There were, however, only three significant associations (in the opposite direction) for the political globalization index which suggests that levels of political involvement with the outside world had virtually no impact on terrorism.

In the 1990s, the same patterns were generally present as had been the case in the previous two decades. Fatalities still have relatively few linkages with any of the globalization indices but more than was the case in the first two decades. All but one of the significant associations suggested that the least globalized countries had the largest per capita number of fatalities. Injuries in this decade had fewer associations (limited to the economic and social indices), although all of the linkages provided evidence that the least globalized nations had more injuries per capita in the following years. There were also very strong connections between incidents and lower levels of globalization. There were a total of 31 significant associations, suggesting that the less economic integrated countries in the region became targets for more incidents of terrorism. There were 34 associations linking lower levels of social globalization with more incidents in the following years. In this decade, the number of incidents was clearly linked with lower levels of economic and social globalization in patterns that were extremely unlikely to be random. There were no major links between the political globalization index and later terrorism. For this decade, the number of incidents had far more important links with earlier levels of globalization (even if in the opposite direction from that which was predicted) than either measure of casualties. The patterns were relatively the same for each of the same years for the indices and the three following years.

In the 2000s, patterns were reversed in some cases. There were virtually no significant associations for injuries as was true in the 1990s and very few for the number of incidents, unlike the 1990s. What few links that were present for injuries were between the economic globalization index and the terrorism variable and indicated again that it was the least integrated countries which were more likely to experience terrorist violence in the following years. Whereas the fatalities variable had previously been the least likely to have any connections to the globalization indices, in this decade it had by far the most prevalent number of associations—12 for the social globalization indices and 19 for the political globalization index. These associations all suggested that the least globalized countries were the ones most likely to suffer from terrorist violence. In the case of economic globalization, however, there were only three in the opposite direction but two in the predicted direction. The most obvious event in this time period

was the attack of 9/11 on the USA. The high casualty level from this attack may have influenced the tactics of other terrorist groups. Groups may now have been more willing to cause major casualties as evidenced by the Madrid train bombings and London transit attacks. It is possible that some of the groups which were not linked to Al Qaeda or the global jihad may have been more careful to avoid unnecessary casualties given the new context. In the case of the Madrid train bombings, the government attempted to blame the Basque nationalists for the attack, but the ETA was quick to deny that allegation in a rather convincing fashion.<sup>57</sup> It is highly unlikely that the group would then engage in attacks that would cause major casualties after so consistently avoiding mass deaths in the past.<sup>58</sup>

It is worth repeating that the overall pattern for this region of the world was that the countries with the lowest values on the indices of globalization were the most likely to experience terrorism in that year or the later years. One possibility is that the more integrated states had more resources to deal with potential terrorists. Another possibility is that the more integrated countries had already met the challenges that had come with increasing globalization and that any effects of disruptions linked to globalization had already run their course. A third possibility is that in the case of the most developed regions in the world the most integrated countries would be the most developed and therefore the most capable of dealing with any disruptions that did come with higher levels of globalization. Thus, it is not surprising that the results were contrary to the predicted results in this case. In addition, the results by decade did vary from one another and suggested that in some decades the important linkages between less globalization and the terrorism variables was reflected in incidents while in other time periods it was more likely that the linkages were with one or both the variables that measured casualties.

## RESULTS: TERRORISM AND ECONOMIC EFFECTS

The effects of terrorism on foreign investment turned out to be very limited for the developed countries of Europe and North America just as they were for the developing regions of the world. In the 1970s, there were only four significant associations (see Table 7.2). While the associations were few in number, interestingly and unusually they suggested that terrorism had indeed led to reduced investments in the following years. In the 1980s, the patterns were more mixed with three linkages suggesting that terrorism did lead to reductions in investment but six that provided

**Table 7.2** Terrorism and changes in foreign direct investment levels in West Europe and North America

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	0	0	1	0	0
<i>t</i> + 2 change	1	0	1	0	0	0
<i>t</i> + 3 change	1	0	0	0	0	0
1980s						
<i>t</i> + 1 change	0	0	0	0	1	0 (1)
<i>t</i> + 2 change	0	0	0 (1)	0	1 (2)	0
<i>t</i> + 3 change	0 (1)	0	0	0	1 (1)	0
1990s						
<i>t</i> + 1 change	0 (1)	0 (2)	0	1 (3)	0	1 (3)
<i>t</i> + 2 change	0 (1)	0	1	1 (1)	0	1 (1)
<i>t</i> + 3 change	0	0 (1)	2	0 (2)	0	0 (2)
2000s						
<i>t</i> + 1 change	0	2	1	1	0	1
<i>t</i> + 2 change	0	0	0 (1)	1	0	0
<i>t</i> + 3 change	1	0	0 (1)	1	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

evidence that more terrorism was linked with greater positive changes in the stock of foreign investment as was often the case with countries in the developing regions.

The mixed patterns continued into the 1990s. In this decade, there were 7 associations indicating that more terrorism reduced foreign investment and 15 associations indicating that more terrorism increased investment. These are too many cases to be random even though there was no consistent pattern in terms of supporting the basic hypothesis or being in the opposite direction. Both types of linkages were higher than similar links in the 1980s, a somewhat surprising finding in that both support for the hypothesis and contrary evidence increased. These somewhat unusual results would suggest that other variables were influencing investment and might even have had a link to terrorism. In the last decade of the analysis, there were eight significant associations in the predicted direction and only two in the opposite direction suggesting that in this period greater levels of terrorism were in fact linked to lower levels of investment in the following years.

Overall, the patterns observed above are quite difficult to interpret with the exception of the last decade which is likely to have reflected a generalized response to the events of 9/11. Investors may have become much more hesitant in at least some circumstances to invest in developed countries where there was increasing terrorist activity. In the other decades, it would probably be incorrect to suggest that linkages were random since there were too many (at least in the 1990s). They do appear, however, to be random in terms of the significance of associations in the anticipated direction and in the opposite direction. It would suggest that the direction of the association was conditioned by local circumstances or events in particular years or particular countries. Other economic factors or trends in globalization could also have been influencing investment levels independent of terrorism. There were no obvious temporal patterns in the results such as a consistent sequence of results from the 1970s to the 2000s. In terms of the three variables measuring terrorism, they all appeared to be equally likely to yield significant associations. The same situation held true for the each of the time lags. Each year seemed to be as frequent or as likely to have a significant association present.

In the case of tourism, the evidence was as mixed as was the situation with foreign investment levels although the number of significant associations was never very high for the level of foreign visits. In the 1970s, the limited evidence was that terrorism was associated with more foreign visits. There were only two significant links in the predicted direction, while there were twelve in the opposite direction (see Table 7.3). These twelve significant associations were evenly divided between the three terrorism variables and almost evenly divided among the lagged year variables. In the 1980s, the results were similar with 2 significant linkages in the anticipated direction and 13 in the opposite direction. The results were again spread over the years but the number of visits was more likely to be positively linked with previous terrorism when there were more incidents and more fatalities.

In the 1990s, there were some subtle changes present in the results. There were four associations as expected and six in the contrary direction. These linkages were evenly spread across the years and variables. In fact, it is possible that these links, or most of them, are random in nature given the equal numbers in both directions and their spread over the years and variables. In the 2000s, the distribution was similar. There were five associations as predicted and three in the opposite direction. Since the

**Table 7.3** Terrorism and changes in tourism visits in West Europe and North America

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	0 (1)	0	0 (1)	0	0 (2)
<i>t</i> + 2 change	0	2 (1)	0	0 (1)	0 (1)	0
<i>t</i> + 3 change	0 (1)	0 (1)	0	0 (2)	0	0 (1)
1980s						
<i>t</i> + 1 change	0	0 (2)	0	0 (1)	1 (1)	0
<i>t</i> + 2 change	0	0 (2)	0	0 (3)	0	0
<i>t</i> + 3 change	0	0 (3)	0	1 (1)	0	0
1990s						
<i>t</i> + 1 change	0	1 (1)	0	0	0	0 (1)
<i>t</i> + 2 change	1 (1)	0	1	0	0	0 (1)
<i>t</i> + 3 change	0 (1)	0	1	0	0	0 (1)
2000s						
<i>t</i> + 1 change	1	0	0 (1)	1	0	0
<i>t</i> + 2 change	0	0	0 (1)	1	0	0
<i>t</i> + 3 change	1	0	0 (1)	1	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

significant associations are again few enough in number and occurred in both directions, they are likely to be random.

Overall, the tourist visits to Europe appear to have been unaffected by terrorist events which would agree with some of the results in the developing world. In fact, any effects in the 1990s and 2000s could have been random. It is possible, as a consequence, that there were no connections in at least these two decades. Another possibility is that the data on tourist visits have been affected by the unity that came with the creation of the European Union (EU) and the European Economic Community (EEC) before it. There has been free movement among citizens and residents of the member states as well as tourists once they enter a member country. Visits by tourists or others are normally counted at the airport of entry, and some airports such as those in Paris, London, Amsterdam, and Frankfurt have much heavier incoming traffic than airports in other countries. The visitors then spread out from these destinations by air, train, car, or tourist bus. Thus the entry patterns may not vary much, but the tourists could still avoid

countries where terrorist activity was heavier after their initial entry. While these types of differences in visiting patterns would be possible for other areas of the world, they would be much greater for West Europe given the level of unity, and they would also have increased as the EU expanded. In other cases, tourists might avoid certain areas of a country where terrorism is occurring. Violence in Northern Ireland, while coded as occurring in the UK, would have had minimal effect on visits to London. In fact, London is a major tourist destination whereas Northern Ireland has never been a major destination even in the most peaceful of times. The high level of terrorist actions in Corsica, while likely to have been effective in limiting visits to the island by Frenchmen from the mainland or other Europeans, would not be likely to have had any major effect on visits to other parts of France.

### SUMMARY

The results for the developed countries in West Europe and North America were similar in general outline in many respects to the corresponding results for the developing regions of the world. It was not surprising, however, that the countries that were the least integrated into the global system were more likely to experience terrorism since the states in this region averaged very high values on the three globalization indices. There could also have been a size factor that would have been involved in explaining these results, especially for the economic globalization measure. Smaller European countries have typically been much more integrated into the global economy than the larger countries. Larger countries can produce more goods internally whereas the smaller countries in the region have needs to produce for international markets in order to achieve economies of scale.<sup>59</sup> The greater self-sufficiency of the larger countries would limit the level of economic globalization. The major terrorist campaigns by the ETA, the Irish Republicans and Protestant loyalists, and the Red Brigades in Italy occurred in the larger countries in Europe at higher rates even when controls for population were included in the analyses. The levels of economic globalization and even social globalization would also have been affected by membership in the EEC and EU which would have raised the average levels of these kinds of contacts for both smaller and larger members. There would even have been some similar effects for Canada and the USA as a consequence of the Canada–USA Free Trade Association and then NAFTA, even if not at the same levels as was true with European integration.

In the final analysis, the most developed areas of the world provided the weakest support for the idea that higher levels of globalization were linked with terrorism. In part, the lack of a connection reflects the circumstance that all the countries in the region already had high levels of globalization, even in the decade of the 1970s. In the case of foreign investment and tourist visits, the patterns were generally mixed and fairly random with the exception of foreign investment in the twenty-first century when there were indications that 9/11 might have caused investors to become more conscious of the potential negative effects of terrorist violence on profitability. This effect could have been reinforced by the attacks in Madrid and London by individuals linked to the global jihad. The more recent attacks in Paris and Brussels could potentially have a similar effect on investor confidence for at least some countries in the region.

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## Conclusions

The previous chapters have contained a great deal of analyses that built upon and added to the previous literature on the subject. The analyses were based on the two hypotheses that globalization in a variety of forms could lead to increased terrorism and that the levels of terrorism in turn would contribute to declines in economic activities for the countries suffering from increased violence from dissident groups. The previous analyses provided substantial evidence for the first hypothesis in many cases, but evidence for the second hypothesis was more limited. The results of the analyses were mixed and require both some additional analyses and some clarifications and discussion of the specific results, some possible reasons for those results, and finally what direction future research should take.

### GLOBALIZATION AND TERRORISM

The results by region were not always as predicted in terms of higher levels of globalization leading to more terrorism in the regional analyses, and sometimes the linkages were the opposite of what was anticipated. In the 1970s, there were relatively high levels of support in the Middle East and North Africa for the basic hypothesis, especially with the higher levels on the social globalization index. In sub-Saharan Africa, higher values on the economic and social indices were associated with more terrorism in the following years. There was also some general support for the hypothesis in the case of all three indices for Latin America in this decade, especially with

the per capita incidents variable. In the case of Asia and Oceania, there were low levels of support for the anticipated relationship on the political globalization index but not for the other indices. There was contrary evidence, however, for West Europe and North America in this decade with all three indices of globalization and for sub-Saharan Africa on the political globalization index. Of course, the relationship between political globalization and terrorism in this fashion could indicate that the presence of additional resources could mitigate the negative effects of globalization as already discussed.

In the 1980s, support for the basic hypothesis was still present in some cases. For the Middle East and North Africa there was still strong evidence in the case of the social globalization index, but there was no longer any support in this region with the other two indices. In sub-Saharan Africa, support for the predicted linkage continued to be present for the social and economic indices on the per capita incidents variable. The political index was no longer in the opposite direction, but it also was not as predicted. There were low levels of support in the case of Asia for some of the variables and indices. In Latin America, the strongest evidence from the globalization analyses was that the less economically integrated states rather than the more integrated ones had higher levels of terrorism in the following years, a situation that was also true for West Europe and North America for the economic and social globalization indices.

In the 1990s, there was still a minimal amount of evidence that supported the basic hypothesis in the case of the Middle East for all three of the globalization indices. There was, however, much more support in the opposite direction for this decade. In Latin America, the countries that were less integrated on all three measures were somewhat more likely to face higher levels of terrorism in the following years. The same pattern of results was present for Asia and Oceania on all three of the indices, especially when linked to injuries and fatalities. In addition, the same situation was true for sub-Saharan Africa for the economic and social globalization indices. Not surprisingly, given the results in the earlier decades, West Europe also provided evidence for the economic and social globalization indices that the countries least involved with the international community faced more terrorism to a moderate extent.

In the twenty-first century, the patterns shifted in virtually all of the regions. The analyses for Asia provided little evidence that globalization affected later levels of terrorism in any direction. In Latin America there were very low levels of support for the hypothesis, providing the only

support for the basic hypothesis in this decade. In the cases of the Middle East and sub-Saharan Africa, there were indications in this period that the least integrated countries were the ones that were now likely to be facing higher levels of terrorism, suggesting that at least in this region there might be a threshold effect present for external connections precipitating increased levels of violence from dissident organizations. In the case of West Europe and North America, there were very few significant associations but they were mixed in terms of the possible effects, which was a change from previous decades when it was the least integrated countries that were the ones most likely to face more terrorism in the following years.

Overall, the most obvious conclusion that can be drawn from these analyses is that the relationship between globalization as measured by the various indices and terrorism was variable. In some regions and some decades the hypothesis was supported. In other regions or decades there was little support or even contrary support for less globalization being linked to more terrorism. The evidence for the basic hypothesis was the strongest for the Middle East and sub-Saharan Africa, although not consistently so. It was noticeably weaker for Latin America and Asia, although again not in a totally consistent fashion. The weakest support for the hypothesized connection was present for West Europe and North America where for three decades the significant associations were in the opposite direction and mixed at very low levels for the 2000s. None of the three terrorism variables proved to be a better predictor of the expected direction or even for linkages in the contrary direction. Different variables were more important in some decades and changed in the same region or between regions. In addition, there was no indication that any particular time lag was more closely associated with more terrorism or less terrorism, suggesting that future analyses should include more than one measure of terrorism and at least consider the possibility of lagged effects.

The analyses on a regional level displayed quite different results and sometimes conflicting patterns, and there clearly were no obvious universal patterns. In order to detect the presence of any broader patterns, an additional analysis was conducted based on the scores from the globalization indices and data on incidents and casualties from terrorism for the countries in all the regions except West Europe and North America. This last region was excluded since the patterns for these countries were frequently different from the other regions but also because of the much higher levels of globalization, economic development and wealth, and modernity. There still was a great deal of variation among the remaining

countries in many different respects. There were even a few developed countries present, countries with large populations as well as very small countries and territories, oil rich and oil poor countries, and poor countries as well as those nations like Singapore that are on an economic level with countries considered to be developed. The combination of countries in Latin America, the Middle East and North Africa, Asia and Oceania, and sub-Saharan Africa provided a larger number of observations which established a solid base for the analysis. Also, since there are a larger number of observations in the combined analysis, there is a smoothing function that means that a few unusual observations would not influence the results unduly. Additionally, the larger number of observations could lead to more consistent results for any connections between globalization and levels of terrorism in the following years.

The results across the developing regions did actually provide some more consistent results for the effects that levels of globalization could have. There was a great deal of evidence for the basic hypothesis in the 1970s. There were a total of 153 significant associations (out of a possible 360) in the predicted direction (see Table 8.1). While the number is important, what is perhaps even more important is that each of the significant observations was in the predicted direction. Higher levels of globalization were associated with more terrorist incidents, deaths, and injuries. More incidents were more likely to be linked with higher levels of social and political globalization in this decade. Social globalization values were also linked with per capita fatalities, a linkage that was not present for the economic and political indices. Economic and political globalization, however, were linked with more injuries in later years. The link between social globalization and more fatalities is an intriguing finding as noted earlier. The social disruptions involved would more likely be a consequence of changes in social and cultural status. This association would suggest that the individuals who were facing these types of social disruptions would be more likely to be involved in deadly attacks than would be the case for individuals who had to deal with economic dislocations.

In the 1980s, the results were similar but not as strong. There were a total of 111 significant associations in this period. While the total number was not as high as in the previous decade, all but two of the significant associations were in the predicted direction which was clear continuing evidence that the basic hypothesis was correct. The incidents variable had the strongest links with the social and political globalization indices. The variable for fatalities was most closely linked to the political globalization



**Table 8.1** Globalization and terrorism in the developing world

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>1970s</i>								
<i>Incidents</i>								
Economic	1	1	1	1	0	2	0	2
Social	0	6	1	5	0	5	2	4
Political	1	4	1	1	2	4	5	1
<i>Fatalities</i>								
Economic	1	1	2	1	1	1	1	2
Social	1	4	2	4	1	4	1	3
Political	0	1	0	2	0	2	0	1
<i>Injuries</i>								
Economic	7	0	4	1	4	1	4	0
Social	5	0	5	1	5	3	5	2
Political	1	0	2	1	0	2	3	1
<i>1980s</i>								
<i>Incidents</i>								
Economic	0	0	0	0	0	0	0	0
Social	6	0	3	2	3	2	4	3
Political	2	4	4	3	2	5	4	5
<i>Fatalities</i>								
Economic	0 (1)	0	0 (1)	0	0 (1)	0	0	0
Social	0	1	0	1	0	1	0	1
Political	4	0	6	0	4	1	3	2
<i>Injuries</i>								
Economic	0	0	0	0	0	0	0	0
Social	4	4	4	3	5	1	2	3
Political	1	0	1	0	2	0	3	0
<i>1990s</i>								
<i>Incidents</i>								
Economic	2	0	1	0	1	0	1	0
Social	1	4	1	3	2	3	3	1
Political	2	0	1 (1)	0	1 (1)	0	1	0
<i>Fatalities</i>								
Economic	0	0 (5)	0	0 (6)	0 (1)	0 (3)	0 (2)	0 (5)
Social	0 (2)	0 (4)	0 (1)	0 (4)	1 (3)	0 (3)	0 (1)	0 (4)
Political	1	0	0	0	0	0	0	0

*(continued)*

**Table 8.1** (continued)

<i>Index and decade</i>	<i>Year and significant associations</i>							
	<i>t</i>		<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
<i>Injuries</i>								
Economic	0	0 (1)	0	0	0	1 (1)	0 (1)	1
Social	0	0	1	0	1	0	0	0
Political	0	1	1	1	1	1	1	0
2000s								
<i>Incidents</i>								
Economic	1	1	3	1	2	1	0	2
Social	0	0	1	0	1	0	0	0
Political	0	0	0	0	0	0	0	0
<i>Fatalities</i>								
Economic	0	0 (3)	0 (1)	0 (2)	0	0 (2)	0	0 (3)
Social	0 (2)	0	0 (1)	0	0 (1)	0	0 (1)	0
Political	0	0	0	0	0	0	0	0
<i>Injuries</i>								
Economic	1 (1)	4	1	4 (1)	1	3 (1)	1	2 (1)
Social	1	0	0	1	0	0	0	0
Political	0	0	0	0	0	0	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

index, while the injuries variable was most closely associated with social globalization index. Unlike the 1970s, the level of economic globalization was not linked with any measure of terrorism suggesting that economic integration was not as disruptive as social and political integration. The negative effects of economic globalization seem to have disappeared in the 1980s. What is usually considered to be the most obvious form of globalization in the world has no explanatory value for this time period for the developing countries of the world.

The results for the 1990s apparently reflected the changes that occurred in this decade that were obvious in the regional analyses, although those changes appeared in different ways in the analyses. The results indicate that higher levels of social integration at the global level were associated with an increased per capita number of terrorist incidents. The economic and political globalization indices, however, had no links with the number of incidents. Fatalities, on the other hand, were higher in those countries that were the least socially and economically integrated into the broader world.

This relationship did not hold true for the political globalization index where there were only a few significant associations. Even though these associations were usually in the predicted direction, they were too few to put much reliance on any evidence of support for the basic hypothesis.

The results for the 2000s had the smaller number of significant correlations compared to earlier decades, but most were still in the anticipated direction. Very few of these associations were present on the political or social indices; most had linkages with the economic index. In the case of the variable for terrorism incidents there were a few links to higher levels of economic globalization. In the case of fatalities, the limited number of significant associations (16) was in the contrary direction which indicated the countries least involved in the global economy were more likely to face higher per capita levels of terrorism. The variables for injuries from terrorism were for the most part in the anticipated direction (19 of 23) for the economic index. The results are particularly confusing for the relationship between economic globalization and terrorism—greater economic integration led to slightly more incidents, fewer fatalities, and more injuries. It is possible that the overall pattern of attacks from dissident groups were in the process of changing in the twenty-first century.

The results for the developing world regions overall did provide evidence for the basic hypothesis that globalization will lead to higher levels of terrorism. The social globalization index was the one that was most closely associated with higher levels of terrorism in the same and following years. Further, the findings would suggest that measures that were part of the economic index were somewhat more likely to be linked with more terrorism than was the case for the political globalization index. The decade of the 1990s was somewhat different from the other three but the patterns supporting the hypothesis were present in the other three decades, especially the first two. The results for the 2000s might indicate a reversion to the previous patterns of relationships or perhaps a shift to a new pattern. While the overall findings were supportive of the basic hypothesis for these regions, there were obvious regional effects present as well. Not surprisingly, when the countries in West Europe and North America were included in an even more global analysis (not shown), the number of significant associations were much lower which indicated that this region was indeed different in the relationships that were present.

The results for the effects of globalization were generally the same for all three of the terrorism variables. No one variable was obviously more important than the others. There were some different connections between the specific variables and the globalization indices in different

decades, but they were not consistent ones. The relationships did change over time. The more intriguing link, as noted, was the link between higher levels on the globalization index and higher fatalities that might indicate future avenues for research. There were no patterns in terms of which years were more important for the occurrence of terrorist activities. The number of significant associations in the predicted direction were 71 in the same year, 72 in year  $t + 1$ , 74 in years  $t + 2$ , and 75 in year  $t + 3$ . The numbers are obviously virtually identical and indicate that the effects from globalization were not restricted to any one year and also that they persisted through the following years.

### TERRORISM AND INVESTMENT LEVELS

The results for the presence of negative economic effects on foreign investors as a consequence of terrorism levels were not generally supportive of the basic hypothesis that terrorism undermines such activities. In the case of the expected negative effects of terrorism on changes in investment stocks, the general pattern was there for only a few significant associations. In Latin America, the results were mixed overall between ones that were in the anticipated direction and those in the opposite direction. In the 1990s, the pattern was clearer—counterintuitively more terrorism led to more investment. In the Middle East and North Africa, there were no linkages in the first two decades and limited contrary findings in the last two decades. In Asia and Oceania, only the decade of the 1970s provided any evidence of associations between terrorism and investment levels and that was in the opposite direction from what was predicted. For sub-Saharan Africa, there were only a few significant associations in the first three decades and they were contrary to expectations. The linkages in this contrary direction were even stronger in the 2000s. The results for West Europe and North America were different from the other regions. There were relatively few in number and mixed in direction, suggesting that the associations were likely to be random at the overall level for these 40 years.

The analyses of globalization based on the developing regions were informative; thus, it made sense to do a similar analysis for terrorism and foreign investment. The analysis for these countries provided limited evidence for any connections between terrorism and changes in foreign investment levels. In the 1970s, 1980s, and 2000s, there were only a total of three significant associations (see Table 8.2). This number of 30 years of observation is insufficient to provide evidence of any relationship. In the

**Table 8.2** Terrorism and changes in foreign direct investment levels in the developing world

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	0	0	0	0	0
<i>t</i> + 2 change	0	0	0	0	0	0
<i>t</i> + 3 change	0	0	0	0	0	0
1980s						
<i>t</i> + 1 change	0	0	0	0	0	0
<i>t</i> + 2 change	0	0	0	0	0 (1)	0
<i>t</i> + 3 change	0	0	0	0	0	0
1990s						
<i>t</i> + 1 change	0	0 (2)	0	0	0 (1)	0
<i>t</i> + 2 change	0	0 (4)	0	0	0	0
<i>t</i> + 3 change	0 (1)	0 (4)	0	0	0	0 (1)
2000s						
<i>t</i> + 1 change	0	1	0	0	0	1
<i>t</i> + 2 change	0	0	0	0	0	0
<i>t</i> + 3 change	0	0	0	0	0	0

Figures in parenthesis represent significant associations opposite of the predicted sign

1990s, however, there were 13 such associations, all in the direction opposite from the one which was anticipated, which suggests that more terrorism led to higher levels of investment, especially when the terrorism variable was the number of per capita incidents. Given the limited number of results that were present, even in the 1990s, it is not surprising that there was no indication that any of the three terrorism variables had any special connection and similarly no particular year had notably stronger links than others.

The lack of results for any connection between terrorism and foreign investment stocks has a number of possible explanations or implications. The fact that more terrorism led to more foreign investment in some of the regions and for the developing world as a whole, suggested perversely that terrorism encouraged foreign investment, especially in the 1990s. What seems more likely is that the presence of economic opportunities (e.g., natural resources that could be exploited) that would attract investment could in turn provide new targets for terrorists. Increased violence might be particularly likely for those dissident groups that mobilized in

opposition to the perception that foreign actors were responsible for negative changes in their countries. For the investors, the potential financial gains might outweigh any of the costs involved in suffering from violent attacks by leftist, nationalist, or religious dissident organizations. The data on terrorist attacks usually do not provide detailed information on how costly attacks might be. A large number of pinprick attacks, for example, may have fewer negative effects than the kidnapping of a major executive for a large ransom or high levels of damage to or the destruction of a major facility. This trend may have become more pronounced over time as general levels of globalization increased.<sup>1</sup> Such globalization could result in higher levels of investment that could make transnational attacks more likely, which might explain why some studies found investment activities to be affected only by international attacks, attacks on businesses, or even attacks on foreign multinationals.<sup>2</sup> One study did find that each transnational attack had a greater impact on foreign investment than each domestic attack but that domestic attacks by virtue of their much larger numbers had greater impacts overall.<sup>3</sup> Such equivocal results match some of the findings of this study. The evidence from this study would also support the previous analyses that found limited effects or inconsistent effects of terrorism on foreign investment.<sup>4</sup> Another possibility is that foreign investment levels have been more responsive to global conditions than they have been to political risk.<sup>5</sup> The lack of results for investment could be explained at least in part because such investment would be more likely to be connected with economic globalization and less so with social and political globalization, yet it was these last two measures of globalization that had the greatest links with later outbreaks of terrorism.

### TERRORISM AND TOURISM

The regional analyses that looked for links between terrorism and tourism found relatively little evidence that the political violence affected tourist visits in any consistent fashion. In the Middle East and North Africa, the linkages were limited and mixed between results that supported the hypothesis and those that indicated opposite effects were present. In Latin America the evidence was also limited, but what there was also suggested that more terrorism led to more foreign visitors. The results were similar for sub-Saharan Africa. There were few significant associations in the 1970s, 1980s, and 2000s that were all in the contrary direction. Although the linkages were limited in the 1990s as well, they were even more mixed

with some supporting the basic hypothesis and others being in the contrary direction. Asia had the most variable patterns in the developing world. In all decades, the number of linkages was low for this region. In the 1970s, the results were mixed between those supporting the hypothesis and those in the opposite direction. There was a limited amount of actual support in the 1980s. These results were again mixed in the 1990s for Asia, and by the 2000s, they were more likely to be in the opposite direction. The results for West Europe and North America suggested that more terrorism led to more tourism, but by the 2000s, the relationships were more mixed and possibly random in this decade and in the 1990s as well.

Just as an analysis of foreign investment was done for the developing regions at the combined level, it was undertaken for tourism. The results from the combined analysis confirmed that any connections were relatively few in nature. The evidence for the 1970s actually indicated that more terrorism was linked to declines in tourist visits in a few cases even if there were too few to provide much support (see Table 8.3). In the 1980s and 1990s, however, the significant associations were balanced. There were eight in the predicted direction and nine in the opposite direction in the

**Table 8.3** Terrorism and changes in tourism visits in the developing world

<i>Decade and measure</i>	<i>Incidents</i>		<i>Fatalities</i>		<i>Injuries</i>	
	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$	$\alpha = .10$	$\alpha = .05$
1970s						
<i>t</i> + 1 change	0	1 (1)	0 (1)	2	0	2
<i>t</i> + 2 change	1	1	0	0	1	1
<i>t</i> + 3 change	2	2	0 (1)	1	0	1 (1)
1980s						
<i>t</i> + 1 change	0	1	1	0	1	0 (1)
<i>t</i> + 2 change	1 (1)	0	0	0 (1)	1	1 (2)
<i>t</i> + 3 change	0	0 (1)	0	0 (1)	2	0 (2)
1990s						
<i>t</i> + 1 change	0	0	1	1 (1)	0	0
<i>t</i> + 2 change	0	0	3	0 (2)	1	0 (1)
<i>t</i> + 3 change	0	0 (1)	1	0 (2)	0	0 (1)
2000s						
<i>t</i> + 1 change	0 (1)	0 (1)	0 (1)	0 (4)	0 (1)	0 (2)
<i>t</i> + 2 change	0 (3)	0 (1)	0 (2)	0 (4)	0 (1)	0 (2)
<i>t</i> + 3 change	0	0 (1)	1	0 (4)	1	0 (1)

Figures in parenthesis represent significant associations opposite of the predicted sign

1980s. In the 1990s, there were seven anticipated but eight in the contrary direction. The small number of associations would suggest that these connections were random in nature or were responding to local conditions that changed relatively quickly—which would be another indication of the presence of randomness. As was the case with most of the other analyses, all three variables were equally useful (or not useful) in explaining tourism. There was no indication that any one of the three years was more likely to be linked with the significant associations in either direction.

It seems clear that terrorism did not lead to any declines in foreign tourist visits in any obvious fashion. There were even some indications that more terrorism led to more tourism which is, of course, counterintuitive. What is a bit more likely is that there were few linkages between the levels of terrorism and tourism. Tourism was not important in some countries which would have meant that even high levels of terrorism would be unlikely to have any negative influence on changes in those countries. In the smaller Caribbean countries that rely on tourism any attacks would be much more likely to have the expected negative impacts. It is also possible as previously noted that countries that experienced terrorism which did constitute a threat to the tourism sector might make greater efforts to attract visitors through special deals or more extensive advertising in the countries of origin for visitors. A number of other possible explanations exist. At least in larger countries, terrorism that occurs in one area that is distant from tourist locations would be less likely to negatively affect the number of visits. Attacks against multinational companies in Aceh in northern Sumatra in Indonesia, for example, would be unlikely to dissuade tourists from visiting Bali (unlike the 2002 and 2005 bombings in Bali which did have a negative effect). Similarly, attacks in Corsica would have little effect on tourist visits to Paris. Terrorist attacks anywhere in Singapore or Barbados or Denmark against any target, on the other hand, would have a potential effect on the tourism sector. It might also be useful to limit analyses to countries where tourism was important in an absolute or relative sense although it might be difficult to determine which countries would be important in this regard. Just as attacks on operations by foreign multinationals might have a limited effect on tourism, it would also be unusual for an attack on tourists in one area to have a negative effect on foreign investment in mining operations hundreds of miles away. As a consequence, a much more refined analysis of terrorist incidents and casualties linked to types of targets will be required to test for these various possibilities of any connections between terrorism and the negative



economic effect that could occur since the connections between overall levels of terrorism and changes in economic activity in the form of investment and tourism would be relatively small.

## CONCLUSIONS AND FUTURE AVENUES OF RESEARCH

There are a number of methodological conclusions that can be drawn from this volume. It is clear on a general level that the use of the different regions provided additional information on what some of the effects of terrorism have been. Future analyses will have to continue to consider both regional and global effects. It also seems clear that it also continues to be useful to include all three variables that measure terrorism when possible. Incidents, fatalities, and injuries (perhaps the last two combined to represent casualties) provide their own form of information. It is not possible to suggest that one is a better measure of terrorism in terms of being influenced by globalization or influencing economic events. It was not clear from the above analyses that either incidents or casualties were a better measure to use. They varied in the information that they provided, and it would appear that in some situations the number of attacks was more important and in other cases it was fatalities or injuries. It also was apparent that there was no particular time period that provided better information from the analyses. Lagged effects were present for all the years and the effects of globalization were persistent as were the effects of terrorism on economic activities in situations where they did have effects. Even though the analyses that were undertaken did not include many control variables, the use of per capita measures might explain some of the differences between these analyses and some of the previous ones. A future research question would be whether very small states are less threatened by terrorism on a per capita basis (rather than the obvious conclusion that countries with larger populations have more terrorism on all levels). The lack of precision for some of the analyses in the previous chapters may have resulted from the elimination of the influence of size to a large extent.

In terms of the linkages between terrorism and tourism, it is clear from the preceding analyses that terrorism did not have the anticipated economic consequences, and certainly not on a consistent basis. In the case of tourism, any of the negative consequences were not ones that were generally present for some of the reasons noted above, even when all the developing regions were considered together. There is still the very real possibility that individual countries can suffer greatly from attacks on their

tourism sectors. There is no doubt that the recent attacks on Tunisian tourist resorts or the ones in Brussels will have negative effects. In the case of Tunisia, tourists were the clear target. In Brussels, the attack was more general but could have negatively affected foreign visits given the publicity. In addition, it is possible that the measures available on tourist visits are not refined enough as was noted for the recorded arrivals in Europe. The information contained in the GTD may not be refined enough to always detect attacks targeting the tourist sector including property attacks such as those undertaken by the Basque nationalists. Information for many of the attacks only noted that the attacks were business operations, and such targets might or might not be tourist facilities. Searches based on attacks on tourists bring up very few results. More refined analyses of terrorism and tourism would seem to be necessary, but the results from these analyses help to point the way in which this research can proceed.

The results for linkages between terrorism and foreign investment were only slightly more supportive of the hypothesis that more terrorism had negative effects on foreign investment. In fact, although there was support in some regions and some decades, the results were limited, even when the developing regions were considered together. In some periods and for some regions, the limited results indicated that more terrorism was associated with increased stocks of foreign investment. Analyses linked to attacks on businesses or international businesses or particular types of businesses and investment in different areas could be a productive area for additional research. In addition to these possibilities and some that were raised above, another possibility that could be worth exploring is the possibility that foreign investors adjust to levels of terrorism to the point that it no longer has the same effects that it initially did. An analysis of the effects of terrorism on bond markets discovered that Spain and the UK facing the Basques and Irish Republicans respectively were less affected by terrorist activities than Germany and France. It was suggested that the lessened impact on Spain and the UK was due to the fact that investors had adjusted over time to the terrorism levels that were present.<sup>6</sup> Israelis and Europeans in countries facing continued terrorist activities learned to make the necessary accommodations to persistent attacks in their countries.<sup>7</sup> It could be possible that there would be similar effects present for foreign investors in at least some circumstances. Such a possibility is another area for future research that would provide a better understanding of the connections between terrorism and economic decisions and whether or not terrorism as economic warfare works or more precisely in what circumstances it works.

The tests for linkages between globalization and terrorism provided more results in keeping with the hypothesis that the disruptions that came with globalization would lead to increased terrorist violence as dissident groups attracted dissatisfied citizens. While some of the regional analyses were informative, the analysis for the developing world as a whole was particularly useful in this regard. There was evidence that at least in some decades economic globalization did have the predicted effects. There were, however, circumstances when the contrary effects were present. The limited results for negative links between economic globalization and terrorist violence combined with limited results for negative links between terrorism and the economic activities would suggest that attrition attacks may not be effective in many cases. It might also indicate that dissident groups did not consistently seek to do economic damage as such, even if they did not seek to avoid such effects. The political motivation of the groups might lead them to choose symbolic targets, government personnel or offices, or the general population. If groups were not consciously pursuing economic warfare, any economic effects would be more limited. Social globalization levels, however, most frequently had the predicted connections with terrorism. Political globalization in a number of cases indicated that countries with the greatest connections to the outside world had lower levels of terrorism which could suggest that countries with connections to other countries, including allies, found the means to limit terrorism, perhaps by relying on additional external resources. It is also possible that contrary to earlier studies that it was larger countries which frequently had higher scores on the political globalization index had lower levels of terrorism. The results did clearly indicate that there was great value in considering economic, social, and political globalization separately. The different patterns of results also indicate that the composite index would have been much less useful and further obscured important patterns since one index would have the predicted relationship while one or both of the others would be in the contrary direction.

A few previous studies suggested that globalization could lead to reductions in terrorism. The results from this chapter and the previous chapters would indicate that there is at least a possibility that such a situation would be possible. Of course, the measures used suggest that the areas with the greatest linkages were sometimes the ones with *relatively* less terrorism in later years. Since terrorism has been increasing over time<sup>8</sup> such connections may have led to slower increases in terrorism levels in those countries. Even countries with major political links to other countries can suffer

from terrorism as indicated by the 2015 attacks in Paris and the 2016 attacks in Brussels. Terrorist organizations have proven themselves to be very adaptive. They are quite willing to shift to targets that are more vulnerable since many dissident groups, both domestic and international, in effect operate in a target-rich environment. Obviously, this area is another one where more research is necessary.

When all is said and done, it is very clear that globalization is indeed an intricate process. While the process may be a complex one, there was significant evidence that globalization did have some of the predicted effects. Disruptions attendant upon globalization did lead to individuals and groups adopting violence as a response. There are areas where additional research is necessary to determine the differences between the social, economic, and political processes and perhaps even more specifically the cultural challenges. In fact, this entire research project began with questions that developed out of earlier research, and like all productive research projects it has ended with probably more questions to be asked than those which have been answered with is the nature of all such projects. The complexity of globalization and the economic effects of terrorism is a field which requires much more exploration and analysis.

## NOTES

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2. Matthew Powers and Seung-Whan Choi, "Does Transnational Terrorism Reduce Foreign Direct Investment? Business-Related versus Non-Business-Related Terrorism," *Journal of Peace Research*, Vol. 49, No. 3 (2012), pp. 407–422.
3. Subhayu Bandyopadhyay, Todd Sandlery, and Javed Younas, "Foreign Direct Investment, Aid, and Terrorism," *Oxford Economic Papers*, Vol. 66, No. 1 (2014), p. 26.
4. For example, Kenneth A. Bollen and Scott T. Jones, "Political Instability and Foreign Direct Investment: The Motor Vehicle Industry, 1948–65," *Social Forces*, Vol. 60, No. 4 (1982), pp. 1070–1088, Ivar Kolstad and Espen Villanger, "Determinants of Foreign Direct Investment in Services," *European Journal of Political Economy*, Vol. 24, No. 2 (2008), pp. 518–533, and Ivar Kolstad and Espen Villanger, "Foreign Direct Investment in the

- Caribbean,” *Development Policy Review*, Vol. 26, No. 1 (2008), pp. 79–89.
5. Pierre-Guillaume Meon and Khalid Sekkat, “FDI Waves, Waves of Neglect of Political Risk,” *World Development*, Vol. 40, No. 11 (2012), pp. 2194–2205.
  6. Christos Kollias, Stephanos Papadamou, and Vangelis Arvanitis, “Does Terrorism Affect the Stock-Bond Covariance? Evidence from European Countries,” *Southern Economic Journal*, Vol. 79, No. 4 (2013), pp. 832–848.
  7. Lawrence Malkin and Yuval Elizur, “Terrorism’s Money Trail,” *World Policy Journal*, Vol. 19, No. 1 (2002), p. 67.
  8. Cf. Brenda Lutz and James Lutz, “Terrorism,” in Alan Collins (ed.), *Contemporary Security Studies*, 4th ed. (Oxford: Oxford University Press, 2016), pp. 316–317.

## APPENDIX A: COUNTRIES INCLUDED IN THE ANALYSES

Countries and territories included if information was available for terrorist incidents, fatalities, and injuries and information on one of the globalizations indices, or foreign investment, or tourist visits.

### LATIN AMERICA

Antigua  
Argentina  
Aruba  
Bahamas  
Barbados  
Belize  
Bermuda  
Bolivia  
Brazil  
British Virgin Islands  
Cayman Islands  
Chile  
Colombia  
Costa Rica  
Cuba  
Curacao

Dominica  
Dominican Republic  
Ecuador  
El Salvador  
Grenada  
Guadeloupe  
Guatemala  
Guyana  
Haiti  
Honduras  
Jamaica  
Martinique  
Mexico  
Montserrat  
Nicaragua  
Panama  
Paraguay  
Peru  
Saint Kitts  
Saint Lucia  
Saint Vincent  
Surinam  
Trinidad and Tobago  
Turks and Caicos  
Uruguay  
US Virgin Islands  
Venezuela

## MIDDLE EAST AND NORTH AFRICA

Algeria  
Bahrain  
Egypt  
Iran  
Iraq  
Israel  
Kuwait  
Jordan  
Lebanon

Libya  
Morocco  
Oman  
Qatar  
Saudi Arabia  
Sudan  
Syria  
Tunisia  
Turkey  
United Arab Emirates  
Yemen

## ASIA AND OCEANIA

American Samoa  
Australia  
Bangladesh  
Bhutan  
Brunei  
Cambodia  
China  
Fiji  
French Polynesia  
Guam  
Hong Kong Autonomous Region  
Indonesia  
India  
Japan  
Kiribati  
Korea, North  
Korea, South  
Macao Autonomous Region  
Malaysia  
Maldives  
Marshalls  
Micronesia  
Mongolia  
Myanmar  
Nepal



New Caledonia  
New Zealand  
Northern Marianas  
Pakistan  
Palau  
Papua New Guinea  
Philippines  
Samoa  
Singapore  
Solomon Islands  
Sri Lanka  
Taiwan  
Thailand  
Timor-Leste  
Tonga  
Tuvalu  
Vanuatu  
Vietnam

#### SUB-SAHARAN AFRICA

Angola  
Benin  
Botswana  
Burkina Faso  
Burundi  
Cameroons  
Cape Verde  
Central African Republic  
Chad  
Comoros  
Congo-Brazzaville  
Congo-Kinshasa (Zaire)  
Djibouti  
Equatorial Guinea  
Eritrea  
Ethiopia  
Gabon  
Gambia

Ghana  
Guinea  
Guinea-Bissau  
Ivory Coast  
Kenya  
Lesotho  
Liberia  
Malagasy Republic  
Malawi  
Mali  
Mauritania  
Mauritius  
Mozambique  
Namibia  
Niger  
Nigeria  
Rwanda  
Saint Thomas and Prince  
Senegal  
Seychelles  
Sierra Leone  
Somalia  
South Africa  
Swaziland  
Tanzania  
Togo  
Uganda  
Zambia  
Zimbabwe

## WEST EUROPE AND NORTH AMERICA

Andorra  
Austria  
Belgium  
Canada  
Cyprus  
Denmark  
Finland

France  
Germany  
Gibraltar  
Greece  
Iceland  
Ireland  
Italy  
Liechtenstein  
Luxembourg  
Malta  
Netherlands  
Norway  
Portugal  
Spain  
Sweden  
Switzerland  
UK  
USA

# APPENDIX B: AVERAGE GLOBALIZATION INDEX VALUES BY REGION

<i>Year and index</i>	<i>Latin America</i>		<i>Middle East and North Africa</i>		<i>Asia and Oceania</i>		<i>Sub-Saharan Africa</i>		<i>West Europe and North America</i>	
	<i>n</i>	<i>Average</i>	<i>n</i>	<i>Average</i>	<i>n</i>	<i>Average</i>	<i>n</i>	<i>Average</i>	<i>n</i>	<i>Average</i>
1975										
Economic	24	37.6	16	48.0	21	36.7	37	31.6	22	58.9
Social	32	36.8	19	35.4	29	30.7	42	21.8	24	56.8
Political	28	46.6	19	41.7	27	34.2	43	30.4	24	69.4
1985										
Economic	25	41.6	17	47.3	22	40.6	38	35.2	22	68.1
Social	37	39.0	20	36.0	33	33.5	44	21.4	24	66.9
Political	33	46.1	20	49.4	31	36.0	45	38.4	24	73.0
1995										
Economic	25	51.8	17	52.2	22	47.2	39	38.8	22	75.2
Social	37	42.7	20	41.8	33	36.5	46	22.1	24	75.3
Political	33	59.0	20	58.1	32	46.5	47	47.8	24	79.3
2005										
Economic	25	60.8	17	60.1	23	57.4	39	46.4	22	82.5
Social	37	48.7	20	50.1	35	42.7	46	28.2	24	82.3
Political	33	58.7	20	64.8	34	53.6	47	58.3	24	80.7

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