Project Title: Poverty as a Cause of Terrorism and MIND/FIND as an Inhibitor of Transnational Terrorism

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Summary: The first subcomponent presents a nonlinear examination of the role of income and other factors as a root cause of domestic and transnational terrorism. In particular, we identify the peak income levels associated with various kinds of terrorist attacks in two different time periods. These peaks differ for transnational and domestic terrorism before and after 1993. Also, these peaks differ based on where the attack takes place versus where the terrorists (perpetrators) originated from. After 1993, low per capita income levels is a greater driver of terrorism when investigating the home country of terrorists than when examining the country where the attack takes place. The study can predict where the United States faces its greatest risk of terrorist attacks against US assets at home and abroad. For home attacks, the analysis indicates where terrorists are mostly likely to originate from. These risks owing to low per capita income have changed greatly as terrorism is less driven by the leftists and more by the fundamentalists. The analysis indicates how policy decisions can lessen these risks – e.g., aid to countries approaching the peak may be a poor risk management decision.

A second subcomponent investigates the effectiveness of border searches using INTERPOL’s MIND/FIND system of surveillance. Countries using MIND/FIND (such as the United States) scan travel documents at border crossing to determined stolen or lost travel documents. Also, passport information is matched against INTERPOL’s list of suspected terrorists and international criminals. Our analysis ascertains how effective the system has been in curbing transnational terrorist events by countries adopting MIND/FIND and utilizing the system. We have search data for 2007-2011 given to me by the General Secretariat of INTERPOL. General Secretary Ronald Noble has read our paper and characterizes it as a very thoughtful, important, and policy-relevant study.

Keywords: Effective Counterterrorism: Income as a Root Cause of Terrorism, MIND/FIND, INTERPOL’s Surveillance

1. Theme Areas: Management of Risks from Adaptive Adversaries; Economic Consequences and Costs of Terrorism
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4. Other Investigators: Walter Enders, University of Alabama (consultant); Javier Gardeazabal, University of the Basque Country.

Final Report

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Both of the promised articles have been completed. The poverty and terrorism article has already been accepted by the *Journal of Conflict Resolution* and is in early view. I used my professorship endowment to purchase open access – the link will be given below. This will become a very influential study that finally settles the question when low income has an effect on domestic or transnational terrorism. The article will also be very well-cited. The second article, “INTERPOL’s Surveillance Network in Curbing Transnational Terrorism,” is also completed and is in review at a major public policy journal. Below, I will provide abstracts for each of these completed projects. I am also happy to say that my previously unpublished articles, completed from past years’ funding, have all been accepted at very good refereed journals, including the *Journal of Public Economics, Political Analysis, Southern Economic Journal, Public Choice, and Defence and Peace Economics*. Their citations are listed at the end of this report along with the open access link when I used my funds to purchase such links since my funding from CREATE has been so limited. (Please note that these links can be used by CREATE, but the actual published papers cannot be posted on CREATE’s website. However, by posting the link, anyone can click on it and download the paper with no firewall. The link allows the publisher to keep track of reader numbers.)

**Abstracts**

**The Changing Nonlinear Relationship between Income and Terrorism**

This paper reinvestigates the relationship between real per capita GDP and terrorism. We devise a terrorism Lorenz curve to show that domestic and transnational terrorist attacks are each more concentrated in middle-income countries, thereby suggesting a nonlinear income-terrorism relationship. Moreover, this point of concentration shifted to lower income countries after the rising influence of the religious fundamentalist and nationalist/separatist terrorists in the early 1990s. For transnational terrorist attacks, this shift characterized not only the attack venue, but also the perpetrators’ nationality. The paper then uses nonlinear smooth transition regressions to establish the relationship between real per capita GDP and terrorism for eight alternative terrorism samples, accounting for venue, perpetrators’ nationality, terrorism type, and the time period. Our nonlinear estimates are shown to be favored over estimates using linear or quadratic income determinants of terrorism. These nonlinear estimates are robust to additional controls.

**INTERPOL’s Surveillance Network in Curbing Transnational Terrorism**

This paper investigates the role that INTERPOL surveillance -- the Mobile INTERPOL Network Database (MIND) and the Fixed INTERPOL Network Database (FIND) -- played in the War on Terror since its inception in 2005. MIND/FIND surveillance allows countries to screen people and documents systematically at border crossings against INTERPOL databases on terrorists, fugitives, and stolen and lost travel documents. Such documents have been used in the past by terrorists to transit borders. By applying
methods developed in the treatment-effects literature, this paper establishes that countries adopting MIND/FIND experienced fewer transnational terrorist attacks than had they not adopted MIND/FIND. Our estimates indicate that, on average, during 2008--2011, adopting and using MIND/FIND results in 1.23 fewer transnational terrorist incidents each year per 100 million people. Thus, a country like France with a population just above 64 million people in 2008 would have 0.79 fewer transnational terrorist incidents per year owing to its use of INTERPOL surveillance. For most treatment countries, this amounts to a sizeable proportional reduction of about 60 per cent.

**Papers under reviewed or published in the last twelve months using this year’s funding or past years’ funding.**


INTERPOL’s Surveillance Network in Curbing Transnational Terrorism,” (with Javier Gardeazabal), under review.