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The poverty/terror myth

There may be an economic dimension to terrorism -- but it's not what you think, says Fortune's Cait Murphy.

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NEW YORK (Fortune) -- The idea that poverty breeds terror appears obvious; how could it be otherwise? And people as different as the Archbishop of Canterbury, George Bush, Jacques Chirac and Pakistan's leader, Pervez Musharraf, have also noted a link between poverty and terrorism.

In fact, there is now robust evidence that there is no such link. That does not mean, however, that economics is irrelevant. First, to the question of poverty. Of the 50 poorest countries in the world (see list at right) only Afghanistan (and perhaps Bangladesh and Yemen) has much experience in terrorism, global or domestic.

But surely that is the wrong way to look at things. Aren't the people who commit terrorist acts poor, even if they are from countries that are not? No. Remember, most of the 19 hijackers on 9/11 were middle-class sons of Saudi Arabia and many were well-educated. And Osama bin Laden himself is from one of the richest families in the Middle East.

But it goes deeper than that. In a 2003 study in the *Journal of Economic Perspectives*, Alan Krueger and Jitka Maleckova reported the results of a post-9/11 survey of Palestinians. Asked whether there were "any circumstances under which you would justify the use of terrorism to achieve political goals," the higher-status respondents (merchant, farmer or professional) were more likely to agree (43.3 percent) than those lower down the ladder (laborer, craftsman or employee) (34.6 percent). The higher-status respondents were also more likely to support armed attacks against Israeli targets (86.7 percent to 80.8 percent). The same dynamic existed when education was taken into account.

In another study, 129 Hezbollah militants who died in action (not all of them in activities that could be considered terrorism) were compared to the general Lebanese population. The Hezbollah members were slightly less likely to be poor, and significantly more likely to have finished high school.

Outside Palestine, there is general agreement that suicide attacks on civilians is a form of terrorism. So where do suicide bombers fit in? A study looked at the biographies of 285 suicide bombers as published in local journals, from 1987-2002. And this found that those who carried out suicide attacks were, on the whole, richer (fewer than 15 percent under the poverty line, compared to almost 35 percent for the population as a whole) and more educated (95 percent with high school or higher) than the rest of the population (almost half of whom went no further than middle school). A similar survey of terrorists in the Jewish Underground, which killed 29 Palestinians in the early 1970s, found the same pattern. A comprehensive study of 1,776 terrorist incidents (240 international, the rest domestic) by Harvard professor Albert Abadie, who was sympathetic to the poverty-terrorism idea at first, found no such thing. "When you look at the data," he told the *Harvard Gazette*, "it's not there."

What he did find was more intriguing. The freest countries experienced little terrorism; and the same was true for the most oppressed. It was in the middle - where politics was unsettled and evolving and governments are often weak - that suffered the most. He also found that geography contributed to terrorist destiny. Places like Afghanistan, with its austere mountains, or Colombia, with its remote jungles, might have been designed to sustain terrorism.

So, is there no economic dimension to terrorism? There may, be, but not in the way the conventional wisdom would have it.

Consider a chilling, but compelling recent paper by Efraim Benmelech of Harvard and Claude Berrebi of Rand. The two ask, in effect, what makes someone become a suicide bomber? Their answer: "Since there are returns to human capital in both the productive and the terror sectors, high-ability individuals will become suicide bombers if the expected payoff from suicide bombing is higher than their skill-adjusted expected lifetime earnings in the productive sector."

They test this proposition using a data base of 148 Palestinian suicide bombers from 2000-05. And they find that older and more educated suicide bombers are assigned to higher-profile targets, kill more people, and are less likely to fail or be caught. In short, there is a match between human capital, in this grossly distorted sense, and the desired goal.

And as for the bombers themselves, these authors argue that the bombers have made, what is for them, a rational choice: There is enough moral, psychological and sometimes financial payoff from the act of killing many people to offset the economic loss of their death. Therefore, the terrorist manager assigns the most deadly tasks to the highest-caliber people; otherwise, they will not bother. In an awful way, it makes sense, and it seems to be true. Caught and failed suicide bombers are conspicuously less educated than those who carry out their tasks.

The argument, with its "incentive-compatibility constraints" and various formulas, does not (and is not intended to) come to grips with a much more elemental question. What creates and sustains the hate to make mass killing over living an arguably rational choice?

That is a much tougher question. But it probably gets closer to the point than vague analogies between poverty and terrorism. There are many good reasons to worry about poverty, and to take action to alleviate it. But ending terrorism is not one of them.

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