



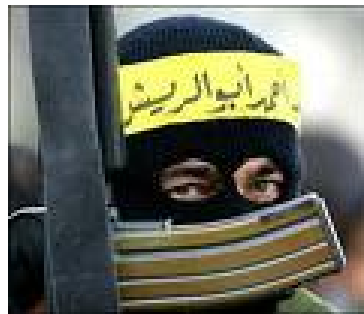
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Foreign Aid = Terror

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Statistics on Palestinian homicides and foreign aid to Gaza and the West Bank reveal that as aid increased to the Palestinian government, so too did the numbers of people (both Israeli and Palestinian) killed by Palestinian militants. At the same time there was an inverse correlation between an increase in foreign aid and Palestinian economic growth.

The correlation between aid and homicides becomes even stronger when comparing the amount of aid given in one year to the number of homicides occurring in the following year.

These statistics do not mean that foreign aid causes violence; but they do raise questions about the effectiveness of using foreign donations to promote moderation and combat terrorism. The increased budgetary aid to the Palestinian government after the start of the second Intifada in September 2000 was accompanied by a corresponding increase in the number of Palestinian homicides in 2001 and 2002.

After mid-2002, Israeli counter-measures against suicide bombers began to reduce the number of Israeli dead. By August 2003, the first portion of the security barrier was in place, leading to a rapid decline in homicides in 2003. While Israeli counter-measures reduced the number of Israeli victims, factional violence

increased the number of Palestinian victims. The correlation between increased aid and violence thus continued.

Government Aid to Combat Radicalism and Terrorism

Trying to promote Palestinian moderation by increasing foreign aid is accepted as wise strategy by many policymakers and much of the media. A New York Times editorial exemplifies this viewpoint, warning:

There is no question that, if they are to survive, Mr. Abbas and Fatah need bolstering fast after the victory in Gaza of Hamas, which favors Israel's destruction. The whole future of the two-state solution – an independent Palestine living in relative peace with an independent Israel – seems ever more at stake. (June 17, 2007).

The London Times' Bronwen Maddox offers a similar prescription, calling the infusion of funds an "overdue move to strengthen moderate Palestinians" (June 19, 2007).

Commentators critical of the policy of suspending aid to the Palestinian government emphasize the importance of reducing Palestinian hardship and show less concern with the diversion of funds to violent groups. For example, M.J. Rosenberg, director of policy analysis for the Israel Policy Forum scoffed, "the whole business of putting onerous conditions on Palestinians has created the disaster that is occurring today." (antiwar.com, Khody Akhavi, InterPress Service, June 28, 2007)

The argument for increasing foreign aid stems from the belief that the way to defeat radicalism is to eliminate its ostensible cause—poverty and ignorance. But as early as 1958, Daniel Lerner discerned that political activism in the Middle East was not driven by the "have nots," but rather by the "want mores."

Claude Berrebi of Princeton University analyzed Palestinian terrorism and determined that "if anything... those with higher education and higher living standards are more likely to participate in terrorist activity" ("Evidence About the Link Between Education, Poverty and Terrorism Among Palestinians," Rand Corporation, 2003).

Other studies have come to similar conclusions.

An investigation by Alan Krueger and Jitka Maleckova in the Journal of Economic Perspectives (Vol. 17, 2003), found that Palestinian suicide bombers were more likely than the general population to have completed secondary education and were less likely to come from an impoverished environment. They also found similar results associated with membership in Hezbollah, the Lebanese terrorist group. Krueger and Maleckova noted that increased Palestinian terrorism occurred both in situations of rising and falling economic environments.

An econometric based analysis by Jean-Paul Azam and Alexandra Delacroix published in 2006 found a positive correlation between the amount of foreign aid provided and the number of terrorist acts emanating out of a recipient state. (Aid and the Delegated Fight Against Terrorism, Review of Development Economics, 10(2), 330/344, 2006). Azam and Delacroix are cautious about the conclusions to be drawn, but like the graphs presented above, their correlation raises questions about the effectiveness of aid as a policy to combat terrorism and radicalism. This would seem to doubly apply where elements within the government itself may be involved in terrorism.

The Palestinian Political Environment has Changed Between 2000 and 2007

Infusions of foreign funds into the PA budget from late 2000 through 2002 directly correlated to increases in violence. Only when Israel enforced a near total separation from the Palestinians in 2003-2004, did the level of terrorist killing decline significantly. But this was soon followed by increasing factional violence, which is consistent with the fact that money was still available to purchase weapons and pay the salaries of the expanding militias.

During the second Intifada, the Palestinian Authority was headed by Yasir Arafat, who tolerated and abetted

militant groups. The new Palestinian leadership in the West Bank is widely accepted as the most moderate yet, with Prime Minister Salam Fayyad and President Mahmud Abbas at the helm. In an effort to bolster the new government, foreign donors are offering record levels of aid in 2007.

Nevertheless, there are serious questions about how much control over armed elements these more moderate leaders really have. The past correlation between increased aid and increased violence during the previous Intifada, and research questioning commonly held beliefs about the roots of terrorism and radicalism, demand more discussion in the media.

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