

The Lexus and the Olive Branch: Globalization, Democratization and Terrorism

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The Lexus and the Olive Branch

Abstract

This paper provides an original study into how democratization and globalization influence terrorism — examining the motives of terrorists and how democratic institutions and international integration influence non-state economic actors. We employ a gravity model to investigate the relative importance of globalization and democratization on transnational terrorism. We construct an original database of over 200,000 observations from 1968-2003 for 179 countries, to examine the extent to which economic, political and historical factors influence the likelihood of citizen's from one country to engage in terrorist activities against another. We find that the advent of democratic institutions, high income and more openness in a source country significantly reduces terrorism. However, the advent of these same positive developments in targeted countries actually increases terrorism. *Ceteris paribus*, the impact of being a democracy or participating in the WTO for a source country decreases the number of terrorist strikes by about 2 to 3 per year, which is more than two standard deviations greater than the average number of strikes between any two countries in a given year.

JEL Codes: E6, H1, H5, D74, O11

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1 Introduction

World foreign direct investment flows (FDI), which amounted to less than \$13 billion in 1970, quadrupled every 10 years, reaching \$54 billion in 1980 and \$209 billion in 1990. During the last half of the 1990s, however, FDI practically exploded, reaching a peak of \$1.4 trillion in 2000. World wide trade also increased dramatically over the same time period. Trade as a percent of GDP grew from 27 percent in 1970 to 38 percent by 1980 to 45 percent by the year 2000.

During the same time period in question, there has been an increase in democratization across the globe. The percent of countries that are non-democracies as calculated by Freedom House, starts at 46 percent in 1972. The percent falls to 35 percent by 1980 and steadily declines to 25 percent by the year 2000. These trends are often used to demonstrate the extent to which the world is democratized and economically integrated or globalized.

While the run-up of FDI, trade and democracy in the 1990s, and especially in the second half of that decade, has several explanations, it is strikingly correlated with a decline in worldwide violence during that period. In the late 1980s and early 1990s, approximately 1.5 transnational terrorist events occurred every day. As globalization and democratization grew at an ever faster rate, the frequency of terrorist events declined sharply, reaching less than 0.5 events a day by 2000. Did this shift toward a more integrated and democratic world contribute to the large increase in peace during that same period? And, if the world has since become less peaceful in the wake of 9-11, can the drop-off in FDI and the painful process of democratization be blamed?

One view is that violence harms the real economy in the same manner as any trade cost. In this case, external conflict, internal conflict, or an international terrorist attack

leads to a fall in trade and, in turn, a decline in aggregate economic activity. Put differently, an increase in terrorism in country A increases the cost to doing business with country A so that country B will either purchase goods or services domestically or from another more peaceful country. Thus, violence acts as a distorting tax or tariff that limits the attainment of the benefits from free trade.

Anderson and Marcouiller (2002) have pursued this angle employing corruption and imperfect contract enforcement as impediments to international trade. They find that omitting indexes of institutional quality obscures the negative relationship between per capita income and the share of total expenditure devoted to traded goods. Their paper, however, does not consider direct measures of conflict.¹ Blomberg and Hess (2005a) calculate that, for a given country year, the presence of terrorism, as well as internal and external conflict is equivalent to as much as a 30 percent tariff on trade. This is larger than estimated tariff-equivalent costs of border and language barriers and tariff-equivalent reduction through GSPs and WTO participation. In a complementary study, Glick and Taylor (2004) consider the direct effect of very large external wars on trade from a broader historical perspective.

To estimate the quantitative implications of violence and globalization on international investment, Blomberg and Mody (2005) use a gravity model of bilateral FDI flows. Three findings emerge from Blomberg and Mody's (2005) analysis. First, violence at home tends to move investment abroad. Second, violence in the host country deters both trade and FDI flows. Host country violence hurts inflows of investment with particular force in developing countries. And, third, they find a strong positive impact of WTO membership on bilateral FDI flows. Their results, therefore suggest that while violence raises political

¹Nitsch and Schumacher (2004) also analyze some aspects of conflict's impact on trade but over a significantly shorter time horizon.

risk and discourages investment flows, WTO membership acts as a commitment device that, by limiting the possibility of arbitrary policy changes, lowers country risk. These results are robust to a variety of specifications checks.

While these papers provide important evidence on violence's impact on globalization, they fail to consider the opposite effect — namely globalization's impact on terrorism. Moreover, they also do not formally examine the impact of democratization. The central contribution of our paper is to do just that.

There are other papers that do examine globalization's and democratization's role in terrorism. Li and Schaub (2004) employ a sample of 112 countries from 1975 to 1997 and find that neither trade nor investment has a positive impact on terrorism. Li (2005) uses the same data to analyze the impact of democracy on terrorism. He finds that democracy can reduce terrorism.

There are serious limitations to this line of research. In particular, by using standard panel estimation in the analysis, these papers are unable to separate globalization or democratization's impact on terrorism from the host and the source country perspective. For example, suppose increased economic integration has the consequence of harming individuals in import competing industries. Further, suppose these individuals join forces with a terrorist organization and express their displeasure through a terrorist attack on its trading partner. This attack on the host country from a neighboring source country will not be appropriately taken into account. In fact, to truly understand the impetus for any transnational event, one must understand the motivation from the point of view of both the host of the attack and the source of the attack. The standard treatment of the data, is unable to get at this crucial issue.

How then can we possibly make sense of these conflicting theoretical claims, and the even less satisfying empirical record? Here we make use of the concept of the “directed dyad” which differentiates explicitly between the characteristics of the state that is the source of the terrorist activity and the state that is the target. By separating out the effects of democracy and globalization on the source and target states we generate much clearer and precise hypotheses and results than are available using standard panel regression techniques.

We start by focusing our attention on “transnational terrorism” and then to recognize that this type of terrorism is fundamentally dyadic in nature. Hence it is amenable to investigation using an approach similar to the gravity of model of international trade.

Our focus is on the determinants of transnational terrorism. Following the definition adopted by Mickolus et al (2002), a transnational terrorist event is defined as

“the use, or threat of use, of anxiety-inducing, extra-normal violence for political purposes, by any individual or group, whether acting for or in opposition to established government authority, when such action is intended to influence the attitudes and behavior of a target group wider than the immediate victims and when, through the nationality or foreign ties of its perpetrators, its location, the nature of its institutional or human victims, or the mechanics of its resolution, its ramifications *transcend national boundaries*” (page 2, italics ours).

Transnational terrorism requires therefore, a flow of resources across international borders – whether it is foreign terrorists attacking domestic (and other foreign) targets, or domestic nationals attacking the property and lives of foreign nationals on domestic soil. As a result it seems appropriate in any investigation of the determinants of transnational terrorism, to consider the characteristics of both the source and target countries. Moreover,

the characteristics of a country that might make it a likely target country may indeed be very different from the characteristics that make a country a likely source of international terrorism. The features of the polity that make a country a terrorist-producer may be different from the political structures, institutions and environment that make a state terrorist target.

To analyze the importance of both democratization and globalization in determining terrorism, we embed the analysis in the workhorse model of trade and finance – the gravity model. The gravity model is also useful because it allows researchers to examine the net flow of activity between countries while ignoring the domestic terrorist activities. This is useful in our case in that there is no comprehensive data set that includes country level measures of domestic terrorism over a long time horizon. In its simplest form, a gravity model postulates that bilateral activity, usually trade or investment, is positively related to the size of the two economies and negatively influenced by the distance between them. We extend this analysis, by considering terrorism as the bilateral activity between each country-year-pair. Besides including the size and distance variables in basic gravity equations, our baseline specification includes other control variables commonly used. Importantly, they rely on estimates that include bilateral country-pair dummies, which control not only for distance but for all unobserved common relationships between the countries.

The purpose of estimating a gravity equation for terrorism is to estimate the importance of democratization and globalization on terrorism and to compare these relative magnitudes to other factors previously highlighted as relevant in explaining terrorism e.g. GDP or GDP per capita. In this way, we begin with a baseline terrorism model in which development is the main engine in determining terrorism. Then we add globalization and

democratization to separately ferret out the significance of each. In addition, we add new variables and consider specifications suggested by recent advances in the interpretation of gravity models.²

Our central hypotheses are these:

- H1: The effects of democracy and globalization on terrorism differ for source and target countries
- H2: Terrorism falls with democracy and globalization in the source countries
- H3: Terrorism rises with democracy and globalization in the target countries.

We find that differences in income, democracy and openness go a long way into explaining transnational terrorism. We find the advent of democratic institutions in a source country significantly reduces terrorism. However, the advent of these same institutions in host countries actually increases terrorism, providing more support for our above conjecture.

We also find that source-country openness has a negative and statistically significant impact on terrorism. Once again, however, host-country openness often has a positive and statistically significant on terrorism. *Ceteris paribus*, the impact of being a democracy or participating in the WTO for a source country decreases the number of terrorist strikes by about 2 to 3, which is more than two standard deviations greater than the average number of strikes between any two countries in a given year.

²For examples in the trade literature, see among others, Anderson (1979) who championed use of the gravity equation in structural trade models. Blomberg and Hess (2005a) focus on trade, especially on comparing the costs of conflict to measures for trade promotion. Alternatively, Blomberg, Hess and Orphanides (2004) investigate the impact of various forms of conflict such as terrorism, internal wars and external wars on a country's economic growth.

2 The Data and Empirical Regularities

In this section, we describe our data sources and examine some basic empirical regularities of the resulting dataset. This issue is described in greater detail in our companion piece. Hence, we refer the reader to Blomberg and Hess (2005b) for a more detailed account. Terrorism is adopted from the ITERATE data set – see Mickolus et al (1993). In order to be considered an international/transnational terrorist event, the definition in ITERATE is as follows:

“the use, or threat of use, of anxiety-inducing, extra-normal violence for political purposes by any individual or group, whether acting for or in opposition to established governmental authority, when such action is intended to influence the attitudes and behavior of a target group wider than the immediate victims and when, through the nationality or foreign ties of its perpetrators, its location, the nature of its institutional or human victims, or the mechanics of its resolution, its ramifications transcend national boundaries.” Mickolus et al (1993) (page 2)

The ITERATE project began as an attempt to quantify characteristics, activities and impacts of transnational terrorist groups. The data set is grouped into four categories. First, there are incident characteristics which code the timing of each event. Second, the terrorist characteristics yield information about the number, makeup and groups involved in the incidents. Third, victim characteristics describe analogous information on the victims involved in the attacks. Finally, life and property losses attempt to quantify the damage of the attack.

A central contribution of our paper is to employ the data in a different manner than has been previously employed in the literature. Overall, the variables we construct measure the net impact of terrorism between countries. We consider a *bi-lateral* definition of terrorism. We consider several definitions for terrorism. First, we define terrorism, T , as the number of events in a host country, h , from attackers whose nationality comes from source country, s . Second, we define terrorism as the number of events perpetrated on individuals from host

country, h , from attackers whose nationality comes from source country s . In addition, we measure T as the number of victims rather than number of incidents in a given year.

We present several caveats before we proceed. First, one may be concerned that the nationality of the source attacker may not represent the views of the country for which he is associated. While a possibility, this problem is no less severe than what we encounter when we try to measure any international variable — e.g., how do we properly account for the nation of origin of a Mercedes-Benz manufactured in Alabama using parts imports from Asia, for example? Second, one may be concerned that there could be more than one nationality included in the attacking force, making it hard to determine the source country of the terrorist incident. This concern turns out to be less of an issue in practice for the following reason: 98 percent of attacks are reported with only one source country.³ Finally, one may be concerned that we could be under-counting the number of incidents as not all attacks are identified with a particular group. Even so, the vast majority of attacks do have an identified source country, amounting to over 8,000 incidents. It is also likely that incidents that are reported without association to any particular group are not successful terrorist attacks and should be ignored. As the definition of terrorism in ITERATE requires knowledge of a political agenda, the events without associated countries are likely to have any direct impact on the relationship between any two countries in particular.

2.1 Globalization, Democratization and Terrorism

As shown in our companion piece, Blomberg and Hess (2005b), rich countries have had about four times as many incidents and incidents per capita as poor countries and democracies

³Experimenting with different classifications for source country had no discernable impact on the results. Hence, we did not include source countries for multiple country attacks.

(globalizers) have had about four times as many incidents per capita as compared to non-democratic regimes (non-globalizers). Why might this be so?

Krug and Reinmoeller (2004) argue that globalization is an important determinant of terrorism. In their paper, they build a model to explain the internationalization of terrorism as a natural response to a globalizing economies. As countries become more economically integrated and market-oriented, there is no discrimination between what certain terrorist groups might see as “bad” products and “good” products or investments. Moreover, the same advances in technology that allow for easy access of goods and services also allow for easy access to military hardware and technology. In the short run, globalization may have the consequence of creating a series of winners and losers. These same losers will have easier access to retaliate in response to their losses thereby multiplying the affect of globalization on terrorism.

An alternative view put forth by Crenshaw (2001) is that it is naive to believe that globalization is encouraging international terrorism. So that while globalization and terrorism may be seemingly impacting one another, there is something more complicated at work. The latest incidence of terrorism is not necessarily driven by globalization. Instead, the latest wave of terrorism should be seen as a series of civil wars which may be motivated by a strategically unified reaction to American power, rather than directly to globalization.

It is an empirical matter to determine which hypothesis best supported by the existing evidence. Tables 1 - 2 report the total number of terrorist incidents and incidents per capita parsed by globalization, democratization and development.⁴ If globalization, democ-

⁴Our definitions for high or low globalization, democratization and development are standard measures. High (low) growth is defined as average growth per capita $>$ ($<$)1.5 percent; High (low) democratic is defined for countries with polity $>$ ($<$)7 and/or eiec+liec $>$ ($<$)14; High (low) globalized is defined as countries with trade as a percentage of GDP $>$ ($<$)30 percent. The general qualitative results are not sensitive to different cutoff values.

ratization or development are the culprits, then we would expect terrorism to be greater in liberalizing or growing economies. Tables 1 - 2 provide little evidence to support this. During the 1960's and 1970's, high globalizing, and democratizing economies were more likely to be hit by terrorism. In the 1970's, for example, democratizers had eight times the rate of terrorism per capita than non-democratizers. There has been an interesting twist in the dynamic since the 1980's, the period of greatest peace, democratization and globalization: namely, high growth, democratizing or globalizing countries are *less* likely to be hit by terror.

In each comparison group during the 1990's and 2000's, less democratic, less open and lower growth countries experienced more terrorism per capita. This point can be made stronger by examining Table 3. These columns parse the data further by considering more globalized versus non-globalized democracies. Then, consider more globalized versus non-globalized non-democracies. In this case, globalizers continue to experience higher rates of terrorism per capita than non-globalizers, on the order of 100 to 300 percent more. Moreover, democratizers tend to experience more terrorism, although the difference between terrorist incidents per-capita (T/N) for non-globalized democracies and non-globalized non-democracies is quite small. Interestingly, the gap between globalizers/non-globalizers and democracies/non-democracies has fallen during the period of greatest democratization and globalization. For example, during the 2000's (albeit for a very short time period) there is no significant difference between non-globalized non-democracies and (NOGLOB & NODEM) and globalized democracies (GLOB & DEM).

To see this in a different way, Tables A1-A5 report the total number of terrorist incidents, incidents per capita, democracy, and GDP per capita of the *source* countries. This allows us to directly examine the motivation of the terrorist originating countries.

Tables A1-A5 provide three interesting facts. First, terrorists are more likely to originate from countries in and around the Middle East and certain Western Europe countries than from other regions around the world. Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Liberia, Oman, and Yemen are each responsible for more than the average number of incidence per capita. European countries such as Cyprus, Greece, and Ireland have some of the highest incidence of both terrorism and terrorism per capita.

Second, there is little correlation between measures of globalization, democracy, development and terrorism as these high incidence source countries are not particularly democratic/non-democratic, developed/developing or open/closed. For example, for the 12 countries with high levels of terrorism mentioned above: 6 have higher than average scores for democracy and 6 have lower than average scores; 6 have higher than average incomes and 6 have lower than average incomes; 6 have higher than average openness and 6 have lower than average values.

In summary, to best assess the impact of globalization, democratization and development on terrorism, researchers must not only account for the changes in these variables but must also account for the relative size of these variables. Hence, a bi-lateral model may best describe the economic motives of terrorist groups. This can be seen in the gravity model described in the following section.

3 The Gravity Model

For several decades, the gravity model has been the workhorse of empirical trade research and more recently empirical FDI literature. One reason is that the model is relatively intuitive. The gravity equation simply states that there is a positive relationship between

trade/financial flows and the sizes of countries and a negative relationship between trade/financial flows and distance.

A central contribution of our paper is to introduce terrorism T as the dependent variable into these various gravity models. To include T in the aforementioned approaches, consider the following gravity equation for log trade (x_{hst}) for country pair h, s at time t and its determinants:

$$x_{hst} = f(Y_{hst}, Z_{hst}, p_{hst}) \quad (1)$$

where y is log of real GDP per capita, Y is log of real GDP, Z is a vector of observables to include trade costs τ (e.g. distance and language barriers), and p are multilateral resistance terms such as prices that refer to the bilateral barrier between countries relative to the average trade barrier each country faces with all trading partners.⁵ These multilateral resistance terms may be thought of as product price variables that may create wedges to trade.

For traditional trade gravity models, one representation of equation (1) is:

$$x_{hst} = \alpha_0 + \alpha_1 y_{ht} + \alpha_2 y_{st} + \alpha_3 Y_{ht} + \alpha_4 Y_{st} + \delta Z_{hst} + \varepsilon_{hst} \quad (2)$$

where Z is a vector of variables including distance (both physical and technological measures), income per capita, etc. and language barriers and the error may be specified to control for random or time/country fixed effects. We modify equation (2) by specifying Z and redefining the left-hand-side variable as T , so that we have:

$$T_{hst} = \alpha_0 + \alpha_1 \cdot y_{ht} + \alpha_2 \cdot y_{st} + \alpha_3 \cdot Y_{ht} + \alpha_4 \cdot Y_{st} + \alpha_5 \cdot \log \text{distance}_{hs} + \alpha_6 \cdot \text{Comlang}_{hs} + \alpha_7 \cdot \text{area}_{hs} \quad (3)$$

⁵For notational convenience, we have written the country pair as y_{hs} , but we switch to y_h and y_s to refer to an individual country.

$$+\alpha_8 \cdot \text{REL}_h + \alpha_9 \cdot \text{REL}_s + \alpha_{10} \text{DEM}_{ht} + \alpha_{11} \cdot \text{DEM}_{st} + \alpha_{12} \cdot \text{GLO}_{ht} + \alpha_{13} \cdot \text{GLO}_{st} + \varepsilon_{ijt}$$

where h, s denote countries, t denotes time, and the variables are defined as: T is the number of a terrorist attacks on country h from group representing country s , Y is log of real Gross Domestic Product, y is the log of real GDP per capita, distance is the natural log of distance between two countries, Comlang is a dummy variable which is 1 if countries have a common language and 0 otherwise, area is the natural log of the product of the size of the countries, REL is a 0 to 1 index of religious fractionalization of a country, DEM is defined both as an index of democratization from polity and as a dummy variable if the country is a democracy, GLO is defined both as trade/GDP and an index of integration such as trade or participation in the WTO.⁶ The purpose of estimating the gravity equation would be to consider the importance of DEM and GLO in impacting the likelihood of terrorism and to compare the relative magnitude to other factors highlighted in Blomberg and Hess (2005b) as relevant in explaining terrorism e.g. GDP per capita.⁷

Although, we include many of the usual suspects that may influence T , it is impossible to consider all possible covariates in a regression. Throughout, we include specifications that include time dummies to control for global shifts in terrorism trends. But, in addition, we present specifications that control for country-pair random effects. An important advantage of the country-pair model is that it accounts also for the so-called "multilateral resistance," i.e., the relationship between the two countries and the rest of the world. The alternatives of including host or source country dummies are special cases of the country-pair dummy.

It is also worthwhile to note that many of the bilateral terrorist observations are zero.

⁶We also considered measures of imports/GDP with little qualitative change in the results.

⁷All of the data reported is taken from sources in Blomberg and Hess (2005b). A detailed discussion is provided in it.

To correctly estimate the elasticities, then, it is necessary to consider the bias on account of censoring. We employ the Tobit model that estimates the coefficients through a maximum likelihood procedure.

4 Empirical Results

4.1 Cross-Country Empirical Motivation

We motivate our discussion by considering the link between terrorism that occurs within a country's borders from outsiders and terrorism that occurs by the citizens of a country in other countries. Crudely speaking, what we are doing is examining bilateral terrorist net imports. The purpose of this preliminary exercise is to see if the same countries that experience significant international terrorism are those whose citizens are terrorizing other countries abroad. This is useful because it may shed some light into some of the causes of terror: whether terrorism is driven by civil strife between countries who may have been given arbitrary borders by colonial powers; whether terrorism is linked to particular countries such as the United States that may have very strong or polarizing international policies; whether terrorism is due to globalization/democratization/development such that those countries are more apt to be net importers of terrorism rather than net exporters.

Figure 2A plots countries by the number of terrorist exports versus the number of terrorist imports and a line of best fit. If countries import and export the same amount of terrorism, we would expect the data to fall along the 45 degree line. In fact, the line of best fit is measured at 43 degrees—in line with such a hypothesis. This result merely demonstrates an identity—in equilibrium, net exports and net imports must be equated.

However, there are several important differences. First, there are notable net im-

porters of terrorism—they include Israel, the United States, France and Great Britain. There are also several notable net exporters of terrorism—Ireland, Iran, and Cuba. While there may be many factors that shift countries away from the diagonal line, it is interesting to note that the net importers mentioned are clearly more democratic and developed than the net exporters. We denote the least democratic/developed/open countries with dots. Most appear to be net exporters of terrorism. Hence, when developing our gravity model, it would appear that the traditional variables included in gravity models would also apply to terrorism—namely income, trade and institutions.

This can be seen once we do the same experiment controlling for democracy, openness and income. In this case, there does not appear to be such a difference in estimated imports or exports from terrorism. Figure 2B plots this conditional regression. Notice that in this case there are just as many dots below and above the estimated line. Interestingly, it is still estimated to be a 45 degree line.

While these figures may be illuminating, they do not provide any direct evidence regarding the relationship between globalization, democratization and terrorism. The purpose of the next subsection is to directly address these issues.

4.2 Baseline Results

We begin by explaining the results from estimating the gravity model, (3). In Table 4, columns 1-7 include variables that do not change over time. These include distance, land mass, as well as dummy variables for language. Column 8 estimates the model to include controls for time. Column 9 estimates the model to control for random effects by country-pair. Each of these models are estimated using the Tobit estimator with standard errors clustered by the income level of each country-pair.

Consider, first, the traditional gravity variables. Greater distance between the source and host countries reduces terrorism (as has been well documented for trade and FDI). Traditional barriers to trade such as borders and language also appear to increase terrorism. In this sense, terrorism appears to be more of a regional threat than a global one. Further, larger country size (higher GDP) increases terrorism. One way to interpret this result is that larger means more of everything—including terrorism. Even so, terrorism is significantly more responsive to country size at the host rather than from the source perspective.

Religious fractionalization tends to decrease source country terrorism with little effect on host country violence. Low fractionalized countries such as Iran (.11) tend to encourage more source terrorism than high fractionalized countries such as the UK (.66). This result supports the view that radicalism, at least at the source level, is a determinant in provoking violence.

Perhaps the most interesting and robust result is when analyzing differences in income. Richer host countries (higher per capita GDP) generate more terrorism whereas richer source countries generate less terrorism. This result is consistent across each specification with the impact from source income being slightly greater in magnitude than the impact from host income. Taken literally, the estimation results from Table 4 imply that a one percentage increase in a source countries income should decrease the number of terrorist events by 2 per year. A one percentage increase in host country income would invite about 1 more terrorist event per year.

This finding provides a segue into the thrust of our paper's main question. This result might mean that terrorism is the unfortunate consequence of a widening divide between rich and poor countries. During a process of sweeping change over the past 20 years as countries

have become more globalized and democratized, some countries have been “left behind” while others have flourished. Perhaps, terrorists in these “left behind” economies has chosen to strike against those countries that have become more advantaged during the period in question.

We directly address this point as we consider the effect of these dynamic forces—globalization and democratization—on terrorism. There are two main results from this estimation. First, the advent of democratic institutions in a source country significantly reduces terrorism. However, the advent of these same institutions in host countries actually increases terrorism, providing more support for our above conjecture.

Second, source-country openness has a negative and statistically significant impact on terrorism. Once again, however, host-country openness often has a positive and statistically significant on terrorism. *Ceteris paribus*, the impact of being a democracy or participating in the WTO for a source country decreases the number of terrorist strikes by about 1 to 2, which is more than two standard deviations greater than the average number of strikes between any two countries in a given year.

How should one interpret our findings? Do the forces of modernization (democracy, globalization, growth) lead terrorists to attack other countries, or do terrorists from poor countries attack rich neighbors because it’s a low cost method of voicing their discontent?

The effects of democracy on a country’s likelihood of being a source for transnational terrorism are not firmly established. Non-democracies create fewer outlets for political grievances to be addressed, making violent means of political action more likely. This might lead to increased domestic terrorism, but doesn’t speak to the country as a source of transnational terrorism. When the autocratic government is perceived to have its authority

bolstered by its foreign relations with democracies however, we might expect the terrorist group advocating the removal of the illegitimate autocrat may indeed target its foreign allies, some of whom may be democracies. We might expect therefore that non-democracy abroad could increase transnational terrorism at home.

As to what makes a country a source of terrorists, there is little evidence of any kind. Discussion in this regard has rarely distinguished between domestic and transnational terrorism. Where political conflict is domestic, the lack of outlets for political discontent make violent means of protest more likely. Where a wider variety of groups get to participate in the political process, non violent means are at least attempted first. Others have argued that in a more democratic regime more political action of all kinds, violent and non-violent alike, is likely.

Overall, the lack of clarity on the issue stems, in our view, from treating the source and target countries in the same manner; when the effects of democracy are permitted to differ conditional on whether the observation is a source or target, allows a more precise view on the determinants of transnational terrorism.

Globalization also affects the costs, benefits and resources available for terrorist activities. Firstly if terrorism emerges from a sense of relative deprivation, then globalization, in so far that it encourages economic growth, may mitigate terrorist tendencies. On the other hand, if globalization is associated with increased inequality across countries and groups, then we might expect globalization to lead to more violence. On the costs side of the equation, the lowered barriers to flows of goods, money, people and ideas, makes the networks of terrorist operations cheaper to operate. Terrorist themselves find it easier to move across increasingly permeable borders; resource flows across borders necessary to finance terrorist

operations become more difficult to monitor by authorities overwhelmed by the growth of the international financial system. Norms of privacy in international banking make information about these resource flows scarce. The fact that customs agents inspect only a small fraction of goods imported make the smuggling of terrorist materiel cheaper, while the freer flow of information make the knowledge and techniques of terrorist action more easily transferred. Globalization, like democracy, affects the costs, benefits and resources constrains of terrorists in many ways. The literature has focused on some of these mechanisms and the evidence has been substantially inconclusive.

The popular discourse seems to put some of the blame for transnational terrorism on “globalization” – this increased flow of goods, services, ideas, people and culture across international borders. *The Economist* suggests that the relative ease with which resources and people move around the world increases the risks associated with transnational terrorism (2002), while Paul Martin, as Canadian Finance Minister in 2002 claimed that the terrorists themselves are hostile to the process of globalization, witnessed by the choice of target by the 9/11 hijackers – a center of world trade and finance.

Others argue that globalization encourages terrorism for yet further reasons. If globalization increases world inequality, then it will increase feelings of relative deprivation. These feelings produce political action, some of it violent. Or merely, globalization results in a kind of cultural imperialism significantly reducing the quality of life of people committed to a particular set of norms governing social behavior, norms that are broken by foreign influences.

Our paper cannot hope to disentangle each of these issues. Our paper merely one of the first to document three phenomena:

- The effects of democracy and globalization on terrorism differ for source and target countries
- Terrorism falls with democracy and globalization in the source countries
- Terrorism rises with democracy and globalization in the target countries.

Moreover, as the results in Table 5 demonstrate, our baseline estimates of the traditional gravity specification in (3) reported in Table 4 are generally robust across modifications to take into account region, time and income class. Columns 1 through 6 of Table 5 report the results from a gravity specification where we include dummy variables for globalization and democratization in each specification.⁸

Greater distance, borders and language appear to have similar statistically significant impacts in Table 5. In this way, terrorism appears to be more regional than global. Larger country size continues to increase terrorism. Richer host countries continue to generate more terrorism in each case except when only rich countries are considered.⁹ Poorer source countries continue to generate more terrorism.¹⁰

Finally, and most importantly, the impact on globalization and democratization continues to hold as well. As can be seen from the appropriate rows of the table, the estimate associated with host democracy is statistically significant at below the .01 level in most cases, and the coefficient estimates are positive in each case (except in Latin America) varying between 1.5 in Asia income countries to 0.5 in Middle East and North Africa. The estimate associated with source democracy is statistically significant at below the .01 level in most

⁸The regions we consider are, respectively, South East Asia, East Asia, the Middle East and North Africa, Latin America and the Caribbean, and High and Low Income countries. The latter classification is from Rose (2004) and is obtained from the World Bank Development Indicators.

⁹This may be due to the fact that rich countries are less likely to commit terrorist acts.

¹⁰Again, except for the low income sample, which may be less likely to strike against its poor counterparts.

cases, and the coefficient estimates vary between -0.1 in Latin America income countries to -1.5 in Middle East and North Africa.

The estimates associated with globalization continue to be positive for host countries, ranging from 0.5 in sub-Saharan Africa to 1.3 in Latin America. They are statistically significant at the 0.01 level in each case but one, in sub-Saharan Africa. The impact from source country globalization remains positive, though less often statistically significant. All of these effects are more pronounced in high income countries than in low income countries.

Columns 8 and 9 explore the impact when we split the sample in 1985. Interestingly, the estimated impact of the gap from globalization and democratization is much larger in absolute value in the source country, though still statistically significant, for the 1985-2003 sub-sample. The coefficient is two times larger in absolute value for the second half of the sample. This may be due to the fact that despite the trends in globalization and democratization, the motives and technology available to terrorists may have changed.

4.3 Analyzing the Robustness Across Different Measures of Terrorism

In Table 6, we consider an alternative measure of terrorism. Rather than define host terrorism from the perspective of the location of the event, we define host terrorism from the nationality of the attacked victim. In national income accounting terms, we consider a GNP measure of host terrorism rather than the GDP measure of host terrorism described above. We employ the exact same specification as in Table 4. We find that in general, the coefficients have the same sign, of similar magnitude, and statistical significance as those in Table 4.

The remarkable similarity in results between Table's 4 and 6 also give us some information about possible measurement issues. As discussed in Section 3, there may be some

concerns that we are unable to capture the intent of the terrorist given the inherent challenges to using media-based measures of terrorism. Yet, when we select a different way of measuring the target for terrorism, namely by the nationality of the victim, we get precisely the same results. Obviously, this cannot account for all the possible problems associated with measuring terrorism, but the similarity is noteworthy. Other possible measurement issues are analyzed in Tables 7 and 8.

In Table 7, we consider a different measure of terrorism to account for the intensity of the violence. In this case, we define terrorism as the number of victims rather than the number of incidents.¹¹ The advantage to considering this measure is that it may better account for the actual damage of each attack inflicted on its country. The disadvantage would be that often terrorists may be less interested in targeting victims than in getting a response from its target. At the very least, it provides a robustness check to our early results.

The results in Table 7 continue to support the earlier findings. The sign and statistical significance of each relevant coefficient is similar to those discussed earlier. However, the magnitude of the coefficients associated with income per capita, globalization and democratization are slightly larger—on the order of 10 percent greater. Since the left-hand side variables in both Tables 6 and 7 have been scaled to be of similar magnitude, one can only conclude that the impact of these variables is greater on the number of victims than it is on the number of incidents.

To place some perspective on the magnitude of these results, a one percentage increase in income in a host country causes the number of victims to rise by about 10. A one

¹¹For comparative purposes, we divide the left hand side variable by 10000 so that the mean is similar to the mean of terrorism in Tables 4 - 6.

percentage point increase in the income of the source country causes the number of victims to fall twofold or by about 20. The advent of a democracy or participation in the WTO in a host country causes the number of victims to rise twofold or by about 20. Participation in the WTO in a source country causes the number of victims to fall twofold or by about 20.

Finally, Table 8 considers the same measure as the number of victims but does this only for victims in the United States. This provides a final robustness check as the United States may be the most likely target country for terrorism and the media may exceptionally likely to report terrorist attacks that take place in the United States. The results in Table 7 mirror our earlier findings: however, the magnitudes are different. It appears that being a democracy for the source country is greater than in the full sample. It also appears that the government of the United States has a creates a larger target due to its democratic policies. Finally, it appears that openness provides a greater hedge to terrorist attacks from source countries than in the previous regressions.

5 Conclusion

Thomas Friedman (2000) has been influential in understanding how the forces of globalization are helping to shape the evolution of world events. He writes:

“... on October 11, 1998, at the height of the global economic crisis, Merrill Lynch ran full-page ads in major newspapers through America to drive this point home. The ads read

The World Is 10 Years Old

It was born when the Wall fell in 1989. It's no surprise that the world's youngest economy – the global economy – is still finding its bearings. The intricate checks and balances that stabilize economies are only incorporated with time. Many world markets are only recently freed, governed for the first time by the emotions of the people rather than the fists of the state. From where we sit, none of this diminishes the promise offered a decade ago by the demise of the walled-off world

... The spread of free markets and democracy around the world is permitting more people everywhere to turn their aspirations into achievements. And technology, properly harnessed and liberally distributed, has the power to erase not just geographical borders but also human ones. It seems to us that, for a 10-year-old, the world continues to hold great promise. In the meantime, no one ever said growing up was easy.” Friedman, *Lexus and the Olive Tree* pp. 1.

Do these ‘growing pains’ imply that we should observe more conflict around the globe, and in particular terrorist attacks, as a consequence? Our paper seeks to answer this question. We construct a new database on bi-lateral conflict and estimate a gravity model for terrorism. We find that development, democracy and openness are each positive influences in creating a more peaceful environment for countries that are a source of terrorism. We also find that these same factors make a country more likely to be a target for terrorism.

What do these results mean for policy-makers? Our paper is one of the first of its kind to document the need for development, democracy and openness in encouraging peace for terrorist nations. This means that policies that can encourage more liberal institutions to facilitate political and economic freedom will have a pacifying influence on a terrorist state. As such, these factors can help to reduce the supply of terrorist activity.

Unfortunately, our paper also points to the fact that the countries that tend to be more politically and economically free are more likely to be targets of terrorists. This means that these countries must be more aware and may mean that they might consider counter-terrorist measures for a defensive posture. Taken together, defense spending by more liberal nations to counteract terrorism coupled with liberal institutions for terror supplying nations, may limit the duration of the Terrorist age in which we now live.

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Table 1: Terrorism by Development and Governance: 189 Country Sample

Years	All		High Growth		Low Growth		More Democratization		Less Democratization	
	T	T/N	T	T/N	T	T/N	T	T/N	T	T/N
1960s	0.72	0.20	0.77	0.29	0.48	0.51	2.21	1.78	0.76	0.40
1970s	1.72	0.43	1.47	0.52	2.60	2.17	5.29	3.27	0.99	0.47
1980s	2.20	0.46	2.07	0.57	2.42	2.16	4.41	1.92	1.50	0.64
1990s	1.57	0.28	1.29	0.32	1.99	1.25	2.09	0.60	1.45	0.69
2000s	0.73	0.12	0.69	0.15	0.80	0.57	0.67	0.22	0.61	0.43
Total	6.94	1.49	6.28	1.84	8.30	6.66	14.67	7.79	5.31	2.63

Note: N is a million of people. High growth if growth per capita > 1.5 percent. More democracy if polity>5 and/or eiec+lic>10

Table 2: Terrorism by Globalization: 189 countries

Years	All		More Globalized		Less Globalized	
	T	T/N	T	T/N	T	T/N
1960s	0.72	0.20	0.68	1.23	0.74	0.24
1970s	1.72	0.43	2.08	1.91	1.40	0.48
1980s	2.20	0.46	2.48	1.60	1.78	0.55
1990s	1.57	0.28	1.66	0.44	1.24	0.68
2000s	0.73	0.12	0.80	0.17	0.53	0.39
Total	6.94	1.49	7.71	5.34	5.68	2.34

Note: N is a million of people. More globalized if trade as a percentage of GDP > 30 percent. More democracy if polity > 7 and/or eiec + liec > 14

Table 3: Terrorism by Globalization and Democratization: 210 countries

Years	GLOB & DEM		NOGLOB & DEM		GLOB & NODEM		NOGLOB & NODEM	
	T	T/N	T	T/N	T	T/N	T	T/N
1960s	1.73	9.48	0.61	0.18	0.00	0.00	1.03	0.56
1970s	4.48	10.51	1.22	0.34	0.74	2.92	1.38	0.69
1980s	5.15	7.31	1.37	0.34	1.02	2.44	1.70	0.78
1990s	2.23	1.51	1.11	0.27	1.16	1.48	1.75	1.01
2000s	0.70	0.42	0.74	0.17	0.73	0.92	0.40	0.36
Total	14.30	29.23	5.06	1.29	3.65	7.75	6.25	3.41

Note: N is a million of people. More globalized if trade as a percentage of GDP > 30 percent. More democracy if polity > 7 and/or eiec+liec > 14

Table 4: Gravity Model for Terrorist Incidents by Location: 1968-2003 Full Country Sample

	1	2	3	4	5	6	7	8	9
	Base	DEM	DEM	GLO	GLO	DEM&GLO	DEM&GLO	F.E.	D.E.
y_h	0.999*** [0.235]	0.752*** [0.223]	0.721*** [0.200]	1.267*** [0.292]	0.922*** [0.225]	1.071*** [0.294]	0.684*** [0.198]	0.400** [0.158]	0.949*** [0.149]
y_s	-1.790*** [0.329]	-1.725*** [0.330]	-1.711*** [0.323]	-2.033*** [0.393]	-1.702*** [0.317]	-2.107*** [0.426]	-1.675*** [0.318]	-1.904*** [0.292]	-1.323*** [0.161]
Y_h	2.559*** [0.499]	2.746*** [0.550]	2.646*** [0.518]	2.419*** [0.478]	2.524*** [0.494]	2.554*** [0.521]	2.621*** [0.515]	2.677*** [0.416]	1.322*** [0.154]
Y_s	1.018*** [0.201]	0.999*** [0.212]	1.176*** [0.231]	1.165*** [0.239]	1.065*** [0.212]	1.266*** [0.277]	1.201*** [0.239]	1.314*** [0.215]	0.873*** [0.133]
distance	-3.532*** [0.683]	-3.200*** [0.637]	-3.231*** [0.637]	-3.281*** [0.642]	-3.483*** [0.678]	-3.029*** [0.608]	-3.215*** [0.637]	-3.226*** [0.510]	-2.497*** [0.194]
comlang	3.019*** [0.719]	3.076*** [0.768]	3.179*** [0.755]	3.014*** [0.736]	3.075*** [0.727]	3.096*** [0.787]	3.245*** [0.764]	3.068*** [0.605]	1.914*** [0.340]
border	1.332** [0.610]	1.910*** [0.724]	1.878*** [0.688]	1.682** [0.672]	1.417** [0.619]	2.174*** [0.781]	1.906*** [0.691]	1.973*** [0.615]	0.664 [0.515]
area	-0.028 [0.069]	-0.325*** [0.121]	-0.243** [0.095]	-0.507*** [0.136]	-0.02 [0.070]	-0.670*** [0.182]	-0.231** [0.097]	-0.344*** [0.099]	0.184** [0.082]
REL _h	0.155 [0.724]	0.376 [0.859]	0.071 [0.751]	0.6 [0.772]	-0.142 [0.704]	0.9 [0.920]	-0.115 [0.734]	-0.284 [0.678]	
REL _s	-7.609*** [1.644]	-8.496*** [1.878]	-7.857*** [1.706]	-8.137*** [1.777]	-7.321*** [1.607]	-9.083*** [2.018]	-7.568*** [1.664]	-7.837*** [1.394]	
polity _h		0.128*** [0.049]				0.108** [0.043]			
polity _s		-0.045*** [0.013]				-0.046*** [0.013]			
DEM _h			2.131*** [0.550]				1.864*** [0.549]	2.907*** [0.584]	0.356 [0.228]
DEM _s			-1.914*** [0.507]				-1.505*** [0.467]	-1.103*** [0.410]	-1.357*** [0.284]
OPEN _h				-0.039*** [0.009]		-0.032*** [0.011]			
OPEN _s				-0.023*** [0.006]		-0.006 [0.006]			
GLO _h					1.872*** [0.545]		1.428** [0.555]	1.468*** [0.510]	0.514* [0.290]
GLO _s					-1.611*** [0.461]		-1.390*** [0.448]	-1.434*** [0.420]	-0.982*** [0.338]
Observations	208613	136962	182794	190812	208613	129542	182794	182794	183275

Notes: clustered standard errors are presented in parentheses. ***, ** and * represent statistical significance at the .01, .05 and .10 levels, respectively. Each column is the basic gravity model estimated over full country sample 1968-2003. Columns 1-9 were estimated using the Tobit Method to allow for substantial number of zero value observations. Column 8 includes year fixed effects. Column 9 estimates the model using random effects by country-pair year income. Included in the regression are: Real GDP Y_i and Real GDP per capita y_i for host $i = h$ and source $i = s$ countries, log physical distance (distance), log physical area (area), dummy variable for language (Comlang), dummy variable for border (border), measures of religious fractionalization (REL), and measures of democracy (polity) is index of democracy on 0 -10 scale with 10 being most democratic) (DEM is dummy variable which is 1 if polity > 7 or executive+legislative veto points > 14, 0 otherwise) and measures of globalization (OPEN is total trade/GDP) (GLO is dummy variable which is 1 if member of WTO/GATT, 0 otherwise).

Table 5: Robustness Checks: Gravity Model for Terrorist Incidents: 1968-2003 Full Country Sample

	1	2	3	4	5	6	7	8
	asia	ssafr	menaf	latca	highi	lowin	68-85	86-03
y_h	0.475** [0.197]	0.568** [0.221]	0.394*** [0.120]	0.371** [0.180]	-0.561** [0.237]	0.696*** [0.163]	0.568** [0.250]	0.615*** [0.229]
y_s	-0.505*** [0.161]	-0.064 [0.205]	-1.185*** [0.180]	-0.680*** [0.221]	-4.364*** [0.328]	-0.335*** [0.128]	-1.904*** [0.290]	-1.866*** [0.238]
Y_h	0.645*** [0.146]	0.881*** [0.212]	1.121*** [0.144]	0.792*** [0.132]	3.386*** [0.233]	0.727*** [0.108]	3.227*** [0.250]	2.310*** [0.191]
Y_s	0.676*** [0.157]	0.465** [0.192]	1.232*** [0.173]	0.614*** [0.149]	0.299 [0.211]	0.644*** [0.112]	0.925*** [0.216]	1.458*** [0.195]
distance	-1.529*** [0.313]	-2.386*** [0.522]	-1.455*** [0.208]	-1.196*** [0.209]	-4.168*** [0.331]	-1.856*** [0.278]	-2.516*** [0.318]	-3.785*** [0.328]
comlang	1.575*** [0.381]	1.566*** [0.453]	0.289 [0.315]	0.848*** [0.328]	4.227*** [0.595]	1.907*** [0.325]	2.184*** [0.585]	4.188*** [0.490]
border	1.436** [0.662]	-0.326 [0.658]	1.250*** [0.399]	1.883*** [0.413]	-1.255 [0.937]	1.260*** [0.468]	1.275 [0.869]	1.904*** [0.684]
area	0.159 [0.110]	0.027 [0.112]	-0.169* [0.094]	-0.12 [0.078]	0.129 [0.133]	0.160* [0.089]	-0.585*** [0.139]	-0.008 [0.133]
REL _h	-1.452* [0.783]	0.043 [0.817]	-1.940*** [0.593]	0.027 [0.724]	-0.444 [1.131]	-1.041* [0.585]	-0.876 [1.195]	-0.727 [0.944]
REL _s	-0.546 [0.827]	0.824 [0.848]	-1.254* [0.696]	-1.474** [0.688]	-5.657*** [1.257]	-0.562 [0.592]	-5.915*** [1.266]	-8.594*** [1.049]
DEM _h	0.629* [0.353]	0.473 [0.413]	1.145*** [0.274]	1.256*** [0.303]	3.206*** [0.637]	0.895*** [0.291]	2.410*** [0.582]	2.376*** [0.545]
DEM _s	-0.252 [0.386]	-0.451 [0.491]	-0.785** [0.342]	-0.673** [0.279]	-0.209 [0.794]	-0.459 [0.303]	-1.178* [0.671]	-1.275** [0.572]
GLO _h	1.403*** [0.524]	0.448 [0.619]	0.760** [0.299]	-0.689** [0.274]	3.040*** [0.913]	0.561 [0.352]	3.168*** [0.777]	0.15 [0.599]
GLO _s	-0.427 [0.491]	-1.555*** [0.543]	-1.631*** [0.325]	0.002 [0.305]	-2.708*** [0.927]	-0.141 [0.343]	-0.617 [0.689]	-2.190*** [0.592]
Observations	44410	70575	28159	60120	91435	83911	67952	114842

Notes: clustered standard errors are presented in parentheses. ***, ** and * represent statistical significance at the .01, .05 and .10 levels, respectively. Each column is the basic gravity model estimated over sub-samples by region: asia, ssafr, menaf, latca; income: highi, lowin; and time: 1968-1985, 1986-2003. Columns 1-8 were estimated using the Tobit Method to allow for substantial number of zero value observations. Included in the regression are: Real GDP Y_i and Real GDP per capita y_i for host $i = h$ and source $i = s$ countries, log physical distance (distance), log physical area (area), dummy variable for language (Comlang), dummy variable for border (border), measures of religious fractionalization (REL), and measures of democracy (DEM) is dummy variable which is 1 if polity > 7 or executive+legislative veto points > 14, 0 otherwise) and measures of globalization (GLO is dummy variable which is 1 if member of WTO/GATT, 0 otherwise).

Table 6: Gravity Model for Terrorist Incidents by Nationality: 1968-2003 Full Country Sample

	1	2	3	4	5	6	7	8	9
	Base	DEM	DEM	GLO	GLO	DEM&GLO	DEM&GLO	F.E.	D.E.
y_h	1.901*** [0.099]	1.809*** [0.116]	1.650*** [0.106]	2.080*** [0.111]	1.831*** [0.101]	2.060*** [0.133]	1.638*** [0.107]	1.198*** [0.107]	0.947*** [0.072]
y_s	-1.713*** [0.097]	-1.660*** [0.114]	-1.678*** [0.104]	-1.794*** [0.119]	-1.669*** [0.097]	-1.712*** [0.138]	-1.654*** [0.104]	-1.461*** [0.107]	-1.092*** [0.085]
Y_h	2.373*** [0.083]	2.371*** [0.096]	2.349*** [0.087]	2.157*** [0.093]	2.336*** [0.083]	2.132*** [0.114]	2.333*** [0.087]	2.121*** [0.088]	0.447*** [0.063]
Y_s	0.465*** [0.071]	0.430*** [0.085]	0.508*** [0.077]	0.454*** [0.088]	0.421*** [0.074]	0.385*** [0.105]	0.475*** [0.079]	0.565*** [0.081]	1.199*** [0.059]
distance	-1.946*** [0.126]	-1.668*** [0.144]	-1.720*** [0.133]	-1.793*** [0.131]	-1.929*** [0.126]	-1.630*** [0.148]	-1.732*** [0.133]	-1.756*** [0.135]	-1.036*** [0.091]
comlang	2.898*** [0.213]	2.909*** [0.242]	2.948*** [0.220]	2.777*** [0.223]	2.883*** [0.213]	2.789*** [0.253]	2.942*** [0.220]	2.769*** [0.222]	2.027 [0.000]
border	1.389*** [0.338]	2.114*** [0.380]	1.813*** [0.352]	1.658*** [0.348]	1.417*** [0.338]	2.169*** [0.388]	1.801*** [0.352]	2.074*** [0.354]	1.285*** [0.233]
area	0.406*** [0.046]	0.322*** [0.059]	0.314*** [0.052]	0.004 [0.056]	0.449*** [0.048]	0.03 [0.067]	0.346*** [0.054]	0.196*** [0.055]	0.207*** [0.048]
REL _h	2.674*** [0.418]	3.174*** [0.477]	2.649*** [0.433]	3.224*** [0.426]	2.283*** [0.423]	3.883*** [0.489]	2.438*** [0.438]	1.167*** [0.447]	
REL _s	-4.505*** [0.417]	-5.037*** [0.488]	-4.733*** [0.436]	-4.639*** [0.439]	-4.518*** [0.420]	-5.196*** [0.508]	-4.741*** [0.440]	-4.256*** [0.448]	
polity _h		0.092*** [0.013]				0.078*** [0.013]			
polity _s		-0.025*** [0.007]				-0.022*** [0.007]			
DEM _h			2.194*** [0.245]				1.951*** [0.258]	1.831*** [0.264]	0.589*** [0.134]
DEM _s			-0.889*** [0.235]				-0.891*** [0.244]	-0.658*** [0.245]	-0.772*** [0.132]
OPEN _h				-0.036*** [0.004]		-0.033*** [0.005]			
OPEN _s				-0.027*** [0.004]		-0.023*** [0.005]			
GLO _h					1.520*** [0.279]		0.890*** [0.304]	0.855*** [0.304]	0.370** [0.173]
GLO _s					-0.236 [0.248]		-0.031 [0.267]	-0.17 [0.270]	-0.138 [0.166]
Observations	209471	137648	183563	191629	209471	130218	183563	183563	184044

Notes: clustered standard errors are presented in parentheses. ***, ** and * represent statistical significance at the .01, .05 and .10 levels, respectively. Each column is the basic gravity model estimated over full country sample 1968-2003. Columns 1-9 were estimated using the Tobit Method to allow for substantial number of zero value observations. Column 8 includes year fixed effects. Column 9 estimates the model using random effects by country-pair year income. Included in the regression are: Real GDP Y_i and Real GDP per capita y_i for host $i = h$ and source $i = s$ countries, log physical distance (distance), log physical area (area), dummy variable for language (Comlang), dummy variable for border (border), and measures of democracy (polity) is index of democracy on 0-10 scale with 10 being most democratic) (DEM is dummy variable for border (border), and measures executive+legislative veto points >14, 0 otherwise) and measures of globalization (OPEN is total trade/GDP) (GLO is dummy variable which is 1 if member of WTO/GATT, 0 otherwise).

Table 7: Gravity Model for Victims of Terrorism: 1968-2003 Full Country Sample

	1	2	3	4	5	6	7	8	9
	Base	DEM	DEM	GLO	GLO	DEM&GLO	DEM&GLO	F.E.	D.E.
y_h	1.145*** [0.173]	0.924*** [0.196]	0.857*** [0.179]	1.413*** [0.190]	1.058*** [0.174]	1.286*** [0.221]	0.817*** [0.181]	0.420** [0.169]	2.009*** [0.217]
y_s	-2.047*** [0.181]	-1.984*** [0.204]	-1.920*** [0.192]	-2.177*** [0.217]	-1.940*** [0.182]	-2.248*** [0.250]	-1.879*** [0.193]	-2.105*** [0.187]	-2.454*** [0.280]
Y_h	2.745*** [0.158]	2.965*** [0.182]	2.837*** [0.166]	2.477*** [0.166]	2.702*** [0.159]	2.631*** [0.200]	2.804*** [0.167]	2.735*** [0.158]	1.467*** [0.208]
Y_s	1.120*** [0.137]	1.120*** [0.159]	1.303*** [0.149]	1.180*** [0.162]	1.182*** [0.144]	1.280*** [0.195]	1.331*** [0.154]	1.397*** [0.148]	2.344*** [0.185]
distance	-3.736*** [0.246]	-3.379*** [0.265]	-3.375*** [0.249]	-3.314*** [0.240]	-3.662*** [0.245]	-3.110*** [0.264]	-3.343*** [0.249]	-3.122*** [0.232]	-4.572*** [0.336]
comlang	2.982*** [0.394]	2.971*** [0.438]	3.106*** [0.403]	2.797*** [0.394]	3.030*** [0.393]	2.830*** [0.443]	3.172*** [0.404]	2.725*** [0.377]	4.029*** [0.517]
border	0.835 [0.574]	1.371** [0.638]	1.444** [0.592]	1.150** [0.570]	0.932 [0.573]	1.548** [0.639]	1.475** [0.591]	1.417** [0.553]	1.502** [0.708]
area	0.008 [0.088]	-0.304*** [0.110]	-0.228** [0.099]	-0.543*** [0.105]	0.011 [0.091]	-0.698*** [0.127]	-0.216** [0.102]	-0.348*** [0.097]	0.505*** [0.135]
REL _h	-0.549 [0.744]	-0.424 [0.841]	-0.713 [0.764]	-0.028 [0.734]	-0.867 [0.751]	0.245 [0.842]	-0.921 [0.772]	-1.255* [0.735]	
REL _s	-7.486*** [0.819]	-8.301*** [0.931]	-7.683*** [0.843]	-7.706*** [0.832]	-7.073*** [0.824]	-8.618*** [0.948]	-7.307*** [0.848]	-7.117*** [0.820]	
polity _h	0.125*** [0.023]					0.102*** [0.022]			
polity _s	-0.054*** [0.011]					-0.052*** [0.011]			
DEM _h		2.180*** [0.402]					1.882*** [0.415]	3.102*** [0.410]	0.389 [0.404]
DEM _s		-2.368*** [0.438]					-1.882*** [0.461]	-1.194*** [0.432]	-2.456*** [0.497]
OPEN _h				-0.047*** [0.006]		-0.041*** [0.009]			
OPEN _s				-0.032*** [0.007]		-0.016* [0.008]			
GLO _h					1.943*** [0.467]		1.515*** [0.497]	1.572*** [0.466]	0.211 [0.499]
GLO _s					-1.974*** [0.440]		-1.627*** [0.477]	-1.653*** [0.445]	-1.824*** [0.567]
Observations	208613	136962	182794	190812	208613	129542	182794	182794	183275

Notes: clustered standard errors are presented in parentheses. ***, ** and * represent statistical significance at the .01, .05 and .10 levels, respectively. Each column is the basic gravity model estimated over full country sample 1968-2003. Columns 1-9 were estimated using the Tobit Method to allow for substantial number of zero value observations. Column 8 includes year fixed effects. Column 9 estimates the model using random effects by country-pair year income. Included in the regression are: Real GDP Y_i and Real GDP per capita y_i for host $i = h$ and source $i = s$ countries, log physical distance (distance), log physical area (area), dummy variable for language (Comlang), dummy variable for border (border), measures of religious fractionalization (REL), and measures of democracy (polity) is index of democracy on 0 -10 scale with 10 being most democratic) (DEM) is dummy variable which is 1 if polity > 7 or executive+legislative veto points > 14, 0 otherwise) and measures of globalization (OPEN is total trade/GDP) (GLO is dummy variable which is 1 if member of WTO/GATT, 0 otherwise).

Table 8: Gravity Model for Terrorist Victims of United States: 1968-2003 Full Country Sample

	1	2	3	4	5	6	7	8	9
	Base	DEM	DEM	GLO	GLO	DEM&GLO	DEM&GLO	F.E.	D.E.
y_h	0.921** [0.403]	0.674 [0.487]	0.6 [0.421]	1.011** [0.435]	0.810** [0.403]	0.547 [0.535]	0.521 [0.424]	0.125 [0.403]	0.008*** [0.003]
y_s	-1.821** [0.429]	-1.441*** [0.521]	-1.504*** [0.463]	-1.619*** [0.501]	-1.680*** [0.435]	-1.155* [0.625]	-1.522*** [0.467]	-1.833*** [0.462]	-0.023*** [0.003]
Y_h	3.020*** [0.378]	3.601*** [0.482]	3.144*** [0.401]	2.844*** [0.399]	3.032*** [0.383]	3.640*** [0.548]	3.166*** [0.407]	3.165*** [0.395]	0.022*** [0.002]
Y_s	1.277*** [0.333]	1.405*** [0.423]	1.611*** [0.371]	1.120*** [0.386]	1.472*** [0.355]	1.223** [0.505]	1.737*** [0.388]	1.855*** [0.381]	0.018*** [0.002]
distance	-3.688*** [0.580]	-3.289*** [0.668]	-3.207*** [0.592]	-3.176*** [0.564]	-3.567*** [0.576]	-2.823*** [0.660]	-3.123*** [0.590]	-2.988*** [0.563]	-0.010*** [0.003]
comlang	3.576*** [0.961]	4.318*** [1.161]	3.679*** [0.991]	3.519*** [0.955]	3.568*** [0.960]	4.526*** [1.174]	3.752*** [0.994]	3.488*** [0.947]	-0.001 [0.006]
border	-0.03 [1.467]	0.243 [1.792]	0.926 [1.520]	0.447 [1.437]	0.206 [1.457]	0.713 [1.778]	1.062 [1.516]	0.897 [1.442]	-0.006 [0.009]
area	0.047 [0.211]	-0.424 [0.282]	-0.257 [0.237]	-0.563** [0.248]	-0.017 [0.216]	-0.919*** [0.325]	-0.325 [0.247]	-0.455* [0.242]	-0.001 [0.002]
REL _h	-0.392 [1.771]	-0.114 [2.149]	-0.712 [1.835]	-0.157 [1.737]	-0.528 [1.792]	-0.279 [2.144]	-0.713 [1.856]	-0.947 [1.799]	-0.001 [0.002]
REL _s	-8.385*** [2.008]	-10.211*** [2.528]	-8.458*** [2.078]	-8.675*** [2.041]	-7.502*** [2.012]	-10.664*** [2.592]	-7.799*** [2.088]	-7.698*** [2.056]	
polity _h		0.057 [0.045]				0.043 [0.042]			
polity _s		-0.075** [0.029]				-0.074*** [0.028]			
DEM _h			2.922*** [0.988]				2.868*** [1.023]	3.965*** [1.027]	0.008 [0.005]
DEM _s			-4.579*** [1.116]				-3.721*** [1.165]	-2.744** [1.094]	-0.033*** [0.006]
OPEN _h				-0.042*** [0.015]		-0.017 [0.020]			
OPEN _s				-0.051*** [0.018]		-0.048** [0.024]			
GLO _h					1.46 [1.076]		0.54 [1.154]	0.807 [1.108]	0.002 [0.005]
GLO _s					-3.637*** [1.090]		-2.662** [1.187]	-2.896** [1.132]	-0.024*** [0.006]
Observations	208613	136962	182794	190812	208613	129542	182794	182794	183275

Notes: clustered standard errors are presented in parentheses. ***, ** and * represent statistical significance at the .01, .05 and .10 levels, respectively. Each column is the basic gravity model estimated over full country sample 1968-2003. Columns 1-9 were estimated using the Tobit Method to allow for substantial number of zero value observations. Column 8 includes year fixed effects. Column 9 estimates the model using random effects by country-pair year income. Included in the regression are: Real GDP Y_i and Real GDP per capita y_i for host $i = h$ and source $i = s$ countries, log physical distance (distance), log physical area (area), dummy variable for language (Comlang), dummy variable for border (border), measures of religious fractionalization (REL), and measures of democracy (polity) is index of democracy on 0-10 scale with 10 being most democratic) (DEM is dummy variable which is 1 if polity > 7 or executive+legislative veto points > 14, 0 otherwise) and measures of globalization (OPEN is total trade/GDP) (GLO is dummy variable which is 1 if member of WTO/GATT, 0 otherwise).

Table A1. Terrorism by Source Country Annual Average 1968-2003

Country	T	T/N	GDP/N	Trade/GDP	Polity	LIEC	EIEC	Tensys
Aruba	0.00	0.00		234.03				
Andorra	0.00	0.00						
Afghanistan	4.44	2.70	129.43	36.61	-7.11	1.75	1.54	3.04
Angola	3.84	4.07	774.38	111.63	-6.37	3.33	3.52	8.19
Albania	1.36	4.70	1030.81	48.36	-4.97	4.57	4.57	16.86
Netherlands Antilles	0.00	0.00						
U.A.E.	1.00	6.31	31423.48	111.31	-8.00	1.61	2.00	17.50
Argentina	9.14	3.56	6979.50	17.28	1.16	5.50	5.75	7.64
Armenia	1.00	2.91	586.58	85.22	3.22	6.58	6.25	5.58
American Samoa	0.00	0.00						
Antigua and Barbuda	0.00	0.00	6991.49	158.83				
Australia	1.00	0.63	15548.48	33.97		7.00	7.00	58.50
Austria	1.00	1.30	17498.93	74.31	10.00	7.00	7.00	34.50
Azerbaijan	1.67	2.22	738.01	96.99	-4.44	6.59	5.77	5.18
Burundi	1.29	2.26	123.74	30.89	-6.54	3.36	2.43	4.75
Belgium	3.17	3.21	16671.30	129.02	10.00	7.00	7.00	58.50
Benin	1.00	2.12	321.05	45.80	-2.90	4.36	4.07	9.04
Burkina Faso	1.00	1.29	197.34	34.38	-4.65	3.21	2.68	3.68
Bangladesh	1.20	0.13	277.47	22.53	-0.79	5.02	5.30	3.71
Bulgaria	1.00	1.15	1569.26	91.02	-2.28	5.00	4.71	17.82
Bahrain	3.00	51.00	10455.00	177.50	-9.52	1.11	2.00	14.50
Bahamas, The	0.00	0.00	14051.35	129.62		6.82	6.75	16.50
Bosnia and Her.	3.22	9.04	991.48	92.38		6.00	6.00	1.00
Belarus	0.00	0.00	1218.58	121.40	0.00	4.09	5.18	3.82
Belize	0.00	0.00	2193.02	117.38		6.76	6.76	11.00
Bermuda	0.00	0.00						
Bolivia	2.92	5.89	975.45	49.53	2.31	5.50	4.96	6.61
Brazil	1.91	0.18	2973.20	18.30	0.69	7.00	6.93	15.50
Barbados	0.00	0.00	7732.95	119.41		6.79	6.79	23.50
Brunei	0.00	0.00				2.00	2.00	17.50
Bhutan	0.00	0.00	456.83	68.94	-8.00	4.00	2.00	18.50
Botswana	0.00	0.00	1828.13	110.41	8.81	6.29	6.29	23.50
C.A.R.	1.00	4.21	295.59	50.96	-4.09	3.61	3.61	5.93
Canada	1.33	0.57	17819.31	57.14	10.00	7.00	7.00	58.50
Switzerland	1.14	1.78	29748.33	67.55	10.00	7.00	7.00	58.50
Channel Islands	0.00	0.00						
Chile	4.00	3.20	3124.35	50.29	0.50	3.79	4.32	8.07
China	2.38	0.02	379.41	26.66	-7.28	3.00	3.00	7.11
Cote d'Ivoire	0.00	0.00	797.33	70.52	-8.26	4.93	4.36	16.36
Cameroon	0.00	0.00	614.05	48.89	-6.84	4.86	4.36	9.79

Table A2. Terrorism by Source Country Annual Average 1968-2003

Country	T	T/N	GDP/N	Trade/GDP	Polity	LIEC	EIEC	Tensys
Congo, Rep.	1.00	3.58	977.61	107.88	-5.35	3.25	2.46	5.04
Colombia	12.76	3.60	1684.04	32.17	7.81	7.00	7.00	15.50
Comoros	0.00	0.00	412.68	56.60	-1.92	4.94	4.22	6.00
Cape Verde	0.00	0.00	956.44	72.95		5.04	3.78	7.11
Costa Rica	2.40	9.98	3266.82	74.97	10.00	7.00	7.00	40.50
Cuba	9.75	10.56		32.67	-7.00	3.39	3.00	28.93
Cayman Islands	0.00	0.00						
Cyprus	1.44	22.75	7943.14	104.63	9.41	6.96	6.75	28.50
Czech Republic	0.00	0.00	5164.87	112.53	-1.71	7.00	7.00	6.50
Germany	9.32	1.17	17923.82	48.81	10.00	7.00	7.00	40.50
Germany, F.R.	0.00	0.00		51.40				
Djibouti	1.00	38.07	1061.39	103.53	-7.09	4.52	4.44	7.24
Dominica	0.00	0.00	2879.35	114.78				
Denmark	1.00	1.94	23308.77	65.99	10.00	7.00	7.00	58.50
Dominican Republic	1.45	2.77	1613.59	63.26	3.38	6.86	6.39	23.50
Algeria	4.48	1.72	1708.84	55.04	-7.19	4.46	3.82	6.54
Ecuador	1.75	2.37	1248.92	53.18	4.94	5.93	6.11	10.32
Egypt, Arab Rep.	4.00	0.74	1074.00	50.28	-5.13	5.96	5.96	12.93
Eritrea	2.92	14.57	166.65	99.86	-6.00	2.00	2.00	5.00
Spain	7.13	1.88	10040.41	38.74	5.76	6.46	6.46	11.75
Estonia	0.00	0.00	3639.32	151.40	6.00	7.00	7.00	5.50
Ethiopia	2.18	0.49	96.52	32.05	-6.22	2.89	3.00	5.32
Finland	0.00	0.00	16997.04	57.27	10.00	7.00	7.00	58.50
Fiji	2.00	27.74	1867.81	104.47	6.50	5.71	5.93	5.14
France	5.08	0.94	17232.41	42.06	8.34	7.00	7.00	58.50
Faeroe Islands	0.00	0.00						
Micronesia	0.00	0.00	1962.76	87.70				
Gabon	2.00	20.25	4295.06	97.00	-7.55	5.05	4.29	13.14
United Kingdom	1.21	0.21	18094.81	52.34	10.00	7.00	7.00	20.50
Georgia	1.40	2.62	1154.97	79.24	4.56	6.85	5.70	3.40
Ghana	1.00	0.99	240.58	47.37	-3.21	3.36	4.14	5.11
Guinea	1.00	2.03	386.99	51.34	-6.81	3.14	3.96	10.89
Gambia, The	0.00	0.00	314.79	102.59	5.13	4.75	6.50	8.36
Guinea-Bissau	0.00	0.00	171.40	51.98	-5.08	3.18	3.18	5.57
Equatorial Guinea	0.00	0.00	1524.21	112.86	-6.19	3.39	2.46	11.46
Greece	7.88	7.99	8436.38	43.30	6.00	7.00	7.00	24.50
Grenada	0.00	0.00	2787.47	114.24		5.14	5.46	10.11
Greenland	0.00	0.00						
Guatemala	3.95	5.69	1534.21	41.07	0.58	6.36	6.46	12.00
Guam	0.00	0.00						
Guyana	1.00	13.43	788.68	161.48	-0.81	6.57	6.57	16.50
Hong Kong, China	1.00	1.75	15331.19	222.35				
Honduras	3.14	7.68	887.67	72.99	3.13	5.50	5.75	8.79

Table A3. Terrorism by Source Country Annual Average 1968-2003

Country	T	T/N	GDP/N	Trade/GDP	Polity	LIEC	EIEC	Tensys
Croatia	1.00	2.16	3885.36	102.81	-4.00	7.00	7.00	5.50
Haiti	1.36	2.36	673.87	39.39	-5.13	4.77	3.36	5.86
Hungary	0.00	0.00	3684.35	86.82	-1.35	5.29	4.71	16.11
Indonesia	3.63	0.21	482.43	49.80	-6.50	6.57	2.43	16.96
Isle of Man	0.00	0.00						
India	3.04	0.04	295.44	16.65	8.31	6.93	6.93	71.50
Ireland	19.58	58.17	13213.86	114.08	10.00	7.00	7.00	14.50
Iran	10.90	2.29	1451.29	38.86	-6.59	4.61	3.86	11.64
Iraq	3.96	2.46			-8.13	3.75	2.00	11.46
Iceland	1.00	42.19	22417.94	72.38	10.00	7.00	7.00	14.50
Israel	1.95	5.07	13658.71	88.16	9.03	7.00	7.00	86.50
Italy	5.17	0.92	14251.69	42.98	10.00	6.96	6.96	68.50
Jamaica	1.00	3.82	3042.16	91.77	9.78	6.05	6.05	24.68
Jordan	2.09	8.18	1753.43	119.70	-7.09	3.71	2.00	30.57
Japan	3.04	0.26	27922.16	21.32	10.00	6.96	6.96	30.50
Kazakhstan	0.00	0.00	1265.16	89.90	-3.44	5.64	3.00	6.00
Kenya	1.00	0.34	338.32	59.96	-5.84	5.36	4.07	7.64
Kyrgyz Republic	0.00	0.00	327.83	81.86	3.89	5.50	6.27	3.82
Cambodia	5.64	5.40	259.65	61.37	-3.53	4.21	3.29	6.21
Kiribati	0.00	0.00	640.84	118.69				
St. Kitts and Nevis	0.00	0.00	5103.48	132.16				
Korea, Rep.	1.50	0.37	5715.60	60.82	-0.68	6.82	6.50	9.04
Kuwait	2.43	11.54	23260.43	98.45	-8.45	3.04	2.00	12.79
Lao PDR	1.00	2.81	262.56	48.30	-7.04	3.19	2.59	4.19
Lebanon	11.44	35.11	3435.22	72.50	4.14	4.21	3.54	4.39
Liberia	3.43	13.24	483.28		-5.44	3.61	3.07	3.43
Libya	4.88	13.77		75.29	-7.00	1.93	2.07	19.50
St. Lucia	0.00	0.00	3520.27	140.43		6.83	6.83	12.00
Liechtenstein	0.00	0.00						
Sri Lanka	2.25	1.35	564.60	69.39	6.03	6.57	7.00	39.50
Lesotho	1.33	9.58	340.84	124.10	-3.63	2.96	3.29	8.89
Lithuania	0.00	0.00	3262.03	104.45	10.00	7.00	6.80	5.50
Luxembourg	1.00	27.35	26797.98	205.86	10.00	7.00	7.00	24.50
Latvia	1.00	3.98	3025.18	104.87	7.89	7.00	6.27	4.36
Macao, China	0.00	0.00	13193.97	157.31				
Morocco	1.78	0.68	990.55	53.84	-7.97	6.36	2.00	23.43
Monaco	0.00	0.00						
Moldova	0.00	0.00	566.30	122.45	6.44	6.09	6.45	6.00
Madagascar	0.00	0.00	302.78	41.81	-1.35	5.07	5.30	8.19
Maldives	0.00	0.00	2156.14	116.25		4.00	3.00	13.93
Mexico	2.56	0.41	4813.69	34.45	-1.78	6.75	6.71	49.50
Marshall Islands	0.00	0.00	2045.95					

Table A4. Terrorism by Source Country Annual Average 1968-2003

Country	T	T/N	GDP/N	Trade/GDP	Polity	LIEC	EIEC	Tensys
Macedonia, FYR	1.00	5.04	1716.01	87.20	6.00	7.00	6.41	6.00
Mali	0.00	0.00	208.74	48.48	-3.55	4.25	4.04	11.11
Malta	1.00	27.47	5572.17	172.24		7.00	7.00	24.50
Myanmar	0.00	0.00		11.46	-7.00	2.25	2.50	7.32
Mongolia	0.00	0.00	483.37	120.46	-2.31	4.43	4.29	5.50
N. Mariana Islands	0.00	0.00						
Mozambique	3.93	2.95	168.36	44.21	-4.20	4.37	3.78	5.11
Mauritania	0.00	0.00	328.28	101.09	-6.72	3.39	3.89	6.18
Mauritius	0.00	0.00	2719.27	117.42	9.56	6.89	6.96	24.50
Malawi	1.00	1.47	147.39	61.97	-5.97	4.75	3.43	15.93
Malaysia	11.75	10.14	2363.38	132.13	3.88	6.57	6.57	22.50
Mayotte	0.00	0.00						
Namibia	1.00	6.52	1769.47	115.37	7.80	7.00	6.33	6.50
New Caledonia	0.00	0.00	11246.77	45.08				
Niger	6.00	7.61	228.08	42.87	-4.61	3.07	3.75	5.61
Nigeria	3.43	0.31	343.49	54.58	-3.93	2.71	3.25	3.86
Nicaragua	2.22	7.19	1062.50	62.58	-1.27	5.89	5.84	7.18
Netherlands	1.13	0.79	17359.28	103.85	10.00	7.00	7.00	25.50
Norway	1.00	2.36	26985.38	73.90	10.00	7.00	7.00	17.50
Nepal	1.40	0.72	178.77	34.74	-2.63	5.18	4.75	4.50
New Zealand	0.00	0.00	15326.22	57.19	10.00	7.00	7.00	86.50
Oman	1.00	10.12	6457.46	94.36	-9.72	1.39	2.00	18.50
Pakistan	3.86	0.34	400.39	33.17	1.61	4.32	4.43	8.88
Panama	1.91	8.57	3309.54	155.29	-1.44	5.93	5.64	7.79
Peru	6.92	3.41	2056.89	33.50	0.73	5.93	5.93	9.82
Philippines	7.00	1.25	899.12	62.60	-0.03	5.71	5.18	11.50
Palau	0.00	0.00	6061.08	81.58				
Papua New Guinea	1.33	3.29	656.31	88.92	10.00	6.86	6.86	14.50
Poland	1.57	0.43	3683.58	51.86	-1.81	5.39	4.71	6.39
Puerto Rico	9.93	32.41	10397.36	139.52				
Korea, Dem. Rep.	5.33	2.78			-9.00	3.00	3.00	28.07
Portugal	3.54	3.57	7081.89	60.88	6.00	6.78	6.81	13.07
Paraguay	1.00	3.81	1350.37	52.32	-3.38	7.00	6.46	32.50
French Polynesia	0.00	0.00	11911.62	29.11				
Qatar	0.00	0.00		80.45	-10.00	1.00	2.00	10.75
Romania	1.33	0.58	1872.10	60.57	-3.16	5.29	4.61	11.93
Russian Federation	2.69	0.19	1944.46	56.73	4.38	6.64	7.00	6.00
Rwanda	1.57	2.25	242.57	31.24	-6.42	2.79	2.57	9.07
Saudi Arabia	2.46	1.42	10931.46	76.21	-10.00	1.32	2.00	8.89

Table A5. Terrorism by Source Country Annual Average 1968-2003

Country	T	T/N	GDP/N	Trade/GDP	Polity	LIEC	EIEC	Tensys
Sudan	2.60	1.02	307.64	27.96	-5.07	3.14	3.25	7.82
Senegal	0.00	0.00	439.24	67.28	-2.84	6.14	6.07	13.07
Singapore	1.33	3.71	12474.80		-2.00	6.00	6.00	20.50
Solomon Islands	3.00	65.70	662.69	126.76		6.88	6.88	12.50
Sierra Leone	5.43	11.26	236.33	47.23	-5.52	4.43	3.64	5.54
El Salvador	6.67	14.13	1908.01	58.11	3.26	6.09	6.09	7.43
San Marino	0.00	0.00						
Somalia	5.80	7.61		57.15	-6.39	2.41	2.71	14.00
Sao Tome & Pr.	0.00	0.00	326.33	82.87				
Suriname	1.25	31.53	2133.25	90.33		5.56	5.19	3.70
Slovak Republic	0.00	0.00	3532.72	114.71	7.43	7.00	7.00	5.50
Slovenia	0.00	0.00	8527.48	118.47	10.00	7.00	7.00	5.50
Sweden	1.00	1.17	20970.47	62.63	10.00	7.00	7.00	58.50
Swaziland	1.00	15.65	1112.25	157.60	-8.22	2.07	2.00	8.39
Seychelles	0.00	0.00	4932.81	137.04				
Syrian Arab Republic	2.56	2.53	939.12	54.64	-8.88	6.21	3.00	15.43
Chad	1.42	2.90	196.26	45.22	-6.25	1.84	3.18	3.93
Togo	1.00	2.81	312.55	87.23	-5.83	3.93	3.96	11.21
Thailand	1.43	0.30	1220.07	66.74	3.07	6.02	6.09	5.04
Tajikistan	2.43	4.10	304.56	120.32	-4.33	6.81	7.00	4.11
Turkmenistan	0.00	0.00	768.04	98.14	-8.78	5.00	3.00	6.00
Timor-Leste	0.00	0.00	435.85					
Tonga	0.00	0.00	1358.50	87.54				
Trinidad & Tobago	1.00	8.23	5563.23	84.38	8.53	6.82	6.82	22.50
Tunisia	1.10	1.46	1445.27	76.25	-6.72	4.86	2.50	15.43
Turkey	9.34	1.96	2263.38	30.65	6.22	6.36	6.29	7.11
Taiwan, China	2.17	1.11	7093.99	90.75	-2.56	3.79	3.86	5.64
Tanzania	1.00	0.51	265.07	48.10	-5.97	3.82	4.00	10.04
Uganda	1.42	0.83	204.36	32.05	-4.30	3.86	3.96	4.75
Ukraine	1.00	0.19	928.77	82.84	6.33	7.00	7.00	6.00
Uruguay	3.44	12.18	4846.29	37.84	2.67	5.21	5.54	7.75
United States	6.37	0.28	25808.69	18.79	10.00	7.00	7.00	32.50
Uzbekistan	1.00	0.41	584.39	58.11	-9.00	4.00	4.09	6.00
St. Vincent & Gren.	0.00	0.00	2110.01	134.43				
Venezuela, RB	2.36	1.59	5639.01	47.01	8.66	7.00	6.93	36.50
Virgin Islands (U.S.)	0.00	0.00						
Vietnam	1.00	0.16	297.72	78.55	-7.03	3.36	3.36	4.61
Vanuatu	0.00	0.00	1165.17	103.97		6.86	6.86	11.50
West Bank and Gaza	0.00	0.00	1330.75	78.99				
Samoa	0.00	0.00	1201.62	92.77		6.14	6.14	8.36
Yemen, Rep.	4.57	2.88	487.25	77.15	-2.00	4.05	4.13	6.14
Serbia and Mont.	0.00	0.00	894.45	61.45	-6.09			
South Africa	3.13	0.96	3094.27	50.48	5.07	6.64	6.64	14.50
Congo, Dem. Rep.	2.00	0.64	217.88	38.63	-8.92	2.86	2.64	17.57
Zambia	0.00	0.00	438.99	74.01	-4.28	4.82	4.64	13.89
Zimbabwe	2.64	3.67	571.43	54.01	-0.79	6.25	6.21	11.57

Figure 2A: 1968–2003 T Imports and T Exports

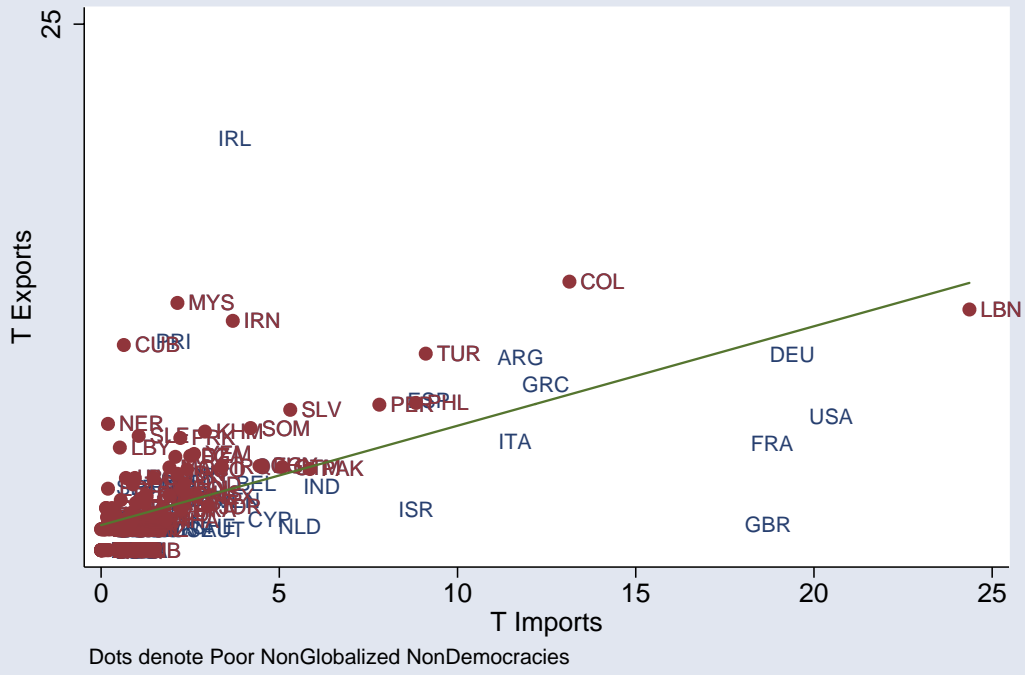
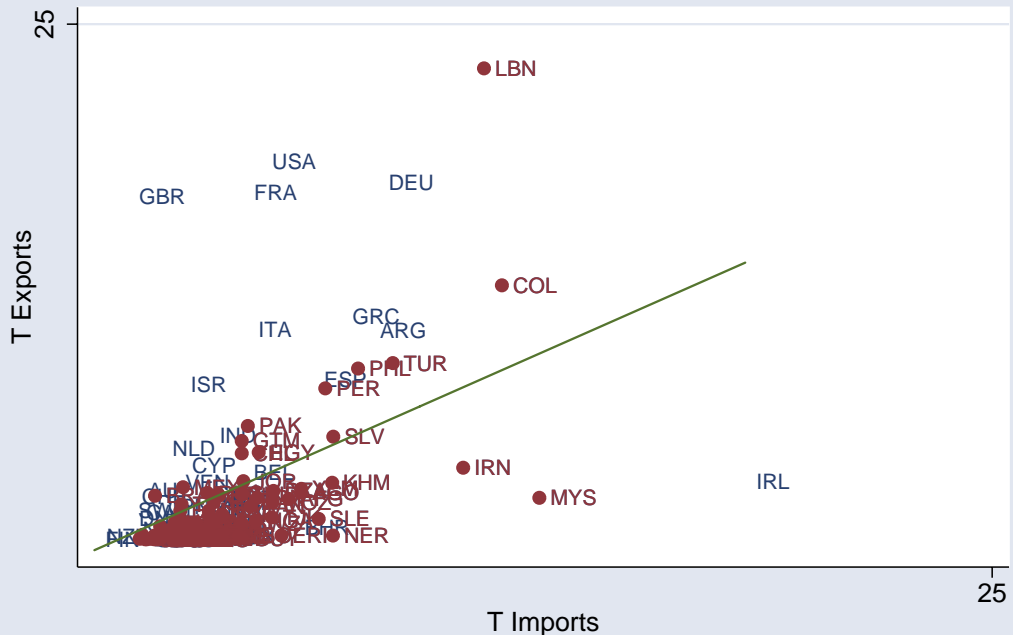


Figure 2B: 1968–2003 T Imports and T Exports: Conditional



Dots denote Poor NonGlobalized NonDemocracies

