

# Economics and life

## The Economics of Terror

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# Preface: Modeled behavior and empirics (1)

*Hypothesis:* Positive influence of  $x$  on  $y$

## Model

$$y = f(x)$$
$$\frac{\delta f(x)}{\delta x} > 0$$

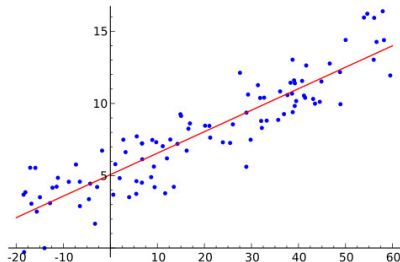
$y$  - knowledge/ test scores  
 $x$  - hours spend in the library

## Estimation

$$y = a + bx$$

$$H_0 : b = 0$$

$$H_A : b > 0$$



## Preface: Modeled behavior and empirics (2)

*Hypothesis:* Positive influence of  $x$  on  $y$

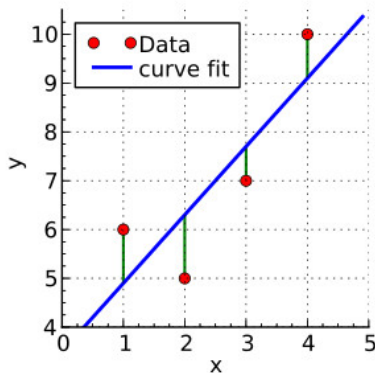
### Model

$$y = f(x)$$
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$y$  - knowledge/ test scores  
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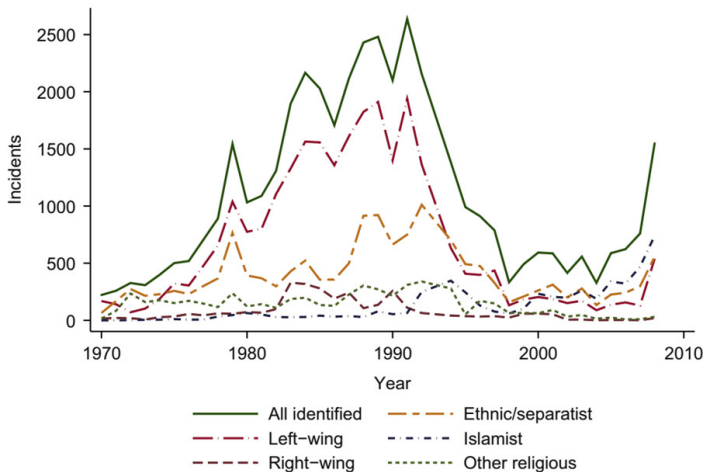


# On the heterogeneity of terror

- **Kis-Katos, K., Liebert, H. and Schulze, G. G.**, “On the heterogeneity of terror”, *European Economic Review*, 2014, 68, 116 - 136.  
<http://www.sciencedirect.com/science/article/pii/S0014292114000440>

# Summary statistics

*K. Kis-Katos et al. / European Economic Review 68 (2014) 116–136*



# Empirical findings

**Table 2**

Attacks by identified groups: pooled negative bin

| Attack types:                                          | Total (1)           |
|--------------------------------------------------------|---------------------|
| GDP pc. quart. 2 ( $t-1$ )                             | 3.070***<br>(1.052) |
| GDP pc. quart. 3 ( $t-1$ )                             | 3.515***<br>(1.527) |
| GDP pc. quart. 4 ( $t-1$ )                             | 5.555***<br>(3.358) |
| GDP pc. growth ( $t-1$ )                               | 0.993<br>(0.006)    |
| Partial democracy ( $t-1$ )<br>( <i>Polity cat.2</i> ) | 1.477<br>(0.362)    |
| Full democracy ( $t-1$ )<br>( <i>Polity cat.3</i> )    | 0.955<br>(0.251)    |
| Weak state ( $t-1$ )<br>( <i>Polity cat. X</i> )       | 3.340***<br>(1.079) |
| Years of dom. conflict                                 | 1.585***<br>(0.081) |

# Results

is a highly significant and very sizable effect; the income gradient becomes even more pronounced in the FENB model (cf. Table 3). Our results thus corroborate findings in the literature that poverty is not the hotbed for terrorism (e.g., Freytag et al., 2011). Economic growth is not significantly associated with terrorism. In terms of the political system, the estimated

Weak states are clearly a hotbed for terror of all types, as expected—except for right-wing terror. However, the effect for Islamist terror is much stronger than for left-wing or ethnic-separatist terror; in the PNB model the effect almost triples if we control for the share of Muslims. Years of domestic conflict increase terror incidents significantly for all terror groups as they weaken the

# Über die Grenzen - Jacques Mourad und die Liebe in Syrien

Navid Kermani's Dankesrede anlässlich der Verleihung des Friedenspreises des Deutschen Buchhandels 2015:

<http://www.zdf.de/ZDFmediathek/beitrag/video/2517542/Friedenspreis-Kermanis-bewegende-Rede#/beitrag/video/2517542/Friedenspreis-Kermanis-bewegende-Rede>



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# Image references

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# Image references - title page

- ▶ Etching created by Cadell and Davies (1811), John Horsburgh (1828) or R.C. Bell (1872). The original depiction of Smith was created in 1787 by James Tassie in the form of an enamel paste medallion. Smith did not usually sit for his portrait, so a considerable number of engravings and busts of Smith were made not from observation but from the same enamel medallion produced by Tassie, an artist who could convince Smith to sit. -  
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- ▶ 10050178586\_aeae108e0f\_o. Marco Simola for Center for International Forestry Research (CIFOR).  
<https://www.flickr.com/photos/cifor/10050178586/in/album-72157635900008333/>
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