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Israel and Terrorist organizations 2005-2011: Political competition, “Social Justice” revolt and Government’s reactions on terror

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The paper presented looks like further development of our previous reports on terrorism problem: terrorists, elected politicians and bureaucrats’ incentives, new facts, new terrorists’ tactics (terror supply technological shift), new governments’ reactions etc. But the main point of the paper appears to be quite different. The democratic government which could afford to chose priorities including not to defend the personal safety but invest more for “social justice” redistribution programs shouldn’t be qualified as democratic. The claim of the government to choose which life is worth to be protected, which death is worth to be retaliated indicates pretty weak political (and media) competition. Public choice analysis of the government behavior tended to be so independent on voter and taxpayer is based on the Long Run trend of government expenses structure. We are focusing on the basic choice of the government task – to protect or to care? Pure public goods provision appears to be poor compatible with everlasting mixed public goods provision expansion.

The state of the problem

A number of researchers focused on motivating factors which “supply” and prevent terror. During the decade before and even after September 11th, a new approach to the problem of terrorism predominated. This approach is based on the assumption that terrorism is caused by poverty and frustration. Concessions are supposed to mitigate the frustration, and Foreign Aid (“social policy promotion”) is thought to strengthen the “doves” faction while weakening the “hawks” (Garoupa, Gata, 2002). Free-trade supporters believe that free-trade agreements encourage underdeveloped Muslim countries to make a reasonable political choice (Lindsay B. 2003).

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The traditional approach is based on the assumption that terrorism is a dangerous form of criminal activity. Therefore, we can apply the “Crime and Punishment” economic approach (Becker 1968) for the analysis. Various other politicians (Brandt (1980), Thatcher (2002)) argue the opposite viewpoint. Brandt believes in the efficiency of large-scale aid programs, while Thatcher is convinced that the institutional and personal failures of underdeveloped countries and their leaders cause backwardness.

E.L. Glaeser (2002) analyzed individual motivating factors of politicians and their supporters, which provide the basis for terrorist activity. He considers the supply and demand of hatred as the mechanism necessary for mobilizing support for violent action, like revolutions, etc.

Jack Hirshleifer (2001) stressed that “there is another way to get rich,” which is that you grab the goods that someone else has already produced. Appropriating, grabbing and confiscating what you want – and, on the flip side, defending, protecting and sequestering what you already have – is economic activity, too. Machiavelli’s version of the Golden Rule is that “He who gets the power will get the gold.” Sageman (2004) shows that terrorism is not caused directly by poverty itself or by lack of hope.

We believe that the fundamental precondition for the due protection of private property and hence for modern economic growth is personal immunity (Mau, Yanovskiy 2002; Yanovskiy, Shulgin 2008). Incentives to invest in good business environment couldn’t be maintained without appropriate guarantees of personal immunity. The violence, which couldn’t be limited by law, destroys the chances for the “Rule of Force” societies to find the path of sustainable growth (“modern economic growth”). So foreign assistance or even better conditions for export could empower and enrich the Bandit (Olson, 2000) who governs in the Rule of Force society. The fact that his ambitions and propensity to violence could be elevated by new economic chances should not be undermined.

Statistical analysis of violence and the explanation of terrorism

Since we presented our very first report devoted to the statistical analysis of anti-terrorism governmental strategies – to deter or to appease terrorists (March 2004⁴), a number of publications using the same approach were issued.

Hoffman (2005) and Enders, Sandler (2006) analyzed ITERATE data collection on international terrorism⁵.

Hoffman researched the relationship between the numbers of victims of terrorist attacks and the employment of anti-terrorist, military action by the State. He also researched the factor of settlement growth in the disputed territories and found that there exists no statistically significant relationship between the number of Jewish settlers in Judea and Samaria and the number of terrorism victims...

Jaeger, Paserman (2005) tested Granger causality on the daily Betzelem statistics from September 29, 2000 to January 15, 2005. Our view is that the narrow focus of this research leads to misleading conclusions. A sample of daily statistical observations is not an optimal basis for the evaluation of political or military strategy. The choice of daily statistics assumes that the actions of both the State of Israel and the Palestinian factions are motivated by immediate emotions—like anger and the desire for revenge—felt by the leaders or the people, rather than by a deliberate strategy previously chosen. The starting point of the observation (September 29, 2000) implies that Ariel Sharons' visit on the Temple Mount was the major (if not only) cause of terror, and that before September 2000, this phenomenon either did not exist or was not worthy of the researcher's consideration. Since organized terror in Palestine/Israel is observable at least since the 1920's, if not earlier, the starting assumption of the research project is objectionable.

Our report concerning the statistical analysis of the dynamics of civilian casualties is focused on the strategic choice of the State of Israel. Thus, we exclude the earlier stages of the pre-independence period.

⁴ <http://www.pubchoicesoc.org/papers2004.html>

⁵ International Terrorism: Attributes of Terrorist Events
<http://www.sscnet.ucla.edu/issr/da/index/techinfo/I79471.htm> Inter-university Consortium for Political and Social Research (ICPSR)

Data used for statistical analysis in the projects

Statistical basis for the terror deterrence - appeasement strategies evaluation is based on the statistics of terror victims recorded in Israel's National Insurance reports (Bituah Leumi - BL⁶) since 1948. BL times series was corrected by month-by-month data comparison with the International Counter-Terrorism Academic Community (ICTAC)⁷ time series (incidents' collection).

We use the Time Series Data on the terror victims in the years 1949 – 2004 (yearly and monthly statistics) and separately on Qassam-rocket attacks in the years 2000 – 2010; we also look at the monthly statistics on the number of persons and type population endangered and the time spent in shelters.

US Department of State Historical Background Office of the Historian Bureau of Public Affairs
Significant Terrorist Incidents, 1961-2001: A Brief Chronology

<http://www.state.gov/r/pa/ho/pubs/fs/5902.htm>

We tested cases of military deterrence and appeasement strategies, when each one was used individually, as well as when used together. We tested the impact of military actions and peaceful initiatives on a monthly basis. We also applied Granger analysis to assess causal dependence of the factors in previous reports for PCS session 2006.

Actors' incentives

Our study focused on how media coverage, of dominating enforcement practices in the Rule of Law democracies can influence the choice of the suboptimal strategy of political and military leaders. In previous papers, we tested the hypothesis that the "supply" of terror is a function of the expected expenses of political advancement in the long run and of the "Memorable Story" i.e. the impressive coverage, in the short run.

We argue that the Rule of Force societies i.e. societies where a leader or dictator is legitimated and supported by primarily force and violence in underdeveloped countries make the rules of "hawks" the only stable equilibrium. Incentives to invest economically are absent due to the lack of personal immunity or guarantee of property rights in the Rule of Force society (Mau,

⁶ Bituah Leumi (National Insurance company under the Ministry of Labor of Israel
http://laad.btl.gov.il/show_item.asp?levelId=28553

⁷ http://212.150.54.123/ARAB_ISR/incidentsearch2.cfm

Yanovskiy, Javoronkov 2002, 2003; Yanovskiy, Shulgin 2008). Therefore, in these countries, violence cannot be prevented through economic progress only.

Some regimes and individuals with a specific preference profile make investments in terror. Investors want confirmation that their funds are spent efficiently. So both investors and leaders of terrorist organizations need a credible channel of information. In this case, international mass media reports casualties. The mass media attention attraction cost per capita is lower for civilian victims than for combatants. Therefore “**Type 2**” terrorist groups⁸ i.e. those attacking civilians for maximization of victim number, have been replacing “Type 1” terrorist groups⁹, those aimed at military victory and fight against military personal only. A “Type 2” terrorist group, or the "modern terrorists", appears to win the competition for the specific investments due to a better reporting effect: greater media-coverage return per victim (Yanovskiy, 2004).

Table 1. A summary of the major actors' incentives

Actor	Actor's motives	Means of attaining this information
Actor (game player)	Described incentives	The components to be developed and added to the Book manuscript
Terrorist leaders	Control over territory and population (necessary); Reputation of strongest	History of inter-group competition and clashes

⁸ Type 2 terrorist groups are groups aiming for the maximum number of civilian victims as an all-sufficient intermediate goal. The ultimate goal of these groups is civil society demoralization, and the destruction of the Rule of Law system and the democratic state. This group includes, but is not limited to, Sendero Luminoso (Peruvian), HAMAS, and Hizballa (Arab). Terrorism of Type 2 is based on the “Spider Web Theory” that describes Western society as vulnerable due to the high value of an individual's life and cowardice, a spider web which could be easily destroyed by terror (see Gen. M. Yalon’s interview to Ha’aretz from August 30, 2002, <http://www.cdn-friends-icej.ca/isreport/aug02/yaalon.html>).

⁹ Type 1 terrorist groups are groups aiming for power seizure by means of demoralization and destruction of armed forces and security services. They mainly attack military leaders and politicians. The difference between the two terrorist groups lies in their willingness to attack in the face of a high probability of concurrent civilian victims. Type 1 groups include the Kurdish Labor Party and, initially, the IRA, which evolved to Type 2 group (see CDISS Terrorism Programme web-site <http://www.cdiss.org/terror.htm>).

Actor	Actor's motives	Means of attaining this information
	leader strengthening and cash inflow maximization in the short run; Expected expense of decisive victory in the long run.	in the 2004-2010 period.
Terrorists' sponsor	Maximization of the media effect in the short run and expected expenses of decisive victory in the long run.	
Political leaders of targeted countries	Reelection: A general failure of media coverage and avoidance of conflicts.	Interview
Military leaders of targeted countries	Career opportunity as a function of military achievements, casualties which can include OR exclude enemy controlled population losses i.e. respective military justice & enforcement practices.	Interview
Media of Democratic countries	Selected coverage monitoring; cost difference and "Memorable Story's" induced bias.	Israel's 2009 electoral campaign coverage; media monitoring results of preceding projects
Voters of Democratic countries	<ul style="list-style-type: none"> • Rational choice of pro-defense (pro-deter) parties which mostly suffered from terror and budget - endowing groups • Rational choice of pro-appease parties by budget 	Analysis of Israel's 2006 and 2009 General elections cases

Actor	Actor's motives	Means of attaining this information
	dependent; relatively easily touched by terror groups	

Technological shift in terror supply

HAMAS leaders faced pretty moderate retaliation for suicide bombing attacks in 2002. Terrorists leaders unwillingness to meet houris now is pretty well proved.

2008” Cast lead” operation¹⁰

Up to 85-90% suicide bombers were intercepted (2003-2006 – see IIEC, 2008, p.35)

2004: Terrorists got the prime minister Sharon’s signal to surrender territory (Gaza strip)

Shift activity from suicide bombers’ attacks to regular Quassam (random) bombing.

Terrorists’ leaders Flexibility: New challenge - New opportunity - New tactics

- 2000-2010 escalation of use Qassam offensives and breaks; Gaza terrorists – Israel Government strategic game.

Sources: Monthly statistical data of Qassam rocket attacks.

- Analysis of the reasons for the replacement of suicide bombing and gunmen activities by rocket attacks. A comparative analysis of the danger of suicide bombing and permanent rocket attack as “pure Public Bads”.

The most cost efficient way of terrorist activity reported in 1994-2002 was suicide bomb attacks. Since the Israeli Government declared in 2004 its intention to ethnically clean Gaza from Jewish settlements and executed the so-called “Disengagement” plan in 2005, terrorists began using a completely different strategy. Before 2005, the IDF¹¹ watchposts situated near and efficiently supported by the Jewish settlements in Gaza strip provided early detection and prevention of the terrorists’ activity. After 2005, because the infrastructure was dismantled, new

¹⁰ The story: <http://www.mfa.gov.il/gazafacts>

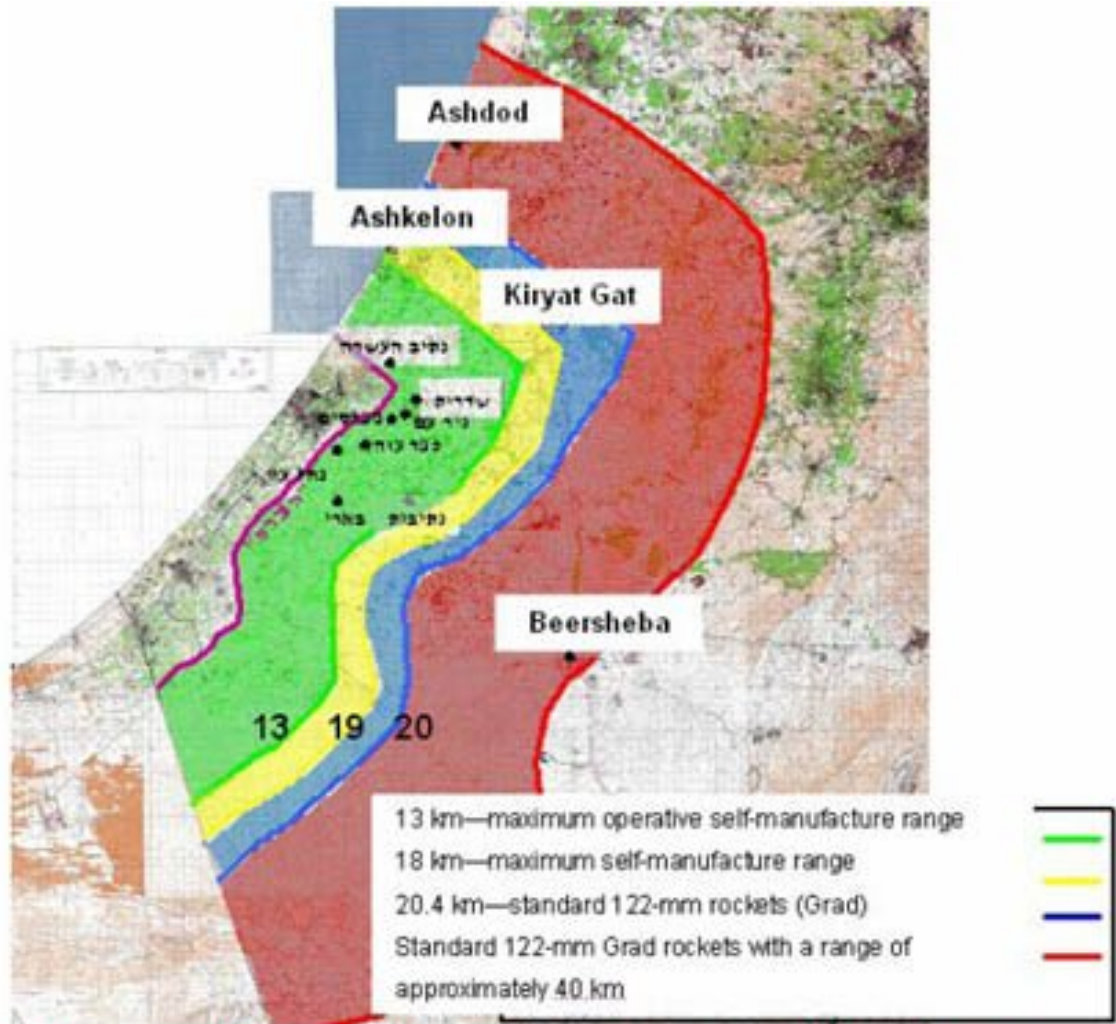
¹¹ Israel Defense Army

technology of Qassam rockets, previously applied in small scale became very popular. One cause of this change could be that Qassam rockets proved to be more efficient than suicide bombings. It is important however to analyze alternative reasons for the tactical changes. For example, Qassam rockets are actually a less effective terrorism strategy and were chosen because terrorist groups experienced a general decline and therefore had to use a weaker strategy.

Among the considered advantages of the new terrorist tactic and technology are:

- Cheaper production of the necessary parts;
- Cheaper labor (lower compensation, reuse);
- Better control of the crucial stage of attack;
- Lower cost of the parts' delivery;
- Increase of the cost of IDF's reaction (including the design and production of expensive defensive system “Iron Dome”).

The advantage of the Qassam technology for “Public Bads” provision should be researched. It causes, first and foremost, a considerable decrease in life quality for a significant part of the targeted population, including people living in large cities such as Ashqelon, Ashdod, Beer-Sheba, and possibly Tel Aviv. Qassam attacks planning by the terrorists’ leaders give them opportunity to draft out schedule of IDF retaliation media broadcasting.



About one million Israeli civilians threatened by rocket fire

Picture 1. The map of the terrorists' rockets coverage

The disadvantages (from the terrorists' point of view) of the Qassam rockets are threefold: fewer people are killed; the casualties are usually only slightly wounded, and there is no longer the dramatic effect the media loves to demonstrate. As a result, the leading Western mass media channels couldn't always be exploited as a means of reporting to the terrorists' sponsors.

Technological shift in the terror against Israel supply provides more reasons to qualify terrorists as rational players.

Questionable rationality of the West (Government of Israel case)

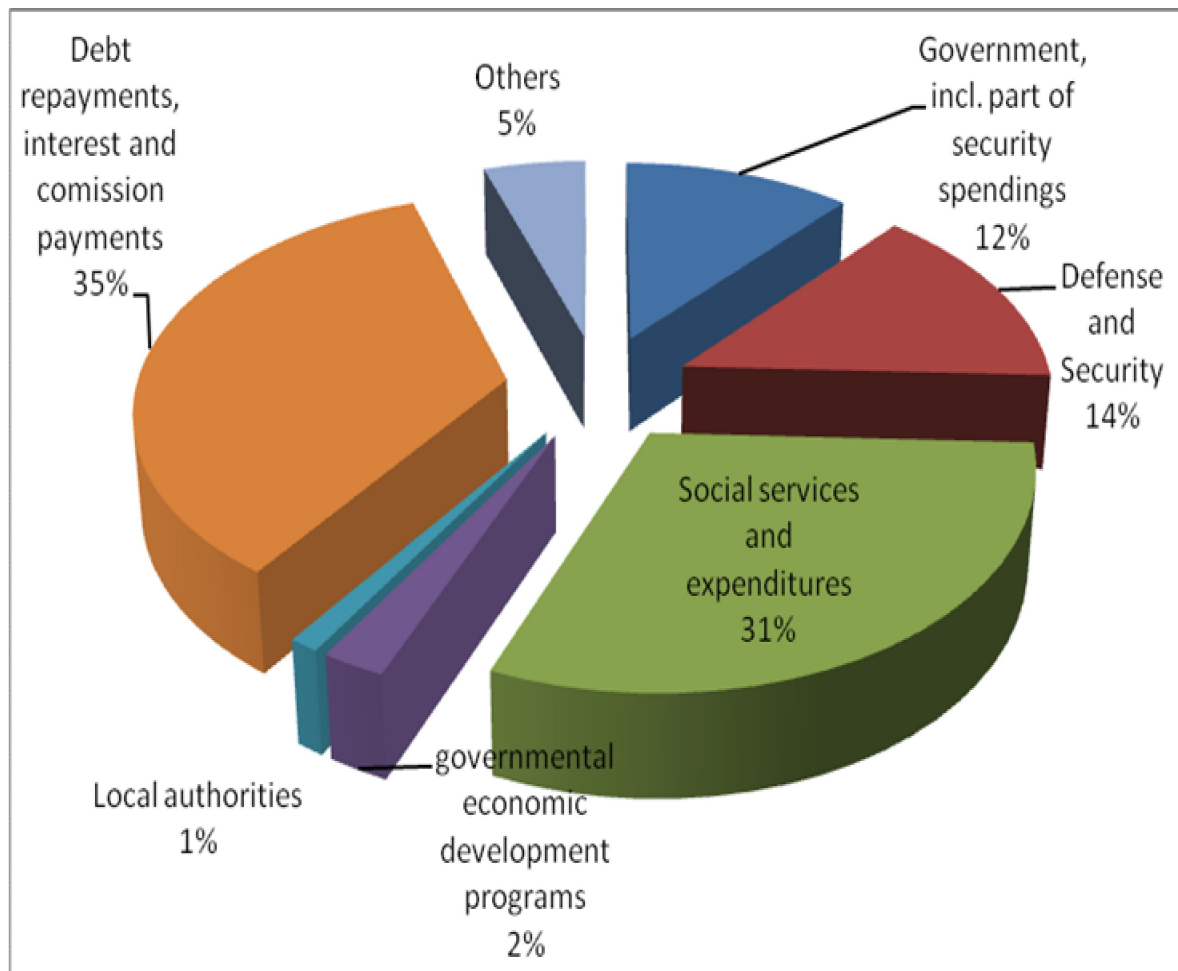
- The state responsibility for security has been substituting by the Peace Process Success priority needs since 1992.
- Terrorists negotiation ban cancelled (1992 - retroactively)
- IDF unable to finalize its successes; Unproportional use of force
- Disproportionate exchanges (Gilad Shalit case)
- Defense instead Offense: inefficient strategy choice
- 2011 Summer radical campaign for global redistribution destroying moderate Netanyahu market reforms;
- Iranian threat and US military assistance cancellation threat as a means to prevent military and economically efficient strategies

Statistical analysis

	Variables	
1	Defense expenses as share in total Government expenses	dependent
2	Labours faction in Knesseth; mandates number	independent
3	Electoral support of leftists parties	independent
4	Political history marks: 1977 (first time in opposition) 1982 (Lebanon War first time Labours undermined the IDF security operation) 1992 – start of Oslo “Peace process”	independent

To be described

Social Justice or Security for every citizen?



2011 Expenses Budgetary Structure Source: Israel Finance Ministry

http://www.mof.gov.il/BudgetSite/StateBudget/Budget2011_2012/Pages/Budget2011_2012HP.aspx
(Hebrew) Grand total 348,185 billion NIS (roughly \$95-97 billion)

to be written

Case of US military assistance to Israel in political agenda

During the last few decades, the threat of losing American aid has become one of the key arguments wielded in Israel's internal political discussions. It is used to explain countless steps taken by the government which are all too obviously detrimental to our security, or simply to our national dignity. Taking into account our neighbors' Eastern mindset and mentality, this last is tantamount to a further lowering in the level of our security (note the thinking along the lines of: "He who is humiliated is he who is weak, so finish him off!").

Using the threat of depriving Israel of the military assistance interest groups demand to proceed strictly according to the course outlined for us in 1992-95 (as part of the failed so called Oslo "peace" process).

The IDF with Its Hands Tied

The most significant and dangerous consequence of accepting aid when this is inseparable from the activity of internal interest parties, are the limitations foisted upon us in connection with ways of taking military action. This set of limitations impinging upon courses of action open to the State and the Army of Defense sharply lowers the efficacy of the ENTIRE military machinery of the country.

Conclusions

For terrorists leaders the damage inflicted on Israel is a well observable evidence of force and, respectively, important reason to claim the leadership, the power and, at least the endowments.

Aid from the USA is, first of all, that aid which is provided by American bureaucrats for Israeli special interest parties or groups. These last use the aid, or, more precisely, the threat of its stoppage as an instrument for pressuring the people and their democratically elected government. The damage resulting from this is obvious and, it appears, is greater by far than the benefits, which only at first glance seem to be considerable. Simultaneously discontinuing the aid to Israel and to her hostile neighbors is a measure will considerably augment Israel's advantages

To be developed

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year	Military Expenditures, %GDP (50-87 - GNP)	Defence spending % Government consumption	Defence spending % GNP	political process turning points	military justice left turns	Leftists' electoral support	Labour mandates	labour lead government
1948								1.0
1949						55.6	46.0	1.0
1950	10.0		10.0			55.6	46.0	1.0
1951	8.2		8.2			58.5	45.0	1.0
1952	6.8		6.8			58.5	45.0	1.0
1953	6.7		6.7			58.5	45.0	1.0
1954	7.0		7.0			58.5	45.0	1.0
1955	8.0		8.0			48.4	40.0	1.0
1956	14.5		14.5			48.4	40.0	1.0
1957	9.2		9.2			48.4	40.0	1.0
1958	7.7		7.7			48.4	40.0	1.0
1959	7.3		7.3			51.7	47.0	1.0

year	Military Expenditures, %GDP (50-87 - GNP)	Defence spending % Government consumption	Defence spending % GNP	political process turning points	military justice left turns	Leftists' electoral support	Labour mandates	labour lead government
1960	7.5	23.5	7.5			51.7	47.0	1.0
1961	9.8	26.5	9.8			56.5	42.0	1.0
1962	10.5	31.0	10.5			56.5	42.0	1.0
1963	11.0	32.0	11.0			56.5	42.0	1.0
1964	9.2	28.0	9.2			56.5	42.0	1.0
1965	9.5	27.0	9.5			50.1	45.0	1.0
1966	10.5	27.0	10.5			50.1	45.0	1.0
1967	19.2	41.5	19.2			50.1	45.0	1.0
1968	19.5	39.5	19.5			50.1	45.0	1.0
1969	21.0	43.0	21.0			52.1	56.0	1.0
1970	26.0	43.5	26.0			52.1	56.0	1.0
1971	24.0	39.5	24.0			52.1	56.0	1.0
1972	21.6	35.5	21.6			52.1	56.0	1.0
1973	33.0	43.0	33.0			47.6	51.0	1.0
1974	32.5	41.0	32.5			47.6	51.0	1.0
1975	32.0	42.0	32.0			47.6	51.0	1.0
1976	34.0	36.5	34.0			47.6	51.0	1.0
1977	22.5	30.5	22.5	1.0		43.4	43.0	0.0
1978	24.0	32.0	24.0			43.4	43.0	0.0
1979	21.8	27.0	21.8			43.4	43.0	0.0
1980	23.0	30.5	23.0			43.4	43.0	0.0
1981	24.2	31.5	24.2			46.6	48.0	0.0
1982	21.8	28.0	21.8	1.0		46.6	48.0	0.0
1983	18.7	26.0	18.7			46.6	48.0	0.0
1984	21.7	27.5	21.7			45.2	44.0	1.0
1985	21.5	30.5	21.5			45.2	44.0	1.0
1986	15.0	24.0	15.0			45.2	44.0	0.0
1987	18.0	31.0	18.0		1.0	45.2	44.0	0.0
1988	15.4	26.0	15.2			44.9	39.0	0.0
1989	12.9	22.0	12.5			44.9	39.0	0.0
1990	12.5	22.5	13.0			44.9	39.0	0.0
1991	15.3	22.0	12.5			44.9	39.0	0.0
1992	11.3	21.0	11.7	1.0		48.3	44.0	1.0
1993	11.6	21.5	12.0			48.3	44.0	1.0

year	Military Expenditures, %GDP (50-87 - GNP)	Defence spending % Government consumption	Defence spending % GNP	political process turning points	military justice left turns	Leftists'electoral support	Labour mandates	labour lead government
1994	9.9	19.0	10.5		1.0	48.3	44.0	1.0
1995	8.5	20.0	11.0			48.3	44.0	1.0
1996	8.7					42.4	34.0	0.0
1997	8.6					42.4	34.0	0.0
1998	8.4					42.4	34.0	0.0
1999	8.3					39.2	26.0	1.0
2000	7.9					39.2	26.0	1.0
2001	8.2					39.2	26.0	0.0
2002	9.2					39.2	26.0	0.0
2003	8.6					42.3	19.0	0.0
2004	7.8					42.3	19.0	0.0
2005	7.7					42.3	19.0	1.0
2006	7.9					35.3	19.0	1.0
2007	8.6					35.3	19.0	1.0
2008	8.0					35.3	19.0	1.0
2009	7.4	14.5				35.3	19.0	1.0
2010	7.8	15.1				23.6	13.0	0.0
2011		14.2				23.6	13.0	0.0