

“War on Terrorism” and More Democratic Alternatives

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I. The Issue

After the attacks of 9/11 the American president declared a “crusade” against terrorists. This “crusade” was, after some thinking, changed into a “War Against Terrorism”. It has been widely supported by a great many democratic as well as authoritarian countries. This war on terrorism is totally based on *deterrence*: Actual and prospective terrorists must be wiped out by killing them without further ado, or at least capturing them, holding them prisoners, (perhaps) putting them to trial and sentencing them for long periods or indefinitely. It is expected that such harsh treatment imposes such high expected costs that no individual will engage in terrorist activities in the future.

History as well as recent experience suggest, however, that to deal with terrorism by deterrence is *ineffective* and may even be *counterproductive*. It may well be that the extent of terrorist acts increases, rather than decreases. A policy based on deterrence has a second disadvantage. It threatens civil and human rights in the countries engaged in fighting terrorism. Deterrence policy thus tends to undermine exactly those values it claims to protect. Even if deterrence were effective (which it is not) the world may end up being significantly less democratic than before engaging in the war against terrorism.

Many people have this concern but they do not see any alternative to deterrence (e.g. Harmon 2000, Carr 2002). This contribution endeavours to show that such an alternative indeed exists and is viable (see, more fully, Frey 2004, Frey and Luechinger 2003, 2004)¹. It consists in offering actual and potential terrorists *positive* incentives to leave

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¹ These works also provide extensive further references to the literature.

the terrorist camp and to pursue their goals in a way compatible with democratic principles.

The paper proceeds by shortly pointing out the failure and disadvantages of using deterrence against terrorism (section II). The following section III outlines the alternative policy of strengthening the positive incentives to leave terrorism, and section IV provides an evaluation.

II. Failure of Deterrence Policy Against Terrorism

A. Predominance of Coercive Response

Governments may react to terrorism in many different ways (see e.g. Schmid and Crelinsten 1993, Lesser et al. 1999). One can, for instance differentiate between:

- "soft" and "hard" line response. The first response seeks to address the root-causes of terrorism while the second response uses immediate and strong retribution;
- "conciliatory" and "coercive" response. The former response consists in *accommodating* the demands of the terrorists, including direct negotiations. But it may also consist in *reforms* addressing the grievances of the terrorists without directly dealing with the terrorists. The second response consists in *criminal justice* where the rule of law is observed and in *war* where the international rules of conflict (in particular the Geneva Conventions with respect to the treatment of captured enemies) are either observed or not observed.
- "short" and "long" run response. The former response deals with the immediate problems created by a terrorist attack while the latter response is directed at prevention or long-term reform.
- "reactive" and "proactive" response. The former response is incident-related and seeks to deal with a terrorist incident that has already taken place. The latter response considers the long term and seeks to identify newly emerging political conflicts which might possibly lead to terrorism, or looks at least at possible future terrorist tactics and seeks to pre-empt them.

To differentiate between these types of responses is useful in so far as they sketch the possibilities open to governments and imply different benefits and costs. For instance, a coercive response involving the use of military means is likely to be accompanied by higher

budgetary costs while an accommodating policy may be cheap in this respect, although the accommodating may have high political costs to the government as the population is likely to topple it for undertaking such a "cowardly" response. However, a coercive response may also have its political costs in particular when it proves impossible to deliver quick successes.

The prevailing response to terrorist attacks has been *coercive military counter-terrorism*. This holds, in particular, for today's only world power, the United States, but also for nations such as Britain and Israel. Deterrence is not the same as using brute force (Schelling 1966, Byman and Waxman 2002). Deterrence involves the *threat* of damage to an adversary. It is most successful when it is not actually carried out. Deterrence leaves the opponent, in that case the terrorist group, the capacity to choose whether to desist from future violent action, and if violence is chosen that costs are imposed. A counter-terrorist strategy aiming at killing terrorists under all circumstances belongs to a brute force strategy. But the difference between the two is not large because deterrence is only credible if it is sometimes used. Indeed, the idea of a deterrent strategy is to impose so great a cost when it is exerted that the terrorists find the expected value of pursuing their course to be disadvantageous to them.

Many governments as well as terrorist experts see the use of military and police forces as the only way of effectively countering terrorism. They abhor what they consider to be "concessions" to terrorists and rely on threats of punishment. The most effective negative sanctions are seen in military strikes, aggressive activity (including kidnapping and killing) against individuals known or suspected to be terrorists, or against persons supporting and harbouring terrorists. Overt and covert military and paramilitary action is also thought advisable to pre-empt and prevent actions by terrorist groups as well as against states supposed to host or tolerate terrorists.

B. Consequences of Deterrence Policy

1. Advantages

The potential benefits of an anti-terrorist policy built on the use of force have been widely publicized by the governments undertaking it and have been mentioned above. However, the benefits are difficult to isolate and even more difficult to measure, particularly because of possible indirect

and long-term effects.² The basic problem is to identify how much worse off (if at all) the individuals would have been if no deterrence policy had been undertaken. To construct such a counterfactual situation it tricky especially as long-run and macro-economic and macro-societal effects have to be taken into account.

2. Disadvantages

Some of the costs of undertaking a deterrence policy are readily apparent and measurable (Rathbone and Rowley 2002a, b).

The first are the *direct costs* for the *country undertaking the deterrent policy*.

Most obvious are the substantial *budgetary costs* involved in the prevention of a terrorist attack such as border controls and the collection and interpretation of information undertaken by intelligence agencies. The more aggressive part of the deterrence policy relies on the military, police and the various secret services. The total number of employees and the budget is difficult or even impossible to identify because much of it is not public knowledge. The overall budgetary cost of an anti-terrorist policy is certainly large.

A deterrence policy may produce *domestic political costs*. The question is to what extent and for how long the citizens are prepared to support such a policy. After some time, the citizens become aware that the high costs of a deterrence policy displace other government expenditures from which they benefit more directly, say for health or for old age benefits.

By using force deterrence policy always runs the risk of resorting to repressive means. In the name of the "war on terrorism" *constitutional civil and human rights* are undermined or completely suppressed (Chang 2002, Cole and Dempsey 2002). This concern has been frequently discussed in connection with the anti-terrorist policy undertaken by the United States and the United Kingdom after September 11, 2001 (see Sterba 2003, Viscusi and Zeckhauser 2003, Goodin 2005). For the citizens concerned, these reductions in human and political rights belong to the costs of a deterrence policy. Such a response plays into the hands of the terrorists and, if going too far, becomes totally counter-productive. Costs of this type do not only arise domestically but also internationally. If a country undertaking a deterrence policy violates the rules the vari-

2 A survey on measuring the effects of terrorism is provided in Frey and Luechinger (2005) and Frey, Luechinger and Stutzer (2004 a, b).

ous countries have agreed on, a cumulative worsening of international relationships may take place.

In order to secure remaining in power, all *governments* are tempted to take the opportunity to *exploit terrorist attacks to their own advantage*. There have been suggestions from many sides that president Bush used the terrorist attacks of September 11, 2001 to rally support by the population (e.g. Goodin 2005). He was able to convince the voters that he identifies with the will of the nation and that not supporting him (and his party) comes close to being anti-American. As a result, the strong version of deterrence policy undertaken by his administration was accepted as the only conceivable response to the terrorist attacks. In a well-functioning democracy in which the checks and balances perform such dealings are part of the process of political competition. This only endangers democracy if the government restricts political competition, for instance by reducing human and political rights (see above), or by hampering the activities of other parties and politicians. Democracy can also be undermined by a deterrence policy if deviating views are not tolerated as they are claimed to help the terrorist cause. The coercive nature of deterrence policy tends to favor such violations of political rights. These costs in terms of loss of freedom and political sovereignty of the individuals have to be considered when assessing the costs of a deterrence policy.

The second type of costs produced by deterrence policy relate to its *effects on terrorists*.

It is generally agreed that full deterrence is impossible. No country, not even one having extensive surveillance and punishing power is able to thwart all conceivable future terrorist activity. Experience has shown that terrorists are capable of innovative responses to deterrence policy. They do not only seek new ways of achieving their aims but they quickly *substitute* to those targets impossible or too costly to protect. The costs are further raised if the terrorists move their attention away from less to more harmful objectives, resulting in more casualties and damage.

A coercive response tends to *reinforce terrorists' cohesiveness and influence*. At the same time it exacerbates nationalism and xenophobia in the countries more or less associated with the terrorists.

There are, thirdly, more *general costs* involved with fighting terrorism by deterrence.

Deterrence is based on a negative approach: terrorists are threatened with punishment if they continue their activities. Coercive action is answered by coercive action. Such interaction tends to degenerate into a *negative-sum game* between the parties involved making each one of them

worse off (see George and Simon 1994, Baldwin 1999): both the country engaging in the coercive response, and also the terrorists lose. Any war, including the proclaimed "war against terrorism" is a "dramatically non-zero sum activity" (Schelling 1984, 269). This consequence may be the most important argument against exclusively or even mainly relying on force to fight terrorism. It is argued here that there is an alternative anti-terrorism policy available based on a *positive approach* (see also Bernauer and Ruloff 1999 for positive incentives in non-proliferation policies). Such anti-terrorist policies tend to evolve into positive sum games: As a result, both parties will be better off.

C. Ineffectiveness of Deterrence Policy

In the literature on terrorism there is wide agreement that reliance on force as anti-terrorism policy is ineffective. One of the leading scholars makes the following clear statement:

"[...] headline counter-terrorism policy [...] does not work" (Wilkinson 2000, 97).

The use of force is in most cases not only unable to deter terrorists but successful coercion is sometimes impossible. The U.S. air raids on the home and headquarters of president Gaddafi in 1986 were widely hailed as a successful example of anti-terrorist policy using strong military force. Empirical analyses of terrorist incidents before and after the raid on Libya do not indicate any significant reduction of terrorist activities in which that country was involved. After a brief pause, Libya seems to have become even more involved in international terrorism. No less than 15 incidents in 1987, and 8 in 1988 have been connected to Libya. But the most dramatic subsequent event was the bombing of Pan Am flight 103 in 1988 crashing at Lockerby and killing 278 persons. Of course, this evidence does not necessarily mean that the coercive policy failed. There may be various long term and indirect effects, one being that European governments have decided to take stronger action against possible Libyan terrorists and people supporting them.

But an econometric analysis using vector-autoregressive intervention techniques (Enders and Sandler 1993) was not able to find any noticeable long-term effect of Reagan's retaliatory policy on curbing terrorist attacks directed against American interests. What that policy did achieve was a substitution of terrorist activities towards less risky targets than the now heavily fortified embassies and other U.S. installations (Sandler and Lapan 1988).

The conclusion that focusing on coercion is ineffective also applies more generally on an international scale (Hoffman 1998, Wilkinson 2000, Carr 2002). While the major powers use their vast advantage in military weapons, the adversaries avoid exposing themselves to the coercers' strength. Rather, they tailor their actions to exploit the weaknesses of the major powers. One of the prime weapons of the weak is guerilla and terrorist warfare. The coercers are unable, or for political and economic reasons unwilling, to escalate the force used. In any case, the weaker party is sometimes better able to counter any escalation by terrorist actions as they are less hindered by domestic restrictions.

Despite many claims as to its effectiveness, deterrence may even be counter-productive. Based on a great many cases this position is supported by many scholars. To quote again Wilkinson (2000, 115):

"There is a widespread misconception that using terror to defeat terror will ultimately work. On the contrary, the evidence is that this policy is counter-productive."

Most observers agree that deterrence is not effective in changing the target country's policy towards terrorism. But it does not follow that coercion should not be used to fight terrorism as long as there is no preferable alternative. It may be that the other options are even less effective. If this were the case deterrence policy would still be advisable if it was superior to doing nothing. A worthwhile evaluation must make an effort to compare the use of force against other anti-terrorist policies.

III. An Alternative: Strengthening the Positive Incentives to Leave Terrorism.

An effective way to fight terrorism is to raise the *opportunity costs* to terrorists. This differs fundamentally from traditional deterrence policy seeking to raise the *material* cost to potential terrorists. Indeed, the two approaches imply quite different policies.

The opportunity costs faced by potential terrorists consist in the utility they could gain by not engaging in terrorism. These are the activities they can undertake outside terrorism. Such a strategy has several advantages over other anti-terrorist policies:

- (a) Due to the enlarged outside opportunities a person's dependence on the terrorist group is reduced. *Exit is facilitated.*
- (b) A conflict between terrorist and other activities is created which produces tensions within the terrorist organisation. Nobody knows who

will succumb to the outside attractions and become a "traitor" by leaving the group. This diminishes the effectiveness of the terrorist group.

(c) The interaction between the terrorists and all other people and groups is turned into a *positive sum interaction*. The chances of finding a peaceful solution are improved.

An obvious possibility is to raise opportunity costs by increasing income in peaceful occupations. The more an individual can gain in an ordinary activity the less is he or she inclined to engage in terrorism. The recent experience with Palestinian suicide bombers suggests, however, that the resulting effect is small, if it exists at all. A substantial part of them seems to have an above average education and therewith presumably³ better outside opportunities than completely uneducated, destitute persons.

Three specific strategies are discussed serving to raise (potential) terrorists' opportunity costs.

1. *Reintegrate Terrorists*

One of the most fundamental human motivations is the need to belong. People want to form and maintain lasting positive and significant interpersonal relationships. This also applies to terrorists. As long as they belong to a terrorist group their sense of belonging is fulfilled. In most cases, former relationships to the family, friends and acquaintances are completely severed when a terrorist group is joined. The same tends to happen when people join an extremist religious sect. In some cases, as for Islamic terrorist groups, both go together. The isolation from other social entities gives strength to the terrorist group because it has become the only place where the sense of belonging is nurtured.

An effective way to overcome terrorism is to break up this isolation. The terrorists must experience that there are other social bodies able to care for their sense of belonging. If that can be achieved the power of the terrorist leaders over its members is reduced because they become aware that possibly preferable alternatives to terrorism exist.

According to the economic theory of knowledge, interaction between groups tends to reduce extremist views. A person's knowledge can be taken to depend on the costs and benefits of acquiring pieces of knowledge

³ Persons with higher education may also have higher income expectations. When they do not find any job, or only a meagrely paid one, their disappointment is marked. This may make terrorism more attractive.

and then applying them. Because of the high cost of discovering and verifying every bit of knowledge, people typically rely on sources of authority and the society in which they spend most of their lives. A person has also little incentive to acquire knowledge and beliefs at odds with the beliefs of the society he or she lives in. Extremist views are therefore more likely to flourish in isolated groups of like-minded people. This is a generally recognized fact in research on religious sects. Moreover, extreme views serve as norms of exclusion. Extremism therefore reinforces segregation and *vice versa*. Terrorist leaders can be seen as entrepreneurs exploiting and magnifying the differences between the isolated groups. They "supply hatred" as this furthers their political aims. It makes the terrorist leaders' often taxing demands on the ordinary members more appealing to them. The demand for hatred falls as consumers interact with the targeted group. This lower demand for hatred is consistent with the economic theory of social interactions where the decreasing effect of hatred on returns in social interaction is analyzed. Breaking up this vicious circle of segregation and extremism can therefore be expected to lower terrorists' inclination to participate in violent activities.

Terrorist' social isolation in their group can be broken down by offering terrorists a new sense of belonging. This is not easy to achieve as the terrorist leaders try to make all social contacts not sanctioned by him impossible. It is therefore important that the few "unofficial" contacts a terrorist may have induce him or her to loosen the ties with the terrorist group. An important condition that the contacts established are characterized by procedural fairness. This means that the relationship to the individual terrorists must be guided by consistency, objectivity and correctness. There must also be interactive fairness; the individual terrorist must be treated with respect. In many cases the representatives of the government and its agencies (police and army) are unable to behave in the required manner because they see terrorists as their deadly enemy who must be destroyed. Often they have a personal grudge against the terrorists, because they have suffered personal losses (for instance friends in arms may have been killed by the terrorist group). But for the anti-terrorist policy to be successful the reigning principle must be whether the social isolation of the terrorist can be broken and therefore the terrorist threat undermined. To follow a thirst for revenge drives the terrorists back into isolation. This would exactly conform to the wishes of the terrorist leaders. They are well aware that their groups' cohesiveness is undermined if they are no longer able to control the individual members' social contacts.

There are various possibilities to motivate terrorists to interact more closely with other members of society and to therewith overcome their isolation. In particular, terrorists can be involved in a discussion process, which takes their goals and grievances seriously and which tries to see whether compromises are feasible. Moreover, terrorists can be granted access to the normal political process. This lowers the costs of pursuing the political goal by legal means and hence raises the opportunity costs of terrorism. This is not a utopian solution. In the Netherlands, for example, terrorist sympathizers are granted access to the media to the fullest possible extent.

The same principle of anti-terrorist policy can be applied to nations supporting or harbouring terrorists. If such countries are internationally isolated and identified as "rogue states" they tend to become more extreme and ideological. A more fruitful strategy is to help them to re-enter the international community and to adopt its rules. Only then is it possible to form an encompassing international coalition among states against terrorism. The crucial importance of securing the cooperation of as many states as possible has been a major topic of the research on terrorism.

2. Welcoming Repentants

Persons engaged in terrorist movements can be offered incentives, most importantly reduced punishment and a secure future life if they are prepared to leave the organisation they are involved with and are prepared to talk about it and its project. Terrorists who credibly show that they wish to renounce terrorist activities should be supported and not penalized. A member's opportunity costs of remaining a terrorist are therewith increased. This method has indeed sometimes been used, for example in the case of the *Brigate Rosse* (Red Brigades) in Italy, the *Rote Armee Fraktion* (Red Army Faction) in Germany and the *Action Directe* (Direct Action) in France. In Italy a law introduced in 1982, the *legge sui pentiti* (law on repentants), left it at the discretion of the courts to reduce sentences quite substantially where convicted terrorists provided tangible information leading to the arrest and conviction of fellow-terrorists. Convicted terrorists received both in Germany and Italy reduced prison sentences and other concessions, even including daytime furloughs from prison to hold a normal job. Serious terrorists were effectively depenalized through offering terrorists to accept their defeat, admit their guilt and inform about other terrorists. The

implementation of this principal witness programme turned out to be an overwhelming success. It provided the police with detailed information helping to crack open the Red Brigade cells and columns and enabled former terrorists to re-enter into normal life again.

3. Offer Valued Opportunities

Persons inclined to follow terrorist ideas and undertake terrorist actions can be invited to visit foreign countries. Universities and research institutes, for example, can offer such persons the opportunity of discussing their ideology with intellectuals. The guests may, moreover, pursue their own studies. It is to be expected that the confrontation with the liberal ideas existing in such places of learning will mellow their terrorist inclinations. The very least which would be achieved is that the (potential) terrorists have access to new and radically different ideas, compared to the situation in which they live within a closed circle of other terrorists.

IV. Evaluation

Providing positive incentives to terrorists no longer to engage in violent actions represents a completely different approach than the conventional anti-terrorist policy of deterrence. A conscious effort is made to break the organisational and mental dependence of persons on the terrorist organisations by offering them *more favourable* alternatives. Deterrence policy does the opposite: the costs of staying a terrorist are lowered.

The policy of opening up alternatives to the terrorists is far from ideal. It has some important disadvantages. But it also has strong advantages. Both are discussed in the following.

1. Disadvantages

There are four possible major weaknesses in the effort to raise terrorists' opportunity costs:

- The strategy does not work because the incentives created are insufficient to affect terrorists. This may be especially true for highly intrinsically motivated or fanatical terrorists. In this case, the strategy, to be effective, would require extreme incentives and would entail considerable costs. The incentives are therefore likely to be ineffective in diverting the hard core of terrorist organisations to participate in more legal activities. But they may prove successful

in restraining the Umfeld of the terrorists from terrorist activities. Without the support of the Umfeld, the hard core of the terrorist organisations will at most only be able to undertake low scale terrorist activities.

- The leaders of the terrorist movements may try to undermine the positive approach by undertaking a counterstrategy (e.g. by offering similarly appreciated alternatives or by threatening punishment). They can also act strategically e.g. by sending some trusted members as "principal witness" and therefore misinforming the police. But such counterstrategies are costly for the terrorist movement.
- The "benevolence" strategy could create perverse incentives in which some individuals are induced to engage in terrorism in order to receive future rewards from abandoning terrorist activities. This argument applies to positive incentives in a wide range of policy areas, for example compensation payments in environmental affairs or positive sanctions in the case of international cooperation. But research shows that in many cases the implementation of positive incentives is more successful at promoting cooperation than deterrent threats. Thus focusing on horizontal nuclear proliferation, it has been demonstrated that positive incentives have the potential of producing significant behavioural changes in the short term and fostering more stable solutions to the problem in the long run.

- Following the same line of reasoning, one could argue that the benevolent strategy induces entry because exit is facilitated. Rational actors, anticipating the ease of exit, are more inclined to enter in the first place. This is a common argument in the discussion about different drug policies. In reality, however, there is no evidence that ease of exit induces more entry. Moreover, repressive policies prove to be ineffective.

- The strategy may be considered immoral and therefore rejected. It may be thought that the terrorists are rewarded for their illegal and often heinous acts. This may certainly sometimes be the case, but it should be kept in mind that there are many cases in which "terrorists" were later fully integrated in society. In these cases, the argument loses much of its force.

2. Strengths

There are two important advantages of the strategy of offering alternatives to terrorists:

- The whole interaction between terrorists and the government takes the character of a positive sum game. All sides benefit. The effort of the government is no longer directed towards destruction. Rather, the government makes an effort to raise the utility of those terrorists who choose to enter the programmes offered. This interaction – even if many terrorists do not participate – has a better chance of producing a Pareto-superior outcome. In contrast, deterrence policy by necessity produces a worse position for both sides. The terrorists are punished (incarcerated, killed, etc), while the government often has to raise large sums of money to undertake their deterrence strategy. The interaction between the Palestinian terrorists and the Israeli government provides a good illustration. There can be no doubt that both sides are much worse off than before.

- The strategy undermines the cohesiveness of the terrorist organisation. The incentive to leave is a strong threat to the organisation. The terrorist leaders no longer know whom to trust because, after all, most persons can succumb to temptation. An effort to counteract these temptations by prohibiting members from taking up the attractive offers (e.g. to spend a period of time at a research institute) leads to conflicts between leaders and rank and file. When good outside offers are available to the members, the leaders tend to lose control. The terrorist organisation's effectiveness is thereby reduced.

Does the policy of offering alternatives to terrorists have any chance in politics? At present, they are rather slim (but that should not discourage thinking about such alternatives). Most interests are clearly aligned *against* such a strategy. Most importantly, three major organizations in society must expect to lose. The police and the army receive fewer funds and they can no longer profit from a deterrence policy in which they play a crucial role. The alternative strategy does not build on their services, quite to the contrary. The government politicians prefer a deterrence policy because they can therewith demonstrate to the population that they are determined to "fight terrorism at all cost". The "macho"-image may help them to win elections especially if there is no open discussion of the merits and demerits of the various strategies.

Interestingly enough, the leaders of the terrorist movement will also oppose the strategy offering alternatives to terrorists. They are well aware that they tend to lose control, and that the terrorist movement will dissipate. They find it much better if the opposite side – the government with its police and army – can be called odious.

In contrast, there are only few, and much less well-organized and targeted interests in favour of the alternative strategy to deterrence. Organizations committed to discourse such as churches and universities may show some interest. On the terrorist side, there will be few, if any, supporters. They risk their lives because they can be accused of siding with the mortal enemy.

The strategy of offering opportunities has the best chance of being undertaken when the deterrence has failed. In such times of crisis the various groups involved may turn to unorthodox policies.

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