Visiting Associate Professor, Dept. of Economics, UCLA
Core Member, Network for the Economic Analysis of Terrorism and Anti-Terror Policies (NEAT),
The European Commission
Professor of Economics, Pardee RAND Graduate School
Economist, RAND Corporation

"The Economic Cost of Harboring Terrorism"

25.1.2010
הכניסה ורבעディ לשעה 17:30
הרצאה תחל לשעה 17:45
בנין אריסון-לאודר, אודר-אריסון מבטיח 316
הרצאה תתקיימו בשפה האנגלית
נשמח להרצאתך!
The Lauder School of Government, Diplomacy and Strategy
Cordially invites you to
A lecture by:

Prof. Claude Berrebi
Visiting Associate Professor, Dept. of Economics, UCLA
Core Member, Network for the Economic Analysis of Terrorism and Anti-Terror Policies (NEAT),
The European Commission
Professor of Economics, Pardee RAND Graduate School
Economist, RAND Corporation

On:

"The Economic Cost of Harboring Terrorism"

Monday, January 25, 2010, 17:30, Arison - Lauder Building, Room A316, IDC Herzliya Campus

Program:
17:30 - Gathering and light refreshments
17:45 - Lecture by Prof. Claude Berrebi

Abstract:
The literature on conflict and terrorism has paid little attention to the economic costs of terrorism for the perpetrators. This article aims to fill that gap by examining the economic costs of harboring suicide terror attacks. Using data covering the universe of Palestinian suicide terrorists during the second Palestinian uprising, combined with data from the Palestinian Labor Force Survey, the authors identify and quantify the impact of a successful attack on unemployment and wages. They find robust evidence that terror attacks have important economic costs which in turn lead to several important policy implications. The results suggest that a successful attack causes an increase of 5.3 percent in unemployment, increases the likelihood that the district’s average wages fall in the quarter following an attack by more than 20.0 percent, and reduces the number of Palestinians working in Israel by 6.7 percent relative to its mean. Importantly, these effects are persistent and last for at least six months after the attack. These findings raise the importance of informing the leaders and the general population of areas harboring terrorism about the extent of the associated costs. The findings also have implications with respect to foreign monetary aid to areas that harbor terrorism, and finally raise the question of whether or not the deliberate imposition of economic costs could be used as an effective counterterrorism policy.

*The lecture will be conducted in English*