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State Capacity and Terrorism: A Two-Dimensional Approach

CULLEN S. HENDRIX AND JOSEPH K. YOUNG

Conventional wisdom suggests that dissident groups use terrorism when they face an overwhelmingly more powerful state, yet attacks in developing countries have predominated in the post-Cold War era, suggesting that terrorism is an increasingly weak state phenomenon. Cross-national studies of terrorism find mixed results for how common measures of state capacity influence terrorism. We argue that these indeterminate findings are due in part to a partial understanding of both what constitutes state capacity and how different aspects of state strength or weakness relate to the propensity of groups to use terrorism. We decompose state capacity into two dimensions that we theorize are particularly relevant to dissident groups: military capacity, or the ability to project conventional military force, and bureaucratic/administrative capacity. Our analysis supports the claim that terrorist attacks are more frequently targeted at states with large, technologically sophisticated militaries but less frequently targeted at states with higher bureaucratic and administrative capacity. We also compare two militarily capable states, France and Russia, that have had different recent experiences with terrorism to help illustrate the causal mechanisms involved. Evidence from our models and cases suggest that states can be capable in different ways, and these various capabilities create differing incentives for using terror as a strategic and tactical tool.

As Martha Crenshaw observed decades ago, “Terrorism is a logical choice when oppositions have such goals and when the power ratio of government

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to challenger is high. The observation that terrorism is a weapon of the weak is hackneyed but apt.¹ In 1981, this observation jibed with the empirical record: between 1970 and 1980, 54 percent of all terror attacks cataloged in the Global Terrorism Database occurred in the relatively capable states of North America and Western Europe, with major Western powers such as the United States, the United Kingdom, and France accounting for nearly one-third of all attacks.² Since Crenshaw's "hackneyed" observation, however, the locus of terror attacks has changed. In the post-Cold War period, 54 percent of attacks have occurred in the Middle East, North Africa, and South Asia, regions more often associated with comparatively weak governance institutions; North America and Western Europe's share has waned to only 10 percent of the global total.³ Terrorism, long considered a weapon of the weak, may now be more accurately characterized as a weapon targeting the weak.

This shift has been evident in policy discussions. In an op-ed published in the *New York Times*, former US president George W. Bush argued that "poverty does not transform poor people into terrorists and murderers. Yet, poverty, corruption and repression are a toxic combination in many societies, leading to weak governments that are unable to enforce order or patrol their borders and are vulnerable to terrorist networks and drug cartels."⁴ In Bush's formulation, state weakness allows groups to operate with impunity and thus the factors that make a state weak can influence terrorism both internally and abroad. In contrast to Crenshaw, this view suggests state weakness, rather than state strength, promotes terrorism.

Kofi Annan, the former Secretary-General of the United Nations, argued for increasing state capacity to prevent terrorism.⁵ Similar to Bush, his concern was related to weak states serving as a base of operations for terrorist groups "to fund, organize, equip and train their recruits, carry out their attacks, and hide from arrest." If terrorism is a weapon of the weak, more capable states should be targeted more frequently for terror attacks. Yet, as Bush and Annan argue, weaker states may be bases and targets of groups as well. The empirical findings linking state capacity to terrorism are

¹ Martha Crenshaw, "The Causes of Terrorism," *Comparative Politics* 13, no.4 (1981): 387.

² National Consortium for the Study of Terrorism and Responses to Terrorism (START), Global Terrorism Database [Data file] (2012), <http://www.start.umd.edu/gtd> (henceforth cited as GTD).

³ Stewart Patrick counters this perspective, contending Saudi Arabia, Egypt, and other authoritarian Middle Eastern and North African states are in fact quite strong, albeit undemocratic. These states may be strong when compared to failed and failing states like Somalia, Afghanistan, or Yemen (the relevant comparison group for Patrick), but they are not strong when compared to the states that make up the OECD, for instance. Moreover, as we will argue, this unidimensional notion of state strength may be misleading with respect to its effects on terrorism. Stewart Patrick, *Weak Links: Fragile States, Global Threats, and International Security* (New York: Oxford University Press, 2011).

⁴ George W. Bush, "Securing Freedom's Triumph," op-ed, *New York Times*, 11 September 2002.

⁵ Kofi Annan, "Uniting Against Terrorism: Recommendations for a Global Counterterrorism Strategy," *Report of the Secretary-General*, 27 April 2006, 15.

similarly mixed. GDP per capita, a measure often used in civil war studies to proxy state capacity,⁶ is sometimes negatively related to frequency of terrorism,⁷ sometimes positively,⁸ and sometimes the relationship is indeterminate.⁹ Measures of state material capabilities, indicators that capture actual and latent capacity to wage conventional war, are mostly positively associated with the frequency of terrorism.¹⁰ Brian Lai finds that weaker states (as measured by low GDP) produce more terrorist attacks that are exported abroad.¹¹ Taken together, these results are inchoate and often contradictory, suggesting that a more complex understanding of the effect of state capacity on terrorism is warranted. In this article, we discuss different “dimensions” of state capacity and how they influence the likelihood of terrorism.¹² We also consider how these dimensions of state capacity influence domestic, transnational, and exported terrorism. We argue for dividing the concept of state capacity into two dimensions: military capacity, or the ability to project conventional military force, and bureaucratic/administrative capacity, or the ability to collect and manage information. We hypothesize that these separate dimensions have countervailing impacts on both the incentives and opportunity to engage in terrorism.

⁶ James D. Fearon and David D. Laitin, “Ethnicity, Insurgency, and Civil War,” *American Political Science Review* 97, no. 1 (2003): 75–90; Nicholas Sambanis, “What is a Civil War? Conceptual and Empirical Complexities of an Operational Definition,” *Journal of Conflict Resolution* 48, no. 6 (2004): 814–58; Håvard Hegre and Nicholas Sambanis, “Sensitivity Analysis of Empirical Results on Civil War Onset,” *Journal of Conflict Resolution* 50, no. 4 (2006): 508–35.

⁷ Quan Li, “Does Democracy Promote or Reduce Transnational Terrorist Incidents?” *Journal of Conflict Resolution* 49, no. 2 (2005): 278–97.

⁸ Michael G. Findley and Joseph K. Young, “Terrorism, Democracy, and Credible Commitments,” *International Studies Quarterly* 55, no. 2 (2011): 357–78; James I. Walsh and James A. Piazza, “Why Respecting Physical Integrity Rights Reduces Terrorism,” *Comparative Political Studies* 43, no. 5 (2011): 551–77.

⁹ Joseph K. Young and Laura Dugan, “Veto Players and Terror,” *Journal of Peace Research* 48, no. 1 (2011): 19–33.

¹⁰ Li, “Does Democracy Promote or Reduce?”; Michael Koch and Skyler Cranmer, “Testing the ‘Dick Cheney’ Hypothesis: Do Governments of the Left Attract More Terrorism than Governments of the Right?” *Conflict Management and Peace Science* 24, no. 4 (2007): 311–26; Joseph K. Young and Michael G. Findley, “Promise and Pitfalls of Terrorism Research,” *International Studies Review* 13, no. 3 (2011): 411–31; Michael G. Findley, James A. Piazza, and Joseph K. Young, “Games Rivals Play: Terrorism in International Rivalries,” *Journal of Politics* 74, no. 1 (2012): 235–48.

¹¹ Brian Lai, “‘Draining the Swamp’: An Empirical Examination of the Production of International Terrorism, 1968–1998,” *Conflict Management and Peace Science* 24, no. 4 (2007): 297–310.

¹² Goertz states that “good concept(s) draw distinctions that are important in the behavior of an object.” What he refers to as the “basic level” of the concept, or the main definition, is the noun to which we attach adjectives. “State capacity” is the noun to which we will add modifiers, such as “bureaucratic” or “military.” In Goertz verbiage, these “secondary level” dimensions then offer causal mechanisms—how a multidimensional concept relates to other concepts. Gary Goertz, *Social Science Concepts: A User’s Guide* (Princeton, NJ: Princeton University Press, 2006). Munck and Verkuilen offer a similar schema but refer to a concept (Goertz’s basic level) and its attributes (Goertz’s secondary level). Gerardo Munck and Jay Verkuilen, “Conceptualizing and Measuring Democracy: Evaluating Alternative Indices,” *Comparative Political Studies* 35, no. 1 (2002): 5–34. We adopt Goertz’s language to explain the multidimensional nature of the concept of state capacity.

After developing a consistent set of hypotheses deriving from a two-dimensional approach to conceptualizing state capacity, we test these claims using data on domestic and transnational terrorism. Consistent with our argument, we find that military capacity is positively associated with the frequency of terror attacks, and bureaucratic/administrative capacity is negatively associated with the frequency of terror attacks. We then address the causal mechanisms further through a comparison of French and Russian experiences with counterterrorism. In the conclusion, we discuss the implications for policymakers and for the scholarly study of terrorism.

HOW STATE CAPACITY INFLUENCES POLITICAL VIOLENCE

How the state structures incentives for dissident violence is a critical portion of the story for why rebellion, and political violence more generally, occurs.¹³ Given this long tradition of state-centered analyses of political violence, relatively less attention has been paid to how states help structure incentives for oppositional terror.¹⁴ Some insights from the civil war literature may be useful. Within the civil war literature, state capacity is a key component of the political opportunity structure that affects potential rebels' decisions to fight.¹⁵ The decision to rebel takes into account the government's capacity to repress and to accommodate. States with considerable repressive capacity can impose more significant costs on potential dissidents and thus can deter rebellion. States capable of accommodating grievances via redistribution, the granting of autonomy rights, or the incorporation of dissident movements within the party system will be more successful at placating restive groups and less likely to face armed dissent.

¹³ Jeff Goodwin, *No Other Way Out: States and Revolutionary Movements, 1945–1991* (New York: Cambridge University Press, 2001); Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (Cambridge: Cambridge University Press, 1979); Ted R. Gurr, "War, Revolution, and the Growth of the Coercive State," *Comparative Political Studies* 21, no. 1 (1988): 45–65.

¹⁴ On state-centered analyses, see Skocpol, *States and Social Revolutions*; Peter Evans, Dietrich Reuschmeyer, and Theda Skocpol, eds., *Bringing the State Back In* (New York: Cambridge University Press, 1985). On the one area that has received extensive attention, the study of regime type and terrorism, see William L. Eubank and Leonard B. Weinberg, "Does Democracy Encourage Terrorism," *Terrorism and Political Violence* 6, no. 4 (1994): 417–35; Todd Sandler, "On the Relationship between Democracy and Terrorism," *Terrorism and Political Violence* 7, no. 4 (1995): 1–9; Leonard Weinberg and William Eubank, "Terrorism and Democracy: What Recent Events Disclose," *Terrorism and Political Violence* 10, no. 1 (1998): 108–18; Li, "Does Democracy Promote or Reduce?"; Young Dugan, "Veto Players and Terror"; Deniz Aksoy, David Carter, and Joseph Wright, "Terrorism in Dictatorships," *Journal of Politics* 74, no. 3 (2012): 810–26.

¹⁵ Charles Tilly, *From Mobilization to Revolution* (Reading, MA: Addison-Wesley, 1978); Cullen S. Hendrix, "Measuring State Capacity: Theoretical and Empirical Implications for the Study of Civil Conflict," *Journal of Peace Research* 47, no. 3 (2010): 273–85; David Sobek, "Masters of their Domains: The Role of State Capacity in Civil Wars," *Journal of Peace Research* 47, no. 3 (2010): 267–71.

State capacity, however, is a multifaceted concept.¹⁶ In general, military capacity—operationalized as military personnel per capita—is associated with a lower likelihood of onset, higher likelihood of war termination, and shorter war duration.¹⁷ Likewise, states with greater bureaucratic/administrative capacity—operationalized alternately by level of economic development,¹⁸ survey measures of bureaucratic quality and expropriation risk,¹⁹ and indicators of natural resource dependence or revenue-generating capacity²⁰—are less likely to experience conflict onset and tend to endure shorter conflicts. Bureaucratic and military capacities tend to be positively correlated, in part due to the interrelationship between warfare and the development of hierarchical, bureaucratically organized state institutions.²¹ Some states, however, intermingle low levels of bureaucratic capacity with high levels of military capacity (present-day Russia, Egypt) and comparatively high levels of bureaucratic capacity with low levels of military capacity (Costa Rica, Namibia). In short, these two dimensions of capacity can diverge. Moreover, the two may have differential effects on civil conflict onset. When analyzed together, Cullen Hendrix finds that bureaucratic capacity—operationalized as tax capacity—is negatively associated with civil war onset, and military size and military spending are positively related to civil war onset.²²

How the state structures incentives for violence or non-institutional political participation is part of a larger political opportunity model of behavior.²³ The political opportunity model of violent mobilization contends that the decision to mobilize, as well as the subsequent choices of targets and

¹⁶ Hendrix, "Measuring State Capacity"; Matthew Adam Kocher, "State Capacity as a Conceptual Variable," *Yale Journal of International Affairs* 5, no. 2 (2010): 137–45.

¹⁷ T. David Mason and Patrick Fett, "How Civil Wars End: A Rational Choice Approach," *Journal of Conflict Resolution* 40, no. 4 (1996): 546–68; T. David Mason and Dale A. Krane, "The Political Economy of Death Squads: Toward a Theory of the Impact of State-Sanctioned Terror," *International Studies Quarterly* 33, no. 2 (1989): 175–98; Karl R. DeRouen and David Sobek, "The Dynamics of Civil War Duration and Outcome," *Journal of Peace Research* 41, no. 3 (2004): 303–20; Halvard Buhaug, "Dude, Where's My Conflict? LSG, Relative Strength, and the Location of Civil War," *Conflict Management and Peace Science* 27, no. 2 (2010): 107–28.

¹⁸ Fearon and Laitin, "Ethnicity, Insurgency."

¹⁹ DeRouen and Sobek, "Dynamics of Civil War"; Fearon, "Primary Commodity Exports."

²⁰ Paul Collier and Anke Hoeffler, "Greed and Grievance in Civil War," *Oxford Economic Papers* 56 (2004): 563–95; Macartan Humphreys, "Natural Resources, Conflict, and Conflict Resolution," *Journal of Conflict Resolution* 49, no. 4 (2005): 508–37; Cameron G. Thies, "Of Rulers, Rebels, and Revenue: State Capacity, Civil War Onset and Primary Commodities," *Journal of Peace Research* 47, no. 3 (2010): 321–32; Buhaug, "Dude, Where's My Conflict?"; Timothy Besley and Torsten Persson, "State Capacity, Conflict, and Development," *Econometrica* 78, no. 1 (2010): 1–34.

²¹ Charles Tilly, *The Formation of National States in Western Europe* (Princeton, NJ: Princeton University Press, 1975).

²² Cullen S. Hendrix, "Head for the Hills? Rough Terrain, State Capacity, and Civil War Onset," *Civil Wars* 13, no. 4 (2011): 345–70.

²³ See Tilly, *From Mobilization to Revolution*; Peter K. Eisinger, "The Conditions of Protest Behavior in American Cities," *The American Political Science Review* 67, no. 1 (1973): 11–28; Sidney Tarrow, *Power in Movement: Social Movements, Collective Action and Politics* (Cambridge: Cambridge University Press,

tactics, takes into account the state's ability to repress and accommodate challenges.²⁴ Thus, state capacity is central. Building on the work in the civil conflict tradition, we argue that there are two dimensions to capacity that have competing influences on terrorism.

Most treatments of state capacity in the conflict literature assume these dimensions are either linked or privilege one dimension over the other. The first dimension is what many scholars term "repressive" or "military" capacity.²⁵ The second is bureaucratic/administrative power—that the state has a professional bureaucracy that can "see" its population.²⁶ This can deter or mitigate violence both by channeling dissent as well as providing the state the ability to organize a coherent response to dissent. Moreover, more bureaucratically capable states are better able to negotiate credibly with dissidents because they can actually follow through on their commitments and thus address one of the common causes of conflict between state and non-state actors.²⁷

States can deter violent challenges via investments in repressive capacity, and building bureaucratic capacity, which enhances the capacity to collect and manage information. All states do some measure of both.²⁸ Like Goodwin and other political opportunity theorists, we focus on how the state structures incentives for certain forms of violence.²⁹ Our focus here is on state repressive capacity and its incentive effects for engaging in terrorism. Terrorism is the threat or the use of violence against noncombatants to influence an audience for political purposes.³⁰ As policymakers and scholars

1994); Doug McAdam, *Political Process and the Development of Black Insurgency, 1930–1970* (Chicago: University of Chicago, 1982).

²⁴ Tilly, *From Mobilization to Revolution*.

²⁵ Goodwin, *No Other Way*; Hendrix, "Measuring State Capacity."

²⁶ James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, CT: Yale University Press, 1998); Hendrix, "Measuring State Capacity."

²⁷ On negotiating with dissidents, see Michael McBride, Gary Milante, and Stergios Skaperdas, "Peace and War with Endogenous Capacity," *Journal of Conflict Resolution* 55, no. 3 (2011): 447–68. On causes of state and non-state conflict, see David Lake, "International Relations Theory and Internal Conflict: Insights from the Interstices," *International Studies Review* 5, no. 4 (2003): 81–89.

²⁸ Another approach is to provide institutionalized channels for the expression of grievances, devolve political authority to restive minorities, or incorporate dissident movements into the party system in order to diminish the relative expected gains from violent tactics. We control for these inclusive institutions in our econometric models below to ensure that the effects of bureaucratic/administrative capacity are distinct from those of institutional inclusiveness.

²⁹ Goodwin, *No Other Way*.

³⁰ We are examining oppositional terror in this study. State terror is both real and understudied. Michael Stohl, "Myths and Realities of Political Terrorism," *The Politics of Terrorism* (1983): 1–19. Unfortunately, there is insufficient cross-national events data to examine the relationship between state terror and state capacity. For detailed discussions of how to define terrorism, see Leonard Weinberg, Ami Pedahur, and Sivan Hirsch-Hoefler, "The Challenge of Conceptualizing Terrorism," *Terrorism and Political Violence* 16, no. 4 (2004): 777–94; Albert Jongman and Alex Schmid, *Political Terrorism: a New Guide to Actors, Authors, Concepts, Data Bases, Theories, & Literature*, 2nd ed. (Brunswick, NJ: Transaction Publishers, 2005); Bruce Hoffman, *Inside Terrorism* (New York: Columbia University Press, 2006).

have suggested, the conventional wisdom is that terrorism is a tactic of a weak opponent facing a stronger state.

Assuming that a dissident group has decided to use violence, its choice of tactics can range from open, armed rebellion to low-level, hit-and-run insurgency and terrorist tactics such as bombings, assassinations, hijackings, and kidnappings.³¹ These tactical considerations are informed both by the organizational capacity and resources available to dissidents and by dissident beliefs about the viability of these different tactics given the repressive capacity of the state. As Crenshaw notes, “The attractiveness of terrorism to insurgents who lack means is the reason [terrorism] is often called the ‘weapon of the weak’ and many strategic models of insurrection situate it as the first phase in the conflict, followed respectively by guerrilla and then conventional warfare as the insurgents grow stronger.”³² On the organizational side, terrorism is an appealing tactic for relatively small, newer groups and for groups whose conventional strength has waned. At the outset of a violent campaign, the dissidents will be fewer in number and materiel than the state forces they face; terrorism allows comparatively weaker dissident groups—having been defeated in conventional military terms—to continue to prosecute their aims. Terror tactics allow dissidents to impose outsize costs on state actors via destruction of infrastructure, killing of state agents, and/or the sowing of fear in the civilian population. In terms of the opportunity structure, terrorism is a relatively more attractive alternative for dissidents facing more militarily capable states. It allows dissidents to avoid direct, costly strikes on government forces that are typically superior in numbers and weaponry.³³ Dissidents can partially substitute soft targets (undefended civilian populations, infrastructure, transportation and commercial hubs) for hard targets (military and police installations, government buildings) where engagement by state forces would be more likely.³⁴ If terrorism is a tactical response to preponderant repressive capacity on the part of the state, then states with more repressive capacity should experience more terrorist attacks—this is the standard “weapon of the weak” hypothesis.³⁵

³¹ For a recent study of the use of nonviolence as a dissident strategy, see Erica Chenoweth and Maria J. Stephan, *Why Civil Resistance Works: The Strategic Logic of Nonviolent Conflict* (New York: Columbia University Press, 2011).

³² Martha Crenshaw, “The Causes of Terrorism,” 387.

³³ Against guerrilla fighters, the typical advantages of large, mechanized fighting forces are diminished due to guerrillas’ avoidance of direct assault and the tactical environments, such as mountains or closed terrain, in which guerrillas prefer to operate. Hendrix, “Head for the Hills?”; Lyall and Wilson find that mechanized armies are less likely to defeat insurgencies. Jason Lyall and Isaiah Wilson III, “Rage against the Machines: Explaining Outcomes in Counterinsurgency Wars,” *International Organization* 63, no. 1 (2009): 67–106.

³⁴ Eli Berman and David D. Laitin, “Hard Targets: Theory and Evidence on Suicide Attacks,” NBER Working Paper 11740 (Cambridge, MA: National Bureau of Economic Research, 2006).

³⁵ See David Lake, “Rational Extremism: Understanding Terrorism in the Twenty-first Century,” *Dialogue-IO* 1, no. 1 (2002): 15–29.

The standard story relates to the absolute capacity of a state and to all would-be challengers, regardless of their strength or relative strength vis-à-vis the state.³⁶ Recent arguments challenge this narrative. Page Fortna claims this conventional wisdom has not been directly tested.³⁷ Max Abrahms, using case evidence from Al-Qaeda, Chechen groups, and Palestinian militant organizations finds that organizational strength is related to use of terrorism.³⁸ Additionally, in their survey of nearly four hundred terrorist groups, Victor Asal and R. Karl Rethemeyer find that organizational membership, a potential indicator of strength, is correlated with lethality.³⁹

By contrast, bureaucratic/administrative capacity, or the state's ability to collect and manage information on potential dissidents, may deter or repress these activities via non-militarized means.⁴⁰ As the quality of the bureaucracy increases, the reach of the state does so as well. Where the state is able to "see" its population, it can control and discipline its citizens even without force.⁴¹

Although military capacity may incentivize terror tactics because it makes other means of violent contestation relatively more costly, bureaucratic/administrative capacity should hamper the ability of terrorist groups to mobilize and conduct attacks. As James Fearon and David Laitin suggest in their study of insurgency, lack of bureaucratic quality hinders a state's response to political violence as groups can persist when the state is "organizationally inept, corrupt, politically inept, and poorly informed about goings-on at the local level."⁴² Importantly, more bureaucratically capable states will be better at identifying and tracking dissidents and more likely to interdict attacks.⁴³ Brian Burgoon finds empirical support for the notion

³⁶ The following paragraph draws on suggestions made by an anonymous reviewer. We thank the reviewer for these points.

³⁷ Page Fortna, "Do Terrorists Win? Rebels' Use of Terrorism and Civil War Outcomes" (working paper, Columbia University, New York, NY, 2012).

³⁸ Max Abrahms, "Why Terrorism Does Not Work," *International Security* 31, no. 2 (2006): 42–78.

³⁹ Victor Asal and R. Karl Rethemeyer, "The Nature of the Beast: Organizational Structures and the Lethality of Terrorist Attacks," *Journal of Politics* 70, no. 2 (2008): 437–49.

⁴⁰ Goodwin, *No Other Way*; Hendrix, "Measuring State Capacity."

⁴¹ Scott, *Seeing Like a State*. According to Hannah Arendt, "Power and violence are opposites; where the one rules absolutely, the other is absent." Hannah Arendt, "Reflections on Violence," in *Violence: A Reader*, ed. C. Besteman (New York: New York University Press, 2002) 19–34.

⁴² Fearon and Laitin, "Ethnicity, Insurgency, Civil War," 80. Although not all insurgent groups use terrorism, a recent study suggests that terrorism is quite prevalent in the context of civil wars. Young and Findley, "Promise and Pitfalls."

⁴³ More institutional inclusiveness offers disgruntled members of the population other means for addressing their grievances besides political violence. Having a strong, capable independent judiciary, for example, is an institutional configuration that has been shown to reduce terrorism. See Seung-Whan Choi, "Fighting Terrorism Through the Rule of Law?" *Journal of Conflict Resolution* 56, no. 6 (2010): 940–66; Findley and Young, "Terrorism, Democracy, Credible Commitments." Related, other factors that suggest a state follows the rule of law and thus treats all citizens in similar ways, regardless of ethnicity, race, socioeconomic status, or some other factor, should lead to a reduction in the prevalence of terrorism. Both Agnew and Goodwin suggest social distance between groups can increase the likelihood of terrorism.

that states with better social welfare provisions can reduce terrorism.⁴⁴ More bureaucratically capable states are better positioned to provide these types of services, which are related to reductions in terrorist attacks.⁴⁵

This multidimensional conceptualization of state capacity suggests two competing effects that state capacity should have on terrorism. At the secondary level, state capacity as divided into military and bureaucratic/administrative capacity will have opposing effects. This leads to the following hypotheses:

H1: Indicators of military capacity will be positively related to the number of terrorist attacks.

H2: Indicators of bureaucratic/administrative capacity will be negatively related to the number of terrorist attacks.

These hypotheses are general and do not distinguish between types of terrorism (domestic versus transnational, suicide versus non-suicide). Additionally, we are not able to evaluate the influence that relative or absolute capacity of the militant groups that challenge states have on variation in the use of terrorism. This is another part of the “weapon of the weak” story that we cannot unpack here.⁴⁶ Work by Alberto Abadie and Joseph Young and

When this distance is reinforced through institutional means, this probability should increase. Robert Agnew, “A general strain theory of terrorism,” *Theoretical Criminology* 14, no. 2 (2010): 131–53; Jeff Goodwin, “A Theory of Categorical Terrorism,” *Social Forces* 84, no. 4 (2006): 2027–46. In some cases, these institutions even develop at the local or regional level, instead of at the national level. See Ken Menkhaus, “Governance without Government in Somalia: Spoilers, State Building, and the Politics of Coping,” *International Security* 31, no. 3 (2007): 74–106.

⁴⁴ Brian Burgoon, “On Welfare and Terror: Social Welfare Policies and Political-Economic Roots of Terrorism,” *Journal of Conflict Resolution* 50, no. 2 (2006): 176–203.

⁴⁵ These results provide a refinement to one of the more robust findings in the literature: democracies are the most susceptible to terrorism. See Eubank and Weinberg, “Does Democracy Encourage Terrorism?”; Weinberg and Eubank, “Terrorism and Democracy: What Recent Events Disclose”; William Eubank and Leonard Weinberg, “Terrorism and Democracy: Perpetrators and Victims,” *Terrorism and Political Violence* 13, no. 1 (2001): 155–64. Drakos and Gofas suggest that reporting bias explains why democracies generally have higher incidents of terrorism. Konstantinos Drakos and Andreas Gofas, “In Search of the Average Transnational Terrorist Attack Venue,” *Defence and Peace Economics* 17, no. 2 (2006): 73–93. Li was the first to disaggregate democracy into subcomponents that are hypothesized to influence terrorism. He finds competing effects for the constraints that most leaders in democracies face and the amount of participation they allow and the effects on terrorism. His results, however, are only tested using transnational data and do not hold when extended to other modeling approaches and domestic terrorism data. Li, “Does Democracy Promote or Reduce?” See also Young and Findley, “Promise and Pitfalls.” Abrahms suggests that democracies are actually superior at counterterrorism as they are committed to civil liberties and more committed to protecting individuals from violence; this argument is complementary to how bureaucratic capacity can mitigate terrorism. Max Abrahms, “Why Democracies Make Superior Counterterrorists,” *Security Studies* 16, no. 2 (2007): 223–53.

⁴⁶ Rebel strength data are available for select groups at a fairly high level of aggregation, and cannot be used with unattributed attacks, which make up a large portion of attacks in our data. See Victor Asal and R. Karl Rethemeyer, “The nature of the beast: Organizational structures and the lethality of terrorist attacks,” *Journal of Politics* 70, no. 2 (2008): 437–49; David E. Cunningham, Kristian Skrede Gleditsch,

Laura Dugan suggests that domestic versus transnational terrorism may have different logics of violence.⁴⁷ We will return to this issue in the conclusion. Additionally, countries that export terrorism may also have a more complicated relationship between state capacity and terrorism. In the next section, we discuss how to test these hypotheses derived from a two-dimensional conceptualization of state capacity.

RESEARCH DESIGN

To test the hypotheses derived from a two-dimensional conceptualization of state capacity, we create a time-series cross-national dataset that brings together measures of state capacity and terrorist attacks. The temporal domain of our study is 1980–2007, though the availability of the International Country Risk Guide (ICRG) variables restricts some models to the period 1985–2007. Our critical measures of state capacity with sufficient cross-national coverage begin in the mid-1980s, thus limiting the study to this period. Since this time frame includes some pre-Cold War observations, the rise of Islamic extremist terrorism, and the decline of the Marxist wave of terrorism, we are more confident that our inferences are not necessarily confined to a specific time period and/or type of terrorist organization.⁴⁸

Dependent Variable

The annual count of terror attacks committed by dissident groups originating in a particular country is from Walter Enders, Todd Sandler, and Khusrav Gaibulloev, who decompose the Global Terrorism Database (GTD) into transnational and domestic terror events.⁴⁹ As a robustness check, we estimate models using the annual count of transnational terror attacks targeting a country with data from the ITERATE project.⁵⁰ Because ITERATE omits cases of homegrown terror, GTD and ITERATE counts of events are only moderately positively correlated ($r = 0.43$). As our theoretical model does not posit differential effects of state capacity for domestic and transnational

and Idean Salehyan, "It Takes Two: A Dyadic Analysis of Civil War Duration and Outcome," *Journal of Conflict Resolution* 53, no. 4 (2009): 570–97.

⁴⁷ Alberto Abadie, "Poverty, Political Freedom, and the Roots of Terrorism," *American Economic Review* 96, no. 2 (2006): 50–56; Young and Dugan "Veto Players and Terror."

⁴⁸ David C. Rapoport, "Fear and Trembling: Terrorism in Three Religious Traditions," *American Political Science Review* 78, no. 3 (1984): 658–77.

⁴⁹ Walter Enders, Todd Sandler, and Khusrav Gaibulloev, "Domestic versus Transnational Terrorism: Data, Decomposition, and Dynamics," *Journal of Peace Research* 48, no. 3 (2011): 319–37. For a thorough description of the data, see Gary LaFree and Laura Dugan, "Introducing the Global Terrorism Database," *Terrorism and Political Violence* 19, no. 2 (2007): 181–204.

⁵⁰ Edward F. Mickolus, et al., "International Terrorism: Attributes of Terrorist Events (ITERATE), 1968–2010," version 1 (Dunn Loring, VA: Vinyard Software, 2011), <http://hdl.handle.net/1902.1/17278>.

terror, as do arguments revolving around domestic political institutions, we expect the hypothesized relationships to hold across specifications of the dependent variable.⁵¹

Independent Variables

Our central independent variables are measures of two aspects of state capacity: bureaucratic/administrative capacity and military capacity. Both have been measured in various ways. Hendrix identifies ten different operationalizations of bureaucratic/administrative and military capacity commonly used in the civil conflict literature; Steven Van de Walle identifies five measures of bureaucratic/administrative capacity used in the public administration literature.⁵² Most indicators of bureaucratic/administrative capacity are based on expert surveys and thus are likely to be characterized by measurement error related to both standard problems of survey response and to the fact that bureaucratic/administrative capacity is a concept that might have different meaning for different individuals.⁵³ Unlike territorial size or population, there is no standard measure of (or standard unit of measurement for) bureaucratic/administrative capacity.

Factor analysis is useful for situations in which key concepts, like bureaucratic/administrative or military capacity, either cannot be measured directly or can be measured multiple different ways, each with varying degrees of construct validity—the degree of correspondence between the operationalizations in the empirical study and the theoretical constructs in the model—and measurement error.⁵⁴ Factor analysis determines whether the interrelationships between a set of observable variables can be expressed by a smaller set of latent variables, or factors. Eigendecomposition yields orthogonal vectors (the latent factors) with eigenvalues corresponding to the common variance explained by the retained components/factors. Factors with eigenvalues greater than one are significant and explain an important amount of variability.⁵⁵

⁵¹ Young and Dugan, "Veto Players and Terror."

⁵² Hendrix, "Measuring State Capacity"; Steven Van de Walle, "Measuring Bureaucratic Quality in Governance Indicators" (paper presented at the 8th Public Management Research Conference, Los Angeles, CA, 2005).

⁵³ On survey response problems, see Christopher H. Achen, "Mass Political Attitudes and the Survey Response," *American Political Science Review* 69, no. 4 (1975): 1218–31. For extended discussions on the difficulty of measuring state capacity, see Joel S. Migdal, *Strong Societies and Weak States: State-society Relations and State Capabilities in the Third World* (Princeton, NJ: Princeton University Press, 1988); Robert W. Jackman, *Power without Force: The Political Capacity of Nations-States* (Ann Arbor: University of Michigan Press, 1993).

⁵⁴ Shawn Treier and Simon Jackman, "Democracy as a Latent Variable," *American Journal of Political Science* 52, no. 1 (2008): 201–17; Hendrix, "Measuring State Capacity."

⁵⁵ Kenneth A. Bollen, *Structural Equations with Latent Variables* (New York: Wiley, 1989).

Why would latent variable techniques be preferable to including all plausible operationalizations of a concept and letting the model adjudicate which has the most explanatory power? When these competing operationalizations are introduced into either linear or maximum likelihood models, two problems are likely to surface. First, to the extent that these measures are intended to capture the same underlying concept, they are likely to be highly correlated. Collinearity becomes a significant issue, inflating standard errors to the point where a type II error is a legitimate concern.⁵⁶ Collinearity increases the probability that we fail to reject the null hypothesis in the presence of a true positive—in this case, that a relationship between state capacity and the frequency of terror attacks is rejected when one exists. Second, the inclusion of several strongly correlated explanatory variables (such as multiple measures of bureaucratic capacity) inflates the influence of subpopulations of cases in which these highly correlated explanatory variables diverge. Under these conditions, regression results will be sensitive to both sample selection (the inclusion/exclusion of particular cases) and model specification.⁵⁷

We construct a latent variable, *bureaucratic/administrative capacity*, from a factor analysis of two ICRG variables: *Bureaucracy Quality* and *Law and Order*.⁵⁸ *Bureaucracy Quality* is measured on a 0–4 scale and reflects expert assessments of the degree to which the country’s bureaucracy is characterized by (1) regular, meritocratic recruitment and advancement processes; (2) insulation from political pressure; and (3) the ability to provide services during government changes.⁵⁹ *Law and Order* is an assessment of

⁵⁶ James Lee Ray, “Explaining Interstate Conflict and War: What Should Be Controlled for?” *Conflict Management and Peace Science* 20, no. 2 (2003): 1–31; Christopher H. Achen, “Let’s Put Garbage-Can Regressions and Garbage-Can Probits Where They Belong,” *Conflict Management and Peace Science* 22, no. 4 (2005): 327–39.

⁵⁷ Schrodtt is worth quoting at length: “The political analyst typically confronts a situation where an assortment of equally plausible theories suggest [*sic*] several closely related (and therefore highly correlated) variables as possible causal factors. This is compounded by operationalization issues. Economic concepts such as ‘price,’ ‘interest rate,’ or even ‘GDP’ are unambiguously specified in a quantitative form even if measured with a substantial amount of error. In contrast, many important political science concepts—‘power,’ ‘legitimacy,’ ‘authoritarianism,’ or ‘civil war’—are qualitative and/or assessing a latent characteristic that has to be measured indirectly and can be operationalized in a variety of equally plausible ways. Despite the availability of a number of well developed methods in psychology and testing which can estimate latent measures explicitly, and provide orthogonal (statistically independent) composite indicators no less, latent variable models are only rarely found in conflict research. Instead, analysts tend to simply throw an assortment of variables possibly relevant to the dependent variable into the model and hope that regression will magically sort it all out.” Philip A. Schrodtt, “Seven Deadly Sins of Contemporary Quantitative Political Analysis,” *Journal of Peace Research* 51, no. 2 (2014): 287–300.

⁵⁸ William Coplin, Michael O’Leary, and Tom Sealy, *A Business Guide to Political Risk for International Decisions* (Syracuse, NY: PRS Group, 2007).

⁵⁹ Stephen Knack, “Aid Dependence and the Quality of Governance: A Cross Country Empirical Analysis,” *Southern Economic Journal* 68, no. 4 (2001): 310–29.

(1) the strength and impartiality of the judicial system and (2) popular observance of the law. The two variables are positively and highly correlated.⁶⁰ The resulting variable, *bureaucratic/administrative capacity*, has a mean of zero and a standard deviation of 0.82.⁶¹

We also test an alternate measure, *relative political reach (RPR)*.⁶² RPR is the ratio of actual participation in the formal economy—the economy that is taxed and directly supported by public infrastructure—to expected participation in the formal economy, estimated as a linear function of the structure, size, and degree of social spending in the national economy.⁶³ Given similar structural features, states in which a larger proportion of the population participates in the formal economy will have a greater capacity to monitor and collect information on societal actors. As Marina Arbetman-Rabinowitz et al. note, “Reach establishes the degree to which the government influences and penetrates into the daily lives of individuals.”⁶⁴ Thus, the measure is conceptually close to the ability of the state to see

⁶⁰ In a simple bivariate correlation, these measures are strongly correlated ($r = 0.68$). Because of this correlation, we do not include the measures as separate indicators as we conceptually see them tapping into the same underlying latent variable, bureaucratic capacity and find empirical support for this assertion. For a discussion of factor analysis and social science concepts, see Goertz, *Social Science Concepts*, 55–58.

⁶¹ As Hendrix notes, some caution is warranted when using expert measures of governance quality to predict political violence. The ICRG measures, which are solicited to generate predictive models of governance crises and the security of foreign investments, will likely be highly sensitive to information about violent unrest, such as terrorist attacks. In the case of *Rule of Law*, this may be definitional. For these reasons, it will be important to model past political violence explicitly in order to mitigate concerns about endogeneity. For results of factor analysis, see Appendix 1, A1. Hendrix, “Measuring State Capacity.” The World Bank Governance Indicators project uses thirty-five different variables from fifteen different sources to construct the *Government Effectiveness* variable that “captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.” Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, “The Worldwide Governance Indicators: Methodology and Analytical Issues,” World Bank Policy Research Working Paper 5430 (Washington, DC: World Bank, 2010). The Kaufmann, Kraay, and Mastruzzi methodology that is somewhat different than ours—they use an unobserved components model, we use factor analysis—but the motivation is similar: each plausible indicator represents an imperfect signal of bureaucratic/administrative capacity. The latent factor included in our analyses is highly correlated with the World Bank Governance Indicators *Government Effectiveness* variable ($r = 0.90$) for the period in which the two overlap (1996–2006).

⁶² Ronald Tammen and Jacek Kugler, eds., *Performance of Nations* (Lanham, MD: Rowman & Littlefield, 2012).

⁶³ RPR is based on the calculation of activity rate as follows: Activity Rate/Population = $\alpha + \beta_1$ (Time) + β_2 (Bureaucracy) + β (Education) + β (Pop Age) + β (Social Security) + β (Urbanization) + β (GDP per cap) + β (Unemployment) + e. Marina Arbetman-Rabinowitz et al., *Relative Political Capacity: Definitions & Calculation Procedures*, version 4 (2013), 2, http://dvn-4.hmhc.harvard.edu/dvn/dv/rpc/faces/study/StudyPage.xhtml?globalId=hdl:1902.1/16845&studyListingIndex=0_fe472af8e9028fc7d42971b7e46e. RPR is the actual value for activity rate/predicted value generated by this equation.

⁶⁴ Arbetman-Rabinowitz et al., *Relative Political Capacity*.

its population.⁶⁵ The variable has a mean of one and a standard deviation of 0.29.

To operationalize military capacity, we use a factor analysis-based composite indicator of military capability based on variables from the National Military Capabilities dataset. *Military capacity* is a factor analysis-derived score based on three measures: military personnel, military expenditures, and military expenditures per soldier.⁶⁶ This measure is preferable to the *Composite Index of National Capability (CINC)* score, the most commonly used measure of a state's material capacity to wage war, for two reasons. First, the composite indicator reflects both actual military capacity (military spending, military personnel) and fungible economic and demographic capacity (iron production, energy consumption, population) and is expressed as the share of power held by country i in year j .⁶⁷ By including demographic and economic variables, *CINC* establishes an upper bound of a state's military capacity assuming total mobilization for war, and not the degree of extant mobilization, which would be the more relevant factor affecting dissident group behavior.⁶⁸ Second, *CINC* aims to capture relative power differentials between sovereign states, whereas absolute military capacity should matter more to dissidents. In short, it seems unlikely that a dissident in El Salvador is more or less likely to use terrorism because Sweden's military capacity increased vis-à-vis El Salvador. This hypothetical militant is more likely concerned with the capabilities possessed by the El Salvadoran security apparatus.

Figure 1 plots the scores for *bureaucratic/administrative capacity* and *military capacity* for the year 2005, with observations weighted according to

⁶⁵ James Scott, *Seeing Like a State*. State failure is a common related measure that is sometimes used in terrorism studies. James Piazza, "Incubators of Terror: Do Failed and Failing States Promote Transnational Terrorism?" *International Studies Quarterly* 52, no. 3 (2008): 469–88. We, however, see state failure as a point on the capacity continuum and therefore do not control for it separately. Additionally, areas of complete state collapse may not be the best environment for terrorist groups as they are more exposed to international actions and make foreigners more vulnerable to being targeted by locals. Ken Menkhaus, "Quasi-states, Nation-building, and Terrorist Safe Havens," *Journal of Conflict Studies* 23, no. 2 (2006).

⁶⁶ All measures are log transformed prior to analysis. As with the measures of bureaucratic/administrative capacity, some of the operationalizations of military capacity are positively and strongly correlated (military expenditures and military personnel, $r = 0.80$; military expenditures and military expenditures per soldier, $r = 0.70$). Military expenditures per soldier and military personnel are positively correlated only very weakly ($r = 0.13$). For results of factor analysis, see Appendix 1, Table A2.

⁶⁷ J. David. Singer, "Reconstructing the Correlates of War Dataset on Material Capabilities of States, 1816–1985," *International Interactions* 14, no. 2 (1987): 115–32.

⁶⁸ Hence the inclusion of population, urban population, and steel/iron production, which reflects the types of fungible assets that were/are key to military power in the age of mechanized warfare. Another limitation of *CINC* is that it is a proportion of the state's power in the international system. Since we are more interested in the military ability of a state versus dissidents rather than other states, it is not the optimal measure. We estimate our core specification replacing *military capacity* with *CINC*, and the results were less robust than those reported here: *CINC* was not a statistically significant covariate of GTD attacks and is negatively associated with ITERATE attacks. See Appendix 1, Table A2.

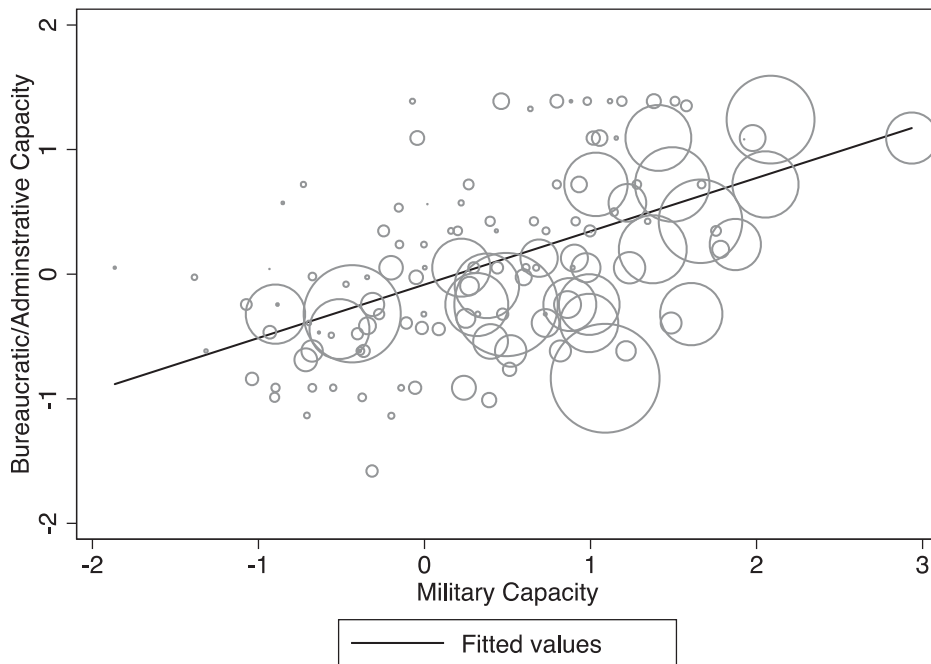


FIGURE 1 Bureaucratic/administrative capacity and military capacity, 2005. Observations are weighted by the average number of attacks per year.

the average number of attacks per year from 1980–2007. The two measures are positively correlated ($r = 0.54$), as the trend line indicates. As all four quadrants are represented, however, there are country-year observations that represent the four possible combinations: high-high, high-low, low-high, low-low. Some states are highly capable both ways (the United Kingdom, the United States). Others score lower on both bureaucratic capacity and the ability to project military force (Nicaragua, Mozambique). The off-diagonal cases are perhaps more theoretically interesting: Costa Rica and Namibia have relatively capable bureaucracies and minimal or nonexistent militaries; Russia, Iran, and Egypt combine relatively weak bureaucratic capacity with strong conventional militaries.

Table 1 provides some prima facie evidence for the relationships hypothesized in the previous section. The low-high cutoff is zero (\approx mean) for both axes. As hypothesized, country-years with higher military capacity experience more terror attacks⁶⁹ (country-year mean of 26.4) than those with lower military capacity (7.8, t -test significant at $p < 0.001$). However, country-years with higher bureaucratic effectiveness see fewer attacks (14.2) than those with lower bureaucratic capacity (24.1, t -test significant at

⁶⁹ According to GTD.

TABLE 1 Bureaucratic/administrative Capacity, Military Capacity, and the Average Number of Terror Attacks (GTD), 1984–2006

		Military Capacity		
		Low	High	Total
B/A Capacity	Low	10.2	40.2	24.1
	High	2.0	17.9	14.2
	Total	7.8	26.4	19.2

Source: GTD.

$p < 0.001$). The lowest average number of attacks is found in country-years that combine high bureaucratic capacity with low military capacity; the highest are found in countries with strong conventional militaries but weak bureaucracies.

Following Christopher Achen's admonition to begin at least with sparse multivariate statistical models, we analyze the relationship between these measures of state capacity and the frequency of terror attacks, including controls only for past attacks (a lagged dependent variable), and two variables to address temporal issues with the data.⁷⁰ We include a linear time trend in order to capture any secular trends either in the reporting of terror attacks or actual prevalence of terror attacks. Lastly, a dummy indicator for the period before/after 1998 is included to account for a systematic change in the way GTD reports terror events from the first to second phase of data collection.⁷¹ This indicator is used in the models estimating ITERATE attacks as well, in order for results to be comparable across specifications of the dependent variable. Since our dependent variable is an overdispersed count of events, we estimate negative binomial models.

As Table 2 demonstrates, the hypothesized effects of bureaucratic/administrative and military capacity on the frequency of terror attacks are evident in models with a sparse set of controls. Holding the controls at their means, a one standard deviation increase in *bureaucratic/administrative capacity* is associated with either a 51.7% (GTD) or 36.9% (ITERATE) decrease in the frequency of attacks. In contrast, a one standard deviation increase in *military capacity* is associated with either a 177.5% (GTD) or 124.7% (ITERATE) increase in the frequency of attacks.

These patterns could, however, be spurious. For instance, more populous countries tend to have larger armed forces, and thus population, rather than military capacity, could explain this relationship. In order to eliminate

⁷⁰ Achen, "Let's Put Garbage-Can Regressions."

⁷¹ GTD.

TABLE 2 Negative Binomial Estimates of the Effects of State Capacity on Terrorist Attacks, 1984–2006

VARIABLES	GTD	ITERATE
DV _{t-1}	0.023*** (0.004)	0.143*** (0.020)
Bureaucratic Capacity _{t-1}	-0.728*** (0.112)	-0.461*** (0.089)
Military Capacity _{t-1}	1.021*** (0.131)	0.810*** (0.100)
Year _{t-1}	0.018 (0.011)	-0.052*** (0.013)
After 1998 _{t-1}	-1.060*** (0.165)	-0.425*** (0.160)
Constant	-34.957 (22.815)	102.881*** (26.007)
Observations	2,777	2,794
Countries	137	138

Note: Robust standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

alternative explanations for these observed relationships, we conduct more rigorous statistical modeling with a full set of control variables.⁷²

Control Variables

We include a battery of control variables in order to militate against the possibility that the relationships between the two dimensions of state capacity and terror events are spurious. Because present evaluations of *bureaucratic/administrative* and *military capacity* may be sensitive to past levels of terror activity, we include a lagged dependent variable.⁷³ We control also for *log GDP per capita*. Controlling for level of development is standard in conflict studies, though there is disagreement about what the variable proxies. For some, *log GDP per capita* is a measure of the state's bureaucratic and military capacity.⁷⁴ For others, it proxies economic grievances and/or opportunity cost to participating in violence.⁷⁵ As we model state capacity more directly, we interpret any significant finding on *log GDP per capita* as

⁷² Because there may be systematic underreporting of terrorist activity in less populous countries and in highly authoritarian regimes, we also estimate zero-inflated negative binomial models with a measure of democracy (the Polity scale) and population in the logistic regression stage that corrects for over-reporting of zeroes. See Drakos and Gofas, "In Search of the Average"; Young and Findley, "Promise and Pitfalls." The findings, presented in Table A1 in Appendix 2, are quite similar to those reported here.

⁷³ As a robustness check, we estimate all models using the panel average of terror attacks. Results do not deviate materially from those shown here.

⁷⁴ Fearon and Laitin, "Ethnicity, Insurgency, Civil War."

⁷⁵ Paul Collier and Anke Hoefler, "On the Incidence of Civil War in Africa," *Journal of Conflict Resolution* 46, no. 1 (2002): 13–28; Collier and Hoefler, "Greed and Grievance"; Christopher Blattman and Edward Miguel, "Civil War," *Journal of Economic Literature* 48, no. 1 (2010): 3–57.

evidence of an income-grievance effect. We control also for *log population*. Controlling for population allows us to mitigate the possibility that our measures of repressive capacity simply capture variation in the population size of states (more people provide more opportunities to repress; larger countries tend to have larger armies).

We control also for the incidence of domestic armed conflict. One criticism of the GTD is that it captures a diverse set of actors and targets and therefore includes acts such as bombings against civilians in Israel, rebel attacks against the government in Colombia, and acts of sabotage against infrastructure by the African National Congress in South Africa. As such, GTD is a broad measure that captures some violence that may be part of an ongoing insurgency.⁷⁶ Our measure, *armed conflict intensity*, measures the intensity of armed civil conflict occurring during a given country-year and takes values of 0 (no conflict); 1 (conflict with 25 to 999 battle deaths); and 2 (1000+ battle deaths).⁷⁷ The inclusion of this control also mitigates concerns about the endogeneity of military capacity to expectations about facing armed resistance—that is, states that expect to fight insurgents/dissidents will invest more in military capacity. The *armed conflict intensity* variable controls for this explicitly.

We include three controls intended to model regime type and durability. Many of the top performing states on indicators of bureaucratic capacity (Sweden, the Netherlands, the United Kingdom) are also advanced democracies, with significant checks on executive authority and broadly inclusive channels for political participation. As such, it is important to control for these factors in order to separate the effects of bureaucratic/administrative capacity from the effects of consolidated democratic institutions. The first two model distinct aspects of democracy: checks and balances and the extent of participation and fortunes of small parties in the electoral arena. The first, *constraints on the executive*, comes from the Polity IV dataset and captures the degree to which executive authority is constrained by formal or informal institutional checks.⁷⁸ The second, the *Vanhanen Democracy Index*, is an equally weighted composite of the proportion of votes won by smaller parties and the proportion of the population that actually voted in elections. Past research suggests that these variables should be positively associated with terror attacks.⁷⁹

Regime durability is the number of years since the most recent regime change (a three-point change in the Polity score over three years or less) or

⁷⁶ Young and Findley, "Promise and Pitfalls."

⁷⁷ Data are from Nils Petter Gleditsch et al., "Armed Conflict 1946–2001: A New Dataset," *Journal of Peace Research* 39, no. 5 (2002): 615–37.

⁷⁸ Monty J. Marshall, Keith Jagers, and Ted Robert Gurr, *Polity IV Project: Political Regime Characteristics and Transitions, 1800–2010*, version 2010 (College Park: University of Maryland, 2012), <http://www.systemicpeace.org/polity/polity4.htm>.

⁷⁹ Li, "Does Democracy Promote or Reduce?"; Young and Dugan, "Veto Players and Terror."

the end of a period of regime instability (such as foreign occupation).⁸⁰ If bureaucratic/administrative capacity and military capacity both require the investment of significant societal resources over extended periods of time, the confounding effect of regime durability on these factors must be addressed.

Results

Table 3 reports the results of the more fully specified models. Models 1–4 use the GTD outcome measure; models 5–8 use ITERATE. Models 1, 2, 5, and 6 include our measures of *bureaucratic/administrative capacity* and *military capacity*; models 3, 4, 7, and 8 substitute *RPR* as a measure of bureaucratic/administrative capacity.

Table 3 provides strong support for both hypotheses. Countries with higher bureaucratic/administrative capacity experience fewer terror attacks. The coefficients on both measures of bureaucratic/administrative capacity—*bureaucratic/administrative capacity* and *RPR*—are negative and significant across all eight specifications, though *RPR* is only significant at the $p < 0.10$ level in model 4. Our findings provide consistent support for H₁: countries with more conventional military capacity experience more terror attacks. The coefficients on *military capacity* are positive and statistically significant under all specifications.⁸¹

The control variables performed largely as expected. More developed countries with larger populations that previously experienced attacks and are embroiled in civil conflict experience more terrorist attacks. Interestingly, once state capacity is modeled explicitly, the positive relationship between political democracy and terrorist attacks is no longer present. If anything, greater constraints on the executive are associated with fewer attacks. Although no linear time trend appears in the GTD models, there are systematically fewer terrorist attacks in the ITERATE data over time.

Figure 2 presents the substantive significance of the various state capacity measures. A one standard deviation increase in *bureaucratic/administrative capacity* from the mean, equivalent to going from the Philippines in 2006 to France in 2001, is associated with a 28.3% decrease in the expected count of GTD attacks and a 22.5% decrease in the expected count of ITERATE attacks. The substantive effect of a similar shift in relative political reach is roughly half that magnitude. The largest substantive effects are for *military capacity*: a similar shift in *military capacity* (Kenya in 2007

⁸⁰ Marshall, Jaggers, and Gurr, *Polity IV Project*.

⁸¹ The results for military capacity are robust to using (1) just logged military expenditures ($p < 0.01$); (2) just logged military personnel ($p < 0.05$); and (3) a latent variable estimated using just log military expenditures and log military personnel (i.e., excluding log military expenditures per soldier, $p = 0.01$). See Appendix 2, Tables 2A:3–5. Full replication data for all analyses and appendices are available at <http://nw18.american.edu/~jyoung/data.html>.

TABLE 3 Negative Binomial Estimates of the Effects of State Capacity on Terrorist Attacks, 1980–2007

VARIABLES	(1) GTD	(2) GTD	(3) GTD	(4) GTD	(5) ITERATE	(6) ITERATE	(7) ITERATE	(8) ITERATE
DV _{t-1}	0.014*** (0.003)	0.014*** (0.003)	0.017*** (0.003)	0.015*** (0.003)	0.125*** (0.018)	0.114*** (0.017)	0.127*** (0.020)	0.111*** (0.018)
Bureaucratic Capacity _{t-1}	-0.421*** (0.131)	-0.467*** (0.134)			-0.320*** (0.113)	-0.356*** (0.123)		
Relative Political Reach _{t-1}			-0.585** (0.247)	-0.494* (0.260)			-0.521** (0.220)	-0.491** (0.235)
Military Capacity _{t-1}	0.531*** (0.179)	0.683*** (0.181)	0.379** (0.174)	0.464*** (0.175)	0.476*** (0.172)	0.473*** (0.158)	0.383** (0.174)	0.397** (0.165)
Horizontal Inequality _{t-1}	0.351 (0.359)	0.351 (0.359)		-0.079 (0.273)	0.358 (0.278)	0.358 (0.278)		0.358 (0.263)
Executive Constraints _{t-1}	0.129*** (0.038)	0.103*** (0.040)	0.121*** (0.037)	0.101*** (0.038)	0.046 (0.039)	0.043 (0.040)	0.066 (0.041)	0.072 (0.044)
Democracy Index _{t-1}	0.013 (0.009)	0.016* (0.009)	0.002 (0.008)	0.000 (0.010)	-0.003 (0.008)	-0.006 (0.008)	-0.009 (0.008)	-0.016* (0.009)
Regime Durability _{t-1}	-0.007*** (0.002)	-0.007*** (0.002)	-0.009*** (0.002)	-0.011*** (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.004** (0.002)	-0.004* (0.002)
Conflict Intensity _{t-1}	0.975*** (0.147)	0.904*** (0.146)	0.961*** (0.140)	0.873*** (0.134)	0.501*** (0.101)	0.481*** (0.106)	0.508*** (0.101)	0.509*** (0.110)
log Population _{t-1}	0.335*** (0.092)	0.283*** (0.092)	0.368*** (0.085)	0.317*** (0.090)	0.130 (0.086)	0.111 (0.074)	0.166* (0.089)	0.142* (0.080)
log GDP per capita _{t-1}	0.070 (0.154)	0.043 (0.148)	0.050 (0.129)	0.162 (0.142)	0.240* (0.133)	0.297** (0.122)	0.206* (0.119)	0.272** (0.122)
GDP Growth _{t-1}	-0.002 (0.005)	0.000 (0.005)	-0.003 (0.005)	-0.004 (0.006)	-0.009 (0.007)	-0.012 (0.008)	-0.007 (0.006)	-0.014 (0.009)
Year _{t-1}	0.008	0.004	0.001	-0.000	-0.059***	-0.050***	-0.050***	-0.040***

(Continued on next page)

TABLE 3 Negative Binomial Estimates of the Effects of State Capacity on Terrorist Attacks, 1980–2007 (Continued)

VARIABLES	(1) GTD	(2) GTD	(3) GTD	(4) GTD	(5) ITERATE	(6) ITERATE	(7) ITERATE	(8) ITERATE
After 1998 _{t-1}	(0.013) -1.119*** (0.202)	(0.013) -1.028*** (0.201)	(0.012) -0.972*** (0.173)	(0.013) -0.838*** (0.182)	(0.013) -0.356** (0.180)	(0.014) -0.443** (0.194)	(0.009) -0.514*** (0.162)	(0.010) -0.605*** (0.180)
Constant	-19.123 (26.757)	-11.185 (25.804)	-3.711 (23.787)	-2.403 (25.408)	113.912*** (25.383)	95.518*** (27.258)	96.369*** (17.833)	76.890*** (19.121)
Observations	2,562	2,003	3,077	2,288	2,576	2,011	3,196	2,371
Countries	130	104	129	97	131	104	130	97

Note: Robust standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

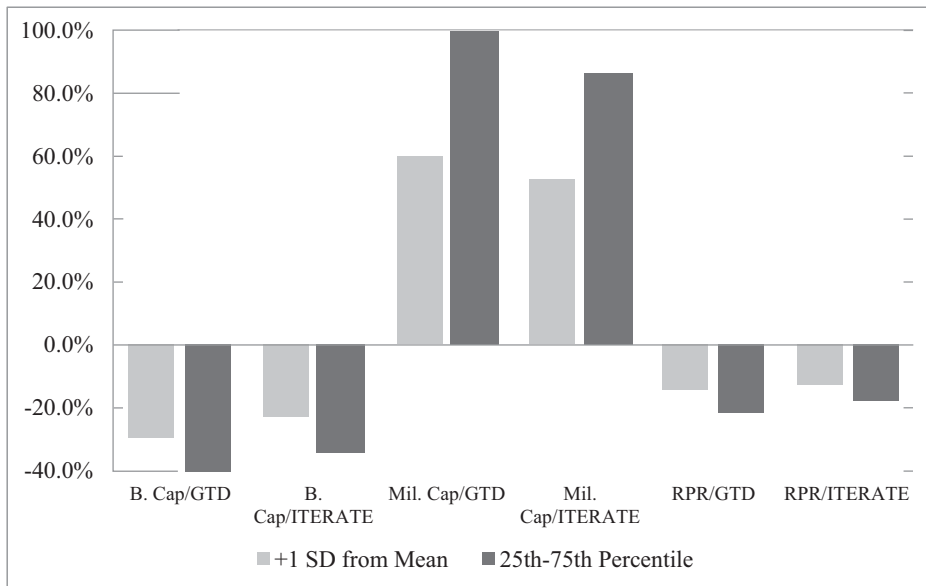


FIGURE 2 Expected changes in terror attacks based on changes in bureaucratic/administrative capacity and military capacity measures.

Note: The results are based on one standard deviation changes from the mean or changes from the 25th to the 75th percentile for the variables of interest. The dependent variable is either from the Global Terrorism Database (GTD) as adjusted by Enders, Sandler, and Gaibullov (2011) or from the International Terrorism: Attributes of Terrorist Events (ITERATE) database. The measures for *bureaucratic/administrative capacity* are the factor score made from ICRG variables (B. Cap) or the *relative political reach* measure (RPR). The *military capacity* measure (Mil. Cap) is the factor score from military personnel, military spending, and military expenditures per capita.

to Iran or Burma in 2007) is associated with a 59.8% increase in the expected count of GTD attacks and a 52.6% increase in the expected count of ITERATE attacks.

Another way of considering these effects is to focus on particular cases. Peru and Colombia have been among the most terrorism-afflicted countries in the post-World War II era. In addition to their above-average populations and long history of civil conflict, Peru and Colombia have had comparatively low levels of bureaucratic/administrative capacity (panel averages for *bureaucratic/administrative capacity* of -0.70 and -0.53 , respectively) and, especially since 2000, relatively capable militaries (*military capacity* = 0.44 and 1.00).⁸² If Peru and Colombia were to have merely average levels of

⁸² This is partly a legacy of the historical strength of military institutions in recently established democracies. See Cynthia McClintock, *Revolutionary Movements in Latin America* (Washington, DC: United States Institute of Peace, 1998), 43. In many Latin American states, transitions to democracy required a special acquiescence to military privileges. See Terry Lynn Karl, "Dilemmas of Democratization in Latin America," *Comparative Politics* 23, no. 1 (1990): 1–21.

B/A capacity and military capacity, implying an increase of the former and decrease of the latter, model 1 would predict a 31% and 45% decrease in the expected count of GTD attacks, respectively.

We find a positive relationship between military capacity and terror attacks and a negative relationship between bureaucratic/administrative capacity and military attacks. Our theoretical argument posits that these relationships are due to their effects on tactical choices by dissidents. There are, however, other plausible mechanisms linking the two to terror. Bureaucratic/administrative capacity may depress terrorist attacks due to more effective policing or due to government capacity to address societal grievances via effective public policies. Military capacity may encourage the use of terror as a tactic due to force preponderance, but large, well-funded militaries may be a source of grievances themselves. Military spending is positively correlated with political corruption, and military spending may be perceived as a form of patronage politics that saps societal resources from other uses.⁸³ Are the measures of bureaucratic and military capacity really just capturing the grievances (or absence) that motivate dissidents to use violent tactics?

The controls for political democracy and level of development should mitigate concerns about this source of omitted variable bias; however, we estimate additional models with a measure of horizontal inequality. Recent research on civil war indicates that horizontal inequalities—inequalities between ascriptive groups, such as between the marginalized Fur and the dominant Shaigiya, Ja'Alin, and Danagla ethnic groups of the Republic of Sudan—are a source of grievances that spur violent conflict.⁸⁴ The underlying measure, *LinEq2*, captures income inequalities across ethnic groups; higher values indicate larger degrees of inequality.⁸⁵ Models 2, 4, 6, and 8 demonstrate that the relationships discussed here are robust to the inclusion of this measure of horizontal inequality. The coefficient estimates for bureaucratic/administrative and military capacity are largely unchanged, yet the statistical significance of *RPR* is somewhat diminished in one specification ($p < 0.10$, model 4).

REVERSE CAUSALITY?

A possible alternate explanation for our findings is that terror attacks erode bureaucratic/administrative capacity and encourage governments

⁸³ Sanjeev Gupta, Luiz de Mello, and Raju Sharan, "Corruption and Military Spending," *European Journal of Political Economy* 17, no. 4 (2001): 749–77; Bruce Bueno de Mesquita, et al., *The Logic of Political Survival* (Cambridge, MA: MIT Press, 2003).

⁸⁴ Gudrun Østby, "Polarization, Horizontal Inequalities and Violent Civil Conflict," *Journal of Peace Research* 45, no. 2 (2008): 143–62; Lars-Erik Cederman, Nils B. Weidmann, and Kristian Skrede Gleditsch, "Horizontal Inequalities and Ethnonationalist Civil War: A Global Comparison," *American Political Science Review* 105, no. 3 (2011): 478–95.

⁸⁵ Cederman, Weidmann, and Gleditsch, "Horizontal Inequalities."

to invest more in military capacity. Our primary measure of bureaucratic/administrative capacity is derived from expert assessments that are solicited in order to generate predictive models of governance crises.⁸⁶ These assessments should be particularly sensitive to expectations about future violence and past histories of violence. Moreover, governments decide to invest in military capacity based on strategic assessments of the likelihood and magnitude of future conflict. If governments expect to face violent dissent, they may spend more on militaries and employ more soldiers. Typically, this issue is dealt with empirically using instrumental variable techniques. Given the paucity of quality instruments for terror attacks, we instead address the potential for reverse causality by estimating the effect of terror attacks on changes in our measures of state capacity. If reverse causality accounts for the observed correlations, then past terror attacks should be a significant determinant of present levels of state capacity. In short, if reverse causality is a problem, we might expect that past terror attacks led to a military buildup as a response to the violent threat and/or a reduction in the quality of the state's bureaucracy as the administration of justice or rule of law diminished.⁸⁷

To address this issue, we estimate error correction models of our three state capacity measures.⁸⁸ Error correction models are useful for modeling short-run deviations from equilibrium states: if terror attacks were driving changes in state capacity, then we would expect a negative (positive) correlation between *bureaucratic/administrative capacity* (*military capacity*) at time t and changes or levels of past terror attacks, controlling for *bureaucratic/administrative capacity*, at time $t-1$. The results do not lend strong support to the conjecture that either the number of past attacks or changes in the frequency of attacks are strong determinants of current levels of bureaucratic and military capacity (see Table 4). The present changes in attacks variables ($\Delta GTD Attacks_t$, $\Delta ITERATE Attacks_t$) are insignificant across all six specifications. In only one specification, model 14, are past attacks associated with an increase in *military capacity* ($p < 0.05$), and the magnitude of the effect is small: eight attacks in the previous year (~ 95 th percentile of counts of attacks) would be associated with an increase in military capacity of 7/1000ths of a standard deviation.

⁸⁶ Coplin, O'Leary, and Sealy, *A Business Guide to Political Risk*.

⁸⁷ John E. Finn, "Counterterrorism Regimes and the Rule of Law: the Effects of Emergency Legislation on Separation of Powers, Civil Liberties, and Other Fundamental Constitutional Norms," in *The Consequences of Counterterrorism*, ed. Martha Crenshaw (New York: Russell Sage, 2010), 33–93.

⁸⁸ $State\ Capacity_{it} = \beta_0 + \beta_1 (State\ Capacity_{it-1}) + \gamma \Delta X_t + \lambda X_{t-1} + \varepsilon_{it}$ where the dependent variable is the change in the state capacity measure; ΔX_t is a vector of changes (first differences) in the explanatory variables; X_{t-1} is a vector of one-year lags of all explanatory variables; and γ and λ are vectors of coefficients for the first-differences and lagged independent variables. Error correction models are appropriate in situations where longer-term levels of independent variables affect the dependent variable, but there are shorter-term transitory effects that must be modeled as well. If endogeneity were a significant problem, we would expect both the level of and changes in past political violence to be correlated with changes in our measures of state capacity.

TABLE 4 Is State Capacity Endogenous to Terrorist Attacks?

VARIABLES	(9)	(10)	(11)	(12)	(13)	(14)
	Bureaucratic Capacity	Relative Political Reach	Military Capacity			
DV _{t-1}	0.928*** (0.007)	0.929*** (0.006)	0.995*** (0.002)	0.995*** (0.002)	0.849*** (0.040)	0.849*** (0.039)
ΔGTD Attacks _t	-0.000 (0.000)	-0.001 (0.001)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.001)
ΔITERATE Attacks _t	0.012 (0.009)	0.011 (0.009)	0.002* (0.001)	0.002* (0.001)	-0.014** (0.006)	-0.014** (0.006)
Constraints _t						
ΔDemocracy Index _t	0.000 (0.001)	0.001 (0.001)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.001)	-0.000 (0.001)
ΔRegime Durability _t	0.001 (0.001)	0.001 (0.001)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)	0.001 (0.001)
ΔConflict Intensity _t	-0.026** (0.011)	-0.026** (0.012)	-0.001 (0.002)	-0.000 (0.002)	0.018 (0.015)	0.019 (0.015)
Δlog Population _t	0.301** (0.120)	0.252** (0.111)	0.032 (0.022)	0.034 (0.022)	0.215*** (0.080)	0.174** (0.078)
Δlog GDP per capita _t	1.175*** (0.257)	1.172*** (0.251)	-0.058** (0.026)	-0.058** (0.025)	-0.255 (0.369)	-0.251 (0.368)
ΔGDP Growth _t	-0.010** (0.003)	-0.010*** (0.003)	0.001*** (0.000)	0.001*** (0.000)	0.004 (0.004)	0.004 (0.003)
GTD Attacks _{t-1}	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.001** (0.000)
ITERATE Attacks _{t-1}	-0.001 (0.003)	-0.001 (0.003)	0.000 (0.001)	0.000 (0.001)	-0.007** (0.003)	-0.007** (0.003)
Executive						
Constraints _{t-1}						
Democracy Index _{t-1}	0.001* (0.001)	0.001* (0.001)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Regime Durability _{t-1}	0.000** (0.000)	0.000** (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000** (0.000)	0.000** (0.000)
Conflict Intensity _{t-1}	-0.012 (0.008)	-0.018** (0.007)	-0.002* (0.001)	-0.001 (0.001)	0.020* (0.010)	0.017* (0.009)
log Population _{t-1}	0.002 (0.003)	0.002 (0.002)	0.000 (0.000)	0.000 (0.000)	0.056*** (0.015)	0.056*** (0.015)
log GDP per capita _{t-1}	0.021*** (0.004)	0.020*** (0.004)	0.001 (0.001)	0.002** (0.001)	0.082*** (0.022)	0.081*** (0.022)
GDP Growth _{t-1}	-0.009*** (0.003)	-0.009*** (0.003)	0.000* (0.000)	0.000* (0.000)	0.005 (0.004)	0.005 (0.004)
Year _{t-1}	0.002 (0.001)	0.002 (0.001)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.001)	0.000 (0.001)
After 1998 _{t-1}	-0.065*** (0.014)	-0.063*** (0.014)	0.001 (0.002)	0.000 (0.002)	-0.015 (0.010)	-0.013 (0.010)
Constant	-3.477 (2.110)	-3.297 (2.135)	0.140 (0.289)	0.218 (0.288)	-1.700 (1.530)	-1.701 (1.539)
Observations	2,476	2,489	3,129	3,138	3,414	3,435
R-squared	0.966	0.966	0.985	0.985	0.957	0.958

Note: Robust standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

We do, however, find evidence that both changes in *armed conflict intensity* (an increase in the number of battle deaths associated with a civil war) and past levels of *armed conflict intensity* exert a negative effect on bureaucratic/administrative capacity and a positive effect on military capacity. $\Delta\text{Conflict Intensity}_t$ is negatively associated with the bureaucratic capacity variable in both models 9 and 10. $\text{Conflict Intensity}_{t-1}$ is negatively associated with *bureaucratic/administrative capacity* ($p < 0.05$, model 10) and *relative political reach* ($p < 0.1$, model 11) and positively associated with *military capacity* in model 14 ($p < 0.10$). These findings lend some credence to the concern that state capacity might be endogenous to armed conflict but demonstrate that terror attacks do not, in the main, drive either the expert assessments of bureaucratic/administrative capacity or military capacity. We expected some reciprocal relationship, especially with our proxies for military capacity. If governments are strategic, they will likely respond to armed attacks by bolstering their military assets. A more surprising finding would be if states did not respond to violent dissent with an increase in military spending and hiring. Our core findings, however, indicate that this strategy may be self-defeating, as enhancing military capacity only widens the asymmetry of conventional power between the dissidents and the military. According to our theory, this should actually increase incentives to substitute terror attacks for other forms of violent dissent.

EXAMINING STRATEGIC DYNAMICS

Our quantitative results suggest strong support for the notion that these two different dimensions of state capacity influence terrorism in opposite ways. These results, however, are aggregate and cannot provide direct support for the choices made by states and their adversaries, even if reverse causality is not a major concern. In this section, we discuss two cases that help us connect bureaucratic capacity with decreased terror acts and military capacity with increased terrorist attacks. These cases are not meant to test the hypotheses, but rather are used to trace this strategic process and to provide a plausibility probe for the mechanisms identified. Following John Gerring, we want to move beyond estimation of an effect that our independent variables have on our dependent variable and instead identify and describe the mechanism(s) connecting them.⁸⁹ As Gerring notes, “The connections between a putative cause and its effect are rendered visible once one has examined the motivations of the actors involved.”⁹⁰ That is our task here.

⁸⁹ John Gerring, “What is a Case Study and What is It Good for?” *American Political Science Review* 98, no. 2 (2004): 341–54.

⁹⁰ *Ibid.*, 348.

We probe the links between military power and increased terrorism and bureaucratic capacity and the reduction of terrorism by examining two cases. We first examine how Russian government and Chechen rebel interactions led to increased terrorism. Russia is an example of a strong military with a lower bureaucratic capacity and increasingly high numbers of terrorist attacks. Next, we examine the interactions between France and violent groups during the same time period (1990s to present). Although France similarly has one of the most capable militaries in the world, it also has a stronger bureaucracy and social-welfare system. If the simple “more military power leads to more terrorism” story is accurate, we should find similar levels of terrorism in these cases. Once we examine the better bureaucratic quality of the French state, we explicate one process that leads to lower levels of terrorism than Russia.

Russia/Chechen Rebel Interactions

Since the dissolution of the Soviet Union, terrorism in Russia has steadily increased to hundreds of attacks each year. Chechen rebels who desire an independent state perpetrate many of these attacks. The post-Soviet conflicts developed and led to a war that Russia fought with Chechen rebels from 1994 to 1996. Although the war was costly for Chechen civilians, the rebels fought the Russian military to a draw and were able to enact de facto independence from the state. A similar separatist movement developed in Dagestan and by 1999 was being supported by Chechen militants. A string of terrorist attacks in Russia, as well as the rebel involvement in Dagestan, led to a second war in Chechnya, 1999–2007.⁹¹ This time, Russian forces recaptured Grozny, the capital, and reasserted control over the breakaway republic’s capital city by 2000.

Russia is not as militarily capable as it once was during the Soviet era, but it is still one of the world’s major military powers. In 1999, Russia accounted for 3 percent of all global spending on the military, and its military budget consistently increased from 1993 to 1999.⁹² Today, Russia is third in expenditures, behind only the United States and China. Vladimir Putin, who became Boris Yeltsin’s handpicked successor in 1999, prosecuted the Chechen war with a more intensely militarized approach than his predecessor. Using aerial bombing and an assault on the capital, Putin pursued an attrition approach to break the will of the Chechen rebels.⁹³ The Russian military’s

⁹¹ Rajan Menon and Graham E. Fuller, “Russia’s Ruinous Chechen War,” *Foreign Affairs* (2000): 32–44.

⁹² Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 1999: Armaments, Disarmament, and International Security* (1999). SIPRI, *SIPRI Yearbook 2013: Armaments, Disarmament, and International Security* (2013).

⁹³ Brian Williams, “The Russo-Chechen War: a threat to stability in the Middle East and Eurasia?” *Middle East Policy* 8, no. 1 (2001): 128–48.

strategy was to hold back its poorly trained troops until after indiscriminate bombings—including the use of fuel-air munitions with yields comparable to tactical nuclear warheads—and sustained artillery attacks.⁹⁴ The intensification of military counterinsurgency operations in Chechnya made 1999 the single bloodiest year of the Chechen conflict, accounting for more battle deaths (nearly 6,000) than the entire first Chechen war (1994–96).⁹⁵

Some observers, however, suggest that this strategy was not forward thinking and likely counterproductive. Rajon Menon and Graham Fuller argue that “short-term Russian military successes will actually increase the appeal of political Islam as an alternative, given the heavy toll of Russia’s unrestrained campaign on the lives of ordinary people.”⁹⁶ Facing preponderant force in-theater, Chechen militants increasingly began to substitute terror attacks against soft targets, such as the 2002 attack at Moscow’s Dubrovka Theater and 2004’s horrific school massacre in Beslan, North Ossetia, both of which were widely covered in the Western press. These attacks were part of a larger campaign that peaked at 234 terror attacks between 2000 and 2001.⁹⁷ Consistent with our argument regarding strategic substitution of tactics, this peak coincided with a de-escalation of the more conventional insurgency campaign in Chechnya and neighboring regions.

Although Russia was able to use force to regain control over the region, this has not led to a reduction in terrorism. Russia experiences more attacks than most countries in the world, averaging sixty-one attacks per year since 1991.⁹⁸ The government has invested in military capacity, but the same level of investment has not occurred in improving bureaucratic capacity, which declined markedly from 1991 (bureaucratic capacity score of 0.30) to 1999 (−0.62). Following the collapse of the Soviet Union, Russia’s central bureaucratic institutions for generating revenue atrophied, with their role increasingly usurped by regional governments.⁹⁹ Putin’s decision to appoint presidential representatives to oversee regional governments amounted to a tacit recognition that the normal, bureaucratic flow of information from the

⁹⁴ Human Rights Watch, “Backgrounder on Russian Fuel Air Explosives (‘Vacuum Bombs’),” 1 February 2000, <http://www.hrw.org/reports/2000/02/01/backgrounder-russian-fuel-air-explosives-vacuum-bombs> (accessed 4 May 2013); Williams, “The Russo-Chechen War.” Lyall argues that Chechen ground troops that collaborated with the Russians were more successful at reducing violence than Russian-only operations. Lyall suggests an information advantage or prior insurgency experience as the mechanism to explain this correlation. Another possibility is that these troops might be more discriminating in their use of violence given this information advantage. Jason Lyall, “Are Coethnics More Effective Counterinsurgents? Evidence from the Second Chechen War,” *American Political Science Review* 104, no. 1 (2010): 1–20.

⁹⁵ Uppsala Conflict Data Project, “UCDP Battle-Related Deaths Dataset, 1989–2011,” (Uppsala, Sweden: Uppsala University, 2012), <http://www.ucdp.uu.se> (accessed 16 April 2013).

⁹⁶ Menon and Fuller, “Russia’s Ruinous Chechen War,” 33.

⁹⁷ GTD.

⁹⁸ This puts Russia in the top 10 percent of all countries in terms of terror attacks per year.

⁹⁹ Kathryn Stoner-Weiss, “Russia: Authoritarianism without Authority,” *Journal of Democracy* 17, no. 1 (2006): 104–18.

regions up to the central government had broken down. Since then, central government transfers to various provinces in Russia have been uneven, and these transfers are by far the lowest to Chechnya and Ingushetia administrative areas.¹⁰⁰ The deficiencies of information collection and sharing extend to the military bureaucracy itself: the Federal Security Service and Ministry of Internal Affairs have come under criticism for not sharing information or being able to conduct joint operations.¹⁰¹

Although Russian military superiority has led to an eventual conventional military victory, it has not reduced terrorism. Horrific attacks, such as the Moscow theater and Beslan school attacks, have all occurred after the Russian's reasserted control over Chechnya. The current leadership of Chechnya is not supported by the population and does not necessarily provide quality governance.¹⁰² Without effective governance, terrorism in the region is likely to continue.

France: Bureaucratic Capacity and Terrorist Threats

Like Russia, France has a long history of terrorist attacks. Also similar to Russia, France is one of the world's top military spenders and a permanent member of the UN Security Council.¹⁰³ Most notable in its post-World War II experience with terrorism is the conflict in the former French colony of Algeria. Rebels bombed cafes and attacked French military and civilians in an eventually successful effort to end France's control of the North African country. French counterterrorism in Algeria was unrestrained, yet effective in targeting and destroying the opponent, National Liberation Front¹⁰⁴ These brutal tactics, however, contributed to strategic defeat for the French—who ultimately negotiated a withdrawal from Algeria in 1962—and nearly incited a coup at home.¹⁰⁵

This experience would leave a lasting impact on French responses to domestic terror campaigns. As Jeremy Shapiro notes, "For France, the idea

¹⁰⁰ On central government transfers, see Philip Hanson, "Federalism with a Russian Face: Regional Inequality, Administrative Capacity and Regional Budgets in Russia," *Economic Change and Restructuring* 39, nos. 3/4 (2006): 191–211. On transfers to Chechnya and Ingushetia, see Daniel Treisman, "The Politics of Intergovernmental Transfers in Post-Soviet Russia," *British Journal of Political Science* 26, no. 3 (1996): 299–335. Treisman also suggests that transfer of tax revenue from this region to the central government is the lowest in the Russian federation.

¹⁰¹ Mark Kramer, "Guerrilla Warfare, Counterinsurgency, and Terrorism in the North Caucasus: The Military Dimension of the Russian-Chechen Conflict," *Europe-Asia Studies* 57, no. 2 (2005): 209–90.

¹⁰² Tamara Elbuzdukayeva, "Economic Recovery in Chechnya: History and Modernity," in *NUPI Report, Chechen Scholars on Chechnya*, ed. Julie Wilhelmsen and Erika Fatland, (Oslo: Norwegian Institute of International Affairs, 2010).

¹⁰³ SIPRI estimates France spends almost US\$60 billion per year on the military, ranking it sixth in the world. *SIPRI Yearbook 2013*.

¹⁰⁴ France's unrestrained methods were depicted in the classic Gillo Pontecorvo film, *Battle of Algiers*.

¹⁰⁵ Erwin M. Wall, "The United States, Algeria, and the Fall of the Fourth French Republic," *Diplomatic History* 18, no. 4 (1994): 489–511.

that any serious terrorism problem could have a purely repressive solution devoid of political content died a painful death in Algeria.”¹⁰⁶ In the 1970s and 1980s, France dealt with leftist terrorist violence from groups, such as *Action Directe*, that tended to decline as the allure of Marxism and the Soviet Union did as well. Within approximately the same time period, separatists from the Basque region and Corsica used terrorism to push their claims on regional autonomy.¹⁰⁷ By the late 1980s, France had developed a wide range of experience with this form of strategic violence. In response to increased international terrorist attacks in 1986, France passed legislation that established specialized areas within the government bureaucracy to deal with terrorism.¹⁰⁸ Additionally, this legislation created a centralized judicial process to handle terrorism cases. These cases were held in civilian courts but assigned specialized investigating magistrates akin to non-political arbiters of the evidence.¹⁰⁹ This institutional design increased the competency of the judiciary and reduced the politicization of the process.¹¹⁰ In the more modern wave of religiously inspired terrorism, France has been targeted.¹¹¹ Because of its proximity to North Africa, its colonial history, power, and policies, France is still a target of terrorism from radical groups, such as al Qaeda in the Islamic Maghreb (AQIM). Given continued threats, France does not have emergency legislation that it uses to deal with terrorism. Instead, it has developed the ability to handle these security threats both through domestic capacity as well as international cooperation. France allows communication between intelligence and the judiciary and has centralized this bureaucracy.¹¹² Related, France has a strong relationship with INTERPOL and coordinates with other governments on countering terrorism. A recent Mumbai-style attack plot directed at France, the UK, and Germany was disrupted by cooperation among these three country’s intelligence services.¹¹³

Because France has a higher bureaucratic capability, specifically to deal with this form of unconventional violence, it likely deters violence by dissidents and potentially reduces grievances that might increase through the

¹⁰⁶ Jeremy Shapiro, “French Responses to Terrorism from the Algerian War to the Present,” in *The Consequences of Counterterrorism*, 260.

¹⁰⁷ Jeremy Shapiro and Bénédicte Suzan, “The French Experience of Counter-Terrorism,” *Survival* 45, no. 1 (2003): 67–98.

¹⁰⁸ Shapiro, “French Responses to Terrorism,” 255–84.

¹⁰⁹ In the French judicial system, these magistrates are used in other criminal cases, but certain magistrates developed core competencies in terror cases and were specifically assigned to this task.

¹¹⁰ Shapiro and Suzan, “The French Experience of Counter-Terrorism”; Shapiro, “French Responses to Terrorism,” 255–84.

¹¹¹ David C. Rapaport, “The Four Waves of Rebel Terror and September 11,” *Anthropoetics* 8, no. 1 (2002), <http://www.anthropoetics.ucla.edu/ap0801/terror.htm>.

¹¹² Antoine Garapon, “Is There a French Advantage in the Fight against Terrorism?” *Real Instituto Elcano*, ARI 110 (2005).

¹¹³ Richard Norton-Taylor and Owen Bowcott, “‘Mumbai-style’ Terror Attack on UK, France and Germany Foiled,” *The Guardian*, 28 September 2010, <http://www.theguardian.com/world/2010/sep/29/terror-attack-plot-europe-foiled>.

use of indiscriminate violent responses.¹¹⁴ By contrast, Russia lacks a similar institutional capacity. Both countries are militarily capable, but the variation in terrorist attacks on each could be a result in this difference of bureaucratic quality. The cross-national evidence and these short cases provide support for this assertion.

UNPACKING STATE CAPACITY AND TERRORISM: CONCLUSIONS

By fusing research on the state, civil war, and terrorism, examining time-series cross-national data, and exploring two cases, we find that military capacity seems to encourage terrorism. Additionally, we find that bureaucratic/administrative capacity is associated with less terrorism. These results point to the importance of disaggregating the concept of state capacity in studies of political violence. States can be capable in multiple ways, and attempts to model state capacity via a single variable, no matter how carefully selected, are likely to obscure real differences between states. Looking only at military capacity, Denmark and Pakistan were similarly capable states in the late 2000s, and using bureaucratic/administrative capacity alone would conflate Russia and Zambia during that same period of time.

We are confident in our findings, but there are some important areas for extensions. First, the specific causal mechanisms are still somewhat opaque. Bureaucratic/administrative capacity may depress terrorist attacks due to more effective policing or due to government capacity to address societal grievances via effective public policies. Military capacity may encourage the use of terror as a tactic due to force preponderance, but large, well-funded militaries may be a source of grievances themselves. Although we have controlled for some obvious proxies for grievances and institutional inclusiveness, further work to adjudicate between competing causal mechanisms would constitute an important contribution.

Second, we did not fully explore how state capacity relates to domestic versus transnational terrorism or suicide versus non-suicide terrorism. There may be a different logic of terrorism between dissidents inside a country contending with that state than between a group residing in a country against another external state.¹¹⁵ Alberto Abadie suggests, "Much of modern-day transnational terrorism seems to generate from grievances against rich countries. In addition, in some cases terrorist groups may decide to attack property or nationals of rich countries in order to gain international publicity. As a result, transnational terrorism may predominantly affect rich countries. The

¹¹⁴ Mason and Krane, "Political Economy of Death Squads."

¹¹⁵ Alberto Abadie, "Poverty, Political Freedom, and the Roots of Terrorism," *American Economic Review* 96, no. 2 (2006): 50–56; Young and Findley, "Promise and Pitfalls"; Findley, Piazza, and Young, "Games Rivals Play."

same is not necessarily true for domestic terrorism.”¹¹⁶ The proper research design to test these transnational violence processes may be directed dyads or another research design that takes into account multiple actors.¹¹⁷

A third extension relates to states that export terrorism. Lai provides an explanation for why states might export terror, and state capacity is a prominent factor.¹¹⁸ Lai suggests that terrorist organizations seek environments with low operating costs and use these states to export terrorism to countries that have higher costs. Robert Gates, former US secretary of defense, argued a similar point: “The recent past vividly demonstrated the consequences of failing to address adequately the dangers posed by insurgencies and failing states. Terrorist networks can find a sanctuary within the borders of a weak nation and strength within the chaos of social breakdown. The most likely catastrophic threats to the U.S. homeland, for example, that of a U.S. city being poisoned or reduced to rubble by a terrorist attack, are more likely to emanate from failing states than from aggressor states.”¹¹⁹ Examining different dimensions of state capacity on this interaction could help unpack this process further and test claims from both scholars and policymakers.

Finally, we only examine the direct effects that levels of state capacity have on levels of terrorism. Other indirect relationships may explain how opportunities for terror change. Berrebi and Ostwald, for example, examine the effects natural disasters have on terrorism.¹²⁰ They find that certain types of disasters increase the frequency of terrorism, but that effect is concentrated in countries of low to middle GDP per capita. Disasters and other similar exogenous shocks likely influence state capacity, and future work should examine whether they influence each dimension of state capacity in similar or different ways and how this might change how capacity and terrorism are related.

These findings also have implications for policy debates. Since 9/11, a major component of US counterterrorism strategy has been capacity development abroad. The 2011 *National Strategy for Counterterrorism* notes that although the US prefers to partner with countries having similarly democratic political institutions and shared values, the exigencies of fighting global terror networks require that the United States engage with partners “with whom the United States has very little in common except for the desire to defeat al-Qa’ida and its affiliates and adherents.”¹²¹ This has meant deepening

¹¹⁶ On directed dyads, see Abadie, “Poverty, Political Freedom,” 2. On other research designs, see Young and Findley, “Promise and Pitfalls.”

¹¹⁷ Young and Findley, “Promise and Pitfalls.”

¹¹⁸ Lai, ““Draining the Swamp.”

¹¹⁹ Robert M. Gates, “A Balanced Strategy: Reprogramming the Pentagon for a New Age,” *Foreign Affairs* (2009), 31.

¹²⁰ Claude Berrebi and Jordan Ostwald, “Earthquakes, Hurricanes, and Terrorism: Do Natural Disasters Incite Terror?” *Public Choice* 149, nos. 3/4 (2011): 383–403.

¹²¹ The White House, “National Strategy for Counterterrorism,” 28 June 2011, 7, http://www.whitehouse.gov/sites/default/files/counterterrorism_strategy.pdf.

engagement with non-NATO allies and partner countries that are often characterized by weak bureaucracies and large, comparatively well-equipped militaries. This engagement takes many forms, but military aid remains one of the principal means by which the United States attempts to build counterterrorism capacity in partner states. Yet these findings suggest that focusing on enhancing partner-state military capacity alone is unlikely to lead to meaningful reductions in the volume of terror attacks. In fact, such efforts may be counterproductive. To the extent that further military aid amplifies power asymmetries between dissidents and the state, the incentives to substitute terror for other means of challenging the government will increase. Moreover, military might may itself be a source of grievances that motivates terrorist activities.

Rather, these findings suggest that enhancing bureaucratic capacity may provide better returns on US investment of time and effort abroad. As John Mueller notes, the direct costs of terrorism can often be quite small relative to the indirect costs of overseas conflicts, such as the recent wars in Iraq and Afghanistan.¹²² Increasing the bureaucratic capacity of any state seems like a decent return on the investment when comparing financial costs alone with large-scale militarized conflicts. This cost assessment also does not include the toll on human life, which also can be minimized through enhancing bureaucratic capacity.

Enhancing bureaucratic capacity is also a good no-regrets counterterrorism strategy. Whatever its virtues as a tool for combating terrorist groups, military aid also endows recipient states with resources that can be used to suit their own purposes, sometimes against the strategic interests of the United States. For example, the United States provides counterterror support to both India and Pakistan, but both sides have alleged that the other uses this aid more to menace its neighbor than to fight domestic dissidents. It is difficult to envision how enhancing bureaucratic capacity could have significant negative effects for peace and stability—and the spillover effects into other areas, in terms of efficient social service provision and market regulation—would enhance social stability in partner states.

These findings also point to the importance of assessing the security risks of terror in isolation from broader security concerns. States invest in military capacity for many reasons: to deter foreign aggression, to defend against domestic insurrection, and to inoculate civilian leadership from threats emanating from their own militaries.¹²³ Terrorism is only one of the competing

¹²² John Mueller, "Six Rather Unusual Propositions about Terrorism," *Terrorism and Political Violence* 17, no. 4 (2005): 487–505.

¹²³ Paul Collier and Anke Hoeffler, "Military Spending and the Risks of Coups d'Etat" (Oxford: Oxford University, Department of Economics, Centre for the Study of African Economies, 2007); Andrew J. Dowdle, "Resource Allocation and Military Budgetary Politics in Sub-Saharan Africa," *African Security* 3, no. 2 (2010): 65–79.

risks states face, and attempting to inoculate the state from conventional attack and domestic armed conflict may supersede concerns about the effects of increased military capacity on terrorism. State strength, as we have argued, is not just the ability to put boots and rifles into the field; it is also related to how well states manage information and “see” their populations. Our findings indicate that these different types of strengths are not substitutes. Rather, these strengths have opposite effects on incentives to use terror as a strategic and tactical doctrine.

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Appendix 1: Factor Analysis of State Capacity Indicators

The factor analysis of the two ICRG measures (*Bureaucratic Quality* and *Rule of Law*) returns one significant factor that is highly correlated with both manifest variables: factor loadings are the bivariate correlation between the variable and the factor. The retained factor is highly correlated with the World Bank Governance Indicators (WBI) *Government Effectiveness* variable ($r = 0.90$), which represents the most comprehensive attempt to generate a measure of bureaucratic/administrative capacity. Unfortunately, WBI only covers the period 1996–2011, rendering them unsuitable for analyzing the full sample period.

TABLE A1 Factor Analysis of Bureaucratic/Administrative Capacity, 1984–2006

Factor	Eigenvalue	Difference	Proportion	Cumulative
1	1.137 ⁺	1.356	1.238	1.238
2	-0.218	.	-0.238	1.00
LR test: independent vs. saturated: $\chi^2(3) = 1844.24$ Prob > $\chi^2 = 0.0000$				
N = 3000				
Countries: 142				
Factor Loadings				
Variable		Factor 1	Factor 2	Uniqueness
ICRG Bureaucratic Quality		0.754	.	0.431
ICRG Rule of Law		0.754	.	0.431

The results of factor analysis on the three of military capacity measures—military expenditures, military personnel, and military expenditures per soldier—indicate two findings. First, the first retained factor (the one used in the analysis in the text) is the only significant factor and explains almost seven-tenths of the common variance between the three measures: it is positively and strongly correlated ($r > 0.6$) with all three manifest variables.

TABLE A2 Factor Analysis of Military Capacity, 1984–2006

Factor	Eigenvalue	Difference	Proportion	Cumulative
1	2.059 ^o	1.126	0.688	0.688
2	0.934	0.936	0.312	1.00
3	-0.001	.	-0.001	1.00
LR test: independent vs. saturated: $\chi^2(3) = 1.9 \times 10^4$ Prob > $\chi^2 = 0.0000$				
N = 2847				
Countries: 141				
Factor Loadings				
Variable		Factor 1	Factor 2	Uniqueness
log Military Expenditures		0.999	-0.012	0.001
log Military Personnel		0.795	-0.605	0.002
log Military Expenditures per Soldier		0.655	0.753	0.004

⁺ Denotes factor retained for operationalizing bureaucratic/administrative capacity in core specifications.

^o Denotes factor retained for operationalizing military capacity in core specifications.