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Incubators of Terror: Do Failed and Failing States Promote Transnational Terrorism?

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A growing body of scholars and policymakers have raised concerns that failed and failing states pose a danger to international security because they produce conditions under which transnational terrorist groups can thrive. This study devises an empirical test of this proposition, along with counter-theories, using simple descriptive statistics and a time-series, cross-national negative binomial analysis of 197 countries from 1973 to 2003. It finds that states plagued by chronic state failures are statistically more likely to host terrorist groups that commit transnational attacks, have their nationals commit transnational attacks, and are more likely to be targeted by transnational terrorists themselves.

Addressing the problem of failed and failing states will undoubtedly yield significant security and humanitarian dividends for the international system. Is a reduction in transnational terrorism one of them? United States policymakers regard failed and failing states such as Afghanistan, Somalia, and Sudan to be festering incubators of terrorism, and lament that for too long United States foreign policy has ignored the threat that these types of states pose to the international order and to national security. Post September 11th national security documents explicitly describe failed states as, ''…safe havens for terrorists'' (National Security Council 2006, 15), while Secretary of State Condoleezza Rice proclaims, ''Today…the greatest threats to our security are defined more by the dynamics within weak and failing states than by the borders between strong and aggressive ones…'' (Rice 2006). Addressing the threat of transnational terrorism is a high priority policy objective, and in addition to direct counterterrorism measures, U.S. policymakers have come to advocate the alleviation of conditions in countries that foster terrorism, such as severe political instability, humanitarian crises, and the breakdown of governability (Hagel 2004; Krasner and Pascual 2005). Officials also charge that it is not acceptable, in the post-September 11th world, for the international community, or its great powers, to continue to ignore the challenges posed by failed and failing states because their problems tend to spill across their borders, and a serious manifestation of this is increased transnational terrorist attacks (U.S. National Security Council 2002). U.S. officials are joined by academics and others who proclaim failed and failing states to be significant international security risks by providing safe havens for international terrorist groups, in addition to transnational criminal syndicates, and by facilitating

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the growth and recruitment activities of terrorist groups (Crocker 2003; Diamond 2002; Fukuyama 2004; Hamre and Sullivan 2002; Kahler 2002; Mallaby 2002; Rotberg 2002; Sanderson 2004; Takeyh and Gvosdev 2002). These authors, consequently, argue in favor of robust multi- or unilateral intervention to prevent state failure and proscribe a range of policy courses, such as: building stable democratic institutions, increasing economic assistance, multilateral military intervention, and the creation of an American empire.

But are concerns that failed and failing states increase transnational terrorism empirically valid? The existing body of work on the subject is primarily qualitative and is focused on either case-study investigations or is engaged in theory-building on the relationship between state failure and terrorism. This study seeks to test some hypotheses generated by this ''first generation'' of work and demonstrates, using cross-national empirical analysis, that failed and failing states do indeed disproportionately contribute to transnational terrorism and argues, therefore, that such concerns are not misplaced. States rated highly in terms of state failures, irrespective of the type of state failure experienced, are more likely to be targeted by terrorist attacks, more likely to have their nationals commit terrorist attacks in third countries, and are more likely to host active terrorist groups that commit attacks abroad. The findings of this study provide empirical substance to policy and academic discussions of the relationship between terrorism and failed or failing states, and hopefully mark a first step towards understanding the nature of the danger failed and failing states pose to the international system.

Failed States and Terrorism

How does the relationship between state failure and transnational terrorism work? This has been difficult to discern, partially because scholars have not precisely differentiated failed and failing states from other nation-states in the international system. In the abstract, by using Weber's (1921) definition of the modern nation state as an entity that monopolizes the legitimate deployment of violence within a polity, failed and failing states are states that due to severe challenges cannot monopolize the use of force vis-à-vis other non-state actors in society and are therefore incapable of fully projecting power within their national boundaries. In states experiencing significant state failure, challenges to executive authority abound and confidence in the state's ability to assert unrivaled authority is eroded (Zartman 1995). As a consequence, failed states are unable to control their own national borders or project power throughout their national territory and continually face the threat of secession, civil war, and large-scale violent internal struggles for control between the government and one or more non-state actors (Rotberg 2003).

But Hehir (2007) argues that this is only one possible dimension of state failure. In addition to ''coercive incapacity,'' failed states suffer from ''administrative incapacity,'' which involves a failure to provide the basic services that most citizens expect from modern governments, such as a minimal level of personal security, economic stability, and functioning bureaucratic and judicial institutions. Rotberg (2002) explains that failed states are unable to provide ''political goods,'' and describes a pattern of distinguishing features that failed states exhibit: government failure to maintain the essential wellbeing of their populations and/or governments that have begun to ''prey upon their own citizens'' through kleptocracy; a sustained degradation of the infrastructure necessary for citizens to maintain a ''normal'' life, resulting in substantial humanitarian crises and/or migration; widespread lawlessness to the point that criminal groups act with impunity or rival the authority of government actors; and a transference of some or many citizens' loyalties to non-state actors in many parts of the country.

However, scholars note that there are also many states in the international system that have some of the features mentioned by Rotberg and are therefore at risk of complete state failure, but have not quite crossed the threshold. Scholars refer to these states as ''weak states'' (Rotberg 2002), ''quasi-states'' (Lambach 2004; Menkhaus 2003), or, as is the case in this study, ''failing states.'' These states, examples of which include Haiti, Indonesia, Sri Lanka, Colombia and Zimbabwe, continue to provide some political goods to citizens, mostly monopolize the legitimate use of force, project power throughout much of the national territory and command the allegiance of most of the citizens, but are potential candidates for full-state failure. Lambach (2004) argues that there is not an exact threshold for state failure, and instead distinguishes between weak states that may still be able to provide some level of political goods, and ''collapsed states'' which have completely shed functioning governing institutions and cannot guarantee even a modicum of order. Zartman (1995, 9) regards complete state failure as a ''long-term degenerative disease'' that progresses at different speeds in different countries, while Helman and Ratner (1992) identify only a small handful of countries facing failed-state status in the early 1990s while depicting the process of state failure as a dynamic one. They observe that states can fail and subsequently reconstitute central government authority, often with the intercession of outside powers.

Both failed and failing states, scholars argue, are theoretically more likely to contain terrorist groups, experience terrorist attacks, have their citizens join in and perpetrate terrorist acts, and see their territory used as bases from which to launch attacks abroad. This pattern occurs because failed and failing states are easier for terrorist movements to penetrate, recruit from, and operate within. This is because they lack the ability to police for and deter terrorist activity, and because they provide important opportunities for terrorist movements. Takeyh and Gvosdev (2002) construct the most comprehensive explanation of the mechanics of the relationship between failed and failing states and terrorism, to which I add some elaboration.

First, because they lack the ability to project power internally and have incompetent and corrupt law enforcement capacities, failed and failing states provide opportunities, and lower costs, for terrorist groups to organize, train, generate revenue, and set up logistics and communications beyond those afforded by the network of safe houses in non-failed states.[1] Terrorist groups can therefore develop their own capabilities with little governmental interference or scrutiny. This phenomenon is also referred to as the exploitation of ''stateless areas,'' or the use of actual, spatial regions of a country that are beyond the policing control of the central government and within which non-state actors can set up autonomous political, economic, and social institutions, or the segments of the polity of a country that are impenetrable by state power and provide networks of resistance to state authority. An example of the former would be the southern region of Afghanistan where the Taliban is active, and an example of the latter would be the system of radical ''madrassas'' or religious schools in Pakistan. The presence of stateless areas within states frees-up group resources otherwise allocated towards evading government agents and permit more extensive and aggressive fundraising, recruitment, and training efforts. Those groups with ambitions to launch transnational attacks, in particular have more extensive logistical and training needs and therefore need autonomous space without the costs of evading law enforcement.

Second, failed states offer terrorist groups a larger pool of potential recruits because they contain large numbers of insecure, disaffected, alienated, and

[1] Operating space for terrorist groups may be provided intentionally by politicians within failed and failing states, may be seized from incapable political authorities in failed and failing states by terrorist groups, or may be provided by mere default by states unable to project power internally.

disloyal citizens for whom political violence is an accepted avenue of behavior.[2] Failed states are chronically unable to provide basic security and economic sustenance to their citizens, and thereby give rise to what Ehrlich and Liu (2002) and O'Neil (2002) identify as a key contributing factor to the growth of terrorism—''basic human insecurity.'' Also, Gunaratna (2002) argues that poor governance, poor economic development, corruption, and lack of human rights—all hallmarks of failed states—sharpen the appeal of fanaticism, and by extension terrorism, among potential political actors. Failed states, through their incompetence, create ''political goods vacuums'' into which terrorist groups can step and parcel out personal security, economic assistance, or other services to win the support of the local population and widen their activities.[3]

Finally, as recognized states in the international system, failed states retain the ''outward signs of sovereignty'' (Takeyh and Gvosdev 2002, 100). This helps to promote transnational terrorist groups in two ways. First, the principle of state sovereignty places legal limits on intervention by other states, thereby shielding terrorists from the military and law enforcement capacity of outside countries targeted by or interested in addressing terrorism. Second, failed states are sovereign and legally recognized states, and so their government officials, who are often underpaid, poorly trained and monitored, and are therefore highly corruptible, can provide terrorists with access to legal documentation, such as passports, visas and end-user certificates to import and export arms, in exchange for money, political support, or physical protection.

Against the Conventional Wisdom

However, there are important critiques to the theoretical model identifying failed and failing states as key contributors to transnational terrorism. Menkhaus (2003) and von Hippel (2002) argue that failed states—which they refer to as collapsed or imploded states—are actually undesirable locations for terrorist groups to base their activities. Terrorist groups in failed states are actually more vulnerable to the policing efforts of third-party states, contrary to the argument put forth by Takeyh and Gvosdev (2002), because the sovereignty and nonintervention norms are much weaker for failed states. Few foreigners are to be found in failed states and are therefore highly conspicuous, making failed states a poor location for foreign terrorists seeking to conduct clandestine operations. Terrorists themselves can be adversely affected by the general chaos that characterizes day-to-day life in failed states, and they, like all other residents or visitors, can be extorted, detailed, or harassed by local authorities. Terrorist groups based in failed states may find themselves obliged to take sides in local disputes or dragged into domestic conflicts that distract them from their central objectives. Finally, because failed states lack centralized power and a clearly established power structure they do not provide terrorist groups with a clear target to fight against or a coherent ally to with which to fight along. Menkhaus (2003), on the contrary, regards failing or ''quasi-states'' to be more likely bases of operation for terrorist groups, for many of the same reasons noted by Takeyh and Gvosdev (2002), while von Hippel (2002) regards strong states, specifically ''authoritarian states in the Middle East'' to be the real breeding ground for terrorist groups. Schneckener (2004) notes that modern transnational terrorism is often planned and coordinated across multiple countries, and frequently not all of them are

[2] Though Crenshaw (1981) observes that terrorist recruitment can also occur in the context of marginalization—particularly through political exclusion in the face of elite and systemic unresponsiveness—in stable, industrialized states.

[3] Though this situation is sometimes difficult to distinguish from a status of general inability of the state to project coercive force.

failed and failing states. He observes that while the original idea formation behind the September 11th attacks in the United States occurred in Afghanistan, a failed state, the logistical planning occurred in both Germany and Spain, two non-failed states. It is therefore unlikely that there is a simple linear relationship between failed and failing states and transnational terrorism. Finally, Hehir (2007) employs descriptive statistics to demonstrate that terrorist groups do not necessarily tend to cluster in failed states vis-à-vis non-failed states, nor are failed states the locus for terrorist attacks and casualties more frequently than other states.

Analysis

This study empirically tests the theoretical proposition that failed and failing states disproportionately contribute to transnational terrorist activity, as well as the counter-proposition of Menkhaus (2003) and von Hippel (2002) that failed, or ''collapsed,'' states are actually less likely than failing, or ''weak'' or ''quasi,'' states to host international terrorist groups that commit attacks locally or overseas. The study also tests the assertions of Schneckener (2004) and considers the findings of Hehir (2007) when designing its empirical tests. The study constructs and tests two hypotheses: (1) that *both* failed and failing states are more likely to be the location of transnational terrorist attacks; and (2) that *both* failed and failing states are more likely to be the source of transnational terrorist attacks that target other countries. Noting the many conceptualization problems that characterize much of the literature on failed and failing states, the study compares the results of two analyses, one of which employs a set of independently identified thresholds of intensity of state failure and the other—the main analysis—which measures degree of state failure in raw terms, using another independently generated measurement of intensity of state failures, on a country-year by country-year basis. In addition to ascertaining the relationship between intensity of state failures experienced by states and that state's experience with or contribution to transnational terrorism, the analysis probes for the divergent relationships expected by Menkhaus (2003) and von Hippel (2002) between transnational terrorist activity and states at the most extreme end of the continuum—those that have failed completely—and the failing (or ''weak'' or ''quasi'') states that form cohorts underneath the failed states.

In order to fully test these hypotheses and produce robust results, particularly in order to determine the likelihood that failing rather than failed states are more likely to be the source or target of transnational terrorist incidents, the study conducts two types of analyses—bivariate tests using descriptive statistics and multivariate regression analysis—and makes use of two prominent terrorism databases and two high-profile sources of data on state failure. It first examines the relationship between groups of states' rankings on the 2006 Failed State Index and their experiences with transnational terrorism and then moves on to a broader consideration of the different levels of terrorism experienced by states grouped by intensity state failures. The results of these two descriptive, bivariate analyses are then complemented by the main analysis of the paper; a cross-national, time-series regression analysis of the relationship between the intensity of state failures experienced by a state, with appropriate controls, and its contribution to transnational terrorism. The paper also seeks to avoid the pitfall of selection bias by including both failed and stable states in all analyses.

Descriptive Statistics and the Failed State Index

A quick look at the 2006 Failed State Index and ranking system developed by the Fund for Peace and annually published in *Foreign Affairs* along with data

on transnational terrorist incidents in 146 countries from 2000 to 2006 published by the RAND®-MIPT Terrorism Incident database[4] yields some insight into the relationship between failed and failing states and transnational terrorism.[5] The Failed State index is produced using the so-called ''first step'' of the ''Conflict Assessment Tool (CAST)'' which rates 12 social, economic, and political/military indicators, derived from open-source materials, using a scale from 1 to 10 and derived from open-source materials, to measure a state's vulnerability to state failure in a given year.[6] These CAST ratings are then compiled into a country index, ranging between 12 for the lowest amount of risk and 120 for the highest, which is then used to produce a country ranking.[7] The Failed State Index is a kind of continuum—which in 2006 ranges between Norway with a total index score of 16.8 and Sudan with a total index score of 112.3—on which failed and failing states can be plotted. Furthermore, the Fund for Peace places the states into categories based on their indices: ''Alert'' for the most at-risk countries, having indices between 91 and 120; ''Warning'' for countries with indices between 61 and 90; ''Monitoring'' for those between 31 and 60; and ''Sustainable'' for those between 12 and 30.

Because the Failed State Index measurement is available for all countries just for the year 2006, it is subjected to a simple bivariate analysis involving a dataset of 2,632 incidents of transnational terrorism from 2000 to 2006. Dichotomous variables are used to operationalize the Failed State Index classifications—Alert, Warning, Monitoring, and Sustainable—as well as the top five states ranked in the Index. Incidents of transnational terrorism are sorted by country in two ways: the total number of transnational terrorist attacks that occurred within the country; and the total number of transnational terrorist attacks launched abroad by terrorist groups based in the country. The analysis sorts attacks by base country using terrorist group profiles from the MIPT database, and in the case that a terrorist group is based in multiple countries, attacks are equally distributed to each of the base countries. While most countries did experience and were the source of a transnational attack during 2000 to 2006 (59.3% and 45.9% respectively), transnational incidents remain a rare event with only 16.4% of countries experiencing more than 10 terrorist attacks and only 10.3% of countries identified as the source of more than 10 terrorist attacks abroad.

[4] Explanation of database can be accessed at http://www.mipt.org/TKB.asp.

[5] The sharply limited availability of the Failed State Index—that complete data is available for only 1 year—severely limits confidence in the conclusions that may be drawn by considering it. Furthermore, the mismatch between the timeframe through which the Index is examined—1 year, 2006—and the timeframe under which terrorism is examined—2000 to 2006 cumulatively—is suboptimal. I argue that it is most appropriate, though not ideal, to compare one multiyear variable to a variable based on a single-year observation in this case due to the highly different natures of the two measurements. Terrorism is a highly sporadic phenomenon. Countries widely regarded as ''terrorism-prone'' usually experience widely variant annual rates of terrorist attacks across a 5-year period making examination of terrorism in any given year a highly suspect endeavor. A running average or running tally across multiple years paints a more accurate picture of the terrorist activity of a country. In contrast, status as a failed or failing state is a much more static status for a country that can be reliably measured in one given year. Overall, the results gleaned from Table 1 are of some use due to the different natures of the variables examined and given that they buttress the main analysis which is longitudinally robust and properly aligned.

[6] These 12 indicators are: ''mounting demographic pressures; massive movement of refugees and internally displaced persons; legacy of vengeance-seeking group grievance; chronic and sustained human flight; uneven economic development along group lines; sharp or severe economic decline; criminalization or de-legitimization of the state; progressive deterioration of public services; widespread violation of human rights; security apparatus as 'state within a state;' rise of factionalized elites; intervention of other states or external actors.'' Full discussion of the 12 CAST indicators is published at the Fund for Peace's Web site: http://www.fundforpeace.org/web.

[7] The 2005 and 2006 index can be accessed at http://www.fundforpeace.org/web.

Table 1. Incidents of Transnational Terrorism by Failed State Index Classification with Correlation Coefficients

2006 Failed State Index Classification	*Average Incidents by Location 2000–2006*	*Average Incidents by Source 2000–2006*	*Number of States in Category*
''Alert'' (91–120)†	30.4 (***.159***)*	11.9 (***.172***)*	28
''Warning'' (61–90)	9.4 (−.054)	4.8 (−.039)	78
''Monitoring'' (31–60)	7.3 (−.048)	3.3 (−.070)	27
''Sustainable'' (1–30)	2.3 (−.056)	1.6 (−.068)	13
Top-5 Failed states‡	110.0 (***.324***)***	30.6 (***.256***)**	

All correlation coefficients, in parentheses, are Pearson's *r* with two-tailed significance tests where * indicates a significance at the .05 level and ** indicates significance at the .01 level and *** indicates significance at the .000 level.

†Afghanistan, Bangladesh, Burma, Burundi, Central African Republic, Chad, Colombia, Cote d'Ivoire, Democratic Republic of the Congo (DRC), Ethiopia, Guinea, Haiti, Iraq, Liberia, Nepal, Nigeria, North Korea, Pakistan, Rwanda, Sierra Leona, Somalia, Sri Lanka, Sudan, Uganda, Uzbekistan, Yemen, Zimbabwe.

‡Ranked by Index: Sudan, DRC, Cote d'Ivoire, Iraq, Zimbabwe.

Overall, the Failed State Index is a significant predictor of transnational terrorism, with a coefficient of .137 (.049 significance) for attacks sorted by location and .157 (.029 significance) for attacks sorted by source. Table 1 adds more dimension to this finding in displaying the distribution of average transnational terrorist attacks by 2006 Failed State Index classification, along with Pearson's *r* coefficients in parentheses. Countries categorized as the highest at-risk for state failure (''Alert'') are on average: most frequently the location of transnational terrorist attacks; most frequently the source of transnational terrorist attacks abroad; and have the only significant coefficients among the categories. In fact, they are respectively, more than three and two times more likely to either suffer and be the source of an attack than the next two highest categories, Warning and Monitoring, and are respectively 15 and 10 times more likely than states classified as Sustainable.

This observation seems to contradict the Menkhaus (2003) and von Hippel (2002) arguments that states experiencing the most acute forms of state failure are not as likely to be sites for terrorist activity. However, given that a relatively large number of states (28) comprise this most at-risk category, some of which may not be properly considered imploded or collapsed states, terrorist activity only within the top-5 ranked countries are separately presented along with coefficients to provide a robustness check. These five states are the most fittingly described as failed states in 2006 and are substantially more likely to be the location and source of transnational terrorist attacks than any other category of state rated, as evidenced by the average frequency of attacks and the Pearson's coefficients. These results are also at odds with the conclusions reached by Hehir (2007), which though unpublished, ancillary results do indeed reproduce his findings that failed and failing states do not host a greater number of active or inactive terrorist groups.[8] However, it should be noted that this study employs a different methodology from Hehir's—comparison of average frequencies across category and binomial correlation verses descriptive reporting of raw frequencies—and examined data for all countries rather than just the top ranked states in the Failed State Index.

[8] The Pearson's *r* scores for the relationship between the Failed State Index and the number of terrorist groups based or hosted in a country, according to the Terrorism Knowledge Base, was −.063 (one-tailed significance = .226). Coefficients for countries classified as ''Alert'' and ''Warning'' were .020 (significance = .403) and −.094 (significance = .129) respectively.

Descriptive Statistics and Multiyear State Failure Intensity Thresholds

The results produced in Table 1 provide some trace evidence of a significant relationship between state failure and transnational terrorism, but are based on a 1-year snapshot of data. To enhance confidence in the core findings of Table 1, state failure and terrorism are examined over a much longer time period using data derived from the State Failure Task Force of the Center for International Development and Conflict Management (CIDCM) at the University of Maryland. The State Failure Task Force collects open-source data on episodes of severe political disruptions and incidents of medium to large-scale violence in countries to produce an annual coding of the intensity of various types of state failures experienced by affected countries. Noting that full-state collapse is too infrequent an occurrence to be meaningfully operationalized, the Task Force codes four types of ''partial'' state failures that characterize states that are at risk of complete breakdown: ''revolutionary wars,'' or long, armed conflicts between the central government and insurgents fighting for regime change; ''ethnic wars,'' or sustained armed conflicts launched by ethno-cultural groups seeking autonomy or secession; ''genocides and politicides,'' or episodes of significant violent repression by central governments of ethnic, religious, or political minorities; and ''adverse regime changes,'' or abrupt and disorderly changes in governance due to coups or moves towards authoritarianism. Each state failure type is rated between 0, indicating the absence of state failure of a given type, and 4, indicating a highly intense state failure in which at least 250,000 people are affected.[9] Also, for the purposes of this study an aggregate measure of state failure, based on the data of the State Failure Task Force, is operationalized merely by creating an additive index of all of the disaggregated indices.

The State Failure Task Force data is used in the main multivariate regression analysis of the paper and is also used to create Table 2 below.

Table 2 compiles the average aggregate state failure intensity indices for 195 states for the period during 1991 to 2003,[10] and compares them to the average

TABLE 2. Incidents of Transnational Terrorism by State Failures Intensity Index (Political Instability Task Force) Classification with Correlation Coefficients

1991–2003 Average State Failures Intensity Index Classification	*Average State Failures Index Score 1991–2003*	*Average Incidents by Location 1991–2003*	*Average Incidents by Source 1991–2003*	*Number of States in Category*
Top-5 ranked states†	7.04	3.32 (*.133*)	7.04 (***.140***)*	
Top-10 ranked states‡	5.22	4.97 (***.274***)***	4.40 (***.297***)***	
Top quarter	2.09	3.06 (***.310***)***	2.71 (***.361***)***	49
Second quarter	.05	1.07 (−.071)	.82 (−.054)	49
Bottom half	.00	.79 (***−.207***)**	.35 (***−.265***)***	97
All states	.53	1.43 (***.293***)***	1.05 (***.342***)***	195

All correlation coefficients, in parentheses, are Pearson's *r* with two-tailed significance tests where * indicates a significance at the .05 level and ** indicates significance at the .01 level and *** indicates significance at the .000 level.

†In order: Angola, Afghanistan, Democratic Republic of Congo, Sudan, Somalia.

‡In order: Angola, Afghanistan, Democratic Republic of Congo, Sudan, Somalia, Burundi, Sierra Leone, Bosnia-Hercegovina, India, Colombia.

[9] A full operationalization of the state failure scores can be found at: http://globalpolicy.gmu.edu/pitf.

[10] The years 1991 through 2003 are selected to create the aggregated average values for the 195 states represented in Table 2 because the state is the unit of analysis, rather than the country-year as is the case in the main regression analysis. This time period represents the fullest range of data for states that are currently politically independent units.

incidents of local transnational terrorist attacks suffered by these states, as well as the incidents of transnational terrorism perpetrated by their nationals. Because there are no pre-defined levels of state failure as is the case for the Failed State Index, Table 2 ranks states by their aggregate state failure intensity indices and then groups them into top-5, top-10, top quarter, second quarter, and bottom half categories. A pattern that is nearly identical to that produced in Table 1 emerges: The top-5, top-10 and top quarter groups of states—those that experience the highest intensity of aggregate state failures, experience significantly more transnational terrorism than do lower ranked states, and their nationals also commit significantly more transnational terrorist attacks than do nationals of states with less intense or no state failures. In fact, states populating the bottom half of the aggregate state failures ranking experience—states that experienced no state failures at all—have a statistically significant probability of *not* experiencing or producing transnational terrorism. Overall, as is the case in Table 1, intensity of state failures is a significant, positive predictor of transnational terrorism.

Negative Binomial Analysis

In the main analysis of the paper, the hypotheses are subjected to a battery of empirical tests in the form of ten time-series negative binomial statistical regression models using data from 197 countries from 1973, or the year of independence, to 2003, yielding a total of 4,843 observations per model. The unit of analysis is the country-year, and the study employs a Huber/White/Sandwich estimator of standard errors. The dependent variable, incidents of transnational terrorist attacks per country-year, has several features that recommend negative binomial modeling over ordinary least squares: it is operationalized using interval data that cannot include negative values; the incidents are sporadic and rare in nature, with a large number of country-years registering no attacks at all; the incidents are unevenly distributed across country-years, with attacks clustering around some countries and some years; and, in theory, the incidents may not be independent of each other as an attack in one country in 1 year may very well spur attacks in subsequent years (Brandt et al. 2000; Cameron and Trivedi 1998; King 1988).

However, transnational terrorist attacks are rare and unevenly distributed events across the countries as examined in the analysis, resulting in a high percentage of country-years in the data coded with zeros (indicating no attacks). It should be considered that there may be two types of zero values: those registered for countries in which terrorist attacks had a probability of occurring but for some reason did not in the country-years examined, and those registered for countries in which, due to qualities of the country itself, have no likelihood of occurring at all. If this is true then a negative binomial model may produce distorted results because it treats all zero values the same and a zero-inflated negative binomial model (zinb) might be more appropriate.[11] Therefore, a battery of

[11] It is not clear, however, that the use of zero-inflated negative binomial regression analysis in this context is necessarily more appropriate than a negative binomial analysis. The uneven and clustered distribution of terrorist incidents across states, and across years, cannot be confidently assumed to be the result of two distinguishable types of country cases. Proponents of a zinb model must be confident that there necessarily are some observations in the data that have no real probability at any time of experiencing terrorism—countries that due to their particular national features just do not experience terrorism—verses others in which there is some probability that terrorism will occur but happened not to have in the observation period in question. Of course, countries that empirically appear to fit this description can be found in the data—for example, Vanuatu—but this may be the result of the data-driven limits of the time-series rather than a verified theoretical distinction between cases. A Vuong test is one indication of whether or not a zinb model is appropriate, and those tests are positive for the data used in this study. However Long and Freeze (2001, 409) demonstrate that the model may overfit the data baring a clear and substantive rationale that some cases have no probability of ever having a non-zero value for the dependent variable.

identical zinb models are run on the data as a robustness check, the results of which are reported in the appendix to the paper. The results of the zinb models are identical to those found for the negative binomial models with regards to the independent variables and most of the control variables, and support the conclusions reached using the negative binomial models, furthering confidence in the results of the main analysis.

In the negative binomial regression models, the independent variables measuring state failure are derived from data produced by the previously mentioned State Failures Task Force, and include country-year observations of intensity levels of ethnic wars, revolutionary wars, genocides and politicides, adverse regime changes, and an aggregation of all of four of these sources of political instability. The dependent variable in the study is the number of transnational terrorist attacks per country-year, with the attacks sorted by the country in which the attack commenced and the country of national origin of the perpetrators. Each observation is produced by adding the total number of attacks that occurred per country-year, and then sorting the sum by the country in which the attack originated and by the nationality of the perpetrator(s) of the attack. The purpose for using these two sorting methods, and running two separate sets of models, is to determine whether or not failed and failing states both *sustain* and *produce* more transnational terrorist attacks. The source for this data is derived from the International Terrorism: Attributes of Terrorist Attacks (ITERATE), compiled and coded by Mickolus et al. (2003).[12] Of course, it is possible for an attack to begin and end in more than one country, but this is a great rarity in the database. Li (2005) also codes attacks by country of origination and notes that in nearly 95% of attacks, the country where the incident begins and terminates is the same, noting that the effects this may have on the results are likely negligible. Also, in approximately 75% of the attacks, by the author's estimation, only one nationality characterizes the perpetrators. However, for attacks where the perpetrators are of multiple nationalities, the incident is allocated to all countries represented in the attack equally. In the case that no nationality of the perpetrators was reported or is known, the incident is not included.

ITERATE is a commonly used data source for international terrorist events, but like many open-source event-county databases, it is potentially marred by selection bias due to its reliance on media sources. Of course, bias enters the data because quality of media reporting will vary from country to country. Countries with state-controlled media may not report all terrorist events (Sandler 1995), while terrorist attacks in countries, or regions, that are remote or otherwise expensive or harder-to-cover may be systematically undercounted (Brocket 1992). The ITERATE database addresses these flaws by utilizing both international and national media sources to count attacks. Furthermore, some control variables are included in the analysis, namely the level of institutional constraints on executive power (executive constraints) and level of economic development (Human Development Index, or HDI), which help to boost confidence that the results produced are not unduly affected by selection bias problems.

A host of control variables, many of which were included in previous empirical studies of the causes of transnational terrorism, are also included in the analysis. International War, a dichotomous variable coded 1 for observations where the country in question is engaged in a transnational armed conflict resulting in at least 1,000 battle-related deaths in a year, is included to control for the presence of macro-violence.

To operationalize the effects of regime type on terrorist activity, two measurements of the degree of democratic governance in a country are included: the

[12] For a full discussion of operationalization, definition of terrorism, etc see Mickolus et al. (2003).

Table 3. Negative Binomial Regressions of State Failures and Incidents of Transnational Terrorism by Location

	1	*2*	*3*	*4*	*5*
Aggregate state failures	.281 (*.020*)***				
Ethnic war		.407 (*.043*)***			
Revolutionary war			.486 (*.043*)***		
Genocide and politicide				.268 (*.059*)***	
Adverse regime change					.675 (*.055*)***
International War	.419 (*.180*)*	.384 (*.177*)*	.625 (*.165*)***	.507 (*.165*)**	.418 (*.168*)*
Executive constraints	.080 (*.021*)***	.078 (*.021*)***	.049 (*.021*)*	.062 (*.021*)**	.073 (*.020*)***
Participation	−.003 (*.039*)	−.003 (*.039*)	−.085 (*.045*)	−.088 (*.044*)	−.015 (*.037*)
Durable	−.005 (*.001*)***	−.005 (*.001*)***	−.004 (*.001*)***	−.004 (*.001*)***	−.005 (*.001*)***
Population	.534 (*.035*)***	.563 (*.036*)***	.644 (*.036*)***	.652 (*.036*)***	.598 (*.035*)***
Area	−.067 (*.031*)*	−.085 (*.031*)**	−.195 (*.036*)***	−.185 (*.035*)***	−.088 (*.031*)**
Human Development Index	2.712 (*.268*)***	2.076 (*.299*)***	2.272 (*.264*)***	1.514 (*.369*)***	2.193 (*.264*)***
Homogeneity	−.004 (*.002*)*	−.007 (*.002*)**	−.005 (*.002*)*	−.009 (*.002*)**	−.004 (*.002*)
Constant	−2.841 (*.248*)***	−2.296 (*.244*)***	−2.464 (*.245*)***	−1.763 (*.294*)***	−2.445 (*.233*)***
Observations	4,843	4,843	4,843	4,843	4,843
Wald test (χ^2)	994.66	777.85	947.86	738.36	904.57

All coefficients unstandardized. Robust z statistics in parentheses; clustering on country.
*indicates a significance at the .05 level and ** indicates significance at the .01 level and *** indicates significance at the .000 level.

TABLE 4. Negative Binomial Regressions of State Failures and Incidents of Transnational Terrorism by Country of National Origin of Perpetrator

	6	*7*	*8*	*9*	*10*
Aggregate state failures	.314 (*.021*)***				
Ethnic war		.426 (*.044*)***			
Revolutionary war			.580 (*.045*)***		
Genocide and politicide				.373 (*.058*)***	
Adverse regime change					.631 (*.063*)***
International war	.853 (*.245*)**	.744 (*.239*)**	1.096 (*.212*)***	.875 (*.208*)***	.950 (*.218*)***
Executive constraints	−.075 (*.024*)**	−.055 (*.024*)*	−.105 (*.025*)***	−.068 (*.025*)**	−.070 (*.024*)**
Participation	−.339 (*.056*)***	−.320 (*.054*)***	−.372 (*.054*)***	−.373 (*.051*)***	−.354 (*.052*)***
Durable	−.000 (*.001*)	−.001 (*.001*)	.000 (*.001*)	.000 (*.001*)	.000 (*.001*)
Population	.659 (*.043*)***	.698 (*.043*)***	.748 (*.045*)***	.766 (*.044*)***	.742 (*.043*)***
Area	−.113 (*.037*)**	−.127 (*.037*)**	−.199 (*.038*)***	−.189 (*.037*)***	−.136 (*.037*)***
Human Development Index	3.618 (*.318*)***	2.475 (*.368*)***	3.067 (*.313*)***	1.889 (*.396*)***	2.639 (*.312*)**
Homogeneity	−.009 (*.002*)**	−.012 (*.002*)***	−.009 (*.002*)***	−.014 (*.003*)**	−.008 (*.002*)**
Constant	−2.370 (*.306*)***	−1.607 (*.302*)***	−1.995 (*.302*)***	−1.087 (*.344*)**	−1.725 (*.283*)***
Observations	4,843	4,843	4,843	4,843	4,843
Wald test (χ^2)	971.30	690.99	831.28	674.97	769.70

All coefficients unstandardized. Robust z statistics in parentheses; clustering on country.
*indicates a significance at the .05 level and ** indicates significance at the .01 level and *** indicates significance at the .000 level.

degree to which there are institutional constraints on executive power in a country, and the degree of institutional regulation of political participation in a country. Scholars have noted that democracies are in general particularly ripe targets for terrorists due to their free media and traditions of executive constraint (Eubank and Weinberg 1994, 2001; Schmid 1992). These are particularly requisite control variables given Li's (2005) findings that countries with more executive constraints are more likely to experience terrorism while countries characterized by greater degrees of political participation experience less terrorism. The expectation is that for the models examining terrorism by location of the attack, similar results will be found. However, for the models examining terrorism by the nationality of perpetrators, expectations are mixed. It is possible that countries with constrained executives or low levels of participation might be breeding grounds for terrorist activity, but it is also theoretically possible that highly repressive regimes provide fertile ground for the production of terrorism (Muravchik 2001; Windsor 2003). Furthermore, as a robustness check, a duplicate series of unpublished models are also run using ''Polity;'' an aggregate index of democratic governance encompassing the degree of executive constraints and political participation. The results of these models reproduce the general findings of the published results.[13]

Durable, an indicator measuring the years the current regime has been in power, is included and is expected to be a negative predictor of transnational terrorism given the results of a study by Eyerman (1998) demonstrating that newer regimes, specifically new democracies, are more likely to experience terrorism. Eyerman also notes that populous and geographically large countries have higher policing costs and are more likely to experience terrorism. Both Population and Area, the natural logs of the national population and total geographic area of a country, are therefore included to control for these policing costs and are expected to be positive predictors. Level of economic development has also been linked by scholars to terrorism (Li and Schaub 2004)—though a host of recent studies have cast significant doubt on this relationship (Abadie 2004; Krueger and Maleckova 2003; Piazza 2006)—and so HDI, an indicator comprised of the per-capita gross domestic product, literacy rate, and life expectancy rate per country-year, is included in the model with no expectation that it will be significant. Moreover, along with Population and Area, HDI helps to capture the capacity of the state to police against terrorism and to mount meaningful anti-terrorism efforts. Finally, recent research by Basuchoudhary and Shughart (2007) indicates that transnational terrorism is more prevalent in countries marked by ethnic, religious, and linguistic fractionalization. Homogeneity, an indicator measuring the aggregated linguistic group and religious group pluralities of each country in the analysis, is therefore included in the model and is expected to be a negative predictor of transnational terrorist attacks.

A list of variables, their operationalization and their sources is included in Data Appendix A, while a list of all countries included in the analysis is included in Data Appendix B.

Results

The results of the negative binomial models are presented in Tables 3 and 4, and they support the two hypotheses tested.[14] States experiencing intense state failures are statistically more likely to be the target of attacks and are more likely to have their nationals commit attacks overseas.

[13] Available from author.

[14] Separate tests were also run for multicollinearity, and they did not reveal a high degree of linear correlation between any of the independent variables.

In both Tables 3 and 4, Aggregate State Failures is a significant, positive predictor of transnational terrorism (models 1 and 6), as are all of the various specific types of state failures (models 2 through 5 and 7 through 10). This is the case despite the fact that nearly all of the control variables are also significant predictors of transnational terrorism in many of the models. However, some of the controls require some discussion.

Executive constrains are indeed a significant, positive predictor of transnational terrorism incidents in Table 3, where incidents are sorted by the country and location of the attack; a finding that is constituent with results found by Li (2005). However, executive constraints are a consistently significant but *negative* predictor of terrorism in Table 4, where incidents are sorted by the nationality of the perpetrators. This finding is not necessarily inconsistent with the results of previous studies on terrorism and democracy by Li (2005), Eubank and Weinberg (2001), and Schmid (1992) because they exclusively focus on features of countries targeted by terrorism and do not theorize about the relationship between regime type and the production of terrorists. As in these studies, transnational terrorists do seem to find democracies to be particularly desirable targets. Their results also suggest that transnational terrorists are more likely to hail from democratic countries than they are from nondemocracies. However, in contrast to Li (2005), this study finds no significant relationship between political participation and terrorism, sorted by location of attack, but does find a significant negative relationship between participation and terrorism, sorted by national origin of the perpetrators. These findings are likely the result of measurement differences in the two studies and their different scopes. Although they are used as mere controls for this study—and do not affect the relationship of interest—these findings do raise some interesting questions for future research and have potential implications that are consequential to the Washington, D.C. think tank and policy-making community who have argued that democracies produce fewer transnational terrorists and therefore proscribe democracy promotion as a means to combat terrorism (Muravchik 2001; Powell 2002; U.S. State Department 2003; Windsor 2003).

Durable is a significant negative predictor of transnational terrorism, but only in Table 4, suggesting that newer regimes are more likely than established, older regimes to produce transnational terrorists, but are no more likely to sustain transnational terrorist attacks. This partially vindicates Eyerman (1998)—though unlike in his analysis, these results indicate that nationals of all types of young regimes, not just democracies, are more prone to commit transnational terrorist attacks. Population, in both tables, is a significant positive predictor of terrorism, as expected, but Area, which is significant but *negative* in both tables, is an unexpected finding. The study also finds homogenous countries to be significantly less likely to either be targeted by or to produce perpetrators of transnational, a finding consistent with work by Basuchoudhary and Shughart (2007).

Finally, HDI is a significant *positive* predictor of transnational terrorist attacks across all of the models in Tables 3 and 4, suggesting that more economically developed and literate societies with higher standards of living are both more likely to sustain and produce transnational terrorism. This finding is unanticipated, but three possible explanations shed some light on the story: First, it is possible that transnational terrorist groups regard developed societies as possessing more lucrative targets, having more responsive and sophisticated media more likely to report on attacks and to also be more deserving targets given the anti-establishment, anti-status-quo nature of many terrorist movements. However, this cannot explain why developed countries are also more likely to produce transnational terrorism. Second, it is possible that the variable HDI is a proxy for regime type, especially given that HDI and executive constraints, participation

and the Polity Index itself are highly correlated,[15] and given the likelihood that wealthier states are more likely to be democracies and that democracies are more likely to contain and be targeted by terrorist groups, it stands to reason that level of economic development is also a positive predictor of transnational terrorism. Finally, it is possible that HDI is also functioning as an indirect indicator of the degree of media development in a country, which means that it is controlling for the effects of media coverage on transnational terrorism. Recalling Sandler's (1995) and Brocket's (1992) critique that terrorism databases built using open-source media accounts systematically undercount the incidence of terrorism in countries with state-controlled media and in lesser developed countries, and noting the highly uneven concentration of media reporting attention (and actual assets like reporters and news stations) in wealthier countries and urban areas as opposed to poor countries and rural areas, it is possible that terrorism in countries characterized by high levels of human development is more accurately reported on.

Conclusion

As previously stated, this study is a pioneering effort at providing empirical evidence for the contention that failed and failing states pose a threat to the international community in terms of transnational terrorism—and as such it, of course, requires replication. Its results demonstrate that states experiencing high degrees of state failure are indeed more susceptible to transnational terrorist attacks and disproportionately contribute to transnational terrorism that targets other countries. Furthermore, the study demonstrates that the relationship between intensity and pervasiveness of state failure and transnational terrorism is linear. It yields no evidence that states characterized by an intermediate degree of state failure—the so-called weak or quasi states—are more likely to experience or promote transnational terrorism, despite the enthralling logic of such a theoretical contention, nor does the sometimes complex nature of transnational terrorist plots obscure the fairly straightforward statistical relationship between state failure and terrorism.

Also, all types of state failures are found to be positively associated with transnational attacks, and the results are robust even in the face of highly significant controls. Countries beset by significant state failures are more likely to be the source and target of transnational terrorism regardless of their regime type, size, age, level of economic development, degree of ethno-religious diversity, and whether or not they are experiencing an international war. In fact, the results of the control variables in the regression models actually buttress the argument that serves as the theoretical backdrop to the two hypotheses tested: states experiencing governability challenges are more prone to terrorism. Established, homogenous regimes governing small populations while not being engaged in international war are less likely to be the source or target of transnational terrorism.

These results have obvious significance for policymakers. They reinforce the argument that addressing the problem of failed and failing states should be the key strategy in the war on terror, rather than a mere acknowledgement found in anti-terrorism strategy documents (see U.S. State Department 2003, 23). The latter, however, seems to be the trajectory adopted by the Bush Administration. A 2006 General Accounting Office listing of counterterrorism program objectives failed to mention failed states, instead concentrating on homeland security, training, disrupting terrorist networks, and promoting better international cooperation, and the U.S. allocation of federal antiterrorism

[15] Two-tailed correlation coefficients for the HDI and the Polity Index, executive constraints and participation are: .487; .520, and .220 respectively. (n = 5,231)

resources indicates a different set of priorities. In general, traditional military and homeland security allocations dwarf U.S. assistance to foreign countries.[16] In the 2008 budget, a paltry $16.2 billion dollars was allocated to programs that could be described as targeting failed states, addressing state failure, or promoting good governance.[17] This amount is a mere 11.1% of the total $145 billion budget for the Global War on Terror supplemental funding programs, and is 2.4% of the size of the $661.9 billion dollar regular and supplemental funding of the U.S. military (U.S. Whitehouse 2007). Alleviation and prevention of state failure does not seem to be a budgetary imperative of current United States antiterrorism policy.

Data Appendix A. Operationalization and Sources for Variables

Variable	*Operationalization*	*Source*
Incidents by location	Event count of transnational terrorist attacks sorted by country attack originates in	ITERATE (Mickolus et al. 2003)
Incidents by national origin	Event count of transnational terrorist attacks sorted by country of national origin of perpetrators	ITERATE (Mickolus et al. 2003)
Aggregate state failures	Additive index of intensity indices of all types	State Failure Task Force. http://globalpolicy.gmu.edu/pitf/
Ethnic war	Index of intensity of ethnic war state failure type	State Failure Task Force. http://globalpolicy.gmu.edu/pitf/
Revolutionary war	Index of intensity of revolutionary war state failure type	State Failure Task Force. http://globalpolicy.gmu.edu/pitf/
Genocide and politicide	Index of intensity of genocide and politicide state failure type	State Failure Task Force. http://globalpolicy.gmu.edu/pitf/
Adverse regime change	Index of intensity of adverse regime change state failure type	State Failure Task Force. http://globalpolicy.gmu.edu/pitf/
International War	Dichotomous variable coded 1 for country-years in which the country in question is involved in an intrastate armed conflict	PRIO/Uppsala Armed Conflict Dataset. http://www.prio.no/CSCW/Datasets/Armed-Conflict/
Executive constraints	Index measuring degree to which a country's executive is institutionally constrained in its exercise of power	''xconst'' indicator from Polity IV database. http://www.systemicpeace.org/polity/polity4.htm

[16] In the 2007 Federal Budget, 83% of national security spending was dedicated to traditional military expenditures, 11% for homeland security and 6% on international affairs, international military cooperation, and humanitarian aid. Source: Miriam Pemberton and Lawrence Korb 2006. ''A Unified Security Budget for the United States, 2007.'' Foreign Policy in Focus Special Report. May 3. http://www.fpif.org/fpiftxt/3253.

[17] These expenditures included: $4.7 billion for Afghan and Iraqi military assistance; $500 million for assistance to other allied foreign militaries; $6.4 billion for humanitarian support, mostly in Iraq, Afghanistan, Lebanon, Sudan and Somalia; and $4.6 billion for democracy promotion, support for good governance and contributions to the Millennium Challenge Corporation and the National Endowment for Democracy.

Data Appendix A. Continued

Variable	*Operationalization*	*Source*
Participation	Index measuring the level of institutional regulation of political participation in a country	''parreg'' indicator from Polity IV database. Ibid
Durable	Raw number of years the current regime has been in power	''durable'' indicator from Polity IV database. Ibid
Population	Total national population in millions	World Bank, World Tables (various years) http://www.ciesin.org/IC/wbank/wtables.html
Area	Total surface area in millions of square miles	World Bank, World Tables (various years) http://www.ciesin.org/IC/wbank/wtables.html
Human Development Index	(HDI) Index measuring level of economic development in terms of GDP per-capita, literacy and life expectancy	United Nations Development Program, Human Development Reports (various years)
Homogeneity	The percentage of the national population comprised by the largest linguistic group averaged with the percentage of the population comprised by the largest religious group	CIA World Factbook (various years)

Data Appendix B. List of Countries in the Estimation Sample:

Afghanistan	Albania	Algeria
Angola	Argentina	Andorra
Antigua and Barbuda	Armenia	Australia
Austria	Azerbaijan	Bahamas
Bahrain	Bangladesh	Barbados
Belarus	Belgium	Belize
Benin	Bhutan	Bolivia
Bosnia-Hercegovina	Botswana	Brazil
Brunei	Bulgaria	Burkina Faso
Burma	Burundi	Cambodia
Cameroon	Canada	Cape Verde
Central African Republic	Chad	Chile
China	Colombia	Comoros
Congo, Democratic Republic of	Congo, Republic of	Costa Rica
Cote d'Ivoire	Croatia	Cuba
Cyprus	Czechoslovakia/Czech Republic	Denmark
Djibouti	Dominica	Dominican Republic
East Timor	Ecuador	Egypt
El Salvador	Equatorial Guinea	Estonia
Ethiopia	Fiji	Finland
France	Gabon	Gambia
Georgia	Germany	Ghana
Greece	Grenada	Guatemala
Guinea	Guinea-Bissau	Guyana
Haiti	Honduras	Hungary
Iceland	India	Indonesia

Data Appendix B. Continued

Iran	Iraq	Ireland
Israel	Italy	Jamaica
Japan	Jordan	Kazakhstan
Kenya	Kiribati	Korea, Democratic Republic of
Korea, Republic of	Kuwait	Kyrgyzstan
Laos	Latvia	Lebanon
Lesotho	Liberia	Libya
Liechtenstein	Lithuania	Luxembourg
Macedonia	Madagascar	Malawi
Malaysia	Maldives	Mali
Malta	Marshall Islands	Mauritania
Mauritius	Mexico	Micronesia
Moldova	Monaco	Mongolia
Morocco	Mozambique	Namibia
Nauru	Nepal	Netherlands
New Zealand	Nicaragua	Niger
Nigeria	Norway	Oman
Pakistan	Palau	Panama
Papua New Guinea	Paraguay	Peru
Philippines	Poland	Portugal
Qatar	Romania	Russia/USSR
Rwanda	Samoa	San Marino
Sao Tome and Principe	Saudi Arabia	Senegal
Serbia and Montenegro	Seychelles	Sierra Leone
Singapore	Slovakia	Solomon Islands
Somalia	South Africa	Spain
Sri Lanka	St. Kitts and Nevis	St. Lucia
St. Vincent and the Grenadines	Sudan	Suriname
Swaziland	Sweden	Switzerland
Syria	Taiwan	Tajikistan
Tanzania	Thailand	Togo
Tonga	Trinidad and Tobago	Tunisia
Turkey	Turkmenistan	Tuvalu
Uganda	Ukraine	United Arab Emirates
United Kingdom	United States	Uruguay
Uzbekistan	Vanuatu	Venezuela
Vietnam	Yemen	Zambia
Zimbabwe		

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