Does Political Globalization impede Terrorism? A Regional Perspective

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Abstract

In this modern world, most of the nations are commonly facing the threat of terrorism and these nations work in collaboration, in the form of treaties and international organizations, to counter terrorism. The basic purpose of doing so is to lower the economic, social as well as political costs associated with conducting massive operations against terrorists. Nations which are politically integrated generally assume that their collective efforts might significantly reduce transnational terrorism however it is not necessarily the case. Since some countries have their own hidden objectives, so there is game theory involved in such settings and it cannot be simply concluded that political globalization impedes terrorism. In this study, we aim to analyze theoretically and test empirically that how political globalization affects transnational terrorism. This research question is not yet scientifically addressed from a regional perspective. The region of South Asia has a strategic location from regional connectivity perspective and it is also important in terms of political integration in relation to terrorism. In this study, we attempt to answer our research question using regional perspectives in terms of regional connectivity, political integration and terrorism.

Keywords: Political Globalization, Transnational Terrorism, Regional Connectivity, Game Theory, South Asia

JEL Classification: F60, D74, H56

I.   Introduction

Globalization is the most contentious and multifaceted phenomena. On the one hand, many link it to trade, FDI, freedom and economic growth and consider these perceived outcomes as benefits of globalization. On the other hand many believe that globalization is causing adverse effects on domestic social values and stable economies (see Fischer, 2003).

Assessing consequences of globalization can help to resolve contentious policy issues of this kind. In effect, a large body of the literature has explored economic consequences of globalization. However, research is very limited on how globalization influences cultural attitudes and terrorism. Terrorism is a complex and multifaceted phenomenon. It is a global challenge and its threat has increased since the tragic incident of 9/11. Since then many nations have become severe victims of conflict and violence. In most cases the roots of incidents of terrorism have been traced in developing economies. The literature generally points out that widespread socio-economic deprivations, high inequality and severe poverty are the main causes of the terrorism (see, for example, Abadie, 2004; Piazza, 2006; Lee, 2011).

Surprisingly, little attention has been paid to external political causes of terrorism. In recent decades, the nations are becoming increasingly politically integrated. The advantage of joining hands in terms of international treaties and world organizations is having collective efforts to combat terrorism. However, international political integration causes adverse impact on domestic politics and national sovereignty. In this regard, Rodrik (2002) highlights the concept of political trilemma. According to him 'the nation-state system, democratic politics, and full economic integration are mutually incompatible.' The international political integration squeezes the margin for domestic politics and it becomes difficult to control violent organizations.

Foreign policy in terms of political proximity to the West and alliance structures may also matter to terrorism. Traditionalist or disenfranchised segments of a society may use violence to counter foreign dominance (i.e., Western supremacy) and global modernization (see for details, Bergesen and Lizardo and, 2004).

Existing global political orders may be perceived as unfair from the perspectives of perpetrators. In such situation terrorist organizations find it easy to seek support by building on related grievances in the society. In this regard, Addison and Murshed (2005) point out that a

conflict between a government and an opposing organization can be exported to foreign ally of the government.

Some studies such as Blomberg and Hess (2008) show that international cooperation in terms of participation in international organization help to reduce transnational attacks. However, some studies such as Lai (2007) and Piazza (2008) argue that international political factors contribute positively in terrorism production. Lai (2007) and Piazza (2008) find that involvement in interstate war increases terrorism. Plümper and Neumayer (2010) argue that membership of international alliances increases terrorist activities between nations, in particular when there is a major power differential between nations. These studies in general predict that international political factors contribute positively in the production of transnational terrorism.

It is also evident from the recent incidents of terrorism that global political efforts are not successful in fighting against the terrorism. The terrorist activities not only persist in developing world, but also spreading in the peaceful regions of the developed world (for example, recent attacks in France, Germany, and Turkey). These recent developments raise a policy question: Does political integration across countries enhance their capability to combat against terrorism? Surprising such an important question is virtually ignored in scientific research on terrorism. In this paper, we contributed to existing literature on terrorism by answering this question from the perspective of South Asian region.

South Asia is highly economically integrated region and sustainable development of the region as well as world is highly dependent on the peaceful environment of the region. South Asia is important to the world in many aspects. The region has world's biggest democratic nation which comprises around 20 percent population of the world. South Asia is highly economically integrated with the rest of the world having trade as percentage of GDP almost 51.30. Recent ongoing projects like China Pakistan Economic Corridor (CPEC) and India-Iran's Chabahar port projects will enhance inter-regional as well as intra-regional connectivity of the region. However, potential economic benefit from these projects can only be extracted with better law and order conditions in the region.

According to Country Reports on Terrorism (2015) released by U.S State department, around 2259 terrorist attacks took place in three South Asian countries-Bangladesh, India and Pakistan which is around 19 percent of total attacks. The report further documents that so far

Nepal is safe from transnational terrorism but since Nepal's borders are open with India, it can become the safe haven for terrorist organizations in near future. The region of South Asia is very important from strategic point of view. United States shares number of interests in this region since Cold War with Russia. The region has seen number of inter-state wars as well as intra-state violence activities. Although the phenomenon of terrorism is not very old for the region but an exponential increase in terrorist attacks can be seen in the region just after 9/11. One can argue that this exposure to terrorism can be a part of so-called Guerilla Wars in the region. India accused, mainly by ISI, of fueling ethnic and sectarian violence in Pakistan while Pakistan is believed to be the culprit of 1993 Mumbai bombing, 2008 Mumbai attacks and other related incidents as well as Khalistan Movement. In similar manner, Sri Lanka is in conflict with Tamil forces who are alleged to be supported by India. The similar nature of conflict issues can also be found in Nepal and India. It seems that south Asian region is an important and unique case study of conflict in which countries are facing threats from potential terrorists as well as their neighbouring countries.

In the context of this debate, it is important to answer the important policy question that whether economic globalization/integration helps the region to escape terrorism or regional cooperation could settle down the things.[1] The study is important in the regional context because it answers whether countries like Pakistan, India and Sri Lanka should seek help from international organizations through political integration or countries should strengthen regional cooperation to eliminate this threat.

Rest of the paper proceeds in following manner, Section 2 provides brief literature review on terrorism and political globalization. Section 3 explains methodology and Section 4 discusses the data and descriptive statistics. Section 5 comprises of results and discussion while Section 6 provides conclusion and policy recommendations.

II.   Literature Review

Terrorism is one of the extensively discussed issue in social science research. One line of the research on terrorism tried to scientifically observe the potential reasons of violence, conflict and terrorism (see, for example, Muller and Seligson, 1987; London and Robinson, 1989; Blomberg

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[1] It is worth mentioning that we have used terms *political integration* and *political globalization* interchangeably in our paper in broader context, both refers to same concept.

et al., 2002; Abadie, 2004; Piazza, 2006; Bravo and Dias, 2006 and Lee, 2011) while others tried to capture the consequences of massive terrorist attacks on affected country, spillover effects on its neighbourhood, and collectively on the world (see, for example: Huddy *et al.,* 2002; Silke, 2003; Gupta *et al.,* 2004; DiMaggio, 2006; Bird *et al.*, 2008; and Sandler and Enders, 2008).

Researchers are found to be in consensus on what we call the "consequences" of terrorism but there is wide range of disproportionate conclusions on "what prompt" masses to exercise violence. There are two schools of thought which differ on what causes terrorism. One school of thought links terrorism to economic injustice like poverty and inequality (see, for example, Gurr, 1970) while other school of thought links violence and terrorism to political structure (see, for example, Tilly, 1978; Lai (2007); Piazza (2008); Blomberg and Hess, 2008).

In the whole debate on causes of terrorism, one important link probably has not took such attention which was needed, that is, link of political globalization/integration with transnational terrorism. Although some potential research can be found on how terrorism affect global integration process (see, for example: Murphy, 2002; Khan and Estrada 2016; Blomberg and Hess, 2005) but a little empirical evidence has been found on other way around i.e. how globalization/global integration affect terrorism. In particular, the role of political integration is virtually ignored in the case of South Asia region. In this paper, our focus is on whether process of economic, political and social globalization increases or decreases transnational terrorist incidents with particular focus on political globalization.

Out of very little research on consequences of globalization on terrorism, Li and Schaub (2004) can be regarded as one of the comprehensive study both in terms of theoretical arguments as well as empirical analysis. They argued that since different components of economic globalization differently alter the costs/incentives associated to conduct terrorist attacks, so these components differently affect transnational terrorism. Their empirical findings suggest that international trade, investment portfolio, and FDI of a country has no direct role in accelerating transnational terrorist incidents while economic development and an increase in trade of a country with its top trading partner impedes transnational terrorist attacked with in the country. Cronin *et al.* (2006) also provide the theoretical foundations of how globalization can affect international terrorism. They concluded that one benefit of globalization is that terrorism can be halted through global cooperation of law enforcement, intelligence sharing, and primarily

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through global controls on financial activities while Zimmermann (2011) believes that globalization substantially decreases the opportunity cost of terrorism.

So far no study provides comprehensive discussion on possible effects of political globalization on terrorism. In particular, the empirical evidence on political globalization and its effects on terrorism in the case of South Asia region are missing. In this study, we fill the research gap by providing an empirical analysis on how terrorism is affected by global political integration in South Asian region.

III.   Methodology

In the given section, we develop a design for empirical analysis of impact of political integration of nations on terrorist activities. Firstly, we have to define our focused variables and then to develop a theory for empirical analysis. Our dependent variable, terrorism is a dynamic concept as Schmid and Jongman (1988) find out 109 operational definitions of terrorism covering 22 different elements. The U.S. Department of Defense defines terrorism as, *"The unlawful use of violence or threat of violence to instill fear and coerce governments or societies. Terrorism is often motivated by religious, political, or other ideological beliefs and committed in the pursuit of goals that are usually political."* Our main variable of concern is political globalization. According to Moghadam (2005), *"Political Globalization refers to an increasing trend toward multilateralism (in which the United Nations plays a key role), toward an emerging 'transnational state apparatus,' and toward the emergence of national and international nongovernmental organizations that act as watchdogs over governments and have increased their activities and influence"*.[2]

From the discussion in the first two sections, it is evident that political globalization has an impact on terrorism but the direction of impact is arguable. In order to check our hypothesis empirically, we proceed following Li and Schaub (2004) who tried to unleash the possible link of economic globalization with terrorism. Li and Schaub (2004) argued that economic globalization decreases the relative cost of terrorist activities, hence increasing such activities. In our case, incentives associated with terrorist activities will be increased due to political globalization.

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[2] Moghadam, V.M. (2005). Globalizing Women: Transnational feminist networks. Baltimore, MD: The Johns Hopkins University Press.

Since countries are collectively working to halt terrorism, so terrorists might increase their activities to show the world its collective failure. It can also be argued that most of the countries might have some hidden objectives which make such integration ineffective. Moreover, such integration increases the state of anger on the part of terrorist organizations. For example, if Pakistan join hands with U.S to halt terrorism, terrorist organizations like Tehrik-e-Taliban Pakistan (TTP) might increase its activities in Pakistan as a result of anger. On the other hand, it can be argued that political integration can increase the strength of nations which is important to impede terrorism. Lastly, many countries have strategic interests in this region so the outcomes of political integration are not simple and straight-forward but they are rather game theoretic. Since political integration can affect terrorism in either way, we set the following hypothesis for empirical analysis:

Hypothesis: *Whether global political integration fosters regional terrorism in the case of South Asia.*

The Model

In the light of above discussion on possible links between terrorism and political globalization, we can write our model in general form as,

$$Terrorism = f(Political\ Globalization)$$

This relationship can be written in specific form as,

$$Terrorism_{it} = \alpha_0 + \alpha_1\ Political\ Globalization_{it} + \mu_{it}$$

Since there are number of determinants of terrorism which have been discussed in literature review and if those determinants are not included in the model, the results will be highly biased. Thus, in order to account for this biasness, we have included number of control variables consistent with Li and Schaub (2004). Similarly, terrorism is defined in three different specifications for empirical analysis i.e. number of attacks, number of kills, and number of wounds.

In the given study, we used the following three econometric models to get empirical results.

$$\log(attacks)_{it} = \alpha_0 + \alpha_1 GDP_{it} + \alpha_2 INV_{it} + \alpha_3 FDI_{it} + \alpha_4 Rem_{it} + \alpha_5 GLOB\_POLITICAL_{it} + \alpha_6 GLOB\_SOCIAL_{it} + \alpha_7 PR_{it} + \alpha_8 CL_{it} + v_i + \mu_{it} \dots (1)$$

$$\log(kills)_{it} = \beta_0 + \beta_1 GDP_{it} + \beta_2 INV_{it} + \beta_3 FDI_{it} + \beta_4 Rem_{it} + \beta_5 GLOB\_POLITICAL_{it} + \beta_6 GLOB\_SOCIAL_{it} + \beta_7 PR_{it} + \beta_8 CL_{it} + v_i + \mu_{it} \dots (2)$$

$$\log(wou\ nd)_{it} = \gamma_0 + \gamma_1 GDP_{it} + \gamma_2 INV_{it} + \gamma_3 FDI_{it} + \gamma_4 Rem_{it} + \gamma_5 GLOB\_POLITICAL_{it} + \gamma_6 GLOB\_SOCIAL_{it} + \gamma_7 PR_{it} + \gamma_7 CL_{it} + v_i + \mu_{it} \dots (3)$$

where, v_i refers to time-invariant country specific effects and μ_{it} refers to error term in all three models.

In order to get empirical results, we used fixed effect model to estimate the above three equations. The reason of using fixed effect instead of OLS method of estimation is that fixed effect model controls the country specific and time invariant variables such as climate, geography and religion to minimize omitted variable bias Wooldridge (2015).

In addition, we also used counts of number of attacks, kills and wounds as dependent variable to obtain robust results. Since conventional estimation techniques cannot be used when dependent variable is based on count outcomes, we use conditional fixed effect negative binomial regression model. Lastly, we use fixed effect instrumental variable regression model by taking "number of Troops in UN peacekeeping mission" as instrument to check robustness of results as well as to counter the argument of reverse causality.

IV.   Data

The empirical analysis is based on five South Asian countries: Bangladesh, India, Nepal, Pakistan, and Sri Lanka. We started our analysis from 2000 for two reasons. Firstly, political globalization index does not contain data before 2000 for Sri Lanka. Secondly, all of the countries included for analysis experienced exponential rise in terrorism since 2001. To avoid selection bias, we included only that period which is important regarding terrorism. Likewise, we have restricted our analysis till 2013 as the data on political globalization index is available till 2013.

In order to proceed further, we have discussed below the variables which are being used in the study. We mainly followed Li and Schaub (2004) in selection of most of the variables. Since Li and Schaub (2004) argued that different indicators of economic globalization can have

different impact on terrorism, we used each indicator separately as control variable instead of KOF index of economic globalization.

We defined our dependent variable in three ways which represent terrorism i.e. no. of attacks, no. of kills, and no. of wounds. Since dependent variable is based on count outcomes, ordinary least square (OLS) method of estimation is invalid in this case. Keeping this in mind, firstly we developed three variables by taking log of no. of attacks, no. of kills, and no. of wounds[3] and used them as a dependent variables. In our analysis we ignored isolate domestic terrorism from transnational terrorism by identifying the starting and the ending locations of terrorism events. The data on terrorism has been collected from Global Terrorism Database (GTD) which is a reliable source of data on terrorism.

Our focused independent variable, political integration, is an index of Political Globalization. Basically, KOF is a composite index comprises of three areas, Economic Globalization, Political Globalization and Social Globalization. The index take value from 0 to 100 where higher value means higher level of globalization. KOF political globalization index yearly rate the countries on the basis of following areas: Embassies in Country, Membership in International Organizations, Participation in U.N. Security Council Missions, and International Treaties.

In the scope of our study, it can be argued that there is reverse causality between terrorism and political globalization i.e. countries integrate politically when they face the risk of terrorism. In order to counter this bias, we use "number of troops on UN peace-keeping mission" as an instrument to get causal impact. The instrument is theoretically valid since it is directly related to global political integration but it does not directly links terrorism.

As it has been argued in previous section that the result will be biased if we do not control our regression for potential determinants of terrorism. In this regard, some of the important variables for which we controlled our analysis are: country's economic situation (measured by growth in per capita income), incentives to inhabitants inform of physical investment (measured by gross fixed investment as percentage of GDP), and some indicators of economic globalization i.e. foreign direct investment, Income from migrants, and trade openness. Social Globalization is taken as control variable taken from KOF index. In addition, we

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[3] Since log of zero in infinity, so we took 1 for the year if there are no. attacks, kills or wounds. This can be seen as caveat of proxy variable we defined for analysis.

controlled our regressions for political freedom i.e. political rights and social liberality. The detail of variables and their sources is given in the table 4.1.

Table. 4.1: The Description of Variables and Sources of Data

Variable	Denoted by	Measured in	Source
Terrorism Data (Attacks, Killed, Wounded)	$\ln(attacks)$ $\ln(kills)$ $\ln(wounds)$	In log-form and count outcomes	Global Terrorism Database (2015)
Economic Growth	YC	Annual per capita income	World Development Indicators (2015)
Foreign direct Investment	FDI	Percentage of total GDP	World Development Indicators (2015)
Investment	INV	Gross Capital Formation Percentage of total GDP	World Development Indicators (2015)
Foreign Remittances	REM	Cash Inflow as percentage of total GDP	World Development Indicators (2015)
Trade Openness	TRD	Volume of Trade as ratio of total GDP	World Development Indicators (2015)
Political Globalization	$glob\_political$	Index ranging from 0 to 100	KOF index (2015)
Social Globalization	$glob\_social$	Index ranging from 0 to 100	KOF index (2015)
Political Rights	PR	Index ranging from 1 to 7	Freedom House (2015)
Civil Liberty	CL	Index ranging from 1 to 7	Freedom House (2015)
Contribution in U.N Peacekeeping Missions	$PEACE$	Count Outcomes	IPI Peacekeeping Database (2015)

Table 4.2 shows descriptive statistics of our variables while Table 4.3 shows country-wise statistics on terrorist attacks that is 'number of kills' and 'number of wounds'. It can be seen that Pakistan is highly conflict-affected country of the region with mean attacks around 684 and standard deviation of 190. On average 1144 people have been killed yearly in these attacks while average 1968 people have been wounded in these attacks. Similarly, India experienced on average 431 attacks yearly from 2000 till 2015. Other three countries in the study experienced less violence (i.e. average attacks are in double-digits) as compared to Pakistan and India.

Table. 4.2: Descriptive statistics

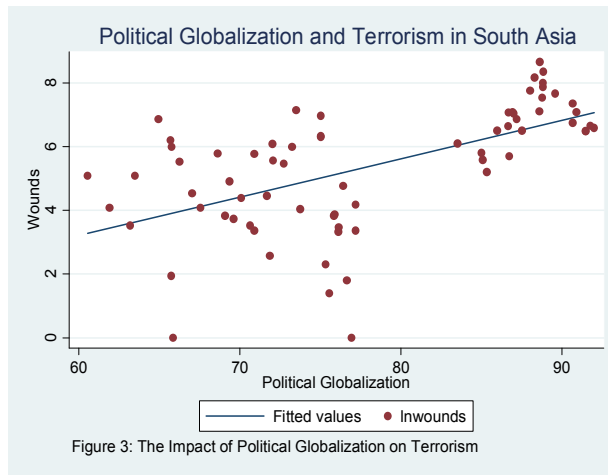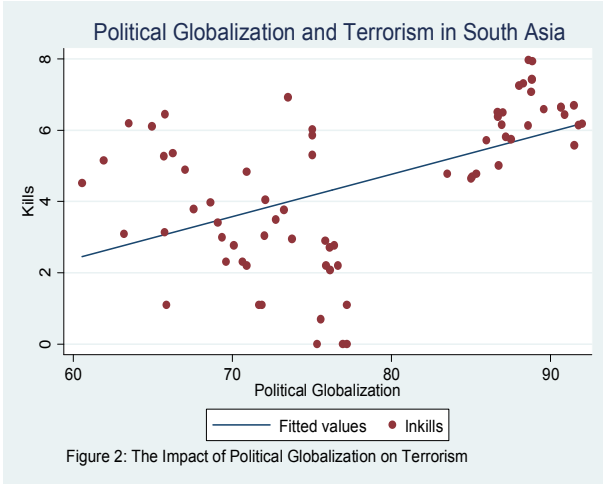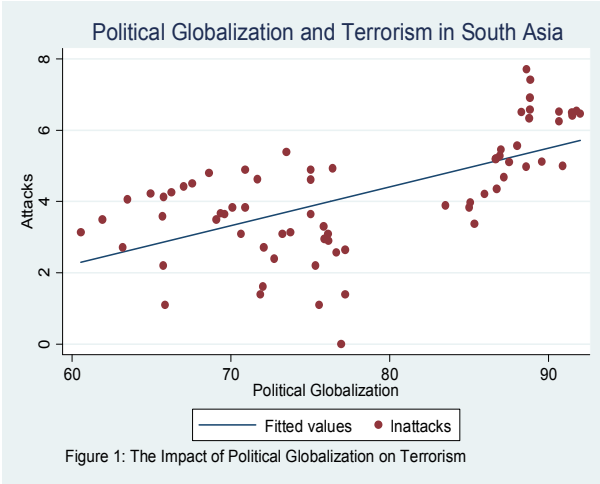| Variable	Obs.	Mean	S.D	Minimum	Maximum
Attacks	80	256.16	443.33	0	2213
Kills	79	409.85	624.12	0	2871
Wounds	79	730.47	1062.74	0	5767
Per Capita Income	80	1209.97	793.54	459.13	3637.54
Investment	78	26.66	6.93	14.12	39.58
FDI	80	1.06	0.81	-0.098	3.67
Foreign Remittances	79	8.41	6.73	1.45	32.23
Trade Openness	79	44.91	13.99	25.55	88.64
Political Globalization	70	77.91	9.36	60.54	92.00
Social Globalization	70	30.07	7.82	15.63	43.54
Political Rights	80	3.74	1.27	2	6
Civil Liberty	80	4	0.71	3	5
Peace	80	5434.85	3555.654	16	11135

Source: Authors' own calculations

Table. 4.3: Country-wise statistics of terrorist attacks

	Variable	Mean	S.D
Bangladesh	Attacks	59	28.92
	Kills	23.5	41.29
	Wounds	158.31	49.81
India	Attacks	431.25	70.93
	Kills	561.25	41.29
	Wounds	1024.75	99.70
Nepal	Attacks	55	7.91
	Kills	118.75	46.26
	Wounds	120.4375	28.59
Pakistan	Attacks	684.47	190.13
	Kills	1144.69	248.93
	Wounds	1968.31	423.59
Sri Lanka	Attacks	53.8	16.62
	Kills	187.13	71.97
	Wounds	357.2	112.78

Source: Authors' own calculations using the data from Global Terrorism Database (GTD, 2015)

The following figures show the relation between terrorism and political globalization. Figure 1 shows association between political globalization and log (attacks), figure 2 shows association between political globalization and log (kills), and lastly, figure 3 shows association between political globalization and log (wounds). Since trend line has positive slope, it means that there is positive relationship between terrorism and political globalization.

Figure 1: The Impact of Political Globalization on Terrorism

Figure 2: The Impact of Political Globalization on Terrorism

Figure 3: The Impact of Political Globalization on Terrorism

Source: Authors' own calculations using the data from Global Terrorism Database (GTD, 2015) and KOF index (2015).

V.   Results and Discussion

This section reports empirical results and their interpretations. We have estimated three models using three different measures of terrorism and three econometric techniques. Model 1, 2, and 3 provide baseline regression results which are estimated using fixed effects model. In the next step, empirical estimates are drawn (in Model 4, 5 and 6) using conditional fixed effects negative binomial regression models. Finally, we address the issue of reverse causality in Model 7, 8 and 9) by employing fixed effects instrumental variables method of estimation.

Baseline Results

The results of first three regression models shown in Table 5.1 are our baseline results estimated using fixed effect model. The reason of using fixed effect instead of OLS method of estimation is that it controls country specific, time-invariant fixed effect which reduces the chances of suspected omitted variable bias. Since dependent variable is in log form, our first three models are in log-linear form.

Table. 5.1: Terrorism and Political Globalization: Results of Fixed Effects Model

	Results for Fixed Effect Model		
	Model 01	Model 02	Model 03
Variable	Dependent Variable $ln(attacks)$	Dependent Variable $ln(kills)$	Dependent Variable $ln(wounds)$
Constant	-29.842 (7.1034)**	-41.874 (6.6844)*	-30.440 (11.389)***
Per Capita Growth	-0.0019 (0.0009)***	-0.0050 (0.0006)*	-0.0040 (0.0008)*
INV	-0.1326 (0.0365)**	-0.1619 (0.00789)*	-0.0398 (0.0109)**
TRD	0.0712 (0.0115)*	0.0610 (0.0142)**	0.0207 (0.0224)
FDI	-0.0007 (0.1750)	0.0773 (0.1154)	-0.0083 (0.1440)
REM	-0.0564 (0.0472)	-0.2762 (0.0370)*	-0.18891 (0.0580)**
glob_social	-0.2476 (0.0662)**	-0.2758 (0.0468)*	-0.3313 (0.1018)**
glob_political	**0.5912** **(0.1041)***	**0.8062** **(0.1041)***	**0.6666** **(0.1814)**
PR	-0.5461 (0.1287)**	-0.6020 (0.0745)*	-0.6495 (0.0653)*
CL	0.0919 (0.1149)	0.8870 (0.2226)**	0.6315 (0.1128)**
Adjusted R − Square	0.3974	0.3042	0.2733
Observation	70	70	70

Robust Standard Errors are given in parenthesis. Where; *, **, *** represent that parameter is significant at the 1%, 5% and 10% level of significance respectively.

The results of Model 1 show that coefficient of our focused independent variable political globalization has positive sign which indicates that increase in political globalization index increases terrorism rather than decreasing it. The coefficient of our focused variable is

statistically significant at 1% level of significance. In addition, per capita income, investment, FDI, remittances, social globalization and political rights have negative impact on terrorism. These results are logically valid. Since increase in per capita income and investment means less poverty and inequality, so it will decrease terrorism. In order to check robustness of the results, we used different specifications of different variables, i.e.log of number of people killed in attacks, in Model 2. Estimated results of Model 2 are similar to previous results. The coefficient of our focused independent variable has positive and significant impact on terrorism. While coefficients of all other variables, except FDI, provide similar results. Model 3, having dependent variable, log of number of wounds has similar results to that of two previous models. The coefficient of our focused variable is statistically significant and consistent with previous two estimated models.

Results using conditional F.E negative binomial regression model

In models 5.1, 5.2, and 5.3 we used number of attacks, kills, and wound instead of log of number of attacks, kills and wound as dependent variable. The conventional estimation techniques fail to provide better results when dependent variable is count outcomes so following Li and Schaub (2004), we used conditional F.E negative binomial regression model to get empirical results. Model 4 shows that coefficient of our focused independent variable is positive and statistically significant indicating that political integration tends to increase rather than decrease terrorism in South Asian Nations. Similarly, Model 5 and Model 6 show similar results. All these results are highly statistically significant.

Table. 5.2: Terrorism and Political Globalization: Results of Conditional F.E negative binomial regression

Results for Conditional F.E negative binomial regression		
Model 04	Model 05	Model 06
Variables	**Dependent Variable** ($no.\,of\,attacks$)	**Dependent Variable** ($no.\,of\,kills$)	**Dependent Variable** ($no.\,of\,wounds$)
Constant	-8.020 (1.9619)*	-2.692 (1.782)	-4.157 (2.1606)***
Per Capita Growth	0.00073 (0.0003)**	-0.0004 (0.0003)	-0.0009 (0.0004)**

INV	-0.0890 (0.0254)*	-0.0381 (0.0228)***	0.0133 (0.0276)
TRD	0.0401 (0.0095)*	-0.0057 (0.0107)	-0.0169 (0.0113)
FDI	0.0747 (0.0927)	0.2577 (0.0764)*	0.16079 (0.1151)
REM	0.0895 (0.0244)*	-0.0337 (0.0232)	-0.0174 (0.0277)
glob_social	-0.1444 (0.0311)*	-0.0423 (0.0340)*	0.0532 (0.0394)
glob_political	**0.1644** **(0.0239)***	**0.1062** **(0.0210)***	**0.0713** **(0.0244)***
PR	-0.5287 (0.1297)*	-0.7219 (0.1202)*	-0.5798 (0.1460)*
CL	0.3200 (0.3438)	0.1936 (0.3552)	0.2217 (0.4049)
Log Likelihood	-338.27	-364.16	-432.93
Wald Test(χ^2) Prob > χ^2	113.75 (0.0000)*	109.76 (0.0000)*	45.92 (0.0000)*

Robust Standard Errors are given in parenthesis. Where; *, **, *** represent that parameter is significant at the 1%, 5% and 10% level of significance respectively.

Reverse Causality and Results of F.E instrumental variable regression model

It can be argued that there is suspected reverse causality between terrorism and political globalization. Countries enter to agreements when they face risk of terrorism. If this is the case, then results of our above estimated models are biased and misleading. In order to get unbiased and consistent results, we used fixed effects instrumental variable technique to estimate our results using "number of troops in UN peacekeeping missions" as an instrumental variable. Our instrument is theoretically valid and qualifies exclusion restriction. The estimated results are provided in Table 5.3.

Table. 5.3: Terrorism and Political Globalization: Results of F.E Instrumental Variable Regression Model

Results for Fixed Effect IV Regression Model			
	Model 07	*Model* 08	*Model* 09
Variable	Dependent Variable $ln(attacks)$	Dependent Variable $ln(kills)$	Dependent Variable $ln(wounds)$

Constant	-10.988 (14.332)	-38.982 (17.428)**	-14.387 (23.751)
Per Capita Growth	0.0002 (0.0016)	-0.0047 (0.0020)**	-0.0023 (0.0027)
INV	-0.1299 (0.0413)*	-0.1615 (0.0502)*	-0.0375 (0.0684)
TRD	0.0585 (0.0177)*	0.05903 (0.0215)*	0.0099 (0.0294)
FDI	0.2022 (0.2337)	0.1084 (0.2841)	0.1645 (0.3872)
REM	0.0486 (0.0855)	-0.2600 (0.1040)**	-0.0995 (0.1417)
glob_social	-0.1706 (0.0889)**	-0.2640 (0.1081)**	-0.2658 (0.1473)**
glob_political°	**0.2779 (0.2343)**	**0.7581 (0.2849)***	**0.3999 (0.3883)**
PR	-0.5929 (0.1827)*	-0.6091 (0.2222)*	-0.6893 (0.3028)**
CL	0.2331 (0.4283)	0.9087 (0.5209)**	0.7517 (0.7098)
Adjusted R − Square	0.4561	0.3059	0.2434
Wald Test(χ^2) Prob > χ^2	1938.00 (0.0000)*	1556.41 (0.0000)*	1141.13 (0.0000)*

where, *, **, *** represent that parameter is significant at the 1%, 5% and 10% level of significance respectively. At first stage, Political Globalization has been regressed on Peace Variable then estimated value of Political Globalization is used to obtain the results.

Although coefficient of political globalization is statistically insignificant in model 7 and model 9 but the estimated results of our fixed effect instrumental variable are consistent with baseline results. On the basis of these results, we can claim that political globalization don't impede terrorism because these results are robust to use of six different specifications of dependent variable and three different econometric techniques.

VI.   Conclusion

The regional connectivity is of critical importance in the case of South Asia region which is fast growing region and where many infrastructure development projects such as CPEC and Chabahar Port Project are in progress. Timely and successful completion of these projects is largely based upon law and order conditions of the region. Since 9/11 the region has been

exposed to number of terrorist attacks. According to Country Reports on Terrorism (2015), around 2259 terrorist attacks took place in three South Asian countries-Bangladesh, India and Pakistan which is around 19 percent of total attacks. It is noteworthy that the numbers of attacks in these three countries were around 250 in the year of 2000. An increase of 800 percent in total number of attacks poses a serious regional threat.

The region is integrating with the rest of world in terms of socioeconomic and political interactions. In particular, region is participating in international organizations and treaties to combat the terrorism. These parallels developments suggest links between international political integration and regional disintegration in terms of violence and conflict. It is important to explore how political integration influences regional peace.

The objective of this study has been to empirically test how global political integration is linked with terrorism in the case of South Asia region. The analysis is based on five South Asian countries: Pakistan, India, Bangladesh, Nepal and Sri Lanka. We have employed six different measures of terrorism and empirical results are drawn using fixed effects, conditional negative binomial method, and instrumental variables approach.

The empirical findings of the study reveal that global political integration accelerates rather impedes terrorism in the case of South Asia region. This finding remains robust across different methods of estimation, different specifications and alternative measures of terrorism. In particular, this finding is not plagued with the problem of endogeneity.

This finding is not surprising as there is asymmetry involved in political integration due to local interests of countries. After 9/11, it can be seen on media that analysts question so-called War on Terrorism as "If it is Pakistan's War?" Pakistan struggled much in after entering America's War on Terrorism. This was the consequence of political globalization for Pakistan. So our study concludes that global cooperation has more cost than return for the region.

In the dimensions of this study, the policy recommendation is that countries of South Asian region need to promote regional instead of global political integration. In this regard, SAARC can play its role to promote political cooperation and intelligence sharing among the nations. Since timely and successful completion of many infrastructure projects and connectivity projects is based upon law and order conditions in the countries, regional cooperation would be helpful to melt the ice among nations.

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