

# Economics of Conflict, War, and Peace

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**Session 3.4**  
**Manpower: terrorism (cont.)**

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## Manpower: nonstate forces/terrorism

- In this session, we continue to deal with terrorism only ...

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## Manpower: nonstate forces/terrorism

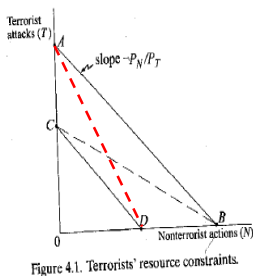


Figure 4.1. Terrorists' resource constraints.

- Review and extension
  - [Indifference curves not drawn]
- Resource constraint (budget line)
  - $P_T T + P_N N = I$  (line AB)
  - Solve for T to get
  - $T = (I/P_T) - (P_N/P_T)N$
  - E.g., if  $P_T$  is increased, the resource line pivots to CB. Thus, relative prices matter
  - If the resource base (I) is reduced, AB shifts down to CD. Thus, total resources matter
  - Proactive policy: reduce I and/or raise  $P_T$  by retaliatory raids, preemptive attack, infiltration, seizure of financial assets, etc.
  - Unusual insight: If  $P_N$  is increased, the resource line pivots to AD.
  - $P_N$  can be inadvertently increased by suppressing legitimate protests –gov't in essence compels dissenters to seek non-sanctioned outlets such as T instead of NT

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