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Terrorism, Foreign Aid, and 'Free Cities'

The experts consider a novel proposal.

Last week on NATIONAL REVIEW ONLINE, Newt Gingrich and Ken Hagerty proposed a free-market strategy to “subvert global terror by providing hope and opportunity in the Third World.” Could “Free Cities,” which take their inspiration from Hong Kong’s success, provide a market-friendly alternative to foreign aid as it is presently handled? And could they make a difference in the war on terror?

— *Arnold Kling is an adjunct scholar with the Cato Institute and a member of the Financial Markets Working Group of the Mercatus Center at George Mason University. He is the author of Unchecked and Unbalanced: How the Discrepancy Between Knowledge and Power Caused the Financial Crisis and Threatens Democracy.*

CHRISTOPHER PREBLE

Newt Gingrich and Ken Hagerty's proposal to use private enterprise to elevate the less fortunate is neither novel nor objectionable. I question the wisdom of relying on a series of bilateral treaties to implement it, but their idea is otherwise consistent with the core conservative principles of individual responsibility and free markets. It should be commended on those grounds.

Where they err is in repeating the preposterous claim that terrorism flows from poverty, corruption, and despair. Free Cities would have little impact on whether future acts of terrorism are directed against Americans.

Of course, Gingrich and Hagerty are not alone in perpetuating this fallacy. President Obama argues that "extremely poor societies and weak states provide optimal breeding grounds for disease, terrorism and conflict," and he proposes nation building as the cure. Though they favor a more market-based approach, the Gingrich-Hagerty proposal espouses the same flawed theories about what causes terrorism.

It is unfortunate that they feel the need to play this card. Academic research has disproved the poverty-terror link; so can simple observation. Some of the most notorious terrorists have been relatively well-to-do and better educated than their peers. Others have come from poor places (or were born to parents who did) but became radicalized in healthy and wealthy states, including Germany, the U.K., and the United States. In short, the poverty/poor-governance explanation for terrorism is bunk.

Gingrich and Hagerty play into this misconception by promoting their proposal as a weapon in the fight against al-Qaeda. They needn't. Make the case for private-property rights and entrepreneurship. Continue to push foreign governments to relax restrictions on business. Shine a light on corruption. Persuade the public and policymakers that confiscatory taxation and burdensome regulations discourage private investment. Just don't confuse these efforts with counterterrorism policy.

— *Christopher Preble is the director of foreign-policy studies at the Cato Institute and the co-editor, with Jim Harper and Benjamin Friedman, of Terrorizing Ourselves: Why Counterterrorism Policy Is Failing and How to Fix It.*