Day 2- April 4, 2006

**Poverty, Inequality, and Terrorism** - Robert Townsend, Charles E. Merriam Distinguished Service Professor in Economics, University of Chicago

Townsend briefed his ongoing efforts to conduct a case study on Thailand to better understand poverty as one precursor to local terrorism. Partly funded through JTAC monies, he has conducted extensive, original field survey research to serve as the data basis for economic models which assess the impact that formal and informal financial systems have on Thai households and their well being. The models also use existing standard survey data. These models are being developed to assess the impact that economic policy intervention would have on the experience at the household level. The models look at the degree to which the households have access to infrastructure (roads) and how wealth is created (which is sometimes uneven) and what would happen if new roads were created. This is an attempt to better understand how underlying economic forces can or do contribute to the fueling of separatist violence. Separatist violence is a primary concern in southern Thailand and it is thought to be driven by economic factors. By looking at the local level, one can determine, for example, what villages potential terrorists could come from. Townsend maintains that the insights garnered from the models can be applied more generally in similar circumstances around the world.