

RESOURCE ACQUISITION AND STRUCTURAL FORMALITY IN TERRORIST ORGANIZATIONS

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ABSTRACT

This thesis builds upon the organizational approach to the study of terrorism pioneered by Martha Crenshaw. It explores the relationship between different kinds of resource acquisition and their impacts on the centralization and mission adherence of terrorist groups. It specifically introduces and explores the concepts of “resource consolidation” and “resource sponsorship” respectively. It analyzes the organizational process in relation to these resource variables with a model which treats the incentive structure of terrorist groups as reflexive and emphasizes the role of individuals in the inter-subjective agency of the terrorist organization. Finally, it tests this model on three organizations: Lashkar-e-Taiba, Hezbollah, and the Taliban. It concludes by drawing implications and making recommendations for further research.

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INTRODUCTION

Terrorism as a tactic is not a novel development. The use of calculated violence against civilian targets for political ends has occurred throughout human history. However, with increased globalization, and the advent of weapons which allow a small number of people to deal enormous damage, modern terrorism has become a significantly greater problem for the international community. According to David Rapoport, modern terrorism has experienced four divergent yet overlapping waves. As he explains it, organized oppositional terrorism since the beginning of the twentieth century can be categorized as anarchist, separatist, left-wing, and religious.¹ Some other authors have argued that the difference between the most recent wave of terrorism and its predecessors is so great that they have taken to a classification of ‘old’ and ‘new’ terrorism, with new terrorism typically being presented as beginning with or shortly before the events of September 11th 2001.² Regardless of the semantics behind the classification of this new form of terrorism, it is agreed to be more deadly, more indiscriminate, and more creatively financed than any previous form of terrorism.³

The creativity of the new terrorist financing is shown by the sheer diversity of exploited incomes. Globally, terrorists have become thoroughly involved in the creation, transportation, and sale of drugs and other illicit goods, prompting the study of what is referred to as ‘narco-terrorism’. Terrorists have also used extortion, diaspora engagement, state sponsorship, and even legitimate investments in order to secure the funds necessary to the continuation of their

¹ See: Rapoport, D., “The Four Waves of Modern Terrorism”, in *Attacking Terrorism: Elements of a Grand Strategy*, eds. A. Cronin and J. Ludes. (Washington DC: Georgetown University Press, 2004)

² See: Laqueur, W., *The new terrorism: Fanaticism and the arms of mass destruction*, (Oxford University Press, USA, 1999)

³ McAllister, B., and A. Schmid. “Theories of Terrorism.” In *The Routledge Handbook of Terrorism Research*, ed. A.P. Schmid, (New York: Routledge, 2011), pp. 232.

struggles. Furthermore, an important aspect of the new economy of terrorism is the use of charity or business fronts and informal value transfer systems (IVTS, which will be explored in greater depth later) in order to expedite fundraising.⁴ Loretta Napoleoni has estimated that the amount of wealth moving through terrorist controlled channels is roughly 1.5 trillion USD, twice the size of the GDP of the UK.⁵

Scholars of terrorism have analyzed how different levels of funding have impacted the efficiency and effectiveness of terrorist groups,⁶ but have thus far failed to comprehensively question how the nature of the funding that the organization pursues and relies on affects the structure of that organization. This question is important because if a certain method of funding produces terrorist organizations which are favorable under certain circumstances, then strategic manipulation of the terrorists' environment becomes a viable tactic, as well as allowing for greater predictive analysis of terrorist activity. For example, decentralized terrorist groups are unable to coherently negotiate a peace because the central authority lacks credible means of ensuring collective acquiescence and preventing spoilers;⁷ if state sponsorship has a centralizing effect, then it will be counter-productive to simultaneously interfere with state sponsorship while seeking to negotiate with the terrorist central command.

Three organizations which will be useful in understanding how differences in resource acquisition lead to differences in structure are: Lashkar-e-Taiba (LeT), Hezbollah, and the Taliban. These three organizations face similar conditions, have similar ideologies, and yet have different structures. Through using a theoretically informed model to examine the ways that

⁴ See: Barber, S., "The New Economy of Terror: The Financing of Islamist Terrorism", *Global Security Issues*, (2011)

⁵ Napoleoni, L., *Terror Inc: Tracing the Money behind Global Terrorism*, (New York: Penguin Books, 2004), pp. xviii-xix.

⁶ See: Shapiro, J., and D. Siegel, "Underfunding in Terrorist Organizations", *International Studies Quarterly*, (2007)

⁷ Kydd, A. and B. Walter, "Sabotaging the Peace: The Politics of Extremist Violence", *International Organization*, Vol. 56, No. 2 (2002), pp. 263-296.

these three examples diverge, we will identify the impact of different methods of resource acquisition have on the structure of terrorist groups. This theoretical model will be based upon, and expand the organizational approach to terrorism which was pioneered by Martha Crenshaw in 1985.⁸ It will synthesize the individual level of analysis with Crenshaw's organizational approach by disaggregating the interests, motivations, and capabilities of these organizations while recognizing the constructed nature of the organization's power. In this way, we will come to a comprehensive understanding of the dynamics behind terrorist decision making, specifically those related to resource acquisition and organizational structure.

This will be done in four steps. The first step will be to establish a foundation, comprising definitions as well as the current understanding of terrorism, resource acquisition, and structure. Using this foundation, the second step will be to craft an analytical model and develop an understanding of the implications of the model. The third step will be to apply this model to the three aforementioned illustrative examples and check for congruence with expectations. Finally, having tested the model and drawn implications from the examples, we will conclude.

⁸ Crenshaw, M., "An Organizational Approach to the Analysis of Political Terrorism", *Orbis*, (1985)

CHAPTER 1: FOUNDATION

THEORIES OF TERRORISM

Before any meaningful discussion as to the current state of terrorism can occur, a description of what exactly is being discussed is necessary. Terrorism is a notoriously weighted word, and is often used as a rhetorical instrument for painting an opponent as evil. It is primarily because of this that there exists so much disagreement about what constitutes a terrorist, and what distinguishes it from other forms of political violence. Indeed, when one considers the existence of concepts like revolutionary terrorism and state terrorism in addition to the more classical oppositional terrorism, it seems as though the boundaries between forms of violence are not so clear.

Terrorism as a tactic is typically agreed to be something along the lines of ‘the use, or threat, of force for the sake of political goals’, with scholars typically also stipulating that the force target symbolic or civilian targets, that it must have intimidation as a goal, etc...⁹ The use of terrorist tactics has typically warranted classification of the group as a terrorist organization by the victims and/or their sympathizers, but this also remains politicized. Given that groups which have been declared to be terrorists have been known to become involved as legitimate political parties, questions about how long a group remains classified as terrorist arises, as well as whether the entire group is a terrorist organization, or only those parts directly involved in the actions.

The purpose of this thesis is not to focus on the nuances or legitimacy of terrorist tactics, but instead on the functional processes of groups which operate as terrorist organizations do. Therefore we shall adopt a definition which is functionally based, acknowledging the use of

⁹ Schmid, Alex, “The Revised Academic Consensus Definitions of Terrorism”, *Perspectives on Terrorism*, (2012)

violence towards political ends without commenting more specifically on the nature of that violence. Therefore, for our purposes, the important elements of terrorist groups are: 1) Apparent political motivations; 2) Use or credible threat of force; 3) Covert membership; 4) Non/Counter-state. In essence, this thesis therefore uses the term ‘terrorist’ as shorthand for politically motivated non-state violent groups of a covert nature.

With this definition in mind, there are essentially three levels of analysis at which terrorism can be studied. Each of which is useful in certain respects and less useful in others. They are: The agent level of analysis, institutional level of analysis (referred to hereafter as the organizational approach, in line with Crenshaw’s definition), and the systemic level of analysis. I will proceed by outlining the agent and institutional levels of analysis as well as explaining the inutility of the systemic approach in the context of this thesis.

Within the agent level and there are two schools of thought as to the best approach to analyzing the motivations of terrorist actors: instrumental, and expressive. The instrumental approach, sometimes referred to as the strategic approach, assumes that terrorists are rational actors with static political objectives who employ violence as the best, or only, method of achieving those goals.¹⁰ For those who take this approach, the belief is that the decision matrix of potential terrorists can be altered by increased defense, deterrence, political concessions, or alternatives to terrorism.¹¹ This approach is useful in many circumstances because it allows for meaningful explanation of most terrorist strategies and predictions of likely future decisions.¹² The shortcoming of the instrumental approach is that terrorists’ goals are in fact often not static and they often do not undertake the most rational methods in pursuing them. In addition to this, it

¹⁰ Schelling, T., *The Strategy of Conflict*. Cambridge: Harvard University Press, (1960)

¹¹ Trager, R., and D. Zagorcheva, “Deterring Terrorism: It can be done”, *International Security*, (2006), pp. 87-123.

¹² Kidd, A., and B. Walter, “The Strategies of Terrorism”, *International Security*, (2006)

is also difficult for scholars to agree on a definition of individual rationality which is both meaningful and falsifiable in a context where some actors instrumentalize their own death.¹³

Therefore, while the instrumental approach may be applicable to some individuals, it clearly cannot explain some of the most important aspects of terrorist activity.

The expressive approach, by contrast, holds that the terrorists are “communicating with an audience – their supporters, the group itself, an enemy government or a deity”.¹⁴ Essentially, those who conduct terrorism under this model are primarily interested in committing the act itself, whether because of an inclination towards violence, or a need for revenge or other emotional fulfillment. In this view, the political objectives of the group serve largely as a justification.¹⁵ Scholars which have undertaken this approach have typically looked at the problem through the lens of psychology and have tried to understand the specific traits which cause someone to turn to terrorism,¹⁶ the motivations for, and effects of, continued membership in a terrorist group,¹⁷ and how individuals might depart terrorist groups.¹⁸ There is evidence that the expressive element plays a significant role in the decision calculus of many terrorists, in interviews conducted by Jessica Stern, she found that most operatives were more interested in the expression of a collective identity than stated political goals.¹⁹ However, it is still clear that there are those, often in positions of power, who do pursue terrorism instrumentally and the fact

¹³ McAllister, B., and A. Schmid, pp. 222.

¹⁴ Stern, J., and A. Modi, “Producing Terror: Organizational Dynamics of Survival”, in *Terrorism, Security and the Power of Informal Networks*, ed. David Jones, (Edward Elgar Publishing: Cheltenham, 2010), pp. 259.

¹⁵ Post, J., “Terrorist Psycho-logic” in *Origins of Terrorism: Psychologies, Ideologies, Theologies, States of Mind*, ed. W. Reich. (Washington DC: Wilson Center Press, 1998), pp. 25.

¹⁶ See: Victoroff, J., “The Mind of the Terrorist: A Review and Critique of Psychological Approaches” *Journal of Conflict Resolution*, (2005)

¹⁷ Silke, A., “Becoming a Terrorist”, In *Terrorists, Victims, and Society*, ed. Andrew Silke, (Chichester: John Wiley, 2003)

¹⁸ Horgan, J., “Leaving Terrorism Behind: An Individual Perspective”, in *Terrorists, Victims, and Society*, ed. Andrew Silke, (Chichester: John Wiley, 2003)

¹⁹ Stern, J., *Terror in the Name of God: Why Religious Militants Kill*, (New York: Ecco/HarperCollins, 2003)

that these organizations seem to work towards certain goals rather than others demands explanation. Therefore, while the expressive approach may yield fruitful insights on an individual level, it is insufficient for the examination and understanding of the aggregated group.

In order to solve quandaries of actor heterogeneity we need to move one level up in analysis. The organizational approach, originally put forward by Martha Crenshaw, holds that the nature of covert organizations is such that the inter-personal dynamic between diverse individuals is the primary factor in determining the actions undertaken by the group. Furthermore, it states that structural (aka: systemic) “explanations of civil violence are of limited use” and that entrepreneurship in founding groups is more essential. The final important aspect of the organizational approach is that organizations become self-sustaining enterprises, and do not voluntarily cease their existence (Crenshaw 1987). Crenshaw furthermore identifies four organizational concerns which shape whether and what violence is employed by a group,²⁰ they are:

1. How the organization views the resources available to it;
2. How the organization views opportunities;
3. How the organization views threats (these threats can be from state responses to those emanating from rival groups); and
4. How the organization chooses to react to its environment.

As Crenshaw explains, how the organization views each of these factors is determined by the internal politics of the group, including disagreement over means and ends, ideologies of the participants, and the dynamics of power between them.²¹ However, she doesn’t explore in depth how the incentive structure of the organization²² is constructed upon itself. That is to say, how

²⁰ Crenshaw, M., (1985), pp. 473.

²¹ Crenshaw, M., “Theories of terrorism: Instrumental and organizational approaches”, *The Journal of strategic studies* 10, no. 4 (1987), pp. 27.

²² To be defined shortly.

the organizational process by which individuals are motivated to participate in certain activities, can be influenced by those activities.

However, in order to fully understand the organization's decision matrix we must also take note of the decision matrices of the individuals who hold authority through applying the same criteria to them. For example, Chatagnier, Mintz and Samban have found that of 23 major decisions made, terrorist leaders "initially eliminated all alternatives that [would] negatively affect [their] political or personal survival",²³ while this is in line with expectations of the organizational approach, it also highlights the need examine the individual motivations of influential individuals within groups. It should therefore be recognized that, to a certain degree, the organizational approach is an extension of, and expansion upon, the individual level of analysis.

As it has developed, the organizational approach has accepted the heterogeneity of actors along multiple axes (such as political vs. financial motivation) as one of its guiding assumptions, as is exemplified by some of the seminal works which have focused on the interactions between actors with different motivations.²⁴ The organizational approach is also very well formulated for examining the motivations behind different group structures and practices, such as the degree of bureaucracy in a clandestine organization,²⁵ and has been especially useful in understanding how and why factionalization occurs in such movements.²⁶ Although some disagreements have arisen in the literature, such as whether those in leadership positions will be the most politically

²³ Chatagnier, J., A. Mintz, and Y. Samban. "The Decision Calculus of Terrorist Leaders", *Perspectives on Terrorism*, (2012)

²⁴ Shapiro, J. and D. Siegel, (2007)

²⁵ Shapiro, J., and D. Siegel, "Moral Hazard, Discipline, and the Management of Terrorist Organizations", *World Politics*, (2012)

²⁶ Bueno de Mesquita, E., "Terrorist Factions", *Quarterly Journal of Political Science*, (2008)

motivated²⁷ or the least,²⁸ the organizational theory has shown to provide a grounded and empirically meaningful approach to understanding the actions of terrorist organizations. The organizational approach can be accused of lacking parsimony but, especially when seeking to understand differences in structure and inter-personal dynamics, it remains the most fruitful approach and will be the one applied in this thesis.

According to Crenshaw, the systemic level of analysis is less important than organizational. Although there exists a significant body of literature on the subject which should not be discounted, it is more fruitful to focus on the proximate causes of terrorism since the root causes are so much more pervasive than the actual turn to terrorism. As Crenshaw puts it, “Many individuals are potential terrorists, but few actually make that commitment. To explain why terrorism happens, another question is more appropriate: Why does involvement continue? What are the psychological mechanisms of group interaction?”²⁹ The problem with systemic analyses of terrorism is the sheer diversity in terrorism. It flourishes in any environment, perpetrated by any individual, against any individual, by any method, and for any reason.³⁰ Some relevant systemic tendencies have been observed, and they will be expounded upon in the case selection section, in order that meaningful comparisons can be made. More important than the actual context of the organizations we’ll look at is the beliefs held about those contexts by the organizations and their responses to them, in that way the variables relating to system settings are (mostly) internalized.

²⁷ Chai, S., “An Organizational Economics Theory of Anti-Government Violence”, *Comparative Politics*, (1993), pp. 101.

²⁸ Shapiro, J., and D. Siegel, (2007), pp. 411.

²⁹ Crenshaw, M., “The Causes of Terrorism”, *Comparative Politics*, (1981), pp. 396.

³⁰ McAllister, B., and Schmid, A., (2011), pp. 249.

RESOURCE ACQUISITION

The acquisition of resources will be one of the principle areas of focus of this thesis, and therefore must be properly defined. Essentially, resources are those things which are used to enable or facilitate purposeful action. This can include cash, equipment, personnel, training, propaganda, facilities, etc... This definition may seem overly broad, but it has been purposely defined this way in order to account not only for tangible resources, but also those things which multiply the effectiveness of those resources. External support for terrorist groups often takes the form of training, ideological support, safe havens, and other intangible aid. For this reason some environmental aspects will be considered resources, similarly to Jeremy Weinstein's concept of "social endowments",³¹ hereafter referred to as social capital. Social capital, as Weinstein explains, represents the organization's acceptance within, and ties to, the wider community and allows for cheaper recruitment, more trustworthy sources of information, and greater amounts of tangible support from the community. This definition is informed by Resource Mobilization Theory,³² which states that the likelihood of any social protest movement arising is dependent on the availability of certain resources and the capacity of the movement to mobilize them to their own ends.³³ The resources which have been identified as relevant for terrorist campaigns are materials, people, and symbols.³⁴ I will be referring to these resources as physical capital, human capital, and social capital. It is important to note that although aspects of human and social capital will be considered to the degree that they reduce the need for physical capital, the main focus of this thesis will remain materially oriented.

³¹ Weinstein, J., *Inside Rebellion: The Politics of Insurgent Violence*, (New York: Cambridge University Press, 2007), pp. 48-49.

³² McCarthy, J., and M. Zald, *The trend of social movements in America: Professionalization and resource mobilizations*, (Morristown: General Learning, 1973)

³³ McAdam, D., *Political processes and the development of black insurgency: 1930-1970*, (Chicago: University of Chicago Press, 1982)

³⁴ De La Corte, L., "Explaining Terrorism: A Psychosocial Approach", *Perspectives on Terrorism*, (2010)

There will be two important aspects of resource acquisition for consideration in this thesis. The first will be between self-acquisition of resources and resource sponsorship. Sponsorship will be considered as any intentional and willful assistance given to the organization, including funds, safe-haven, arms, training, etc... Self-acquired resources will be all other resources which are produced through the group's activity. The second distinction will be between 'consolidated' and 'deconsolidated' resources. This distinction seeks to capture the ability of individual cells or agents to benefit directly from the resource. In situations where the resource is inaccessible to individual cells or agents, and requires coordination between cells, or an intermediary in a leadership position, that resource shall be considered consolidated. Deconsolidated resources are those which can be cultivated by individuals and single cells. These concepts will be explored further in the theoretical section.

With these definitions in mind, we can look at the current understanding of resource acquisition in the literature on terrorism. During the cold war, terrorist groups received materials, manpower and symbolic support primarily through state sponsors (although not to the degree that is generally assumed). This included great power proxy politics as well as significant support from third world nations such as Iran and Libya. However, groups quickly learned that independence from their sponsors would require independent sources of funding, and began to undertake their own criminal enterprises.³⁵ This new focus on the self-acquisition of funds for terrorism is explored by a new body of literature interested in 'The New Economy of Terror'.³⁶ Other aspects of the new economy of terror include an increased reliance on globalization, diaspora bridgeheads, close ties with transnational criminal organizations, as well as decentralized support and money laundering through Islamic charities and informal value

³⁵ Napoleoni, L., (2004)

³⁶ Barber, S., "The New Economy of Terror: The Financing of Islamist Terrorism", *Global Security Issues*, (2011)

transfer systems (the most prominent of which being the *hawala*).³⁷ With regards to non-material resources, successful terrorist groups often publish their own materials for social capital creation³⁸ and have increasingly independently undertaken their recruitment.³⁹

STRUCTURAL FEATURES

I will define an organization as a group: with internally defined membership; which is comprised of two or more individuals; which has an ideology, narrative, or goal(s); and involves its members somehow contributing to those goals. This allows for a wide range of movements to be considered as organizations, and is fairly unrestrictive in that regard. It shifts the burden of organizational status to the individuals involved by requiring internally defined membership. Furthermore, this definition places minimal restriction on the structure of organizations, to avoid confirmation bias in our later theorizing. However, it demands a subsequent definition of what it means to contribute to the organization.

I will define five levels of involvement in the organization, they are: potentially involved, passive supporter, active supporter, manager, and leader. Every person who is not involved in the organization is potentially involved in the organization, although each may possess different thresholds for becoming actually involved. Organizations understand this, and often target radicalization attempts at diaspora communities because of their more favorable dispositions.⁴⁰ Passive supporters are those who are neither operationally, nor logistically involved in the organization but support it in some meaningful way. This support could include material donations, lodging, political support, etc... Active supporters are those who are directly involved

³⁷ Keefe, P., "Quartermasters of Terror", *The New York Review of Books*, (2005)

³⁸ Tugwell, M., "Terrorism and Propaganda: Problem and Response", *The Journal of Conflict Studies*, (1986)

³⁹ Conway, M., "Terrorism and the Internet: New Media—New Threat?", *Parliamentary Affairs*, (2006)

⁴⁰ Cesari, J., "Terrorism and the Muslim Diaspora in the United States", in *The Radicalization of Diasporas and Terrorism*, eds. Doron Zimmermann and William Rosenau, (Zürcher Beiträge zur Sicherheitspolitik, 2009), pp. 65.

in the organization's activities, whether operational or logistical. Active supporters include insurgents, bomb-makers, quartermasters, recruiters, etc... Managers are those who have control over a portion of the organization and serve as a link to the command cadre which sets the agenda of the group. Managers can control anything from a single cell, to an entire wing of an organization. What makes them managers rather than leaders is that they have only secondary influence on the agenda of the organization and are subject to principal-agent problems. Leaders are those individuals with direct control over the agenda of the organization and represent the principal part of the principal-agent problems within the organization. There may be multiple leaders for a given organization, and they typically do not directly engage in operational activities. There is no default distribution of these levels for any organization; in fact, the distribution is a definitive characteristic of the organizational dynamic. A networked group has fewer managers who are less directly connected to leadership. A leaderless resistance is essentially comprised of active and passive supporters without management or leadership.

An important concept for our future discussion of organizational structure is the idea of an incentive structure, introduced by Martha Crenshaw.⁴¹ The incentive structure of an organization are the rewards offered for participation and for taking different actions in the organization. The incentive structure includes both purposive and non-purposive incentives and is predicated upon the individual adhering to the organizational structure, where it exists.

With regards to the organization of terrorist groups, the widely held consensus is that there are three kinds of organizational structure for terrorism: leaderless resistance, networked cells, and hierarchical.⁴² Leaderless resistance is characterized by a collection of lone-wolf

⁴¹ Crenshaw, M., (1987), pp. 26.

⁴² Dishman, C., "The Leaderless Nexus: When Crime and Terror Converge", *Studies in Conflict and Terrorism*, (2005), pp. 242-243.

terrorists who do not communicate or share resources or recognize any common authority figure and are united only by a shared ideology. Networked cells respond to central leadership but have limited communication or accountability. Hierarchical organizations involve significant accountability, centralized control, and communication. The categorization of a group into one of the three aforementioned types is dependent upon three variable dimensions: interconnectedness, hierarchical control, and degree of specialization.⁴³ The general consensus is that the more organized a group is, the more capable it is while also making it more vulnerable to counter-terrorism activity.⁴⁴ Many authors have therefore attributed the recent decentralization tendency to the global war on terror which has forced groups to adopt more robust networks with less communication.⁴⁵

Furthermore, there are three key variables when it comes to terrorist organizations. They are: interconnectedness, the degree to which members have knowledge of each other (low interconnectedness results in closed ‘clique’ cells, while high interconnectedness results in organizations where all or most members communicate with each other);⁴⁶ hierarchical control, where the center can exercise “meaningful operational control over operational elements”;⁴⁷ and specialization, the degree to which different cells have different roles and capabilities.⁴⁸ These variables are explored at length by Jacob Shapiro in “Organizing Terror: Hierarchy and Networks in Covert Organizations”, and he will feature prominently in my coming analysis.

⁴³ Shapiro, J., “Organizing Terror: Hierarchy and Networks in Covert Organizations”, Preliminary Draft, (2005)

⁴⁴ See: Helfstein, S., and D. Wright, “Covert or Convenient? Evolution of Terror Attack Networks”, *Journal of Conflict Resolution*, (2011); and Enders, W., and X. Su, “Rational Terrorists and Optimal Network Structure”, *Journal of Conflict Resolution*, (2007)

⁴⁵ Dishman, C., (2005), pp. 244-245.

⁴⁶ Shapiro, J., (2005), pp. 8.

⁴⁷ Ibid., 11.

⁴⁸ Ibid., 13.

CHAPTER 2: THEORETICAL MODEL

DECONSTRUCTING COVERT ORGANIZATIONS

In determining how individuals and organizations behave, as well as the interactions between them, two things must be considered. The first is motivation which, as per Jessica Stern and Amit Modi, falls along a continuum between instrumental and expressive.⁴⁹ The second is the actor's perceived environment, which is considered as put forward by Crenshaw to consist of resources, opportunities, and threats.⁵⁰ I will examine these two action determining aspects in relation to the atomized elements of the terrorist organization. I will subsequently examine the dynamic as it occurs in the context of the incentive structure that is created by the entrepreneurial terrorist leader.

The theory presented by this chapter is principally informed by five authors, who will be referenced where they are most applicable but also inspire the wider theory. Stern and Modi will be referenced, not only for their motivational framework, but also for their useful analogy of terrorist organizations as firms. Shapiro will be referenced for his understanding of the three factors which determine organizational structure: interconnectedness, hierarchical control, and specialization. Crenshaw will be referenced for elements of the organizational approach, as well as her understanding of the role of entrepreneurship in terrorist groups. Finally, Weinstein will be referenced for his understanding of the problems and challenges faced by leadership in the creation of an incentive structure in relation to certain endowments.

ATOMIZED ANALYSIS

To begin, we shall look at the initial conditions that would confront any potential entrepreneur. Prior to the existence of any terrorist organization, the entire population can be

⁴⁹ Stern, J., and A. Modi, (2010), pp. 262.

⁵⁰ Crenshaw, M., (1985), pp. 473.

considered as potential supporters. Different sections of the population will have their own sets of grievances that they feel deserve to be resolved, and therefore many individuals have a desire to benefit from some form of political action, regardless of whether or not they are willing to become involved themselves. Some individuals, as the result of oppression or an otherwise cultivated belief structure, will have significantly greater desire for political action to take place. Meanwhile, there are also many reasons for individuals to have a latent desire to be part of a covert violent group, including things such as: identity construction, psychological desire for violence, need for camaraderie, etc...⁵¹ It is also reasonable to expect some individuals to be primarily interested in material benefit, instead of the advancement of any political agenda. Essentially, within the population at large, we can expect a variety of individuals who have different levels of instrumental and expressive motivation for supporting or participating in a terrorist organization. However, none of these interests necessarily require terrorism to be fulfilled. Whether or not these individuals become involved in terrorism will depend on their perceived resources, opportunities, and threats.

In the same way that motivations vary among individuals, so too do perceptions of resources, opportunities and threats. Individuals who perceive that they have other, better opportunities to take political action (or to belong to a group, cultivate identity, etc...) will not need to resort to a terrorism organization to fulfill their interests. Individuals will evaluate terrorism as an opportunity based on their interests and what is provided by a prospective organization and will compare it to their other opportunities for interest fulfillment. The perception of threat will also play into individuals decisions to support or participate in terrorist organizations. Where the state lacks the ability to credibly threaten those who participate in

⁵¹ Hudson, R., and M. Majeska, "The Sociology and Psychology of Terrorism: Who Becomes a Terrorist and Why?", (Washington, DC: Library of Congress, 1999), pp. 20-21.

terrorist organizations, one of the main drawbacks of involvement in the group will be missing. Furthermore, it is entirely possible that individuals will perceive involvement in a terrorist group as mitigating certain, more pressing threats. In situations where there is widespread insecurity, possibly through famine or indiscriminate violence, it's possible that individuals will perceive (possibly correctly) involvement in a terrorist organization to be safer than remaining a non-involved civilian. Furthermore, different levels of threat affects the appeal associated with different kinds of involvement, typically making passive involvement more appealing.

The resources of individuals will determine what kind of involvement they will be able to participate in. Resources expand options and reduce threats, and as such are closely linked with each.⁵² Every individual has the ability to direct his own labor, and so every individual has at least something to offer an organization, even if the organization would have to provide for the individual's sustenance in order to allow him to donate labor. Individuals with significant funds or ideological influence may be of more use to an organization as passive supporters while those who have useful skills or privileged positions (such as an American citizenship) will be more useful as active supporters. The resources which are distributed among the populace can be considered to be available as support or under extortion in different circumstances. Material resources, ideological support, and even manpower can be acquired through coercion, just as they can be acquired through donation, although the processes involved in each will be different. The example that comes immediately to mind is that of material support, which can be given willingly or taken through force, but it is also conceivable that an influential individual could be made to publicly support an organization through threat of force, or (as is the case for many child soldiers) the choice of 'join the organization or die' is given.

⁵² For example, having \$10 provides the opportunity to buy anything that costs less than \$10. Having access to a hideout reduces threats of violence from those who don't know where it is.

The point of this section has been to establish several notions which are extensions of common sense, but are important to note for our coming theory. Firstly, within a population there are individuals who have instrumental and expressive desires which could be met by terrorism. Secondly, each individual will have different opportunities and threats with relation to their potential involvement in terrorism which may make involvement more or less viable between different individuals. Thirdly, each individual has resources which can be contributed to the organization. These resources can be given willingly or extracted by the organization. Finally, differences in resources may make particular individuals' involvement in different ways more desirable for the organization.

AGGREGATED ANALYSIS

Inevitably, the actions undertaken by an organization are not produced by any single individual within that organization, but are rather the product of the process of power within that organization.⁵³ Therefore the aggregated analysis is more proximately important for the understanding and prediction of terrorist organizational behavior. I will delineate the aggregated analytical method in three steps. First, I will illustrate how an incentive structure can come into being. Second, I will explore the ability of the incentive structure to alter the motivations and perceptions of those involved. Finally, I will examine the nature of interaction between different actors in the incentive structure.

In order to move from a mass of individuals who have a latent demand for terrorist action to actual terrorist action, there are two possibilities. The first is that the actors appropriate the resources necessary for violent action individually and take action in a disorganized fashion outside of any incentive structure. An example of this would be Hisbah gangs which operate in

⁵³ Crenshaw, M., (1987), pp. 19.

and around Kano in Nigeria. The Hisbah are small gangs of young Muslim men who use violent vigilantism to enforce Sharia law. There is no evidence of any individual or group of individuals exerting any control over the Hisbah, nor are there any incentives outside of the expressive satisfaction associated with performing the violence in the service of their political goals.⁵⁴ The Hisbah are therefore a characteristic example of a leaderless resistance.

The second possibility is that an individual or groups of individuals take advantage of their resources in order to initiate action and generate an incentive structure in order to encourage a certain kind of action in return for certain benefits. The degree of control exercised will vary, but to the degree that individuals acknowledge their involvement in this structure, they are part of an organization. Many ad-hoc incentive structures are created and disappear quickly, because they are not self-sustaining in nature.⁵⁵ A self-sustaining incentive structure will therefore take advantage of the resources at the disposal of the leadership to acquire more of the resources which are lacking. In theory any resource can be used to acquire any other resource, Figure 1 non-exhaustively illustrates this:

FIGURE 1: RESOURCE INTERACTIONS OF TERRORIST GROUPS

		Primary Resource Acquired		
		Material	Manpower	Ideological Support
Primary Resource Used	Material	Investment	Professional Recruitment	Social Services
	Manpower	Extraction	Coerced Recruitment	Symbolic Operations
	Ideological Support	Sponsorship	Ideological Recruitment	Radicalization

⁵⁴ Olaniyi, R., “Hisbah and Sharia law enforcement in metropolitan Kano”, *Africa Today* 57, no. 4, (2011), pp. 10-11.

⁵⁵ Blomberg, B., R. Engel, and R. Sawyer, “On the duration and sustainability of transnational terrorist organizations.” *Journal of Conflict Resolution* 54, no. 2 (2010), pp. 307.

A successful incentive structure will be one which creates a balance or surplus of resources after activity. It is possible for a stable state to be achieved without meaningfully engaging all the resources, for example: most charities primarily use material resources to offer social services, which generates ideological support, which is in turn used to encourage sponsorship, generating material resources and coming full circle. However, as previously mentioned, the nature of a terrorist organization requires all three and the organization's incentive structure will have to reflect this. Furthermore, it should be understood that most organizations typically diversify and undertake most methods of resource generation simultaneously, since successful action of any type will produce a surplus.

With that dynamic in mind, the leadership of the organization creates its incentive structure based on its own resources, as well as its perception of threats and opportunities. Opportunities to extract material resources from the environment (such as drug trafficking) are typically dependent on manpower and materials. However, in order to receive sponsorship based upon the "terrorist good", violence in the service of a collective goal,⁵⁶ the incentive structure must be able to bring about controlled violence, towards a certain end. Furthermore, the end that is selected by the leadership in the creation of the incentive structure will determine which individuals feel represented by, and therefore support, the organization. The leadership may attempt to tailor their mission to coincide with the greatest demand present in the population, or they may use their own mission as the goal of the incentive structure. Stern and Modi refer to these two mission motivations as "demand driven" and "supply driven" but the essentials remain the same. The incentive structure constructed by the leadership must provide a "reliable source of inputs" and satisfy a "reliable demand for the products the group aims to sell".⁵⁷ The

⁵⁶ Stern, J., and A. Modi, (2010), pp. 261.

⁵⁷ Ibid., 272.

participation of individuals is therefore predicated on their believing themselves to be gaining more from involvement than they contribute. Through this it is possible for individuals to raise funds and transfer them up the chain of the command in exchange for intangible rewards. This is how the leadership accrues the surplus resources generated through the incentive structure.

The incentive structure will also have an effect on those who choose to participate in it. Jeremy Weinstein has studied the initial endowments of rebel organizations in his book *Inside Rebellion*. He states that groups begin either with economic endowments or social endowments. Groups with economic endowments are able to offer significant material incentives to potential recruits contingent upon their participation. Furthermore, greater economic capability allows for arms, ammunition, transport, and facilities, which helps to reduce environmental threats against members.⁵⁸ However, Weinstein argues that this method attracts individuals who are opportunistic and fails to build networks based on trust and shared norms. Weinstein calls these low-commitment individuals “consumers”, who are primarily interested in the short term gains afforded by the organization. By contrast, social endowments are networks of trust and shared ideology and are used in situations where the leadership lacks the wealth necessary to adequately incentivize action. They rely on ideological support and promises of future payment to recruit followers. These high-commitment recruits are “investors”, and are more dedicated to the cause of the organization.⁵⁹ Weinstein’s argument doesn’t translate directly to the case of terrorist organizations, since terrorist organizations usually place a premium on the trust-worthiness of members and have less need to grow large enough for direct confrontation with the state. In practice, terrorist groups often include extremely high barriers to entry and exit as a means of dissuading uncommitted individuals and of reducing their options once involved in the

⁵⁸ Weinstein, J., pp. 101.

⁵⁹ Ibid., 102.

organization.⁶⁰ However, it is still the case that different incentive structures will attract different kinds of individual, as well as that the incentive structure has the ability to modify the resource-opportunity-threat matrix, as well as the interests of participating individuals.

The resources of participants are affected in several key ways. Passive supporters lose any resources they provide to the organization in exchange for whatever incentive was involved in their support. Active supporters lose a portion of the resources they contribute, such as labor and material, but since they're also contributing their skills, they simultaneously gain resources outside of the formal incentive structure through developing social capital, networks, and skills involved with their operations.⁶¹ These are in addition to the equipment and materials associated with the individual's involvement. The effect on the resources of the leadership is most variable and is based on the nature of the incentive structure and the degree to which it is successful.

Opportunities generated for participants are typically a result of the increased resources at their disposal. Depending on the degree of interconnectedness, active supporters can have their opportunities to commit violence dramatically increased through cooperation, coordination, and information. They will also, depending on their activities, gain opportunities to exploit resources outside of the formal incentive structure; skills and networks developed to provide materials for the organization (such as in the case of drug trafficking) can potentially be used by members to acquire wealth for themselves. Leaders also have their opportunities dramatically increased by organizational growth, surplus resources can be harnessed to expand or change the incentive structure (more on that later) or can be used to outsource different operational requirements or

⁶⁰ Rothenberg, R., "From Whole Cloth: Making up the terrorist network", *Connections* 24, no. 3 (2002), pp. 39.

⁶¹ As a side note, this is one of the reasons that Disarmament, Demobilization, and Reintegration campaigns can be so difficult; the insurgents' skill set is based upon violence and does not transfer well to civilian life. See: Bensahel, N., "Preventing insurgencies after major combat operations", *Defence Studies* 6, no. 3 (2006), pp. 287-289 for further details.

invest in efficiency increasing equipment or technologies. Of course, opportunities are also lost by involvement with a terrorist organization. To the degree that one's participation is known, those opposed to the goals of the group will refuse to associate with the members (if they can).

The threats associated with involvement in the organization will similarly be due to those who are opposed or targeted by the organization. The threat associated with counter-terrorist action is enormous. While the efforts of counter-terrorist officials are more focused on individuals who are more involved in the organization, there is also a greater degree of secrecy and protection afforded to the central leadership. For this reason, it is typically the active supporters who are most vulnerable to action. However, even this can be circumvented as captured operatives are able to defect on their peers to secure more lenient treatment for themselves. This is one of the reason for another significant threat in terrorist organizations, that of punishment. In order to ensure the production of *controlled* violence, as well as to dissuade defection, many leaders accommodate for punishment in their incentive structure.⁶² Furthermore, to the degree that there are links between the organization's leadership and its wider membership, the increased communication channels pose a threat through increasing the amount of individuals capable of informing on the leadership, as well as the 'loose chatter' around the leader's location. This is in addition to the threat that the organization's supporters themselves are able to pose one another, which will be discussed further on.

With regards to the interests of participants, different kinds of organization would be motivated to encourage differing interests. Ideological education and other methods of indoctrination attempt to shift the interests and beliefs of those involved. An organization with few or no connections between its leadership and operatives would want to have its members'

⁶² Shapiro, J., "The terrorist's challenge: Security, efficiency, control", PhD diss., (Stanford University, 2008), pp. 7.

interests as similar to those of the organization as possible so that action will be carried out under the same guiding beliefs even without commands being given. By contrast, an organization which can effectively control its members but has high operational risk should seek to instill expressive motivations in its followers, to ensure their eager participation despite poor prospects. Furthermore, if the leadership plans on altering the goal of the organization it would be prudent for it to encourage interests which are built around group solidarity and avoid instrumental mission promotion. In addition to the change of interests in individuals, Stern and Modi make the argument that the longer an organization persists, the more “the mission becomes a marketing tool for securing organizational survival or a source of social identity” as its participants become “addicted to jihad” and otherwise attached to their way of life and (terrorist) social group.⁶³ Shapiro and Siegel also point out that there are selection biases which tend to produce different interests at different levels of the organization. One is the fact that those who are most committed to the cause will volunteer for the most dangerous missions and therefore be more likely to be eliminated, causing a tendency in older members to be less mission oriented. On a related note, because those involved in logistical and financial operations (managers) are less targeted and subject to more lenient treatment, these positions tend also to be less mission oriented.⁶⁴

This analysis shows that individuals in different positions in the organization will tend to have different interests, resources, opportunities, and threats. Furthermore, the incentive structure is able to alter the position resources, opportunities, and threats of those who participate in it while those who participate in the incentive structure are capable of influencing it. Put more concisely, actors are sensitive to their context and their context is sensitive to them.

Understanding exactly how these factors will play into the aggregated interaction will require an

⁶³ Stern, J., and A. Modi, (2010), pp. 278.

⁶⁴ Shapiro, J., and D. Siegel, (2007), pp. 411-412.

exploration of two aspects of terrorist organizational operation. The first aspect to be explored will be control and agency problems in the process of attack commission in hierarchical and networked organizations. The second aspect will be cellular specialization and departmentalization in the incentive structure.

As Shapiro explains in “Organizing Terror: Hierarchy and Networks in Covert Organizations”, there are two ways that leadership can effectively exert control over operations: through control over “operations, meaning both targeting and the procedures by which the operations are carried out” and through control over “resources, meaning financial resources, information, and personnel”.⁶⁵ Control over operations occurs through revocable delegation of authority and the credible ability to punish those who disobey. In regard to our framework, it involves the alteration of the decision matrix through the introduction of a threat (specifically, punishment for not obeying orders). Meanwhile, control over resources requires enabling the desired action and predicated continued participation on the incentive structure on operational success. This is illustrated best by Shapiro and Siegel’s work on “Underfunding in Terrorist Organizations”, where they argue that leaders cannot determine the quality of their managers and choose agents based on their past successes while also rewarding successful operations. This occurs because leadership cannot credibly monitor whether an attack failed because of chance or shirking. But, by providing limited resources on an attack-by-attack basis, and predicated further opportunities on success, leaders are able to allow and motivate both low and high quality individuals to conduct attacks.⁶⁶ In our model it is therefore apparent that control over resources alters the decision matrix of operatives through introduction of opportunity.

⁶⁵ Shapiro, J., (2005), pp. 12.

⁶⁶ Shapiro, J., and D. Siegel, (2007), pp. 408-409.

Both of these methods of control can fail under different circumstances. In a situation where the leadership cannot wield a credible threat of force against those who disobey orders, the threat associated with disobeying orders is small and therefore individuals will only obey them if they're in line with their preferences to begin with. Meanwhile, in situations where the operatives have resource independence their need to respond to the opportunity created by the leadership is reduced. Furthermore, as is shown by Shapiro and Siegel in their paper "Moral Hazard, Discipline, and the Management of Terrorist Organizations", significant bureaucracy is required in order to sustain organizational memory. If the organization is unable to sustain such bureaucracy (most likely for security reasons) then its ability to base future incentives on past successes is greatly reduced and operatives (managers) are able to disingenuously participate in the incentive structure.⁶⁷

It's reasonable to assume that organizations will tend to use these two methods of control in some combination insofar as they are able in order to maximize adherence to the incentive structure. However, they may also seek to increase the benefits associated with coordination with the center in order to make opportunities associated with them more appealing. This can be done through what I call 'departmentalization'. Departmentalization is when specialization (as per Shapiro's definition) occurs outside the context of individual cells. That is to say, individuals develop extremely specific and useful resources (typically skills or networks), but are not directly connected to operational cells. The skills of these individuals can be anything from public relations to bomb making, but they are importantly only useful in combinations. Therefore the resources possessed by these individuals become available only to those operating through the vertical structure. For example, Al Qaeda in the 1990's maintained experts that would be

⁶⁷ Shapiro, J., and D. Siegel, (2011), pp. 46.

dispatched from the center to individual cells. For the East Africa embassy bombings, explosive experts arrived after surveillance and planning had been done, created the bombs, and returned to Afghanistan before the attack took place.⁶⁸ The Provisional Irish Republican Army had units dedicated to logistical operations, intelligence gathering, etc... which coordinated with other cells for maximum efficiency.⁶⁹ In this way, the leadership is able to ensure that individuals who are mission driven and incentive driven will have significant incentive to coordinate with the center, greatly increasing the operational and resource based control it can wield.

In conclusion, it seems that the degree to which active supporters will interact with the leadership and adhere to the formal incentive structure will be determined by the resources provided through that interaction, as well as the opportunities provided, and the threats associated with defection. The next two subsection will explore in depth two resources factors which have tremendous impact on the structure of the terrorist organization. The first I identify is the sponsored vs. self-acquired dichotomy. The second is what I call 'resource consolidation'.

SPONSORED VS. SELF-ACQUIRED DICHOTOMY

According to Stern and Modi, "revenue that can be described as charitable donations appears to be part of what makes NGOs and terrorist groups distinctive".⁷⁰ Terrorist groups market their mission, and their ability to achieve meaningful results to potential supporters in the hopes of convincing them to become passive or active supporters. As Stern and Modi note, this may make certain missions more profitable than others, and it makes certain action more appealing. If we think of terrorism donors as consumers of a product and the organization as a firm, we begin to understand the nature of the relationship better. After all, corporations target

⁶⁸ Shapiro, J., (2005), pp. 13.

⁶⁹ Horgan, J., and M. Taylor, "The provisional Irish Republican army: Command and functional structure", *Terrorism and Political Violence* 9, no. 3 (1997), pp. 20-21.

⁷⁰ Stern, J., and A. Modi, pp. 279.

specific markets, and must adapt to changing consumer preferences.⁷¹ This also allows large sponsors to commission specific goods (attacks) through providing resources and incentives.

If this sounds oddly familiar, that's because it is. The same principle-agent dynamic which is present between leaders and operatives is present between sponsors and sponsored. Passive supporters use resource control in order to modify the opportunity structure of the organization and incentivize the continued adherence to the desired mission. Similarly, the degree to which the organization is drawn towards these opportunities is based upon its dependency on each sponsor for resources. Also, just as operatives attempt to demonstrate their high quality through successful operations in order to secure further opportunities, we see the same demands in organizational action. Terrorist groups have a need to not only act, but act in a very visible way towards their mission, since 'propaganda by deed' is the most effective way of demonstrating to the group's audience that it is achieving results.

By contrast, in organizations where resources are acquired through environmental extraction rather than passive support, no such impetus exists. Instead of producing "violence in the service of a collective goal"⁷² the organization produces value through security (from itself, aka: extortion), transport or creation of illicit goods, or other means. According to Stern and Modi's definitions, to the degree that the organization participates in this sort of activity, it is considered criminal rather than terrorist.⁷³ However, terrorist organizations have an interest in undertaking such operations to reduce dependence on their sponsors. This allows them to be flexible in their activity, but also reduces their perceived legitimacy and tends to create a disconnect between the organization and its constituency.

⁷¹ Ibid., pp. 278.

⁷² Ibid., pp. 261.

⁷³ This is because they identify the charitable support as the distinguishing feature of terrorist organizations.

Therefore, on the continuum between entirely sponsored and entirely self-acquired, it can be assumed that those which rely more heavily on sponsorship will place a premium on their ability to not only produce violence in the service of a collective goal, but to also control that violence in a meaningful way (and avoid ‘overproduction’ of the terrorist good).⁷⁴ Similarly organizations which acquire most of their resources will have less interest (and, as we will see, less capability) to produce controlled violence in the service of a collective goal, and so may tend towards uncontrolled violence, violence for other purposes, or (in theory) no violence at all.

RESOURCE CONSOLIDATION

Resource consolidation is a term I have created to describe those resources which require organizational participation to take advantage of. That is to say, they cannot be extracted by individuals or individual cells, and require ‘inter-departmental’⁷⁵ coordination to be extracted. I use the term ‘consolidated’ because it requires consolidation of planning, and ‘deconsolidated’ resources can be extracted in a deconsolidated manner. This definition is similar to that of “lootability” used by Jeremy Weinstein, which he says “refers to the ease with which a resource can be extracted and transported by a small group of individuals”,⁷⁶ but expands upon it significantly. Consolidation can apply to tangible and intangible resources, and can account for resource extraction based on value produced through transport or services offered, as well as being applicable to sponsorship resources. We will examine the concept of consolidation in the context of the two previously discussed methods of resource acquisition. The first will be self-acquired resources. The second will be sponsored resources.

⁷⁴ Ibid., pp. 272.

⁷⁵ Relating to my earlier definition of departmentalization.

⁷⁶ Weinstein, J., pp. 48.

Self-acquired consolidated resources can take many forms. While local production and trafficking can be deconsolidated, international sale is exponentially more profitable⁷⁷ and requires coordination across large distances and with specialized departments in the destination country. In addition, while some material resources are easily lootable, others are not (such as oil, a favorite of terrorists in the Niger Delta)⁷⁸ and represent consolidated resources. What is the impact of consolidation on self-acquired resources though? To begin with (and most importantly), because the extraction of the resources is forced to take place in the context of the incentive structure, it is subjected to expropriation by the incentive structure. Where fewer individuals are required, and coordination can occur more horizontally, it is easier for extraction to occur unnoticed by others and therefore remain outside the formal framework.

Meanwhile, it is also possible for sponsored resource acquisition to be considered consolidated or deconsolidated. Identifying as a member of a group which has produced violence in the service of a collective goal is something which can be done by every member of the group, even if the actual violence committed required coordinated action in the form of the organization's operations. However, while it is possible for individuals to receive support through direct interaction with passive supporters, it is not feasible for foreign or state sponsors to sponsor in a deconsolidated manner. Instead, individuals who possess social capital and extensive networks within the organization's constituency will act as a logistical department for the organization. Again, because consolidated funds move through the formal structure, they add to the organization's resources and therefore bolster central control. Figure 2 illustrates the two variables in resource acquisition.

⁷⁷ Boivin, R., "Drug trafficking networks in the world-economy", Conference Paper, Third Annual Illicit Networks Workshop, available at: <http://www.erdr.org/textes/Boivin.pdf> (accessed: May 23rd, 2013)

⁷⁸ See: Ikelegbe, A., "The economy of conflict in the oil rich Niger Delta region of Nigeria", *Nordic Journal of African Studies* 14, no. 2 (2005), pp. 208-234.

FIGURE 2: RESOURCE TYPES

	Consolidated	Deconsolidated
Sponsored	Foreign or state sponsors	Local popular support
Self-Acquired	Non-lootable goods, international trafficking, and sale	Local trafficking, lootable goods, extortion

We can make several predictions from this model. We can predict that organizations which have the opportunity to exploit consolidated resources, whether through diaspora populations which constitute foreign supporters as well as facilitating international trafficking, through ideologically aligned states, or through non-lootable goods, will tend to have greater central control. Furthermore, those organizations which rely upon donations in return for the production of violence in the service of a collective good will tend to act more in promotion of their mission, as well as placing a greater value on the *controlled* aspect of the violence produced. By contrast, those organizations which engage significantly in the self-acquisition of wealth will find themselves increasingly disinterested in their purported mission, and will prioritize organizational survival. With these factors in mind, we can now turn our gaze to our selected examples, in order to determine whether or not this resource-centric theory is tenable.

CHAPTER 3: THEORY IN APPLICATION

CASE SELECTION

I selected three organizations, with the intention of maximizing meaningful homogeneity while also examining a diversity in funding. The three organizations to be examined are: Lashkar-e-Taiba (LeT), Hezbollah, and the Taliban. All three organizations are fourth wave terrorist groups, according to David Rapoport's four waves of modern terrorism.⁷⁹ That is to say, they are counter-hegemonic Islamist movements who have all at some point expressed transnational goals. Furthermore, each of the three organizations has been dedicatedly opposed to very powerful nations and have been the subject of their counter-terrorism efforts, although under circumstances which afford them some leeway. They have also had varying and intermittent territorial safe zones, provided either by friendly governments, incapable governments, or mountainous terrain. Perhaps most importantly, each of the three organizations has been a politically important entity for a significant period of the modern era. This provides for significant open source information on the historical development of each organization, which will allow meaningful process tracing to occur.

The distinguishing feature, as has been mentioned, is the diversity in funding. Some may hasten to point out some other glaring differences, such as the existence of diaspora communities or drug crops, but I will be including these features in my analysis as part of the environmental conditions which encouraged certain methods of funding, and as such these other differences are equally integral as the point of distinction between the three organizations.

Obviously, these organizations are very different, and this could potentially obfuscate the truth of any theory being tested on them. However, in the field of terrorism studies, there is a relatively small number of organizations which can be meaningfully studied and the

⁷⁹ Rapoport, D., (2004)

heterogeneity of the groups is staggering. It is my hope that through historical as well as inter-organizational comparisons, my theory can be meaningfully tested.

LASHKAR-E-TAIBA

In applying our understanding to our selected organizations we must pay special attention to three areas. The first will be the circumstances of the organization's formation. The second will be the interplay between the resource acquisition of the organization, and its structure. The third area will be the degree to which reality conformed to the expectations of the model, and what predictions can be made according to our theoretical understanding.

Lashkar-e-Taiba (LeT) was formally created in 1986⁸⁰ by Hafiz Muhammad Saeed, Zaki-ur Rehman Lakhvi Zafar Iqbal, Hafiz Adul Rehman Makki, and Sheikh Abdullah Azzam, as the militant wing of the Markaz Daawat wal Irshad (Center for Preaching and Guidance). Its goal was to propagate the Ahl-e-Hadith interpretation of Islam as well as to train and support mujahideen in the fight against the Soviets in Afghanistan.⁸¹ The original resources mobilized to create LeT were academic networks (Saeed, Iqbal, and Makki being professors) as well as Sheikh Azzam's connections to the Muslim Brotherhood and Lahvi's connections to Afghani mujahideen. Material funds allegedly came from the ISI, wealthy Arab wahhabists, Osama Bin Laden, and Pakistani diaspora (principally from the UK, France, and the Netherlands).⁸² As an Ahl-e-Hadith organization in the primarily Deobandi areas of Pakistan, Lashkar-e-Taiba was initially unable to rely on local support for its cause, but quickly made proselytizing and

⁸⁰ 1987, according to some sources.

⁸¹ Adlakha, J., "The evolution of Lashkar-e-Tayyiba and the road to Mumbai", PhD diss., (Georgetown University, 2010), pp. 18.

⁸² Zahab, A., "I Shall be Waiting for You at the Door of Paradise": The Pakistani Martyrs of the Lashkar-e Taiba (Army of the Pure)", *The Practice of War: Production, Reproduction and Communication of Armed Violence* (2008), pp. 135.

community service part of its *modus operandi*.⁸³ The initial incentive structure placed Hafiz Saeed as the supreme commander of the movement and made Iqbal and Makki his deputies. Nominally, there are three wings of Lashkar-e-Taiba: religious (run by Saeed, and his brother-in-law Makki in his absence), social welfare (run by Iqbal), and jihad (run by Zaki-ur Rahman Lakhvi until the Mumbai attacks after which he was arrested and replaced by his second in command alias ‘Yousuf’).⁸⁴

The development of LeT’s organizational structure and funding is characteristic of a group which began through consolidated sponsorship and has gradually been diversifying (among other consolidated sponsors, as well as increasing deconsolidated support) in response to international pressure against its primary sponsor as well as in response to increasingly warm relations with the wider populace. Officials with the ISI have occasionally admitted to close ties with the LeT but maintain that support ceased after 9/11.⁸⁵ Indeed, early on in LeT’s development, support from the ISI was:

“comprehensive ... in the form of operational funding, specialized weapons, sophisticated communications equipment, combat training, safe haven for the leadership, hides and launching pads for the cadres, intelligence on targets and threats, campaign guidance, infiltration assistance, and, in coordination with the Pakistani Army, fire support when crossing the border into India.”⁸⁶

However, after the beginning of the War on Terror and after the December 2001 attacks on the Indian Parliament, LeT was officially banned in January of 2002. This led to cosmetic changes in LeT’s organization. The organization rebranded itself as Jama’at-ud-Da’wa (JuD) and publicly disassociated itself from its armed wing (LeT). Hafiz Saeed stepped down as chief of

⁸³ Tellis, A., “The Menace that is Lashkar-e-Taiba”, Policy Outlook, (Carnegie Endowment for International Peace, 2010), pp. 12.

⁸⁴ Wilson, J., *The Caliphate’s Soldiers: The Lashkar-e-Tayyeba’s Long War*, (2011), pp. 139-140.

⁸⁵ Ibid., pp. 183.

⁸⁶ Tellis, A., “Bad Company – Lashkar-e-Tayyiba and the Growing Ambition of Islamist Mujahidein in Pakistan”, (Carnegie Endowment for International Peace, 2010), pp. 4.

LeT, appointing Lakhvi to the position, and became chief of JuD.⁸⁷ JuD clearly operated as the recruiting, fundraising, and ideological cover organization for LeT (and would also be banned after the 2008 Mumbai attacks).⁸⁸ However, possibly spurred by the reduction of support from the ISI, LeT would noticeably expand its social service networks following this 2002 rebranding.⁸⁹ In fact, it appears as though LeT received preferential treatment following the internationally inspired organizational bans. While other militant organizations were banned even after rebranding, LeT was able to continue operations, expanding and consolidating its constituency.⁹⁰

It has been theorized that this was a strategic choice on the part of the ISI, to make LeT more financially independent to increase plausible deniability of ties, but the end result remains the same: LeT has greatly increased the diversity of sources of funding, and has legitimized its donations through its social services.⁹¹ Deconsolidated methods of resource acquisition have increased as well, with widespread donation boxes going directly to local offices of LeT.⁹² However, the majority of LeT's support is still foreign based donations, from Pakistani diaspora and Salafi ideologues.⁹³ With the diminishing support from the Pakistani state structure,⁹⁴ we are able to see the effects of this gradual change in resource acquisition.

Following its reduced support from its state sponsor, the LeT has focused less on the Jammu and Kashmir,⁹⁵ and has engaged in more and more transnationally oriented attacks, as

⁸⁷ I will use LeT and JuD interchangeably, given that they are essentially the same organization.

⁸⁸ Adlakha, J., pp. 25-27.

⁸⁹ Zahab, A., pp. 50.

⁹⁰ Tankel, S., "Lashkar-e-Taiba: From 9/11 to Mumbai.", *Developments in Radicalisation and Political Violence*, (2009), pp. 6-8.

⁹¹ Adlakha, J., pp. 27.

⁹² Tankel, S., "Lashkar-e-Taiba: Past operations and future prospects", (New America Foundation, 2011), pp. 10

⁹³ For the most complete and systematic exploration of LeT's finances, see: Kambere, G., P. Goh, P. Kumar & F. Msafir, "The Finances of Lashkar-E-Taiba", *Combating Terrorism Exchange* 1, no. 1, (2011), pp. 6-22.

⁹⁴ Tankel, Stephen. Lashkar-e-Taiba: Past operations and future prospects. New America Foundation, 2011, pp. 14.

⁹⁵ "Fatalities in Terrorist Violence," from South Asia Terrorism Portal website,

well as attacks which have run counter to Pakistani interests. The Mumbai attacks are indicative of this; Ryan Clarke has observed that the attacks were not “in Pakistan’s interest, and if LeT was overly concerned about maintaining favor with Pakistan, its leadership would not engage in such a reckless operation”.⁹⁶ Meanwhile, the targeting of locations which were of symbolic value to western interests (two luxury hotels, a train station, a restaurant, a cinema, a Jewish center and a hospital)⁹⁷ demonstrates a desire to appeal to more transnational Islamist donors.

The example of Lashkar-e-Taiba conforms extremely well to our predictions. While the form of resource acquisition has remained almost entirely consolidated, so too has LeT remained a rigidly controlled hierarchical structure. However, the mission drift which has been the result of the Pakistani state distancing itself from the group has manifested itself extremely visibly. In an ironic twist, it seems as though American pressure on Pakistan to stop supporting terrorists has led to a powerful terrorist group having to produce anti-American terrorist violence in order to appeal to a new support base. If this illustrative example conforms to our model because it is accurate, rather than just coincidence, then we can expect to see increasing counter-hegemonic focus in the missions of LeT. If each actor is only myopically adaptive, then it can be expected that increasing international pressure against Pakistan will drive LeT to becoming more and more of a transnational entity in a way similar to Al-Qaeda’s transformation during the 90’s.

HEZBOLLAH

Hezbollah was created amidst the backdrop of the 1982 Israeli invasion of southern Lebanon. There were many small militant organizations operating against the Israeli forces in a

http://www.satp.org/satporgtp/countries/india/states/jandk/data_sheets/annual_casualties.htm (accessed May 26th, 2013).

⁹⁶ Clarke, R., *Lashkar-e-taiba: The fallacy of subservient proxies and the future of Islamist terrorism in India*, no. 35, (Strategic Studies Institute US Army War College, 2010), pp. 10.

⁹⁷ The Guardian, “Terrorists target haunts of wealthy and foreign”, available at: <http://www.guardian.co.uk/world/2008/nov/27/mumbai-terror-attacks-india5> (accessed May 26th, 2013)

disorganized fashion, using skills and tactics acquired through both the Palestinian conflict as well as the Lebanese civil war.⁹⁸ However, lacking any effective higher organization severely inhibited the capability for strategic action, and three Lebanese clerics with connections to Ayatollah Ruhollah Khomeini petitioned Iran for assistance against Israel.⁹⁹ Iran agreed and coordinated with Syria to provide a safe-zone for logistical operations in the form of the Beka'a valley.¹⁰⁰ Iran also provided significant start-up funds, as well as a host of its revolutionary guard for training purposes. This would allow Hezbollah to avoid the pitfalls of organizational learning through trial and error. Furthermore, the Beka'a valley would provide an area where leadership could be organized and training could occur.¹⁰¹

Originally, Hezbollah was structured primarily as a kind of umbrella organization where “extremist groups with affinity to Islam operated independently or in direct activation of radical elements in the Iranian leadership”, with Iran in control of the incentive structure.¹⁰² Therefore, because of the reliance on Iranian support being channeled through Hezbollah, the organization was originally de-facto centralized, although bordering on de-facto decentralized.¹⁰³

Hezbollah quickly demonstrated its commitment to a long-term strategy which involves significant constituency construction in order to provide the political support and legitimacy necessary to win a war of attrition against the state of Israel. It did so by using Iran's generous

⁹⁸ DeVore, M., “Exploring the Iran-Hezbollah Relationship: A Case Study of how State Sponsorship affects Terrorist Group Decision-Making”, *Perspectives on Terrorism* 6, no. 4-5 (2012), pp. 91.

⁹⁹ Nicolas Blanford, *Warriors of God: Inside Hezbollah's Thirty-Year Struggle Against Israel*. New York: Random House, (2011), pp. 47.

¹⁰⁰ Ibid., pp. 44.

¹⁰¹ DeVore, M., pp. 93.

¹⁰² Azani, E., *Hezbollah: The Story of the Party of God, From Revolution to Institutionalization* (New York: Palgrave MacMillan, 2009), pp. 73

¹⁰³ Jackson, M., “Hezbollah: organizational development, ideological evolution, and a relevant threat model”, PhD diss., (Georgetown University Washington, DC, 2009), pp. 40.

(estimated to be \$140 million USD per year throughout the 1980's)¹⁰⁴ support in order to provide social welfare for both the families of its fighters and for the wider Lebanese community. Hezbollah also took measures to reconstruct properties that suffered collateral damage in its engagements with Israel. These programs served Hezbollah with political legitimacy.¹⁰⁵

In terms of our model, we can interpret this as an organization receiving consolidated sponsorship in return for its political mission (of opposing Israel) and using it to acquire ideological support and manpower. In addition to their shared opposition to Israel, Marc DeVore explains that Iran used its influence to cause Hezbollah to expand its targets on at least three well-documented occasions: the 1983 attack on the American and French divisions of the Multinational Force (MNF), the 1982-91 Lebanese Hostage Crisis, and the 1986 attack on UNIFIL's French contingent. In addition, Iran restrained Hezbollah on three well-documented occasions: Iran called for restraint after conflict between Hezbollah and Syria in 1987, Iran obliged Hezbollah to negotiate the end of the conflict between itself and Amal (Another Shi'a group with greater Syrian leanings) in 1990, and Iran prompted Hezbollah to accept the Taif Accord (essentially causing the group to enter mainstream Lebanese politics).¹⁰⁶

While all this was happening, Hezbollah was expanding its fundraising networks primarily through its hefty diaspora. However, instead of focusing primarily on sponsorship, Hezbollah began creating regional cells, mostly in the western hemisphere, and particularly in the Tri-Border area of Brazil-Paraguay-Argentina. It is estimated that from its South American operations alone it raises \$200-\$500 million USD annually through drug trafficking, extortion,

¹⁰⁴ Harik, J., *Papers on Lebanon 14: The Public and Social Services of the Lebanese Militias*. (Oxford: Centre for Lebanese Studies, 1994), pp. 41.

¹⁰⁵ DeVore, M., pp. 94.

¹⁰⁶ Ibid., pp. 97-100.

identity theft, fraud, and other illicit activities.¹⁰⁷ There is also evidence of significant global sponsored diaspora support, but stemming primarily from North America, West Africa, and Europe. However, it is difficult to determine what portion of these transfers are donated to Hezbollah and what amount are being sent to family members.¹⁰⁸ It is also difficult, based on the nature of the funding, to determine when exactly these operations began, but bases of operations were confirmed in North America as early as 1997.¹⁰⁹ What is clear is that Hezbollah has slowly moved from primarily state-sponsored to primarily self-acquired resource acquisition (although still with significant diaspora and state sponsorship). At the same time, Hezbollah has gradually become more and more centralized (largely through, and after, the 1989 reorganization associated with the Taif Accord).¹¹⁰

The question of whether or not Hezbollah adheres to our understanding of resource acquisition is a more complicated one than that of LeT. It seems as though there are many deconsolidated fundraising ventures in the western hemisphere which don't seem to have a decentralizing effect on the organization. One must ask: given that the organization has a reduced ability to threaten violence against its agents in the western hemisphere, why are isolated cells of Hezbollah committing themselves to the incentive structure when the extra-structural opportunities seem so high? There are two possible explanations for this that would satisfy our theoretical model, and they both revolve around the resource-opportunity-threat matrix. The first explanation is that the benefits from participating in the incentive structure are high enough, and there are enough replacement personnel, that operatives are encouraged to perform honestly to

¹⁰⁷ Giraldo, J., and H. Trinkunas, *Terrorism Financing and State Responses: A Comparative Perspective*, (2007), pp. 147.

¹⁰⁸ Love, J., "Hezbollah: Social Services as a Source of Power", (2010), pp. 28.

¹⁰⁹ Helfand, N., "Asian Organized Crime and Terrorist Activity in Canada, 1999-2002", Library of Congress, (Washington DC Federal Research Division, 2003), pp. 34.

¹¹⁰ Jackson, M., pp. 41.

ensure continued access to those incentives.¹¹¹ This could be through training, connections, ideological support, etc... Essentially, although the center has no effective control over its fundraising cells, the cells operate functionally identically because of the benefits of the incentive structure. Alternatively, the cells in the western hemisphere are in fact only partly participating in the incentive structure, and are enjoying the greater portion of the proceeds of their actions. It is most likely that both of these things are happening to a certain degree. Hezbollah therefore conforms to the predictions of our model, but not in a very informative way.

TALIBAN

The Taliban developed quite differently from our previous two examples. Rather than being founded with help from large state sponsors, the Taliban emerged much more organically from the countryside during a period of civil war. The Taliban emerged in 1994, rapidly grew to a size of 30,000-35,000 fighters and had claimed 90% of Afghanistan by 1996.¹¹² The original structure of the Taliban “operated in a conventional, centralized manner at its top and middle levels”, with Mullah Muhammad Omar as its leader.¹¹³ The Taliban’s original incentive structure involved relying on “their ideological supporters to gain cheap labor” in addition to practicing forced conscription.¹¹⁴

After some initial growth, the Taliban began to receive support from Pakistan and Saudi Arabia in the mid-late 90’s. This support came in the form of money and political support from both, but also significant recruitment aid from Pakistan. Pakistan allowed exclusive access to its madrassa (Islamic school) system, and in 1997 Pakistan closed madrassas and sent entire student

¹¹¹ As described earlier with relation to Shapiro’s “Underfunding in Terrorist Organizations”.

¹¹² Sinno, A., “Explaining the Taliban’s Ability to Mobilize the Pashtuns”, in *The Taliban and the Crisis of Afghanistan*, eds. Robert D Crews and Amin Tarzi, (Cambridge, MA: Harvard University Press, 2008), pp. 69-70.

¹¹³ Afsar, S., C. Samples, and T. Wood, “The Taliban: An Organizational Analysis”, Naval Postgraduate School, (Monterey CA: Department of National Security Affairs, 2008), pp. 64-65.

¹¹⁴ Reese, Justin. “Financing the Taliban: The Convergence of Ungoverned Territory and Unofficial Economy.” PhD diss., Michigan State University, 2009, 36.

bodies (~5000 men) to join the Taliban.¹¹⁵ Even the United States contributed to the funds of the Taliban, since they were considered the de-facto rulers of Afghanistan, this would cease in 1999.¹¹⁶ Meanwhile, support from Saudi Arabia would continue until 1998 when the Taliban refused to hand over Osama bin Laden to Saudi authorities.¹¹⁷ Pakistani support would continue up until the attacks of 9/11, at which point the state ceased support, although support still exists through inactivity and key individuals/independent bureaucracies.¹¹⁸

With that in mind, the characteristic method of resource acquisition practiced by the Taliban has been self-acquired, which it has done in diverse ways. The Taliban has extracted resources through smuggling of otherwise legal goods to avoid customs fees.¹¹⁹ It has also practiced “illegitimate taxation, extortion, local seizure of assets, and forced conscription”,¹²⁰ as well as kidnappings for money and member retrieval.¹²¹ However, the greatest source of income for the Taliban has, without question, been the opium trade. In 2007 alone the opium trade produced between \$200 and \$400 million USD, \$100 million produced by a 10% tax imposed on farmers while the rest is associated with peripheral services, such as security/escort.¹²² Figure 3 shows the Afghani production of opium from the formation of the Taliban to 2012.

¹¹⁵ Rashid, A., *Taliban: militant Islam, oil and fundamentalism in Central Asia*, (Yale University Press, 2010), pp. 91.

¹¹⁶ Napoleoni, L., pp. 196.

¹¹⁷ Sinno, A., pp. 71.

¹¹⁸ Byman, D., *The Changing Nature of State Sponsorship of Terrorism*, (Washington, DC: The Saban Center for Middle East Policy at The Brookings Institution, 2008), pp. 7-11.

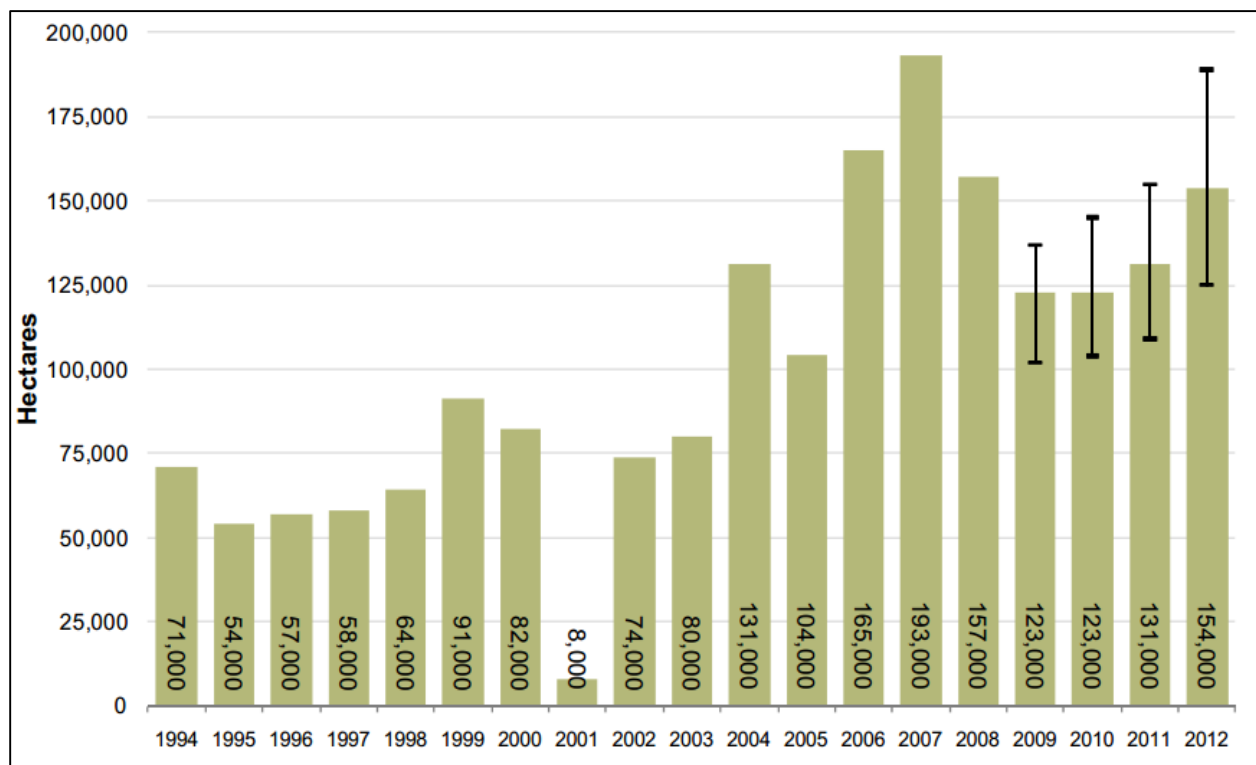
¹¹⁹ Napoleoni, L., pp. 177.

¹²⁰ Reese, J., pp. 54.

¹²¹ National Counter Terrorism Center, *2007 Report on Terrorism*, (Washington DC: NCTC, 2008), pp. 19.

¹²² Reese, pp. 48-49.

FIGURE 3: AFGHANISTAN'S OPIUM PRODUCTION BY HECTARE, 1994-2012.¹²³



One noticeable aspect of figure 3 is the drastic reduction in production between 2000-2001. This was the result of a successful ban of opium harvesting enacted by the Taliban. This ban proved to significantly more effective than all of the coalition's efforts combined, and demonstrated the control exerted by the Taliban's command cadre prior to the 2001 invasion. Although religious reasons were cited for the ban by the Taliban, it is theorized that this was a strategy by the Taliban to "use their 'monopoly' position to maximize profits, i.e. restrict supply by restricting cultivation; drive prices up dramatically; and sell from an extensive supply of stockpiled opium"¹²⁴ however the looming threat of invasion prompted the reversal of the policy in 2001.¹²⁵

¹²³ The high-low lines represent the upper and lower bounds of the 95% confidence interval. Graph found in: *Afghanistan Opium Survey 2012*, UNODC Report, pp. 18. Available at: http://www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_OS_2012_FINAL_web.pdf (accessed May 26th)

¹²⁴ Perl, R., "Taliban and the drug trade", Library of Congress, (Congressional Research Service, 2001), pp. 2.

¹²⁵ Ibid.

Following the US-led invasion the Taliban encouraged the cultivation of opium as its primary means of material acquisition. Taliban cells have extracted resources from the opium trade in a deconsolidated manner (individual cells operating as escorts, or extracting taxes without higher coordination), allowing for a more resilient horizontal structure while still providing incentives to fighters. The incentives offered have also changed drastically and the Taliban now offers increased material benefits, presumably to offset the increased threat posed by the occupation. According to Atiq Sarwari and Robert Crews, most (70%) post-invasion recruits are motivated by the wage offered, which is roughly \$150 a month with a signing bonus of \$300, as well as new clothes and a weapon.¹²⁶ Furthermore, “following their fall in 2001, the Taliban completely overhauled their organizational structure, except for their leader” and shifted their organizational structure so that while Mullah Omar and the *quetta shura* (central leadership council) controlled the overarching strategy of the organization, it was up to regional commanders to interpret and undertake that strategy independently.¹²⁷ This resulted in an organization which is not a single cohesive entity, but is closer to a collection of groups who all appeal to the same ideological support structure while sustaining and conducting themselves.¹²⁸

The example of the Taliban also conforms very well to our expectations, and serves to highlight the importance of considering the credible threat of force against one’s membership in determining the degree of centralization. Although it would be expected that an organization engaged to such a large degree in deconsolidated funding would be decentralized, the creation of threats can work to replace the necessary control of resources, as predicted by Shapiro and

¹²⁶ Sarwari, A., and R. Crews, “Epilogue: Afghanistan and the Pax Americana”, in *The Taliban and the Crisis of Afghanistan*, eds. Robert D. Crews and Amin Tarzi, (Cambridge, MA: Harvard University Press, 2008), pp. 345.

¹²⁷ Lee, M., “The Afghan Taliban in 2013: Anti-Imperial Movement or Great Game Pawns?”, *Washington University International Review*: 8, (2013), pp. 17.

¹²⁸ Tarzi, A., “The Neo-Taliban”, in *The Taliban and the Crisis of Afghanistan*, eds. R. Crews and A. Tarzi, (Cambridge: Harvard University Press, 2009), pp. 310.

mentioned earlier.¹²⁹ Because of external pressures, the Taliban was forced to adapt in order to survive and its method of resource acquisition allowed it to adopt the resilient decentralized structure that it needed to in order to survive the coalition forces. Without the opium trade to provide deconsolidated resource opportunities, the Taliban would have had to distribute funds through consolidated networks, greatly reducing the security of each cell. Instead, the Taliban has temporarily adopted survival as its primary objective, and has organized itself in a way which makes that the goal of all its component parts. Unless more appealing legitimate opportunities can be provided, as well as reintegration programs, even individuals without any ideological identification with the Taliban will still involve themselves in its incentive structure.

¹²⁹ Shapiro, J., (2005), pp. 12.

CONCLUSION

From applying our developed theory to practical cases, it seems as though our model is fruitful, but not independently able to inform us of the complete effect of resource acquisition on the structure of an organization. Our model provides an avenue for understanding how the processes of a covert, violent, non-state organization influence and are influenced by its component parts. However, as previously stated, the combination of resource and operational control allows us to understand the centralization of a terrorist organization.

What has been presented here is a combination and extension of five prominent, and hitherto unsynthesized authors in the context of the institutional level of analysis. This synthesis reintroduces the individual to the organizational, while maintaining agency in the inter-subjective realm. It also makes use of Stern and Modi's corporate analogy to clearly elucidate the relationships between the passive and active supporters, as well as the leadership. Furthermore, by introducing the concepts of departmentalization and consolidation, we are able to classify resources through the nature of their exploitation, and predict the effects of an organization taking part in that exploitation.

All of this has been done through a theoretical method which emphasizes the interests, resources, opportunities, and threats of all involved individuals. By acknowledging the vast heterogeneity which is undeniable in practice, we are able to observe tendencies and make rational hypotheses as to the nature of individuals' interactions with an incentive structure.

Furthermore, while we cannot make any predictions of Hezbollah or the Taliban based on resource acquisition *alone*, we have drawn interesting implications from the history of Lashkar-e-Taiba. The development of LeT implies, according to our model, that the United States' policy towards Pakistan has led to the transnationalization of what was once only a regional threat. It is

therefore clear that policy makers should seek to gain greater understanding of the resource dynamics of terrorist groups, so that more informed decisions can be made in the future.

The theory presented here is unique in its reflexive understanding of the incentive structure, and as such there is enormous room for continued research in this theoretical context. Advancing our understanding how incentive structures compete in resource acquisition, or how incentive structures can fracture would be enormously fruitful and would help to mitigate the intensity of political violence. One thing is for certain: that resource focused analysis of terrorist organizations demands greater focus from the academic community. What has been presented here should be considered as an introduction, and will hopefully prompt a more comprehensive understanding of conflict and how to resolve it, or prevent it from ever occurring to begin with.

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