

## CHAPTER 1

# Introduction

Discussions of terrorism often conjure acts conducted by shadowy, secret organizations employing highly motivated operatives willing to kill, and die, for their cause. The news media generally offer sensational and compelling profiles of individual terrorists, providing details about who they are and speculating as to what motivates them. Stories about terrorist organizations tend to detail angry rhetoric and the tragic consequences of their actions. Scholarly books ponder why terrorists use certain tactics or raise warnings about the threats from new methods of terrorism, such as suicide bombings or so-called lone-wolf attacks. In fact, more than twenty-five books on suicide bombings alone have been published since 2000, pointing to the fascination with terrorism but also highlighting a peculiar myopia that surrounds this field. Focusing so heavily on one tactic leaves us without a broader understanding of how and why particular groups are so lethal, just as the raft of books on individual terrorists' motivations tell us little about why terrorist organizations behave as they do.<sup>1</sup>

What is missing from most of the public discussion is a clear understanding of the organizational side of terrorism. This is a critical gap. No individual or small group acting alone, nor even a group of individuals acting under a common rhetorical banner but without any coordination, can achieve the scale of violence that makes terrorism a real threat to modern society. Individuals can conduct assassinations to be sure, and will occasionally kill tens or even hundreds, as Timothy McVeigh did in the April 1995 bombing of the Murrah Federal Building in Oklahoma City. But, it is organizations that have conducted the bombing campaigns that

<sup>1</sup>The focus on suicide terrorism in the literature is a bit like trying to understand the relative political success of Republicans in the United States from 1994 through 2010 by focusing on the politics of marginal tax rates. It is part of the puzzle, to be sure, but not really the key piece. A slightly different problem with this literature is that none of these books consider in depth why so many groups fail to use this apparently effective tactic, meaning they actually tell us very little about why it is used or how to combat it. For more on why, see Scott Ashworth et al., "Design, Inference, and the Strategic Logic of Suicide Terrorism," *American Political Science Review* 102, no. 2 (2008): 269–273.

## CHAPTER 1

tore through Afghanistan, Iraq, Israel, and Pakistan in the last fifteen years, and it was a competently managed hierarchical organization, al-Qa'ida, that attacked the World Trade Center and Pentagon on September 11, 2001. Although dozens of outstanding books have been written on specific terrorist groups, few have probed how these groups are organized.<sup>2</sup>

One reason terrorist groups are understudied as organizations may be that analyzing how they are managed, and why, requires more than studying the sensational aspects of group actions, such as how suicide bombers are recruited or how specific attacks were planned. It also requires focusing in on the mundane side of terrorism; the bookkeeping requirements, disciplinary procedures, and recruiting dilemmas. As we will see, the core managerial challenges of terrorist organizations are actually quite similar to those faced by other, more traditional human organizations. This is to be expected; terrorists themselves are not that different from individuals working in traditional institutions. The willingness to kill civilians as a legitimate means to a political end is certainly radical, but, terrorists are every bit as, if not more, venal, self-important, and short-sighted as the rest of us. This is exactly why their organizations employ many of the same managerial tools that we find in business firms and government bureaucracies.

Understanding why the managerial problems of terrorists resemble those of other conventional groups helps make sense of how terrorist groups are organized, and is crucial for efficiently dealing with them. Policy makers who are aware of the dilemmas terrorists face are better equipped to choose counterterror policies that target group-specific vulnerabilities, while taking into account how organizations are likely to adapt to these policies. For reasons we will discuss at length, some groups may continue to use e-mail, phone calls, and other highly detectable methods, despite threats of these being intercepted, simply because achieving their political goals requires regular communication. Other groups readily adapt to counterterrorism efforts by allowing operatives to exercise greater discretion in choosing targets rather than micromanaging their activities and thereby opening up the group to security risks. Group vulnerabilities depend, in predictable ways, on their political goals and the nature of their operatives. Counterterror policies that take this fact into account can be more targeted, more efficient, and therefore more effective.

Terrorist groups are, for the most part, small organizations operating somewhat secretly without the power to take and hold territory. The need

<sup>2</sup>The most important exception is Eli Berman's fantastic examination of the organizational advantages that allow some religiously motivated terrorist groups to be unusually effective. Berman, *Radical, Religious, and Violent: The New Economics of Terrorism* (Cambridge, MA: MIT Press, 2009).

## INTRODUCTION

for secrecy—which arises because such groups typically cannot exclude government forces from the areas where they operate, nor effectively fight back against security force efforts to capture or imprison their members—imposes a host of organizational challenges and constraints. The groups that eventually win political power, or even major concessions, do so not on the strength of their violence, but on the back of large-scale political mobilization and participation in normal politics.<sup>3</sup>

The more we can see terrorist groups for what they are—ordinary organizations operating at a tremendous disadvantage—the easier it is to consign them to their proper place in the range of threats to society.<sup>4</sup> Seeking to understand the terrorists' dilemmas, in other words, does not imply sympathy for their goals or an acceptance of their means. Rather, understanding the very banality of terrorist organizations can serve as an important corrective to the natural tendency to view these political organizations as something unique and exceptionally threatening. Ultimately, they are neither. They are mundane and, while dangerous, rank quite low in the set of deadly threats against which society must prepare. What's more, they suffer from deep and intractable organizational dilemmas, ones that if understood can be exploited to make counterterrorism efforts more effective.

### 1.1 THE CHALLENGE OF ORGANIZING TERROR

The starting point for our analysis is the recognition that terrorist organizations face a difficult task in a hostile operational setting. The difficult task is achieving the controlled use of violence as a means of achieving a specified political end. Using too much violence, or hitting the wrong targets, can be just as damaging to a cause as employing too little. The Real IRA (RIRA) bombing in Omagh, Northern Ireland, in August 1998 is a perfect example of counterproductive violence. The attack, which killed twenty-nine people, was a massive strategic blunder by a faction dissatisfied with the Northern Ireland peace process. It aroused intense public outrage at the RIRA, discredited Republican opposition to the

<sup>3</sup>We will discuss this in the cases of Fatah, the Provisional IRA, and the Russian Social Democratic Labor Party.

<sup>4</sup>For a slightly different take on why loosely networked terrorist groups are less threatening than they appear because of management problems that the networked model creates, see Mette Eilstrup-Sangiovanni and Calvert Jones, "Assessing the Dangers of Illicit Networks: Why al-Qaida May Be Less Threatening Than Many Think," *International Security* 33, no. 2 (2008): 7–44.

## CHAPTER 1

Good Friday Agreement, and has been credited with spurring on the peace process. Following the attack, support for the RIRA withered, and from 2003 through 2008, the group conducted only three attacks.<sup>5</sup>

The operational setting for terrorists is unusually hostile in that these organizations, unlike rebel groups that fight primarily by holding territory, rely on stealth and secrecy to complete their missions. They must, in other words, maintain that calibrated use of force in an environment where becoming known to government leads to operational failure and can cause further security compromises as government forces arrest the known associates of captured individuals.

The organizational challenge in precisely calibrating violence stems from the fact that political and ideological leaders, or the principals, must delegate certain duties—such as planning attacks, soliciting funds, and recruiting—to middlemen or low-level operatives, their agents. Such delegation is problematic as agents in terrorist organizations often see the world differently than their leaders and tend to disagree with them on both how best to serve the cause and how to carry out specific missions. Strategies to control the resulting agency problems all entail security costs. Ultimately, groups cannot remain highly secure and simultaneously well-controlled. This is what makes terrorist groups unique; the tools that would bring more control, management, and insight are the very tools that put these groups at risk. Of course, all organizations pay a cost for managing their people, but the tradeoffs are unusually stark for terrorist groups. The weekly report is no longer merely a nuisance that takes away time from more productive activities; it also becomes a potential ticket to arrest, detention, death, or an entire operation being foiled.

### 1.2 THE TERRORIST'S DILEMMA: CONTROLLING VIOLENCE AND FINANCES WHILE REMAINING COVERT

The terrorist's dilemma is simple: leaders need to control how violence is executed and how finances are managed, but the tools to do so create some measure of operational vulnerabilities and therefore increase the likelihood of operatives being caught and a group compromised. The intensity of this dilemma is captured by the fact that certain themes surface repeatedly in terrorists' own organizational writings. There is a consistent focus on how to achieve the appropriate use of violence when

<sup>5</sup>Global Terrorism Database, accessed January 12, 2011.

## INTRODUCTION

the rank and file often clamor for more violence than is useful from the leader's perspective or seek to make a profit for themselves in the course of their duties. Groups routinely struggle with the problem of staying covert while also maintaining situational awareness about political developments so that members understand which actions will advance the broader cause and which will exceed the public's tolerance for violence and therefore be politically counterproductive. Finally, there is consistent concern with balancing the need to control operational elements with the need to evade government attention and limit the consequences of any compromise.

White supremacist intellectual Louis Beam, for example, advocates minimizing the risk of compromises by making no efforts whatsoever to coordinate actions. His "leaderless resistance" concept entails a few ideologues providing guidance on the need for a struggle to defend the white race in America and on what types of actions should be taken, while making no efforts to conduct operations themselves. The actual operations are left to the initiative of individual "patriots." While this approach proved useful in keeping Beam out of prison—he has been able to lead a de facto terrorist movement for many years without being successfully prosecuted—it has been a near total failure as a method of fomenting widespread armed resistance against the U.S. government.<sup>6</sup>

The difficulties of controlling violence feature prominently in the organizational writings of early Russian Marxists. Groups such as the Party of the Socialist Revolutionaries (PSR) and the Russian Social Democratic Labor Party (RSDLP) had regular problems with local cells conducting revenge attacks that could not be justified by Marxist theory.<sup>7</sup> More recently, a 1977 "Staff Report" for the Provisional Irish Republican Army (PIRA) General Headquarters (GHQ) detailed reorganization plans intended to minimize security vulnerabilities while maintaining sufficient operational control.<sup>8</sup> One PIRA member reflecting on the use of car

<sup>6</sup>This failure is, perhaps, the reason this organizational approach has not been used much. Of the 52 groups conducting attacks on U.S. soil from 1970 to 2008, only four followed the "leaderless resistance" model. Analysis based on PPT-US data, version 3. See Erin Miller and Kathleen Smarick, 2012, "Profiles of Perpetrators of Terrorism in the United States (PPT-US)," <http://hdl.handle.net/1902.1/17702> UNF:5:5rMan9QGKaQXo4bRl8luCzQ==National Consortium for the Study of Terrorism and Responses to Terrorism [Distributor] V3 [Version].

<sup>7</sup>Anna Geifman, "Aspects of Early Twentieth-Century Russian Terrorism: The Socialist-Revolutionary Combat Organization," *Terrorism and Political Violence* 4, no. 2 (1992): 23–46.

<sup>8</sup>Sean Twomey, "Staff Report," Irish Republican Army, September 1977. For a discussion that puts the report in the larger context of the PIRA's organizational evolution, see John Horgan and Max Taylor, "The Provisional Irish Republican Army: Command and Functional Structure," *Terrorism and Political Violence* 9, no. 3 (1997): 21.

## CHAPTER 1

bombs argued against their use because “it was too difficult to control and therefore you ended up with civilian casualties which no one wanted, which was (a) a tragedy for the people who were killed and (b) it was a political disaster for the aims of the struggle.”<sup>9</sup>

Islamist groups are not immune to these concerns either, and maintaining situational awareness seems particularly problematic for them. Rich evidence of this fact is found in internal documents captured from al-Qa’ida and other groups that were originally contained in the U.S. Department of Defense’s Harmony Database. The database contains more than one million documents picked up during operations in Afghanistan, Iraq, and elsewhere. Roughly a quarter of the documents have been translated and a large number have been released. We will use the documents throughout the book to provide a rich view inside modern Islamist terrorist groups. Documents from the Harmony database are referenced by their document number.<sup>10</sup> The problem of becoming detached from the masses because of the exigencies of maintaining security features prominently in Abu Musab al-Suri’s “lessons-learned” document describing the failed jihad waged against the Assad regime in Syria from 1976 to 1982.<sup>11</sup> Abu Musab discusses emulating the Italian Red Brigades to better compartmentalize information while maintaining operational effectiveness. As well, captured letters between al-Qa’ida members discuss how planning and conducting too many attacks can become counterproductive, leading to unwanted government attention. For example, in a June 2002 letter, Saif al-Adel, a member of al-Qa’ida, criticized Osama bin Laden’s leadership. He argued that the group needed to take an operational pause to regroup following setbacks in East Asia, Europe, America, the Horn of Africa, Yemen, the Gulf, and Morocco. Continuing to engage in “foreign actions” is described as bringing excessive pressure to bear on the organization.<sup>12</sup> Such views are not unique, and similar concerns have been voiced in the Arabic press by those concerned with the broader Islamist agenda.<sup>13</sup> For many terrorist groups, conducting too many attacks can be as damaging as conducting too few.

<sup>9</sup>Quoted in Rogelio Alonso, *The IRA and Armed Struggle* (New York: Routledge, 2007) 157.

<sup>10</sup>See appendix B for more details.

<sup>11</sup>Harmony, AFGP-2002-600080.

<sup>12</sup>Harmony, Al-Adl Letter.

<sup>13</sup>See, for example, Abul-Walid, “The Story of the Afghan Arabs from the Time of the Arrival in Afghanistan until their Departure with the Taliban,” part 1, *al-Sharq al-Awsat*, December 8, 2004. For the best summary of schisms within al-Qa’ida, see Vahid Brown, *Cracks in the Foundation: Leadership Schisms in al-Qa’ida from 1989–2006* (West Point, NY: Combating Terrorism Center, 2007).

## INTRODUCTION

A particularly telling example of a terrorist group having problems controlling violence comes from al-Qa'ida in Iraq (AQI) in 2007. On May 28 of that year the local branch of the Islamic Army of Iraq (IAI), an indigenous Sunni militant organization, posted a notice at a mosque in Baghdad's Amiriyah district criticizing AQI for killing Sunnis without sufficient evidence that they had done anything wrong.<sup>14</sup> The next day, a group of AQI fighters trying to erase anti-AQI graffiti were attacked, leading to several days of fighting between AQI and IAI.<sup>15</sup> Early in the violence, on May 31, 2007, the local AQI leader Abu al-Hasan Safir wrote to his leadership trying to justify the violence by claiming that only he and his fighters "... are aware of the true nature of the Islamic Army and its leadership..."<sup>16</sup> A few days later though, when it became clear that the fighting was a public relations disaster for AQI (and perhaps a military one as they seemed to get the worst of the fighting with the IAI), AQI's overall leader issued a pamphlet ordering his fighters to stay home and avoid further conflict while he rectified the situation with the IAI leadership.<sup>17</sup> Two facts about this incident are informative. First, the communication from AQI's leadership to the local cell was made via a public pamphlet, suggesting direct communications within the group were not especially reliable at that time.<sup>18</sup> Second, it was not until June 2, four days into the fighting, that the Abu al-Hasan wrote to his superiors to ask what "the big picture [general policy] of dealing with the Islamic Army" should be, suggesting the AQI leadership had failed to effectively communicate how specific actions would contribute to the cause.<sup>19</sup>

This conflict between AQI and the IAI was not an isolated incident. AQI repeatedly had problems with local units taking actions that led to conflicts with other insurgent organizations and alienated non-combatants, or at least captured documents suggesting that they did. In January 2007, for example, AQI leader Abu Hamza received a series of letters from Abu Abdullah al Shafi'i, the leader of Ansar al-Sunnah (an indigenous Sunni insurgent group), about a range of conflicts between

<sup>14</sup>John Ward Anderson, "Sunni Insurgents Battle in Baghdad," *Washington Post*, June 1, 2007.

<sup>15</sup>Ibid.

<sup>16</sup>Harmony, NMEC-2007-637011. The internal correspondence about the "Battle of Amariyah" was first documented in Brian Fishman, "*Dysfunction and Decline: Lessons Learned From Inside Al Qa'-ida in Iraq*," Report (Combating Terrorism Center, 2009), 10–20. This account draws heavily on Fishman's, who also discusses a long series of similar failures of operational control for AQI in 2007–8.

<sup>17</sup>Harmony, NMEC-2007-639155.

<sup>18</sup>Airing internal grievances in public, the way this note did, was rarely done and suggests the group had no alternative.

<sup>19</sup>Harmony, NMEC-2007-637011.

## CHAPTER 1

their organizations' fighters.<sup>20</sup> Abu Hamza responded to these critiques by suggesting that the fault lies with his operatives, hinting that they were not acting under orders, and stating that he is "willing to hand over any person [who has] committed a crime of blood or took your money."<sup>21</sup> While Abu Hamza may have been disavowing his operatives' activities for political reasons in this particular instance, and not because they were actually acting contrary to his direction, there is plenty of evidence that AQI frequently had problems managing its fighters. AQI internal memos also criticize operational cells for taking actions that alienated local populations.<sup>22</sup> And, in a 2008 interview with *Al-Arab*, the leader of the ISI in Samaraa discussed his concerns with excess violence "driven by young men who were not controlled... [because of] the difficulty in communications between the cells and factions."<sup>23</sup>

The terrorist's organizational dilemma, maintaining control while staying covert, creates two fundamental tradeoffs that will frame much of this discussion. The first is between operational security and financial efficiency. Here problems of trust and control—agency problems—lead to wasteful, inefficient resource allocation from a leader's perspective. Auditing and other strategies to mitigate these problems all entail their own security costs. The second tradeoff is between operational security and tactical control. Here agency problems and other group dynamics lead to counterproductive violence. Strategies to mitigate these problems through greater control entail security costs for groups as a whole.<sup>24</sup>

We can understand how terrorists will deal with these tradeoffs, and therefore how groups are organized and how much control leaders will exercise, by taking a page from James Q. Wilson's *Bureaucracy*.<sup>25</sup> Wilson sought to explain the behavior and structure of government agencies by looking closely at the things each agency needed to produce—such as

<sup>20</sup>Harmony, NMEC-2007-636885, NMEC-2007-636880, NMEC-2007-636888, NMEC-2007-636892.

<sup>21</sup>Harmony, NMEC-2007-636898.

<sup>22</sup>See, e.g., Harmony, IZ-060316-02.

<sup>23</sup>The process by which using bureaucratic tools to manage operatives' activities can mitigate certain security risks for terrorist groups while making others worse is discussed in Blake Mobley, *Terrorism and Counterintelligence* (New York: Columbia University Press, 2012).

<sup>24</sup>In "Al-Qa'ida: Back to the Future," in Part I of *Harmony and Disharmony*, Jarret Brachman and Jeff Bramlett further dissect jihadi theoretician Abu Musab al-Suri's "lessons learned" from the Syrian jihad. The experiences of the Muslim Brotherhood and the *al-Tali'a al-Muqatila* (The Fighting Vanguard) in Syria from 1976 to 1982 provide a clear case of an organization that could not both exercise control over its operatives and achieve an acceptable level of security.

<sup>25</sup>James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do It* (New York: Basic Books, 1989).



## INTRODUCTION

regular payments to beneficiaries according to a well-specified payment schedule in the case of the Social Security Administration—and the political environment in which they did so—one with no readily agreed upon performance metric in the case of prisons. Wilson's core insight is that the nature of an agency's production and the environment in which it operates creates pressures that jointly determine how it will organize.

To apply this same approach to understanding terrorist groups, we need to carefully analyze the tasks that these organizations must achieve, assess the unusual personnel issues they face (e.g., recruiting operatives who are willing to do horrible things to other humans yet have the self-control and obedience required for carefully calibrated violence), and examine the environments in which they operate. Doing so with theoretical insights developed from the study of firms, political parties, and social movements is extremely illuminating, both for theory and practice.<sup>26</sup> Once we understand these elements—and can demystify these terrorist groups—we will have a sounder footing for counterterrorism efforts and a better ability to determine what level of effort is required to make major terrorist attacks unlikely.

Between September 2001 and the present, American counterterror policy has involved a massive, worldwide effort to capture internationally minded Islamist militants when possible, and kill them with drone strikes when not. That may have been the right strategy for groups such as al-Qa'ida when they were powerful, but the world faces a range of other terrorist threats ( Hamas, Hezbollah, the Lord's Resistance Army), some of which may be more effectively dealt with in other ways or successfully restrained with a smaller military commitment. Without a realistic view of the organizational challenges and constraints terrorists face, it is difficult to have properly informed debates on these matters and thus hard to choose the best strategies.

Applying careful organizational analysis to terrorist groups shows that the coinciding problems of balancing security against efficiency and operational control should be inescapable for the vast majority of terrorist groups. Using captured al-Qa'ida documents, a wide variety of historical evidence, and terrorists' own public writings, we will see that these tradeoffs have plagued terrorist groups since the 1870s. Along the way there have been a host of often amusing examples of strife and discord within these organizations. At the end of the day, these examples will highlight that terrorists are, for the most part, not nearly as capable or committed as the most successful of their kind might make one think.

<sup>26</sup>The best example of how theoretically informed analysis can enhance our understanding of seemingly unusual organizations is Jeremy M. Weinstein, *Inside Rebellion: The Politics of Insurgent Violence* (New York: Cambridge University Press, 2007).

## CHAPTER 1

As a result, their organizations are nothing close to the threat that many in the policy community once claimed them to be.

### 1.3 WHY UNDERSTANDING HIERARCHY AND CONTROL MATTERS

From a scholarly perspective, understanding how terrorist groups are organized is obviously valuable in its own right, but it can also provide insight into policy debates by providing a stronger foundation for thinking through what we should expect groups to be able to do under different scenarios. All other things being equal, groups with a political doctrine that provides little guidance to operatives regarding which targets should be attacked will place a higher value on hierarchical structures that help manage attacks than groups with more specific political doctrines. This means they will be less likely to respond to government crackdowns by shifting into less centralized organizational forms. Similarly, groups that have an effective safe haven for their operatives may be much less sensitive to increased policing efforts because they can place key security-reducing activities in locations outside the reach of security services.<sup>27</sup> Understanding such reactions can help with a range of policy issues.

One issue governments struggle with is how to allocate scarce counterterrorism resources between proactive measures designed to raise the risks to terrorist actions and defensive measures designed to protect high-value targets. Here, an approach that highlights organizational variation suggests that a group whose political goals imply a greater need to control operatives—one that is seeking a specific change in government policy, for example—will place a much higher value on communicating with operatives. Because such a group cannot adapt by reducing its level of communication without sacrificing political effectiveness, investments in intercepting communications can pay great dividends over a long period of time. For groups whose political goals do not require that they apply violence carefully—for example, spoilers that are simply trying to stymie a peace process—such a strategy will not have enduring effects, because the group can sacrifice control over operatives for security without significantly compromising its political goals. Investing in protecting

<sup>27</sup>For related arguments about the value to insurgents of having a place where they can safely coordinate operations and transmit information, see Abdulkader H. Sinno, *Organizations at War in Afghanistan and Beyond* (Ithaca, NY: Cornell University Press, 2008).

## INTRODUCTION

prominent targets is likely to be the most efficient policy against such groups.

For a more concrete example of how organizationally informed analysis can provide policy guidance, consider an analyst charged with assessing whether a new counterterror policy is working. The number of attacks or nature of violence being conducted by a group is an ambiguous indicator on this score. Because success for terrorists is measured in terms of political impact, not in terms of numbers killed or attacks conducted, the vast majority of terrorist organizations try to achieve a politically optimal level of violence that is less than what they could manage if they sought only to kill. As such, an observed increase in the rate of attacks can mean the group has become more efficient, or it can mean leaders have been placed under so much pressure that they gave up control and operatives responded by ramping up the rate of attacks, reasons for which we discuss later in this chapter.

Given this ambiguity, a better process for evaluating policies is to look at organizational changes. Analysts should first ask whether the conditions exist for terrorists to prefer substantial hierarchy in their organization. Those conditions are present when groups are large enough that leaders need to delegate, when operatives will not conduct those activities exactly as leaders would like absent some supervision, and when unsupervised operatives are likely to take politically or financially damaging actions. If those conditions are in place, and a group decentralizes in response to government policy changes, that can be understood as a sign that the policy is working. Leaders giving up valued control in exchange for survival can signal counterterror success. If there are no changes in the group's organization, or if more central control is being exerted in a group that should prefer hierarchy, there is evidence that the policy is not working.

Alternatively, consider a policy maker charged with calibrating how much pressure to apply against a group. The most common method of analyzing terrorist organizations in policy documents is to treat them as unitary rational actors. From this perspective, cracking down on terrorist organizations is always the best policy. Doing so, the argument holds, will either push them toward negotiations or, if they are so extreme that negotiations are not an option, will more rapidly end their campaign. As we will see though, terrorist leaders often struggle to control their operatives. In particular, leaders in terrorist organizations, or potentially violent organizations, are often the ones preventing operatives from engaging in higher levels of violence. Government actions that force leaders to trade control for survival can paradoxically lead to higher levels of violence. They can also make it impossible for leaders to uphold deals made with governments as the changes required to survive in the face of

## CHAPTER 1

intense government pressure make it impossible for them to enforce the terms among their operatives.<sup>28</sup>

The history of the French left-wing group the *Gauche Prolétarienne* is instructive.<sup>29</sup> In the early 1970s, the organization's leaders were able to enforce a principled decision to reject terrorism at a time when similar left-wing organizations across Europe were moving underground and embracing violence.<sup>30</sup> Instead, the group's leaders shifted into peaceful activism and advocating for left-wing causes in French intellectual circles. Had the French government cracked down on the group more aggressively, the leadership might have given up some control and they would have been unable to rein in their rank and file. The leaders of this group retained such control and were eventually able to disband in 1974.

In many ways, this is the most important reason to understand control and hierarchy; doing so highlights the fact that counterterrorism policies in the present constrain future options for settling a conflict. Certain policies may push terrorist leaders to give up control over their operatives. For example, Israel's policy of targeted assassinations against senior Hamas leaders in spring 2004 helped create a situation in which the group's more moderate leaders in Gaza and the West Bank were unable to enforce ceasefire agreements. This made it impossible to break the cycle of violence that started with the Second Intifada. If Israeli leaders were sincere in their public statements about wanting a truce and negotiated settlement, this policy was counterproductive. More generally, a strategy that puts so much pressure on an organization that leaders lose their ability to control operatives leaves the government with no way to end the conflict except to kill or imprison everyone in the group. If a government decides that it cannot win militarily and needs a negotiating partner, it may actually want to enact policies that allow terrorist leaders to increase control over their operatives. While applying significant pressure is valuable in dealing with many groups, there are tradeoffs to doing so that policy makers should be aware of.

To make these arguments more concrete, it is useful to look at two specific situations: Israeli policy toward Hamas in the 1990s and British policy toward the PIRA in the 1990s. In both cases a government was trying to compel a terrorist group to participate in a negotiated

<sup>28</sup>Issues of how terrorists' internal cohesion relate to negotiating strategies feature prominently in Peter R. Neumann, "Negotiating with Terrorists," *Foreign Affairs* 86, no. 1 (2007): 128–147.

<sup>29</sup>I thank Martha Crenshaw for pointing out this example.

<sup>30</sup>Martha Crenshaw, "Why Violence Is Rejected or Renounced: A Case Study of Oppositional Terrorism," in *A Natural History of Peace*, ed. Thomas Gregor (Nashville, TN: Vanderbilt University Press, 1996) 256–257.

## INTRODUCTION

settlement. If one treated the groups as unitary rational actors, then in both cases it was obvious that putting maximum pressure on the groups was the optimal thing to do. Yet in both cases, that strategy would have been counterproductive. In the case of Hamas, the Israeli government did put the group under great pressure, especially after it started conducting suicide bombings in 1994. The net result of going after the group, however, was to empower the more militant faction, which was relatively immune from Israeli pressure because its managers were operating from Jordan, and later from Syria. As we will see in chapter 8, by cracking down on Hamas in the Occupied Territories, the Israelis paradoxically made it harder for the leaders who were inclined to negotiate to control their operatives. In that case most of the group behaved in ways consistent with negotiations (i.e., refrained from attacks), but a few militants carried out enough high-profile attacks to contribute to the failure of the Oslo process. In the PIRA case, as we will see in chapter 7, key leaders such as Martin McGuinness and Gerry Adams were struggling throughout the 1990s to rein in their organization. To do so they had to be able to restrain operatives who consistently demanded more action against the British. Arresting them and their closest deputies, as the British surely could have done, certainly would have made it harder for the PIRA to operate, but it also would have removed the only people who could deliver on promises of restraint that the group was making at the negotiating table. In both of these cases an agency theory perspective highlights costs to security crackdowns that are not apparent if we treat terrorist groups as unitary actors.

### 1.4 WHAT ABOUT 9/11?

The devastating and shocking attacks of September 11, 2001 ignited an unprecedented fear of terrorism and led to major changes in U.S. foreign policy, including the invasions of Afghanistan and Iraq. Although the attacks may seem an obvious example of how terrorist groups are especially deadly and highly capable, I would argue they in fact provide evidence to the contrary. The attacks were only possible because al-Qa'ida had the space to operate, organize, and create a hierarchical system under which thousands of terrorists were trained and monitored. Since 1996 the group had been operating under relatively safe circumstances in Afghanistan, where the government was, for unrelated reasons, not particularly open to cooperating with other governments or agencies. Within this fairly closed system, hostile to foreign intelligence efforts, al-Qa'ida was able to remain protected from outside scrutiny.

## CHAPTER 1

The group was openly raising money from wealthy donors and moving funds around through antiquated trust networks without any particular security precautions. Several days before the 9/11 attacks, \$26,000 was returned by the hijackers to an intermediary, a move that reflected an obvious lack of concern about the funds being tracked.<sup>31</sup>

With the sense of security they clearly had, al-Qa'ida leaders built a large, relatively formal organization that created a huge intelligence signature. For al-Qa'ida, that organizational structure also made it possible to run the training camps at which leaders sorted through hundreds of trainees, looking for the very best operatives. Having this many people to choose from, train, reject, and ultimately groom allowed the best of the best to stand out and led Khalid Sheikh Mohamed (the 9/11 attack's mastermind) to Mohammad Atta and his eventual accomplices. These were people who had the motivation, English skills, and social background to successfully make it through flight training in the United States and carry out the attack. But, they were rare and would not have come to the group's attention without the institutional infrastructure al-Qa'ida built in Afghanistan.<sup>32</sup>

Once those individuals were recruited and identified, the remainder of the 9/11 plot still required substantial planning and support infrastructure, at least relative to most terrorist attacks, all of which created additional leads for intelligence agencies. In early 2000, for example, intelligence officials had taken surveillance photos of one of the trained hijackers, Khalid al-Mihdhar, as he met with various al-Qa'ida operatives in Kuala Lumpur and other areas of Malaysia.<sup>33</sup> He was photographed meeting with multiple people in what is referred to as "the Malaysia meetings" by the intelligence community and the FBI.<sup>34</sup> Through this surveillance it was determined that while traveling on a Saudi passport, Mihdhar had a multiple entry visa to the United States, and his passport was even photocopied and sent to the CIA. Another of the 9/11 hijackers, Nawaf al-Hazmi, was also photographed while in Malaysia and during meetings with other operatives.<sup>35</sup> Intelligence officials had lengthy files and detailed information on Hazmi and Mihdhar by the time they reached

<sup>31</sup>John Roth, *Monograph on Terrorist Financing: Staff report to the Commission* (Washington, DC: National Commission on the Terrorist Attacks Upon the United States, 2004), 3.

<sup>32</sup>The comparison between the 9/11 hijackers and subsequent largely incompetent al-Qa'ida operatives such as Richard Reid could hardly be more stark.

<sup>33</sup>Office of the Inspector General, *A Review of the FBI's Handling of Intelligence Information Related to the September 11 Attacks* (November 2004), Report (U.S. Department of Justice, 2006) 243.

<sup>34</sup>*Ibid.*, 244.

<sup>35</sup>*Ibid.*, 236.

## INTRODUCTION

Malaysia, and extensive reports and reviews have been done to determine how these two were tracked and photographed but not intercepted, especially once in the United States. Dozens of cables and communications were sent to the FBI and CIA and between agents who were responsible for monitoring activities of suspected and known al-Qa'ida operatives. These individuals were not operating in secret, though they may have been trying to do so, and many of their moves were well documented and photographed at the time.

Ultimately, it was multiple errors by the counterterrorism community that enabled the events of 9/11 to take place, not the fact that al-Qa'ida was able to operate a complex mission without a great deal of hierarchy and the accompanying security vulnerabilities. The system al-Qa'ida created was never successfully kept secret and could never have been so, given its size. Even with the lower level of attention given to terrorism before 9/11, the locations and purposes of al-Qa'ida training camps were known and the group's operatives tracked, at least until they entered the United States in the case of two of the 9/11 pilots.<sup>36</sup> In this sense, then, the 9/11 attacks are best understood as the exception that proves the rule. When terrorist groups have a great deal of operational space and can build large, relatively formalized organizations, they can indeed be quite deadly. Terrorist groups, of course, can no longer operate in that manner without attracting a great deal of lethal attention from various governments, and it is hard to imagine such permissiveness will be allowed any time in the near future. This should be reassuring, the types of organizational activities that were necessary for the 9/11 attack create obvious security vulnerabilities and limit the chances groups can conduct truly massive attacks.

### 1.5 ARE TERRORIST ORGANIZATIONS REALLY SO FAMILIAR?

The argument that terrorist organizations are surprisingly mundane and normal, at least from an organizational perspective, is distinct from much of what has been written on the subject. A common refrain in discussions about terrorist groups since 9/11 has been that many of today's most deadly terrorist groups are organized as loose networks and so belong to an analytically distinct category from older groups such as the Palestine

<sup>36</sup>For a detailed discussion see *ibid.*, 287–308.

## CHAPTER 1

Liberation Organization or M-19.<sup>37</sup> Perhaps that is true, but it does not mean that is a more dangerous organizational form. Quite the opposite. To the extent that terrorism is much less centrally organized today than in the past reflects organizational changes driven by the aggressive counterterrorism efforts that followed 9/11. Historically, terrorists choose hierarchy and formal organization whenever the security situation allows them to do so.

Al-Qa'ida is an especially salient example of this. From the mid-1990s through late 2001, al-Qa'ida made every effort to become a fully bureaucratized organization, complete with employment contracts specifying vacation policies,<sup>38</sup> explicitly documented roles and responsibilities for different jobs including detailed descriptions of the experiences required for senior leadership roles,<sup>39</sup> security memos written by a specialized security committee,<sup>40</sup> and standardized questionnaires for those arriving at training camps.<sup>41</sup> Al-Qa'ida did not move to decentralize until 2002, following the ouster of the Taliban government from Afghanistan and the arrest of a number of key al-Qa'ida leaders, including Abu Zubaydah, al-Qa'ida's "dean of students," Ramzi Bin al Shibh, the organizer of the Hamburg cell of 9/11 hijackers, Khalid Sheik Mohammed, the mastermind of 9/11 and the financier of the first World Trade Center attack, and Tawfiq Attash Kallad, the mastermind of the attack on the USS *Cole* (DDG-67). In response to these and other key losses, al-Qa'ida allegedly convened a strategic summit in northern Iran in November 2002, at which the group's consultative council decided that it could no longer operate as a hierarchy, but instead would have to decentralize.<sup>42</sup> Essentially, al-Qa'ida traded operational control and financial efficiencies for security and organizational survival.<sup>43</sup> That al-Qa'ida has decentralized does not mean this is a preferred or more dangerous organizational form, it simply means that al-Qa'ida opted for security when faced with the hard tradeoffs discussed in this chapter.

<sup>37</sup>See, for example, the summary provided in Peter Grier, "The New Al Qa'ida: Local Franchiser," *Christian Science Monitor* (July 11, 2005). Online at: <http://www.csmonitor.com/2005/0711/p01s01-woeu.html>.

<sup>38</sup>Harmony, AFGP-2002-600045.

<sup>39</sup>Harmony, AFGP-2002-000078 and AFGP-2002-000080.

<sup>40</sup>Harmony, AFGP-2002-000038.

<sup>41</sup>Harmony AFGP-2002-600849.

<sup>42</sup>Joseph H. Felter et al., *Harmony and Disharmony: Exploiting al-Qa'ida's Organizational Vulnerabilities* (West Point, NY: Combating Terrorism Center, 2006), 7–9. Robert Windrem, "The Frightening Evolution of al-Qa'ida," *MSNBC.com*, (June 24, 2005). Online at: <http://msnbc.msn.com/id/8307333>.

<sup>43</sup>Even this characterization of al-Qa'ida is problematic. In late 2004, elements of the group were still engaging in centralized personnel movements, despite their supposedly decentralized state. Harmony, AFGP-2005-0003304.



## INTRODUCTION

There are many more examples that suggest terrorist groups choose greater levels of hierarchy when the operational environment allows. Palestinian militant organizations developed quasi-government structures under the umbrella of the Palestinian Liberation Organization during their period in Lebanon from September 1970 until their eviction by Israel in mid-1982.<sup>44</sup> The PIRA opted for more hierarchy whenever it could, only shifting away from a hierarchical, albeit compartmentalized, military model in the face of a major government crack-down in the early 1990s. This was accompanied by increasing restrictions on the group's use of the Republic of Ireland as an operational safe haven.<sup>45</sup> Hezbollah likewise introduced hierarchical structures as it grew from a loose collaboration of militant units into a coherent organization from 1984 on.<sup>46</sup> These groups sought hierarchy for the same reasons other organizations do: it makes them more effective by supporting resource sharing, specialization, economies of scale, and reduced contracting costs.<sup>47</sup> Hierarchy can also help terrorist groups screen potential operatives, both to minimize internal disciplinary problems and to avoid recruiting government agents. Israeli agents, for example, reportedly took advantage of insufficiently centralized recruiting by Palestinian Islamist groups to run agents who would "recruit" Palestinians into small two- or three-person cells for Hamas or PIJ. The agents would then order their cells to attack Israeli checkpoints or patrols which, being forewarned of their presence, could easily capture or kill them.<sup>48</sup>

Despite the oft-cited prevalence of the "network" model of loose organization among jihadi militants, foreign elements of the Iraqi insurgency

<sup>44</sup>James Adams, *The Financing of Terror: How the Groups that Are Terrorizing the World Get the Money to Do It* (New York: Simon & Schuster, 1986), "Part Two: The PLO," 83–130.

<sup>45</sup>Horgan & Max Taylor, "The Provisional Irish Republican Army: Command and Functional Structure," 27.

<sup>46</sup>Magnus Ranstorp, "Hizbollah's Command Leadership: Its Structure, Decision-Making and Relationship with Iranian Clergy and Institutions," *Terrorism and Political Violence* 6, no. 3 (1994): 303–339. See also Magnus Ranstorp, *Hizb'allah in Lebanon: The Politics of the Western Hostage Crisis* (New York: St. Martin's Press, 1997), 67–78.

<sup>47</sup>For an outstanding analysis of the problems hierarchy can solve, and those it cannot, see Gary J. Miller, *Managerial Dilemmas* (New York: Cambridge University Press, 1992).

<sup>48</sup>Zaki Chehab, *Inside Hamas: The Untold Story of the Militant Islamic Movement* (New York: Nation Books, 2007), 77. It was in part because of such concerns that Hamas required potential trainees at camps in Sudan, coming from inside the Occupied Territories, to be recommended by the central leadership in Damascus; see Matthew Levitt, *Hamas: Politics, Charity, and Terrorism in the Service of Jihad* (New Haven, CT: Yale University Press, 2006), 186.

## CHAPTER 1

exhibited a fair degree of hierarchy and bureaucratization. Letters from commanders in the al-Qa'ida in Mesopotamia network at the height of the war in Iraq in 2005 and 2006 complained that existing rules restricted their operational options and that the requirement to get permission before conducting attacks wasted time and compromised the chances of success.<sup>49</sup> Alongside this frustration with existing procedures, one of these letters requests greater bureaucratization, pleading with the leadership that “whenever we meet with you, you tell us that this is the right way, but we want this in writing by the state council, so all of our members would observe it, but if it’s not written it will go away after you’re gone, if you die or get killed, the council after you . . . will stay on good grounds.”<sup>50</sup> Such requests are actually a plea for the introduction of standing rules of engagement. Wanting clear, consistent rules or guidelines is a desire familiar to anyone who has served in a standard military organization. More important, complaints about bureaucracy accompanied by the desire to cement favored operating procedures should be expected in any organization. Organizational rules inevitably favor some member preferences over others, and so should be contested. Such arguments are a sign that terrorist organizations are not so unique after all.

### 1.6 CAN WE TREAT TERRORIST ORGANIZATIONS AS RATIONAL?

There is a natural tendency to shy away from treating terrorists as rational actors. It is not comfortable, after all, to work through logical arguments that justify killing innocent civilians to achieve political change, nor is it comfortable to think of murderers as having logical reasons for what they do. Yet there is ample evidence that terrorists behave rationally in most respects. Moreover, pointing out the mundane side of terrorism helps to demystify these groups. Terrorism gains much of its power from the exaggerated weight society gives to its practitioners’ capabilities. This was especially true in the United States after 9/11. No small group of individuals can bring down a state, much less a functioning modern economy such as Israel, Pakistan, or the United States. Even weak states such as Afghanistan and Yemen are not placed at risk by the isolated

<sup>49</sup>For a summary, see “Al-Qa’ida in Iraq Hampered by Bureaucracy and Loss of Sunni Support,” Combating Terrorism Center, April 20, 2006. Online at: <http://www.ctc.usma.edu/CTC%20-%20Zarqawi%20Letters%20Analysis.pdf>. See Harmony IZ-060316-01, IZ-060316-02, and IZ-060316-03.

<sup>50</sup>Harmony, IZ-060316-01.

## INTRODUCTION

actions of small groups.<sup>51</sup> This should be obvious if we pause for a moment and distance ourselves from the shock of even the worst terrorist events.

With that distance, it is clear that the hierarchical structures of control and precise calculations about attacks, operations, and internal bureaucracy that we see in the historical record require some form of rational thinking and decision making. Al-Qa'ida's compensation practices provide fascinating examples of just how rational a terrorist group can be, at least when it comes to managerial practices. Its leaders used a rather interesting incentive scheme to screen operatives for their previous organization in 1989 in Afghanistan. Long before western companies such as online shoe company Zappos starting offering newly trained employees \$2,000 to leave the company, bin Laden offered new recruits \$2,400 if they changed their mind about wanting to commit to his group.<sup>52</sup> Zappos has been lauded for this "buyout" offer as it encourages people who are not committed to the organization's values and mission to leave. If \$2,000 (or \$2,400) is more attractive than the mission at hand, then it is even more beneficial for the Zappos CEO, or head of al-Qa'ida, to see you on your way.

Similarly, compensation was determined in what can only be deemed as a rational manner. During direct examination at the Africa Embassy bombing trial, al-Fadl was asked to recount his interactions with bin Laden concerning complaints about his salary in 1991 and how bin Laden justified paying others more money. The following is part of that exchange:

QUESTION: What did Usama Bin Laden say to you when you complained about the salaries of Abu Fadhl al Makkee, Abu Hajer, and Abu Abdallah Lubnani?

ANSWER: He say some people, they traveling a lot and they do more work and also they got chance to work in the country. Some people, they got citizenship from another country and they go back over there for regular life, they can make more money than in group. And he says that's why he try to make them happy and give them more money.<sup>53</sup>

Put into academic terms, bin Laden set his employees' wages at what they could earn if they left the organization, just as any good

<sup>51</sup>For a post-9/11 perspective on the failure to correctly estimate the threat from terrorism, see John Mueller, *Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats, and Why We Believe Them* (New York: Free Press, 2006).

<sup>52</sup>Lawrence Wright, *The Looming Tower: Al-Qaeda and the Road to 9/11* (New York: Alfred A. Knopf, 2006), 141–142.

<sup>53</sup>Jamal Ahmed al-Fadl testimony: Direct examination, *U.S. v. Usama Bin Laden et al.*, S(7) 98 Cr. 1023, pp. 257–258.

## CHAPTER 1

profit-maximizing manager would do. This is what economists refer to as their outside option. Evidence of this kind of rationality is pervasive in studies of terrorist organizations, even those employing suicide bombers. This type of rationality is not unique to al-Qa'ida human resources practices, though. In the Israeli-Palestinian conflict, more educated, better trained, older suicide bombers are more effective and therefore are sent to attack targets that are more valuable.<sup>54</sup> In other words, rational choices are made about which bombers will be assigned to specific targets, with political impact, likelihood of success, and ability to avoid being intercepted all taken into consideration.

Exactly how rational terrorists are in making organizational decisions is an open question, and one that is not really germane for our purposes. As a starting point though, we just need to observe that terrorist decision making in strategic situations has three salient traits.<sup>55</sup> First, terrorist organizations match means to ends, as in the example above in which bin Laden set salaries to make sure everyone stayed sufficiently motivated given other options.<sup>56</sup> Second, they examine a limited number of options, choosing the one that yields the highest expected gain. In the first Bali bombing, for example, and in the 2003 Casablanca bombings, the terrorists considered a subset of available targets, took into account how well defended they were, and adjusted their target choices when site-specific protections lowered the expected impact from hitting the original targets.<sup>57</sup> Third, in strategic interactions, terrorists and government officials typically consider the impact of their actions in a fairly nuanced way. A 1992 Hamas policy memo outlining the pros and cons of participation in the first Palestinian municipal elections, for

<sup>54</sup>Efraim Benmelech and Claude Berrebi, "Human Capital and the Productivity of Suicide Bombers," *Journal of Economic Perspectives* 21, no. 3 (2007): 223–238.

<sup>55</sup>On terrorists' tactical choices, see C.J.M. Drake, *Terrorists' Target Selection* (New York: St. Martin's Press, 1997). For a review of the political economy literature on terrorist decision making, see Ethan Bueno de Mesquita, "The Political Economy of Terrorism: A Selective Overview of Recent Work," *Political Economist* 10, no. 1 (2008): 1–12.

<sup>56</sup>For a nice development of the argument that terrorists are "procedurally rational," see Max Abrahms, "Are Terrorists Really Rational? The Palestinian Example," *Orbis* 48, no. 3 (2004): 533–549.

<sup>57</sup>On Bali, see Ministry of Home Affairs, *The Jemaah Islamiyah Arrests and the Threat of Terrorism* (Singapore, 2003). For a more detailed review of the literature which supports this approach to terrorist decision making, see David D. Laitin and Jacob N. Shapiro, "The Sources of Terrorism: An Ecological and Organizational Perspective," in *Terrorism and Economic Development*, ed. Philip Keefer and Norman Loayza (New York: Cambridge University Press, 2007).

## INTRODUCTION

example, considers Hamas's possible actions and Fatah's reactions to them.<sup>58</sup>

I will call such decision making intendedly rational, by which I mean terrorists match means to ends by explicitly comparing the value of different actions given limited information about the world. Beyond the examples above, there is a great deal of evidence that terrorist organizations explicitly and correctly adjust to the changes in the costs and benefits of different courses of action.<sup>59</sup> For business firms this kind of rationality usually means attempting to maximize profits. For terrorist organizations, political impact is the appropriate maximand and there are many examples of terrorist organizations struggling to find the appropriate organizational structures to meet their political ends. Abu Bakr Naji's *The Management of Savagery* is probably the most well-known example of Islamist terrorists analyzing how best to organize,<sup>60</sup> but similar rationalist language was used by Hamas political bureau chief Musa Abu Marzuq to describe his group's decision-making process regarding suicide attacks.<sup>61</sup>

In the next chapter, we will treat terrorist groups as the intendedly rational organizations they so clearly are. In chapter 5, we will examine

<sup>58</sup>Shaul Mishal and Avraham Sela, *The Palestinian Hamas: Vision, Violence, and Coexistence* (New York: Columbia University Press, 2000), 122–130. Note that this memo is not game-theoretically rational in the sense that it does not consider how Hamas should respond to Fatah's reaction, nor does it seek to identify a stable strategy such that neither side would want to do anything different. For a review of the issues involved in modeling such decision processes, ones in which actors look only a few steps down the game-tree, see John Conlisk, "Why Bounded Rationality," *Journal of Economic Literature* 34, no. 2 (1996): 669–700.

<sup>59</sup>When one type of attack becomes more difficult, terrorists switch to another type and the baseline rate of attacks remains relatively consistent. Further, there is a great deal of evidence that terrorist leaders demonstrate exactly the kind of consequentialist logic required for intendedly rational behavior. On substitution effects see Walter Enders and Todd Sandler, "Patterns of Transnational Terrorism, 1970–1999: Alternative Time-Series Estimates," *International Studies Quarterly* 46 (2002): 145–165. On consequentialist decision making in al-Qa'ida, see many examples in Rohan Gunaratna, *Inside Al Qaeda* (New York: Columbia University Press, 2002). On reactions to political competition between terrorist groups, see Mia Bloom, *Dying to Kill: The Allure of Suicide Terror* (New York: Columbia University Press, 2005). For a more general review of theoretical work on terrorist decision making, see Gordon H. McCormick, "Terrorist Decision Making," *Annual Review of Political Science* 6 (2003): 473–507. For a more recent review see Jacob N. Shapiro, "Terrorist Decision-Making: Insights from Economics and Political Science," *Perspectives on Terrorism* 6, no. 4–5 (2012): 5–20.

<sup>60</sup>Abu Bakr Naji, *The Management of Savagery*, translated by William McCants (West Point, NY: Combating Terrorism Center, 2006)

<sup>61</sup>Mishal, Shaul, "How Hamas Thinks," in *The Middle East Peace Process: Vision Versus Reality*, ed. Joseph Ginat, Edward J. Perkins, and Edwin G. Corr (Norman: University of Oklahoma Press, 2002), 93, 96.

## CHAPTER 1

the internal strategic motivations behind terrorists' organizational choices by assuming a different kind of rationality, game-theoretic rationality. The assumptions there will be stronger, since game-theoretic rationality assumes that all the participants in any given interaction are doing the best thing they can taking into account the fact that everyone else is also doing the best they can, and so on. In some sense we are on weaker ground in treating terrorists as game-theoretically rational than as intendedly rational, since there is no comparable direct evidence that they analyze problems that way. Despite its descriptive inaccuracy, game-theoretic analysis has proven extremely useful in understanding business firms, political parties, and other social organizations, and there is no reason to believe it is not similarly useful in analyzing terrorist groups.

### 1.7 PLAN OF THE BOOK

The primary goal in this book is to develop a deeper understanding of why terrorist groups organize as they do in order to shift the way we think about these groups and how experts approach them. Chapter 2 begins that effort by analyzing the fundamental organizational challenges of terrorism in greater depth. Using a wide variety of evidence it examines why terrorist groups, since the 1880s, have struggled with the terrorist's dilemma and lays out an argument about how and why group solutions to that dilemma vary predictably in response to four factors:

1. The demand for discrimination in the use of violence, or how important carefully targeted violence is, given the group's political goals.
2. The level of uncertainty about which targets serve political goals, or how hard it is to judge what kinds of attacks will advance a group's goals.
3. The extent of preference divergence in the group, or how much people in an organization disagree about how to best use violence to accomplish their stated goals.
4. The intensity of government security pressure, or how risky it is to engage in the communications required to manage a given organization.

To further illustrate the inescapable nature of the terrorist's dilemma, chapter 3 provides an insider's view on the managerial challenges inherent in terrorism by analyzing all 108 memoirs I could find written by participants in terrorist organizations that carried descriptions of individual's activities in those organizations.<sup>62</sup> This approach addresses one of the key

<sup>62</sup>I owe a debt to David Patel, who suggested this approach.

## INTRODUCTION

challenges in studying the internal dynamics of terrorist organizations; the relative dearth of data on what actually happens inside these inherently secretive institutions. Aside from a few highly salient examples (Al-Qa'ida, Fatah, Al-Qa'ida in Iraq), the internal correspondence of terrorist organizations has not been readily available to scholars and so it is hard to pinpoint the pervasiveness of hierarchy and control inside these groups.<sup>63</sup> As we will see, agency problems are pervasive in terrorist organizations and security-reducing paperwork and bureaucracy were present in many of them.

In order to deepen our understanding of how those tools are used, chapter 4 analyzes one of the most prominent terrorist groups in the last twenty years, al-Qa'ida in Iraq (AQI), using a host of the group's internal documents to study its financial and operational management. Because these documents were unavailable when the theory was developed, they facilitate a relatively clean, out-of-sample test of several core assumptions and predictions. They also provide rich insights into how one organization sought to solve its dilemmas.

As chapter 4 demonstrates, many dilemmas arise out of the tendency of terrorist operatives to behave in counterproductive ways from the leadership's perspective. This pattern highlights the incompleteness of the first analytical cut in chapter 2, which treats the terrorist's choice of organizational form as a decision-theoretic problem of choosing the best balance between security and control for achieving the group's goals. As the AQI materials so richly demonstrate, in any organization made up of thinking human beings, the level of control terrorist leaders actually exercise depends on the specific internal dynamics of a group. Terrorist operatives have their own ideas about what to do and these ideas do not always coincide with those of their leaders. A group's solution to its fundamental dilemma depends on the outcomes of the strategic interactions between terrorist leaders and their operatives.

Chapter 5 thus studies those strategic interactions in detail. It begins with a discussion of how the covert nature of terrorism inevitably

<sup>63</sup>For analyses drawing on the U.S. government's extensive collection of internal documents from al-Qa'ida and al-Qa'ida in Iraq, see: Jarret Brachman and William McCants, "Stealing Al-Qa'ida's Playbook," *Studies in Conflict and Terrorism* 29, no. 4 (2006): 309–321; Felter et al., *Harmony and Disharmony: Exploiting al-Qa'ida's Organizational Vulnerabilities*; Jacob N. Shapiro and Clinton Watts, eds., *Al-Qa'ida's (Mis)Adventures in the Horn of Africa* (West Point, NY: Combating Terrorism Center, 2007); Brian Fishman et al., *Bombers, Bankers, and Bleedout: Al-Qa'ida's Road In and Out of Iraq* (West Point, NY: Combating Terrorism Center, 2008); Assaf Moghadam and Brian Fishman eds., *Self-Inflicted Wounds: Debates and Divisions within Al-Qa'ida and Its Periphery* (West Point, NY: Combating Terrorism Center, 2010).

## CHAPTER 1

creates opportunities for operatives to expropriate organizational resources for their own purposes, leading to the security-efficiency tradeoff. It then turns to an analysis of the security-control tradeoff, modeling the tradeoff as arising from an unusual agency problem in which principals are better informed than their agents about which actions will best serve the political goal. The chapter looks at how this tradeoff plays out, since communicating with these agents creates security risks and sanctioning them for misbehaving is costly. The game-theoretic analysis provides rich intuition for what we should expect to see in terms of differences between organizations that vary in distinct ways on the key variables of discrimination, uncertainty, preference divergence, and security.

With that intuition we turn to a series of three comparative studies of terrorist organizations from 1880 through the present. Chapter 6 analyzes the organization of pre-Revolutionary Russian terrorist groups in the 1880s and 1900s. Understanding these groups is useful in many ways. First, and most important, many of the organizational pathologies of terrorism are starkly illustrated by the travails of what were really the first modern terrorist organizations. Second, comparing these groups offers an opportunity to test hypotheses about the relationship between uncertainty and control.

Chapter 7 studies the three most prominent terrorist groups operating in Northern Ireland from the 1960s through 2003: the Provisional IRA, the Ulster Defense Association (UDA), and the Ulster Volunteer Force (UVF). Because the history of terrorism in Northern Ireland is so well known the case provides an excellent venue for testing hypotheses about the relationship between discrimination and control. The history of the groups fighting in Northern Ireland also provides a critical illustration of the policy importance of this kind of organizational analysis. From 1987 on, leaders on both sides of the Northern Ireland conflict understood the broad contours of a negotiated settlement, but it took them many years to work the internal politics of their organizations to the point at which ceasefire orders were obeyed.

Chapter 8 turns to the Middle East, assessing the organizational evolution of the main Palestinian terrorist groups from 1989 through 2005. In addition to testing hypotheses about the relationship between preference divergence and control, the Palestinian case allows us to compare an Islamist group to a secular nationalist one, helping to illuminate what may or may not be unique about Islamist terrorism. Not surprisingly, there is some evidence that one Islamist group, Hamas, is substantially different in terms of how severe a problem it had with operatives, but the group clearly faced similar organizational challenges to its secular compatriots.



## INTRODUCTION

By providing a series of three within-conflict comparative case studies, these chapters allow us to control for potentially important factors such as the quality of government intelligence services. Each case study also provides a rich environment for checking various assumptions of theory and for verifying that the causal processes described in chapters 2 and 5 actually drive organizational outcomes.

Chapter 9 reviews the evidence, comments on U.S. government counterterrorism policies in light of the agency theory perspective on terrorist organizations, and offers a series of policy recommendations that flow directly from the organizational analysis. One potential criticism of this analysis is that it focuses too heavily on organizational outcomes while ignoring the kinds of behavioral outcomes of greatest interest to policy makers: who gets attacked, when, and by which method. The policy recommendations show this concern to be misplaced by demonstrating how systematically taking terrorists' organizational challenges into account can yield better counterterrorism policy. In particular, there are subtle ways to push groups into adopting security-reducing management practices that will work against some groups, but not all, and the organizational impacts of counterterrorism policies suggest that governments anticipating negotiations with terrorists may not want to put them under maximal pressure, as doing so can make it impossible for them to deliver on commitments made at the bargaining table. Ultimately, we cannot efficiently fight organizations that we do not understand.