Economists aren’t shy about pontificating on all manner of subjects. And while their pronouncements sometimes seem like they’re coming from the brain of Star Trek’s Mr. Spock, the economic way of thinking can provide breakthrough insights on issues that, on first reflection, seem to have nothing to do with the dismal science. Case in point: Eli Berman’s striking new book, *Radical, Religious and Violent: The New Economics of Terrorism.* Berman, an economist at the University of California (San Diego) and research director of the UC’s Institute on Global Conflict and Cooperation, explains what makes a successful terrorist in three words: incentives, incentives, incentives. But his thesis is certainly not reductionist claptrap. At the heart of contemporary, religion-based terrorism, Berman argues, is what has come to be known to scholars as the Hamas club model. And the key to containing terrorism is weakening the ties that make these economic clubs so good at what they do.

— Peter Passell

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In October 2005, a major earthquake shook Kashmir, the disputed region that sits uncomfortably between Pakistan and northwest India. In the earthquake’s aftermath, humanitarian needs were acute. National and international aid efforts were immediate, but often disorganized. Indeed, some of the most nimble providers of aid were reported to be bearded young radical Islamists.

*Der Spiegel* reporter Susanne Koelbl describes 25-year-old Mohammed Maqsood, a “militant” in Kashmir who would not shake her hand or even make eye contact with a female:

Men like Maqsood were the first aid workers to arrive in the disaster zone…. They conducted systematic searches for survivors in the rubble of ruined buildings, often digging with their bare hands. Many local residents owe their lives to these aid workers…. Today Maqsood is the acting director of the Al-Rahmat Trust Camp, a refugee camp for earthquake victims in central Muzaffarabad. It’s an open secret that the organization is the civilian wing of a banned guerilla organization, Jiaish-e Mohammed.

Koelbl goes on to describe these militants:

Their politics and policies resemble those of the militant groups Hamas and Hezbollah in the Middle East, where radicals have filled the vacuum left by the state. They develop social institutions and help address the local population’s day-to-day survival needs. In the long term, this social role also helps the local population identify with the respective groups’ political goals.

While it is reassuring to realize that these terrorists are neither theologically brainwashed drones nor the psychopathic killers of B movies, it’s hardly a consolation to know that people who are effective at providing humanitarian assistance, education and health care to their own constituencies are at the same time so deadly when it comes to outsiders.

Compared to older terrorist organizations, the current cohort of radical religious terrorists all started out relatively short on training and experience. Yet Hamas, Hezbollah and the Taliban nonetheless quickly developed into the most destructive rebel organizations in their respective conflicts. I think the central question about modern terrorism is this: if religious radicals are neither blinded by theology nor psychopathic killers, then why, when they turn to violence, are they so effective at it? The first step is to see violent religious radicals as their constituencies do – as economic clubs.

**Origins of the Model**

Social service provision dates back to the very beginnings of modern political Islam. Hasan al-Banna, the first political Islamist of the 20th century, was a gifted schoolteacher in the Egyptian city of Ismailia. A charismatic preacher, al-Banna would lecture in the mosques and even in the coffeehouses in the evenings. Together with six laborers, he founded the Society of Muslim Brotherhood at age 22 in 1928. Like other religious thinkers at the time, al-Banna opposed European and secular influences. He advocated a return to traditional Muslim values, the strengthening of families, and an Islamic approach to social and political issues. Unlike other organizations, the Brotherhood took practical action
under his leadership. Al-Banna and his followers raised money and built a mosque, and then two schools (one for boys and one for girls) as well as a social club.

The Brotherhood organized youth groups, charities, trade unions and night schools for workers. Eventually they even owned factories. Al-Banna’s organization expanded to 15 branches by 1932, when he relocated the headquarters to Cairo; and to 300 by 1938, with a membership estimated at between 50,000 and 150,000. By 1949 the Brotherhood’s 2,000 branches throughout Egypt included between 300,000 and 600,000 members.

The Brotherhood filled a demand for educational, cultural, social and medical services. Yet a club is not a government – to motivate members, it must be prepared to expel them for shirking in their work and exclude non-members from access to services.

The Brotherhood established a tiered membership structure by 1935. Lower-tier members paid dues, held a membership card and had access to the social service network and mosques. At higher tiers, the Brotherhood required more commitment, including an oath of allegiance, Koranic studies and physical training. This structure allowed the organization to select suitable candidates among the large pool of lower-tier members who sought services, then train and indoctrinate them. Once selected and prepared, higher-tier members could be entrusted with more sensitive jobs.

For the first decade, the Brotherhood remained apolitical. That changed when two political currents merged into a perfect wave of opportunity. The first was the 1936 general strike in Palestine, a rebellion of Arabs against both the British – who governed Palestine under a mandate from the League of Nations – and Jewish settlement. The rebellion gave the Brotherhood a chance to show solidarity with an anti-imperialist movement without actually endangering themselves by challenging British control in Egypt.

The second was the terribly unpopular collaboration of the Wafd Party with the British. The Wafd Party had previously gained widespread support by waving the banner of Egyptian nationalism, so its implicit acceptance of British rule was considered a betrayal. In 1941, the Brotherhood seized the opportunity, running candidates in elections and calling for both social reform and British withdrawal. The British responded by banning the party and arresting its leaders.

Yet by this time the Brotherhood was difficult to suppress. Its broad membership base made it resilient to the loss of leaders. The organization easily weathered the storm. The British soon went back to concentrating on the war effort and released the Brotherhood leaders.

That organizational base would prove critical in surviving the next, more severe, round of repression. Sometime around 1939 the Brotherhood leadership had reluctantly established a militia, the “Secret Apparatus,” in response to internal pressure from more militant leaders. After the end of World War II, the Apparatus began attacking British and government targets. Egypt responded by legally dissolving the Brotherhood in December 1948. The Apparatus took revenge later in the
same month, assassinating Prime Minister Mahmud Fahmi al-Nuqrashi.

Al-Banna condemned the assassination, but was shot in the street by government agents in February 1949. Despite losing its charismatic founding leader and suffering fierce repression – which included the arrest of four thousand members – the Brotherhood again proved resilient, managing to retain the loyalty of members and of its constituency.

The Free Officers coup of 1952 led to an even more serious challenge. The new president, Gamal Abdel Nasser, and the coup leadership had allied themselves with the Brotherhood to gain power. The Brotherhood demanded power sharing and was incensed, among other things, over the British-trained officers’ refusal to ban alcohol. In October 1954, a Muslim brother attempted to assassinate Nasser. Or perhaps he was framed. Either way, Nasser emerged a hero and exploited the opportunity. He legally dissolved the Brotherhood, had six members hanged, imprisoned thousands, and launched a protracted campaign of arrest and torture that would last for a decade.

Nasser took an additional, critical step that the British and the previous Egyptian government had not. He nationalized the Brotherhood’s social service provision network and operated it as part of the Egyptian government. That counterinsurgency strategy was singularly effective: without its schools and clinics the vast organization withered. To this day it has not recovered its political strength or organizational ability.

One of the jailed and tortured leaders was Sayyid Qutb, who had edited the Brotherhood newspaper. In prison, Qutb developed the extreme principles that became the basis of current jihadist theology. He argued that the Western values of individualism, colonialism, capitalism and Marxism had not only failed, they were a symptom of *jahiliyya* – the chaos that engulfed the world before the time of the prophet Mohammed. This reversion to pre-Islamic chaos had been brought on not by foreign rule, but by secularism – a denial of the will of the Almighty.

Qutb’s solution was clear: prepare for a jihad to overthrow the usurpers in Egypt and abroad, and to establish Islamic states in their place. Qutb preached that, under the circumstances, violent revolt was a religious duty, even against Muslim nationalists. He called on his followers to segregate Islamist communities from the secular culture until that revolt was feasible.

The Egyptian Brotherhood and the Egyptian clerical establishment largely rejected Qutb’s theories, as do most Muslims. Muslims generally interpret Islam as tolerant of other cultures, permitting violence only in self-defense and never in religious matters.
Nasser hanged Sayyid Qutb for treason in 1966. But his brother, Mohammed Qutb, survived to publicize his works, and would eventually personally influence Al Qaeda leaders Ayman al-Zawahiri and Osama bin Laden.

While it is easy to lump al-Banna and Qutb together, understanding the broad influence of the Muslim Brotherhood requires carefully distinguishing al-Banna’s organizational model from Qutb’s theology. Al-Banna’s major innovation was not theological, but organizational. He invented what is now called the Hamas model – an Islamic social service provision organization that can quickly evolve to exploit political opportunities as they arise, all with the goal of enabling personal piety and eventually establishing an Islamic state. This model generated the exponential growth and popularity of the Muslim Brotherhood long before massive oil revenues were available to subsidize present-day Islamist charities. Al-Banna’s model of Islamist charities combined with politically active Islam has spread successfully and widely, with Brotherhood chapters now established throughout the Muslim world.

President Anwar El-Sadat, who succeeded Nasser in 1970, freed members from jail and co-opted the Brotherhood in an effort to present himself as a more Muslim leader as he consolidated power. Sadat would not survive his experiment: in October 1981, as he reviewed a military parade, a truck full of troops halted in front of the review stand and opened fire on the presidential party, killing Sadat and 11 others. The troops were loyal to the Egyptian Islamic Jihad, an outgrowth of the Muslim Brotherhood that espoused a jihadist theology influenced by Qutb.

President Hosni Mubarak, Sadat’s successor, has taken a middle course, allowing the Muslim Brotherhood to compete unofficially in tightly controlled elections while brutally suppressing the Egyptian Islamic Jihad. In the Egyptian parliamentary elections of 2005, Muslim Brotherhood candidates ran as independents. Despite strict government control of both the media and the election process, they won one-fifth of the total seats and formed the largest opposition bloc.

Hamas
With the history of the Muslim Brotherhood as background, the birth of Hamas appears familiar. Palestinian-born Sheikh Ahmed Yassin returned to Gaza in the early 1970s from Egypt, where he had joined the Muslim Brotherhood as a university student. He vitalized local branches of the Brotherhood by following al-Banna’s standard procedure: build an organizational base of social service provision and wait patiently for political opportunities. The Israeli occupational government and foreign aid sources left him lots of service provision opportunities. Gaza had a tremendous unfilled demand for schools, clinics, youth groups and the like.

The Brotherhood managed to supplement local charitable giving by soliciting funding from Muslims abroad, especially after the oil crises of the 1970s initiated a flood of oil revenue into the Persian Gulf. The organization
also found a way to gain revenue and political power with the help of an unlikely ally. With the tacit approval of the Israelis, to whom the Brotherhood looked like a placid counterbalance to Yasir Arafat’s Fatah, they gained control over important mosques and the substantial waqf (Muslim charitable trust) property attached to them.

Yassin’s initial reluctance to get involved in the nationalist, territorial struggle with Israel would have been sensible, considering the odds against expelling the Israelis and the Brotherhood’s dismal history with its Secret Apparatus in Egypt. But internal pressure from younger members combined with the threat of being left out of a popular uprising – the first Intifada – eventually prompted him to authorize a militia, Hamas, in late 1987. The new name would have been an attempt to distance the militia from the social service institutions, which might be vulnerable to repression, as the Muslim Brotherhood’s network of institutions in Egypt had been.

Hamas did not need Qutb’s global jihadist ideology to turn to terrorism. The possibility of Fatah gaining a Palestinian state simply created opposing political agendas and a political opportunity that could be captured through violence. At first, violent resistance against Israel was designed to position Hamas as a nationalist organization like Fatah. Later it was designed to undermine Fatah by crippling peace efforts.

The Oslo process stalled in the mid-1990s; then economic conditions on the West Bank and in Gaza worsened. These unhappy developments allowed Hamas to brand Fatah as corrupt collaborators. Hamas, its reputation enhanced by both a thriving social service provision organization and lethal acts of terrorism, could present itself as an honest and brave alternative.

In this sense, Hamas is not a terrorist organization using social service provision as a front to disguise its other activities. It is better understood as a radical religious, social-service-providing organization in the mold of al-Banna’s Muslim Brotherhood, which adopted terrorism in order to achieve its political goals.

THE TALIBAN, HEZBOLLAH AND THE MAHDI ARMY

The Taliban traces its origins to refugee camps run for Afghans in Pakistan by the Jamiat-e Ulama-I Islam (JUI), a small Pakistani Islamist political party. The JUI are fundamentalists, following the Deobandi Islamic movement’s educational tradition. The Deobandi movement began in India in the 19th century as a reaction to British rule – in particular, a rejection of instruction in English, the language of the colonial power. Deobandi schools have a strong antisecular bias, teaching mostly religious subjects. They are supported by charity and waqf with additional donations coming from Saudi Arabia since the 1970s. Deobandi schools expanded rapidly in the 1980s in Pakistan, partially because of supportive government influence over waqf assets.

During the Afghan campaign against Soviet occupation, JUI madrassas adopted a militant jihadist stance with the approval of the Pakistani Inter-Services Intelligence organization (ISI), the CIA and Saudi Arabia – all of which supported the rebels as a means of expelling the Soviets from Afghanistan. After the Soviet retreat in 1989, the CIA lost interest. But the JUI madrassas and relief network on the Pakistani side of the border remained, eventually giving birth to the Taliban in 1994. The Taliban’s own version emphasizes provision of a critical service, protection from marauding Mujahedeen bands that made life miserable in rural areas of Afghanistan.
For its part, Hezbollah’s early leaders were active in Lebanese Shiite charities. With Iranian funding, Hezbollah quickly expanded its social service network, triggering an accompanying expansion in visible religiosity.

Social service provision also played an important role in the history of the Mahdi Army, Muqtada al-Sadr’s militia in Iraq. Al-Sadr’s father, Mohammad Sadeq al-Sadr, built an extensive charity network in the 1990s to serve Shiite Muslims in Baghdad and southern Iraq when the sanctions-depleted government of Saddam Hussein cut back services to Shiites.

Those two organizations, Hezbollah and the Mahdi Army, have a close theological affinity. Both are built by students who studied in the Shiite holy cities of Iran and Iraq. And both are quite distinct theologically from the Sunni Taliban, Hamas and Muslim Brotherhood. What all these groups share, though, is the Hamas model.

Consider a hypothetical example of two young Taliban men manning a dusty checkpoint in southwestern Afghanistan. A convoy is coming into view as it rounds a corner and the men are considering their options: defect, steal the convoy and start a new life in Turkey, or remain loyal and accept their (much smaller) share of the toll. They would wave a low-value ($10,000) convoy safely through, since defection wouldn’t be worth it. But if they were offered a high-value ($100,000) convoy, they would steal it.

The young men illustrate the “defection constraint” — here, the largest-value convoy that can be sent down the road without operatives appropriating it for themselves. And it suggests two general points about loyalty. First, loyalty is critical in lawless places, since there is no legal system to enforce contracts. Second, only an organization that can convince clients of the loyalty of its subordinates will be able to credibly commit to securing its

There is an organizational logic that links the benign and the violent activity.
clients’ goods along a trade route.

The background of those two Taliban members as religious radicals allows us to understand why they are unlikely to defect. All those years reciting the holy texts in a madrassa in their refugee camp did very little to prepare them for a new life elsewhere – say running a grocery store as refugees in Turkey. They lack the social skills to get by in a foreign culture, not to mention the ability to run a small business. Without a secular education, Taliban guards at the checkpoint have very limited outside options, both in a cultural and in an economic sense.

The poor outside options of Taliban foot soldiers have wonderful implications for the organization. The head of a $40,000 convoy need not worry about being held up, since he knows that the Taliban guards at the checkpoint are not tempted by treasure and economic emancipation in a foreign land. By the same token, smugglers in Quetta across the Pakistani border from Kandahar as well as the Pakistani intelligence service in Pakistan could be sure that the Taliban was a disciplined organization that could control its troops and thus keep its promises. Once the route was conquered, the Taliban could protect it and open it to trade. Toll revenue allowed the Taliban to grow, financing the conquest of more and more provinces.

Who, then, decided to destroy the Taliban
fighters’ outside options by sending them to inferior schools? It wasn’t the Taliban, though it benefited, since most fighters were already well through madrassa when the Taliban got organized in 1994. It may have been the JUI, which organized traditional Deobandi schools in the refugee camps. But even if there had been secular schooling options for Afghan children in Pakistan, their parents may still have chosen to send them to madrasas if that was the cost of admission to the JUI mutual aid network in the refugee camps.

It is service provision rather than theology that confers destructive organizational capacity.

Thus, no one necessarily forced future Taliban fighters to receive an inferior education that limited their outside options. It could have been a wise choice, made with the understanding that even if religious education would not open the door to a good job, it would open doors to membership in a service-providing club.

Consider, too, the complementary logic of sacrifice. By limiting outside options one incurs a cost, which signals to a community that you can be trusted. That signal, in turn, makes you an attractive member of some sort of collective production cooperative. Usually that cooperative production activity is benign: mutual aid. But if a need or opportunity arises, religious radicals sometimes press the advantage that their loyal networks provide to be effective at coordinated violence.

**TERRORIST CLUBS**

A similar argument invoking loyalty can explain the effectiveness of radical religious groups at terrorism. Operative 1 of Hamas needs a few more compatriots to carry out an attack. He considers recruiting operative 2, carefully thinking over operative 2’s level of commitment. What about operative 2’s outside options? How does he know that operative 2, once recruited to the plot, will not call the Israeli Security Agency [Shin Bet]? The Israelis can afford to pay much more for information than Hamas can pay their operatives.

Operative 1 thinks through how much the Israelis will pay for the information that would save this particular target – the value of the target to the victim. Then he considers operative 2’s defection constraint, taking into account the services Hamas provides to operative 2’s family and factoring in the outside options operative 2 might have in an Israeli witness protection program.

Operative 1 probably knows operative 2 fairly well. They might have attended the same madrassa and probably spent time together in some kind of social service operation. In the case of Hamas, they could well have bonded in prison, after being arrested for some type of rebellious offense such as throwing stones at an Israeli patrol. Those stones didn’t shorten the occupation or even hurt the Israeli soldiers. However, they did take months and often years away from studying, gaining work experience or raising a family – an expensive sacrifice by any account.

The social service provision network is therefore important to loyalty for a number of reasons. First, demonstrations of commitment to a mutual aid club, or some other form of collective activity show that an individual cares less about the material gains that would come from defecting and more about loyalty.
to the club. Second, the sacrifice directly reduces outside options, in the form of years of investment in schooling forfeited while in a madrassa or in jail, for example. Third, an operative and his friends and family may depend on the network for security, education, health care and other services. If he defects they could be excluded or shunned in subtler ways.

Social service provision also makes terrorism more effective through harvesting: the more individuals the social service provision network comes into contact with, the more opportunities it has to find an individual predisposed to high commitment as an operative or attacker.

Finally, there’s the willingness of non-members to share incriminating information with the authorities. An Iraqi living along a main road may hear some unusual activity in the middle of the night, as a Sadr operative sets a roadside bomb. He could report the incident and perhaps collect a reward anonymously. But he is less likely to inform if Sadr’s social service network is a better provider of essential services than whoever might take over if Sadr’s local organization were replaced.

The club approach’s strong implication — that social service provision makes for more effective terrorists — can be tested. If terrorist organizations with a social service provision base can really take on higher-value targets without risking defection, then we should observe that they are more effective than other terrorists. An awful, but appropriate, measure of effectiveness is lethality: the number of fatalities per attack.

Eight major terrorist organizations were, in fact, active in Lebanon and Israel/Palestine between 1968 and 2006. The Syrian Social Nationalist Party (SSNP) averaged 8.3 fatalities per attack, but hardly counts because it carried out only three attacks. Hamas killed 432 victims in 86 attacks, for an average of 5.0 fatalities per attack, while Hezbollah amassed a death toll of 829 in 174 attacks, for an average of 4.8 people killed per attack.

The other major terrorist organizations in the region have been less lethal, both in victims per attack and in total number of people killed. They include Fatah (24 attacks, 2.7 fatalities per attack), the Palestinian Islamic Jihad (57 attacks, 2.4 fatalities per attack), the Popular Front for the Liberation of Palestine (82 attacks, 2.0 fatalities per attack), the Democratic Front for the Liberation of Palestine (23 attacks, 1.2 fatalities per attack), and finally the Al-Aqsa Martyrs Brigade (6 attacks and 0.5 fatalities per attack).

Thus, the two social-service providers, Hamas and Hezbollah, proved to be more lethal than the other terrorist groups (if we put aside the three attacks by the SSNP), and that difference is statistically significant. Note that the Palestinian Islamic Jihad, which has the same Sunni jihadist theology as Hamas but lacks a social-service provision network, is no more lethal than its secular rivals, illustrating the empirical conclusion that it is service provision rather than theology that confers destructive organizational capacity.

**CLUBS AND VIOLENCE WITHOUT RELIGION**

What’s surprising about this explanation for the lethality of radical religious terrorists is that it has nothing to do with the spiritual or theological content of religion. It emphasizes mundane aspects of radical religious communities, trust between members and social-service provision. Then why don’t other violent organizations enhance their effectiveness by using sacrifices, prohibitions and the provision of social services to increase the commitment of members? They do.

The Yakuza, members of Japanese crime syndicates, have elaborate tattoos, effectively
barring them from outside options – imagine the look on a prospective employer’s face if a former Yakuza member were to appear for a job interview with a tattoo visible on his arm – not to mention the look on prospective in-laws’ faces if a former Yakuza wanted to marry their child. The Russian Mafia and American street gangs use tattoos in similar ways to signal commitment.

The Hell’s Angels provide a different example of up-front sacrifice. As a rite of entry, veteran members pour buckets of urine and excrement on a new member, who then rides for weeks wearing the soiled clothes. The stench must effectively exclude social and economic opportunities outside the gang.

Note, too, that criminal organizations often find it to be in their interest to provide social services to communities. The Mafia has provided scholarships and made loans to the needy. Street gangs in the United States often constrain petty crime, sponsor street festivals and occasionally rough up landlords at the request of tenants. The Yakuza of Kobe provided disaster relief after the earthquake of 1995.

**GRATUITOUS CRUELTY**

One might think that a religious group aspiring to govern would try to make itself popular with local residents. Yet radical religious organizations often go out of their way to make life worse for the populations they aim to govern.

Hamas imposes general strikes on Palestinians, shutting down businesses that are barely surviving as is and restricting access to shopping for hungry households. Muqtada al-Sadr’s Mahdi Army in Basra is infamous for harassing women who don’t wear veils. The Taliban massacred civilians and executed homosexuals by dropping a wall on them. Women
If the troops establish a reputation for cruelty to the local population, the option of fraternizing and possibly defecting is severely undermined.

cluded in their homes, with windows covered to keep them out of sight. Humanitarian aid workers objected to a ban on women in hospitals, threatening to leave – a withdrawal that would cripple hospital care in Kabul, including care for children. The Taliban’s response was to tell them to go.

The need to control defection provides a possible explanation for this savagery. When asked why the Taliban were willing to go to such lengths to seclude women in Kabul, one commander implied that the strictest possible prohibitions on women allowed him to control his troops. The commander did not explain how this worked, but our defection-constraint argument can.

If the troops establish a reputation for cruelty to the local population, the option of fraternizing and possibly defecting is severely undermined. The more the local population hates the soldiers, the less of a discipline problem commanders would have in the cities, especially in the relatively cosmopolitan city of Kabul.

This explanation has a parallel in the approach the Taliban apparently implemented for controlling its local governors. It was not uncommon among Afghan mujahideen for factions and subfactions to defect in return for some payment, often by foreigners. The Taliban apparently rotated local governors to the battlefront or back to headquarters in Kandahar if they showed signs of creating a local power base, which would have allowed them the strength to switch their allegiance. Conversely, governors who were particularly despised by the local popula-

**OBJECTIONS**

Mohammed Atta, the lead hijacker on 9/11, was a former college student from a well-off family. Osama bin Laden is a multimillionaire. [And Umar Abdulmutallab, the Nigerian who attempted to bomb Northwest flight 253, was the scion of a rich banker.] Isn’t this evidence against the club approach, which implies that poor operatives are more likely to be loyal than rich operatives, since the poor one have worse outside options?

Finding individual terrorists with good market alternatives does not refute what we know about the rank and file of the organizations they belong to. And those individuals tend to be in need of the material services that clubs provide.

Another objection to my analysis is that organizations such as Hamas and Hezbollah provide services to non-members as well as members. But those services are provided in a highly discriminatory way, with core members receiving more support than ordinary members, who in turn receive more than non-members – a tiered structure resembling that established earlier by the Muslim Brotherhood in Egypt.
that established earlier by the Muslim Brotherhood in Egypt.

Al Qaeda does not fit the club mold: it does not provide social services to members. How has Al Qaeda protected itself sufficiently from defection to carry out attacks on high-value targets?

One possibility is that it recruits operatives among clubs, drawing on a network of club members who can vouch for potential operatives. Another possibility is that Al Qaeda extends that club network by recruiting within affiliated kinship networks, as appears to have been the case for bin Laden’s driver. Yet another method, apparently in use in Iraq, is to send foreign recruits who have not signaled commitment on suicide attacks; that way they have little time to be exposed to information that would make them defection risks.

**Clubs can be weakened by taking the opposite tactic — by improving outside options.**

Arafat and his deputy, Abu Iyad, offered the hundred or so Black September operatives a generous outside option: an apartment in Beirut, $3,000, a gas stove, a refrigerator and a television. Best of all, they recruited a hundred lovely young Palestinian women to the cause. If an operative married and had a child within a year, he qualified for a $5,000 bonus.

These incentives worked marvelously. The Black September organization was retired and has not been heard from since.

In a nutshell, clubs can be weakened by taking the opposite tactic — by improving outside options. Even men with a history of horrible violence respond to domestic incentives, however mundane these may seem.

**Fighting Back**

The benign activities of religious clubs strengthen their violent capabilities, but that also has a wonderful implication: government can limit the lethality of terrorist clubs by countering the tactics that clubs use to insulate themselves from defection.

First, enhance outside options for rebels and potential rebels. That is to say, provide the basic prerequisites for good jobs in the legitimate economy: thriving markets and quality educational opportunities. Anything that enhances the labor-market opportunities of potential defectors tightens the defection constraint that rebels face on terrorist activities, making it easier for the government to bribe conspirators into defection.

Second, compete directly with the rebels in social service provision. The southern suburbs of Beirut are bomb-scarred and riddled with bullet holes marking three decades of civil war and invasion. These are also bursting with a majority Shiite population, having absorbed refugees and migrants from the Shiite villages of South Lebanon in much the same way that Sadr City in Baghdad absorbed eco-
nomic refugees from rural Iraq.

There is no public hospital. Hezbollah operates two of the three private hospitals and collects the garbage. It provides water and manages an electricity grid. It runs schools – both madrassas and mixed schools, which teach a combination of the government-approved curriculum and religious studies. It provides vocational training. Many Hezbollah schools and hospitals began by providing services only to the families of Hezbollah fighters, but later expanded to provide for others – though their militants pay lower fees and presumably still get priority treatment.

Shutting down those charities as a counterinsurgency measure would be a cruel and shortsighted response. A wiser approach is for government to compete, providing the services that residents in developed countries have come to expect from government. Truly competing means providing services in a non-discriminatory way. Non-discrimination sends a strong message: it communicates to members of all ethnic or religious groups, minority or majority, that they have an outside option to sectarian or ethnic rebel organizations.

Third, protect service providers. Rebel clubs recognize how dependent they are on their nonviolent social services to provide an organizational base, and therefore see competing providers as a threat – be they government employees or volunteers from nongovernmental organizations (NGOs). Service providers thus need protection, which requires plenty of trained security personnel.

In Afghanistan under the Taliban, international aid organizations were completely vulnerable as they struggled to provide food, education, and health and welfare services to a suffering population. The Taliban did its best to capture those services, forcing organizations to discriminate according to stringent Taliban prohibitions – for example, by not allowing women to enter hospitals. The NGOs left, depriving communities of health care.

An aid organization has no good way to resolve this dilemma.

Yet what is a dilemma for an aid group should be a simple choice for a government with the military capability of controlling territory and interested in countering terrorism.

Fourth, reduce rebel revenues. If rebels finance their activities through smuggling and drug running, as the Taliban does, suppression has multiple benefits. Yet other cases are not as clear. What if rebels collect charitable donations and use them to pay exclusively for benign activities like health care? The population is of course better off. But the establishment of services increases the potency of the rebel threat, should the charitable organization turn to violence.
Indirect methods of reducing rebel revenue can also help weaken clubs. A reduction in heroin prices in Europe, for example, would have directly reduced the earnings of the Taliban as it rose to power in the mid-1990s. Legalizing or decriminalizing drug use has other social costs. Yet it might be worth considering as a way to stabilize Afghanistan, Colombia and perhaps western Pakistan, where the government is outgunned and outbribed by wealthy narcotics traders.

Returning to the dilemma of social-service provision, is there a way to weaken religious rebels without cutting social services to communities in need? One argument foreign donors often make for contributing to the Islamists is that governments are corrupt, while the Islamic charities are effective providers. In this sense, improving the capacity of allied governments to provide services in an honest and effective way is a critical component of counterterrorism efforts.

Fifth, remember that civil society matters. Many developing countries effectively grant religious politicians a monopoly on political representation by default when they thoroughly suppress political activity outside places of worship. Breaking the religious monopoly on opposition politics weakens radical religious clubs by providing an alternative form of political expression (an outside option) to members. Of course, providing that alternative requires protecting competing elements of civil society from being intimidated by either government or religious radicals, who have an advantage at organized violence and therefore at intimidation.

WHAT’S WRONG WITH THE OLD-FASHIONED METHODS?

This is not an argument for planting roses in rifle barrels to quell terrorism. Competing in social service provision, economic development and political development, and cutting off insurgents’ revenue streams, all require a muscular commitment to security and enforcement. But “capture and kill” by itself is not sustainable. During the two years following the collapse of the Taliban – the lost years of Afghan reconstruction – the United States and its allies tragically underspent on improving social services and governance in Afghanistan. The Taliban, retrenched and rehydrated with smuggling revenue, again constitute an existential threat to the Afghan government.

Compare that to the constructive counterterrorism work of the U.S. Special Operations forces against the Abu Sayyaf Group on the southern Philippine island of Basilan. Though only 5 percent of Philippine residents are Muslims, the southern islands have a Muslim majority. Abu Sayyaf is an Islamic terrorist organization responsible for attacks, kidnappings and extortion in the Philippines and Malaysia, including the bombing of a ferry in Manila that killed 114 people in February 2004. The southern Philippines have hosted training camps for Indonesian Jamaiya Islamiya terrorists under the protection of the Philippine Moro Islamic Liberation Front. The Abu Sayyaf Group is small, and as far as I know provides no social services. It used Basilan as a safe haven and base of operations.

American involvement began in January 2002. While the Philippine armed forces provided security, U.S. Special Forces conducted surveys indicating that local priorities were water, security, medical care, education and roads. The Special Forces helped the Philippine government respond to these needs. When the local population increased its support for the Philippine military presence, they provided information that led to the capture of Abu Sayyaf operatives. This success, incidentally, influenced the subsequent revision of the U.S. Army field manual on counterin-
surgency, which Gen. David Petraeus co-authored with Lt. Gen. James Amos of the Marine Corps in December 2006, a few months before returning to command forces in Iraq.

The new approach to Afghanistan and Pakistan that President Obama announced in March 2009 suggests that counterinsurgency thinking has come long way since the invasions of Iraq and Afghanistan. The U.S. military is already increasing its role in development efforts. It now directs 22 percent of U.S. development assistance, as opposed to 3.5 percent a decade ago. The allies need a sort of armed Peace Corps, which can keep the peace in troubled countries and can operate with multinational partners. At the same time, it must also direct reconstruction efforts in dangerous places, while protecting NGOs and civilians engaged in reconstruction.

It is taking years for the U.S. military to build a social-service provision organization onto a war-fighting institution. Radical Islamists regularly carry out these transformations, quickly fielding forces who speak the language, know how to augment existing social service provision networks to provide basic services, and can protect themselves. Hezbollah demonstrated all those abilities in the reconstruction of South Lebanon after its war with Israel in the summer of 2006. Muqtada al-Sadr’s forces showed the same flexibility in Iraq within months of the occupation.

Returning to the conflicts in Iraq and Afghanistan, and the related insurgency in Pakistan, two important questions remain. First, how much security control is necessary before service provision is effective as a constructive counterinsurgency approach? Second, even if that strategy is effective and the counterinsurgency campaign is won, will the local government have the strength and legitimacy to retain power, or will it collapse anyway in the absence of permanent foreign support, as did the government of South Vietnam in an earlier era?

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and Afghanistan. Lessons learned now will be valuable in future conflicts. Capture, kill and deter is an easy first step. Yet social-service provision creates the institutional base for most of the dangerous radical religious rebels. This implies that long-term reconstruction is a necessary part of any global effort to truly contain international terrorist threats emanating from countries exporting terrorism.

Will that be terribly expensive? Yes; that is the nature of improving governance. The question should not be how expensive nation-building is, but whether it is more cost-effective in protecting our troops and allies than the traditional approach. The United States and other Western countries spend hundreds of billions annually protecting domestic targets from the terrorist fallout of rebellions abroad. While highly visible protection for domestic targets reassures the public, it is probably a much more expensive approach to protecting the homeland than is undermining terrorism abroad.