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States and Terrorist Groups that Collaborate:
Strong Bonds, Sensitive Transfers and the Issue of Control

By

Robyn W. Klein

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requirements for the degree of

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in

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in the

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University of California, Berkeley

Committee in charge:

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Abstract

States and Terrorist Groups that Collaborate: Strong Bonds, Sensitive Transfers and the Issue of Control

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Doctor of Philosophy in Political Science

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Cooperative relationships between states and terrorist groups have remained a constant source of concern for policymakers since the 1970s, but especially over recent years as the potential for high consequence transfers of state support to terrorists emerged as a primary focus of attention and a justification for war. Strangely though, despite their prominent place on the international political landscape, little real understanding exists about these relationships or state decision-making regarding allocations of support. Using documents captured in Afghanistan and Iraq since 2001, interviews, and other historical evidence, this dissertation addresses this significant gap in knowledge, providing important new understanding of the dynamics that shape state relationships with, and resource transfers to, terrorist groups.

The simple yet powerful insight this dissertation research uncovers is that the quality of support states are willing to provide to terrorist groups increases as the degree of control that states maintain over terrorist groups—or in rare cases, that terrorist groups maintain over states—increases. For states, control is the mechanism that narrows the gap between how a state wants a terrorist group to behave and what the terrorist group actually does. Control, however, is not inherent, cheap, or easy for states to acquire. This means that states face critical trade-offs when deciding how much control to seek. By highlighting those trade-offs and the key variables that cause control to rise and fall, this study provides an important new window into the often opaque relationships between these actors and states' calculus for allocating different levels of support to individual terrorist groups.

This research fills an important gap in the scholarly literature. It also holds enormous practical value for national security analysts and policymakers. Rather than treat cooperative relationships between states and terrorist groups in either a *sui generis* or homogeneous fashion, it creates a theoretical framework that can be used to parse the actual threat posed by specific relationships, including by identifying some of the circumstances that could produce high consequence state transfers of support. In addition, these findings suggest a number of principles that can be employed to enhance the effectiveness of international efforts to diminish the threat of high consequence terrorism.

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CHAPTER ONE: INTRODUCTION

Following the deadly terrorist strikes on September 11, 2001, attention increasingly focused on the possibility that international terrorist groups with the support of a sympathetic state could produce even more spectacular terror attacks in the future, including attacks involving advanced chemical, biological, radiological, or nuclear (CBRN) weapons. In his 2002 State of the Union address, U.S. President George W. Bush made his view of the primacy of this threat clear, stating that, by seeking CBRN weapons of mass destruction (WMD), regimes in states such as Iraq, Iran, and North Korea “pose a grave and growing danger. They could provide these arms to terrorists, giving them the means to match their hatred.”¹

Perhaps thankfully, no credible evidence has emerged over these decades suggesting that any state has provided CBRN WMD support to a terrorist group. The potential for states to become a pathway for terrorists’ acquisition of such advanced tools of warfare certainly remains a significant concern for national security practitioners, however. The key question then is, under what conditions would a state willingly provide a terrorist group with sensitive technology transfers?

This study seeks to develop new insight on this important question, approaching this as a problem in strategic decision-making that confronts the state. The puzzle at the core of this research is the variation in the quality of support individual states provide to different terrorist groups. To illustrate, Iran has cultivated relationships with numerous terrorist groups since the 1979 Islamic Revolution, including the Lebanese Hizballah, Hamas, and Palestinian Islamic Jihad (PIJ). These three groups, which represent the most consistent recipients of Iranian support over past decades, each share Iran’s desire to eliminate the State of Israel, diminish Western influence in the Middle East, and generally speaking, establish governments across the region ruled according to *shari’ah* (Islamic law). Hizballah and PIJ also were born embracing Khomeinism and the notion that Iran is the rightful leader of the international Islamist movement, even though members of PIJ are from the Sunni Islamic denomination while Hizballah, like Iran, is comprised mainly of Shi’a Muslims.² Yet despite these similarities, the quality of support Iran has provided to these groups is not equal. Iran, for instance, has provided a full spectrum of support to Hizballah, including massive funding and logistical support, high-tech training, and a variety of weaponry and other equipment, including sensitive advanced technologies. Iran’s transfer of its technically advanced Ababil model unmanned aerial vehicles (UAVs) by 2004, in fact, has contributed to Hizballah’s emergence as the most well armed terrorist organization on the planet. However, neither PIJ nor Hamas has received the same range of support as Hizballah, although Hamas’s support has been growing in important respects in recent years, whereas PIJ’s has not.

Given then that Iran seems to share a set of broad goals with these groups, this study seeks to understand what explains Iran’s different approach to them, particularly the variation in its policies regarding allocating support from one group to the next. Why, for example, has Iran’s support for Hizballah remained consistent and increasing in quality over the years, while its support for Hamas and PIJ has fluctuated in important respects, even becoming conditioned on

¹ President George W. Bush, State of the Union Address, 29 January 2002.

² The two major sects in Islam—the Sunni and Shi’a—differ in various respects, but perhaps most importantly in their historic view of who serves as the rightful leader of Islam.

outcome performance at some junctures? Furthermore, why is Iran willing to provide sensitive technology to Hizballah, especially considering this type of transfer to terrorist groups has been extremely rare historically?

This study shows that gaining traction on these issues requires exploration of a distinct unit of analysis that has received little systematic attention to date: the relationship between a state and a terrorist group it supports. Indeed, I use the analytical lens offered by principal-agent theory to unlock the “black box” of these relationships and to reveal the complex dynamics that shape them and ultimately influence state decision-making regarding its allocations of support. In fact, this research shows that these relationships share many of the fundamental features found in licit relationships involving a principal and an agent. These include the challenges that states, the principals in this study, face when delegating to terrorist groups, their agents, and the strategies states may employ in an effort to enhance their control and minimize agency costs, meaning the losses arising when terrorists pursue their own goals and interests rather than those of a state supporter.

The simple yet powerful insight that emerges from this research is that the degree of control states exercise over terrorist groups—or in rare cases, that terrorist groups exercise over states—is an important influence on state decision-making regarding the quality of support to provide. Control refers to the ability to direct or influence, and in this study is understood as the mechanism that narrows the gap between how a state wants a terrorist group to behave and what the terrorist group actually does. In turn, by demonstrating how control varies predictably according to certain identifiable factors, this research provides an important new window into these often-opaque relationships and states’ calculus for allocating support.

Besides filling an important gap in the international security studies literature, these findings hold enormous practical value for national security analysts and policymakers by creating a theoretical framework that can be used to parse the actual threat posed by specific relationships and identify the circumstances that could produce sensitive state-to-terrorist transfers. They also suggest a number of principles that can be employed to enhance the effectiveness of international efforts to diminish the threat of high consequence terrorism.

The rest of this chapter is organized as follows. First, I provide a brief history of the phenomenon of state support for terrorism. That section is followed by a literature review of existing approaches to cooperative relationships between states and terrorist groups, and then a short synopsis of the argument. The chapter concludes with a methodological discussion and an outline of the rest of the dissertation.

Historical Background

Governments have pursued foreign policy goals indirectly using independent violent groups rather than states’ own diplomats and soldiers for hundreds of years.³ However, cooperation between states and terrorist groups in particular first emerged as a prominent feature on the modern global political landscape in the 1970s, becoming a widespread phenomenon by the 1980s and 1990s. As U.S. Secretary of State George Shultz asserted in 1984, “Many countries have joined the ranks of what we might call the ‘League of Terror’ as full-fledged sponsors and supporters of indiscriminate, and not so indiscriminate, murder... The epidemic is spreading, and

³ See, for instance, Bernard Lewis’s account of history’s earliest terrorists in *The Assassins* (London: Phoenix, 2003). For cases in the first half of the 20th Century, see Walter Laqueur, *The Age of Terrorism* (Boston: Little, Brown and Company, 1987), pp. 267-268; and Walter Laqueur, *No End to War: Terrorism in the Twenty-First Century* (New York: Continuum, 2003), p. 225.

the civilized world is still groping for remedies.”⁴

The growth of these relationships in the second half of the 20th Century is often described as a by-product of the Cold War, which spawned the embrace of low-intensity conflict and the replacement of direct warfare between the two superpowers with “surrogate” or “proxy” warfare.⁵ For many in the West, the flow of support to terrorist groups during the Cold War was a one-sided affair, either managed directly from the Kremlin or carried out through Soviet allies and other intermediaries to advance Soviet interests.⁶ Yet as **Table 1** illustrates, state support to terrorist groups was neither exclusively a Soviet bloc pursuit nor simply a Cold War phenomenon.⁷

International concern about these relationships also did not fade with the end of the Cold War. For instance, nations involved in organizing an international response following Iraq’s 1990 invasion of Kuwait became deeply worried that any attack on Iraqi interests might result in a wave of new terrorist attacks around the globe, as threatened by the Iraqi regime.⁸ In fact, intelligence reporting prior to the start of the Gulf War indicated that at least one terrorist group had agreed to carry out attacks if the international community acted against Iraq with force,⁹ while other groups signaled their solidarity with Iraq and insinuated that terrorist attacks against American, Israeli, or other targets should be expected.¹⁰ These threats did not materialize, but concern about terrorist groups with state support persisted in ensuing years, especially in countries such as Israel, India, and Great Britain that have been on the receiving end of prolonged campaigns of terror fueled to varying degrees by the assistance adversarial states were willing to provide to terrorist groups.

⁴ Remarks by Secretary of State George Shultz at a meeting of the Jonathan Institute’s Second Conference on International Terrorism, Washington, D.C., 24 June 1985; cited in Department of State Bulletin 84, August 1984.

⁵ According to the U.S. Army, low-intensity conflict is “the actual or contemplated use of military capabilities up to, but not including, combat between regular forces.” *Field Circular 100-20, Low-Intensity Conflict*, U.S. Army Command General Staff College, 30 May 1986. For a broader discussion of superpower behavior through third party groups during the Cold War, see Gareth M. Winrow, *The Foreign Policy of the GDR in Africa* (Cambridge: Cambridge University Press, 1990), especially pp. 6-9.

⁶ For views on the mostly one-sided nature of superpower support for terrorism during the Cold War, see Ray S. Cline and Yonah Alexander, *Terrorism as State-Sponsored Covert Warfare* (Fairfax, VA: Hero Books, 1986); Claire Sterling, *The Terror Network* (New York: Holt, Rinehart and Winston, 1981); and Roberta Goren, *The Soviet Union and Terrorism* (London: George Allen & Unwin Ltd., 1984). To be fair, others have argued the United States was also a state supporter of terrorist groups. For instance, see Donna Schlagheck, “The Superpowers, Foreign Policy and Terrorism,” in Charles Kegley, ed., *International Terrorism* (New York: St. Martin’s Press, 1990). While evidence to support such claims of U.S. support for terrorist groups is in short supply, the United States did certainly involve itself in various civil wars and guerrilla insurgencies. U.S. intervention in the 1979-1989 Soviet-Afghan War on the side of the anti-Soviet mujahidin rebels is one example.

⁷ While continuing in many parts of the world since the end of the Cold War, the volume of state support flowing to terrorist groups has declined overall since the early 1990s. Walter Enders and Todd Sandler, “Transnational Terrorism in the Post-Cold War Era,” *International Studies Quarterly*, Vol. 43, No. 1, March 1999; and Fareed Zakaria, “Terrorists Don’t Need States,” *Newsweek*, 5 April 2006.

⁸ Tony Banks, “Terrorist Armies Backing Iraq,” *Jane’s Defense Weekly*, 29 September 1990; and W. Andrew Terrill, “Saddam’s Failed Counterstrike: Terrorism and the Gulf War,” *Studies in Conflict & Terrorism*, Vol. 16, No. 3, January 1993.

⁹ General H. Norman Schwarzkopf, *The Autobiography: It Doesn’t Take a Hero* (Washington, D.C.: Office of the Coordinator for Counterterrorism, 1992), p. 31.

¹⁰ Terrill 1993.

Table 1. Modern State Supporters of Terrorism.

Estimated Start of Support to Terrorist Groups	State Supporter of Terrorist Groups
1970s	South Yemen Libya Iraq Syria Algeria Soviet Union India Uganda
1980s	Cuba Pakistan Iran Nicaragua Greece North Korean Various Soviet bloc countries in Eastern Europe (Bulgaria, Czechoslovakia, Yugoslavia, East Germany)
1990s	Sudan Afghanistan
2000s	Eritrea Ethiopia

For its part, the U.S. government began voicing serious concerns about the potential transfer of sensitive technologies to terrorist groups in the late 1990s, but it was the devastating terror attacks on September 11th that served as the powerful earthquake that galvanized a wave of consternation about the potential dangers of these relationships. As argued in the U.S. National Security Strategy published in 2002, cooperative relationships between states and terrorist groups had emerged as a fundamental danger to U.S. and international security that could not be permitted to stand unchallenged.¹¹ This was not just a response to the Taliban government in Afghanistan’s willingness to harbor al-Qa’ida in the years leading up to September 11th; it was also a reflection of the acknowledged desire of al-Qa’ida and other modern terrorist groups to acquire advanced capabilities for conducting mass casualty, mass destruction attacks, and recognition that state assistance could eliminate many hurdles to terrorist acquisition of these technologies.¹²

Years later now, some of the Bush era rhetoric about the dangers of state-terrorist relationships has waned. Clearly however, concern continues to exist. Israeli Prime Minister

¹¹ *The National Security Strategy of the United States of America*, Office of the President of the United States, September 2002.

¹² Historically, most terrorist groups are rather conservative in their tactical choices, seeking tested methods to conduct attacks that produce relatively limited damage and injury. The emergence of al-Qa’ida and Aum Shinrikyo in the 1990s, with their interest in acquiring unconventional advanced weapon capabilities and desire to kill in large numbers, represented something qualitatively different. For more on terrorist tactical trends, see Bruce Hoffman, “Change and Continuity in Terrorism,” *Studies in Conflict & Terrorism*, Vol. 24, 2001.

Benjamin Netanyahu made the point in November 2009, suggesting that these cooperative relationships might yet produce “terrorism beyond our wildest dreams.”¹³

Review of Existing Literature on Relationships between States and Terrorist Groups

The available literature on state support for terrorism including state decision-making regarding allocations of support is quite slim, both in volume and depth of content. While journalism and policy-oriented research has provided some historical background on certain state-terrorist relationships, the academic community has largely overlooked these relationships and states’ decision-making calculus when it comes to allocations of support.

Much of the available literature on state support for terrorism focuses on factors that lead states to pursue indirect action through terrorist groups in the first place. Often these explanations highlight how states funnel support to terrorist groups to overcome different types of constraints that make pursuit of foreign policy and national security goals through direct state action imprudent.¹⁴ These constraints include a lack of state capacity to invest in conventional military forces or a substantial power disadvantage with an adversary, which make direct engagement between state forces likely to result in heavy losses for the weaker power.¹⁵ Even where power parity exists, states may feel constrained from acting in a direct manner due to nuclear or other unconventional weapon threats, or simply the potential costs that escalation to conventional war may produce. In the latter cases, it is surmised that these costs often are linked to the ongoing advances in technological and organizational aspects of modern war fighting, which cause armed conflict to produce greater damage than governments or their citizenry may be willing to bear.¹⁶ In all, current understanding suggests states may determine that having a third party carry out a desired course of action is a more feasible alternative.

States’ perceptions that campaigns of terror can produce worthwhile gains are not wholly unfounded, despite the fact that international relations theory since Thucydides has suggested that relative military power is the key predictor of advantage in conflict. As the literature indicates, a weaker power can achieve some success using asymmetrical warfare to sap the will of a more powerful adversary.¹⁷ Terrorists in particular can leverage their limited firepower in ways that can have sometimes-profound political ramifications in target societies. Part of this results from the inherent infeasibility of defending every potential attack site, especially in modern societies where broad mazes of interdependent systems create opportunities for small attacks to generate large repercussions. Members of a terrorist group also are difficult to identify and target, which provides few opportunities for direct retaliation and can allow terrorists to leverage their power effectively despite highly disproportionate conventional or unconventional

¹³ “Netanyahu: Iran Could Give Terror Nuclear Umbrella,” Associated Press, 23 September 2009.

¹⁴ See, for example, Brian Michael Jenkins, *High Technology Terrorism and Surrogate War: The Impact of New Technology on Low-Level Violence* (Santa Monica, RAND, January 1975).

¹⁵ Daniel Byman, *Deadly Connections: States that Sponsor Terrorism* (Cambridge: Cambridge University Press, 2005), pp. 22-23.

¹⁶ John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York: Basic Books, 1989); Brian M. Jenkins, *International Terrorism: The Other World War* (Santa Monica: RAND, November 1985); and Jenkins 1975.

¹⁷ See, for example, Andrew Mack, “Why Big Nations Lose Small Wars: The Politics of Asymmetric Conflict,” *World Politics*, Vol. 27, No. 20, January 1975.

force advantage.¹⁸ States, therefore, may judge that investing in terrorist groups is a cost effective proposition.

As for the dynamics between states and terrorist groups they support, authors typically have treated these relationships as uncomplicated unions of likeminded political actors.¹⁹ This should not be too surprising given realist theory's continuing primacy as the main paradigm for understanding international politics. To be sure, realism's ontological bias towards states as the central unit of organization in the international sphere encourages influential non-state entities such as terrorist groups to be conceptualized as vehicles useful for extending state power.

Recently however, a few scholars have begun to identify the need for more nuanced understanding of these relationships, in some cases even embracing the utility of principal-agent analysis for disentangling the complexity that can color relationships between states and terrorist groups.²⁰ Among the insights from this nascent literature, some authors suggest that accepting support from a state can limit a terrorist group's independence in undesirable ways²¹ and that a lack of trust and credibility can affect each side's calculations about cooperating with the other.²² One author, meanwhile, has proposed that each side often walks a precarious tightrope in trying to protect their own interests while pursuing jointly desired goals.²³ Overall though, this body of research remains largely undeveloped and untested.

Existing research also does not include efforts to systematically analyze state decision-making regarding the provision of different types of assistance to terrorist groups. One scholar has identified different levels of support that states may choose to provide.²⁴ However, it remains unclear exactly when and why states ratchet up their support for one group as opposed to another. In fact, it appears that scholars and other researchers have not even problematized these questions to date.

Besides creating gaping holes in our understanding of a significant political phenomenon on the international political landscape, the overall paucity of rigorous investigation of state-terrorist relationships has resulted in fertile ground for speculation on the nature of the threat

¹⁸ Terrorist groups can make important gains, such as extracting political concessions and even significant policy shifts as a result of violence. A series of car bombing attacks against Western targets in Beirut in the early 1980s, for instance, led the United States to abandon its peace mission and withdraw precipitously from Lebanon, as was demanded by the perpetrators. More recently, al-Qa'ida's attacks on 9/11 probably was the impetus behind the U.S. decision to pull virtually all its troops out of Saudi Arabia in 2003, which was a concession sought by al-Qa'ida's leadership. Similarly, the 11 March 2004 train bombings in Madrid provoked a surprise outcome in Spanish elections a few days later and spurred that new government to withdraw Spanish support for the war in Iraq, which was the central policy change desired by the members of the al-Qa'ida affiliate involved in the bloody attacks. Most terrorist groups ultimately fail to achieve their long-term objectives, however. On this latter point, see Max Abrahms, "Why Terrorism Does Not Work," *International Security*, Vol. 31, No. 2, Fall 2006.

¹⁹ See, for example, Jenkins 1975; Cline and Alexander 1986; and Sterling 1981.

²⁰ Daniel Byman and Sarah E. Krebs, "Agents of Destruction? Applying Principal-Agent Analysis to State-Sponsored Terrorism," *International Studies Perspectives*, Vol. 11, 2010; and Daniel L. Byman, "The Changing Nature of State Sponsorship of Terrorism," Brookings Institution Analysis Paper 16, May 2008.

²¹ Byman 2005, p. 37; and Navin A. Bapat, "The Internationalization of Terrorist Campaigns," *Conflict Management and Peace Science*, Vol. 24, No. 4, 2007.

²² Navin A. Bapat, "The Strategy of the Weak: State Support for Terrorism and Bargaining Power," unpublished paper, 30 July 2007; and Navin A. Bapat, et al., "Perfect Allies? The Case of Iraq and Al Qaeda," *International Studies Perspectives*, Vol. 8, 2007.

²³ Grant Wardlaw "Terror as an Instrument of Foreign Policy, in David C. Rapoport, ed., *Inside Terrorist Organizations* (Portland: Frank Cass & Co., 2001), p. 253.

²⁴ Boaz Ganor, "Countering State-Sponsored Terrorism," International Institute for Counter-Terrorism (online), 25 April 1998.

posed by these relationships. Regarding the potential for more consequential transfers of state support such as CBRN technology, for instance, one school of thought is that states are unlikely under any circumstances to empower terrorist groups with such tools of devastation.²⁵ Others suggest, however, that states may find these types of transfers desirable in some cases, especially if a state grows desperate due to external pressures.²⁶ The truth of the matter remains unclear though. And as one terrorism expert suggests, this vacuum of knowledge allows policies to emerge that “reflect a good deal more ideology and wishful thinking than scholarly analysis and weighing of evidence.”²⁷ Thus, while this study draws on the broader library of existing terrorism-related research, it attempts to carve out a new research agenda, in the process providing new insight on an important and timely subject.

Overview of the Argument

This section briefly sketches the main argument of the dissertation. To do so, however, requires highlighting two key points to start. First, and as is described in greater detail in Chapter Two, state support for terrorism is understood in this study as the direct and intentional transfer of assistance from a state to an independent terrorist group. This means that the focus herein is on transfers of resources or other assistance that are provided in an explicit, purposeful fashion. Second, state support refers to ten general categories of assistance that states may provide to terrorist groups. A key premise of this research is that these ten categories—rhetorical or other propagandistic support, financing, intelligence, training, transportation, use of territory for non-operational activities, conventional weapons and equipment, diplomatic assets, use of territory for operational activities, and advanced technology—constitute a continuum based on the dimension of risk that states face to their fundamental regime or national security interests when providing them to terrorist groups. Risk in this context is the product of the probability that states will face a threat if they provide a particular type of support and the impact on the state should that threat manifest. Rhetorical support, for example, represents the lowest risk form of support for states, while the use of territory for operational activities and advanced technology represent the highest risk forms of support. This continuum serves as the dependent variable in this study.

This research in turn shows that states, as the principals, face real challenges when delegating action to terrorist groups, as their agents. While state and terrorist group cooperation is usually predicated on some compatibility of objectives, these challenges are rooted in the fact that terrorist groups often maintain their own distinct set of interests, goals, or tactical predilections. The preference divergence that results between states and the terrorist groups they support creates significant uncertainty for states about whether terrorists groups will behave in ways that accord with state wishes, which is exacerbated by the secrecy that illicit groups require to ensure their organizational survival.

To cope with these uncertainties and improve the likelihood that terrorist groups act to promote state goals and interests, a state may attempt to assert control over a terrorist group. However, many state strategies to increase control create important security costs that can dilute

²⁵ Amy Sands and Jonathan B. Tucker, “An Unlikely Threat,” *Bulletin of the Atomic Scientists*, Vol. 55, No. 4, July-August 1999; Daniel Byman, “Iran, Terrorism, and Weapons of Mass Destruction,” *Studies in Conflict & Terrorism*, Vol. 31, 2008; and Paul Pillar, *Terrorism and U.S. Foreign Policy* (Washington, D.C.: Brookings Institution Press, 2001), p. 164.

²⁶ Jessica Stern, *The Ultimate Terrorists* (Cambridge, MA: Harvard University Press, 1999), p. 49. Other authors have described the threat as “real, but small.” Matthew Bunn and Anthony Wier, “Blocking the Terrorist Pathway to the Bomb,” *Nuclear Threat Initiative* (online), version last updated on 1 November 2007.

²⁷ Wardlaw 2001, p. 237.

the benefits that make delegation to an external group desirable in the first place. Other agency problems also arise from terrorists' pursuing their own strategies to diminish state accrual of control and consequently a loss of terrorist independence. In all, this means that control is neither cheap nor easy to acquire and that states seeking to empower terrorist groups by providing their support face important trade-offs involving security, efficiency, and control.

Building on these insights, I make a two-step argument. In the first step, I contend that the amount of control exercised within the relationship is a critical factor influencing states' decision-making calculus regarding the quality of support to provide to a terrorist group. In simplest terms, this means that states require their control to increase as their risk associated with providing different types of support increases. In the second step, I focus on explaining variations in control by identifying those key variables that cause control to rise and fall. Specifically, I show that four main variables have the most significant effect on the degree of control exercised in state-terrorist relationships: 1) the degree of preference divergence between a terrorist group and state supporter; 2) the success of one side's efforts to incentivize the other; 3) terrorists' ability to keep information and actions hidden from state scrutiny; and 4) a state's capacity, meaning the strength and capability of state institutions to operate autonomously and without external support. By understanding what causes the quality of control exercised in relationships between states and terrorist groups they support to vary, we thus gain important new insight on states' decision-making calculus when it comes to allocating support and some of the circumstances under which sensitive transfers could actually occur.

Research Design

The research design employed in this study involves two distinct stages. The main objective in creating this design was to best leverage the available—though often limited—data sources on this shadowy subject.

The initial stage involved the development of a falsifiable theory about intra-relationship dynamics between states and terrorist groups, and their effects on state allocations of different levels of support. This inductive work relied on insights drawn from documents in the U.S. Department of Defense's Harmony Database, a relatively newly available collection of primary source documents captured by Coalition forces operating overseas, mainly in Afghanistan and Iraq, since late 2001. These documents are part of a digital collection containing nearly 1,000,000 mostly classified notes and letters, government materials, analytical reports, and other materials gathered in the Global War on Terrorism. Although only a relatively small portion of the Harmony Database has been translated, declassified, and provided to researchers outside the government, the body of currently available documents offers unique understanding that enhanced this research. These documents are referred to throughout the dissertation by their Harmony-assigned identification numbers, and copies of those translated documents are available either on the Combating Terrorism Center at the United States Military Academy's website, or in the five-volume, unclassified version of a 2007 report for the Department of Defense authored by the Institute for Defense Analyses, entitled *Saddam and Terrorism: Emerging Insights from Captured Iraqi Documents*. This process of theory formulation also leveraged a variety of secondary source materials, as well as research on delegation issues developed by scholars from sociology, economics, and political science disciplines.

The second step in this research entailed the use of two sets of case studies to test hypotheses derived from my theory and to seek further confirmatory evidence that other elements of the theory are accurate. Here I relied on empirical data not consulted during the

inductive theoretical development stage in order to ensure that the main empirical test of my theory involved evidence capable of falsifying the theory. This data was derived from government documents, relevant memoirs, secondary source materials, and interviews with subject matter experts. Each set of case studies—specifically Pakistani and Iranian support for terrorist groups—is designed to focus on a single state’s relationships with numerous terrorist groups over time. This comparative research design has many important benefits. One benefit is that the mix of terrorist groups each state provides support to differs from one another in important respects, thus permitting within-case comparison as well as a broader test of the generality of the theory’s claims across a multitude of factors, including some not explicitly considered in the theoretical discussion. This design also provides a controlled comparison within each set of case studies, holding constant potentially important variables that may weigh on state decision-making such as features of leadership, external pressures, state goals and interests, and resource constraints. Although differences may exist in these variables across individual sets of case studies, this means that the patterns involving state allocations of support revealed in each set of case studies will be the same. Each case study thus provides a set of cases best able to maximize confidence in the research findings.

My strategy for case study selection was based on fulfillment of two criteria. First, to avoid the selection bias that methodologists warn can emerge when researchers select case studies on the dependent variable, I chose cases where at least three reputable sources—either governmental, scholarly or journalistic sources—confirmed significant variation on one independent variable. The second criterion was availability of relevant information. This criterion reflects the unfortunate reality that data collection in the field of terrorism studies—like other subject areas that focus on covert or clandestine actors and activities—is often a difficult task. While terrorists do grant interviews to some researchers, they typically seek to maintain secrecy about their organization and activities to best shield themselves from counterterrorism efforts. States that provide support to terrorists also strive to keep the true nature of their connection to terrorist groups hidden from external scrutiny. All told, these realities complicate the task of any researcher seeking to gather information on their activities and relationship dynamics. I did not expect to find a route to wholly avoid the data shortcomings that are part and parcel of this endeavor, so my goal was to minimize these problems as much as possible by selecting cases that offered the most robust access to data given these constraints.

A Roadmap of the Dissertation

The rest of the dissertation proceeds as follows. In Chapter Two I present the theory that explains the complex dynamics underlying relationships involving states and terrorist groups and how these dynamics affect state decision-making regarding the allocation of different types of support. This chapter begins, however, by providing a thorough discussion of definitions and concepts that serve as the basic building blocks in the theoretical discussion.

Chapters Three and Four serve as the main qualitative section of the study where I examine how various factors identified in Chapter Two produce specific outcomes in two sets of case studies. Chapter Three focuses on Iranian support for three terrorist groups since 1979: the Lebanese Hizballah, Hamas, and PIJ. By identifying the variation in Iran’s control over these groups over time, I explain why Hizballah historically has received a more impressive quality of support than the other two groups and why Iran’s support for Hamas and PIJ has fluctuated at times whereas Hizballah’s has not. This set of case studies was selected based on the variation in the ability to conceal information and action by the three groups under examination.

Chapter Four examines Pakistani support for three terrorist groups since the mid-1980s, specifically Lashkar-e-Tayyiba (LeT), Jaish-e-Mohammad (JeM), and Hizb-ul-Mujahideen (HM). This chapter highlights how Pakistan's control over LeT has remained strong over the years, and how this has resulted in Pakistan's most robust and consistent support for that group. I also show, however, that JeM has retained a reasonably strong measure of support from Pakistan too, as a result of Pakistan's mostly reliable ability to exert control over the group. Comparatively, HM's support has fluctuated over the years as Pakistan's control has ebbed and flowed, all for reasons that can be identified. This set of case studies was selected based on the variable degree of preference divergence among the relationships between the Pakistani state and the individual terrorist groups under study.

Chapter Six concludes by drawing together the evidence presented in the case studies and discussing the implications of the study. This includes highlighting how this theoretical framework can be employed to enhance understanding of the circumstances that may permit sensitive transfers of technology or other consequential support in the future. I also detail a range of policy options that can be employed to address the threat posed by these relationships.

CHAPTER TWO: TOWARDS A THEORETICAL SYNTHESIS

Terrorist groups receiving state support emerged as an important international security concern in the second half of the 20th Century. Yet as highlighted in Chapter One, these relationships have remained a poorly understood feature on the global political landscape for decades, especially as the academic literature on this subject remains limited and undeveloped. This chapter thus takes an important step towards filling this gap in knowledge by unraveling many of the dynamics that underlie and shape these relationships. Most importantly, the theoretical framework developed in this chapter serves as the first attempt to date to draw out the connections between these dynamics and state decision-making regarding allocations of support.

This chapter uses the analytical lens offered by principal-agent theory to construct new understanding of relationships involving states and terrorist groups. This analysis shows that these relationships share many of the fundamental features found in licit relationships involving a principal and an agent. These include the inherent challenges that states face when delegating to terrorist groups and states' reliance on various strategies to enhance their control and minimize agency costs, meaning the losses arising when terrorists pursue their own goals and interests rather than those of a state supporter. Indeed, even when both sides may stand to gain from working together, these relationships are rarely uncomplicated unions of mutually interested parties, and instead are frequently laden with friction and distrust. These problems develop because states and terrorist groups often differ in their overall goals and perspectives on how terrorists should carry out the fight against adversaries. The resulting preference divergence is also exacerbated by information deficits that states face when delegating to terrorist groups, particularly given the secrecy that envelopes these relationships and necessarily surrounds terrorist groups' daily existence.

The main insight that emerges in this chapter is that the quality of support a state provides to a terrorist group will increase only when the degree of control that state maintains over the group—or in rare cases, that a terrorist group maintains over a state—increases. For states, control is the mechanism that narrows the gap between how a state wants a terrorist group to behave and what the terrorist group actually does. As we shall see, control becomes increasingly desirable as the risk states face for providing different types of support increases. High-risk support, for instance, includes advanced technologies that could be particularly useful in large-casualty attacks; low-risk support includes rhetorical or other propagandistic support that is not inherently linked to lethal attacks.

Control, however, is neither inherent nor cheap or easy for states to acquire. This means that states face critical trade-offs when deciding how much control to seek. By highlighting these trade-offs and the key variables that cause control to rise and fall, this chapter provides a new window into the often opaque relationships between these actors and states' calculus for allocating different levels of support.

To be clear, the argument at the core of this chapter involves two distinct steps. The first involves identifying the broader relationship between control and variations in outcomes involving allocations of state support. The second step focuses on explaining control itself in an effort to gain real understanding of what makes control rise and fall. It is only by developing such insight that measurement of the dependent variable—state support—can occur.

It is useful at this juncture to foreshadow where this discussion is leading, especially given the reality that many possible combinations of decision-making calculations on the part of

both sets of actors exist. In short, by the end of this chapter I offer a reduced typology of three relevant clusters of relationship types that vary according to the degree of control obtained. It is my contention that these clusters provide a way to generalize about the plausible range of potential outcomes that can emerge from state-terrorist cooperative interactions. I recognize, however, that this strategy may be unnerving to some, perhaps appearing as an attempt to argue that complex realities always lend themselves to neat and precise correlations or that the fine-grained analytics of decision-making easily collapse into a place of very low granularity. That is not the intention of this work. Rather the immediate goals are to provide a manageable path for identifying the fundamental connections between key variables and outcomes, and presenting them in a manner that can be falsified. Ultimately though, and as is the case with most theoretical research, it should be recognized that the practical application of these insights requires broader attention to the often less tidy realities of human decision-making and life.

The rest of this chapter is organized into four main sections. The first section explores some key definitions and concepts that are necessary building blocks for the rest of the chapter. The second section focuses on the complexities of delegation from states to terrorist groups, highlighting the reasons both sides seek to engage with the other and why problems due to preference divergence and information deficits often develop. It then illustrates the different ways that states and terrorist groups may respond to these problems by seeking to affect the amount of control obtained. The third section identifies the connection between control and state allocations of support. The final section summarizes the argument and provides an overview of the subsequent case study chapters.

Definitions and Concepts

Before exploring my theoretical argument, some definitional and conceptual clarification is required. In this section, I begin by outlining my definition of terrorism and terrorist groups. Next, I explain state support for terrorism.

Debate has swirled for decades among scholars, researchers, and government policymakers about what properly constitutes an act of terrorism.²⁸ While these differing opinions certainly focus attention on important conceptual considerations, for the purposes of this study terrorism is simply understood as the premeditated use or threatened use of politically motivated, unlawful violence against victims (or other non-human targets), which are generally civilian, for the purposes of engendering anxiety in, and influencing the behavior of, a wider target audience within a government and/or civilian population.

This definition includes several key elements that are worth highlighting. One is that it identifies terror as a tactic used to make distinctly political gains. This means that terrorism is not gratuitous violence, no matter how senseless it may seem, but rather it is a tactic employed to advance a particular goal. Second, this definition underscores the idea that an act of terrorism involves three parties: a perpetrator, a target, and a wider audience. Terrorists seek to bring harm to the targets of an attack, but this is not their ultimate goal. Instead, the targets of an attack are symbolic and chosen to help advance terrorists' larger agenda, typically by serving as pawns in a game of psychological warfare that is meant to coerce a wider audience to comply with terrorists' political demands. A third point is that this definition does not attempt to identify the perpetrator with any specificity. Instead, terrorism may apply to acts carried out by a wide array

²⁸ For a discussion of this debate with citations, see Alex P. Schmid and Albert J. Jongman, *Political Terrorism: A New Guide to Actors, Authors, Concepts, Data Bases, Theories & Literature* (New Brunswick: Transaction Publishers, 2005), pp. 1-38.

of actors, which provides the opportunity to distinguish between different types of state involvement in terrorism—clearly a critical requirement for this study.

Based on this understanding of terrorism, a terrorist group is defined as an organization that engages in terrorism recurrently or that maintains a sub-group that engages in terrorism recurrently. An organization in this context is a cooperative social unit comprised of individuals who unite in a formal sense for the purpose of achieving certain goals. In the academic literature, formalization refers to the “extent that the rules governing behavior are precisely and explicitly formulated and to the extent that roles and role relations are prescribed independently of the personal attributes and relations of individuals occupying positions in the structure.”²⁹ It is clear, however, that formalization often varies between terrorist groups. The increasingly decentralized and more fluid nature of some terrorist and other illicit groups, for instance, has been attracting a great deal of attention in recent years.³⁰ I thus consider a terrorist group an organization so long as some formalization exists alongside coordinated activity to achieve specified goals.³¹

Next, I define state support for terrorism as the direct and intentional transfer of assistance from a state to an independent terrorist group.³² Direct and intentional transfers involve purposeful state action in which some type of resource or other assistance is provided in an explicit fashion. This does not include, for example, cases in which state officials simply ignore terrorist organizational activity occurring within their borders or fail to punish a group that carries out an act of terrorism. Such cases may represent intentional state policy, but they do not involve an explicit transfer of assistance and thus are not a focus of this study.³³ This research also does not consider cases involving actual acts of terrorism carried out by a state’s own security forces, which could constitute another category of violence (i.e. “state terrorism”).³⁴ Its focus is solely on state involvement in terrorism that is carried out by private groups, which

²⁹ W. Richard Scott, *Organizations: Rational, Natural, and Open Systems* (Upper Saddle River, NJ: Prentice Hall, 2003), p. 27.

³⁰ See, for example, John Arquilla and David Ronfeldt, eds., *Networks and Netwars: The Future of Terror, Crime, and Militancy* (Santa Monica, CA: RAND, 2001), especially Phil Williams, “Transnational Criminal Networks,” in John Arquilla and David Ronfeldt, eds., *Networks and Netwars: The Future of Terror, Crime, and Militancy*, (Santa Monica: RAND, 2001), pp. 61-98; Michael Kenney, *From Pablo to Osama: Trafficking and Terrorist Networks, Government Bureaucracies, and Competitive Advantage* (University Park, PA: Penn State University Press, 2007); and Calvert Jones, “Al-Qaeda’s Innovative Improvisers: Learning in a Diffuse Transnational Network,” *Cambridge Review of International Affairs*, Vol. 19, No. 4, December 2006.

³¹ Martha Crenshaw argues that terrorist groups are generally similar to other types of organizations in that they maintain a defined structure, functionally differentiated roles within that structure, recognized leaders with formal authority, and collectively held goals that are pursued jointly. However, terrorist groups—like other illicit groups such as criminal, guerrilla and insurgent groups—are clearly different from other types of organizations due to their dedication to the illegal use or threat of violence, and their largely secretive existence in the underground. See Martha Crenshaw, “An Organizational Approach to the Analysis of Political Terrorism,” *Orbis*, Fall 1985, pp. 465-466.

³² These criteria were previously identified in Daniel Byman, *Deadly Connections: States that Sponsor Terrorism* (Cambridge: Cambridge University Press, 2005).

³³ This type of state behavior is often referred to as passive state support for terrorism. The National Commission on Terrorism reported in 2000 that while passive support may not meet the criteria for classifying a state as a supporter of terrorism, it remains an important concern, as states’ “failure to act against terrorists perpetuates terrorist activities.” National Commission on Terrorism, *Countering the Changing Threat of International Terrorism* (Washington, D.C.: National Commission on Terrorism, 2000).

³⁴ For more on this type of activity, see various authors in Michael Stohl and George A. Lopez, eds., *Terrible Beyond Endurance? The Foreign Policy of State Terrorism* (New York: Greenwood Press, 1988).

means that states' involvement may include planning and facilitation activities but not direct participation in the execution of an operation.³⁵

By state, I refer to high-ranking government officials within the central government of a recognized state with the authority or power to determine official policy. In some cases, decision-making on this issue will come from largely omnipotent leaders, such as Saddam Hussein of Iraq or Muammar Gaddafi of Libya. In still other countries, authority is more fragmented within a country's political system, and thus the decision to provide support to terrorist groups may come from only a single locus comprising only some elements within the leadership structure. In Iran, for instance, the decision to provide support to terrorist groups involves some, but certainly not all, prominent power-holders and government institutions. In Pakistan, the military—sometimes with the support of civilian leaders—is the lead institution in government and ultimately the one crafting policy related to terrorist groups. In all, even if other elements of the official government structure maintain some constitutional or other formal authority over foreign policymaking, a narrower section may be responsible for state policy because opponents in the central government recognize assistance is being provided but are powerless to stop it.

A final concept to define is state support. State support—terminology used interchangeably in this study with state sponsorship—refers to the ten main categories of assistance that states may choose to provide to terrorist groups:

1. *Rhetorical or other propagandistic support.* This type of support includes speeches by state leaders declaring the virtues of a terrorist group and their cause. State leaders also may intentionally seek to drum up sympathy for a group by providing positive coverage of a terrorist group through state-controlled media outlets or other resources to help a group establish its own media capabilities.
2. *Financing.* This refers to cash disbursements a state provides to help cover a terrorist group's operational or other organizational needs.
3. *Intelligence.* Intelligence includes information or the technology for gathering information to facilitate operations (e.g. information on a terrorist group's desired target), circumvent counterterrorism efforts, or preserve the organization's security, such as by identifying informants within a terrorist group's ranks.
4. *Training.* Training refers to the wide range of instruction that states can provide to terrorist group members to influence their knowledge. This includes tactical knowledge involving how to fight effectively or build or use weapons. Training can also include religious and ideological training useful for indoctrinating and reinforcing terrorist group members' commitment to the cause.
5. *Transportation.* This category refers to the access provided by a state to a range of possible modes of conveyance across land, sea, or air to move group members, arms, equipment, or other resources.
6. *Use of territory for non-operational activities.* This involves unambiguous permission to use territory under state control to engage in administrative or political activities, training, or other activities not directly related to a particular attack, or to provide group members uninvolved in operational activities with sanctuary.

³⁵ An example of another type of state involvement in terrorism is when a state may knowingly attribute a terror attack to a group that was not responsible (i.e. a "false flag" operation). States may view this as a desirable option to protect state operatives who were actually responsible for an act or to discredit an opposition. However, this does not constitute a direct transfer of support and is not included as part of this research.

7. *Conventional weapons and equipment.* This includes the different types of basic weapons and military equipment that terrorists can use in attacks, such as guns and ammunition, explosives, improvised explosive device hardware, rockets, and rocket-propelled grenades and launchers.
8. *Diplomatic assets.* This category refers to the range of assets that recognized states in the international system uniquely may provide by virtue of their statehood, including passports, visas, and access to embassy grounds or diplomatic pouches.
9. *Use of territory for operational activities.* This category involves unambiguous state permission to use territory under state control to plan or launch attacks.
10. *Advanced technology.* This refers to technology that is advanced in the global sense (rather than advance relative to a particular group). This includes CBRN WMD, sophisticated means for their delivery, and related materials, technology, and expertise.

A fundamental theoretical premise of this research in turn is that these ten categories of state support constitute a continuum based on the dimension of risk that states face when providing them to terrorist groups. Risk is an outcome measure for adverse events. In this context, risk involves regime or national security interests, specifically that the provision of a certain type of support will engender a threat that compromises a state's core security interests. These threats may come from other states, either individually or as a part of a coalition, or even the very terrorist groups receiving state support should the group decide to turn its guns on a state benefactor. The most robust threats are those that endanger regime security, but threats to a state's military or economic security are also significant.

The risk that states face is the product of two variables: the probability that a state supporter will face a threat ("probability of threat") and the impact on the state supporter should that threat manifest ("impact of threat"). The probability of threat is the product of the probability that a given type of support will qualitatively enhance terrorists' ability to inflict pain and the probability that state supporters will be directly implicated in the outcomes terrorists produce with that support. The impact of threat represents the value of the harm to a state supporter that is likely to result from its decision to provide a particular type of support.

$$\text{Risk} = (\text{probability of threat}) \times (\text{impact of threat})$$

Table 2 identifies the risks that state supporters face when providing different types of support to terrorist groups. As depicted in the table, the risk continuum extends from low to high risk. Rhetorical or propagandistic support presents the lowest risk due to several factors. For one, the probability is low that rhetorical support will enhance terrorists' ability to inflict pain. Certainly this type of support may bolster the morale of a terrorist group or improve its standing with constituents, but generally the effect on groups' ability to influence an adversary is weak. In addition, while this type of support is usually detectable, it does not constitute a direct link between a state provider and terrorists' violent operations. Rhetorical or propagandistic support is also unlikely to produce a robust response. At worst, this type of support may cause a state supporter to become internationally ostracized and suffer some associated consequences but not more robust threats to regime or national security.³⁶

³⁶ One terrorism expert has suggested a basic pyramid model of different levels of state involvement in terrorism that seems to be rooted in a similar notion, generally speaking. The bottom of the pyramid—and thus the lowest level of state involvement—is what he refers to as ideological support, while the top of the pyramid is direct state terrorism, meaning terrorism carried out by state agents. He argues that ascent from the base of the pyramid not only

Table 2. State Supporters’ Risk for Providing Different Types of Support to Terrorist Groups.

Type of Support	Probability of Threat		Impact of Threat	Risk
	Probability That Support Will Enhance Terrorists’ Ability to Induce Pain	Probability That Support Will Directly Implicate States in Terrorist Acts		
Rhetorical/ Propagandistic	Low	Low	Low	Low
Financing	Moderate-High	Low-Moderate	Low-Moderate	Low-Moderate
Intelligence	Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Training	Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Transportation	Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Use of territory/ Non-operational activities	Low-Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Conventional weapons	Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Diplomatic assets	Low-Moderate	Low-Moderate	Low-Moderate	Low-Moderate
Use of territory/ Operational activities	Moderate-High	High	Moderate- High	Moderate-High
Advanced technology	High	Moderate-High	Moderate-High	Moderate-High

Several other types of support—financing, intelligence, training, and transportation, use of territory for non-operational activities, conventional weapons and diplomatic assets—cluster together to create low-to-moderate risk for states that choose to provide them. This increased risk can result from the increased probability that each of these types of support will directly enhance terrorists’ ability to inflict pain on an adversary, which differs from rhetorical and propagandistic support. These types of support also can create a stronger link between a state supporter and terrorists’ violent acts, which increases the probability of threat as well. Diplomatic assets, for example, can be leveraged to increase terrorists’ ability to inflict harm in significant ways. The terrorists that spectacularly killed 11 Israeli athletes at the 1972 Munich Olympics received travel documents and access to Libyan diplomatic pouches to smuggle weapons to the attack

reflects increasing state involvement but also increasing implications for such states. His discussion of how and why different levels of state involvement produce different implications for states is, however, limited. Boaz Ganor, “MILNET: Countering State-Sponsored Terrorism,” International Policy Institute for Counter-Terrorism, Herzliya, Israel, 1998, available at <<http://www.milnet.com/ict/counter.htm/>>, accessed on 10 January 2009.

locale.³⁷ In this case, Libya's diplomatic assistance was eventually traced and publicized, which contributed to the growing risk to Libya of a response from other states.

The last two categories of support—use of territory for operational activities and advanced technology—produce the highest risks for states. The use of territory for operational activities increases the probability of a response, especially if terrorists launch an attack against an adversary from a state supporter's territory, as this can provide a direct link between a particular terrorist attack and the state, thereby increasing the probability that the state supporter will be implicated and consequently face a decisive response by the injured party. By permitting terrorists to operate in its territory, a state supporter also increases the potential for a “boomerang” effect, whereby terrorists become a threat to the state's own regime or domestic stability.

Advanced technology also can create the highest risk for states. This type of transfer can significantly boost terrorists' ability to induce pain. Depending on the technology and its associated signatures, it may provide a direct link back to a state provider, thus increasing the probability of a response. Furthermore, given the highly destructive nature of advanced technologies, which basically constitute the most sophisticated tools of modern warfare, state supporters willing to provide this assistance may face a particularly robust impactful response.

Finally, it is important to stress the central role of secrecy that was alluded to in the foregoing discussion of state risk. As noted, allocations of some types of support are inherently more difficult to conceal from external scrutiny than others, which can contribute to escalating risk. Rhetorical support is an example of a type of support that states do not intend to hide. In fact, rhetorical support is intentionally shared in a public manner, usually to benefit a state supporter that seeks to cull favor in a perceived constituency due to their identification with the terrorists' cause. As will be discussed further in the subsequent section, it is typically the case that states fare better if their support is undisclosed, thus decreasing their discernable link to the outcomes terrorists produce. There are exceptions to this rule though. For instance, Libya bragged about its support for terrorist groups in past decades, which included financing, use of territory for non-operational activities, and conventional weapons. Instructively though, Libya also suffered retaliatory measures that were disproportionate to states that provided similar levels of support.³⁸

The remainder of this chapter focuses on identifying the dynamics that influence state decision-making regarding the provision of these ten categories of support to terrorist groups, and explaining how they interact to produce variation in state allocations of support. For now, it is useful to make the general point that, because different types of support produce uneven risk for state providers, states are less likely than participants in other types of relationships to find that the costs of delegating action are always offset by the benefits.

States and Terrorist Groups They Support: The Complexities of Delegation

As is common in principal-agent relationships, relationships involving states and terrorist groups are complex undertakings for those involved. This might not be the case if each side agreed in their ideological beliefs, strategic goals, and desired tactics. Under such conditions, state and terrorist group preferences would be well aligned, and states would be able to count on terrorist groups to behave in ways that accord with state goals and interests. But these conditions typically

³⁷ Daniel Pipes, *The Long Shadow: Culture and Politics in the Middle East* (New Brunswick: Transaction Publishers, 1988), p. 211.

³⁸ Grant Wardlaw, *Political Terrorism* (Cambridge: Cambridge University Press, 1989), p. 178.

do not prevail. At the same time, states face uncertainty due to the secrecy under which terrorist groups operate in order to ensure their own survival, as this also limits states' information about terrorists' decision-making and other activities. In all, states may seek to delegate to terrorist groups to accrue certain benefits, but they must manage the fact that terrorist groups may act in ways that diverge from what states would prefer, which may result in suboptimal outcomes from states' perspectives.

States thus face an important dilemma. They can settle for these results or they can try to improve the likelihood that terrorist groups will behave according to state wishes, thereby increasing the benefit of the relationship from states' perspective. This is a difficult decision however, as that many of the strategies available to try to influence terrorist behavior also can create important security costs for states. Moreover, terrorist groups may pursue their own strategies in an effort to retain their independence, which can produce efficiency costs in the form of increased time and effort to achieve desired results. This dilemma suggests then that when states are calculating how far to go to try to align terrorist group behavior with their own goals and interests, they must weigh important trade-offs between control and both security and efficiency.

The following sections examine this dilemma and potential responses to it in greater detail. I begin by focusing on the benefits of delegation for states and terrorist groups. The discussion then turns to the roots of and responses to preference divergence. In subsequent sections, I explain how preference divergence is linked to state decision-making regarding allocations of support to terrorist groups.

Why Delegate?

This section explores the reasons delegation is desirable for both states and terrorist groups. As we shall see, some of the specific motivations differ from those that may exist in the principal-agent literature in economics or bureaucratic politics due to the illicit nature of relationships between states and terrorist groups.

STATE GOALS AND INTERESTS

States generally provide support to terrorist groups to make foreign policy and national security gains that would be impossible or unacceptably costly if pursued through direct state action, such as by using their own military. By aiding terrorist groups, states delegate action, and hopefully many of the costs associated with action, to terrorist groups. States often are able to accrue the benefits of action but avoid its costs if they maintain plausible deniability, as this can cause the main body of blame to be imposed on terrorists. This does not mean that states will always avoid paying some price beyond the value of whatever transfers they make to terrorists. With a potent measure of plausible deniability however, they can hope to blur the lines to their own culpability and thus avoid incurring a set of unacceptably high costs that would offset the gains that delegation provide. At the same time, terrorist groups are nimble and specialized violence-makers, which means that they hold the potential to do many things to advance state goals.

A simple way to understand the wide range of motivations that lead states to provide support to terrorist groups is by focusing on three general categories of goals: ideological, strategic, and domestic. It is also true, however, that states may have more than one goal in mind when deciding on this policy, which makes it difficult to assess whether one type of goal is the single most important driver of state policy.

Ideological motivations to support terrorist groups—with ideology referring to the fundamental belief system and worldview that shape an actor's approach to politics and action—

reflect the desire by states to spread their belief system and approach to politics overseas. In the 1990s, for example, Sudan's government provided support to terrorist groups actively seeking to implant Islamist governments throughout the Middle East, in large part because this fit with the core ideological principles advanced by the charismatic and influential Sudanese Islamist leader Hasan al-Turabi. Among its support for different groups, Sudan famously provided aid to Egyptian Islamic terrorists involved in a 1995 attempt to assassinate Egyptian President Hosni Mubarak in Addis Ababa.³⁹ Soviet bloc countries also provided support for terrorist and other violent groups around the globe during the Cold War to advance the revolutionary "armed struggle" that sits at the center of Communist ideological doctrines.⁴⁰ Besides explicit efforts to spread an ideology, some states also have judged that by couching their support in ideological terms, they can enhance their international standing. Secular Iraqi leader Saddam Hussein, for instance, used religious imagery and language to justify his support for Islamic Palestinian terrorist groups in an attempt to gain recognition and favor in the Arab and Muslim world as a supporter of the most popular ideological movement in the Middle East at the time.

Strategic goals refer to state efforts to enhance their military and security interests. Among the numerous specific strategic goal, one is to bring about regime change in or at least weaken a target state. Both Iran and Syria, for instance, have sought to use terrorist groups to diminish the power of adversaries in the Middle East, including Israel, Jordan, Egypt, and Saudi Arabia. Likewise, one of Pakistan's main motivations for its ties to numerous terrorist groups over past decades is to undermine India, its primary rival.

States also may seek to provoke some desired policy change in a target state. In such cases, state supporters essentially seek to use a successful terrorist campaign to weaken popular support for a particular policy in the target state, hoping then to create public pressure that will alter that policy in ways that align with a state supporter's strategic interests. This type of effort can be particularly effective against democratic countries where leaders are keen to avoid voters' wrath at the ballot box,⁴¹ as was demonstrated following Iranian-supported Hizballah's attacks against Western targets in Lebanon in the early 1980s, which culminated with a deadly suicide bombing in 1983 that killed 241 U.S. service members. Indeed, the disaster created a public backlash in the United States against continued involvement in the country. This led the Reagan Administration to abandon the U.S. peace mission in Lebanon and precipitously withdraw U.S. forces from that country—Iran's immediate goal with the bombing campaign.

Another strategic objective that motivates state support for terrorism is projecting power overseas. This is especially salient for states that face power deficits in their own neighborhood or more broadly. Even after the discovery of oil in 1959, for example, Libya remained a relatively primitive country with a weak military and economic base and little international power or prestige. Yet beginning in the 1970s Libyan leader Gaddafi used the country's oil wealth to funnel large quantities of support to terrorist groups, and as a result Libya was able to pursue an adventurous foreign policy that made it an important international actor. These activities also allowed the regime to gain credibility for challenging more powerful states and

³⁹ "Police arrest 'fugitive terrorist' group allegedly sent from Sudan," BBC Summary of World Broadcasts, 1 August 1995; and "Al-Ahram publishes alleged evidence of Sudan's part in assassination plot," BBC Summary of World Broadcasts, 18 September 1995.

⁴⁰ For more on Marxist-Leninist views on terrorism, see Roberta Goren, *The Soviet Union and Terrorism* (London: George Allen & Unwin, 1984), pp. 19-29.

⁴¹ Walter Enders and Todd Sandler, *The Political Economy of Terrorism* (New York: Cambridge University Press, 2006), pp. 24-51.

bolster Gaddafi's claim to be the leader of a revolutionary socialist, Islamic, and pan-Arab unity movement.⁴²

Domestic motivations for supporting terrorist groups are threefold. First, a state supporter may seek to bolster its popularity at home, especially if providing aid to a group generates domestic sympathy due to shared ethnic, religious, or ideological ties. As we shall see in Chapter Four, one benefit of the Pakistani government's assistance to various groups fighting against India's administration of Jammu and Kashmir is that this has drummed up some support and unity among Pakistani nationals at home. Second, states may perceive support to terrorist groups as a way to enhance a regime's domestic hold on power. Saddam Hussein's support for the Mujahideen-e Khalq (MEK), for instance, was based on a mutual desire to weaken the Iranian clerical regime, but these ties also proved useful to the Iraqi regime in its fight against domestic enemies, particularly in the Kurdish north where the MEK helped put down rebellion in the 1990s.⁴³ And third, state support may be useful for reducing the likelihood that a group will pose a threat domestically. Some Arab leaders, for instance, have provided assistance to Palestinian groups out of fear that failing to do so could provoke these same groups to turn their guns on them.⁴⁴ This includes the Saudis who, according to one historian, provided at least one financial payment to the Palestinian Abu Nidal Organization (ANO) to insulate the kingdom from terrorist attacks.⁴⁵ The Saudis also may have allowed Abu Nidal to establish some presence in the Kingdom in 1991, as "insurance" to dissuade the group from attacking Saudi interests."⁴⁶

The actual gains states accrue from providing support can be conceived of as the remainder after subtracting the costs a state supporter must pay to offer support. These costs spring from two sources: 1) the real costs, if any, of resource transfers; and 2) penalties that state supporters may incur due to their association with terrorist groups. While the real costs of resource transfers can be significant, in general providing support to terrorist groups is a relatively inexpensive way to pursue foreign policy and national security goals, at least in comparison to fielding a well-equipped conventional military force or developing other capabilities. As for costs derived from penalties, these can take many forms, including public shaming, economic sanctions, or military strikes. States may be willing to bear the weight of some penalization, but obviously their interest also lies in limiting these costs. As noted, the allure of providing support to terrorist groups in the first place is that this policy can allow states to avoid the costs that may result from direct state action.

TERRORIST GOALS AND INTERESTS

Terrorists' interest in receiving support from states is not difficult to understand. Like states, terrorist groups seek to achieve certain political goals, which can include regime change,

⁴² Some accounts indicate that Libya also provided support to the Provisional Irish Republican Army (PIRA) in the mid-1980s to avenge the British government's role in facilitating U.S. air strikes against Tripoli and Benghazi, which caused the death of his daughter, and to respond to the expulsion of Libyan diplomats after an April 1984 fatal shooting of a policewoman in London. See A.R. Oppenheimer, *IRA: The Bombs and the Bullets* (Portland, OR: Irish Academic Press, 2008), p. 163; C.J.M. Drake, *Terrorists' Target Selection* (New York: St. Martin's Press, 1998), p. 90; and James Adams, *Trading in Death: The Modern Arms Race* (London: Hutchinson, 1991), pp. 17-30.

⁴³ Colin Robinson, "In the Spotlight: Mujaheddin-e Khalq Organization (MEK or MKO)," Center for Defense Information, 11 September 2002.

⁴⁴ Kent Layne Oots, "Organizational Perspectives on the Formation and Disintegration of Terrorist Groups," *Studies in Conflict & Terrorism*, Vol. 12, No. 3, 1989, p. 147.

⁴⁵ Patrick Seale, *Abu Nidal: A Gun for Hire* (New York: Random House, 1992), pp. 27-28.

⁴⁶ "Abu Nidal group sets up bases in Saudi Arabia, U.S. sources say," *Gazette* (Montreal), 12 August 1991.

territorial revision, or some type of policy change by a target state.⁴⁷ Their most fundamental concern, however, is organizational survival, as this is what enables members to carry on their political struggle over time.⁴⁸ Terrorist survival hinges on the group's ability to fulfill three basic requirements: 1) maintain secrecy and fend off efforts to counter terrorism;⁴⁹ 2) build and sustain political support among group members and perceived constituents;⁵⁰ and 3) acquire resources.⁵¹ State support indirectly may help with the first and second requirements, but its most direct benefit is providing an outlet for terrorists to acquire resources.

Resources are necessary for terrorist groups to fulfill important organizational and operational requirements. As scholars note, access to a steady resource base as an important factor in terrorist groups' success. This permits the long-term planning that would otherwise be difficult in the uncertainty of a wobbly "hand-to-mouth existence."⁵² Financial resources are one important type of resource for terrorist groups. Groups require cash not only to plan and carry out operations but also to offer incentives to members and potential recruits. This can be critical for maintaining a sufficient membership base, especially given that their ranks frequently become depleted due to arrests, death, or ideological burnout,⁵³ and that participation in a terrorist group can be motivated by interests beyond political goals alone.⁵⁴ Even when political

⁴⁷ For more on terrorist goals, see Andrew H. Kydd and Barbara F. Walter, "The Strategies of Terrorism," *International Security*, Vol. 31, No. 1, 2006.

⁴⁸ For more on terrorist groups' desire to survive, see Martha Crenshaw, "Theories of Terrorism: Instrumental and Organizational Approaches," in David C. Rapoport, *Inside Terrorist Organizations* (Portland, OR: Frank Cass Publishers, 2001), pp. 13-31; Crenshaw 1985, pp. 473-474; and Jerrold Post, "Group and Organizational Dynamics of Political Terrorism," in Paul Wilkinson and Alasdair M. Stewart, eds., *Contemporary Research on Terrorism* (Aberdeen, G.B.: University Press, 1987), p. 316.

⁴⁹ The need to maintain secrecy creates an added burden for underground groups compared to groups that operate in the open. The often much simpler main task facing groups in the open is to organize in a manner that enables the most efficient outcomes. As Hoffman and McCormick suggest, the problem for underground groups is an "inverse relationship" between security and operational efficiency. Bruce Hoffman and Gordon H. McCormick, "Terrorism, Signaling, and Suicide Attack," *Studies in Conflict & Terrorism*, Vol. 27, 2004, p. 245. See also Gordon H. McCormick, et al., "Security and Coordination in a Clandestine Organization," *Mathematical and Computer Modeling*, Vol. 31, 2000, pp. 175-176; and J. Bowyer Bell, "Revolutionary Dynamics: The inherent inefficiency of the underground," *Terrorism and Political Violence*, Vol. 2, No. 2, Summer 1990.

⁵⁰ Thornton cites these two objectives—"morale-building" within the organization and "advertising" within a sympathetic audience—as key requirements for any terrorist group. See Thomas Perry Thornton, "Terror as a Weapon of Political Agitation," in Harry Eckstein, ed., *Internal War: Problems and Approaches* (New York: Free Press, 1964). For more on this, also see Bruce Hoffman and Gordon H. McCormick, "Terrorism, Signaling, and Suicide Attack," *Studies in Conflict & Terrorism*, 2004, Vol. 27, p. 245; and Martha Crenshaw, "Decisions to Use Terrorism: Psychological Constraints on Instrumental Reasoning," *International Social Movements Research*, Vol. 4, 1992, pp. 29-42.

⁵¹ Kevin Siqueira and Todd Sandler, "Terrorists versus the Government," *Journal of Conflict Resolution*, Vol. 50, No. 6, December 2006.

⁵² James Adams, "Profit and Loss," *The Financing of Terror* (New York: Simon and Schuster, 1986), p. 237.

⁵³ Burnout is discussed by J.I. Ross and T.R. Gurr in "Why Terrorism Subsides: A Comparative Study of Trends and Groups in Canada and the United States," Paper presented to the annual meeting of the American Political Science Association in Chicago, September 1987, pp. 8-9. Also see Kent Layne Oots, "Organizational Perspectives on the Formation and Disintegration of Terrorist Groups," *Studies in Conflict & Terrorism*, Vol. 12, No. 3, 1989.

⁵⁴ Crenshaw cites four incentives that drive members to join terrorist groups: 1) the opportunity for action, 2) to belong in a social group or community, 3) to gain in status amongst peers, and 4) to gain material reward. Mancur Olsen also has argued that the purposive goals of a political organization are not enough to attract and retain many members, as individuals can easily just become "free riders" who benefit from the public goods created by group efforts without needing to contribute to the production of their supply. As a result, he suggests that selective

commitment is the central motivating factor, offering financial incentives can be a desirable feature of membership given the limitations that a risk-laden life in the underground otherwise engenders.

Documents captured by Coalition forces in Afghanistan after October 2001 show the need for a continuous supply of financial resources for membership and recruitment tasks in al-Qa'ida. One document, for instance, is a copy of al-Qa'ida's "employment contract" with members. It details guarantees for salary and vacation benefits, including 6500 Pakistani Rupee for a married man and 500 Rupee for every newborn in his family in addition to one week off every three weeks. Bachelors are promised 1000 Rupee in salary and five days off every month, and after one year of service all members are also guaranteed a roundtrip ticket to their country of origin or to perform the pilgrimage.⁵⁵ Clearly, these requirements mean that al-Qa'ida, like other terrorist groups, must find a way to secure financing to keep "employment" up and ensure the viability of the organization over time, with states thus representing one outlet for groups seeking these vital resources.

Besides serving as a source for financing and other basic resources that terrorist groups need to survive, states can offer access to special luxuries that are difficult to acquire elsewhere. This includes access to state-derived intelligence data, diplomatic assets, and staging bases near to a target. Conspirators involved in the first attack on the World Trade Center in New York in 1993, for example, traveled to the United States using legitimate documentation allegedly provided by Sudanese officials.⁵⁶ As noted earlier, Libya also provided the Palestinian terrorists that murdered 11 Israeli athletes at the 1972 Munich Olympics with ways to communicate secretly with one another and smuggle their weapons to the attack locale using their embassies overseas. This proved invaluable for the terrorists in acquiring supplies and information necessary to carry out their plan.⁵⁷

State assistance also may provide other indirect benefits for terrorist groups, such as increasing terrorist security by relieving groups of the need to engage in activities to acquire resources that would likely increase their risk of exposure to police. In Europe, for example, al-Qa'ida affiliates' reliance on credit card fraud and drug distribution to raise funds led authorities to focus a spotlight on the broader network and their political activities.⁵⁸

On many levels, therefore, delegating to terrorist groups is beneficial for both terrorist groups and states. As we shall see in the next section however, other factors can make cashing in on these benefits a complicated task.

incentives must be made available to members of the political organization. Crenshaw 1985, p. 474. Olsen is discussed in Oots 1989.

⁵⁵ Harmony document AFGP-2002-600048.

⁵⁶ At trial, attorneys from the U.S. government highlighted close ties between one of the plotters, the Egyptian "Blind Sheikh" and Hassan al-Turabi, leader in the early 1990s of Sudan's de facto government, the National Islamic Front. Among these ties, it was found that under Turabi's influence, Sudanese jihadists including an individual named Siddig Ali were permitted by the Sudanese government to travel to America. Once in the United States, Siddig coordinated his activities with the sheikh and Sudanese officials. He also used his Sudanese government contacts to facilitate the flight of 1993 World Trade Center bomber Mahmud Abouhalima into the United States. Andrew C. McCarthy, "Still Willfully Blind After All These Years," *National Review Online*, 30 April 2008.

⁵⁷ Daniel Pipes, "No One Likes the Colonel," *American Spectator*, March 1981.

⁵⁸ Rohan Gunaratna, *Inside Al Qaeda* (New York: Columbia University Press, 2002).

pp. 65-66; and Craig Whitlock, "Al Qaeda using more low-cost, local terror cells," *Washington Post*, 24 August 2008.

The Roots of Preference Divergence and Information Deficits

While terrorist groups and states stand to gain from their cooperation, their relationships are rarely the uncomplicated unions of mutually interested parties that most assume. Rather, friction and distrust often inhabit these relationships. Media reporting indicates, for example, that the Taliban leadership was long suspicious of al-Qa'ida, and some within the regime actually sought to strip the group of Afghan state support in the late 1990s.⁵⁹ Similar discontent towards the Abu Nidal Organization (ANO) brewed within the Iraqi regime led by Saddam Hussein. Iraq eventually stripped the ANO of its nearly decade-long support in 1983, with the group and its leader Abu Nidal unceremoniously ordered to leave the country.⁶⁰ Despite the existence of some common goals and the potential for mutual benefit, these problems developed because states and terrorist groups differ in their overall goals or perspectives on how terrorists should carry out the fight against adversaries. The resulting preference divergence is also exacerbated by information deficits that states often face when delegating to terrorist groups.

Preference divergence results from three main factors. First, it develops from fundamental differences between the two sides' long-term strategic goals. In such cases, states and terrorist groups may find common ground in some areas, such as in a desire to weaken a shared enemy or to discredit a particular policy, yet each side possesses different longer-term political goals.⁶¹ For instance, documents captured from Saddam Hussein's government in Iraq suggest that in 1993 the regime sought to build supportive links to the radical Islamic Egyptian terrorist group Islamic Jihad (EIJ), at the time led by 'Umar Abd al-Rahman, the "Blind Sheikh" currently imprisoned in the United States for his role in the first World Trade Center bombing in New York. According to one seized document, these efforts were meant to rekindle past cooperative ties with the group.⁶² The main basis for cooperation between Saddam's regime and EIJ was the mutually held desire to destabilize the Egyptian government led by Hosni Mubarak and probably counter Israeli and Western influence in the Middle East. The EIJ's longer-term goals, however, were to institutionalize *shari'ah* (Islamic law) in Egypt once the Mubarak regime was overthrown and later eliminate secular nationalist rulers throughout the Middle East, including none other than Saddam Hussein—a vision to which Saddam obviously did not subscribe. Besides maintaining absolute power in Iraq, Saddam's broader vision was to establish himself as secular ruler over a unified Arab bloc in the Middle East.⁶³ These differences did not

⁵⁹ Peter L. Bergen, *Holy War, Inc.* (New York: Simon & Shuster, 2001), pp. 156, 167.

⁶⁰ Patrick Seale, *Abu Nidal: A Gun for Hire* (New York: Random House, 1992), p. 123.

⁶¹ It is not uncommon for political actors besides states and terrorist groups to cooperate based on shared short-term interest against a common enemy, despite incongruity with their longer-term objectives. Among states, an obvious example is the U.S.-U.K.-Soviet alliance to defeat Nazi Germany during World War II. U.S. support to the mujahideen during their fight against the Soviets in the 1980s in Afghanistan is another example but involving a state and non-state actors.

⁶² The document also highlights ties to other Islamic extremists, including elements operating in the Afghanistan-Pakistan corridor such as Gulbaddin Hekmatayar. Harmony document ISGP-2003-00300189. According to another document, Saddam's regime also attempted to grow common cause with Islamic radicals to eliminate the royal family in Kuwait. Harmony document ISGP-2003-00022866.

⁶³ Saddam had on occasion tried to paper over these differences and cull favor with Islamic terrorist groups, including by trying to appear religiously pious prior to the first Gulf War. See W. Andrew Terrill, "Saddam's Failed Counterstrike: Terrorism and the Gulf War," *Studies in Conflict & Terrorism*, Vol. 16, No. 3, 1 January 1993, p. 222.

mean the regime was unwilling to provide support to the group, but the two sides' overall preferences clearly did not align perfectly.⁶⁴

Second, divergent preferences may develop when ideological disharmony exists between states and terrorist groups. Ideological disharmony appears to have contributed to initial strife between members of the Taliban and al-Qa'ida when most of al-Qa'ida's members began returning to Afghanistan from Sudan in 1996. As alluded to earlier, elements of the Taliban leadership grew increasingly displeased with al-Qa'ida and its international activities and wanted to force the group out of Afghanistan. Some of this displeasure was rooted in Taliban elements that were less ideologically rigid than al-Qa'ida and more interested in integrating both politically and economically with the global community, including Western nations that al-Qa'ida was intent upon attacking.⁶⁵ Captured documents authored by al-Qa'ida members describe the distrust that subsequently developed between the two sides, as some in al-Qa'ida questioned the purity of their hosts' religious beliefs⁶⁶ and commitment to establishing an Islamic state.⁶⁷ As we shall discuss later, these cleavages only grew less important once hardliners in the Taliban took firm control of state power and later became closely attuned with al-Qa'ida's global jihadist views.⁶⁸

Third, preference divergence develops because states and terrorist groups differ in their tactical preferences. One reason for this divergence may be organizational. As highlighted earlier, terrorist survival is only partly dependent on groups' ability to acquire resources; another requirement for groups is attracting and maintaining the loyalty of group members and perceived constituents. In turn, group efforts to fulfill these requirements can spur terrorist groups to prefer a course of action that differs from state supporters. Previous scholarship has shown, for instance, that most individuals who join violent organizations are intolerant of inaction. They require signs of progress towards political goals and opportunities to satisfy personal desires for risk, excitement, and advancement within the group.⁶⁹ This means that terrorist leaders are under constant pressure to maintain a tempo of action that will satisfy members and prevent infighting and factionalization.⁷⁰ States, however, may find that the cadence or brutality of violence that best suits terrorists' needs does not mesh well with their own interests, thus producing divergent preferences.

This was one lesson that al-Qa'ida strategist Abu Musab al-Suri highlighted in his analysis of the armed jihad in Syria between 1976 and 1982, a copy of which was collected by Coalition forces in Afghanistan. In a section entitled "Dealing with the Neighboring Regimes as if They Were Permanent Supporters of Jihad," al-Suri discusses state supporters' abandonment of Islamic fighters who were taking "one blow after another" while attempting to ratchet up their efforts to unseat the Syrian ruling regime. Though these states shared the militants' goal of

⁶⁴ The divergence of preferences between Iraq and EIJ was probably on display in the early 1990s when core elements of the EIJ proved unwilling to heed Saddam's call to support Iraq in the lead-up to the first Gulf War. See Gehad Auda, "An Uncertain Response: The Islamic Movement in Egypt," in James Piscatori, ed., *Islamic Fundamentalisms and the Gulf Crisis* (United States: American Academy of Arts and Sciences, 1991), p. 120.

⁶⁵ Bergen, p. 160.

⁶⁶ Harmony documents AFGP-2002-000091, AFGP-2002-600092, and AFGP-2002-003472.

⁶⁷ Harmony document AFGP-2002-03677.

⁶⁸ Jason Burke, *Al-Qaeda: Casting a Shadow of Terror* (New York: I.B. Tauris & Co., 2003), pp. 173-175.

⁶⁹ Crenshaw 1985, pp. 474-475.

⁷⁰ For more on this point, see Jerrold M. Post, "Terrorist psycho-logic: Terrorist behavior as a product of psychological forces," in Walter Reich, ed., *Origins of Terrorism* (Washington, D.C.: Woodrow Wilson Center Press, 1998), especially pp. 35-37; and Bruce Hoffman and Gordon H. McCormick, "Terrorism, Signaling, and Suicide Attack," *Studies in Conflict & Terrorism*, Vol. 27, 2004, p. 245.

regime change in Syria, the pace and tempo of their campaign proved unpalatable to their state supporters. Al-Suri concludes from this that state supporters are untrustworthy and “temporary allies with their own interests and agendas.”⁷¹

Similarly, the need for terrorist groups to maintain the loyalty of their perceived constituencies can lead to a set of preferences different from states. To be sure, many terrorist groups seek to avoid attacks that are viewed as unduly vicious or that create detrimental repercussions for their constituents and ultimately resentment towards the group. Hamas, for one, has sought to avoid conducting attacks on Israeli targets that are likely to generate heavy retaliation in the Palestinian Territories, because the group recognized that such retaliation could produce a loss of popular support among Palestinians. If so, this could diminish the group’s operational capability in the short-term, damage its longer-term prospects for gaining power across the territories, and hamper its overall efforts to destroy the State of Israel.⁷² Al-Qa’ida correspondence illustrates this type of concern as well. In documents seized in Iraq in 2003, the group’s second-in-command Ayman al-Zawahiri reminds local commanders in Iraq of the need to avoid indiscriminate violence that may injure Muslims. He worries that continued sectarian attacks against Shi’as in Iraq, which began under local al-Qa’ida leader Abu Musab al-Zarqawi, will alienate the broader Muslim constituency that must be united in a single front against shared enemies in order for al-Qa’ida to meet its short- to medium-term strategic goals.⁷³

State supporters, however, may not maintain these same concerns. One reason is that states may not share the same constituencies as terrorist groups. Even if there is some overlap, concern about the attitudes of terrorists’ perceived constituencies is sometimes a secondary influence on state decision-making. As we shall see in Chapter Three, for instance, Syria and Iran both provide support to groups whose main constituencies are the Palestinian people, and both care about popular Arab attitudes including those of the Palestinian people, particularly in light of their desire to rise to prominence as the leading power in the Middle East. But it is also true that neither regime rises nor falls based on Palestinian attitudes and that their concern about Palestinian popular sentiment has never emerged as a central factor guiding either state’s leadership decisions. In addition, the authoritarian character of these and most other states that provide support to terrorist groups means that winning popular sentiment at home or abroad is probably a less prominent concern from the start.⁷⁴

The uneven constraints on states and terrorist groups’ behavior at the international level are another reason for preference divergence regarding tactics. States, of course, exist in the open, occupying a recognized territorial area with identifiable infrastructure. With the exception of the purely autarkic state, they also maintain various assets and interests overseas. Altogether

⁷¹ Harmony document AFGP-2002-600080.

⁷² Daniel McGrory, “Israel Fears Chemical Attack by Hamas Suicide Bombers,” *The Times*, 2 January 2002.

⁷³ “Zawahiri’s Letter to Zarqawi,” 9 July 2005; and “Letter Exposes New Leader in Al-Qa’ida High Command,” 25 September 2006, both available at <http://ctc.usma.edu/harmony/harmony_docs.asp/>.

⁷⁴ Previous research suggests that some terrorist groups receiving state support do not rely as heavily on constituency support as groups without state support. Ignoring constituents can generate significant long-term costs, however. The Iranian group Mujahideen-e Khalq (MEK), for instance, lost a great deal of legitimacy with the Iranian populace when it relocated to Iraq in the 1990s so soon after the bloody Iran-Iraq war that devastated both sides’ civilian and military infrastructure. With the Hussein regime and that source of state support now gone, the group finds itself with little chance of rebuilding its fortunes through Iranian popular support or becoming a viable political alternative in Iran in the future. This suggests that constituent support is—or at least should remain—an important concern for terrorist groups, even when receiving state support. For more on the connection between terrorist groups receiving state support and the need to maintain constituent support, see Bruce Hoffman, *Inside Terrorism* (New York: Columbia University Press, 2001), p. 181.

these features provide a range of potential targets for punishment in response to states' bad behavior. States that seek to avoid undesirable punishment must attempt to calculate the costs and benefits of action and constrain their behavior as necessary. Terrorist groups, however, do not hold legal status in the international community and often do not maintain control over territory.⁷⁵ Instead, they are illegal organizations that operate in the underground where secrecy is the most valued currency. As scholars have noted, secrecy creates a number of challenges for terrorist groups,⁷⁶ but secrecy also introduces significant problems for those seeking to counter terrorism. Among them, terrorist groups that operate in secret often lack an identifiable return address where adversaries can direct retribution. Even where some terrorists' bases, assets, or infrastructure are known, group interests may be widely dispersed and hence difficult to identify completely. This means that meting out punishment for terrorists' bad behavior can be difficult, and as a result terrorist groups face weaker constraints on their behavior than states. In total, the result is that terrorist groups may be more willing to engage in activities that states judge as potentially too costly, which can engender preference divergence.

These features are illustrated by developments in Sudan's relationship with various international Islamic terrorist groups in the 1990s. Leading Sudanese Islamic radical Hassan al-Turabi, who maintained ties to the mujahideen fighting the Soviets during the 1980s in Afghanistan as well as other Islamic groups around the globe, became "the power behind the throne" following the *coup d'etat* led by General Omar Hassan al-Bashir in 1989.⁷⁷ One goal of the new regime was to usurp Saudi Arabia's primacy in the Islamic world by making Sudan the new hub of Sunni Islamism. As part of this effort, state leaders extended invitations to militant activists from around the globe to base their operations in Sudan. Various groups including the EIJ, Lebanese Hizballah, al-Gamaa al-Islamiya (AGAI), and al-Qa'ida subsequently established a presence in Sudan in the early 1990s.⁷⁸ By late 1995 however, Sudan's relationship with many states in the international community were souring due to these ties to Islamic militancy. Pressure on the Sudanese regime to curtail its support for extremists became especially strong after the failed attempt to assassinate Egyptian President Hosni Mubarak in Addis Ababa. Fearing costly punishments, the Sudanese chose to part ways with their guests, calling upon the country's intelligence officials to advise many terrorists, including those that would take key positions in al-Qa'ida, to leave the country.⁷⁹ Essentially then, external security pressures on the state exposed some divergence between the priorities of Sudan's leadership and those groups that had been invited to operate within their country.

In addition to preference divergence, states face problems related to information asymmetries that exist within these relationships. Information asymmetries spring from the "expertise" that terrorists in particular often maintain about the overseas political milieu they

⁷⁵ Scholars agree that pure terrorist groups are generally incapable of seizing or maintaining direct control over territory or its population. However, this is not the case for other types of illegal violent organizations that operate in secret. Guerrilla groups, for example, can take and maintain territory, while insurgent groups by definition directly challenge a government for its control over territory. This means that some groups operating as terrorist-hybrid entities (e.g. the Armed Revolutionary Forces of Colombia, or FARC, which is commonly labeled as both an insurgency and a terrorist group) can maintain control over territory. See Hoffman 2001, p. 41; and Byman, p. 23.

⁷⁶ See, for example, J. Bowyer Bell, "The armed struggle and underground intelligence: An overview," *Studies in Conflict & Terrorism*, Vol. 17, No. 2, 1 January 1994.

⁷⁷ Burke, p. 132.

⁷⁸ One terrorism expert writes that the combination of Bin Laden's waning influence in Pakistan and that country's close ties to the Saudi ruling regime—Bin Laden's enemy by the early 1990s—led him to believe that remaining in Afghanistan represented an unpalatable threat. Gunaratna, pp. 29-30.

⁷⁹ *Ibid*, p. 38; and Burke, p. 141.

seek to affect. They can use their access to this specialized information to benefit their own goals and interests as opposed to those that may rank higher for state supporters.⁸⁰ Unlike in licit principal-agent relationships, terrorists also can exploit the cloak of secrecy that they must maintain to ensure organizational survival to further hide information and activities from state supporters. On the other hand, it is possible that terrorist groups will maintain access to a relatively poor quality of information due to their need to operate in the underground, whereas states may benefit from access to a full range of data sources in the open, in addition to other specialized sources such as diplomatic exchanges and from a potentially robust state-run intelligence collection apparatus. This too is problematic for states however, as terrorists' information deficits may cause them to make non-optimal choices, even if their immediate goal is to act in ways that accord with state wishes.

Overall then, preference divergence and information problems are common in delegation relationships involving states and terrorist groups. The next section explores a range of possible state responses to these problems.

Responding to Preference Divergence and the Issue of Control

This section explores the ways states and terrorist groups manage the problems of preference divergence and incomplete information. The analysis focuses attention on one important variable: control. Control refers to the ability to direct or influence, and in this study is understood as the mechanism that narrows the gap between how a state wants a terrorist group to behave and what the terrorist group actually does. Control can take different forms, including active control such as overt coordination, or latent control, which may not be apparent but includes influence over terrorist decision-making. As we shall see, increased state control can mitigate the problems associated with preference divergence, but acquiring control creates important challenges for states.

States will generally seek to enhance their control—and thus increase the likelihood that terrorists they support will act in accordance with state wishes—when the gains from control are expected to outweigh the costs of acquiring and maintaining it. Some states may be strongly motivated to gain control. This may be a particularly salient desire, for instance, when states lack confidence in their ability to plausibly deny links to specific terrorist groups and thus fear they will be held responsible for the outcomes that terrorists produce. In such cases, control may be viewed as an imperative to modulate the level of violence terrorists employ or refine the spectrum of terrorist targets in order to reduce the likelihood that states will incur costly retribution for terrorists' acts. Control also can be especially important for states that may otherwise become a target of the terrorists' violence themselves.

Some states, however, may be unperturbed by possessing little control. Apart from the hypothetical scenario of states with millenarian objectives that are indifferent to the potential punishments that may result from terrorists' unconstrained behavior, some states may judge that ties to an uncontrollable group can be usefully exploited when bargaining with an adversary. Schelling made this point, noting that one's bargaining position can be improved with the "voluntary but irreversible sacrifice of freedom of choice" that comes with delegation to an uncontrollable agent. This can be especially valuable when the credibility of one's commitment

⁸⁰ This is a prominent point addressed in the wider principal-agent theory literature. See, for example, Terry M. Moe, "The New Economics of Organization," *American Journal of Political Science*, Vol. 28, No. 4, November 1984.

to carry out threats is questioned.⁸¹ This may have been Saddam Hussein's ploy on the eve of the first Gulf War, as his regime seemed to seek bargaining leverage by suggesting that any attack on Iraqi forces would spur a response from sympathetic but independent and thus uncontrollable Middle East terrorist groups.⁸² Repentant state supporters may find this a useful tactic. After September 11th, for example, Pakistan positioned itself as a reformed supporter of terrorist groups and was able to use its weakness and supposed inability to fight terrorism within its borders as a chip to gain valuable concessions from the United States.⁸³

STRATEGIES TO AFFECT THE BALANCE OF CONTROL

This section explores the types of strategies that may be employed by both states and terrorist groups to affect the balance of control obtained. It begins with a discussion of state strategies to increase their control. It then turns to an examination of the challenges that states may face when attempting to assert control, including terrorists' own strategies to retain their independence.

When it is desired, states employ two main sets of strategies to enhance their control. One set of strategies focuses on efforts to shape terrorist preferences *ex ante* in order to decrease the degree to which terrorists' preferences diverge from those of a state supporter. Generally, the most effective way to achieve this is to take part in the birthing process of a new terrorist group, when various facets of the group such as leadership, ideology, and tactical preferences first take shape. State influence at this early stage can be important for institutionalizing how authority is dispersed within the organization and the procedures by which decision-making occurs, for instance by making a more centralized organization with various vertically aligned procedural controls that allow for more effective control over those leaders by state principals. By defining other organizational processes within the group, states also may improve the likelihood that, once operational decisions have been made by leaders whose preferences are well-aligned with those of a state supporter, foot soldiers in the group will carry out these decisions as desired.⁸⁴ Similarly, states also can focus on ensuring the promotion of individuals to leadership posts in a terrorist group whose attitudes and intentions are best aligned with the state.

In an attempt to reduce preference divergence *ex ante*, states also may provide training to terrorist groups. This can include ideological instruction to more closely align terrorist beliefs with state beliefs. Tactical training in weapons use or other operational activities also can be effective for establishing specific expertise within the group that then guides terrorist decision-making about targets and methods.

A second set of strategies that states employ focus on *ex post*, outcome-based incentives through monitoring, oversight, rewards, and punishments. A common example of an incentive-based strategy is for states to condition future outlays of resources on terrorists' behavior, whereby terrorist groups that act in accordance with state wishes are rewarded with continued support while groups that do not face a punishment in the form of withholding future state support. Alternatively, states may attempt to gain control by levying an explicit threat of direct

⁸¹ Thomas C. Schelling, *The Strategy of Conflict* (Cambridge: Harvard University Press, 1980), p. 22.

⁸² For an overview of Saddam's threats involving terrorism around the first Gulf War, see W. Andrew Terrill, "Saddam's Failed Counterstrike: Terrorism and the Gulf War," *Studies in Conflict & Terrorism*, Vol. 16, No. 3, 1 January 1993.

⁸³ This point is argued in Navin A. Bapat, "The Strategy of the Weak: State Support for Terrorism and Bargaining Power," unpublished paper, 30 July 2007.

⁸⁴ While the lack of organizational cohesion or preference alignment within terrorist groups can play an important role in the tactics members actually employ, for the purposes of this study I assume that states only provide support to groups whose members behave according to the wishes of their leadership.

physical punishment on terrorist groups that misbehave. States also may seek to take advantage of a situation in which there are multiple terrorist groups vying for support by promising rewards to only those groups whose actions most closely align with state desires.⁸⁵

States, however, may be unsatisfied with these approaches alone since terrorist groups that prove poorly controlled may generate undesirable problems for state supporters prior to the enforcement of a punishment. States thus may try to improve the quality of information they possess about terrorist activities prior to the commission of violent acts, including through monitoring and oversight. For instance, states may assign their own agents to supervise terrorist day-to-day activities. Alternatively, states may require regular meetings with terrorist leadership or perhaps the institution of different types of oversight mechanisms such as regular audits of terrorist finances or other resources, with all of these efforts geared towards diminishing terrorists' ability to leverage information asymmetries to their own benefit.

But states also face two general types of challenges when attempting to establish control. One is that many of these strategies to enhance control can generate additional security costs for states, especially by making it easier for external actors to scrutinize their ties to terrorist groups. For instance, conditioning future allocations of material support on the outcomes terrorists produce requires that states dole out support in a piecemeal fashion over time. This is problematic because the greater the number of transactions between states and terrorist groups, the more opportunities that exist for external parties to detect those ties. And if detected, states face diminished deniability, which then increases the potential that states will incur some costly punishment. Monitoring and training also create additional security issues for states, as these efforts typically require state officials to maintain close physical proximity to the subjects, either by providing use of territory within a state's own borders or by sending state representatives overseas to a terrorist group's base of operations. This in turn can provide discernable evidence of a relationship. Furthermore, a state strategy that involves exacting punishment on a misbehaving terrorist group may produce anger and resentment within the punished group, which may mean additional security concerns if the group decides to retaliate on the state. And while some states have tried to diminish these security costs by using intermediaries to interact directly with terrorist groups,⁸⁶ the introduction of this type of filter also diminishes state control.⁸⁷

A second set of challenges for states that seek to enhance their control results from terrorist groups seeking to advance their own strategies in order to retain their independence. The most common such strategy terrorist groups pursue is cultivating alternative sources of resources other than from any one state. This reduces their dependency on any one state provider, thereby diminishing state leverage over the group. Terrorists may seek to diversify their financial revenue streams, including by gaining income from licit commercial ventures, criminal activities,

⁸⁵ Other studies have shown that competition between terrorist groups can be an important source of motivation for their behavioral outcomes. See, for example, Adam Dolnik, *Understanding Terrorist Innovation* (New York: Routledge, 2007), pp. 161, 174.

⁸⁶ Some authors have argued, for instance, that during the Cold War Moscow relied on its Communist client states, other anti-Western regimes, and non-state organizations such as Yasser Arafat's Palestinian Liberation Organization (PLO) to act as a transmission belt for disseminating Soviet support to terrorists and other revolutionaries around the globe. See Cline and Alexander 1986; Sterling 1981; and Goren 1984.

⁸⁷ As Laqueur writes, channeling support through middlemen means that states "cannot have full control over the terrorists." Walter Laqueur, "Reflections on Terrorism," *Foreign Affairs*, Vol. 65, Fall 1986, p. 96.

or contributions collected from sympathetic private citizens.⁸⁸ This alternative revenue then may be used to fund group activities, purchase resources on the black market or from other sources, or develop a capacity to produce necessary resources indigenously within the group.⁸⁹ Terrorist groups also may use their own financial resources to purchase assistance from a state supporter, which can be useful for lessening state expectations that some quid pro quo remuneration is due in the form of state influence over terrorist activities. The post-2001 Taliban insurgency in Afghanistan apparently subscribes to this logic. According to media reports, the Iranian government offered weapons without cost to the Taliban, but the Taliban refused to avoid being “beholden” to them.⁹⁰

Terrorists seeking to reduce their dependency on a state also may seek support from another state. Although groups then become answerable to multiple state providers, no state’s control is as concentrated as would be the case with only one state supporter.⁹¹ Ahmed Jibril, the leader of the Popular Front for the Liberation of the Palestine-General Command (PFLP-GC), saw the benefits of multiple state patrons and was quite clever in his methods to gain the support of an array of state sponsors, including Syria, Libya, Iran, the Soviet Union, and its satellite states. He not only maintained what one author describes as “ideological flexibility,” but his group has heralded causes and embrace issues outside its main political area of focus in order to cull favor with several states.⁹²

STATE CAPACITY AND CONTROL: A BRIEF REVIEW OF AL-QA’IDA’S RELATIONSHIPS WITH WEAK STATES

It is necessary to pause here to underscore the important role of state capacity in the process of states and terrorist groups’ jockeying for control. In this context, state capacity refers to the strength and capability of state institutions to operate autonomously and without external support.

Two points are most important. First, as state capacity grows weaker, terrorist groups may possess diminished incentives to comply with state wishes, especially as states may possess more limited means to enforce punishments or conduct monitoring. States certainly may be mindful of their own capability deficits and any concomitant control problems that result.

⁸⁸ For more on the diverse sources of revenue for al-Qa’ida and various other contemporary terrorist groups, see Rachel Ehrenfeld, *Funding Evil: How Terrorism Is Financed—and How to Stop It* (Chicago: Bonus Books, 2005).

⁸⁹ Training, for example, is a resource that terrorist groups have been able to procure from a variety of non-state sources, including other terrorist groups. The PIRA, for example, apparently sold or traded explosives expertise with other groups, including the Basque Euskadi Ta Askatasuna (ETA) and the FARC. The PIRA was an excellent source for this type of knowledge given its in-house, highly innovative weapons and explosives production capability. The group developed this capacity when it was unable to acquire necessary resources from other sources, including from Libya, which provided multiple large shipments of weapons and financial support in the 1970s and 1980s. For the PIRA’s relationships with ETA and the FARC, see Christopher Dobson and Ronald Payne, *The Never Ending War: Terrorism in the 80’s* (New York: Facts on File Publications, 1987), p. 180; and Jerry Seper, “IRA uses Colombia to test new weapons; 3 members accused of training rebels,” *Washington Times*, 9 July 2002. For an overview of PIRA’s impressive record of engineering and production successes, see Brian A. Jackson, “Provisional Irish Republican Army,” in Brian A. Jackson, et al., *Aptitude for Destruction: Case Studies of Organizational Learning in Five Terrorist Groups, Volume 2* (Santa Monica: RAND, 2005), pp. 93-139. For the PIRA’s ties to Libya, see Oppenheimer, pp. 163-167.

⁹⁰ Tim Albone, “Iran Gives Taliban Hi-Tech Weapons to Fight British,” *The Sunday Times*, 5 August 2007.

⁹¹ Scholars who study government bureaucracy have identified the advantages that bureaucratic agents gain as a result of competition between multiple principals. See, for instance, Moe 1984, especially pp. 768-769.

⁹² Dolnik, p. 90.

A second key point is that weak state capacity can make states susceptible to another terrorist strategy that focuses on “buying” greater independence through the provision of critical resources *to the state*. Al-Qa’ida illustrated this by providing resources to the regime in Sudan in the 1990s, which was eager to tap into their guests’ access to investment capital to help build up the country’s infrastructure. Regime leaders coaxed Bin Laden into financially supporting major development projects (including for road projects, an airport, and training camps for militants and government militia forces) and keeping the regime in the black during successive foreign exchange crises.⁹³ The gains were mutual, however, as al-Qa’ida thereafter was “treated with respect” and provided latitude when operating within the country.⁹⁴ In this case, al-Qa’ida effectively leveraged its monetary resources to purchase a degree of diminished state control. This was possible due to the Sudanese state’s weak capacity at the time, which made the resources al-Qa’ida could provide a valued commodity. The state and terrorist group in this example thus each had something the other wanted—for al-Qa’ida, of course, it was mainly the use of Sudanese territory—which differs from most other cases in which states principally provide their support in order to benefit from terrorists’ overseas political activity.

Al-Qa’ida’s relationship with the Taliban in Afghanistan prior to 2002 highlights another significant feature of state-terrorist dynamics associated with state capacity: as state capacity grows substantially weaker, terrorist groups may actually gain some degree of control over the state. As background, al-Qa’ida’s return to Afghanistan occurred at a time when the Taliban was attempting to consolidate its power across the country amid a civil war. The Taliban never offered an explicit invitation welcoming Bin Laden back to Afghanistan, and in fact the Taliban viewed the returning Arabs with a good degree of suspicion.⁹⁵ Despite their common devotion to Islam, the suspicion was mutual, according to Al-Qa’ida documents acquired in Afghanistan.⁹⁶ As one al-Qa’ida expert indicates, there was little “beyond a literalist interpretation of Islam’s core texts, an extreme orthopractic tendency and a paranoid worldview” that these two camps held in common.⁹⁷ Bin Laden did not want to antagonize his hosts though, so he sought to improve relations, first by offering a written pledge of loyalty to Taliban leader Mullah Omar.⁹⁸ Yet tensions between the two sides grew stronger, especially after Bin Laden’s 1997 media appearances in which he called for international jihad against America.⁹⁹ Those statements, which the Taliban viewed as an abrogation of their rules for militants’ behavior in Afghanistan, prompted Taliban leadership to demand that Bin Laden move to Kandahar where his activities could be better monitored.¹⁰⁰

Around this time the relationship began to change as Bin Laden took advantage of the Taliban’s need for support. Indeed, to cull favor with the hardliners in the regime Bin Laden provided financial support directly to the Taliban treasury as well as to enrich individual regime

⁹³ Bin Laden also reportedly provided fighters to help defend the regime from opposition forces and other special assistance to Sudan’s state intelligence service. “Opposition radio says government using 400 Bin Laden troops in Blue Nile State,” BBC Summary of World Broadcasts, 7 February 1997.

⁹⁴ Burke, p. 132; and Gunaratna, pp. 32, 38.

⁹⁵ Rashid, p. 139; and Burke, p. 150. Also, according to a former Bin Laden bodyguard, a group of defectors from the Taliban actually attempted to assassinate Bin Laden in the group’s compound in Afghanistan. Sudarsan Raghavan, “Former bin Laden bodyguard is among ex-guerrillas in Yemen,” *Washington Post*, 6 January 2010.

⁹⁶ Harmony documents AFGP-2002-003251 and AFGP-2002-000091.

⁹⁷ Burke, pp. 157, 165-166.

⁹⁸ *Ibid.*, p. 168.

⁹⁹ Rashid, p. 139.

¹⁰⁰ Combating Terrorism Center, “Cracks in the Foundation: Leadership Schisms in Al-Qa’ida from 1989-2006,” September 2007, p. 16.

members.¹⁰¹ He also promised additional support for infrastructure projects. These offers were greeted with gratitude, as the regime lacked centralized authority or state organizations capable of maintaining command over the country or carrying out the responsibilities of government, including collecting taxes or distributing resources in an efficient manner.¹⁰² Bin Laden's assistance was not limited to financial resources. Taliban fighters also lacked tactical prowess, motivation, and sufficient numbers of fighters necessary to consistently prevail against its main domestic adversaries in the Northern Alliance. This provided another opening that Bin Laden's forces were able to capitalize on to gain further influence with the hardliners in the regime. Beginning in 1997, he rounded up hundreds of highly skilled Arab fighters (known as the 055 Brigade) to provide crucial assistance to bolster badly weakened Taliban forces.¹⁰³ As the domestic fighting continued, Taliban hardliners led by Mullah Omar grew increasingly dependent on the assistance provided by al-Qa'ida. Al-Qa'ida, in turn, recognized the usefulness of this dependency. As one high-level operative in the group wrote in a document captured by Coalition forces, the Taliban needed to be helped but not to the extent that it would become "independent of al-Qa'ida in any way."¹⁰⁴ The result was that al-Qa'ida gained increasing sway over the Taliban's political, religious, and military leadership and increasing autonomy within its Afghan base of operations.¹⁰⁵

Al-Qa'ida's ability to provide resources to the regime was not the only reason it was able to acquire control over the Taliban regime, rather the group also made inroads in its strategic efforts to shape state preferences *ex ante*, which effectively decreased the degree to which state preferences diverge from those of the terrorist group. The desire to bring the Taliban's preferences into alignment with al-Qa'ida's actually emerged upon al-Qa'ida's returned from Sudan, as Bin Laden tried to promote a sense of common cause with the Taliban and the international jihad he espoused.¹⁰⁶ Al-Qa'ida second-in-command Ayman Al-Zawahiri wrote about this effort, suggesting that al-Qa'ida must deemphasize specific religious and doctrinal differences between the two sides.¹⁰⁷ Al-Qa'ida's top leaders also focused their efforts on radicalizing Mullah Omar in particular—a task that grew easier as Afghanistan was facing increased international condemnation due to the regime's unwillingness to turn Bin Laden over to the West in the late 1990s. With the moderates in the Taliban finally on the sidelines and the hardliners internationally isolated and increasingly dependent on Bin Laden's support, Mullah Omar and other Taliban leaders began to look beyond their perceived mission to rule at home and adopt Bin Laden's worldview of international jihad. The change in the Taliban ruling establishment's attitudes between the mid-1990s and 2000 were apparent in public statements that came to emphasize global Islamic militant goals rather than domestic ones.¹⁰⁸ Another important sign of al-Qa'ida's growing influence over the Taliban arose in March 2000 when Mullah Omar finally conceded to the foreigners' longstanding wishes to destroy the ancient

¹⁰¹ Fissures existed within the Taliban regime at this juncture, with hardliners on one side and those more open to engagement with the West on the other side.

¹⁰² Besides Bin Laden, the regime did have access to some other limited sources of income though. These included Pakistan and Saudi Arabia, other militants operating in the country, and profits from the cultivation of opium. Gunaratna, p. 61; Rashid, p. 183; and Burke, p. 171.

¹⁰³ Bergen, p. 165.

¹⁰⁴ Harmony document AFGP-2002-000091.

¹⁰⁵ Gunaratna, p. 61.

¹⁰⁶ Harmony document AFGP-2002-600321.

¹⁰⁷ "Zawahiri's Letter to Zarqawi," 9 July 2005, available at <http://ctc.usma.edu/harmony/harmony_docs.asp/>.

¹⁰⁸ Burke, pp. 174-175.

statues of the Buddhas of Bamiyan.¹⁰⁹ Between these efforts and the state's dependence on the group's ability to bolster the state with its own resources, al-Qa'ida was generally free to operate as it pleased, having effectively "captured" Omar's loyalty. In fact, by the time September 2001 drew close al-Qa'ida had asserted a strong measure of control over the weak Afghanistan state and for all intents and purposes become the principal in the relationship.¹¹⁰

Summary

To sum up then, this discussion has highlighted the important role that control plays in managing preference divergence and information asymmetries that exist between states and terrorist groups. It also enables us to draw a spotlight on several prominent features of these relationships.

First, relationships between states and terrorist groups involve strategic interactions and bargaining as each side in these relationships seeks to manifest outcomes most suitable to their own goals and interests.¹¹¹

Second, the outcomes of state-terrorist interactions will vary and thus control will vary, both between different relationships and within individual relationships over time. Control, in other words, is not a static feature of any one relationship, but rather it may be gained or lost over time. At the same time, the amount of control is likely to always constitute some amount less than optimal given the difficulties that exist in trying to create perfect ways to garner control.

And third, this discussion of different state and terrorist strategies indicates that four main variables have the most significant effect on the degree of control exercised in state-terrorist relationships:

1. The degree of preference divergence between a terrorist group and state supporter;
2. The success of state (or terrorist group) efforts to incentivize a terrorist group (or state);
3. Terrorists' ability to keep information and actions hidden from state scrutiny; and

¹⁰⁹ For years, al-Qa'ida members along with various Wahhabi clerics in Saudi Arabia pressed the Taliban to destroy the statues, which were viewed as symbols of non-Islamic influences in the region. The decision by the Taliban to destroy the statues was seen as an important symbol of the Taliban's conservative credentials. Roy Gutman, *How We Missed the Story: Osama Bin Laden, the Taliban, and the Hijacking of Afghanistan* (Washington, DC: US Institute of Peace, 2008), p. 239; and Burke, p. 176.

¹¹⁰ It does not appear, however, that al-Qa'ida purposely intended to carry out terrorist attacks in September 2001 that would cause their Taliban hosts to lose power in Afghanistan. According to various narratives that cite high-ranking al-Qa'ida insiders, Bin Laden ignored concerns of some of his confidants prior to the attacks, as he miscalculated the U.S. response to the 9/11 attacks. Part of Bin Laden's misguided thinking may have resulted from his lower expectations about the extent of devastation the so-called "planes operation" was likely to cause. Indeed, some reports suggest that Bin Laden was surprised by the collapse of the World Trade Center towers. See Fawaz A. Gerges, *Far Enemy: Why Jihad Went Global* (Cambridge: Cambridge University Press, 2005) pp. 191-199; Abdel Bari Atwan, *Secret History of Al-Qa'ida* (Berkeley: University of California Press, 2006) p. 180; Ben Fenton, "Damned by his Gloating Smile," *Telegraph*, 14 December 2001; and Fawaz A. Gerges, *Journey of the Jihadist: Inside Muslim Militancy* (Orlando: Harcourt, 2007), pp. 206-209.

¹¹¹ Strategic interaction refers to the interdependent decision-making that occurs when actors' strategic behavior is part of a reciprocal, not isolated, process wherein one actor's actions produce reactions in another and expectations of another's behavior influences one's own decision-making. The result, as Schelling states, is that "the best course of action for each player depends on what the other players do." Bargaining, meanwhile, refers to situations where actors interact to reach agreement about division of some valued ends. In bargaining, "the ability of one participant to gain his ends is dependent to an important degree on the choices or decisions that the other participant will make." See Thomas C. Schelling, *The Strategy of Conflict* (Cambridge: Harvard University, 1980), pp. 1, 5.

4. A state's capacity, specifically the strength and capability of state institutions to operate autonomously and without external support.

The next section builds upon these insights to identify the important link between variations in control and state decision-making regarding the allocation of state support.

Control and Allocations of State Support

The preceding sections of this chapter have identified several important theoretical elements that now may be drawn together to offer an argument about the links between control and state decision-making regarding allocations of support for terrorist groups. To be clear, I offer a two-step argument. In the first step, I argue that variations in the amount of control obtained produce variations in the overall nature of relationship between states and terrorist groups, but especially the quality of support states provide. Below I suggest a typology of relationships that provides some convenient terminology for referring to state-terrorist relationships marked by different levels of control. The second step of the argument focuses on those variables that make control rise and fall. In essence then, I argue that variations in state allocations of support, which I demonstrate by showing what exactly causes control to fluctuate.

As a starting point, I propose a typology of relationships that can result from state-terrorist interactions, which is based on the understanding about the variability in control derived in the previous section. The main point of differentiation between the three general relationship types is the degree of control that one party maintains over the other. In some cases however, the frequency of engagement between the two sides also may be an important differentiating feature.¹¹² The three relationship types I identify are transactional relationships, alliance relationships, and subordinate relationships. In transactional relationships neither party possesses any real control over the other party, as contact occurs on an infrequent, ad hoc basis, perhaps even as a simple one-off exchange. Ties between the two sides are also weak and unreliable due to the absence of some mutually held understanding about current or future commitments.¹¹³ Unlike transactional relationships, alliance relationships are predicated on an explicit agreement, cemented in a formal or informal manner, between states and terrorist groups that seek to advance common goals.¹¹⁴ This means that the depth and frequency of cooperation between the two sides is greater in these relationships. In an alliance though, each side retains a significant

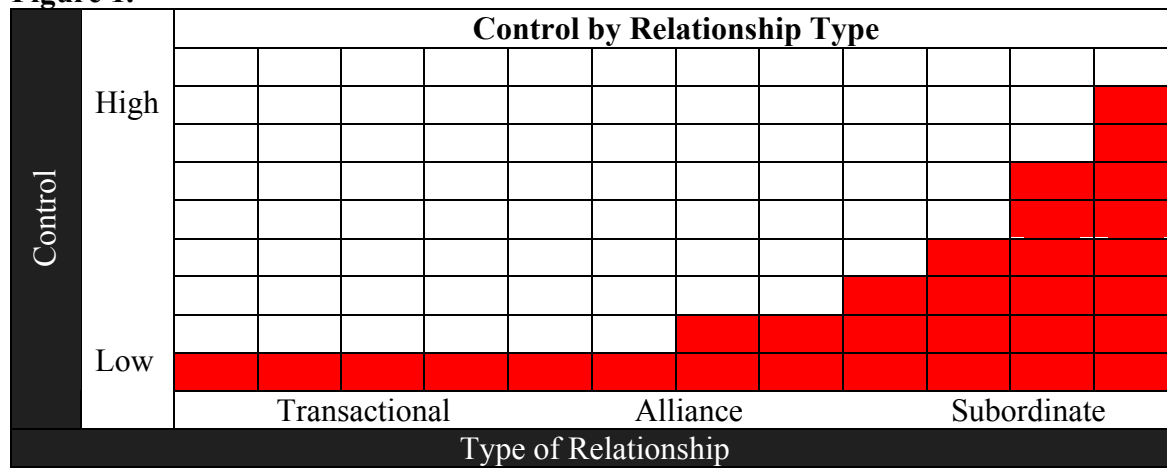
¹¹² This typology also builds upon the continuum created by Lake in interstate security relationships. See David A. Lake, "Escape from the State of Nature: Authority and Hierarchy in World Politics," *International Security*, Vol. 32, No. 1., Summer 2007.

¹¹³ To put this in the terminology of international relations theory, the "shadow of the future" in transaction relationships is weak. For more on the role of expectations of future engagement in facilitating cooperative behavior, see Robert Axelrod, *The Evolution of Cooperation* (USA: Basic Books, 1984).

¹¹⁴ This understanding differs from scholars in the international relations field who discuss an alliance as a type of relationship predicated on a mutual promise to act should some future event occur. My conceptualization of alliance in this context does share those authors' ideas regarding the variation in the closeness of ties and formality that can exist. This variation can range from conceptualizations of loose cooperation (such as in Levy and Barnett and Walt), close association (such as in Snyder), or relationships codified in the treaty or other agreement (such as in Reiter). Jack S. Levy and Michael M. Barnett, "Domestic Sources of Alliances and Alignments: The Case of Egypt, 1962-1973," *International Organization*, Vol. 45, No. 3, 1991; Stephen M. Walt, *The Origin of Alliances* (New York: Ithaca Press, 1987); Glenn H. Snyder, "Alliance Theory: A Neorealist First Cut," *Journal of International Affairs*, Vol. 44, No. 1, 1990; and Dan Reiter, "Learning, Realism, and Alliances: The Weight of the Shadow of the Past," *World Politics*, Vol. 46, No. 4, 1994.

degree of independence in its decision-making and internal governance.¹¹⁵ One side may exert some influence over the other, yet overall the degree of influence does not permit the other party to impinge heavily on the sovereign nature of the influenced party's decision-making. Subordinate relationships, meanwhile, are similar to alliance relationships in that some agreement, either formal or informal, is made to cooperate. Yet in subordinate relationships, one side regularly exerts more significant control over the other. The depth of control can vary in subordinate relationships, but the most extreme version occurs when a subordinate becomes completely dependent on the wishes the other. **Figure 1** depicts the variation in control in these three categories.

Figure 1.



Based on this understanding, we may now highlight the links between control and state support for terrorist groups. Specifically, I argue that *a positive relationship exists between the amount of control acquired and the type of support provided by a state to a terrorist group*. In most cases, this link between control and state support is rooted in the uneven risk that different types of support generate. As the risk that states face when providing a certain type of support increases, so too does their interest in maintaining control over the outcomes produced by terrorists receiving that support. Control is what can improve the likelihood that this riskier support will be used in a way that accords with state interests and goals. In other words then, I argue that states that provide potentially high-risk support such as advanced technology or use of territory for operational purposes will require robust control, whereas transfers of other types of support such as rhetorical backing that entail much lower risks can occur when control is weak.

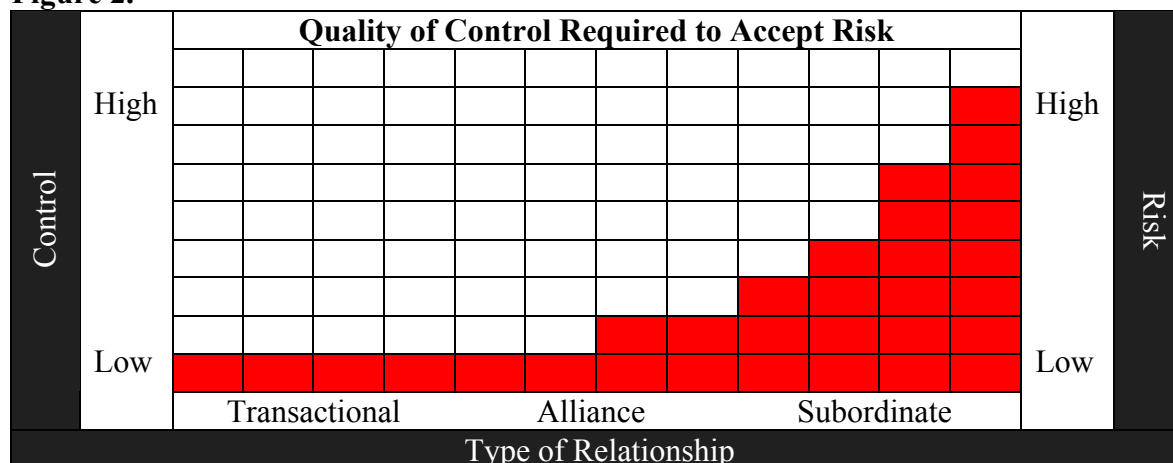
In rare cases though a terrorist group may be the party accruing control over an extremely weak state. Under such circumstances, state interests can become a secondary consideration behind the wishes of the terrorist group. Despite the risks then, states also allocate riskier support as terrorists' control increases. Two key points must be made here, however. First, this dynamic whereby terrorists assert control over states is likely to remain an unusual occurrence due to the asymmetrical distribution of capabilities that typically favor states over terrorist groups and most

¹¹⁵ Scholars have also conceived of this relationship as a type of joint production economy for enhancing the parties' offensive military capability. See Navin A. Bapat, et al., "Perfect Allies? The Case of Iraq and Al Qaeda," *International Studies Perspectives*, Vol. 8, 2007.

regimes' strong desire to maintain unrivaled power over territory. Second, some of the very conditions that may make a state become increasingly dependent on a terrorist group (i.e. weak state capacity) are likely to inhibit terrorist-controlled states from having a full range of support to offer. Yet even so, the low-to-high risk continuum of state support remains pertinent, as every state can offer rhetorical or propagandistic support (low risk), use of territory for non-operational activities and diplomatic assets (low to moderate risk), and use of territory for operational activities (moderate to high risk).

Figure 2 depicts the relationship between control and risk, while **Table 3** presents the different types of support according to their risk values and an assessment of the quality of control required for their provision. Table 2 highlights how state permission to use territory for operational purposes and allocations of advanced technology raise the greatest risk and thus require the most control, whereas all other types of support may be provided with only low or moderate control, as indicated above.

Figure 2.



Overall though, this study has outlined a number of reasons why robust control is often difficult or too costly to acquire, and this provides new understanding of historical patterns indicating that state allocations of support tend to cluster in the low to medium risk range, while high-risk transfers of state support occur relatively infrequently.¹¹⁶ This connection was made explicit, for example, in a document seized from the Iraqi intelligence services describing how Saddam Hussein's regime was only willing to provide a Kurdish terrorist group to which the regime lacked established bonds of influence with "financial and moral support" at first.¹¹⁷

¹¹⁶ This may also shed light on why states that engage in international terrorism are attracted to using their own security forces for highly valued missions. (Iraq's attempt on President George H.W. Bush's life in 1993 and Libyan intelligence officials' attack on Pan Am flight 103 in 1988 come to mind, for example.) Because state control is difficult to acquire or maintain, states may simply prefer to carry out these missions using forces with more reliable allegiance to the state, despite the increased security risks this may generate if these direct state connections are revealed.

¹¹⁷ Harmony document ISGQ-2005-00118681.

Table 3. Quality of Control Required by Type of Support

Type of Support	Risk to State Providers	Quality of Control Required to Accept Risk
Rhetorical/Propagandistic	Low	Low
Financing	Low-Moderate	Low-Moderate
Intelligence	Low-Moderate	Low-Moderate
Training	Low-Moderate	Low-Moderate
Transportation	Low-Moderate	Low-Moderate
Use of territory/ Non-operational activities	Low-Moderate	Low-Moderate
Conventional weapons	Low-Moderate	Low-Moderate
Diplomatic assets	Low-Moderate	Low-Moderate
Use of territory/ Operational activities	Moderate-High	Moderate-High
Advanced technology	High	Moderate-High

As noted earlier, identifying the link between control and the quality of state support is the first step in this argument; the second step involves uncovering what makes control rise and fall. By unpacking the independent variable identified in the first step of this study in this way, we gain a tangible way to measure control and thus account for outcomes in state allocations of support. To that end then, the foregoing analysis suggests that state control should vary in predictable ways depending on the sum of four identified factors, or as stated formally:

H1: Control increases as preference divergence between a state and terrorist group decreases.

H2: Control increases as the ability to effectively incentivize increases.

H2a: State control increases as a terrorist group’s access to alternative resource sources decreases.

H2b: State control increases as a state’s ability to inflict physical punishment on a terrorist group increases.

H3: Control increases as the ability to conceal information and actions decreases.

H3a: State control increases as a state's ability to effectively monitor terrorist group decision-making increases.

H3b: State control increases as a state's ability to effectively audit terrorist group resources increases.

As noted though, state capacity is an important factor that can determine the direction that control flows. When state capacity is exceptionally weak a terrorist group has the opportunity to acquire control through many of the same mechanisms that can provide increased state control.

H4: State control decreases as a state's capacity decreases.

Many of these hypotheses are tested in subsequent chapters of this study. In so doing, we gain important new understanding of state decision-making regarding allocations of support to terrorist groups.

Conclusion

In recent decades, some states have calculated that by providing support and delegating to terrorist groups, they gain a valuable tool for advancing their foreign policy and national security goals. At the same time this support has provided various terrorist groups with the lifeblood to enable organizational survival and the ongoing pursuit of their political objectives. However, this chapter also highlighted a number of problems that underlie these relationships and can make terrorist groups unreliable agents for states.

States thus face a dilemma. They can seek to enhance their control over terrorist groups and hopefully improve the likelihood that terrorist groups will act in ways that align with state goals and interests. Yet many of the strategies available to enhance control create security costs for states. At the same time, terrorist groups may pursue their own strategies to minimize any loss of independence to a state supporter, which also can create increased efficiency costs for states. States thus face important trade-offs between control and both security and efficiency.

Building on these insights, I showed that an important relationship exists between the level of control obtained and state decision-making regarding specific allocations of support. This is rooted in the notion that control becomes more desirable as the risk associated with individual types of support increases. By going a step further and identifying several factors that most significantly affect how much control is actually exercised, this research highlighted some of the most fundamental and observable conditions that make higher levels of support plausible. It also provided a far more nuanced understanding of state decision-making calculations, demonstrating that simple goal ideological alignment between a state and terrorist groups cannot explain differential outlays of support.

In the following chapters, I shift from this largely theoretic discussion to an examination of how all of these factors lead to specific outcomes in two sets of case studies. The first set of case studies focuses on Iran's support for terrorist groups since the Iranian Revolution in 1979. The second set of case studies spotlights Pakistan's support for several groups since the 1980s. As we shall see, it is not a state's broader objectives alone or some obvious connection between state and terrorist goals that by themselves determine state allocations of support, though this has remained a popular notion. Instead, each set of case studies focuses on relationships between a

state and terrorist groups that all share certain common goals with one another and their primary state supporter yet ultimately manifest different outcomes in terms of allocations of state support.

I note, however, neither Iran nor Pakistan historically conforms to the weak state capacity model that Afghanistan represented just prior to 2001. Nonetheless, these case studies provide a rich environment for testing many of the aforementioned hypotheses and confirming that most other aspects of the theory presented in this chapter are consistent.

CHAPTER THREE: IRAN'S RELATIONSHIPS WITH TERRORIST GROUPS

Following the 1979 Islamic Revolution and clerical hardliners' subsequent consolidation of power, the Iranian government began to establish collaborative relationships with terrorist groups. Now nearly three decades later, Iran is regularly described as the world's leading state sponsor of terror.¹¹⁸

Iran has cultivated ties with numerous terrorist groups over the years. Yet three terrorist groups—the Lebanese Hizballah, Hamas, and Palestinian Islamic Jihad (PIJ)—represent the most historically consistent and widely reported on recipients of Iranian support. But while each of these groups share Iran's commitment to the desire to eliminate the State of Israel, diminish Western influence in the Middle East and establish governments throughout the region ruled according to *shari'ah* (Islamic law), the support Iran has provided to them clearly has varied in important respects over the years. This chapter thus tests my theoretical predictions from Chapter Two in terms of Iran's relationship with each of these groups.

As an illustration of the variation in support Iran provides these groups, we find that Hizballah is the recipient of a regular and increasingly risky stream of resources that now includes massive funding and logistical support, high-tech training, and a wide array of weaponry and other equipment, including sensitive advanced technology. Iran's transfer of as many as 10 to 12 of its technically sophisticated Ababil model of unmanned aerial vehicles (UAVs) by the war with Israel in 2006¹¹⁹—a capability that could be used to deliver some advanced unconventional weapons of mass destruction (WMD)—was a groundbreaking acquisition for terrorist groups. Iran also may have provided Scud missiles to Hizballah, although this remains uncertain.¹²⁰ More clear is that Iran has supplied other sophisticated weaponry and equipment including tube-launched, optically tracked wire-guided (TOW) missiles,¹²¹ and probably intended to supply Chinese-designed C-802 anti-ship cruise missile with launchers¹²² in addition to truck-mounted air-defense radar, accompanying command vehicles,¹²³ and the Iranian technical support necessary to teach the group how to use this equipment.¹²⁴ Iran also has

¹¹⁸ See, for example, George Tenet, "External Threats to U.S. National Security," Testimony before the Senate Select Committee on Intelligence, 6 February 2002; and George W. Bush, State of the Union Address, 2 February 2005.

¹¹⁹ "Lebanese Hizballah Receives Eight Iranian-Made Drones," *Al-Sharq Al-Awsat* (London), 10 November 2004. An Israeli security expert indicated that 10-12 UAVs had been delivered by 2006 during an interview conducted by author, Herzliya, Israel, 22 March 2011.

¹²⁰ In May 2010, media reports citing unnamed intelligence sources suggest that Scuds—possibly Scud-D's, which can carry chemical warheads—were shipped to Lebanon from Syria. Syria has denied any involvement in these alleged transfers. To date, it remains unclear based on available reporting whether the missile transfers actually took place and, if so, whether the missiles originated from Syrian stockpiles or instead were simply transshipped through Syria from Iranian coffers. It is conceivable that no actual weapon transfers took place but perhaps Hizballah received some training on their use. Richard Beeston, "Syria accused of arming Hezbollah from secret bases," *The Times (London)*, 28 May 2010; and Jeremy Sharp, "Background: Syria and U.S. Relations," Congressional Research Service Report for Congress, 26 April 2010, pp. 7-8.

¹²¹ Leslie Susser, "Hezbollah Masters the TOW," *Jerusalem Report*, 13 March 2000.

¹²² "Arming Hizballah," *Jane's Intelligence Digest*, 20 October 2006.

¹²³ *Ibid.* This equipment was apparently for use as part of the highly advanced signals intelligence capability that Iran was helping Hizballah to acquire.

¹²⁴ Kenneth Katzman, *Terrorism: Near Eastern Groups and State Sponsors, 2002*, Congressional Research Service, 13 February 2002 Update.

committed to building a significant infrastructure in Lebanon to enable Hizballah to conduct rocket and missile attacks from Lebanon.¹²⁵ Altogether then, Iran's assistance has enabled Hizballah to emerge as the most well armed and technically sophisticated terrorist group on the planet.

By comparison, neither PIJ nor Hamas has ever received a similar range of support as Hizballah. For years in fact, Iran's support for these groups remained limited to rhetorical support, financial aid, basic tactical training, and some conventional weapon allocations.¹²⁶ The quality of Iran's support and the terms under which support has been granted to Hamas and PIJ also has varied in significant respects over the years, both between the two groups and for each individually over time, all while Iran's support for Hizballah has only grown over time to include riskier state allocations. So what explains Iran's allocation of different levels of support to these three groups? And why is Iran willing to provide sensitive advanced technology to Hizballah in particular?

This chapter shows that important answers to these questions are found in the theory of control presented in Chapter Two. As a reminder, Chapter Two identified several factors that make control rise and fall, specifically the degree of preference divergence between a terrorist group and a state supporter, the success of one side to incentivize the other, terrorists' ability to keep information and actions hidden from state scrutiny, and a state's capacity.

While the latter factor is not a significant influence as Iran does not possess a notably weak state capacity in the way that was true of pre-2001 Afghanistan, there is clear evidence that the other factors have aligned to provide Iran with strong control over Hizballah since the group's founding, including by shaping the group's core preferences to mirror its own, establishing lasting preeminence over Hizballah's decision-making, and instituting a viable monitoring system to oversee the group's activities. Iran's successes in these areas have made Hizballah a strong surrogate that Iran can count on both to make decisions that align with Iran's goals and interests and to accept direct orders from Tehran.

Meanwhile, Iran never had much control over Hamas early on, as the Sunni group sought to maintain a good degree of independence from the Shi'a state. This did not preclude some cooperation and transfers of support, which were rooted in some common goals. Generally though, Hamas was free of undesired Iranian influence, particularly as a result of its access to alternative sources of support and the overall lack of direct monitoring by Iran. This has changed since 2004 however, as Iran has gained considerable control over the group for reasons that can be identified.

Generally, Iran has been able to rely on PIJ to act in accordance with Iranian goals and interests. Historically, this was due largely to the group's close ideological alignment with Iran and heavy reliance on Iranian support, and Iran's moderate ability to monitor PIJ's decision-making and activities. Yet Iran's control over PIJ diminished in important respects in the mid-1990s, which reduced PIJ's reliability from Iran's perspective. The two major changes that occurred to produce this decline in Iranian control were an ideological shift at the top of PIJ's leadership and an associated reduction in the robustness of Iran's monitoring capabilities.

This chapter is organized into several sections. The first section offers an overview of Iran as a state supporter of terrorism, focusing specific attention on the historical development of

¹²⁵ "Iranian Source: North Korean 'Experts' Helped Hizballah Build Tunnel Network," *Al-Sharq Al-Awsat* (London), 29 July 2006.

¹²⁶ As will be discussed in Chapter Two, here I refer to technology that is advanced in the global sense, not relative to a group or state's former capabilities.

this policy within the Iranian regime, Iran's goals and interests, and the chain of command within the regime for decision-making regarding collaborations with terrorist groups. The second section explores Iran's relationship with Hizballah to explain Iran's strong control over the group. The third and fourth sections focus on Iran's relationship with Hamas and PIJ, respectively. The final section provides a summary of the findings.

Iran as a State Supporter of Terrorism

In the years soon after the 1979 Islamic Revolution that pushed the Shah of Iran and his regime from power, Iran's new leadership adopted the view that cultivating ties to terrorist groups would provide desirable benefits. This section begins by providing a brief review of the historical backdrop leading to the regime's embrace of terrorist groups and an explanation of the main reasons this became a central policy advanced by the new regime. It then identifies the lines of decision-making within Iran's government structure pertaining to allocations of support to terrorist groups.

Historical Background

Iranian support for terrorist groups was an outgrowth of the 1979 Islamic Revolution and the subsequent consolidation of power by hardliners within Iran's clerical establishment. The revolution itself was largely an explosion of frustration and nationalism that grew out of decades of authoritarian rule under the Shah and the common perception that external parties had maintained undue influence over Iran's domestic political domain. The environment turned highly volatile in the 1970s as a deep-seated economic crisis plagued the country.¹²⁷ The Shah's entrenched regime eventually fell to a popular uprising amid the emergence of three critical components: a revolutionary Islamic ideology, an organization capable of mobilizing the masses against the regime when its weaknesses reached a critical point emerged,¹²⁸ and the charismatic leadership of movement ideologue Ruhollah Khomeini.

Khomeini was an Iranian Shi'a religious leader who became an outspoken critic of the Shah and his ties to external powers, especially the United States. Beginning in the early 1960s, Khomeini stoked the flames of dissent in Iran, eventually from overseas following his expulsion from the country in 1964. At the top of Khomeini's rhetorical agenda was the desire to liberate the country from control by foreign powers and ensure social justice and political openness. Over time Khomeini's religiously based, populist, nationalist message appealed to a wide range of Iranians including the urban working class, intelligentsia, and bureaucratic elite. Islam, in turn, became the rallying point against what was viewed as foreign or otherwise illegitimate in the

¹²⁷ Iran had some significant socioeconomic development under the Shah returned to power, fueled largely by ever increasing oil revenues. Yet there were also important shortcomings in the Shah's development plan. In the 1960s, for example, the Shah initiated economic reforms under the auspices of his so-called White Revolution, which mostly involved land reform. These reforms were limited however. These mostly land reforms improved the economic situation for many Iranians, yet they also led to even greater inequities in some cases. This produced discontent among those who stood to lose out economically from these policies. At the same time, many Iranians remained skeptical given that the lack of accompanying political reform. By the next decade, the Shah's programs were buoyed by the oil price shock in 1974 and achieved some economic growth. However, his reckless spending for large-scale development projects and economic liberalization measures produced severe economic consequences by the mid-1970s.

¹²⁸ For more on the mosque-based network that was successfully leveraged by the revolutionaries to build the anti-government movement, see Charles Kurzman, "The Qum Protests and the Coming of the Iranian Revolution, 1975 and 1978," *Social Science History*, Vol. 27, No. 3, Fall 2003. This same clerical structure also has provided a built-in network for the post-1979 regime to use to achieve various foreign objectives.

country, although it clearly was in many respects just the banner waving over a wide constituency that extended well beyond the realm of religious zealotry. As demonstrations exploded in 1978, the Shah instituted retaliatory measures that produced crippling strikes. This created an unsustainable situation, and the Shah was forced from the seat of power, thus paving the way for Khomeini's triumphant return in February 1979.

While democratic gains were made in the weeks and months immediately after the revolution, in time moderates and other perceived opponents of the extremist religious right that had been part of the revolutionary coalition were sidelined as hardliners consolidated their power. The 4 November 1979 takeover of the U.S. embassy in Tehran was a key turning point in the post-revolutionary period as, besides displaying to the world the lack of constraint Khomeini's supporters felt towards expected norms of behavior in the international system, it provided new inspiration to those who sought to advance an idealistic revolutionary militant Islamic agenda both at home and abroad.

By the time the hostage crisis concluded, this hardline faction of the revolutionary coalition would emerge in firm control of political power in the country, thus marking the start of an Iranian regime with an unobstructed ability to advance a more confrontational foreign policy, including by establishing ties to terrorist groups.

Regime Goals and Interests

Iranian hardliners' desire to provide support to international terrorist groups is motivated by an assortment of ideological, strategic, and domestic goals.

First, the regime has provided support to terrorist groups to pursue ideological goals established mainly by the movement's leader Khomeini. According to the worldview advanced by Khomeini, Islam faces many challenges from imperialist powers, which prey on more vulnerable states, especially those with precious natural resource supplies like petroleum. Khomeini focused on the dangerous forces outside Iran that he argued had long sought to damage Iran's nationalist interests and that posed a fundamental threat to Iran's revolutionary gains. At the time of the revolution, Khomeini referred to the United States in this manner, calling it the "Great Satan." The Soviet Union also was decried, especially after it invaded Iran's neighbor Afghanistan in 1979.¹²⁹

¹²⁹ The hardliners' mindset reflected a deep-seated anxiety common among many Iranians regarding their country's historical weakness in relation to foreign powers. Among the more contemporary foreign interventions in Iran, Britain vied with Russia for influence in Iran beginning in the 19th century. Britain eventually was viewed in a highly critical manner due to perceptions of its arrogant meddling in Iranian domestic affairs. Iranian perceptions were further influenced by the infiltration or occupation by various international forces during World War I and World War II, as well as the growing interest in that period by the United States and the Soviets, each of which sought to gain an oil foothold and strategic partner in the country amid the growing Cold War divisions. After World War II, Iran became a combustible mix of domestic political forces across the ideological spectrum. Many protested the newest external intervention in the country or the years of repression and corruption by Iranian leaders and their aristocratic backers. As the domestic situation deteriorated, outside stakeholders became increasingly motivated to protect their perceived interests. In 1953, the United States and Britain finally intervened in a covert manner to overthrow the democratically elected government, which then enabled its ally the Shah of Iran to return to power and consolidate enough power to buy off or squash opposition for decades. Aside from the outrage that accompanied the harsh tactics and corruption employed by the Shah's government, the Shah himself came to be viewed as defending American interests above that of Iranian nationalists and only able to maintain his firm grasp on power due to ongoing U.S. backing. This was only accentuated by Washington's failure to articulate condemnation for the Shah's ongoing attacks on Iranian human rights. In later years, external interventions included the Central Intelligence Agency's efforts to funnel millions of dollars to anti-Khomeini forces and Saudis transfers of at least \$25 million to support a failed coup attempt in 1982, according to one report. This number is cited in Jerold D.

Ideologically then, Khomeini and other members of the new order saw one of their most important jobs as protecting the revolution domestically from these threats. However, they also perceived a broader duty that included helping other Muslims outside of Iran that faced circumstances similar to what existed in Iran under the Shah.¹³⁰ In their view, this duty included empowering external forces to attack outside enemies of Islam, especially the Israeli state, which Iran viewed as a Western implant and threat to Islamic hegemony.

These two sets of ideas—preservation at home and expansion abroad—were incorporated into the constitution that was ratified soon after the embassy takeover.¹³¹ Iranian support for terrorism thus became a way to satisfy these overseas goals and obligations, and forge a pathway that would allow Islam to gain renewed vigor in the realm of international politics.

Second, Iran seeks to use its collaboration with terrorist groups to enhance its strategic interests internationally. To that end, one set of goals is to weaken adversaries, perhaps to cause regime change or to set the stage for the eradication of an existing state (e.g. in Israel). In some cases, Iran has also sought to weaken an adversary in order to instigate a desired policy change, such as to encourage a U.S. retreat from involvement in the Middle East. Another strategic goal is to project power and thereby enhance Iran's standing, both as a regional power and relative to the United States and its allies in the Middle East. The desire to assert Iranian power is deeply rooted in the psyche of Iranians who often view their country—with its rich cultural history and longstanding foundations as a distinct territorial unit—as the natural center of power in the Persian Gulf region, if not the Middle East more generally.¹³² After the revolution, the new Iranian regime certainly wanted to capitalize on the wave of zeal they unleashed by the success of the revolution in the hopes of usurping power from other dominant national forces, particularly Saudi Arabia and Egypt. However, regime leaders faced significant conventional power deficits relative to other countries in the region that were inherited from the Shah and only enhanced once the costly war with Iraq began in 1980. By relying on unconventional forces such as terrorist groups, Iran thus was able to project power disproportionate to the relative strength of its military.¹³³ At the same time, Iran was able to “leap the wall of containment” that Iraq and the Arab Gulf states established to curtail the influence of the revolution in the region,¹³⁴ and enhance its soft power by cultivating good favor in Muslim publics, including in Lebanon, Syria, and Palestinian territories. Over time though, Iran's attempts to aid groups to overthrow existing Arab regimes produced limited results, so Iran also has come to view these relationships as

Green, “Terrorism and Politics in Iran,” in Martha Crenshaw, ed., *Terrorism in Context* (University Park, PA: Pennsylvania State University, 2003), p. 585.

¹³⁰ As stated by Iran's Ministry of Foreign Affairs on 7 March 1989, “Since its creation following several decades of genuine Islamic and popular struggle the Islamic Republic of Iran has considered it one of its main duties to defend dear Islam, its sacred aspirations, and the oppressed Muslim in every region of the world.” Cited in R. K. Ramazani, “Iran's Export of the Revolution: Politics, Ends, and Means,” in John L. Esposito, ed., *The Iranian Revolution: Its Global Impact* (Gainesville, FL: Board of Regents of the State of Florida, 1990), p. 40.

¹³¹ None of this was particularly surprising. As one scholar writes, Iran “epitomizes the case of regimes which, arising from revolutionary movements, are initially intensely driven by revisionist ideology that impugns the legitimacy of status quo states and even the regional states system.” Raymond Hinnebusch, *The International Politics of the Middle East* (New York: Manchester University Press, 2003), p. 191.

¹³² Anoushiravan Ehteshami and Raymond A. Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated System* (New York: Routledge, 1997), p. 28.

¹³³ During the war with Iraq, for example, the Iranians relied on enthusiastic youth volunteers (often between age nine and sixteen) known as *basesji* to perform dangerous tasks such as running across minefields, allowing the terrain to be cleared for Iranian regular forces' oncoming ground assault.

¹³⁴ Ehteshami and Hinnebusch 1997, pp. 122-123.

providing a degree of strategic depth for its own defensive needs relative to the United States and other allies of the superpower in the Middle East.¹³⁵ This includes using the threat of a “second strike capability” in any future war or military engagement situation to deter adversaries from striking Iranian interests in the first place.

Domestic interests also have been a force driving the regime to support terrorist groups, particularly in the 1980s when regime leaders sought to consolidate power in the aftermath of the revolution. The new regime was able to ride a wave of support from many sectors of the Iranian populace, but in subsequent years it needed to demonstrate to domestic audiences that it was worthy of continued support. This was especially critical in the early years after the revolution when the regime was attempting to consolidate its power. Support for groups seeking to overturn the status quo overseas was thus one way to maintain public enthusiasm for the regime, indeed bolstering its standing as the leading vanguard of the struggle against imperialist forces. This policy has provided ongoing legitimacy in the years since then by allowing the regime to constantly renew its revolutionary, Islamic, and nationalistic credentials, both in the eyes of the Iranian masses and more widely across the Muslim world. This has been especially important given the government’s inability to meet Iranian domestic expectations in other areas such as economic development.

Chain of Command for Iran’s Terrorist Policies

Decision-making within the Iranian regime can be somewhat opaque, especially given Iran’s overlapping power structures, the differences between constitutional power and actual power, and the common practice of ruling through both formal and informal channels. Nonetheless, the chain of command for policies involving support to terrorist groups has become more discernable over time, which in turn provides important insight on the mechanisms available to the state for affecting the amount of control exercised. This section thus explains the locus of decision-making in the regime for these policies and highlights the channels through which terrorist policies are enacted.

The Supreme Leader is the most influential individual in the Islamic Republic of Iran and maintains ultimate control over regime policy involving terrorist groups. His power is derived from the concept of *velayat-e-faqih*, meaning rule by jurist, which Khomeini developed in his early writings. According to Khomeini, clerical jurists are not only uniquely qualified to interpret Islamic law, but they also are empowered within Shi’a doctrine to serve as “guardian” leaders, judging whether political activities and decisions are appropriate ones.¹³⁶ This idea, which became the backbone of the constitution adopted after the revolution, vests the ultimate religious and political authority in the Supreme Leader, a post that Khomeini held first until his death in 1989.¹³⁷

¹³⁵ David E. Thaler, *Mullahs, Guards, and Bonyads: An Exploration of Iranian Leadership Dynamics* (Santa Monica: RAND, 2010), p. 18.

¹³⁶ Initially after the revolution, Khomeini wanted to maintain some separation between the clerical and political spheres. He eventually changed his mind on this point.

¹³⁷ As an important aside however, the Supreme Leader’s power is not conceptualize as applying to Iran alone; Khomeini also advanced the notion that the Supreme Leader is the most authoritative individual in Shi’ism worldwide. This was based on his conceptualization that other Shi’a imams are beholden to follow another imam if he is successful in establishing a government, as Khomeini did in Iran, even though this upended the Shi’a tradition of granting freedom to individuals to follow the interpretation of religious leaders of their choosing. Ahmad Nizar Hamzeh, *In the Path of Hizbullah* (Syracuse: Syracuse University Press, 2004), pp. 31-36.

This is not to say that other clerics, influential actors, and institutions do not influence the Supreme Leader or regime policy. In the realm of foreign policy in particular, other prominent sources of influence over foreign policy activities include members of the Council of Guardians—an institution comprised of conservative clerics and other non-clerical members whose formal responsibilities are to ensure the constitutionality of administrations’ policy initiatives—and leaders of the two separate branches of the armed services, the regular military (Artesh) and the parallel military organization the Iranian Revolutionary Guard Corps (IRGC). However, Khomeini and his successor, the current Supreme Leader Ali Hoseini Khamenei, have maintained strong influence over these and other institutions, both due to the Supreme Leader’s role as commander-in-chief of the armed services and by using other constitutional authority such as the power of appointment to control membership on the Guardian Council and in leadership positions in the armed services.¹³⁸

The Supreme Leader’s own powerful secretariat, the Office of the Supreme Leader, retains a significant role in exercising his will over foreign and domestic policy issues, and it is through this entity—and apart from other elements of government—that terrorist-related policy emerges. Once decisions are made by the Supreme Leader and his closest allies, orders are then funneled down to different appendages of the government that are under the direct control of the Supreme Leader.

Under Khomeini, several entities carried out terrorist-related policies and managed relationships with terrorist groups, including the IRGC, the Ministry of Intelligence and Security (MOIS), and the Interior and Foreign Ministries. Some coordination of these efforts also occurred through Iran’s Council for the Islamic Revolution.¹³⁹ Different personalities were instrumental to the overall effort in this first decade. Among them was Ali Akbar Mohtashemi, the former ambassador to Syria who cultivated Syria’s buy-in as the main foreign hub for Iranian efforts to export the revolution and maintained close ties to Hizballah.¹⁴⁰ Another important figure was Muhammad Montazeri, a radical idealist (and the son of Grand Ayatollah Montazeri) who was actively building ties to Islamic fighting forces in Lebanon even before this policy was officially adopted by the Iranian government.¹⁴¹

MOIS and the IRGC eventually emerged as the two most prominent conduits for the regime’s ties to terrorist groups.¹⁴² Also known as Sepah-e Pasdaran, or Pasdaran (“Guards” in Persian), the IRGC is an elite military institution created in 1979 by the Supreme Leader’s decree. It maintains five services—an army, air force, navy, the Basij, and the Qods Forces—that are separate from the control of the regular military. The IRGC historically was comprised of deeply committed revolutionaries who sought to carry out the organization’s constitutional

¹³⁸ This was probably less important in Khomeini’s time, as he commanded a great deal of loyalty in and out of government. However, his successor, the current Supreme Leader Ali Hoseini Khamenei, does not possess Khomeini’s charisma or clerical standing and thus has been more reliant on his office’s formal levers of influence.

¹³⁹ Robin Wright, *Sacred Rage: The Wrath of Militant Islam* (New York: Touchstone, 1985), pp. 32-33.

¹⁴⁰ Mohtashemi also may have played a direct role in Hizballah’s founding. Ehteshami and Hinnebusch 1997, pp. 31, 123.

¹⁴¹ Ramazani 1990, p. 43.

¹⁴² The IRGC was sidelined to some degree after Khomeini’s death in 1989, as more moderate leaders rose within the clerical establishment and advocated greater engagement with the international community rather than more confrontational policies. However, it returned to a central role in the foreign policy of terrorism as it formed common cause with more conservative elements of the regime who were threatened by the drumbeat of reform manifesting with the election of popular President Mohammad Khatami in 1997.

mandate to defend the borders and fight “to expand the rule of God’s law in the world.”¹⁴³ This has translated into both domestic and foreign roles, including fighting a conventional war against Iraq in the 1980s; battling domestic opponents to the regime within Iran such as the Mujahideen-e Khalq terrorist group (MEK) and separatist Kurds, Turkmen and Baluchs; and overseeing the cultivation of unconventional war-fighting capabilities (e.g. outside support for terrorist groups) for use against external enemies. Since the revolution, the IRGC has been called “the core of the Iranian state”¹⁴⁴ and is clearly favored by the regime over the Artesh, which was viewed by the new regime as filled with loyalists to the Shah.

For the past two decades, most of Iran’s terrorist-related activity is carried out directly by the IRGC subgroup known as the Qods (Jerusalem) Force, or the IRGC-QF.¹⁴⁵ Created in the late 1980s, the Qods Force is a special clandestine paramilitary wing of the IRGC that operates outside of the IRGC’s regular chain of command.¹⁴⁶ Reporting directly to the Supreme Leader, the Qods Force is a foreign policy tool in its own right, engaging in a variety of tasks on behalf of the regime mainly to export the revolution. Its efforts involving terrorist groups often involve the use of diplomatic or commercial activities as camouflage.¹⁴⁷ Their direct activities include providing basic weapons training and religious indoctrination to terrorists from an array of nationalities within Iran,¹⁴⁸ and funneling different types of support to groups from its installations outside the country, the largest located in Lebanon.¹⁴⁹ Qasem Soleimani, who currently leads the Qods Force, serves as a close advisor to the Supreme Leader and interacts with him regularly. The Supreme Leader probably provides overall guidance, but allows IRGC-QF commanders to maintain some latitude in translating that guidance into operations and day-to-day activities.

With this background established, we may now turn in the following sections to exploring how Iranian support from the regime varies between different terrorist groups, beginning with the Lebanese Hizballah.

Iran’s Relationship with the Lebanese Hizballah

The Lebanese Hizballah is a large and powerful Shi’a Islamist organization that maintains guerrilla, terrorist, political, and social service wings. Hizballah’s terrorist activity, which began in the early 1980s, is carried out through a secretive arm of the organization known as the Lebanese Islamic Jihad (LIJ).¹⁵⁰ Little was known about the LIJ when it took responsibility for the 18 April 1983 car bombing at the U.S. Embassy in Beirut that resulted in 63 deaths. The group quickly gained international notoriety, however, from a spate of subsequent bombings against Israeli, French, and American targets in Lebanon, including the 23 October 1983 suicide car bomb attack on the Marine barracks in Beirut resulting in 241 U.S. deaths and the group’s

¹⁴³ Much of the current ruling establishment in Iran held membership in the IRGC at some point. Frederic Wehrey, et al., *Rise of the Pasdaran: Assessing the Domestic Roles of Iran’s Islamic Revolutionary Guards Corps* (Santa Monica, CA: RAND, 2009), p. 1.

¹⁴⁴ The IRGC had approximately 300,000 members during the 1980s but following demobilization after the end of the war with Iraq, that number dropped to about 120,000. Michael Rubin, “Iran’s Revolutionary Guards – A Rogue Outfit?” *Middle East Quarterly*, Fall 2008, p. 37.

¹⁴⁵ The MOIS assistance includes continuing to provide intelligence-related assistance to terrorist groups, particularly enhancing some groups’ capabilities in terms of collecting intelligence against adversaries.

¹⁴⁶ “Iran’s Revolutionary Guards: Quds Force,” *Telegraph* (online), 4 October 2007.

¹⁴⁷ They also are employed to eliminate domestic and foreign opponents of the Islamic Republic.

¹⁴⁸ Wright, p. 35.

¹⁴⁹ *Ibid.*, p. 80.

¹⁵⁰ Hizballah does not acknowledge ties to the Islamic Jihad.

campaign of kidnapping foreigners within Lebanon.¹⁵¹ Hizballah's violent attacks have resulted in as many as 819 fatalities and 1472 injuries over subsequent decades.¹⁵²

Iran and Hizballah have maintained a very close relationship since Hizballah's inception, with Hizballah serving as a most trusted surrogate to Iran that can be counted on to act in accordance with Tehran's wishes on a reliable basis. For Hizballah, Iran has remained its most important and consistent source of support.¹⁵³ Iran's voluminous outlays of support to Hizballah have strengthened Hizballah's capabilities and allowed it to become the most well equipped, technologically advanced illicit organization in the world today. As we shall see in the following discussion, the close ties between Iran and Hizballah, and the impressive quality of support provided to the organization by Iran are rooted in the extremely limited degree of preference divergence between the two entities, in addition to Iran's monitoring capabilities over the organization and rather strong ability to incentivize Hizballah.

The close alignment of Hizballah and Iran's preferences reflects Iran's important role in Hizballah's early development. As background, Hizballah emerged following Israel's invasion and occupation of parts of Lebanon in 1982.¹⁵⁴ Israel's actions were a direct catalyst for Hizballah's development, especially given that the offensive caused widespread misery and destruction in the southern region of the country where the greatest mass of Shi'a reside. Even so, the seeds of radicalism that grew into the Hizballah movement were planted much earlier. Indeed, two long-term factors were most influential in the radicalization of elements within Lebanon's Shi'a population, which eventually led to Hizballah's formation. One is the economic and social hardship that the Shi'a in Lebanon faced as their rural population centers in southern Lebanon and in the Bekaa Valley were largely ignored by ruling groups for decades, resulting in little infrastructural investment and slow development.¹⁵⁵ This produced a collective mindset among the Shi'a, especially among the multitudes that made the rural-to-urban migration beginning in the late 1950s often settling in the slums of Beirut that later would become fertile ground for rising discontent and ultimately political mobilization in the 1980s.¹⁵⁶ A second

¹⁵¹ The first act in this drama may have occurred on 4 July 1982 when four Iranians traveling in a vehicle with diplomatic license plates disappeared for good after being taken into custody by Christian militiamen in southern Lebanon backed by Israel. Some reporting indicates that one of the Iranians might have been an officer of the IRGC stationed in Ba'albek. Approximately two weeks later, the acting president of the American University in Beirut was taken hostage, inaugurating what became a long period of hostage-taking that included more than 80 Westerners, among them Terry Waite, the special envoy of the Archbishop of Canterbury, and the CIA Chief of Station in Beirut, William Buckley.

¹⁵² These numbers are for the period between 1983 and 2005, as calculated by the RAND Database of Worldwide Terrorism Incidents, <http://smapp.rand.org/rwtid/>, accessed on 31 July 2010.

¹⁵³ According to various estimates, for instance, Iran has consistently provided at least \$120 to \$200 million in financial support annually to Hizballah since the 1980s. Cited in Augustus Richard Norton, "Lebanon: The Internal Conflict and the Iranian Connection," in John L. Esposito, *The Iranian Revolution: Its Global Impact* (Miami: Florida International University Press, 1990), p. 127; Carl Anthony Wege, "Hizbollah Organization," *Studies in Conflict and Terrorism*, Vol. 17, 1994, p. 158; Bill Gertz, "Iran works against peace talks, U.S. says," *Washington Times*, 12 May 1995; Israeli Foreign Ministry, "Iran and Hizbullah," February 1997; "Hezbollah and the West African Diamond Trade," *Middle East Intelligence Bulletin*, Vol. 6, No. 6/7, June-July 2004; Magnus Ranstorp, "The Strategy and Tactics of Hezbollah's Current 'Lebanonization Process,'" *Mediterranean Politics*, Vol. 3, No. 1, Summer 1998; and Scott Wilson, "Lebanese Wary of a Rising Hezbollah," *Washington Post*, 20 December 2004.

¹⁵⁴ However, the group did not officially announce its formation until publication of its "Open Letter" in February 1985. For a translation of this document, see "An Open Letter: The Hizballah Program," *Jerusalem Quarterly*, No. 48, Fall 1988.

¹⁵⁵ Judith Palmer Harik, *Hezbollah: The Changing Face of Terrorism* (New York: I.B. Tauris, 2004), p. 18.

¹⁵⁶ Amal Saad-Ghorayeb, *Hizbu'llah: Politics and Religion* (Sterling, VA: Pluto Press, 2002), pp. 7-8.

related factor is the historically low level of Shi'a representation in Lebanon's "confessional system" of governance. This system, which emerged with Lebanon's National Pact of 1943, distributed government and military power according to estimates of the demographic distribution derived from a 1932 census. Although originally meant as a temporary compromise to divide political power according to religious affiliation, these 1932 numbers remained the basis for power distribution in ensuing decades, thus becoming a mechanism that prevented Shi'as from acquiring political strength commensurate with their population's numerical growth over time. This too inflamed sentiments and contributed to radicalization within the Shi'a community.¹⁵⁷

Before Hizballah was created, much of the anger and resentment that existed within the Shi'a community was channeled through Amal, the first major Shi'a militia.¹⁵⁸ Yet Amal, which allegedly maintained its own historic ties to Iranian support networks,¹⁵⁹ saw fissures develop within its ranks in the early 1980s.¹⁶⁰ Some of the numerous resistance groups that emerged from this split cooperated informally in subsequent months, and by 1982, some decided to join together in a formal sense as the new Hizballah organization.

Iran subsequently played a critical role in leading these independent factions to come together under a single Hizballah banner, which would provide Iran important influence over significant features of the organization as they first developed. Among its discernable roles, Iran provided the initial vision of such a union. This was demonstrated during a conference held in Tehran in August 1982 that brought together 380 Islamic clerics from dozens of countries around

¹⁵⁷ Hamzeh, pp. 151-152.

¹⁵⁸ Amal was formed as the armed component of Lebanese Islamic leader Musa al-Sadr's political movement. Like many of the Shi'a *ulama* (leading religious scholars in Islam) that would play an important role in Hizballah's founding, al-Sadr was educated in the religious academies in the Shi'a holy center of Najaf, Iraq. Upon his return to Lebanon in 1960, the charismatic al-Sadr focused on organizing the Shi'a into a politically conscious force demanding national reform and a just political order in Lebanon. The Amal organization went on to receive a great deal of resources from Libya, which is where al-Sadr was visiting in August 1978 when he disappeared, never to be heard from again. For more on the important role of Najaf, Iraq as a training center for Shi'a *ulama* between the 1950s and 1970s, see A. Nizar Hamzeh and R. Hrair Dekmejian, "The Islamic Spectrum of Lebanese Politics," *Journal of South Asian and Middle Eastern Studies*, Vo. 16, No. 3, April 1993, pp. 36-37. For more on the important role of al-Sadr, see Fouad Ajami, *The Vanished Imam: Musa Al Sadr and the Shia of Lebanon* (Ithaca: Cornell University Press, 1992).

¹⁵⁹ Iranian instructors also assisted in building up Amal early on in the 1970s prior to the Iranian revolution, yet Amal later moved away from its ties to Iran. Wege, p. 152.

¹⁶⁰ Disunity emerged once al-Sadr disappeared and Nabil Berri took over leadership of the organization. This was not only the result of losing al-Sadr's charismatic leadership, but also a reflection of the desire among some to align more closely with the rhetoric espoused by revolutionaries in Iran. The desire for action was especially strong among those dissatisfied with the status of the Palestinian issue and Israel's 1978 invasion of Lebanon. Indeed, most Shi'a sympathized with the plight of the Palestinians after the creation of the state of Israel in 1948 but remained fearful of a Palestinian takeover of southern Lebanon. Their common interests grew, however, after Israel's 1978 Operation Litani, which was an attempt to decimate the PLO's military force in southern Lebanon. Many Shi'a became more deeply radicalized against the Israelis amid the large numbers of casualties and dislocation reaped by the campaign. (The Israeli campaign was not a great success, and this set the stage for renewed Israeli operations in 1982.) Fissures also developed as the Islamic component of the movement began to evaporate after al-Sadr's disappearance, as this led Amal to move towards a more secular profile. These problems percolated to the surface once Amal showed its willingness to participate in the National Salvation Committee in Lebanon, which was formed to organize a response to the 1982 Israeli invasion. The Committee included various Lebanese leaders, among them Bashir Gemayel who was a pro-Israeli Maronite. His participation was unacceptable to a faction within Amal that sought to take a more confrontational stance against Israel, causing some prominent members, including Hassan Nasrallah and Husain al-Mussawi—future leaders in Hizballah—to break away from Amal.

the globe, as Supreme Leader Khomeini urged Lebanese clerics in attendance to organize their followers to fight against Israel occupation.¹⁶¹ Upon their return home, the clerics did just that, leading hundreds of their disciples into the Bekaa Valley in Lebanon to form the common front that became Hizballah.¹⁶² Iran also provided key logistical support that made the union of independent factions possible, including coordinating assistance dispensed by those IRGC forces that arrived in Lebanon after Israel's intervention in 1982. This resulted in the formation of Hizballah's first *majlis al-shura* (decision-making council).¹⁶³ A clear sign of Iran's central role at this early time also was exemplified by group leaders' desire to gain Khomeini's permission for the name for their nascent organization, as they reportedly traveled to Iran to receive Khomeini's blessing for the name Hizballah, meaning the "Party of God."¹⁶⁴

Iran's prominent role in Hizballah's birth was important in leading the new group to adopt a core philosophy that closely aligns with the ideas advanced by Iran and establishes a basis for extreme deference to Iranian leadership, all of which makes Hizballah's underlying preferences match closely with Iran's. Hizballah's founding doctrines embraced Khomeinism, including the goal of establishing a state ruled by Islam, the principle of *velayat-e-faqih*, and its novel conceptualization that imams are beholden to follow another imam if he was successful in establishing a government (i.e. Khomeini).¹⁶⁵ Hizballah's commitment to these ideas was outlined in the "Open Letter" distributed in 1985 to officially announce the group's formation. In it, Hizballah describes its adherence to the Islamic principles espoused by Iran and commitment to following "the orders of one leader, wise and just, that of our tutor and *faqih* who fulfills all the necessary conditions: Rulhollah Musawi Khomeini." A top Hizballah official further explains that the group must receive political and religious legitimacy from Iran's supreme leader, as this is who "decides general guidelines for us, which free us from blame and give us legitimacy."¹⁶⁶

Iran's influence over Hizballah early on also appears to have led the group to adopt similar views to Iran regarding its perceived enemies. As detailed in the Open Letter, Hizballah joined Iran in rejecting both superpowers of the day, focusing special venom on the United States and its allies, which Hizballah suggests has prevented the Lebanese Shi'a from "decid[ing] our future according to our own wishes." Hizballah thus saw its goal as ridding Lebanon of foreign enemies in order to enable Lebanese self-determination and the eventual establishment of Islamic government in the country. This goal of establishing a state ruled by Islamic law differentiated Hizballah from other Shi'a groups in Lebanon in the 1980s and accorded with Iranian goals to export the revolution overseas. Hizballah's rhetoric also matched Iran's regarding the need to

¹⁶¹ In Hamzeh, p. 24. See also Wright, pp. 26-29.

¹⁶² Hamzeh, p. 25; and Martin Kramer, "The Moral Logic of Hizballah," in Walter Reich, ed., *Origins of Terrorism: Psychologies, Ideologies, Theologies, States of Mind* (Cambridge, MA: Cambridge University Press, 1990), pp. 134-135.

¹⁶³ The arrival of these IRGC forces reflected Iran's longstanding desire to gain a foothold with Shi'a groups in Lebanon and to spread its brand of revolutionary fervor. Prior to the renewed Israeli attack and Iran's influence in the formation of Hizballah, these efforts were not yielding the desired results. The IRGC forces gained new footing amid the discord within the Amal movement and the growing "convergence of Lebanese Shiite interests with Iranian foreign policy orientations." Saad-Ghorayeb, p. 14. Also see As'ad Abu Khalil, "Ideology and Practice of Hizballah in Lebanon: Islamization of Leninist Organizational Principles," *Middle Eastern Studies*, Vol. 27, No. 3, July 1991, p. 391; and Wege, p. 154.

¹⁶⁴ Hamzeh, p. 25.

¹⁶⁵ Ibid, pp. 31-36.

¹⁶⁶ This interview was with Hizballah's Deputy Secretary General Sheikh Naim Qassem. Translation cited in Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S.), "Two rare statements about Iran-Hezbollah relations," 10 August 2009.

destroy the State of Israel. Hizballah argues that Israel is an unacceptable part of a Western imperialist conspiracy that has long suppressed Muslims. It emphasizes the need to eliminate the Western footprint from the Middle East and all Muslim lands, thus making the Palestinians' problem a problem for all Muslims around the globe. Like Iran, Hizballah thus rejects recognition of Israel and promotes armed struggle against Israel.

Besides influencing Hizballah's mindset on substantive issues, Iran's participation in Hizballah's formation also was instructive in the construction of a highly bureaucratized organization with a centralized command and control structure that created key points of power within Hizballah for Iran to influence on an ongoing basis.¹⁶⁷ The top of the structure adopted by Hizballah includes a seven-member *shura* council that maintains a key decision-making role over policy and administrative issues. Organizational rules require that nominees for the three-year appointment to the *shura* be vetted to ensure they meet certain qualifications, then their names are allowed entry into an election where a few of the group's elite vote in a process apparently modeled after election to Iran's Guardian Council.¹⁶⁸ Furthermore, Iran established its influence over the *shura* by ensuring that Hizballah institutionalized the practice of appealing to Iran to arbitrate when *shura* members fail to achieve consensus on an issue.

Iran had a strong influence over the creation and staffing of these and other Hizballah positions. The main post within Hizballah's organization structure that Iran has sought to influence is the secretary-general. The individual holding this position shares decision-making power with the *shura* that elects him in many areas. However, the secretary-general holds primary power over Hizballah's military and security apparatuses, which are responsible for the group's armed activities including terrorism. It was in the 1990s, in fact, that the secretary-general's decision-making over these areas became increasingly isolated from other top leadership figures in the organization, thus making the secretary-general post an exceedingly important one that, from Iran's standpoint, would surely best be filled with an individual with strong and dependable ties to Iranian state leadership. Iran, therefore, has sought to ensure the promotion of an individual to secretary-general whose intentions are best aligned with the state. Since 1992, Hassan Nasrallah is that individual.

Nasrallah has long maintained strong bonds of loyalty to Iran. Born in 1960 in East Beirut, Nasrallah's family relocated to southern Lebanon during the civil war, which is where he first developed ties to the Amal movement. It was also in the 1970s that Nasrallah headed to Najaf, Iraq to study Islam in a seminary alongside other future leaders in Hizballah including Abbas al-Musawi, who Nasrallah would eventually replace as Hizballah's secretary-general. Nasrallah's ties to Iran developed as soon as in the early 1980s when he reportedly followed Iranian guidance encouraging him to defect from another Shi'a group and train alongside IRGC officials.¹⁶⁹ He became a distinguished leader of fighting forces during the 1980s but in 1987 left Lebanon for Iran to study at a Qom seminary. Returning to Lebanon in 1989 to assume leadership of Hizballah's Central Military Command, he joined those in Hizballah with strong ties to the IRGC who advocated against the Taif Accord and a deeper Syrian role in Lebanon,

¹⁶⁷ Ayatollah Khomeini reportedly sent a special envoy named Fazlallah Mahallati to Lebanon in 1982 with the task of helping Hizballah establish this organizational structure. Harik, p. 53.

¹⁶⁸ Hamzeh, p. 47.

¹⁶⁹ Frederic Wehrey, et al., *Dangerous But Not Omnipotent: Exploring the Reach and Limitations of Iranian Power in the Middle East* (Santa Monica, CA: RAND, 2009), p. 94.

and for Hizballah's continuing pursuit of a more aggressive agenda.¹⁷⁰ Nasrallah was in the minority within Hizballah's ranks, however, and subsequently returned to Iran as a Hizballah representative. He came back to Lebanon in 1991 and was named Hizballah's new secretary-general the assassination of al-Musawi by Israel with strong Iranian backing.¹⁷¹

Nasrallah's willingness to follow Iran's leadership was demonstrated when he took power amid the growing factionalism among the clerical establishment in Iran following the death of Ayatollah Khomeini in 1989. A relatively more moderate contingency of Iran's clerical establishment led by Hashemi Rafsanjani advocated for a less militant and more accommodating approach to economic and world affairs and eventually won out over hardliners advocating for a stricter approach. This led to efforts to moderate Hizballah's position as well. Khomeini's replacement as Supreme Leader Khamenei in fact encouraged the group to expand its focus towards gaining political power in Lebanon through the ballot box.¹⁷² Nasrallah professed his willingness to follow direction from Tehran, which probably played a key role in Khamenei's subsequent insistence that Hizballah's *shura* elect Nasrallah to the secretary-general post in 1992.¹⁷³ This proven loyalty to Iran and its agenda also has led Iran's top leaders to intervene in Hizballah internal affairs in an effort to enable Nasrallah to continue serving in the position beyond the two terms allowed by Hizballah's organizational rules.¹⁷⁴ Meanwhile, Nasrallah's close ties and fidelity to Iran have remained discernable in the years since then, as he has continually renewed his view that Shi'a imams around the globe are beholden to follow Iran's leadership given their success in establishing a government, in essence then reinforcing Hizballah's ongoing subservience of its decision-making to Iranian regime leaders.¹⁷⁵

For similar effect, Iran also has sought to ensure that commanders loyal to its interests inhabit other key positions in the LIJ. Most notable among them was Imad Mughniyah, the now-deceased head of Hizballah's overseas networks who was the key organizer of the group's terrorist activities and a significant Nasrallah deputy. Mughniyah gained infamy for his reputed involvement in numerous attacks during the 1980s and 1990s, including the 1983 and 1984 bombings of the U.S. Marine barracks and U.S. Embassy in Beirut, the 1985 hijacking of TWA Flight 847, and the 1992 and 1994 bombings of Jewish targets in Argentina—the latter carried out by Hizballah with assistance from Iranian diplomats, according to FBI Director Louis Freeh in 1998.¹⁷⁶ Throughout it all, Mughniyah allegedly maintained very close ties to Iran's leadership. He had a long history of following orders from Tehran and doing the regime's bidding, such as in around 2000 when Iran delegated him to provide assistance to other groups Tehran was supporting including Hamas and PIJ.¹⁷⁷ Tehran also was reportedly Mughniyah's main residence before his death in February 2008.¹⁷⁸

¹⁷⁰ The faction led by al-Musawi accepted the Taif Accord and accompanying heavy-handed Syrian role in Lebanon. See Gary C. Gambill, "Dossier: Hassan Nasrallah," *Middle East Intelligence Bulletin*, Vol. 6, No. 2/3, February-March 2004.

¹⁷¹ Eben Kaplan, "Profile: Hassan Nasrallah," *Council on Foreign Relations Backgrounders*, 11 August 2010.

¹⁷² Hamzeh, pp. 109-110

¹⁷³ *Ibid.*, p. 110.

¹⁷⁴ *Ibid.*, p. 48.

¹⁷⁵ *Ibid.*, pp. 31-36.

¹⁷⁶ "FBI Ties Iran to Argentine Bombing in '94," *Washington Post*, 8 August 1998.

¹⁷⁷ Douglas Frantz and James Risen, "A Secret Iran-Arafat Connection is Seen Fueling the Mideast Fire," *New York Times*, 24 March 2002.

¹⁷⁸ Magnus Ranstorp, *Hizb'allah in Lebanon: The Politics of the Western Hostage Crisis* (London: Macmillan Press, 1997), pp. 69-72

Iran has developed influence over the rest of Hizballah's membership cadre as well by shaping the preferences of Hizballah's operations planners and rank and file members through the provision of training services. Iran provides religious and tactical instruction both in Iran and sites in Lebanon such as the Bekaa Valley where IRGC forces have run training camps since the early 1980s.¹⁷⁹ Iran, for instance, has sent clerics from Lebanon to Iran to gain religious training that ostensibly will be passed on to Hizballah members upon their return, thus inculcating them with Iran's brand of revolutionary ideology.¹⁸⁰ Iran's provision of tactical training has involved instruction in the employ of certain weapons and operational practices such as car bombing.¹⁸¹ By helping the group to gain proficiency in specific capabilities such as these, Iran effectively bred certain preferences within Hizballah group members that are compatible with its own. In all then, Iran's participation in birthing Hizballah and its ongoing undertaking of efforts to shape the preferences of organization members provides leverage over the group and enhanced reliability that the group will make choices that align with Iran's wishes.¹⁸²

As a complement to these efforts to align preferences, Iran also has established solid monitoring capabilities over Hizballah. The IRGC has maintained a contingency of forces in its Lebanon regional outpost that works closely with Hizballah leadership and cadre since the group's founding. The current leader of these forces is Hassan Mahdavi.¹⁸³ His central job is to remain in close and regular contact with Hizballah's leadership and stay involved in the group's decision-making and operational planning activities. Mahdavi's local presence permits such oversight, as he is able to conduct regular inspections of Hizballah's forces and attend Hizballah meetings, thus improving Iran's knowledge of Hizballah's willingness to act in conformity with Iran's wishes. This capability, together with Hizballah leaders' regular visits with top Iranian officials in Iran or perhaps in Syria, provides Iran a relatively strong ability to monitor Hizballah, despite its base in a country non-tangential with Iranian borders.

Iran also maintains a robust ability to incentivize Hizballah. It is true that Hizballah acquires resources from some alternative sources, yet these sources cover only a small amount of Hizballah's needs, thus making the group highly dependent on state support. Among these

¹⁷⁹ Hamzeh, pp. 25, 71; and Marvin Zonis and Daniel Brumberg, *Khomeini, the Islamic Republic of Iran, and the Arab World* (Cambridge: Center for Middle Eastern Studies at Harvard University, 1987), pp. 31-36. According to one Israeli security expert, the IRGC may have disappeared from Lebanon as an organized force in 2010. Interview conducted by author, Herzliya, Israel, 22 March 2011.

¹⁸⁰ Walid Phares, "Iran's Global Terrorist Reach," *World Defense Review.com*, 15 July 2010.

¹⁸¹ "Car Bombing Has Become Favored Tactic of Terrorists in the Middle East," *New York Times*, 21 September 1984.

¹⁸² This is not to say there were not some schisms over the years within Hizballah's ranks about the appropriate level of deference to give to Iran. Probably the most well known individual associated with the group who voiced concerns about Iran was Ayatollah Sayyid Muhammad Husayn Fadlallah, a leading Shi'a cleric in Lebanon who was referred to by some as Hizballah's spiritual leader prior to his death in 2010. Fadlallah clashed with Iranian leaders on various issues over the years, but most importantly over his perspective on succession issues among Shi'a religious figures. For example, he reportedly angered Iranian leaders by suggesting in a 1986 interview that the distribution of top authority among the Shi'a beyond Iran is appropriate, which might diminish Iran's desired role as the leading voice on behalf of Shi'a international affairs. In reality though, Fadlallah was a spiritual leader to some, not all, within Hizballah, generally maintaining an outsider's role with the group to a large degree. Those within Hizballah's leadership intent upon maintaining loyal ties to Iran countered Fadlallah's influence by steering members towards Iranian clerics' interpretation of Islam, which effectively staved off any substantial insurrection within the group's ranks. Augustus Richard Norton, "Lebanon: The Internal Conflict and the Iranian Connection," in John L. Esposito, *The Iranian Revolution: Its Global Impact* (Miami: Florida International University Press, 1990), p. 128; Hamzeh, p. 35; and Kramer, pp. 139-140.

¹⁸³ "Iran Guards chief secretly oversees war plans – in Damascus," *DEBKAfile.com*, 24 August 2010.

sources is income provided by Lebanese Shi'a supporters based in and out of the country, including some that reportedly make donations using cash derived from criminal activities such as diamond smuggling from West Africa, cigarette smuggling in the United States, drug cultivation in the Bekaa Valley, and various types of illicit trafficking activities in South America.¹⁸⁴ As noted however, any such contributions satisfy only a small percentage of the resource requirements for running all of Hizballah's programs, which require millions of dollars per month in income and access to specialized goods.¹⁸⁵ Hizballah thus has long remained largely dependent on the support it receives from states, particularly Iran given its role as the group's primary provider of material and other assistance.

But Iran is not the only state with influence over Hizballah, a factor that can—but in this case does not—weaken Iran's influence over the group. Specifically, the group also must remain considerate to the preferences of a second significant state supporter, Syria. Syria's ties to Hizballah sprang from longstanding common interests with the Shi'a in Lebanon that emerged as early as the 1960s when the Shi'a began asserting themselves more ardently in the Lebanese political milieu.¹⁸⁶ These ties grew more important to Syria after Palestinians were forced from Jordan in 1970, as many Palestinians subsequently settled in Lebanon, thus creating new threats to Syria due to the Israeli military's focus on its borders and the increased potential for Lebanon to become a launch pad for attacks aimed at subverting the Syrian regime. Besides enhancing its national security interests, Syria's leaders also undoubtedly were attracted to the potential to capitalize on the deteriorating internal political situation in Lebanon, which might yield opportunities to reclaim authority over territory viewed as part of historical Greater Syria. For Hizballah, Syrian support was necessary because of that country's vast influence in Lebanon especially, but not only, during the years when Syria maintained a significant troop presence on Lebanese soil. Simply put, without Syrian support Hizballah could never have grown into a strong Lebanese force.

Syria's early assistance to Hizballah included helping the group to establish a base of operations in the Bekaa Valley, which Syria controlled and the Israelis largely left alone as part of a tacit agreement to prevent an escalation of conflict between the states.¹⁸⁷ But Syria's support for the group quickly became intertwined with Iran, as an arrangement also was reached between Syrian leader Hafez al-Assad and senior Iranian officials in the new post-revolution regime, which declared its support for Syria amid Israel's growing involvement in Lebanon.¹⁸⁸ Syria's first important act as part of this burgeoning alliance with Iran was allowing the initial contingent

¹⁸⁴ Rex Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America"; Kevin G. Hall, "Officials Link Pirated Goods in Paraguay to Terrorism: Money Sent on to the Hezbollah," *San Diego Union-Tribune*, 15 April 2001; "Middle East Terror Groups Find Sanctuary, Revenue in South America: Tri-Border Area Hotbed for Crime-Terror Nexus, Hezbollah Firmly Established," *JINSA Online*, 15 January 2004; Jeffrey Goldberg, "In the Party of God," *New Yorker*, 28 October 2002; Rex Hudson, "A Global Overview of Narcotics-Funded Terrorist and Other Extremist Groups," *Library of Congress*, May 2002; "Hezbollah and the West African Diamond Trade," *Middle East Intelligence Bulletin*, Vol. 6, No. 6/7, June-July 2004; and Sari Horowitz, "Cigarette Smuggling Linked to Terrorism," *Washington Post*, 8 June 2004.

¹⁸⁵ Ranstorp 1997, p. 21. Besides the limited nature of these contributions relative to Hizballah's needs, Hizballah also must be concerned about gaining funds from criminal sources, as it must maintain its good standing in the eyes of its constituency as a legitimate Muslim organization.

¹⁸⁶ Syria's interest in building ties to the Lebanese Shi'a is rooted not only geopolitical concerns, but also the Assad regimes' desire for sectarian legitimacy in the Muslim world given the sometimes heretical label attached to their Alawite heritage by both Sunni and Shi'a.

¹⁸⁷ Harik, p. 38.

¹⁸⁸ Naim Qassem, *Hizballah: The Story from Within* (St. Paul: Saqi, 2007), pp. 394-395.

of IRGC soldiers to enter Lebanon through Syria.¹⁸⁹ But Syria also insisted that its troops stationed in the Bekaa Valley would provide the security for IRGC and Hizballah camps. In so doing, Syria retained an ability to monitor Iran and Hizballah's activities, ensuring that they acted in accordance with Syrian interests. Over time, this three-way relationship evolved further as Syria agreed to become the main transshipment belt for large quantities of weapons, equipment, and personnel sent from Iran and intended for Hizballah in Lebanon,¹⁹⁰ particularly as Syria's strategic alliance with the government in Iran continued to grow past the 1980s.¹⁹¹

Syria's willingness to serve as a transshipment hub for Iranian support to Hizballah has been critical for advancing Hizballah and Iran's goals given Syria's territorial proximity to Lebanon, which provides the only reliable strategic passageway to move goods and people to and from Iran and the Levantine region. Hizballah also has benefitted from Syria's well-established influence across much of Lebanon, especially following the passage of the Taif Accord in 1989, which effectively marked the end of the Lebanese civil war and was to lead to the disbanding of the armed militias across Lebanon. Indeed, continued Syrian support at that time permitted Hizballah to maintain its military capability and continue its armed activities against Israel.¹⁹²

Syria gains three key benefits from its role as a transshipper for Iran that highlight an interesting set of cost-benefit calculations for a state supporter of this nature. First, Syria avoids accruing the real costs associated with resource transfers, as Iran is the party paying the bills to acquire and deliver weapons and other equipment intended for the group. More importantly though, Syria also reduces its risk as a state supporter of terrorism, as this type of support is more indirect than Iran's in some respects, which diminishes the probability that providing it will implicate Syria in the group's terrorist acts. At the same time, a transshipping country such as Syria in this scenario is able to exert meaningful influence over Hizballah because this support is crucial to the group's ability to operate.

Despite many points of congruity however, Hizballah-Iranian and Syrian goals and interests are not perfectly aligned. Syria ultimately seeks to assert its own power in the Levant and pursue its distinct national security interests. Syria's main goal is solidifying its political and economic influence in Lebanon, which remains an enormous strategic asset for that country. To that end, Syria maintains ties to many groups in Lebanon, which it will undoubtedly seek to empower if Hizballah acts in undesirable ways or perhaps becomes too powerful. Syria also remains a secular state ruled by leaders that have long viewed Islamist organizations and their long-term goals with great suspicion. It is also possible, although merely speculation at this juncture, that Syria would be willing to leverage its relationships with Iran, Hizballah, and other

¹⁸⁹ Amal Saad-Ghorayed, *Hizbu'llah: Politics & Religion* (Sterling, VA: Pluto Press, 2002), p. 14.

¹⁹⁰ A 2010 media report citing Western intelligence sources and satellite imagery shown to reporters suggest sites in Syria where Hizballah militants "have their own living quarters, an arms storage site and a fleet of lorries reportedly used to ferry weapons into Lebanon." The military hardware from Iran is transferred "by sea, via Mediterranean ports, or by air, via Damascus airport. The arms are stored at the Hezbollah depot and then trucked into Lebanon." Richard Beeston, "Syria accused of arming Hezbollah from secret bases," *The Times (London)*, 28 May 2010.

¹⁹¹ Syria was an important ally for Iran, given Iran's goals in the Middle East. The alliance provided Iran greater regional balance against Israel and Iraq, as well as a relationship that did not need to involve Egypt, which by the time of the revolution was firmly in the Western camp. For its part, Syria was wary of becoming further isolated in the region following Israel's peace agreements with Jordan and Egypt, and fears of another bilateral agreement in Lebanon. Saad-Ghorayed, p. 14.

¹⁹² Syria may have provided other assistance to Hizballah, including some material support. See, for instance, also "Expert Views Effect, Breakdown of Hizballah Rocket Attacks on Northern Israel," *Jerusalem Post*, 1 September 2006.

terrorist groups to reach a settlement on outstanding territorial issues with Israel. If true, this would contravene Iran's intent to avoid peace with Israel and other long-term goals. Iran especially Hizballah's Deputy Secretary-General Naim Qassem acknowledged such differences, noting that Hizballah's "relationship with Syria is based on a computation of the interests" related to resisting Israel and Western influence in Lebanon, not some deep ideological connection.¹⁹³

Syria, meanwhile, is willing to use its influence to make demands on Hizballah's military and political activities that may not ideally suit Iran or Hizballah's preferences.¹⁹⁴ Syria requires some say over Hizballah's operational decision-making against Israeli targets and those in Lebanon. Syria also has shown its willingness and ability to mete out punishment against Hizballah when its wishes go unheeded. In 1987, for instance, Hizballah members refused to follow Syria's instruction in West Beirut, so the Syrian military officer on hand sought to teach the group a lesson by apprehending two dozen men and shooting them in the head.¹⁹⁵ Syria's ability to threaten to carry out such punishments remained rather strong due to its strong military presence in Lebanon for many years including after the civil war era. This changed following the assassination of former Lebanese Prime Minister Rafik Hariri in February 2005, as Syria finally conceded to international community pressure to end its 29-year deployment in Lebanon.¹⁹⁶ Syrian forces, however, are located nearby on Syrian territory, which provides the Syrian state with an ongoing ability to monitor and make threats for direct punishment credible. The constant use of Syrian territory by both Iran and Hizballah for logistical purposes also provides Syria with similar opportunities.

Hizballah's reliance on two principals could create a gap in Iran's control over the group, yet in this situation that is not the case due in large part to the unusual collaborative relationship involving the two state supporters. Iran remains well aware of the demands placed on Hizballah by Syria. We also have no evidence that Hizballah attempts to use its relationship with Syria systematically to gain independence from Iran. It is thus more accurate to say that Syria is able to affect the amount of control exercised by Hizballah *and* Iran together over their joint agenda.

In all then, several factors explain how Hizballah became a strong surrogate for Iran. With its integral role in birthing Hizballah, Iran ensured that Hizballah developed ideologically, militarily, culturally, and organizationally in ways that defer to the preferences of the Iranian revolutionary regime. Centrally important here, of course, is that Hizballah views the Supreme Leader in Iran as the one individual who can lead the international jihad and the person who makes all final decisions for anything religious or political. Over time, this and other features have translated into unwavering loyalty to Iran and extremely close preference alignment, which has been reaffirmed over nearly three decades. In addition to maintaining a system for monitoring the group's decision-making and activities closely, Iran also has the ability to impose painful punishments on the group due to Hizballah's lack of other substantial sources for necessary resources. Altogether then, the result is firm Iranian control over Hizballah and an ability to rely on the group to act in accordance with Iranian wishes. It is this reliability that leads

¹⁹³ Qassem, p. 398.

¹⁹⁴ Saad-Ghorayed, pp. 189-190; Harik, p. 48.

¹⁹⁵ Harik, pp. 38-40.

¹⁹⁶ "Syrian troops leave Lebanese soil," *BBC News* (online), 26 April 2005.

Iran to turn to the group to carry out sensitive assignments¹⁹⁷ and that underlies Iran's willingness to provide Hizballah a full spectrum of support including highly risky resources.

Iran's Relationship with Hamas

Harakat al-Muqawamah al-Islamiyah (the Islamic Resistance Movement), known by its Arabic initials as Hamas, is a large Palestinian organization that was formed in the late 1980s, which gained a new role in Palestinian governance with its win at the ballot box in 2006 elections and subsequent takeover of power in the Gaza Strip. Hamas's terrorist wing, the Izz al-Din al-Qassam Brigade (or simply the Qassam Brigades), was officially announced in January 1992.¹⁹⁸ With as many as 15,000 fighters,¹⁹⁹ the Qassam Brigades mainly seeks to conduct operations against Israeli civilian and government targets. Some of its most notorious acts include the June 2001 suicide bombing of the Dolphinarium discotheque in Tel Aviv that left 21 dead and the bombing two months later of the Sbarro restaurant in Jerusalem that killed 18, including an American. By 2006, Hamas's terrorist attacks had produced as many as 589 fatalities and 2880 injuries.²⁰⁰

Hamas's relationship with Iran has gone through three main phases. In the initial phase, Hamas was resistant to forging ties with Iran, despite some Iranian efforts to that end. Iran's support to the group was minimal, if any, in this period. Beginning in 1990 though, Hamas demonstrated willingness to develop at least some modest collaborative ties with Iran. The alliance relationship subsequently forged was maintained throughout the 1990s and into the early 2000s but left Hamas with a great deal of independence. Iran provided funding, training, and some other basic support to the group in this period. The third stage of Hamas-Iranian ties began in 2004 and is marked by increasing Iranian influence over Hamas, which has become an Iranian surrogate. As we shall see, the growth of Iran's control over the group is the result of Hamas's increasing resource dependency on Iran and thus Iran's enhanced ability to issue painful punishments on the group. Iran's support for the group in this period has grown, both quantitatively and qualitatively.

To begin to understand these outcomes, it is important to recognize that unlike Hizballah, Iran had no direct role during Hamas's formative years when the group's core ideological precepts and underlying preferences were first established. This created opportunity for preference divergence to develop, particularly as the group adopted a core ideology and leadership cadre that did not mesh with Iran all that well. Hamas's founders Sheikh Ahmad Yassin and Dr. 'Abd al-Aziz al-Rantisi both were members of the Muslim Brotherhood in the Palestinian territories, which was well established in the territories, particularly in Gaza in the

¹⁹⁷ An example is the suicide car bombing attack on the AMIA Jewish Community Center building in Buenos Aires on 18 July 1994, which killed 85 and caused another 240 casualties—an attack that was similar to the attack on the Israeli embassy in Buenos Aires two years earlier, which the Argentine courts judged also had been carried out by Hizballah. A report more than 800-pages in length prepared by Argentine officials concluded that Hizballah's external operational infrastructure was deployed for the actual attack at the direction of top Iranian regime officials. The attack also received aid from the intelligence network that Iran maintained in Buenos Aires from its embassy and cultural mission. Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S.), "The report issued by the Argentinean Attorney General regarding the suicide bombing attack at the AMIA building," 30 August 2009.

¹⁹⁸ "HAMAS' Izz Al-Din Al Qassam Brigades – Training and Ideology: Special on Al-Jazeera," MEMRI TV Archives, Special Dispatch No. 2185, 12 January 2009.

¹⁹⁹ Marie Colvin, *Sunday Times* (London), 9 March 2008.

²⁰⁰ RAND Database of Worldwide Terrorism Incidents, <http://smapp.rand.org/rwtid/>, accessed on 31 July 2010.

1970s and 1980s.²⁰¹ The Brotherhood's primary focus on social welfare and other non-violent programs proved unsatisfying for these and other adherents though, especially as emotions grew following the Islamic Revolution in Iran and the Israel's 1982 invasion of Lebanon. The emergence of other armed groups also led some in the Brotherhood to question their own lack of involvement in military action to end the Israeli occupation.²⁰² The desire for action rather than the gradualist approach advocated by the Brotherhood finally exploded in 1987, as a simple traffic accident in the Occupied Territories devolved into volatile demonstrations and ultimately the start of the first *intifada* (uprising).²⁰³ Hamas subsequently announced its formation in early 1988 and conducted its first terrorist attack in December 1991 against an Israeli civilian residing on a settlement in Gaza, becoming an instant hit among the Palestinian people. The group gained popularity for its unwavering rejection of the State of Israel. Probably more important though, Hamas provided an alternative to the pervasive corruption in other Palestinian political organizations. Hamas's focus on providing aid and comfort on a social level to the Palestinian people in the West Bank and Gaza Strip won them vast support as well, particularly as they sought to ensure that Palestinians were receiving educational and medical services and other basic necessities consistently.

Hamas's ideology and goals were articulated in the group's "Islamic Covenant," a charter published in August 1988 that highlights the underlying differences between Hizballah and Iran. The charter notes the group's dedication to *jihad* to defeat occupation and Zionism and to rejoin all of historic Palestine under Islamic rule. Hamas defined its mission to conduct *jihad* broadly to include both military and non-military action, with the latter a clear nod to the Muslim Brotherhood-inspired goal of Islamicizing society and building the unity of Palestinian people through non-violent means. The group did not, however, adopt a view adhering to Khomeinism or its core principle of *velayat-e-faqih*. Hamas leader Yassin has identified fundamental differences between the two sides, noting, for example, that, "What the Iranians do is not precisely... the right model of an Islamic state."²⁰⁴

Although Iran was eager to build a relationship with the new organization, these sources of incompatibility led Hamas to rebuff these advances. For its part, Iran sought to widen its influence into Palestinian territories, especially as the United States was busy promoting an Israeli-Palestinian peace agreement following the first Gulf War. Iran's offer of financial support

²⁰¹ According to Tamimi, "[T]he West Bank had been part of Jordan, and therefore subject to the direct rule of the Hashemites, since the creation of Israel in 1948. The Ikhwan seemed to have entered into an undeclared pact with the Hashemite regime. In exchange for legal status, they apparently contributed to the maintenance of the stability of the Jordanian regime..." However, "many Palestinians saw the Hashemite regime as a lackey of the United States and a collaborator with Israel. So, while the Ikhwan of the West Bank had registered offices and functioned openly, they had difficulty attracting much popular support or sympathy." Azzam Tamimi, *HAMAS: A History from Within* (Northampton, MA: Olive Branch Press, 2007), p. 20.

²⁰² Ibid, p. 44.

²⁰³ Ibid, pp. 10-11.

²⁰⁴ Elie Rekhess, "Iran Cozies Up to HAMAS," *Jerusalem Post*, 23 December 1992. Briefly, the Sunni and Shi'a sects in Islam are the two major sub-groups in Islam. Their differences first emerged following the death of the Prophet Mohammad when adherents developed differing notions regarding who was the rightful successor to the Prophet. This debate about leadership in the Muslim world has continued since then. The Sunni and Shi'a also have developed some divergent religious practices and opinions over the centuries. Yet both share beliefs in the most basic tenets of Islam and many Muslims are not hypersensitive to sectarian differences, preferring instead to view one another simply as fellow Muslims.

was met with resistance, as Hamas viewed the Shi'a, non-Arab power with suspicion due to divergent preferences.²⁰⁵

A second phase of the relationship began in the early 1990s however, as Iran's ability to incentivize the group grew. This resulted as Hamas, like other Palestinian groups, struggled to deal with a spike in Israeli detentions and expulsions during the first *intifada*, which included Sheikh Yassin and other key leadership figures in Hamas by the early 1990s. Hamas subsequently established an external arm of the organization outside the Palestinian territories to ensure that similar arrests or losses in the future would not have the same degrading effect on the organization's functionality in the future. After Yassin's arrest, a dozen or so members of this external component took over leadership of the group, with founding members Khalid Mishal and Musa Mohammad Abu Marzuq most prominent among them, while Rantisi continued to guide the group based from Gaza. The group's external leadership focused mainly on raising funds, building new political relationships, and conducting propaganda-related activities. Its first main base was in Jordan, where Hamas found a state's leadership and local Muslim Brotherhood organization that were willing to help Hamas get re-established.²⁰⁶ Facing significant organizational challenges then, it was from this base that ties to external supporters including Iran were forged.

The actual onset of real movement towards collaboration between Hamas and Iran became apparent though once Hamas sent representatives to two Islamic conferences held in Tehran, first in 1990 and then again in 1991.²⁰⁷ By 1992 in fact, Abu Marzuq led a contingency to Tehran to seal a number of collaborative agreements with Iran's ruling regime. The two sides put their understanding on paper, probably reflecting Iran's recognition of the potential for Hamas to pursue interests different than those championed by Iran, and thus a need to highlight the conditionality of its support. The actual agreement that was inked had Iran promising to provide some support and Hamas agreeing not to seek a peace deal with Israel or accept a partial territorial settlement.²⁰⁸ Iran gained some capability to monitor Hamas in this period, as Hamas opened a political office or "embassy" in Tehran soon thereafter. Hamas also allowed some of its members to train in IRGC-supervised camps in Lebanon, Sudan, and Iran, where they received both military and ideological training.²⁰⁹

Iran's influence may have been diluted to some degree in this period because Iran also used Hizballah as an intermediary with Hamas. Hizballah dispersed funds and other aid, for example, and provided training and coordination assistance to Hamas.²¹⁰ These ties to Hizballah

²⁰⁵ Ehud Ya'ari, "Investing in Terror," *Jerusalem Report*, 25 April 1991.

²⁰⁶ Jordan seemed to have forged an undeclared agreement with the Muslim Brotherhood whereby in exchange for legal status in Jordan-controlled lands, the Brotherhood would protect the regime from potential threats including ideologies championed by other leading powers such as communism and Arab nationalism. Meantime, Jordan's leadership made a gentlemen's agreement with Hamas in this period that allowed them to operate from Jordan but not conduct operations from its western border. Eventually Jordan added the condition that Hamas was not allowed to claim responsibility for acts of violence or issue other statements about military activities inside Palestine from within their political base in Jordan. Tamimi, pp. 72-73, pp. 76-79.

²⁰⁷ Elie Rekhess, "The Terrorist Connection – Iran, the Islamic Jihad and HAMAS," *Justice*, Vol. 5, May 1995.

²⁰⁸ Rekhess 1992.

²⁰⁹ Ziad Abu-Amr, "Hamas: A Historical and Political Backgrounder," *Journal of Palestine Studies*, Vol. 22, No. 4 Summer 1993, p. 16; Rekhess 1995; Hassan Salamah in "Suicide Bomber: The Planning of the Bloodiest Suicide Bombing Campaign in Israel's History," *CBS's 60 Minutes*, 5 October 1997; and Nora Boustany, "Syrian-Backed Army Factions Hamper Lebanon's Attempt to Govern," *Washington Post*, 20 December 1994

²¹⁰ "Iran and Syria as Strategic Support for Palestinian Terrorism," A Report by the Israeli Defense Forces' Military Intelligence, September 2002, available at <http://www.intelligence.org.il/eng/>.

clearly had some effect as Hamas began adopting tactics that were common to Hizballah, including car bombs and suicide bombings.²¹¹ Hamas also incurred some costs from this arrangement, as some of its operatives were returning from training camps newly committed to Hizballah and its leadership more so than Hamas.²¹²

Despite these growing ties, underlying preference divergence led Hamas to remain cautious about how much assistance the group would accept from Iran or its intermediary Hizballah throughout the 1990s and early 2000s. According to reports, for instance, Hamas actually made a conscious decision to accept only a limited portion of its budgetary needs from Iran early on.²¹³ Iran's ability to incentivize the group was in turn limited as Hamas's annual operating budget in those years has been estimated at as much as \$90 million,²¹⁴ which was far less than estimates of the sum Iran provided each year.²¹⁵

Indeed, Hamas's desire to limit its reliance on Iran required that the group maintained access to other resource outlets. One source Hamas cultivated was other states. In addition to Jordan and Sudan, which allowed the group use of territory as previously mentioned,²¹⁶ some Gulf States were important benefactors to Hamas. Kuwait, for example, announced at an Arab summit in Baghdad in 1990 that it had provided Hamas with \$60 million in 1989.²¹⁷ Yemen also permitted the group to conduct political activities within the country and may have provided the group with financial assistance.²¹⁸

Syria though has been an ongoing and important state supporter of the group, sharing with the group a mutual rejection of the Israeli state. Syrian support for Hamas has included permitting the group to operate radio stations from its territory,²¹⁹ conduct some training in

²¹¹ Cited in Comments by Jonathan Schanzer of the Jewish Policy Center at a Conference entitled "Iran, Hezbollah, and Hamas: Tehran's War against the West by Proxy?" Center for Middle East Policy, Hudson Institute, 19 November 2008. Also see Ehud Ya'ari, "The Metamorphosis of HAMAS," *Jerusalem Report*, 14 January 1993. Iran's willingness to delegate to Hizballah in this manner provides further evidence of Iran's expectation that the group will act according to its wishes.

²¹² "How HAMAS-Hezbollah Rivalry is Terrorizing Israel," *Time*, 23 April 2001.

²¹³ Matthew Levitt, *HAMAS: Politics, Charity, and Terrorism in the Service of Jihad* (Washington, D.C.: Washington Institute for Near East Policy, 2006), pp. 173-174.

²¹⁴ *Ibid.*, p. 54.

²¹⁵ Katzman 2002.

²¹⁶ In 1989, Lt. Gen. Omar Hassan Bashir and other military officers gained power in a coup, bringing with them to the fore Hassan al-Turabi, one of the founders of the Islamist National Islamic Front (NIF). They proceeded to establish relationships with international terrorist groups, providing safehaven for establishing training camps and political bases and logistical aid such as access to travel documents, although travel to and from Sudan was easy given that Arabs were not required to procure a visa from the government. Sudan, which was added to the U.S. list of states that sponsor terrorism in 1994, also seemed in an alliance of sorts with Iran. According to press reporting, Iran's ambassador to Khartoum early on was Majid Kamal, a senior Iranian diplomat who was stationed in Beirut during the turbulent 1980s and is credited by U.S. officials with aiding in the effort to establish the Lebanese Hizballah. Activities in Sudan waned by the late 1990s under pressure from the international community, although some groups continued at least their political activities from Sudanese territory. "HAMAS Official Denies Group Has Quit Sudan," Reuters, 16 November 2003; R. Jeffrey Smith, "U.S. Review of Sudan Terrorist Link Gains Urgency," *Washington Post*, 27 June 1993; and Jane Perlez, "Sudan is Seen as Safe Base for Mideast Terror Groups," *New York Times*, 26 January 1992.

²¹⁷ Jean-Francois Legrain, "A Defining Moment: Palestinian Islamic Fundamentalism," in James Piscatori, ed., *Islamic Fundamentalisms and the Gulf Crisis* (Chicago: The Fundamentalism Project, 1991), p. 79.

²¹⁸ "Yemeni President on Intifada, Arab Relations, USS Cole, Internal Affairs," BBC Worldwide Monitoring, 6 September 2001.

²¹⁹ John Lichfield, "Who are HAMAS?" *Independent* (London), 6 March 1996.

Syrian territory, and operate Hamas -led camps in Lebanese territory controlled by Syria.²²⁰ Hamas's reliance on Syria grew, in fact, in the late 1990s once its relations with Jordan soured and the group's external political organization sought a new home.²²¹ But while Syrian regime leaders allowed Damascus to become Hamas's main base of operations, clear limits have always existed on Syria's willingness to help the group. Besides protecting its generic state interests, this is due in part to Syria's own past domestic problems with Sunni Islamists that threatened regime stability in 1970s and early 1980s. State leaders are thus reticent to allow Hamas or any other religious group to build organizationally within Syria or establish a strong, armed presence in the country.

Under Saddam Hussein's leadership, Iraq also supplied funds to the surviving families of suicide bombers in the Palestinian territories. While not direct allocations to Hamas, these outlays served as important income that supported Hamas operations.²²²

Hamas cultivated other outlets for cash and material resources besides states, however. Its most robust source of funding has been private contributions in Muslim and Western countries.²²³ Wealthy donors in various Persian Gulf states, for instance, reportedly made transfers that reach into the tens of millions of dollars range.²²⁴ Saudi individuals and private organizations have been especially prominent contributors.²²⁵ The financial spigot may have dropped off after the first Gulf War in the early 1990s though, as some in the Persian Gulf states questioned whether Hamas was a worthy recipient given the group's condemnation of foreign efforts to drive Saddam Hussein's military forces from Kuwait in the first Gulf War.²²⁶ But the relationship between Hamas and the Gulf nations was clearly improved by the time Sheikh Yassin was released from prison in 1997. In 1998, Yassin traveled to a number of countries over a period of four months, among them Saudi Arabia, Qatar, the United Arab Emirates, Yemen, and Kuwait,²²⁷ claiming that the tour was simply to promote his organization and not to raise funds. Media reports indicate, however, that the trip served as a huge financial boon for Hamas, netting large donations, possibly as much as hundreds of millions of dollars.²²⁸ This was

²²⁰ Reuven Ehrlich, "State-Sponsored Terrorism: Terrorism as a Preferred Instrument of Syrian Policy," International Policy Institute for Counter-Terrorism (ICT), 2002; and Israel Ministry of Foreign Affairs, "Iran and Syria as Strategic Support for Palestinian Terrorism," 30 September 2002, available at <http://www.mfa.gov.il/mfa/mfaarchive/>.

²²¹ In the summer of 1999, the Jordanian government finally forced Hamas out of its territory after a peace deal was signed with Israel and as the Palestinian Authority under Yasser Arafat's leadership inched towards making a deal with Israelis. Jordanians had been under pressure from the Palestinian Authority, Israel, and the United States to end its ties with Hamas.

²²² Levitt 2006, pp. 178-79

²²³ James Brooke and Elaine Sciolino, "Bread or Bullets: Money for HAMAS – A Special Report," *New York Times*, 16 August 1995.

²²⁴ Levitt 2006, p. 191. Despite post-2001 invigorated efforts by the Saudis to crackdown on terror finance in the kingdom, Council on Foreign Relations suggests this may constitute as much as 60% of Hamas's budget. Second Report of an Independent Task Force on Terrorist Finance Sponsored by the Council on Foreign Relations, *Update on the Global Campaign Against Terrorist Financing*, 15 June 2004.

²²⁵ Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S), *Large Sums of Money Transferred by Saudi Arabia to the Palestinians*, 29 September 2003.

²²⁶ To be fair, Hamas clearly sought to find a balance between the Kuwaitis' interests after Iraq's invasion of their country and the need to remain in line with Palestinian opinions on the street, which leaned heavily towards condemning foreign forces' efforts to repel Saddam Hussein's Iraqi forces from Kuwait. For more on Hamas's dilemma, see Legrain, pp. 75-79.

²²⁷ Other stops on the trip included Sudan, Iran, and Egypt.

²²⁸ "Yassin Raises US \$400 Million, Worries Palestinian Government," ArabicNews.com, 27 May 1998.

welcome news for Hamas, as the group had suffered from the emergence of the Palestinian Authority (PA) in 1994 given its mission under the 1993 Oslo to decrease violence in the Palestinian Territories including by attacking radical groups like Hamas's financial infrastructure. The timing was critical, as Hamas leaders had become increasingly resigned to the potential for a peace agreement between Israel and the Palestinian Authority under Yasir Arafat's leadership.²²⁹ Besides bolstering the group's capabilities, Yassin's tour thus allowed the spiritual leader to reclaim some of his authority over the organization.²³⁰

International charitable foundations also emerged as a key source of Hamas's income.²³¹ Foundations based in Europe such as Interpal and the al-Aqsa International Foundation, for instance, have been cited for providing as much as \$25 million to \$30 million a year for the group.²³² A U.S. federal indictment also alleges that the now-defunct Holy Land Foundation for Relief and Development raised \$57 million from American soil for Hamas's operations in the Middle East between 1992 and 2001.²³³ In addition, Hamas has collected funding from its various businesses in Palestinian controlled areas and from small individual donations in Muslim countries and in the West. This includes *zakat*, the 2.5 percent of earnings Muslims are supposed to contribute to charity, which is collected directly in mosques or other sites. Hamas also solicits for contributions on its websites, calling on supporters to donate to those fighting to protect "the honor of the Islamic nation."²³⁴ Documents acquired by Israeli forces during operations in the West Bank suggest, however, that individual donations constitute a smaller percentage of Hamas income in comparison to what is collected by organized charities.²³⁵

All of these different sources of income provided Hamas with the ability to sustain a large organization and acquire necessary resources to support its operations, including weapons acquired through black market sources or produced in Hamas-run factories in the territories.²³⁶ Alternative income sources also enabled Hamas to avoid growing too dependent on any one state, all of which limited the amount of leverage Iran held over Hamas. Mindful of this, Iran allocated at least some of its support to the group on a pay-for-performance scale, specifically offering funding and other support in return for desired results.²³⁷

Yet Iran's relationship with Iran entered a third phase in 2004 amid a series of setbacks for the group. One problem resulted from Israel's assassination of top Hamas leaders Yassin and

²²⁹ Katzman 2002.

²³⁰ While Yassin was in prison between 1989-1997, the external component of the organization, which was more radical than its counterparts "inside" the territories, had gained greater power. Yassin was able to regain power following his release, putting more power in the hands of moderates inside the territories. "HAMAS Divided Against Itself," ME Intelligence Bulletin, June 1999. Cited in Aaron Mannes, "Dangerous Liaisons: HAMAS after the Assassination of Yassin," Middle East Intelligence Bulletin, Vol. 6, No. 4, April 2004.

²³¹ Ibid, p. 145.

²³² Interpal is an organization that, according to the U.S. Government, served as a front for Hamas in London. His citation is from Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S.), *Interpal: Part I*, Special Information Bulletin, December 2004.

²³³ Hamas founding member Abu Marzuq traveled to the United States in 1974 for his graduate studies, and during that time, he participated in the establishment of the Islamic Association for Palestine and the United Association of Studies and Research, which became forerunners for Hamas's fundraising networks in the United States. Aaron Mannes, *Profiles in Terror* (Lanham, MD: Rowman & Littlefield Publishers, 2004), p. 122.

²³⁴ Israeli Defense Forces (IDF), "HAMAS Is Conducting A Global Search For Financing for Terrorism Activities," 29 November 2002, available at <<http://www.imra.org.il/>>.

²³⁵ Levitt 2006, p. 145.

²³⁶ "HAMAS' Izz Al-Din Al Qassam Brigades – Training and Ideology: Special on Al-Jazeera," MEMRI TV, 12 January 2009.

²³⁷ Levitt 2006, pp. 172-173.

Rantisi. Their absence created important challenges for the organization, as their replacements possessed neither the charisma nor ties to outside donors that were held by the former leaders.²³⁸ The new leaders also were faced with the reality of Israeli willingness to engage in assassination and other potentially devastating operational tactics to diminish Hamas's potency. Another problem resulted from the loss of compensation for suicide bombers that Saddam Hussein had provided before Operation Iraqi Freedom in 2003.²³⁹ In addition, many of the group's overseas income sources were imperiled by the heightened scrutiny of counterterrorism policies that followed the 9/11 attacks.²⁴⁰ At the time, Israeli government estimates suggested that Hamas was receiving only a few million dollars in direct aid from Iran along with training.²⁴¹

Faced with these problems, Hamas's leadership based in Damascus sought to build stronger ties to Iran.²⁴² These leaders were successful in gaining an immediate agreement for renewed financial and operational support that would flow through Hizballah.²⁴³

Soon though, Hamas's unexpected win in the 2006 Legislative Council election produced new stresses that has led to growing dependence on Iran. Iran gained a far more significant ability to incentivize the group as Hamas faced critical new gaps in its resource requirements due to international sanctions and the international isolation that arose in 2007 when it took full control of the government in Gaza. Eager to help and gain new influence in the Palestinian territories, Iran promised \$250 million in aid for the Gaza government and other social sectors, although other Arab governments promised millions as well, according to Hamas's website²⁴⁴ And in February 2006, Hamas's spokesman in the West Bank Farhat Assad indicated that Iran "was prepared to cover the entire deficit in the Palestinian budget, and [to do so] continuously."²⁴⁵

²³⁸ Rantisi, a hardliner who refuses to accept any compromise with Israel, was chosen as Hamas's new Gaza-based leader in March 2004. He was assassinated the following month by Israel, however. Khalid Mishal remained the leader of the group's political wing in Syria.

²³⁹ Iraq was willing to provide as much as \$25,000 to terrorist operatives' families. This money was reportedly disbursed to members of any group through terrorist groups that were longtime direct recipients of Iraqi state support [e.g. the Arab Liberation Front (ALF) and the Palestinian Liberation Front (PLF)]. Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S.), *Iraqi Support for and Encouragement of Palestinian Terrorism (Part I)*, Special Information Bulletin, August 2002; and Middle East Media Research Institute (MEMRI), "Palestinian Authority and Iraqi Media on Iraqi Support of the Intifada," Special Dispatch: Iraq/Jihad and Terrorism Studies, No. 415, 28 August 2002.

²⁴⁰ Matthew A. Levitt, "Iranian State Sponsorship of Terror: Threatening U.S. Security, Global Stability, and Regional Peace," Testimony at the Joint Hearing of the Committee on International Relations, Subcommittee on the Middle East and Central Asia, and the Subcommittee on International Terrorism and Nonproliferation, U.S. House of Representatives, 15 February 2005.

²⁴¹ Israeli Foreign Ministry, "The Financial Sources of the Hamas Terror Organization," 30 July 2003, available at <http://www.israel-mfa.gov.il/MFA/MFAArchive/>; Nicholas Blanford, "Report Claims Iran Running Beka'a Training Camp," *Daily Star* (Beirut), 13 August 2002; and Sean O'Neill, "Terror Training 'Run by Hardline Mullahs,'" *Daily Telegraph* (London), 12 August 2002.

²⁴² Besides the need to fulfill practical organizational requirements, this external arm of the organization was more willing to reach out to Iran than in the past, as they recognized that securing assistance would help them to successfully fill the leadership vacuum within the organization. Power in fact did shift back to the outside component of the organization after Yassin and Rantisi's deaths.

²⁴³ Mannes, "Dangerous Liaisons: HAMAS after the Assassination of Yassin," April 2004.

²⁴⁴ Intelligence and Terrorism Information Center, "HAMAS prime minister Ismail Haniya firmly positioned himself in the Iranian-Syrian axis during visits to Damascus and Tehran," 12 December 2006.

²⁴⁵ Cited in Mayrav Wurmser, "Hamas' Goals and Pan-Islamic Agenda," Strategic Briefing for the Henry Jackson Society, 20 September 2007, accessed from the Hudson Institute (online) on 29 August 2010.

Iran also sought to bolster Hamas's military capabilities. In early 2008, for instance, it was reported that hundreds of Hamas fighters were receiving training at IRGC facilities in Iran in weapons fabrication and other tactical concerns. Mainly through Hizballah, Iran also has provided assistance in building an infrastructure to gather intelligence and the capability to reliably smuggle weapons into the territories, teaching Hamas how to construct bunkers underground like those Hizballah used to its enormous benefit during the summer 2006 war with Israel, and helping with efforts to extend the range of Hamas rockets.²⁴⁶

Khalid Mishal, Hamas's top decision-maker, asserted during a 2009 interview that Iran's aid for the group is "not conditioned" or a subject of control over the group's policies,²⁴⁷ but it is clear that Hamas's growing reliance has provide Iran some new influence over the group's policies and statements. One example involves the negotiations with Israel over the release of Gilad Shalit, an Israeli soldier Hamas has held since June 2006. Shalit's continuing incarceration is apparently the result of a deal in which the Iranians offered \$50 million to Hamas in exchange for their holding firm on demands to secure his release.²⁴⁸ Hamas officials' statements also have taken a harsher tone, which likely reflects the organization's attempts to satisfy its major state supporter. For example, the chief of Hamas's political bureau Ismail Haniya, who was Sheikh Yassin's chief of staff, led a delegation to Tehran in December 2009 to meet with dignitaries including Supreme Leader Khamenei and President Ahmadinejad.²⁴⁹ In statements to the Iranian news agency IRNA and al-Jazeera television during the trip, Haniya—who is known as a pragmatist within the Palestinian ranks open to talks with Israel²⁵⁰—reinforced Hamas's intention to continue its armed struggle against Israel and unwillingness to settle for anything short of its goal to destroy Israel.²⁵¹ Similarly, Mishal led a delegation in late 2009 that went to Iran to meet with top figures, and during the visit he seemed to suggest that an Israeli attack on Iran might provoke Hamas retaliation.²⁵² He also makes a point of attending various ceremonies held by Hizballah in Lebanon and has written respectfully of Khomeini in recent years.²⁵³ Overall, in the judgment of one noted Israeli security expert, Hamas's near total dependence on Iran at this point has made the group into a very reliable surrogate.²⁵⁴

Hamas has moved closer to Iran due to this resource dependence, even though this may create problems for the group in the long run. These problems include losing popular support among Palestinians, as Hamas's nationalist agenda makes the group's long-term fortunes tied closely to maintaining strong backing in that constituency. Indeed, increasing ties to Iran already have led some to view Hamas as something other than an organic Palestinian movement. According to reports, for example, West Bank children have learned to shout "Shi'a!" to insult

²⁴⁶ Comments by Shmuel Bachar, Interdisciplinary Center at Herzliya at a Conference entitled "Iran, Hezbollah, and Hamas: Tehran's War against the West by Proxy?" Center for Middle East Policy, Hudson Institute, 19 November 2008.

²⁴⁷ Taghreed el-Khodary and Ethan Bronner, "Addressing U.S., Hamas Says It Grounded Rockets," *New York Times*, 4 May 2009.

²⁴⁸ Bachar 2008 cites reporting that, "the Supreme Leader of Iran, Khameneyi, sent emissaries to Damascus in order to see to it that the Shalit deal was thwarted."

²⁴⁹ Intelligence and Terrorism Information Center at the Center for Special Studies (C.S.S.), "Khaled Mashaal, Chief of HAMAS' political bureau, visit Tehran," 23 December 2009.

²⁵⁰ "Profile: Hamas PM Ismail Haniya," *BBC News*, 14 December 2006.

²⁵¹ Intelligence and Terrorism Information Center, "HAMAS prime minister Ismail Haniya firmly positioned himself in the Iranian-Syrian axis during visits to Damascus and Tehran," 12 December 2006.

²⁵² C.S.S., 23 December 2009.

²⁵³ Bachar 2008.

²⁵⁴ Interview conducted by author, Herzliya, Israel, 22 March 2011.

the organization; Hamas's political enemies in the territories also are referring to the group as an Iranian tool.²⁵⁵ However, Iran may view Hamas's legitimacy with the local population as an important source of its own indirect power in the region and thus may make accommodations to ensure Hamas does not alienate locals in any great numbers.

To sum up then, Hamas and Iran were allies for many years, collaborating based on some shared goals. Yet clearly a divergence existed in their core ideologies and broader set of goals and interests, which inhibited closer ties. For years, Hamas also maintained other robust sources of support besides Iran, which limited the leverage Iran could gain over Hamas's decision-making. Iran did maintain some ability to monitor Hamas in training camps and during leaders' visits with Iranian representatives, but this capability was relatively weak given that most of Hamas's political and military operations occur in territories outside those controlled by Iran or its primary surrogate Hizballah. Hamas, however, faced new challenges beginning in 2004 that have led to its growing resource dependence on Iran. Iran's control over Hamas subsequently increased in significant respects. While this does not mean that the two sides' preferences are perfectly aligned, Hamas has transformed from an Iranian ally into an important Iranian surrogate.

Iran's Relationship with the Palestinian Islamic Jihad (PIJ)

Harakat al-Jihad al-Islami al-Filastini, otherwise known as Palestinian Islamic Jihad (PIJ), is a Sunni Islamic terrorist group that began carrying out high-profile terrorist attacks in the late 1980s. PIJ, which emerged in 1987, has historically remained small with a total membership of less than one thousand.²⁵⁶ Unlike some other Palestinian terrorist groups, PIJ does not seek to participate in the political process in any way and instead focuses on advancing its agenda exclusively through violence, which is organized by its operational wing, al-Qods Brigades. And while PIJ has threatened to conduct attacks against U.S. and Arab targets, its attacks to date have been limited to Israeli targets. These attacks have caused as many as 189 deaths and 991 injuries,²⁵⁷ and include a March 1996 suicide bombing that killed 13 and injured dozens more at a Tel Aviv shopping mall and the March 2002 "Passover Massacre" that left 30 dead at the Park Hotel in Netanya, Israel.

PIJ's relationship with Iran has gone through two stages. In the first stage, PIJ was a strong Iranian surrogate. By the mid-1990s however, the strength of Iranian influence over the group weakened amid increased preference divergence and Iran's diminished ability to monitor the group's decision-making. As we shall see, these changes led to variations in Iran's outlays of support to the group, although PIJ remains highly dependent on Iranian resource allocations, which provides Iran some potent leverage for influencing the group. PIJ currently remains an Iranian surrogate, but a weaker one than in the past.

Preference alignment between PIJ and Iran was strong from the beginning. Even though Iran was not directly involved in PIJ's formation, this resulted as PIJ developed strong bonds of fidelity towards Iranian leadership and post-revolutionary Iranian ideology. Despite the Sunni-Shi'a divide separating the two, this sprang up among the group's main founders—Fathi Abd al-Aziz Shiqaqi, Bashir Musa, and 'Abd al-Aziz Odeh (or Awda)—who studied in Egypt in the

²⁵⁵ Schanzer 2008.

²⁵⁶ One published estimate indicates the group had a total of 2,000-4,000 members, supporters, and sympathizers, at least in its early years. Elie Rekhess, "Khomeinism in Gaza," *Jerusalem Post*, 11 January 1991.

²⁵⁷ These estimates are for the time period between 1989 and 2006. RAND Database of Worldwide Terrorism Incidents, <http://smapp.rand.org/rwtid/>, accessed on 31 July 2010.

1970s and were members of the Egyptian Muslim Brotherhood. Shiqaqi, who developed into the most identifiable figure associated with PIJ, was introduced to Sunni fundamentalist ideologies while attending Zaqaqiy University in Egypt, a recognized locus of Islamic radicalism in those days.²⁵⁸ Like the other future leaders of PIJ though, he eventually grew dissatisfied with the Muslim Brotherhood's gradualist, nonviolent ideology, especially its view that rectifying the Palestinian issue would be possible only once the greater Islamic world unites in common purpose. He instead sought a more forceful approach to national and international affairs, particularly on the heels of the spectacular success of revolutionaries in Iran in 1979. Shiqaqi and the others were expelled from Egypt in 1981 following the assassination of Anwar Sadat by other Islamic radicals, thus leading them to return to the Gaza Strip imbued with a new sense of purpose.

PIJ's deep connection with Iran emerged because Khomeinism became the fundamental pillars of the nascent PIJ's ideology, with the group's founders crediting Khomeini with demonstrating the competence to take power and actually institute *shari'ah*. They also viewed him as the first Muslim leader to understand the importance of the Palestinian issue in Islamic ideology. As one of several Palestinian factions of the Egyptian-born Islamic Jihad, PIJ subsequently became the first Sunni group to accept the concept of *velayat-e-faqih* and the corresponding notion that Khomeini is the appropriate leader of the Muslim struggle to reclaim its greatness in the modern world, even though Sunnis generally view the Shi'a as a heretical sect within Islam.

PIJ's slogan is "Islam, Jihad, and Palestine," meaning "Islam as the point of departure, *jihad* as the means, and Palestine as the object of liberation,"²⁵⁹ which reflects PIJ goals of igniting an Islamic revolution that will liberate the whole of Palestine and result in the destruction of Israel and elimination of all Western influence from the Middle East.²⁶⁰ Like Iran, PIJ viewed Israel and its supporters as not just enemies to the Palestinian people but also the enemies of all Muslims. Only by breaking the back of Israel can Muslims eliminate corrupt Arab regimes and Western influences that do not follow Islamic principles, which then will allow establishment of Islamic polities based on *shari'ah*.²⁶¹ PIJ thus joins Iran in the belief that the ills of Arab society never will be cured by focusing on internal reforms, as advocated by the Muslim Brotherhood. Their shared view is that only by waging war against Islam's enemies, first and foremost Israel, that desired changes in Muslim society will emerge. As a result, no political settlement with Israel is possible. As Shiqaqi said in 1995, "True peace means [the State of] Israel does not exist."²⁶²

PIJ also adopted other principles advanced by Khomeini and the Iranian revolutionaries. This includes the concept of martyrdom and self-sacrifice in the pursuit of *jihad*, which is deeply

²⁵⁸ Meir Litvak, "The Palestinian Islamic Jihad: Background Information," *Tel Aviv Notes*, No. 56, 28 November 2002.

²⁵⁹ Interview with Ramadan 'Abdallah Shallah, "The Movement of Islamic Jihad and the Oslo Process," *Journal of Palestine Studies*, Vol. 28, No. 4, Summer 1999.

²⁶⁰ *United States of America v. Sami Amin al-Arian, Ramadan Abdullah Shallah, Bashir Musa Mohammed Nafi, Sameeh Hommoudeh, Muhammed Tasir Hassan al-Khatib, Abd al-Aziz Awda, Ghassan Zayed Ballut, and Hatim Naji Fariz*, Case No. 8:03-CR-T, Indictment filed in the United States District Court, Middle District of Florida, Tampa Division, February 2003.

²⁶¹ In a 2009 interview, the current leader of the PIJ stated that the group does not believe it can impose *shari'ah*; rather the decision whether to adopt Islamic law ultimately would be left to the people. Scott Atran and Robert Axelrod, "Interview with Ramadan Shallah, Secretary General, Palestinian Islamic Jihad," *Perspectives on Terrorism*, Vol. 4, No. 2, May 2010.

²⁶² "Islamic Jihad Likely to Avenge its Slain Leader," *Washington Post*, 1 November 1995.

rooted in Shi'a symbolism and slogans that emerged during the revolution, and Khomeini's view regarding the fundamental need for Sunni and Shi'a to join together in a united front against Islam's enemies. In all, despite its Sunni heritage, PIJ independently adopted a core ideology and goals that matched closely with, and that imparted final authority to, Iran.

Iran and PIJ only began to forge a relationship once direct contact was established between PIJ leadership figures and IRGC and Hizballah forces in Lebanon, first in 1988 but then more meaningfully during mass exiles by Israel in 1992, which followed the deteriorating security situation in Israel. Ironically, this contact was again the product of Israeli deportations of large numbers of militants, among them PIJ leaders Shiqaqi and Odeh, in response to the start of the first *intifada*. To preserve their leadership over the group and their ability to survive future Israeli actions intended to disrupt organizational functionality, PIJ, like Hamas, subsequently reorganized itself into separate military and political units, with Shiqaqi overseeing the military unit from his new base in Lebanon.²⁶³ PIJ's resulting co-location with Hizballah and IRGC officials in Lebanon established a new strategic bridge to the Iranian regime and the foundation for collaborative ties. Soon after arriving in Lebanon, Shiqaqi traveled to Tehran and met Supreme Leader Khomeini; it was at this point that Iran began funneling support to the group.²⁶⁴

The timing of this budding relationship was fortuitous for both sides. Before then, Iran had been unsure about PIJ and other militant groups that had sprung up in the Levantine region but was eager to throw a wrench into Middle East peace negotiations and weaken Palestinian leader Yasser Arafat's position. For its part, PIJ was facing a crisis with its main leadership in exile and little operating budget left intact. The group, meanwhile, was unlikely to garner resources from within the Palestinian territories given its limited base of support, which in part reflected the absence of any robust PIJ social welfare component similar to those both Hizballah and Hamas established. In short, Shiqaqi's new operations in Lebanon allowed PIJ to regain its organizational footing and provided the space for both sides to build some trust.

For its part, Iran gained some control over the group due to its ability to incentivize and monitor. Indeed, Iran's support in the early 1990s included providing rhetorical inspiration to financing, conventional weapons, and logistical aid.²⁶⁵ Iran also helped the group to establish political offices in Beirut and Tehran and a base of military operations in southern Lebanon in 1988.²⁶⁶ This actually became PIJ's main operational center, although the group continued to rely on operational cells in the West Bank and Gaza Strip. In addition, Iran provided PIJ members with training, either through Hizballah or the IRGC in camps in Ba'albek or the Bekaa Valley of Lebanon, and probably also in Iran, which helped to further deepen shared preferences between the two sides.²⁶⁷

Iran's influence over PIJ became evident in this period, as PIJ clearly emulated organizational and tactical features embraced by Hizballah, Iran's original protégé.²⁶⁸ This included changes in the group's organizational structure, which from Iran's perspective were useful to increase the formal lines of decision-making within the group and ultimately Iran's ability to influence it. PIJ officials also were traveling frequently to Tehran for meetings with

²⁶³ Israeli Foreign Ministry, "The Islamic Jihad Movement," January 1995.

²⁶⁴ Charles Richards, "Intifada's gentle man of war," *Independent* (London), 15 December 1992

²⁶⁵ Cited in Israeli Foreign Ministry, "The Islamic Jihad Movement," January 1995; and "Iranian Support of Terrorism," International Institute for Counter-Terrorism (ICT), 25 April 1998.

²⁶⁶ Ehud Ya'ari, "A Holy War of Words," *Jerusalem Report*, 10 January 1991.

²⁶⁷ "Palestinian Group Small but Deadly," Associated Press, 5 June 2002; and "Iranian Support of Terrorism," 1998.

²⁶⁸ Rekhess 1995; and "Hizballah Claims to Train Radical Palestinian Groups," Paris AFP, 3 October 1997.

high-level regime officials.²⁶⁹ Shiqaqi did not try to hide the relationship. During an interview in April 1993, for instance, he admitted the group's ties with Iran but noting only that, "Iran gives us money and supports us."²⁷⁰

Shiqaqi did not quantify the extent of financial support Iran was providing,²⁷¹ but it is clear PIJ had little access to other sources of support besides Iran, which means Iran's ability to incentivize was strong. The group collected some income from contributions that were collected from the group's supporters located in the Palestinian territories, but that support was generally weak.²⁷² Again, this is unsurprising given that opinion polls have suggested the group maintains the support of just 4-5% of Palestinians.²⁷³ Some funds were collected overseas, including from in the United States through future PIJ leader Dr. Ramadan Abdallah Shallah and Sami al-Arian when the two were faculty members at the University of South Florida.²⁷⁴ Allegedly these efforts included soliciting money on their organizations' websites and at conferences they organized around the United States.²⁷⁵ However, U.S. government estimates suggest these sums over the course of many years were probably only in the hundreds of thousands of dollars, which amounts to a small portion of the group's estimated yearly operating budget.²⁷⁶ Iran's provision of funding and other support thus was most critical to PIJ and its ability to meet its organizational and operational needs.

But not everyone in PIJ was keen on the growing relationship with Iran, raising hints of division within the group and preference divergence between Iran and PIJ that would emerge later. Evidence of this sentiment emerged amid PIJ members' infighting, largely due to

²⁶⁹ See, for example, "Velayati meets Palestinian Islamic Jihad officials," *BBC Summary of World Broadcasts*, 5 August 1992; "Iran: Khamene'i briefed by Palestinian Islamic Jihad leader on PLO-Israel accord," *BBC Summary of World Broadcasts*, 8 October 1993; and Robert Fisk, "Islamic Jihad leader promises more bombs," *Independent* (London), 30 January 1995.

²⁷⁰ "Terrorism Inc: Islamic Jihad Founder Admits Funding by Iran," *Newsday*, 11 April 1993.

²⁷¹ But according to court documents that cite testimony by the U.S. State Department's counterterrorism coordinator which were filed by the grieving father of an American exchange student, this included approximately \$2 million annually at the time. *Stephen M. Flatrow v. The Islamic Republic of Iran, The Iranian Ministry of Information and Security, Ayatollah 'Ali Hoseini Khamene'i, 'Ali Akbar Hashemi-Rafsanjani, 'Ali Fallahian-Khuzestani, and John Does*; Indictment No. 97-396, United States District Court for the District of Columbia, Filed 11 March 1998.

²⁷² Yonah Alexander, *Palestinian Religious Terrorism: HAMAS and Islamic Jihad* (Ardsley, NY: Transnational Publishers, Inc., 2002), p. 35.

²⁷³ Litvak 2002.

²⁷⁴ Sami al-Arian is a Palestinian who had served as a professor of computer engineering at the University of South Florida since the mid-1980s. According to the U.S. Justice Department, which began an inquiry into the pair's activities once Shallah left the United States to assume the leadership of the PIJ in 1995. Judith Miller, "Traces of Terror: The Money Trail; A Professor's Activism Leads Investigators to Look into Possible Terrorism Links," *New York Times*, 23 July 2002.

²⁷⁵ These organizations included the Islamic Concern Project, also known as the Islamic Committee for Palestine (ICP). ICP's stated purpose was to promote charitable, cultural, and religious causes. However, the organization allegedly disseminated anti-Israeli literature that also glorified PIJ attacks, including at annual conventions across the United States that invited known radicals to speak such as Omar Abdel Rahman, the Egyptian "Blind Sheikh" who is currently imprisoned in the United States for his role in the first World Trade Center bombing. Another organization is the World and Islamic Studies Enterprise (WISE), which was billed as an academic think tank that would promote research programs and opportunities for graduate students. One of the first directors of WISE and an executive member of ICP was Khalil Shiqaqi, the brother of PIJ founding member Fathi Shiqaqi. Steve Emerson, *American Jihad: The Terrorists Living Among Us* (New York: Free Press, 2002), pp. 112, 117-118.

²⁷⁶ *United States of America v. Sami Amin al-Arian, et al.*, 2003.

allegations of missing or misused funds in the first half of the 1990s.²⁷⁷ According to information developed during a U.S. Justice Department investigation, Iran interceded in an attempt to address these problems, encouraging Shiqaqi and other members agree to certain reforms. It is not entirely clear exactly what those reforms were but a strong possibility is that Iran wanted PIJ to commit to producing frequent financial and expenditure reports. It appears Shiqaqi was willing to agree to this, ostensibly due to his very close ties to the Iranian regime. But while other PIJ members were fearful of alienating the Iranian regime, they wanted to tell the Iranians that issues regarding PIJ fund disbursements were “none of their business.”²⁷⁸ This highlights how tactical issues can be a source of preference divergence.

These problems within PIJ ranks and issues related to Iranian control became more important following the October 1995 assassination of group leader Shiqaqi by Israeli Mossad agents.²⁷⁹ Shiqaqi clearly was the most visible and charismatic figure in PIJ, so his loss was a serious organizational blow. His successor was Ramadan Abdallah Shallah who had been living in Florida for several years but returned to the Middle East in early 1996. Shallah, however, did not command the same influence as Shiqaqi among PIJ members. He also did not possess the deep connections to Iran and Hizballah that Shiqaqi had cultivated. To the contrary, he was one of the members wary of Iran exercising too much influence over the group, according to information collected by U.S. federal investigators. Shallah made his hesitancy about ties to Iran clear upon taking over the reins of the organization, noting in an interview that, “Our relationship with Iran, like our relationship with any other party, is subject to our concern for preserving our independence of decision making and our support for the central cause of our people and our nation, the Palestinian cause.”²⁸⁰ It appears the new leader was signaling his intention to ensure PIJ would become more independent from Iran. Overall then, this new preference divergence at the top of the group’s organizational structure diminished Iran’s confidence the group would act according to its wishes.

To that point, Shallah subsequently established himself in Syria rather than in Lebanon where Shiqaqi had been based, a move that not only provided Syria new influence over the PIJ but that also may have been a conscious effort to diminish Iranian oversight of the group’s decision-making. PIJ was still connected to Iran, such as through Ziyad Nakhala who became the deputy secretary-general when Shallah was appointed and who maintains very strong personal ties to Iran and the IRGC-QF after serving in Lebanon for years, some changes in the relationship between PIJ and Iran seemed to appear following Shallah’s ascension to power. Iran, for instance, instituted a policy of conditioning its support to the on PIJ on attack outcomes.²⁸¹ This included a promise of “bonus” payments in return for each successful bombing attack

²⁷⁷ Israeli media reports indicate that conflict arose between Shiqaqi followers and those closely aligned with his co-founder Odeh. The latter allege “severe organizational and political mistakes,” including that Shiqaqi had secret contacts with Yasser Arafat’s Palestinian Authority and had wasted PIJ funds. “Conflict may split Islamic Jihad,” *Jerusalem Post*, 7 June 1995.

²⁷⁸ According to information collected in the indictment, despite their displeasure with Iranian intervention in the group’s internal affairs, these members decided it as best to transmit their commitment to Iran as a “strategic partner.” These quotes are from the indictment, *United States of America v. Sami Amin al-Arian, et al.* 2003. See also Ely Karmon, “The U.S. Indictment of Palestinian Islamic Jihad Militants – The Iranian Connection,” ICT, 3 October 2003.

²⁷⁹ According to media reports, Shiqaqi was shot in Malta after just meeting with a senior Iranian official in Libya. Patrick Cockburn, “PLO helped Israel to kill Jihad leader, says Iran,” *Irish Times*, 7 December 1995.

²⁸⁰ Atran and Axelrod.

²⁸¹ “Sanctioning Iran: An Interview with U.S. Treasury Undersecretary Stuart Levey,” *inFocus Quarterly*, Summer 2007, available at <http://www.jewishpolicycenter.org/27/sanctioning-iran.com/>.

against Israeli targets.²⁸² For Iran, this conditionality may have served as an attempt to gain leverage to induce the group to behave as desired, now that senior group leadership's preferences were not as reliably aligned with Iran as previously.

Iran regained some degree of confidence in PIJ following the late 2000 start of the second *intifada*, which produced a heightened tempo of attacks and greater resource needs for PIJ. With more opportunities to prove their reliability to Iran, Iran eventually provided PIJ their own operating budget that included large cash disbursements,²⁸³ thus showing how some degree of trust was built up over time and how Iran's policy of rewarding the group for good behavior (and concomitantly threatening punishment involving cessation of support for bad behavior) proved effective for a group with few alternatives for resources. According to media reports, in fact, by 2002 Supreme Leader Khomeini told Shallah during a visit to Iran that the regime planned to increase the group's funding by 70 percent.²⁸⁴ Iran also promised to provide a wider array of weapons including rockets.²⁸⁵ Iran, meanwhile, grew to rely on PIJ leadership in Syria to act as a conduit to funnel money to support other terrorist groups as well.²⁸⁶

As we might expect though, amid these evolutions came efforts by Iran to shape PIJ's behavior. A Palestinian intelligence report acquired by Israeli authorities, for instance, describes a meeting with PIJ and other terrorist group representatives and the Iranian ambassador to Syria at the Iranian embassy in Damascus during which the ambassador "demanded" that PIJ begin conducting attacks without taking responsibility for these operations,²⁸⁷ probably to diminish the potential repercussions to Iran.

In essence then, PIJ remains a surrogate but preference divergence at the top of the group has inhibited stronger Iranian confidence in the group. This was exemplified in recent years, for instance, as Shallah has made statements trumpeting his group's loyalty to Iran, promising that PIJ would fight with Iran in response to any U.S. or Israeli attack.²⁸⁸ But at the same time, he has reasserted his view of the differences between his organization and Iran. In a 2009 interview, he agreed with Iran's "foreign policies, but not their internal politics." He also seemed to favor the Sunni outlook by highlighting its "more open" attitude.²⁸⁹ Under Shallah's leadership, PIJ thus continues to maintain important ties to Iran, but preference divergence remains a key factor. It is unsurprising then that Iran's support for the group also has continued to remain static for many years.

To sum up, PIJ was not created by Iran but from birth it was well aligned with Iran ideologically and politically. Once the two entities made contact from PIJ's new base in Lebanon in the late 1980s, Iran accumulated increasing influence over the group. PIJ, in fact, became largely dependent on Iran for its support and subject to moderately strong monitoring of its decision-making by Iranian and Hizballah forces in Lebanon and through ongoing meetings with

²⁸² Ze'ev Schiff, "The Islamic Jihad Receives Additional Payment from Iran for Each Attack," *Ha'aretz*, 31 July 1997.

²⁸³ Ibid; and Mannes, *Profiles in Terror*, 2004, pp. 200-201.

²⁸⁴ "Report: Iran to Boost Financial Aid to Islamic Jihad," *Al Bawaba News*, 8 June 2002; and "Iran Increases Islamic Jihad's Budget and Allocates Aid to Veteran Strugglers," *Al-Sharq Al-Awsat*, 8 June 2002.

²⁸⁵ "Israeli official says Iran behind Gaza violence, rocket attacks," *BBC Monitoring Middle East*, 22 May 2007.

²⁸⁶ Matthew Levitt, "The Palestinian Terrorist Presence in Syria," *Peacewatch*, No. 420, Washington Institute, 7 May 2003.

²⁸⁷ Matthew Levitt, "The Real Connection between Iran and Hamas," *Counterterrorism Blog*, 12 January 2009 (posted), accessed on 1 September 2010.

²⁸⁸ According to a *Persian Journal* report, cited in "Timeline of Palestinian Islamic Jihad Ties with Iran," The Israel Project, accessed 2 September 2010.

²⁸⁹ Atran and Axelrod.

key officials in Iran. In this period, PIJ was a well-aligned surrogate to Iran. Things changed, however, when PIJ founder and senior leader Shiqaqi was assassinated in 1995. Whereas Shiqaqi maintained very close ties with Iran, it has not been exactly the same experience under his replacement Abdullah Shallah. Shallah, who is based in Syria and thus away from the direct oversight of Iranian forces, has continued to cite differences between PIJ's interests and Iran's, which indicates the existence of a previously unidentified degree of preference divergence between the two sides. Iran responded by instituting checks such as incentives and financial accountability measures, which PIJ has apparently used to demonstrate its reliability and thus garner some more regularized benefits from its sponsor. Yet PIJ's support from Iran is not nearly as consequential as Iran's support to Hizballah and Hamas, for while PIJ remains an Iranian surrogate, it is a far weaker one now under Shallah's leadership. To some degree though, Iran probably remains interested in propping up PIJ to maintain some sort of alternative to Hamas in the Palestinian territories, especially should the relationship with Hamas sour.

Conclusion

This brief study of Iran's three main terrorist collaborators provides clear support for the theory of control between states and terrorist groups as sketched in Chapter Two. Iran maintains its closest relationship with Hizballah, and in turn provides the group its most risky allocations of support due to Hizballah's status as a strong surrogate. This reflects the deep control Iran maintains over the group, due largely to the very strong alignment of Hizballah and Iran's preferences; Iran's ability to take advantage of opportunities to influence group dynamics within Hizballah, both at Hizballah's birth and thereafter, to ensure that the group's decision-making accords with Iran's wishes; Hizballah's dependence on Iran as the main provider of the bulk of its resources; and, Iran's historic maintenance of a relatively strong monitoring capability that is embedded with Hizballah's decision-makers and operational forces.

Hamas, meanwhile, has become increasingly dependent on Iran in recent years, which has allowed Iran to gain a new level of control over Hamas. Earlier on in the relationship, preference divergence led Hamas to seek to limit its reliance on Iran. With many other sources of support, Iran's control was in fact limited. In the last several years however, Iran's ability to incentivize the group has trumped issues of preference divergence, making a Hamas change from an ally to a surrogate that is far more responsive to Iranian goals and wishes.

PIJ was a strong surrogate that initially received steady support from Iran. This was based in large part on shared preferences between the two, which were born from ideological and goal compatibility, PIJ's near total dependence on Iranian support, and some monitoring capabilities of the group's external leadership in Lebanon. The relationship changed, however, once new PIJ leadership with less enthusiasm than his predecessor for Iran's influence over the group took charge. Although PIJ remains highly dependent on Iranian support, this apparent cleavage in the preferences of the two sides, together with the fact that the group's current decision-making apparatus and operational base both retain some independence from Iranian oversight, has resulted in some decline in Iran's control over PIJ. PIJ is ultimately a weaker surrogate than Hizballah and the recipient of less risky forms of Iranian support.

In all then, Iran's relationships with these three terrorist groups conform to the key tenets of the theory presented in Chapter Two. The next chapter examines another set of relationships and highlights further support for the theory.

CHAPTER FOUR: PAKISTAN'S RELATIONSHIPS WITH TERRORIST GROUPS

Pakistan has relied on Islamic militants and tribal groups in conducting its foreign policy since partition in 1947. It was not until the 1980s, however, that the state began developing into a prolific state supporter of terrorist groups, although the U.S. Government has never formally designated Pakistan as one.²⁹⁰

Pakistan itself has been home to a variety of terrorist groups, among them some whom the state has forged supportive relationships.²⁹¹ Three Sunni Islamic groups—Lashkar-e-Tayyiba (LeT), Jaish-e-Mohammad (JeM) and Hizb-ul-Mujahideen (HM)—have been among the most consistent and robust recipients of Pakistan's support. Each of these groups shares important goals with Pakistan, most central among them a commitment to eliminating Indian influence from Kashmir and joining that Muslim-majority territory with Pakistan. In pursuit of these objectives, Pakistan's aid to LeT, JeM, and HM has included rhetorical, financial, intelligence, and training support in addition to use of territory for both non-operational and operational activities. But the support Pakistan has provided them has varied in important respects of the years, which means this chapter provides another opportunity to test the theoretical predictions identified in Chapter Two.

As a brief illustration of the variation in Pakistan's support for these groups, we find that LeT has been the recipient of a regular, robust, and increasingly risky stream of resources that includes significant funding and logistical support, training, use of territory for operational and non-operational purposes, and a variety of weaponry and other equipment, among them particularly lethal items not made available to any other group such as Strela air defense guns and heavy caliber machine guns. Over the years, Pakistan has provided some of the same categories of support to JeM and HM, but its allocations to these groups are often qualitatively less impressive than LeT's. For instance, Pakistan enabled LeT to open and run its own large training and operational base camp in Azad Kashmir, the Muslim-majority, self-governing

²⁹⁰ U.S. officials representing George H.W. Bush's Administration had voiced concerns about Pakistan's involvement with terrorist groups and at one point threatened to designate Pakistan as a state sponsor of terrorism. Yet Pakistan avoided this, denying any such ties and instead diverting blame to private individuals and unofficial political groups. This failure to designate probably reflects the strong relations developed between Pakistan and U.S. agencies such as the Central Intelligence Agency (CIA) during the Soviet-Afghan War in addition to the historic focus on India, not US targets, by terrorist groups with Pakistani state support.

²⁹¹ Besides terrorist groups directly supported by the state, Pakistan is home to other groups that take advantage of its weak internal policing capabilities and the vast ungoverned swathes of territory in the Federally Administered Tribal Areas (FATA) and the neighboring North West Frontier Province (NWFP). The NWFP is a province that at least technically is covered by the laws emanating from Islamabad. The FATA, which includes North and South Waziristan and a nearly 300-mile border with Afghanistan, is ruled almost exclusively by local tribal law, yet is still considered part of Pakistan, at least on paper. What influence Pakistan has in the semi-autonomous FATA is filtered through the governor of the NWFP and those political representatives he appoints. The paramilitary forces known as the Frontier Corps, which are ruled by Pakistan's Interior Ministry—not the Defense Ministry that oversees the regular military—serve as security authorities in the NWFP and FATA. Besides being under-equipped and under-trained, the Corps are largely comprised of ethnic Pashtuns, which can make them reticent to act against other Pashtuns. Pakistan's oversight and enforcement capabilities in the FATA are thus generally ineffective in FATA due to operational challenges, which provide groups considerable flexibility inside Pakistani territory. For recent developments on Pakistan's policing capabilities, see C. Christine Fair and Peter Chalk, *Fortifying Pakistan: The Role of U.S. Internal Security Assistance* (Washington, D.C.: United States Institute of Peace Press, 2006). For more on the FATA and NWFP, see Daniel Markey, "Securing Pakistan's Tribal Belt," Council on Foreign Relations Special Report No. 36, August 2008.

territory over which Pakistan maintains de facto jurisdiction. Pakistan apparently gifted the land for LeT to set up a vast headquarters set within Pakistan's mainland. By comparison, HM and JeM's training was provided mainly in camps run by the ISI in Afghanistan or Azad Kashmir. In addition, it was only recently that Pakistan provided JeM the land to build a more significant headquarters in Pakistan's mainland—interestingly, even though members of JeM were involved in attacks that targeted Pakistan's military leadership after 2002. Meanwhile, Pakistan's relationship with HM has been bumpy. It appears, in fact, that Pakistan has rescinded some of HM's support at times and that the spigot on Pakistan's allocations to the group has run rather dry in recent years. We must ask then, why has Pakistan's support for these groups been uneven in past years? Why, for instance, did Pakistan find it necessary to downgrade HM's support? Why has Pakistan continued to provide support to JeM when members of that group are suspected of links to high-profile attacks in Pakistan, including against Pakistan's then-President Pervez Musharraf in 2003? And why has LeT received more steady and substantial support than these other groups?

This chapter shows that answers to these questions are found in the theoretical predictions outlined in Chapter Two. To reiterate, I identified several factors in Chapter Two that make control rise and fall, specifically the degree of preference divergence between a terrorist group and a state supporter, the success of one side to incentivize the other, terrorists' ability to keep information and actions hidden from state scrutiny, and a state's capacity. Like Iran, Pakistan is a country with many structural problems, including a stagnant economy and exploding population, political and civilian institutions that lack competence, and widespread corruption; however, it does not possess a weak state capacity in the way that was true of a country such as pre-2001 Afghanistan. While this means that the latter factor is not a significant influence on the amount of control obtained, the level of Pakistan's control over the groups can be understood as the combined outcome of the other three factors.

As we shall see, Pakistan's strong support for LeT reflects the fact that Pakistan's control over LeT has remained the most robust and consistent of the three groups. This is the result of a strong compatibility between the group's core preferences and those of Pakistan's leadership, as well as Pakistan's significant capacity for incentivizing and monitoring the group. Together, these factors have made LeT a reasonably strong surrogate that Pakistan can count on to make decisions that align with Pakistan's goals and interests.

By comparison, since JeM's founding Pakistan has maintained significant control over the group's chief decision-maker and founder, Maulana Masood Azhar. Indeed, Pakistan was responsible for creating the group and bringing him to power. This created certain bonds of loyalty that, combined with JeM's deep and ongoing reliance on Pakistani support, has made Azhar willing to capitulate to Pakistani wishes, even though JeM's ideology and professed goals may conflict with them in meaningful ways. But while Azhar has been willing to concede influence to Pakistan, some more ideologically driven members of his group have not. This not only resulted in fractures within JeM's ranks, but it also led some members to act against the state itself. This not only shows the organizational costs that can arise from state control over a terrorist group, but also the potential limitations of top-down control within terrorist organizations in some cases.

Finally, we shall see that HM has served as an important surrogate for Pakistan over the years, especially because much of HM's membership base is drawn from the local Muslim population in Indian-controlled Kashmir Valley, which provides valuable connections to the local population and knowledge of the area where fighting is centered and thus makes the group

a highly desirable agent. Pakistan's control over HM has wavered at times over the years however, mainly due to issues involving preference divergence. Yet like JeM, HM's Pakistan-based leadership ultimately has succumbed to Pakistan's wishes, even when this has resulted in significant fissures within the organization. As we shall see, the main reason for this willingness to concede to Pakistan's influence is the state's ongoing ability to incentivize the group. Organizationally though, HM has paid a high price for this.

This chapter is organized into several sections. The first section offers an overview of Pakistan as a state supporter of terrorism, focusing specific attention on the historical development of this policy by state officials, Pakistan's goals and interests, and the chain of command within the government for decision-making related to cooperation with terrorist groups. The second section explores Pakistan's relationship with LeT, while the third and fourth sections focus on Pakistan's relationship with JeM and HM, respectively. The final section provides a summary of the findings.

Pakistan as a State Supporter of Terrorism

Pakistan's delegation to terrorist groups was born from the success of its collaborations with militants in the 1980s. This section begins by reviewing this historical background from which Pakistan's state support from terrorism emerged. It then identifies the main reasons support for terrorist groups developed into state policy. This is followed by a discussion of the core of decision-making within Pakistan's government for allocations of support to terrorist groups.

Historical Background

In modern times the single event most responsible for setting in motion Pakistan's current policy of providing support to terrorist groups was the Soviet invasion of neighboring Afghanistan in 1979. The invasion rocked Islamabad, not only by moving a potential adversary onto Pakistan's doorstep but also by causing a flood of hundreds of thousands of refugees into Pakistan. General Zia ul-Haq, the Army of Chief of Staff who rose to the helm of power by deposing Prime Minister Zulfikar Ali Bhutto on 5 July 1977,²⁹² did not cast the invasion in Cold War terms. Instead he referred to it as the start of a holy struggle between the righteous forces that sought to protect Islam and the godless forces of the communist Soviet Union.²⁹³ By identifying this nationalist struggle in religious terms, Zia thus appealed to Sunni Muslims both in and out of South Asia who then flocked to the region to defend Islam. Many of these mujahideen (holy warriors), then would later come to serve in terrorist organizations that operate in the region.

Pakistan developed close relationships with many future terrorist fighters in Peshawar, the provincial capital of the North West Frontier Province (NWFP) in Pakistan, which became known as the "heart of the Afghan resistance movement in exile."²⁹⁴ These ties were not just the result of co-location on Pakistan soil but also because Pakistan took an active role coordinating with the seven main groups of mujahideen, including by distributing the voluminous funding and other resources that originated mostly in U.S. and Saudi coffers. Zia had insisted that this foreign

²⁹² While Zia initially promised to return control of the government to democratically elected leaders within 90 days, he remained in power for a decade.

²⁹³ He continued to promote the Islamic nature of the struggle. At a meeting of foreign ministers from Islamic countries in early 1980, for example, stressed how this event was the "latest tragedy to befall the Muslim world," also pointing out Muslim's problems in Palestine and Kashmir. The speech is cited in S.A.M. Pasha, *Islam in Pakistan's Foreign Policy* (New Delhi: Global Media Publications, 2005), pp. 132-133.

²⁹⁴ Brigadier Mohammad Yousaf and Major Mark Adkin, *The Bear Trap: Afghanistan's Untold Story* (London: Leo Cooper, 1992) p. 38.

aid, which was designated to fight the Soviets, be provided to these resistance groups only through Pakistani government hands. This ensured that Pakistan would remain the identifiable patron and ultimate gatekeeper to groups on the ground.²⁹⁵

The mujahideen's success, which eventually culminated with the Soviet retreat from Afghanistan in 1989, emboldened Pakistan to try to leverage its ties to militants in new ways. Pakistan's support for terrorist groups appears to have begun in the mid-1980s, with aid flowing to domestic Sunni terrorists targeting Pakistan's Shi'a community. Though no significant sectarian strife had spilled over into violence prior to then, Pakistan's policy in the 1980s reflected its growing fear that the long shadow of the Islamic Revolution in Iran could cause Pakistan's Shi'a to become a source of instability at home. The most prominent Sunni group receiving Pakistani state support in this early period was Sipah-i-Sahaba Pakistan (SSP, Army of the Companions of the Prophet).²⁹⁶

Pakistan's interest in using terrorist groups to pursue foreign objectives emerged a few years later and was focused in two main directions. First, Pakistan sought to enhance efforts to destabilize India by building ties with anti-government groups operating in the Punjab in India.²⁹⁷ Second, Pakistan sought to reinvigorate efforts to gain a desirable settlement to its 50-year-old territorial dispute over Kashmir—often referred to as the unfinished business of partition. Pakistan's goal in Kashmir is to liberate Jammu and Kashmir, the only Indian state with a Muslim majority,²⁹⁸ and join that territory under Pakistani rule. Its contemporary efforts to achieve this goal began after the outbreak of a popular uprising in the Indian-administered territory in 1988. The absence of any quick success, however, soon led Pakistan to seek to ignite a longer-term campaign of terror.²⁹⁹

Pakistan's early support of terrorism was substantial. One report, for instance, suggests that Pakistan's material and financial aid to terrorist groups by the early 1990s was valued at \$3 million per month.³⁰⁰ As far as weapons, Pakistan had access to vast stockpiles of military goods that had been diverted from foreign suppliers' intended recipients in Afghanistan during the 1980s. Besides material support, Pakistan also provided training in dozens of camps throughout Azad Kashmir and Afghanistan, and allowed the use of territory, particularly in Azad Kashmir where groups established their main operating bases.³⁰¹

²⁹⁵ The sums that Pakistan had at its disposal in this era were vast. Between 1981 and 1988, for example, the United States alone committed more than \$7 billion in economic and military assistance for its newly important ally Pakistan and sent at least an additional \$2 billion in covert assistance specifically for the mujahideen. Mary Anne Weaver, *Pakistan: In the Shadow of Jihad and Afghanistan* (New York: Farrar, Straus and Giroux, 2002), p. 59.

²⁹⁶ Mariam Abou Zahab and Olivier Roy, *Islamist Networks: The Afghan-Pakistan Connection* (New York: Columbia University Press, 2004), p. 23.

²⁹⁷ Jasjit Singh, "Kashmir, Pakistan and the War by Terror," in Brenda J. Lutz and James M. Lutz, eds., *Global Terrorism: Volume III* (Thousand Oaks: Sage Publications, 2008), pp. 230-231.

²⁹⁸ Before turning to terrorist groups for this goal, Zia apparently hatched a plan dubbed "Operation Tupac" that was unsuccessful in its attempt to employ Pakistan's spy networks to achieve this goal. J. Saikia, "The ISI Reaches East," in Brenda J. Lutz and James M. Lutz, *Global Terrorism: Volume III* (Thousand Oaks: Sage Publications, 2008), p. 214.

²⁹⁹ For more on Kashmiris' adoption of the viewpoint of jihad, along with that of Pakistani jihadists, see Yoginder Sikand, "Changing Course of Kashmiri Struggle: From National Liberation to Islamist Jihad?" *Economic and Political Weekly*, Vol. 36, No. 3, 20-26 January 2001.

³⁰⁰ Radha Kumar, "Untying the Kashmir Knot," *World Policy Journal*, Spring 2002, p. 16. Some reports also suggest that Pakistani officials used their involvement in regional drug production and trafficking to support terrorist operations. Sean P. Winchell, "Pakistan's ISI: The Invisible Government," *International Journal of Intelligence and Counterintelligence*, Vol. 16, 2003, p. 380.

³⁰¹ Weaver, p. 206.

And Pakistan seems to have acted with little reticence, even though India eventually sent in hundreds of thousands of troops to face down what had become as many as 10,000 to 15,000 militants fighting in the region.³⁰² It is likely that Pakistan calculated its emergence as a nuclear power provided some cover to promote terrorism without fear of facing major repercussions from India.³⁰³ Pakistan also may have been emboldened by the relatively unsubstantial international pressure from outside the region over its ties to terrorist groups in the 1990s.

Pakistan's international realities changed in the next decade however, after the 9/11 attacks and the December 13th terrorist attack on India's Parliament while it was in session a few months later—an attack that some reporting suggests Pakistani authorities directed or at least helped Pakistani nationals from JeM to plan.³⁰⁴ While U.S. pressure on Pakistan to curtail its support for terrorism and join the U.S.-led Coalition's hunt for al-Qa'ida terrorists and top Taliban leaders was received hesitantly,³⁰⁵ Pakistan's President Musharraf soon acquiesced, probably out of fear for what refusal would mean for the country's security. Musharraf then delivered a dramatic address on Pakistani television on 12 January 2002 in which he stated that sectarian violence and extremism would no longer be tolerated and that a number of groups including LeT and JeM were now banned. He also arranged the detention of several hundred militants, including the leadership of LeT and JeM, although most, if not all, were released after limited time and detained in quite comfortable conditions, often in their own homes.³⁰⁶ Meeting with Indian leader Vajpayee in Islamabad though, Musharraf promised that he would “not permit any territory under Pakistan's control to be used to support terrorism in any manner.”³⁰⁷

Yet Pakistan's approach to fighting terrorism proved to be uneven and support for some groups continued. The government did orchestrate a meaningful crackdown on some, beginning with Pakistani sectarian terrorists. Apparently Musharraf was happy to put these groups down, as

³⁰² Kumar, p. 15.

³⁰³ Glenn Snyder has labeled this the “security-insecurity paradox”. This refers to the paradox that, while nuclear weapons can create the conditions for some level of security between two states that possess them, they also can create various incentives for low-intensity conflict up to a certain point. However, Pakistan's ascendance as a nuclear power did create cleavages with its former ally the United States and led to some U.S. sanctions. Yet Saudi Arabia continued to provide support to Pakistan after the end of the Soviet-Afghan War, which offset some of the sting of U.S. policies. Steve Coll, *Ghost Wars* (New York: The Penguin Press, 2004), p. 296.

³⁰⁴ Tensions grew between Pakistan and India after the attack on Parliament. India issued an ultimatum by the month's end, demanding that the nearly two-dozen terrorists be turned over to India and all militant incursions into India-controlled territory be stopped. Pakistan did not comply, and things became increasingly tense after militants attacked an Indian bus traveling on an Indian military base that was filled with mostly women and children. For more on this back and forth, see Srinath Raghavan, “A Coercive Triangle: India, Pakistan, the United States, and the Crisis of 2001-2002,” *Defence Studies*, Vol. 9, No. 2, June 2009. Also see Amir Mir, “Swelling Force of Extremism,” *The News on Sunday* (online), 22 March 2009; and Rohit Honawar, “Jaish-e-Mohammed,” IPCS Special Report, Institute of Peace and Conflict Studies, No. 4, November 2005, p. 5.

³⁰⁵ Pakistani-U.S. relations had cooled after Pakistan and India both conducted nuclear weapons tests in May 1998. The United States levied sanctions on both countries, however the sanctions on India were lifted the following year. This created discontent within the ranks of the Pakistani army and only intensified the Islamist vein ignited earlier under Zia. The relationship with the United States was already on the downswing after the August 1998 cruise missile attack on sites in Afghanistan meant to target Osama bin Laden in retribution for the African Embassy Bombings. These missile attacks ended up hitting two training camps that were operated by the ISI, killing some five ISI officers and injuring other attendees. Weaver, pp. 32-34.

³⁰⁶ Husain Haqqani, *Pakistan: Between Mosque and Military* (Washington, D.C.: Carnegie Endowment for International Peace, 2005), p. 303.

³⁰⁷ Steve Coll, “The Back Channel,” *New Yorker*, 2 March 2009.

this eliminated the murderous violence they sowed in Pakistan for nearly two decades.³⁰⁸ He was unwilling to publicly concede the right to provide at least moral and political support to the Kashmiri cause, however.³⁰⁹ And while Musharraf did undertake some cosmetic alterations to suggest to outsiders that such supportive ties were no longer acceptable including by curtailing cross-border activities for an unspecified period, it also appears that behind the scenes he was unwilling to stop the flow of more substantial forms of support to some of these groups.³¹⁰ Moreover, any temporary cessation of terrorist operations was apparently also done with the aim to restart action once international attention subsided.³¹¹ In essence then, Musharraf initiated a dual policy that focused on weeding out certain groups but continuing state support for those that were perceived as advancing Pakistani goals and interests but unlikely to generate meaningful opposition from the United States.

Musharraf left office in 2008, but it appears this policy laid the groundwork for continuing state support for terrorist groups. This would seem to account for reporting that suggests the terrorist infrastructure in Pakistan and Azad Kashmir are open for business and operating with renewed emphasis.³¹²

Regime Goals and Interests

Pakistan's support to terrorist groups is rooted in a mix of ideological, strategic, and domestic goals.

First, Pakistan has provided support to terrorist groups to pursue ideological goals, which are based in Sunni Islamic religious belief. Islam was the fundamental underpinning for creating Pakistan, a country that gained independent status following partition with India in 1947. But Islam gained new importance decades later under Zia, a devout Muslim with familial links to Pakistan's longstanding and influential religious party Jamaat-i-Islami (JI). Believing that the nation of Pakistan would fail without greater commitment to Islamic causes,³¹³ Zia argued that state officials are duty-bound not just to protect the country but also to actively promote the country's founding ideology. He thus led a variety of policies that were meant to advance Islamic causes,³¹⁴ which included funneling support to terrorist groups willing to fight for Islamic goals

³⁰⁸ Ashley J. Tellis, "Pakistan's Record on Terrorism: Conflicted Goals, Compromised Performance," *Washington Quarterly*, Vol. 31, No. 2, Spring 2008. Sectarian violence in Pakistan has claimed close to 5,000 in Pakistan since 1989. See "Sectarian Violence in Pakistan," South Asia Terrorism Portal, 2007, www.satp.org.

³⁰⁹ Cohen, 2004, p. 92.

³¹⁰ Reports emerged, for instance, suggesting ongoing activity at training camps. Members of India's national security community went farther, indicating that Pakistani assistance to groups operating along the Line of Control in Kashmir was continuing in an unfettered manner, perhaps reflecting Pakistani officials' thinking that being a partner to the United States in the Global War on Terror did not preclude continuation of its Kashmir policy. According to one international monitoring group's assessment, Pakistan had done little to match reality with his earlier pledges; any changes that had been enacted were deemed "cosmetic." James Rupert, "Pakistani Camps Active Despite Crackdown," *Irish Times*, 25 July 2005.

³¹¹ Haqqani, *Pakistan: Between Mosque and Military*, 2005, pp. 306-308; and Zahid Hussein, *Frontline Pakistan: The Struggle with Militant Islam* (New York: Columbia University Press, 2007), p. 53.

³¹² Coll, 2 March 2009; and "Pakistan Agency-sponsored Groups 'Carrying Out' India Terror Attacks – Ministry," BBC Worldwide Monitoring, 30 March 2008.

³¹³ Weaver, p. 61.

³¹⁴ Pakistan pursued many other policies besides support to terrorist groups in order to advance Islamic causes, such as the introduction of numerous commercial practices that adhered to Islamic law and traditions and proposals for social reforms such as to separate men and women in higher education and require women to wear veils in public. With the assistance of the military and the ISI, Zia also encouraged the growth of often-unregulated *madrassas* (religious schools), which mushroomed to number in the tens of thousands by the 1990s. In addition, he granted

that meshed with Pakistan's own objectives. Most important among those objectives was to ensure that Pakistan remained a strong, cohesive nation that incorporated all of South Asia's Sunni Muslim majority populations.

Second, Pakistan uses its supportive ties to terrorist groups to bolster its strategic goals and interests. Pakistan's main strategic goal historically has been to weaken India, which has remained its main adversary since partition. As part of its efforts in this regard, Pakistan has provided support to terrorist groups espousing religious and secessionist sentiments that might threaten India's integrity as a stable, secular state.³¹⁵ Part of Pakistan's calculation here is that terrorism may demoralize India and keep their military forces so busy that their policymakers ultimately conclude that continuing to maintain a hold over the state of Jammu and Kashmir is untenable. Pakistan's desire to destabilize India in this way actually became more pronounced following the loss of East Pakistan in 1971, a devastating event that many in Pakistan believed India helped to manifest.³¹⁶

Pakistan also has provided support to anti-Indian terrorist groups with the hope that these violent campaigns will divert some Indian forces from any potential state-to-state engagements with Pakistan and thus offset Pakistan's real power disadvantage with India.³¹⁷ The incongruity of Pakistan's power with India weighs heavily on Pakistan's decision-makers, as India eclipses Pakistan in terms of population and economic and military power. In Kashmir alone, for example, past U.S. government estimates indicate that India maintained 400,000 troops, which is a force more than two-thirds the size of Pakistan's active army.³¹⁸ Pakistan, in turn, is unlikely to curtail its support to terrorist groups, as it "does not see any other means of persuading its larger and stronger neighbor to come to the negotiating table in good faith."³¹⁹

Also strategically, Pakistan's support to terrorist groups has focused on fostering regime change in a neighboring country in an effort to ensure that a friendly government emerges, thereby providing Pakistan strategic depth in the region. Indeed, this has underpinned Pakistan's support for militants operating in Afghanistan in recent decades.³²⁰

And third, Pakistani leaders have been motivated to provide aid to terrorist groups by the desire to make domestic political gains. Zia's pursuit of policies that sought to advance Islamic causes was not motivated solely by piety, for example. Instead Zia also saw the emphasis on Islam as a way to bolster efforts to build nationalism, including by displacing the colonial era influences and replacing them with a Pakistani identity and ideology rooted in Islam.

Islamic religious and political parties in the country new benefits including state patronage and diminished restrictions, and increased the open religious tone within the military. S.V.R. Nasr, "Islam, the State and the Rise of Sectarian Militancy in Pakistan," in Christophe Jaffrelot, ed., *Pakistan: Nationalism Without a Nation* (New York: Zed Books, 2002), p. 91; Pasha, pp. 156-157; and cited in Bidanda M. Chengappa, *Pakistan: Islamisation, Army and Foreign Policy* (New Delhi: A.P.H. Publishing Corporation, 2004), pp. 49-50.

³¹⁵ Shaun Gregory, "The ISI and the War on Terrorism," *Studies in Conflict & Terrorism*, Vol. 30, 2007, p. 1014.

³¹⁶ Indian analyst B. Raman indicates that the policy of providing support to anti-Indian groups emerged initially from the assessment in the 1950s made by the Pakistan intelligence community that this was an relatively inexpensive way to neutralize India's power advantage over Pakistan, specifically by keeping its military focused on domestic security affairs. According to Raman, the military leadership argued to civilian leaders that this policy provides the army with "two extra divisions at no cost." B. Raman, *A Terrorist State as a Frontline Ally* (New Delhi: Lancer Publishers & Distributors, 2002), pp. 5-6.

³¹⁷ Ashley Tellis refers to this as a policy of "strategic diversion." Tellis, p. 12.

³¹⁸ Jessica Stern, "Pakistan's Jihad Culture," *Foreign Affairs*, Vol. 79, No. 6, November-December 2000, pp. 115-116.

³¹⁹ Fair and Chalk, p. 4.

³²⁰ Pasha, pp. 142-143.

Furthermore, Zia recognized that such policies provided a way to enhance the legitimacy of his power and defuse potential sources of unrest—especially valuable benefits considering the unusual circumstances that brought him to power. Like other Pakistani leaders since then, Zia came to view relationships with Islamist groups as a path towards establishing common cause with various religious elements within Pakistani society and thereby consolidating power.³²¹ To be sure, many of the modern jihadist groups have strong ties to Islamic Sunni political parties in Pakistan—parties that could rally their supporters to destabilize the state. Pakistan’s policy of bolstering terrorist groups fighting India has thus been an important way to build some domestic support, as many within Pakistan’s general population but especially in these parties view the pursuit of such policies favorably. Similarly, not supporting religiously motivated terrorist groups can also be viewed as creating undesirable costs; Musharraf’s critics claim, for example, that he was often unwilling to take strong action against some groups for fear of alienating those on the religious right in his country.³²² As an added bonus, Pakistan’s support for religious organizations has served as a check on each one and secular groups, by diminishing the potential that any one element can gain enough power and autonomy to emerge as a threat to the status quo.

Chain of Command for Pakistan’s Terrorist Policies

Final decision-making authority on national security policy including state support for terrorist groups resides with the country’s top military officials. This section explores this source of decision-making authority in greater detail and spotlights the pathway through which Pakistani state support flows to individual terrorist groups.

Pakistan has fluctuated between military-run government and weak civilian rule since birth, but the country’s military leadership has never succumbed to civilian leadership and thus remains the locus for decision-making about state support for terrorist groups.³²³ The historic weakness of Pakistan’s civilian leadership is rooted in the nationalist movement led by the All-India Muslim League—the most prominent Muslim party in colonial India—which led the transition when Pakistan was founded. The largely secular Muslim League represented the interests of upper tier Muslims who had little desire to increase the inclusiveness of their party or those holding power at independence. Negligible progress was recorded thereafter in terms of democratization and viable representative government, which enabled the military to stifle the power of other elements of the governing structure, including the judiciary, legislature, and executive.³²⁴ This became more pronounced under overt military rule; Zia, for instance, was able to grab power from the civilian leadership and diminish rival centers of authority in other parts of the government using martial law and other tactics.³²⁵ Such patterns have continued since then. When he was Chief of Army Staff, Musharraf reportedly acted as the principal organizer of the

³²¹ Stephen Philip Cohen, *The Idea of Pakistan* (Washington, D.C.: Brookings Institution Press, 2004), p. 112; and Seyyed Vali Reza Nasr, *The Vanguard of the Islamic Revolution: The Jama’at-i Islami of Pakistan* (Berkeley: University of California Press, 1994), p. 201.

³²² Haqqani, *Pakistan: Between Mosque and Military*, 2005, p. 305.

³²³ Prime Minister Bhutto, for instance, hinted to reporters of the problems her civilian government faced in trying to deal with the problem of state supported militancy in the 1990s. Ibid, p. 298. See also Tellis, p. 13.

³²⁴ Sumit Ganguly, “Pakistan’s Never-Ending Story: Why the October Coup Was No Surprise,” *Foreign Affairs*, Vol. 79, No. 2, March-April 2000, p. 3.

³²⁵ See Omar Noman, “Pakistan and General Zia: Era and Legacy,” *Third World Quarterly*, Vol. 11, No. 1, January 1989.

1998-99 Kargil operations³²⁶ and failed to inform Prime Minister Nawaz Sharif of Pakistani military troops' involvement until already started.³²⁷ In all then, the military sees itself as the sole institution in Pakistan capable of both addressing the country's problems and providing an adequate defense of the country's territorial integrity.³²⁸ It thus continues to serve as the decisive force making policies for national security issues, including those involving terrorist groups.

Specifically though, it is the corps' commanders and the Chief of the Army Staff that lead the military and maintain fundamental power over state policy involving terrorist groups. Under Chief of Army Staff and later President Musharraf—who rose to become the public face of the Pakistani government in late 1999 following a military coup d'état that pushed Sharif's government from power—it often appeared that decision-making authority was exercised unilaterally. Yet in reality, Musharraf's moves reflected “consensus among the corps commanders of the Pakistan Army... hence, represent[ing] the preferences of Pakistan's military-dominated state.”³²⁹ The military, meanwhile, is well disciplined and bureaucratized,³³⁰ which suggests that decisions made at the top of the military command structure are likely to be broadly reflected in the policies delivered to those at the operational level.

The main conduit through which the military leadership's policies involving collaborative relationships with terrorist groups in Pakistan are carried out is the Inter-Services Intelligence (ISI) Directorate. The British established the ISI in 1948 to bolster the military's overseas intelligence collection capabilities and coordinate between the different branches of the armed services, thereby rectifying some of the problems that emerged during Pakistan's 1947 war with India. Over the years, the ISI has remained committed to its central role of serving the country's military leadership.³³¹ Its role has evolved over time though to include domestic political activities focused on ensuring order in the country and military rule. These activities have included monitoring opposition groups and harassing those seeking to build up civil society.

Organizationally, the Islamabad-based ISI is under the firm control of the Pakistani Army and has remained largely unaccountable to other sectors of government, particularly the civilian leadership.³³² This is due in part to its position under the military chain of command and its tradition of being led by Army professionals, including a director-general who is typically recruited from the senior ranks of the Army. The ISI also currently employs approximately 10,000 officers and staffers,³³³ more than 80 percent of which belong to the three services in the

³²⁶ The Kargil campaign was a covert operation in and near to the Kargil Mountains meant to move Pakistani forces into areas of Kashmir controlled by India that almost led to the outbreak of war with India. For discussion of various considerations related to the conflict, see Peter R. Lavoy, ed., *Asymmetric Warfare in South Asia: The Causes and Consequences of the Kargil Conflict* (New York: Cambridge University Press, 2009). C. Christine Fair also discusses the mistaken view that militants rather than Pakistani forces carried out the operation, at least initially, in Fair, in Lavoy, ed., pp. 231-257.

³²⁷ Stern, p. 118.

³²⁸ Cohen, 2004, p. 128.

³²⁹ Tellis, p. 12.

³³⁰ For an elaboration of various facets of the Pakistani Army, see Stephen P. Cohen, *The Pakistan Army* (Berkeley: University of California Press, 1984).

³³¹ Gregory, p. 1014.

³³² Despite the claims of some analysts, the ISI is not a rogue operation. While it is possible that some individual members of the organization have acted in a unilateral fashion over the years, overall the ISI follows orders as dispensed from the military's top leadership. For a perspective suggesting that the ISI acts in an independent fashion, see Ganguly, 2000, especially p. 4. For the alternative view, see Mark Sappenfield, “Pakistan said to play both sides on terror war,” *Christian Science Monitor*, 2 October 2006; and Anatol Lieven, “All Kayani's Men,” *National Interest Online*, 20 April 2010.

³³³ Jaideep Saikia, “The ISI Reaches East: Anatomy of a Conspiracy,” in Lutz and Lutz, p. 213.

military.³³⁴ Simply put then, the ISI has remained insulated from civilian control. In the late 1980s, for instance, Prime Minister Bhutto attempted to assert civilian control over the ISI, including by appointing military officers loyal to her to key posts in the agency and bolstering the role of other intelligence agencies. However, she was dismissed from her post at the request of the Chief of the Army Staff and replaced by Nawaz Sharif. Sharif, who rallied popular support for liberating Kashmir during the electoral campaign after the fall of Bhutto's government in August 1990,³³⁵ eventually agreed to leave the Army and the ISI to their own leadership.³³⁶

The ISI became enmeshed in Pakistani efforts to conduct covert warfare using irregular forces during the 1980s. Following the Soviet invasion of neighboring Afghanistan, the ISI became the primary conduit for hundreds of millions of dollars in cash and equipment provided primarily by the United States and Saudi Arabia for the mujahideen.³³⁷ One reason the ISI played such a pivotal role due to the leadership and vision of Lieutenant-General Akhtar Abdur Rehman, who Zia appointed in 1979. Another factor was that its budget was not under the control of any civilian authority, and thus the Army was able to exercise a free hand for deciding policy.³³⁸

Given the success of these operations against one of the world's top powers, Pakistan's leadership tapped the ISI to organize and provide assistance to terrorist groups in the region after the Soviet-Afghan War. This included separatist terrorist groups focused on attacking Kashmir and India, sectarian groups operating within Pakistan, in addition to other groups that altogether made the region an important hub in the ever-expanding international Islamist terrorist movement.³³⁹ The ISI's involvement with terrorist groups grew even more impressive; according to one estimate, by 2000 the ISI had trained more than 80,000 militants.³⁴⁰

With these facets of Pakistani state support duly established, the next sections turn to examining Pakistan's specific support for three powerful groups with longstanding ties to the state in order to develop understanding of how and why this support has varied over time. The first section explores Pakistan's relationship with LeT, an impressive organization with close ties to the state.

Pakistan's Relationship with Lashkar-e-Tayyiba

Lashkar-e-Tayyiba (LeT, Army of the Pure) is one of the largest Pakistani terrorist groups, with as many as several hundred or even several thousand core members.³⁴¹ Beginning its activities in the early 1990s although not formally announced until 1993,³⁴² LeT was created as the armed wing of the Sunni reformist social and political movement named Markaz Da'wa wal-Irshad

³³⁴ Zahid Hussain Islamabad, "Spy chief replaced amid 'double game' suspicions," *Times* (London), 1 October 2008.

³³⁵ Haqqani, *Pakistan: Between Mosque and Military*, 2005, p. 289.

³³⁶ Coll, 2004, pp. 191-192, 217.

³³⁷ Because Pakistan struck a deal whereby only the ISI was to have direct contact with the mujahideen fighting forces, the lack of oversight by the United States led to prolific skimming of arms and cash.

³³⁸ Pasha p. 165.

³³⁹ India and Pakistan have been locked in a dispute over which country should control Kashmir, a Muslim majority state, since the time of partition. India has maintained control over almost two-thirds of Kashmir and Pakistan has controlled most of the rest.

³⁴⁰ Winchell, p. 378.

³⁴¹ Rohan Gunaratna and Khuram Iqbal, *Pakistan: Terrorism Ground Zero* (London: Reaktion Books Ltd, 2011), pp. 157-158; . Sreehar and Sudhir Manish, *Jihadis in Jammu and Kashmir: A Portrait Gallery* (New Delhi: Sage Publications, 2003); and "Lashkar-e-Toiba," *South Asia Terrorism Portal*, accessed 24 January 2011.

³⁴² Gunaratna and Iqbal, p. 147.

(MDI, or Center for Religious Preaching and Guidance). The group began operating under the front name Jamaat-ud-Da'wa (JuD, Party of the Calling) in 2002 following the weak ban imposed by the Pakistani government amid unprecedented international pressure on the state to curtail its ties to terrorism. LeT subscribes to the Wahhabi-influenced Ahl-e-Hadith ultra-orthodox school of Islamic thought,³⁴³ which became a significant force in Pakistan over past decades as a result of the Saudis' lavish funding of Islamic charities and schools in the country.³⁴⁴ And while the United States did not designate LeT as a terrorist organization until October 2001, the group has conducted hundreds of attacks that have caused many thousands of mostly Hindu casualties in India and India-administered Kashmir since its inception.³⁴⁵ Its most well known attack was the assault on Mumbai in November 2008 that resulted in nearly 200 deaths, including several Americans.

Pakistan and LeT maintain a warm relationship in which Pakistan exerts robust control over the group and LeT regularly acts in ways that align with Islamabad's goals and interests. Specific operational ties between LeT and Pakistani authorities can be more nebulous,³⁴⁶ but some reporting suggests that LeT has followed orders directly from the ISI.³⁴⁷ These close ties and LeT's obedience has continued even after Pakistan forced its leader into home detention for months and curtailed some of the group's activities beginning in 2002. As one analysis suggests, Pakistan views LeT as its "finest contributor" and "most important, unconventional strategic arm."³⁴⁸ LeT's reliability, in turn, has led Pakistan to provide a consistent stream of support that includes allowing LeT and its parent organization MDI to maintain a stable base in Pakistan's mainland and in Pakistan-administered Azad Kashmir from which to conduct organizational and operational activities, in addition to robust allocations of other support including funding, training, arms, and intelligence.³⁴⁹ Besides providing LeT with the unusual privilege of being able to run big, exclusive camps in Muzaffarabad in Azad Kashmir beginning in the 1990s, it appears Pakistan also gave the group the land on which to build its sprawling base in the town of Murdike as a gift.³⁵⁰ In addition, in the mid-1990s Pakistan provided the group with weapons, including Strela air defense guns and heavy caliber machine guns, which have not been provided to any other Pakistan-supported groups—and which one Pakistani security expert suggests was a strong sign of Pakistan's unparalleled trust and confidence in the group.³⁵¹ As we shall see in the

³⁴³ Ahl-e-Hadith, Wahhabi, and Deobandi are examples of prominent Sunni strands of Islamic interpretation. Zia's rise to power brought the Deobandis to the forefront with prominent political patronage for their religious schools. The Wahhabi influence from Saudi Arabia, in the meantime, did not attract a large following in South Asia until more recent decades. Ahl-e-Hadith is the name for those South Asians who adhere to Wahhabi traditions and belief systems. They see themselves as reformists following in line with the Prophet and his contemporaries, railing against impurities in Islam, and vehemently opposed to Sufism and modern interpretations of Islam. Like other Salafi movements, they consider the Quran and the Sunnah as the only appropriate sources for guidance. Deobandis share their desire to establish an Islamic state, even if that requires using jihad against the ruling establishment.

³⁴⁴ Judith Miller, "Fundamentalist Islam At Large: A Cresting Wave," *Middle East Quarterly*, June 1996, p. 21.

³⁴⁵ Zahab and Roy, p. 40.

³⁴⁶ According to the *New York Times*, American and Indian intelligence officials believe that the 2008 Mumbai attacks conducted by forces linked to LeT were coordinated with Zarrar Shah, who also serves as one of LeT's main liaisons to the ISI. Schmitt, et al., 7 December 2008.

³⁴⁷ South Asia Terrorism Portal, "Laskhar-e-Toiba," www.satp.org, accessed 4 February 2011.

³⁴⁸ Syed Saleem Shahzad, "Pakistan Groups Banned But Not Bowed," *Hong Kong Asia Times* (online), 17 December 2008.

³⁴⁹ Eric Schmitt, Mark Mazzetti and Jane Perlez, "Pakistan's Spies Aided Group Tied to Mumbai Siege," *New York Times*, 7 December 2008.

³⁵⁰ Interview conducted by author, London, UK, 26 March 2011.

³⁵¹ Ibid.

following discussion, Pakistan's control over the group is rooted in the strong alignment of preferences between the two sides and Pakistan's generally robust ability to incentivize and monitor LeT.

The most fundamental roots of Pakistan's strong control over LeT are found in the close congruity of goals between LeT and Pakistan's military leadership, and thus the limited degree of preference divergence between the two sides, at least in the near to medium term. As noted above, LeT was the outgrowth of the MDI, a fundamentalist religious organization established in 1986 by Hafiz Mohammad Saeed and some of his professorial colleagues at the Engineering University in Lahore. These men created MDI independently of Pakistan with support from Abdullah Azzam—the prominent Palestinian figure from the ranks of the Muslim Brotherhood who maintained close ties to Osama Bin Laden during the war with the Soviets in Afghanistan—and possibly Bin Laden himself.³⁵² MDI's founders envisioned their organization as a movement dedicated to religious preaching that would work towards two goals: building a pious Sunni Islamic community untainted by external influences and generating a steady stream of recruits for waging jihad. Members of the organization soon began providing assistance to the mujahideen fighting in Afghanistan, and some members of MDI may have served as fighters themselves.³⁵³ For Saeed, this progression into armed activity was a natural move given his belief that observant Muslims are duty-bound to take up arms in the fight against infidels.³⁵⁴ It should be unsurprising then that Saeed went on to create LeT as MDI's permanent armed wing in 1990 once the war against the Soviets ended.

The new LeT organization adopted a primary goal set that is largely consistent with Pakistan's—a result that was probably due at least in part to Pakistan's influence during the group's early development. Indeed, Saeed birthed LeT to fight Mohammad Najibullah's regime in Afghanistan, but the ISI took early note of the group and determined that it demonstrated potential as an anti-Indian force. They were also impressed with the group because it lacked interest in local politics within Pakistan. Once the Taliban took control of Kabul in 1992, the ISI thus actually sought to redirect the movement's energies towards anti-Indian militant activities in Kashmir.³⁵⁵ As desired by Pakistan, LeT shifted its attention to conducting attacks to undermine Indian rule, particularly in Jammu and Kashmir.³⁵⁶

This actually fit with the group's more general ideas about jihad, which focus on the need to defend Muslim states and liberate Muslim territories under non-Muslim occupation.³⁵⁷ In LeT's view, defeating India in Kashmir became the first step to liberating Indian-controlled territories with Muslim majorities.³⁵⁸ Saeed expressed this to supporters, saying that, "We will not rest until the whole of India is dissolved into Pakistan."³⁵⁹ While Pakistan does not seek to embroil itself in a costly war, this animosity towards India is obviously shared by Pakistan's

³⁵² Bin Laden reportedly provided funding for the construction of a mosque and guesthouse at the Murdike campus. Ryan Clarke, "Lashkar-i-Taiba: Roots, Logistics, Partnerships, and the Fallacy of Subservient Proxies," *Terrorism and Political Violence*, Vol. 22, No. 3, July-September 2010, p. 395.

³⁵³ Hussein, p. 53.

³⁵⁴ Ibid.

³⁵⁵ John Wilson, "Lashkar-e-Toiba: New Threats Posed by an Old Organization," *Terrorism Monitor* 3, No. 4, 24 February 2005.

³⁵⁶ One writer indicates that a member of JuD's senior leadership in 2009 confirmed this "India-first" approach. Stephen Tankel, "Lashkar-i-Tayyiba: One Year After Mumbai," *CTC Sentinel*, Vol. 2, No. 11, November 2009.

³⁵⁷ Husain Haqqani, "The Ideologies of South Asian Jihadi Groups," Hudson Institute (online), pp. 24-25.

³⁵⁸ Sanjay Jha, "Delhi Blasts, Terror Networks, and India's Internal Security," *Strategic Analysis*, Vol. 29, No. 4, 2005.

³⁵⁹ Cited in Sikand, p. 226.

leadership. The two sides thus found a basis for cooperation, which actually began in the 1990s with aid to LeT fighters in the mountainous areas of Azad Kashmir near the Line of Control wherefrom the group launched its attacks against Indian security forces and civilian targets.³⁶⁰

LeT does, however, maintain some beliefs and goals that could be a significant source of preference divergence with Pakistan. This includes the group's deep-seated animosity towards non-Muslims, particularly Jews who LeT and its parent organization claim as "enemies of Islam."³⁶¹ This could, for instance, inspire the group to conduct attacks against targets that might create undesirable blowback for Pakistan. LeT also does not embrace the notion of Pakistani nationalism or democratic principles, instead seeking to establish a conservative Muslim society ruled in the strictest sense by *shari'ah*. In theory, this too could lead the group to seek to disrupt domestic affairs within Pakistan using violence.

But these differences have not created critical cleavages with Pakistan, due in large part to the organizations' dedication to non-violent means for achieving its desired social and political transformations of Pakistani society. MDI and LeT advocate a non-violent long-term campaign to educate Muslims, arguing that this is what will lead to social purification, which is necessary to unite Muslims, acquire true political power, and ultimately reassert Islam's past glory.³⁶² This means that these organizations do not advocate open rebellion against the government, and in fact have avoided involvement in sectarian or any sort of domestic violence. Saeed made this clear in 1999, stating that, "We don't meddle in the government's affairs and focus our attention on jihad."³⁶³ In all, this long-term focus on gaining political power peacefully within Pakistan rather than using violence to express grievances directed at Pakistan creates the groundwork for a strong common agenda. It is likely that this also makes LeT and MDI reticent to stray from Pakistani edicts that could cause Pakistan to limit their ability to pursue this social agenda within Pakistan.³⁶⁴

Other factors have contributed to Pakistan's ability to exert meaningful control over LeT beginning in the 1990s. For one, early on LeT established an organizational structure that helps to ensure that members follow the orders of central decision-makers, who are mindful of Pakistan's wishes and redlines. The vertical structure LeT adopted—which is linked closely to MDI—consists of Saeed as the supreme commander, followed by other deputies and departmental level chiefs. Akin to a military hierarchy, the group also maintains commanders who are spread throughout different territorial areas as well as district commanders who rule at lower levels.³⁶⁵

Furthermore, Pakistan has been able to affect LeT operational preferences by providing the group military training since its inception. This training originally occurred in Afghanistan, but in 1992 the ISI opened new camps in the NWFP and in Pakistan-controlled Kashmir.³⁶⁶ As noted, the ISI later provided training in large, exclusive camps that LeT was permitted to run in

³⁶⁰ Clarke, p. 399.

³⁶¹ Hussein, p. 58.

³⁶² Saeed Shafiqat, "From Official Islam to Islamism: The Rise of Dawat-ul-Irshad and Lashkar-e-Taiba," in Christophe Jaffrelot, ed., *Pakistan: Nationalism Without a Nation* (New York: Zed Books, 2002), pp. 142-143.

³⁶³ *The News* (Islamabad, online), 2 November 1999.

³⁶⁴ LeT actually has clashed with anti-Pakistani groups over the years. See Gunaratna and Iqbal, p. 60.

³⁶⁵ South Asia Terrorism Portal, "Lashkar-e-Toiba," www.satp.org, accessed 4 February 2011.

³⁶⁶ Hussein, p. 55. LeT camps have provided training to thousands including foreigners, but this training did not by itself secure one's place within the group. LeT relied on further evaluation and instruction before accepting individuals into the group's ranks.

Azad Kashmir.³⁶⁷ As a result of this instruction, LeT adopted operational tactics that are heavily influenced by Pakistani Army tactics and that combine Pakistan's desired levels of moderation and effectiveness. The result has been attacks that consistently overcome Indian defenses and provide results that are amenable to Pakistan's goals and interests.

Beyond the compatibility of the two sides' preferences that results from the aforementioned factors, Pakistan's willingness to allow LeT to base their activities in Pakistan and Azad Kashmir has provided state authorities with a strong capacity to monitor the group. Pakistan has robust monitoring capabilities in Azad Kashmir, for instance, where a significant contingent of ISI and Pakistani Army troops are stationed. The same is true of MDI's main headquarters in Muridke near Lahore, where the organization maintains a vast 200-acre compound that includes a university, other schools, medical facilities, a farm and workshops. Indeed, ISI officials reportedly visit this site and other smaller group offices spread across Pakistan with some regularity.³⁶⁸

Pakistan's strong control also is directly related to its strong capacity to incentivize MDI and LeT. Unlike some other terrorist organizations operating in the region, LeT is fundamentally a local organization with Pakistan-centered goals and a core interest in maintaining popular standing in that society. Pakistanis also comprise the vast majority of LeT's cadre and MDI's congregation, which totals as many as 100,000.³⁶⁹ Together, this means that the group requires the ability to operate within Pakistan, not just as a base for preparing for terrorist activity, but also to carry out its social agenda, raise funds, and recruit new members. Indeed, it relies on its hundreds of recruitment centers and offices—estimates of the number of these sites vary from 500 to 2,000³⁷⁰—in sites that include Islamabad, Rawalpindi, Karachi, and Quetta. All of this, in turn, provides Pakistan important leverage in that MDI and LeT noncompliance with Pakistani wishes could provoke the state to withdraw its permission for continued use of territory. Thus, even though LeT signed on as a member of the International Islamic Front for Jihad Against the Crusaders and the Jewish People that Bin Laden announced in 1998 and clearly maintains an ideology that includes some long-term, international goals, it would seem that this calculus has led the group to avoid acts that might upset state officials' willingness to base their activities in Pakistani-held territory or damage its popularity and standing within the country.

Pakistan is able to further incentivize MDI and LeT given its role as one of the group's main providers of material support.³⁷¹ Besides funding attacks, allowing acquisition of arms and equipment, and paying for the organization's social welfare infrastructure, this support has provided key funding to pay salaries of members and to grant assistance to the families of members who die as martyrs. It is unclear, however, exactly what percentage of the organizations' resource base has come from Pakistan. These organizations do garner income from other sources, including collection boxes established throughout Pakistan, donations made at its yearly gathering in Murdike, and various Pakistan-based commercial interests.³⁷² LeT and MDI also have collected revenue from overseas networks, prominent among them Saudi and

³⁶⁷ Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

³⁶⁸ Ibid.

³⁶⁹ "Profile: Lashkar-e-Toiba," British Broadcasting Corporation (online), accessed 4 February 2011; and Zahab and Roy, p. 36.

³⁷⁰ Sikand, p. 223.

³⁷¹ "Lashkar-e-Toiba," South Asia Terrorism Portal, accessed 24 January 2011.

³⁷² Mohammad Shehzad, "Banned LET collects Millions in Charity, Hides," *South Asia Tribune*, 23-29 March 2003; Zahab and Roy, p. 35; and Naeem Tahir, "Punjab government funding Jamaat-ud-Dawa," *Lahore Daily Times* (online), 26 June 2010.

other Middle East donors³⁷³ as well as Muslim contributors in the West.³⁷⁴ Despite the ambiguity, Pakistan's support has remained crucial for the organization's survival and maintenance of its rather broad infrastructure,³⁷⁵ and thus provides Pakistan important influence.

In all then, several factors explain how Pakistan has maintained robust control over LeT. LeT emerged as a reliable surrogate for Pakistan from the start due to the overlap of goals and resulting compatibility of preferences between the two sides. Particularly important is LeT's focus on a gradualist program to remake Pakistani society, as this makes the group reticent to carry out acts of domestic violence, which is an important factor that draws the group's preferences closer to Pakistan's. Combined with Pakistan's strong capacity to incentivize LeT and its parent organization and ability to monitor the group, Pakistan has been able to assert firm control over LeT and consequently can rely on the group to act in accordance with its wishes. It is this reliability that causes LeT to favor the group and provide LeT with a broad and qualitatively superior range of support than other groups.

Pakistan's Relationship with Jaish-e-Mohammad

Jaish-e-Mohammad (JeM, Army of Mohammad) is a Pakistani Sunni terrorist group from the hard-line Deobandi Islamic tradition that was created in Karachi in early 2000. The group emerged following the release of its founder and supreme leader Maulana Masood Azhar from Indian captivity after his supporters hijacked an Indian Airlines plane, forcing it to land in Afghanistan. JeM is not as large as some other groups that Pakistan supports, as its membership probably totals no more than a few hundred members.³⁷⁶ Since it was founded though, JeM members have carried out dozens of deadly attacks, mainly in Indian-administered Kashmir but also in India and Pakistan's mainland, with its most famous suspected attack occurring in December 2001 against India's Parliament. JeM was designated as a foreign terrorist organization and its accounts were frozen by the United States in December 2001.

JeM has remained a Pakistani surrogate since the group's founding. For JeM, Pakistan has remained a most important source of support. From Pakistan's perspective, JeM is a useful collaborator that allows the state to accrue certain valuable domestic and foreign benefits. As we shall see however, JeM has not always been as reliable for Pakistan as LeT due to intra-organizational issues. In recent years though, Pakistan's willingness to provide more robust support to the group has grown. Recently, for example, reporting indicates that Pakistan has provided land in Bahawalpur for creation of a substantial organizational base in Azhar's hometown within Pakistan's mainland.³⁷⁷

Pakistan gained early influence over JeM due to the ISI's deep involvement in the group's founding. JeM was actually the outgrowth of another group that had been receiving state support named Harkat-ul-Mujahideen (HuM). Many of HuM's members originally had been part of Harkat-ul-Jihad al-Islami (HuJI), a pan-Islamic group whose members fought in

³⁷³ Clarke, p. 395. While the group receives Saudi funding, it is important to note that it is unlikely this is official state support given Saeed's view that the Saudi Arabian government is not a completely Islamic state.

³⁷⁴ Ibid, p. 401.

³⁷⁵ Rhy Blakely, "Mumbai Gunman Says He Was Paid \$1,900 for Attack – as New CCTV Emerges," *Times* (online), 5 December 2008; Stern, p. 120; and "Pakistan-Occupied Kashmir Fast Becoming Safe Haven for Terrorists," *Strategic Analysis* (New Delhi), Vol. 33, No. 3, 9 May-30 June 2009.

³⁷⁶ Jessica Ashooh and Mark Burgess, "In the Spotlight: Jaish-e-Mohammed (JM)," Center for Defense Information (online), 22 August 2006.

³⁷⁷ Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

Afghanistan against the Soviets and in other faraway places including Bosnia and Tajikistan.³⁷⁸ In 1993, HuM was renamed Harkat ul-Ansar (HuA) at the ISI's instigation,³⁷⁹ as Islamabad attempted to create a refined group whose main focus was on fighting India in Kashmir. The group later revived the names HuM and HuJI however, after HuA was designated as a foreign terrorist organization by the United States.

Islamabad's interest in funneling members of these groups into the new JeM organization by the end of the 1990s was the result of several factors. One is that HuM/HuA was becoming an increasing liability for Pakistan given growing U.S. attention to the group's connections to Usama bin Laden and the al-Qa'ida organization.³⁸⁰ It also appears that the ISI was displeased with HuM/HuA leader Fazlur Rehman Khalil after he attempted to embarrass Islamabad in response to its role in the United Nations peacekeeping operation in Somalia in the late 1990s.³⁸¹ At the same time, some suggest that the ISI may have sought an effective Pakistan-based counterweight to LeT, which was growing increasingly powerful, particularly in the Kashmiri theatre.³⁸² If so, the ISI might have figured that another Pakistan-based group would drive competition and lead each group to behave in ways that would best guarantee a steady supply of Pakistani support. For its part, HuM/HuA was not a great option in that regard as, besides becoming critical of Pakistani foreign policy, it was growing increasingly weak in the 1990s due to the flight of many of its members into LeT. One more factor that may make JeM a desirable supportee for Pakistan is its ability to serve as a counter-pole to anti-Pakistan groups.

Pakistan was able to realize these goals and gain significant influence over a new group when Azhar was released from Indian custody at the start of the new millennium. The ISI offered Azhar assistance to establish a new organization, subsequently relocating him from Afghanistan to Pakistan's mainland where he was permitted to establish organizational offices for the nascent JeM group.³⁸³ Given that Azhar was taking the reins after having been away from the militant movement for years, he filled the group's top leadership posts almost exclusively with his blood relatives, probably to try to lend some organizational coherency to the group and best ensure that his orders would be carried out as desired.³⁸⁴ Pakistan then began to funnel support JeM included financing, training, and the use of territory for operational activities in Azad Kashmir.

Besides the aforementioned benefits, building up this new group provided Pakistan an important additional benefit of reinforcing bonds with an influential religious movement within Pakistan and thus bolster the regime's domestic popularity. JeM is part of the Deobandi school of Islam, which is closely tied to the network of thousands of madrassas across Pakistan and supported by the religious movement Jamaat-Ulema-e-Islam (JUI).³⁸⁵ Attracting mainly

³⁷⁸ Zahab and Roy, p. 28.

³⁷⁹ "Harkat-ul-Mujahideen," South Asia Terrorism Portal (online), accessed on 1 February 2011.

³⁸⁰ HuA actually changed its name back to HuM amid international reports of its connections to Usama bin Laden's outfit. The group, however, soon changed its name back to HuA again after HuM was designated a terrorist organization by the U.S. government in 1988.

³⁸¹ Harinder Baweja, *Most Wanted: Profiles of Terror* (New Delhi: Roli Books, 2002), p. 41.

³⁸² Lukose Mathew, "Professor Terror: Three Pakistans in India?" *The Week* (online), 22 July 2005.

³⁸³ "Jaish-e-Mohammed," South Asia Terrorism Portal (online), accessed on 1 February 2011.

³⁸⁴ Samanta.

³⁸⁵ The Deobandi movement in South Asia takes its name from the *madrassa* founded by Maulana Qasim Nanotvi in the Indian town of Deoband in 1867. He expressed his concern about the increasing influence of Western materialism and low morality on local Muslims, which was viewed as responsible for the decline of Islamic societies. Once the nation of Pakistan was established, Deobandis gained more entrenched power through their growing networks of *madrassas*, in which they spread their belief that jihad is a core duty for Muslims who owe their foremost loyalty to Islam, not the modern national state in which they reside.

Muhajirs, Punjabis and Pashtuns, Deobandi movements are reformist and emphasize the existential struggle facing Muslims in lands they should otherwise rule such as in Indian-administered Kashmir.³⁸⁶ Azhar was actually a favored student at the highly influential JUI madrassa in Binori Town, Karachi, a key recruiting and ideological indoctrination site for members of various Deobandi militant groups.³⁸⁷ By elevating him to the helm of a new group birthed with the help of the ISI, Pakistan sought to reinforce its ties to this important constituency.

Yet even with Pakistan's involvement in JeM's founding, the most fundamental goals espoused by JeM do not mirror Pakistan's perfectly. JeM's main objective at its founding was to liberate Kashmir and Muslim majority territories in India, uniting these lands under Muslim rule—all goals that mesh well with Pakistan's strategic vision. In the long-term however, JeM has dismissed the concept of the nation-state,³⁸⁸ suggesting its limited support for regime leaders' nationalist objectives. More problematic though are JeM attitudes towards Western nations and sectarian violence within Pakistan. In terms of the latter, JeM has maintained close ties to Sipah-e-Sahaba Pakistan (SSP) and Lashkar-e-Jhagvi (LeJ)—sectarian groups responsible for a tremendous amount of bloodshed and unrest in Pakistan since the early 1990s.³⁸⁹ These ties highlight the view that urban violence within Pakistan's mainland is acceptable, which has become undesirable for Pakistan's leadership, especially where they have emerged the targets. JeM also identifies the Israel, United States, and others in the West as adversaries. In January 2000, for instance, Azhar told a crowd of supporters that "Muslims should not rest in peace until we have destroyed America."³⁹⁰ JeM leadership, in fact, has openly declared war on the U.S. mission in Afghanistan, stating their determination to help force Coalition troops from that country.³⁹¹ Ultimately these views not only put the group much closer ideologically to al-Qa'ida, with whom JeM shares long-established ties,³⁹² but they also have produced alliances with the Pakistani Taliban forces that view both the Coalition and Pakistan as its adversaries.³⁹³ JeM thus is linked, at least ideologically, with elements whose goal is to destabilize Pakistan's ruling regime. At the same time, JeM's hardline views against the West puts Pakistan in an awkward position, especially since late 2001 when Pakistan began to face powerful pressure from the United States to act to curtail militant activity in the region.

The resulting preference divergence has indeed produced some problems between JeM and Pakistan. In early 2002, Musharraf banned various groups including JeM and sealed many of

³⁸⁶ Their rival is the Barelvis, which are "traditionalists who venerate saints and the Prophet." Zahab and Roy, p. 19.

³⁸⁷ Ibid, p. 30.

³⁸⁸ Kumod Verma, "JeM Chief Had Said He Wanted to Liberate Kashmir," *The Times of India* (online), 11 December 2008.

³⁸⁹ B. Raman, "Jaish-e-Mohammed (JM)-A Backgrounder," South Asia Analysis Group (online), No. 332, 10 March 2001.

³⁹⁰ Jessica Carsen, "A Kashmiri Tie to the Terror Plot," *Time* (online), 16 August 2006.

³⁹¹ "Jaish-e-Mohammed (JM)," National Counterterrorism Center (online), accessed 31 January 2011.

³⁹² Bonds between members of the two groups first emerged when they fought together as mujahideen in Afghanistan in the 1980s. Later Azhar reportedly fought and trained with some of Bin Laden's forces in Somalia and Yemen. Several members of HuM/HuA were killed when the United States launched a cruise missile attack on al-Qa'ida camps in Afghanistan in August 1998. Reporting suggests JEM has continued to maintain ties to al-Qa'ida. Pranab Dhal Samanta, "Terror's Full Circle: Jaish Founder Had Told India How He Went to London to Preach," *Indian Express* (online), 27 August 2006; Zahid Hussain, "Maulana With a Mission," *Newsline* (Karachi, online), 1 February 2000; Raman, 10 March 2001; and Honawar, p. 6.

³⁹³ Jane Perlez and Pir Zubair Shah, "In Violent Karachi, Insurgency Finds a Haven," *New York Times*, 21 May 2010.

its offices, at least for show. Indeed, Pakistan did not employ a truly heavy hand to curtail JeM—which began operating under the name Khuddam-ul-Islam (KuI); however, the state did move closer to the United States and enforce some new policies that limited terrorist activities in ways that did not sit well with some JeM members. In the most significant outgrowth, the group’s military commander Abdul Jabbar and his followers grew angry over constraints imposed by Pakistan on what would be acceptable targeting within Pakistan.³⁹⁴ They allegedly broke away from Azhar and conducted some high profile attacks in Pakistan.³⁹⁵ This includes attacks on Christians within Pakistan in 2002³⁹⁶ and at least one attempt to assassinate Musharraf in 2003, whose policies after 2001 led many militants to believe that Pakistan had abandoned the cause of jihad.³⁹⁷ This splinter group also may have planned other attacks involving American, British, and other foreign officials within Pakistan.³⁹⁸

It is interesting to note that the ISI apparently has sought to orchestrate splits within militant organizations in the past, with the goal to diminish the strength of any one group and ensure that smaller factions would be reliant on ISI support. This case does not appear to have been an organized fissure. Instead, it shows that some splinters end up as virulent, uncontrolled entities, in this case one that attacked its former supporter.

Despite these sources of preference divergence and problems involving some members within JeM’s ranks, Azhar and the faction whose loyalty he retains has consistently demonstrated a willingness to behave in ways that more closely accord with Pakistani goals and interests—even when this created a significant split among JeM cadre including Jabbar. Under pressure from Pakistan immediately after 9/11 and the attack on the Indian Parliament, for instance, Azhar toned down his public rhetoric and complied with Pakistani requirements that JeM reduce its observable footprint in Pakistan’s mainland. Despite the actions of Jabbar’s breakaway faction after 2001, Azhar also dutifully followed Pakistan’s edicts and curtailed its cross-border terrorism in Kashmir and other anti-Indian activities.³⁹⁹

One important factor that explains Azhar’s responsiveness to Pakistan is his historical reliance on the ISI for his power and position. When the ISI identified Azhar as someone worthy of support in 2000, he did not have a deep well of credibility within the Islamist movement, or a robust independent constituency or infrastructure for maintaining an organization within Pakistan. Only with the ISI’s help was he able to quickly acquire legitimacy in Pakistani militant circles, not to mention grab the reins of leadership over what by then had become the loose remnants of the Deobandi militant movement. Furthermore, whatever leverage Pakistan consequently gained over the indebted leader only increased over the years since then as Azhar has grown less popular with many in the militant Islamic movement, especially in Punjab, apparently because he is seen by Karachi-based radical Islamists as a snitch willing to selling out the movement to authorities.⁴⁰⁰ Put simply then, Azhar owes his political position and ongoing leadership of a viable group to Pakistan. Even if his core ideological preferences align with

³⁹⁴ Amir Rana, “245 Religious Parties in Pakistan,” *Daily Times*, 12 April 2003.

³⁹⁵ “Jaish-e-Mohammed (JM),” National Counterterrorism Center (online), accessed 31 January 2011.

³⁹⁶ These attacks reportedly included attack on the Protestant International Church in Islamabad’s diplomatic area that killed five including the wife and daughter of a US diplomat, and attacks on Christian missionary school in Murree and a Christian hospital chapel in Taxila.

³⁹⁷ Honawar, p. 3.

³⁹⁸ “Pakistani Militants Planning to Attack US, UK Diplomats – Daily,” BBC Worldwide Monitoring, 11 July 2005.

³⁹⁹ Gunaratna and Iqbal, p. 203.

⁴⁰⁰ Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

Jabbar's faction, his loyalty and recognition of his dependence on Pakistani officials for his personal standing encourages his reliability to the state.

Besides the importance of the political support that Pakistan provides, Pakistan retains a potent ability to incentivize Azhar in other ways. Materially, Pakistan remains the main supplier of JeM organizational resources, although it is clear that the group has been able to tap other sources for support besides Pakistan over the years. Indeed, JeM initially drew some material resources from HuJI and HuM.⁴⁰¹ Other sources of assistance also may have included al-Qa'ida⁴⁰² and proceed from sympathizers' criminal activity.⁴⁰³ To some extent, the group later began to raise some funds using donation boxes and some commercial interests within Pakistan,⁴⁰⁴ in addition to donations from overseas donors, including through the Deobandi-led Al-Rashid Trust.

Al Rashid was established in 1996 in Karachi, ostensibly to engage in charity and relief work for Muslims. After 9/11, its operations were curtailed due to international community concerns about its links to several terrorist groups including JeM on whose behalf it allegedly conducted foreign fundraising activities, particularly from the Middle East donors.⁴⁰⁵ JeM also was linked to Al Akhtar Trust, another charity with ties to other terrorist groups that the United States outlawed.⁴⁰⁶ Overall though, these other sources of support have been inconsistent, especially since 2001 when counterterrorism policies seem to have put a dent into different Islamist terrorist groups' ability to raise funds.

Pakistan's capacity to incentivize Azhar also results from the group's desire to maintain access to operational bases and training camps in Azad Kashmir and the ability to conduct other organizational activities in Pakistan's mainland. JeM—whose membership ranks are filled mostly, although not completely, with Pakistanis—has enjoyed the use of local offices and mosques within Pakistan including in Peshawar, Islamabad, and Bahawalpur, mainly for supplemental fundraising and recruitment, while Muzaffarabad in Azad Kashmir has long served as its main operational hub.⁴⁰⁷ Before the 2002 ban, in fact, JeM had dozens of district and local offices and a network of madrassas within Pakistan. While many were closed down after the ban, Pakistan allowed some to stay open in the mainland and permitted the group to retain its use of territory in Pakistan-administered Kashmir.⁴⁰⁸ Reports indicate that at the time JeM considered shifting its main offices to Kashmir instead of operating mainly out of Pakistan.⁴⁰⁹ However, over the years Pakistan has allowed the group to use territory in Pakistan's mainland more openly, so this no longer appears necessary, especially since Azhar is currently undertaking construction of a headquarters complex in his hometown of Bahawalpur, possibly on land gifted to him by Pakistan state officials.⁴¹⁰ The point is, whether in Pakistan or Pakistan-administered Kashmir, this remains important access, as it enables the group to retain a local foothold from

⁴⁰¹ Gunaratna and Iqbal, p. 197.

⁴⁰² Honawar, p. 6.

⁴⁰³ Richard Elias, "Counterfeit DVD Gang Funds Kashmiri Terrorists," *Scotland on Sunday*, 23 December 2007.

⁴⁰⁴ Amir Rana, *A to Z of Jihadi Organizations in Pakistan* (Lahore: Mashal Books, 2004), pp. 231-232; and "Jaish-e-Mohammed/Lashkar-e-Mohammad," *Global Security* (online), accessed on 31 January 2011.

⁴⁰⁵ "Al-Rashid Trust," South Asia Terrorism Portal (online), accessed 21 February 2011.

⁴⁰⁶ Gunaratna and Iqbal, p. 197.

⁴⁰⁷ *Ibid.*, p. 196.

⁴⁰⁸ Rana, 2004, p. 224.

⁴⁰⁹ Gunaratna and Iqbal, p. 203.

⁴¹⁰ Perlez and Shah, 21 May 2010; and Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

which to plan and conduct attacks to achieve its core goals. The group's use of Pakistan-controlled territory, in fact, became especially valuable once it lost the use of territory in Afghanistan after 2001, where many of its members trained. Generally then, JeM leadership surely recognizes that complying with Pakistani demands and thus maintaining an ability to operate in these territories is critical for its long-term organizational survival, all of which likely drives Azhar to maintain strong fidelity with Pakistan.⁴¹¹

Pakistan's control is further enhanced by JeM's use of territory in Pakistan's mainland and Azad Kashmir, as this increases the state's ability to monitor the group. Available reporting indicates that Pakistani authorities recognized the value of employing their co-location to enhance their monitoring of the group's leadership and members' activities.⁴¹² By maintaining oversight in this way, they are able to better ensure JeM is behaving in desired ways.

To sum up then, it appears that JeM is not as disciplined or perhaps as organized as LeT, and its leadership is not nearly as charismatic or widely respected as leaders in other terrorist groups. These internal issues have accentuated divergent underlying preferences between JeM and Pakistan and produced violence by JeM cadre that contravenes Pakistani wishes. The main core of the group, however, has consistently remained under Pakistani control. This control results from some shared preferences but especially Pakistan's robust ability to incentivize the group's leader who owes his power, position, and organizational survival to Pakistan.

Pakistan's Relationship with Hizb-ul-Mujahideen

Hizb-ul-Mujahideen (HM, Party of Freedom Fighters) is a Kashmiri fundamentalist Islamic terrorist group that has been the largest and most effective militant organization operating in Kashmir. At its height, the group maintained as many as 4,000 to 5,000 members.⁴¹³ Reports indicate, however, that internal fracturing has severely weakened HM's military strength in recent years.⁴¹⁴ HM was not listed on the US State Department's list of Foreign Terrorist Organizations until 2003.

HM served as a surrogate for Pakistan for years, although this relationship has been rocky at times. Pakistan—whose support for HM largely consisted of cash, some types of basic conventional weaponry, and training—gained some measure of control over HM early on due to the compatibility of their goals and Pakistan's relatively strong ability to incentivize HM and its parent political organization. Yet disagreement between the two sides regarding tactics produced friction within HM and towards Pakistan, which at times seemed to dilute the degree of control obtained by Pakistan and produce variations in the support it was willing to provide. In each case however, HM's supreme leadership demonstrated its willingness to try to follow Pakistani wishes, even though the group ultimately suffered significant organizational costs as a result.

Pakistan's ability to assert some reasonably strong measure of control over HM may date back to the group's formation when key aspects of the group including its goals and ideology

⁴¹¹ As Gunaratna and Iqbal note on p. 141, some Pakistani groups have replaced public support with income derived from criminal activity. But relying on crime can be problematic in the long run, not only because it can create more opportunities for authorities to identify group members engaged in illicit activity, but also because it can damage the reputation of supposedly pious Islamic groups.

⁴¹² Internews Report, *Business Recorder* (Karachi, online), 3 March 2000.

⁴¹³ Sumit Ganguly, "The Islamic Dimensions of the Kashmir Insurgency," in Christophe Jaffrelot, ed., *Pakistan: Nationalism Without a Nation* (New York: Zed Books, 2002), p. 187.

⁴¹⁴ "Jammu and Kashmir" Jihadists' Return to Nativity," *Political and Defence Weekly*, Vol. 7, No. 48, 9-31 August 2009.

were adopted. Although it does not appear HM was created directly by the ISI,⁴¹⁵ one report indicates that HM was established as the militant arm of the prominent Pakistan-based Jamaat-i-Islami (JI) religious party at the ISI's instruction.⁴¹⁶ JI, which has been active in various foreign policy exploits over the years beginning with the jihad against the Soviets in Afghanistan, has longstanding ties to the ISI.⁴¹⁷ The ISI thus may have exerted some influence over key facets of the organization in the group's formative stage. At the very least, the fact that JI leadership figures inhabit almost all key positions in the top management tier of HM probably provided the ISI some basic influence over decision-makers.

Whatever the case, Pakistan was attracted to HM because its goals were more compatible with Pakistan's than other terrorist whose membership ranks were populated mainly by Kashmiri nationals. Prior to the emergence of HM in 1989, Pakistan had been providing support to a variety of other groups operating in Indian-administered Jammu and Kashmir. The most prominent among them was the Jammu and Kashmir Liberation Front (JKLF), the oldest group in the region that enjoyed great popular support among Kashmir's Muslims.⁴¹⁸ JKLF, which is credited with igniting the modern anti-Indian movement in Kashmir with an attack in Srinagar in July 1988, developed independently of Pakistan and adopted an agenda that did not mesh particularly well with Pakistan's.⁴¹⁹ For instance, JKLF was clear in its intention to only use violence for a limited time to bring international attention to the Kashmir issue. JKLF thus was not willing to engage in a long-term campaign of violence against India.⁴²⁰ In addition, JKLF's main goal was to create an independent state that adheres to the principles of multiculturalism and democracy, not join the whole territory under Pakistani rule as Islamabad desires. Fundamentally then, JKLF was "an outfit... too difficult [for Pakistan] to control,"⁴²¹ which led Pakistani leadership to slow their support for the group and seek replacements, among them preferably at least one with prominence with the local population in the Kashmiri region.⁴²²

In comparison to JKLF, HM clearly represented a more desirable recipient for Pakistani support. HM's membership, like JKLF's, consists mainly of Kashmiri nationals, which means the group brings specialized expertise to the table, including knowledge of local logistical matters within Kashmir and connections within the indigenous region's population. Unlike JKLF however, HM espoused the goal of integrating Kashmir with Pakistan—an agenda that reflected

⁴¹⁵ C. Christine Fair, et al., *Pakistan: Can the United States Secure an Insecure State?* (Santa Monica: RAND, 2010), p. 101.

⁴¹⁶ "Hizbul-ul-Mujahideen," South Asia Terrorism Portal (online), accessed 22 February 2011. Formed in 1941 by Abu Ala Mawdudi, JI was a strong backer of Zia's efforts to increase the role of Islam in Pakistan. For more on JI, see Nasr, 1994.

⁴¹⁷ Fair, et al., 2010, pp. 45-46.

⁴¹⁸ Sikand, p. 219.

⁴¹⁹ The arousal of anti-Indian sentiment was at least in part also due to Indian actions in the region. Moreover, Muslims in Kashmir who ran the region in conjunction with their Indian partners were often corrupt and guilty of other crimes. They became rich but basically ignored the population, perpetuating their power through rigged elections and other activities. By the late 1980s, the situation had become intolerable for Kashmiri Muslims.

⁴²⁰ Jonah Blank, "Kashmir: Fundamentalism Takes Root," *Foreign Affairs*, Vol. 78, No. 6, November-December 1999, p. 41. JKLF eventually ended its underground activity in 1995 and joined the organization of anti-Indian political parties named All Party Hurriyat Conference, which focuses maintaining a free and independent Kashmir.

⁴²¹ Amelie Blom, "The Multi-Vocal State," in Christophe Jaffrelot, ed., *Pakistan: Nationalism Without a Nation* (New York: Zed Books, 2002), p. 284.

⁴²² "Kashmir Today I: The Post-Kargil Dilemmas," *The Statesman* (India), 20 September 1999.

HM's close ties to Pakistan-based JI. In the early 1990s, HM also was eager to eliminate JKLF and its influence and agenda from the region, which suited Islamabad.⁴²³

Pakistan's relationship with HM began to falter to a degree over time however, due mainly to differences in the two sides tactical preferences.⁴²⁴ In the mid-1990s, for instance, the ISI reportedly wanted HM and other groups to attack Hindu civilians in Jammu and Buddhists in Ladakh to frighten them into leaving the region.⁴²⁵ Other Pakistani groups including HuM and the LeT were willing to comply with ISI wishes and extend their activities beyond Kashmir, but HM insisted on restricting its operations.⁴²⁶ HM members' hesitancy likely stemmed from their fear of alienating the local Kashmiri population, from which it sought legitimacy and relied on for key organizational inputs, especially recruits.⁴²⁷ These problems probably also reflected the fact that some of the group's members were drawn from the ranks of the nationalist JKLF.⁴²⁸

In response to HM's independent thinking, Pakistan pursued certain unsurprising strategies. First, Pakistan attempted to incentivize the group by diminishing the support it provided. In the mid-1990s, the ISI also began to favor other groups, particularly LeT which is comprised primarily of Pakistani nationals, whom Pakistan likely judged would be less concerned with local politics and legitimacy issues.⁴²⁹ By the end of the 1990s, in fact, the number of Pakistanis fighting in Kashmir surpassed the number of Kashmiri nationals.⁴³⁰ As we have discussed, such competition can have an incentivizing effect as well. Another strategy Pakistan pursued was to increase its efforts to monitor the group's activities, ostensibly to diminish any information advantages that might enable the group to pursue its own agenda at Pakistan's expense.

Eventually, these strategies seemed to have some positive effect, as the two sides appeared to move closer together with Pakistan enhancing its support to the group.⁴³¹ Some reporting indicates, however, that HM may not have pursued action as robustly as other groups. For instance, it has been suggested that group members were responsible for alerting authorities to bomb factories in the Kashmir Valley or intended car bombs before they detonated.⁴³² If so, this may suggest that HM capitulations to state pressures were only half-hearted.

Clearer however is that preference divergence continued to play an important role in the relationship between HM and Pakistan. Profound disillusionment among some HM members that apparently resulted from ongoing—and unwelcomed—ISI edicts exploded in July 2001 when Abdul Majeed Dar, the operational leader of the military wing based in the Kashmir Valley, announced a three-month ceasefire with India.⁴³³ While it is doubtful that HM's commander-in-chief Mohammad Yusuf Shah, better known as Syed Salahuddin, who was based in Azad

⁴²³ Haqqani, *Pakistan: Between Mosque and Military*, 2005, p. 290.

⁴²⁴ Zahab and Roy, p. 54; and Steve Coll, "Kashmir: The Time Has Come," *New York Review of Books*, 30 September 2010.

⁴²⁵ Unlike Jammu, which is mainly Hindu, and the Kashmir Valley, which is predominantly Muslim, Ladakh is mostly Buddhist and more closely aligned both ethnically and culturally with Tibet.

⁴²⁶ Zahab and Roy, p. 54.

⁴²⁷ Indeed, approximately 90 percent of HM is Kashmiri, with most of its recruits drawn from the Kashmir Valley in Indian-administered Kashmir. Fayaz Wani, "Eternal Vigil," *New Delhi Force* (online), 1 March 2008.

⁴²⁸ "Hizb-ul-Mujahideen," South Asia Terrorism Portal (online), accessed 22 February 2011.

⁴²⁹ Zahab and Roy, p. 54; and Coll, 30 September 2010.

⁴³⁰ Kumar, p. 16.

⁴³¹ Dinesh Kumar, "Indian Army Says Hizbul Mujahideen Largest Recipient of ISI's Fund," *The Times of India* (online), 2 November 2000.

⁴³² Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

⁴³³ "Not So Accidental Death of a Militant," *The Statesman* (India), 10 April 2003.

Kashmir, had foreknowledge of Dar's intention to call for a ceasefire, he nonetheless announced his support for it after Dar's announcement, probably in an attempt to save face and maintain the façade of organizational unity.⁴³⁴ Pakistan's influence over Salahuddin was soon exemplified though, as he responded to intense Pakistani pressure by withdrawing the ceasefire two weeks later.⁴³⁵

Pakistan and Salahuddin each had their own interests in curtailing talk of a ceasefire. Pakistan had to fear that it would lose leverage over India and a negotiation process would develop resulting in decisions that would undesirably affect Pakistan's interests.⁴³⁶ Pakistan also had to be concerned about the probable reaction of fundamentalists in Pakistan who were certain to find any talk of ceasefire with India to be unacceptable.⁴³⁷ A taste of the ire that such moves could generate was exemplified by LeT's belligerence towards HM after the ceasefire was announced.⁴³⁸

Salahuddin's acquiescence to Pakistan probably reflected his group's ongoing reliance on Pakistani support. This was certainly true of the group's material resources.⁴³⁹ Indeed, while HM probably received some assistance from other sources,⁴⁴⁰ even Dar acknowledged that Pakistan's wishes could not be denied, noting that, "it was not possible to sustain the movement without the assistance of Pakistan."⁴⁴¹

The fact that Salahuddin and JI operate from Pakistan-controlled territory undoubtedly compounded HM's susceptibility to state pressure, serving as negative incentives on the group's decision-makers.⁴⁴²⁴⁴³ As one of Pakistan's principal political parties, JI maintains a loyal following that stretches across different sectors of the Pakistani population including within the military and the bureaucracy. While the party's popularity has not translated well at the ballot box historically, it is fair to say that the organization remains the most powerful religious entity in the country, garnering public support including through its broad network of schools and social service outlets that extend across Pakistan. Together with the patronage JI has enjoyed from the military, it seems clear then that the organization would be reticent to act—or have its armed accessory act—in ways that might upset any power and privilege it enjoys in Pakistan's mainland, not to mention HM's ability to operate. Pakistani redlines regarding a ceasefire or

⁴³⁴ However, according to one Pakistani security expert, Dar claimed that Salahuddin and the ISI were both on board with the ceasefire before Dar's announcement. He claimed that it was meant to be an exploratory move, perhaps reflecting external pressure on Pakistan and India after the dramatic Kargil crisis, but that events happened too quickly for Pakistan's taste, thus leading to subsequent efforts to shut down the ceasefire and discredit Dar. Interview conducted by author with an expert on Pakistani security issues, London, UK, 26 March 2011.

⁴³⁵ Partha S. Banerjee, "Why the Peace Talks Failed in Kashmir," *The Statesman* (India), 18 August 2000; and Sadhanshu Ranade, "The Kashmir Gambit," *Economic and Political Weekly*, Vol. 35, No. 52/53, 30 December 2000-5 January 2001.

⁴³⁶ "Price of Takeover," *The Pioneer* (online), 13 September 2000.

⁴³⁷ Siddharth Varadarajan, "Times of India Exclusive: Pakistan Hardliners Aborted Kashmir Peace Move," *The Times of India* (online), 26 November 2000.

⁴³⁸ Deepak Sharma, "Lashkar Militants Targeting Hizb for Cease-fire Offer in Kashmir," *The Pioneer* (New Delhi), 3 August 2000.

⁴³⁹ Partha S. Banerjee, "Why the Peace Talks Failed in Kashmir," *The Statesman* (India), 18 August 2000; and Ranade.

⁴⁴⁰ "ISI Doubles Incentives to Step Up Terror: Report," *The Times of India* (online), 7 January 2003.

⁴⁴¹ "Not So Accidental Death of a Militant," *The Statesman* (India), 10 April 2003.

⁴⁴² As pressure increased after 2002 bans, JI reportedly sought to diminish evidence of these ties, asking HM to move its offices. Amir Rana, "JI Asks Hizb to Leave Its Offices," *Daily Times* (Lahore, online), 27 May 2003.

⁴⁴³ "Pakistani militant group 'playing dead' under global pressure – Indian paper," BBC Worldwide Monitoring, 20 December 2008.

other activities are thus likely to be heeded by HM's leader, especially given that JI is believed to maintain tight power over him.⁴⁴⁴ Alternatively though, the Kashmir Valley-based section of the group was probably less susceptible to Pakistani influence in this respect. This, together with the fact that Pakistan was comparatively less able to monitor that part of the group given their base within Indian-controlled territory, probably contributed to a split in the attitudes of HM members towards Pakistani incentives.

Like JeM, HM provides a good example of a group that paid a significant organizational price for capitulating to the demands of a state sponsor. Dar was eventually expelled from HM and later killed, and his faction—a large section of the group's membership base in the Kashmir Valley—responded by disengaging from the rest of HM, especially after charges emerged that Salahuddin's faction was responsible for Dar's murder.⁴⁴⁵ Many of the Kashmir-based militants who were loyal to Dar subsequently ended their armed struggle,⁴⁴⁶ leaving Salahuddin's faction as the main core of the organization. And while the remainder of the organization has probably continued to receive some small ongoing financial assistance from Pakistan, perhaps so that Pakistan can maintain some capacity to affect future end-status negotiations over Kashmir, the reality is that HM largely has lost most of its members on the Indian side and its overall organizational potency.⁴⁴⁷

To sum up then, HM has remained a Pakistani surrogate for years, with their collaboration based on some shared goals and HM's longstanding reliance on Pakistani support. However, differences of opinion within HM on appropriate tactics to use in their struggle have created problems between HM and Pakistan, marked by variation in state allocations to the group. HM's organizational unity also has suffered due to Pakistan's influence over the group. While Pakistan today may still maintain some measure of control, these fissures have meant that HM is no longer the force it once was, and in fact is probably well on its way towards losing its organizational viability.

Conclusion

This brief study of three significant recipients of Pakistani support provides clear evidence supporting the theory of control between states and terrorist groups discussed in Chapter Two. Pakistan maintains its closest relationship with LeT and consequently has provided the group with its most robust allocations of support, including more lethal weaponry and the ability to maintain a strong presence within Pakistan's borders. This reflects the solid control Pakistan maintains over the group and LeT's status as a reliable surrogate, which stems largely from the close compatibility of Pakistan and LeT's short- and medium-term goals; Pakistan's strong ability to incentivize LeT, especially given the LeT's dependence on Pakistan for material resources and permission to operate in the country; and, Pakistan's ability to monitor the group, both within Pakistan and in its other operational hub, Azad Kashmir.

JeM, another group that Pakistan supports, also serves as an important surrogate for Pakistan. Pakistan created JeM for all intents and purposes, cobbling the group together from the remnants of other Deobandi terrorist outfits. By helping to birth the group and enabling Maulana Masood Azhar's rise to its top post, Pakistan gained an important foothold over the newly formed organization, especially by winning Azhar's loyalty and thus reliable influence over his

⁴⁴⁴ Fair, et al. 2010, pp. 45-46.

⁴⁴⁵ "Hizb Leader Blamed for Killing Dar," *The News* (Islamabad, online), 26 March 2003.

⁴⁴⁶ "Hizb Factions Gives Up Arms," *The Times of India* (online), 27 July 2003.

⁴⁴⁷ Praveen Swami, "Hard Choices," *Frontline* (online), 5-18 May 2007.

decision-making. Pakistan's control over the activities of JeM cadre has not been entirely consistent though, due to significant preference divergence that is rooted in different goals and interests between the two sides. This preference divergence has created fissures within the group, marked as some members splintered off from Azhar's faction to carry out acts that contravene Azhar's—and thus Pakistan's—wishes. Besides weakening JeM organizationally, these considerations make LeT a comparatively better option for more robust Pakistani support.

HM, the third group examined in this chapter, also has served as a valuable surrogate and recipient of significant quantities of Pakistani support. This relationship is rooted in shared goals between the two and HM's deep reliance on Pakistani support, both materially and by granting the use of territory in Azad Kashmir and Pakistan's mainland. Problems have long existed between the two sides, however, mainly due to differing views on tactics to employ in the fight. The resulting preference divergence has caused the group to snub Pakistan on occasion in an attempt to gain some degree of independence. This not only led Pakistan to alter its support to the group in some cases, but it also has created schisms within HM that ultimately have contributed to the group's decay.

Overall then, Pakistan's relationships with these three terrorist groups provide evidence supporting the validity of the theory presented in Chapter Two.

CHAPTER FIVE: CONCLUSIONS AND POLICY RECOMMENDATIONS

This dissertation highlighted how states and terrorist groups that cooperate behave in predictable ways. By examining numerous examples across recent decades, it also showed that these relationships share many features common in other relationships involving a principal that delegates to an agent. The sum of insights derived in this research provides new understanding of some of the conditions that could make more consequential transfers of state support to terrorist groups possible.

This chapter begins with a review of the key insights found in the preceding chapters and a discussion of some other broad themes that emerge from this work. It concludes with a discussion of policy implications and recommendations.

Summary of the Dissertation

Chapter One provided an introduction to the dissertation, identifying the significance of relationships between states and terrorist groups from an historical perspective. It reviewed the existing literature on this subject, highlighting the lack of current understanding about these relationships, especially regarding states' decision-making calculus when it comes to allocations of support. It also introduced the fundamental problem that states, as the principals, face when delegating to terrorist groups, as their agents. In short, states choose to delegate to terrorist groups in order to make certain gains that are more difficult or more costly to acquire if states simply acted on their own. This would be relatively uncomplicated if states could always count on terrorist groups to act in ways that suit states' goals and interests. This is not the case, however, because terrorist groups often maintain their own goals and interests that may diverge from their state supporters'. States also face problems because terrorist groups may be able to take advantage of the secrecy that is part and parcel to their existence to hide information and activities from states and ultimately act in ways they, not their state supporters, prefer. The result of these problems, in turn, is agency loss, which occurs when terrorist groups act in ways that produce inefficient outcomes from states' perspective.

Chapter Two explored the connection between this basic problem that underlies state delegation to terrorist groups and state decision-making regarding specific allocations of support. I first showed that states might choose to try to minimize agency loss by pursuing certain strategies to increase their control over terrorist groups. In this study, control is the mechanism that narrows the gap between how a state wants a terrorist group to behave and what the terrorist group actually does. Control, however, is neither cheap nor easy to attain. Besides the fact that many strategies that states may pursue to increase their control come with important security costs, terrorist groups are often eager to maintain their independence and thus may pursue their own strategies to decrease state control.

With this understanding, I offered a two-step argument. In the first step, I argued that a positive relationship exists between the amount of control obtained and state allocations of support. This relationship is rooted in the uneven risk that states face to their regime or national security interests when providing ten different types of support—rhetorical or propagandistic, financing, intelligence, training, transportation, use of territory for non-operational activities, conventional weapons, diplomatic assets, use of territory for operational activities, and advanced technology. Essentially then, variations in the amount of control obtained produce variations in the type of support states will provide. High-risk support such as advanced technology or use of

territory for operational purposes will usually require robust control, whereas transfers of other types of support such as rhetorical backing that entail much lower risk will occur when control is quite weak. Control, in other words then, is what can improve the likelihood that riskier support will be used in a way that accords well with state goals and interests.

As the second step in my argument, I identified how control would vary in response to four independent variables: 1) the degree of preference divergence between a terrorist group and state supporter; 2) the success of state (or terrorist group) efforts to incentivize a terrorist group (or state); 3) terrorists' ability to keep information and actions hidden from state scrutiny; and 4) a state's capacity, specifically the strength and capability of state institutions to operate autonomously and without external support. State capacity, in particular, is an important factor that can determine the direction that control flows. Indeed, when state capacity is exceptionally weak as was the case for Afghanistan between the 1990s and late 2001, the direction of the arrows of control can flip, allowing a terrorist group the opportunity to acquire control through many of the same mechanisms that can provide increased state control, thus becoming the principal and the state its agent. In all, by understanding how control rises and falls in this way, we gain leverage on critical factors that could result in more consequential transfers of support. To facilitate this understanding, I introduced a typology of relationships that provides some convenient terminology for referring to state-terrorist relationships marked by different levels of control: transactional relationships (low control), alliance relationships (low to moderate control), and subordinate relationships (moderate to high control).

Chapter Three explored the variation in Iran's control over three groups: Lebanese Hizballah, Hamas, and Palestinian Islamic Jihad (PIJ). Iran since 1979 is not a weak state like Afghanistan, which made its state capacity of little consequence in terms of the balance of control with these groups. However, I showed that the Lebanese Hizballah was born with Iran's direct involvement, which resulted in the adoption of goals and other organizational features such as leadership figures that ensure close alignment of decision-making with Iranian wishes. Besides serving as Hizballah's main provider of resources, Iran also has maintained a relatively robust capacity to monitor the group in Lebanon and through constant visits in Iran. As predicted then, Hizballah's low preference divergence and Iran's strong ability to incentivize and monitor the group has provided Iran significant control, thus making Hizballah a strong surrogate to which Iran has provided a full range of support including riskier advanced technology. Such allocations are made even though Iran is not Hizballah's only state supporter. In this case, Hizballah and Iran together are reliant on Syrian support to enable Hizballah to operate in Lebanon as desired, making this situation unlike other cases in which multiple state supporters can dilute the ability of any one to incentivize a terrorist group.

By comparison, Iran's control over Hamas has varied, resulting in distinct changes in Iran's allocations of support as expected. Hamas originally developed without direct Iranian influence, adopting an ideology and long-term goals that differ in important respects from Iran's. Hamas and Iran's shared interest in seeing the destruction of the State of Israel and countering Western influence in the Middle East eventually brought the two sides together in some relatively low-level cooperation, despite Hamas's hesitancy towards the state and their underlying sources of preference divergence. Over time, Hamas's dependence on the support by Iran deepened, especially after 2004 when Hamas gained new political power in the Gaza Strip. And while Iran's capacity to monitor Hamas remains rather low, this organizational dependence has increased Iran's control over the group, turning the group from an ally to a surrogate, which is reflected in Iran's more meaningful transfers of support over recent years.

Iran's control over and allocations of support for PIJ also have varied for reasons that can be explained. PIJ originally developed an ideology and goal set that closely aligns with the Iranian state, even though Iran was not involved in the group's birth. In subsequent years, Iran became the primary source for PIJ's organizational inputs, thereby gaining a significant ability to incentivize the group. The group's capacity to hide information and action also diminished due to its co-location with Hizballah and Iranian forces in southern Lebanon. This resulted in very close ties and regular allocations of moderately risky support. By 1995 however, the relationship grew somewhat more distant as a new leader with greater skepticism towards Iran and its influence over the group took over the reins of PIJ. This new source of preference divergence, combined with a reduction in Iran's ability to monitor the group due to the new leader's shift of the PIJ's external base of operations out of Lebanon to Syria, seemed to result in less robust allocations of support from Iran, at least some that was provided on a conditional basis, suggesting some new trust deficit between the two sides. Throughout much of the 2000s though, it appears that PIJ has behaved largely in accordance with Iranian wishes given its ongoing dependence on Iranian support. PIJ has thus remained a surrogate to Iran, albeit a weaker one than in years passed.

Chapter Four studied Pakistan's relationship with three terrorist groups that share Pakistan's desire to attack India to understand the dynamics shaping that state's allocations of support. Among these groups—Lashkar-e-Tayyiba (LeT), Jaish-e-Mohammad (JeM) and Hizb-ul-Mujahideen (HM)—LeT has been the state's favored surrogate and the recipient of Pakistan's most significant transfers of support. The attitude of Pakistan—which, like Iran, could not be classified as a weak state in the same way as a state supporter such as Afghanistan under the Taliban's rule—towards the group is partly the reflection of shared preferences regarding attacking India especially in Kashmir and avoiding acts that sow violence in Pakistan's mainland. Indeed, dissimilar from most other groups operating in the greater Pakistan area, LeT advocates for a gradualist shift towards a more Islamized society in Pakistan, which the group hopes ultimately will yield it legitimate political power. In conjunction with this non-violent approach domestically, Pakistan's willingness to allow LeT to develop a vast infrastructure in Pakistan and neighboring Pakistan-administered Azad Kashmir, together with other resources allocated by the state, provides Pakistan with a robust ability to both monitor and incentivize the group. Even though LeT maintains other goals and interests that have conflicted with Pakistani edicts, LeT generally has behaved the way Pakistan prefers. Simply put, Pakistan's control over LeT has remained strong.

JeM presents a bit of a different picture. Pakistan has maintained strong control over JeM's leadership since the group's inception. Indeed, Pakistan's role in birthing the group allowed the state to implant a leader at its helm who is deferential to Pakistan. In fact, supreme leader Maulana Azhar's ongoing dependence on Pakistan for his legitimacy and power as a leader in the Islamist movement has caused him to direct the group to behave in ways that align with Pakistani goals and interests, in spite of important points of divergence from JeM's professed goals and interests. Unlike LeT however, JeM's underlying sources of preference divergence with Pakistan has created significant schisms within JeM's ranks, leading some members to break away from Azhar and act against Pakistani wishes. This highlights how state control can become shaky depending on intra-organizational factors. Yet since that split in 2002, Pakistan's control over Azhar's JeM faction has remained consistent, especially as it appears the group is almost entirely reliant on Pakistan for key organizational resources and given Pakistan's ability to threaten other types of punishments over its cadre in Pakistan; indeed, this provides the

state robust opportunities to incentivize the group. JeM's co-location with Pakistani security forces in Pakistan's mainland and Azad Kashmir also provide Pakistan a reasonably strong ability to monitor the current group's activities and decision-makers, thus resulting in the group's ongoing status as a Pakistani surrogate.

The potential perils of state control for terrorist groups also played out in the case of HM. Pakistan viewed HM as an important agent beginning in the early 1990s, especially due to the group's deep ties into the Muslim population on the Indian side of Line of Control and the shared goals of seeing Kashmir merged with and ruled by Pakistan. Pakistan in turn was eager to provide the fuel for this group to grow and become a most significant force in the conflict. Problems soon emerged between the two sides however, due to many within HM's discomfort with Pakistan's increasing control over the group. These problems, which were rooted in preference divergence regarding tactics to employ in the fight, were marked by HM's attempts to assert some independence from Pakistan. However, Pakistan's ability to incentivize the group and its Pakistan-based parent organization eventually brought the group back in line on numerous occasions. Yet like JeM, the organization subsequently suffered from disunity, ultimately falling apart for all intents and purposes. Meanwhile, the gyrations in Pakistan's control over the group were reflected in Pakistan's outlays to HM, which predictably never actually moved beyond the low to moderate risk categories of support.

While the theoretical insights derived from this research are dense, two further general points emerge from the totality of this research. First, this research shows that a dynamic relationship exists between certain types of state support and the balance of control. In particular, we have seen evidence that not all states may simply gain control and then provide a level of support they deem appropriate, but rather some also attempt to augment their control by providing different types of state support. States, for instance, provide training to affect terrorists' preferences *ex ante*. As discussed, states hope to inculcate certain capabilities and predilections that ultimately will yield attack profiles that suit state goals and interests. Training thus may increase control, and as control increases states may be willing to provide more support, perhaps including riskier support. The same can be true of use of territory; states that allow terrorists to operate in their territory may gain important capabilities such as the ability better monitor terrorist groups or more credibly threaten punishments if terrorists misbehave. Here again then, we see that by providing this type of support states may increase their control, which then may affect the support that states are willing to provide in the future. The circularity between control and the provision of some types of support is an interesting component of this story.

Another broad theme that emerges from the full body of this research is that shared ideology is not necessarily the most important factor driving strong cooperative ties between these two sets of actors, as suggested early on. It is certainly true that a close alignment of ideology and goals can be important for bringing a pair together in the first place, as was the case for Iran and PIJ. But we have also seen that a highly significant factor weighing on the amount of control obtained and consequently state allocations of support is individual terrorist groups' access to alternative resource outlets. Hamas, for instance, has grown increasingly dependent on Iranian support in recent years. This reliance seems to have melted away—or at least deeply suppressed—the group's earlier reticence to build closer cooperative ties with that state.

Another terrorist group that illustrates this point that was mentioned in Chapter Two is the Iranian Mujahideen-e-Khalq (MEK). MEK is a cultish organization that adopted a hybrid ideology with elements borrowed from leftist and Islamist doctrines. After the Iranian regime

made it extremely difficult for MEK to operate effectively in that country, the group was forced to seek alternative territory from which to base its operations against Iran's post-1979 clerical regime. With no other options, MEK accepted the offer tendered by Saddam Hussein regime's offer to set up a camp for thousands of members in Iraq, despite the fact that this was certain to alienate the group from the Iranian populace given the ugly war between Iran and Iraq during the 1980s. Over time, MEK's dependence on the Iraqi regime was a major factor causing the group to become a highly reliable paramilitary force for the regime. It was permitted access to a range of deadly weaponry and equipment within Iraq and even went so far as to follow regime edicts to participate in deadly attacks on other Shi'a located within Iraq, particularly during the uprising by Iraq's Shi'a population following the first Gulf War. In this example then, MEK's organizational survival depended on access to key resources, which in turn depended on staying in the good graces of the Iraqi regime, even though this spelled long-term defeat for the group due to its alienation of its perceived constituency in Iran. Generally then, it would be a mistake to think that relationships between states and terrorist groups necessarily must be built on some common ideological foundation.

Applications and Implications

This dissertation fills a critical gap in existing literature and important new insight on an important international security concern. By providing new understanding of key factors that shape state decision-making regarding allocations of support to terrorist groups, it provides intelligence analysts and national security planners with an enhanced ability to achieve two critical tasks: 1) analyze and assess the real threat posed by terrorist groups receiving assistance from a state supporter; and 2) directly inform strategies to mitigate that threat and use limited resources for countering terrorism and adversarial state behavior in an effective manner.

Enhanced Threat Assessment

The insights developed in this research provide a practical framework for analyzing and assessing the real threat posed by terrorist groups with state support. This framework is built from the four identified factors for measuring control. By collecting key data on these four factors, analysts are able to formulate concrete judgments about the threat environment and more precisely identify those relationships that offer the potential for riskier transfers of support—and those that do not.

This approach is rooted in a range of questions that should guide the analyst's data collection, ultimately enabling him to make a judgment about the level of control obtained. The **sidebar** entitled "Questions for the Analyst" provides a sample outline of those questions, as derived from this research. After collecting data for each factor, the analyst should be able to make an overall judgment about that factor. For instance, based on the evidence collected, how may we characterize the degree of preference divergence between a particular state and terrorist group pair: is it strong, moderate, or weak? In turn, the sum of these judgments for each of the four factors makes possible an overall judgment about the nature of control exercised in the relationship. A judgment consistent with the findings of this research, for example, would be that state control is extremely robust where preference divergence is weak, state efforts to incentivize a terrorist group are strong, a state's ability to scrutinize terrorist information and action is strong, and state capacity is moderate to strong. As discussed however, a state with moderate or strong capacity but a weak ability to incentivize and weak monitoring capabilities, while facing strong preference divergence, will garner less effective control. Alternatively, a terrorist group

with a strong ability to incentivize may make significant gains in control when engaged with a state with weak capacity, especially as preference divergence narrows. In some relationships, of course, these judgments will be less tidy, especially as not all factors will conform to one specific pattern. The continuum suggested here provides ample space for plotting such nuance, not to mention allowing for adjustments as new data and developments become available, all of which provides vastly improved analytical leverage on the threat posed by specific state-terrorist relationships.

Questions for the Analyst

To adapt this study's findings to real world problems, the analyst should collect data on specific state-terrorist relationships that answer the following set of questions, which are derived from this research.

1. What is the degree of preference divergence between a state and terrorist group?
 - What are the state's short-, intermediate, and long-term goals? What are the terrorist group's short-, intermediate, and long-term goals? How much variation exists between them?
 - What ideology undergirds state activity? Terrorist group activity? How similar or distinct are they? If they are not the same, do the differences create vastly dissimilar visions for the future? Has the state provided ideological training in an attempt to better align their ideologies?
 - What is the nature of the relationship between the terrorist group's leadership and the state's regime? Do signs exist that the group's leader is particularly close to the regime?
 - What is each side's perceived constituency? Are they different?
 - What is each side's preferred level of violence? Is there any reporting, for example, to suggest that the terrorist group would prefer to conduct spectacular, high casualty attacks, but this is undesirable to a state supporter, or perhaps the reverse is true? Does the state seek to tamp down on terrorists' violent attacks for some period of time due to external pressures? How does this sit with the terrorist group?
 - Related to this, what tactics would each side prefer terrorists to employ? Has the state provided tactical training to help shape terrorists' preferred military or other functional capabilities?
 - How well does the terrorist leader command the loyalty of his group's members? In other words, how likely is it that the edicts issued by the group's leadership will be viewed as legitimate and followed by the membership cadre?

Put together, do the answers to these questions suggest that preference divergence between a state and terrorist group is strong, moderate, or weak?

2. What is the success of state (or terrorist group) efforts to incentivize a terrorist group (or state)?
 - What other sources can a terrorist group tap to gain the resources it needs for sustenance and to function effectively? How robust are these alternate sources and how well and how reliably do they fill state needs?
 - Is the state able to credibly threaten to directly inflict physical punishment on the terrorist group? If so, how much damage could the state feasibly inflict on the group? Even if it is practically possible, are there other factors such as distance, fear of reprisal, or the loss of ambiguity about its ties to the group that might make it reasonably unlikely?
 - Does the state provide its support incrementally, possibly on a conditional basis, or in block grants, which would seem to suggest greater trust that the group will use its support in acceptable ways?
 - Conversely, is there information suggesting the terrorist group has provided support such as manpower or money to bolster the state?
 - Is the terrorist group able to credibly threaten to directly inflict physical punishment on the state? If so, how problematic would that be for the state?

Put together, do the answers to these questions suggest that state (or terrorist group) efforts to incentivize a terrorist group (or state) are strong, moderate, or weak?

3. How well are terrorists' able to keep information and actions hidden from state scrutiny?
 - Does the state maintain a capability to oversee terrorist decision-making? For instance, does a state representative sit in on terrorist group decision-making meetings? Or perhaps does the state require terrorist group leadership figures to meet regularly with state officials, ostensibly to provide timely information about plans and other organizational issues? If yes, how robust is this monitoring capability?
 - Are terrorists from the group spread around in different spots or centered in one area that the state can focus its monitoring efforts?

Put together, do the answers to these questions suggest that state's ability to limit a terrorist group's ability to keep information and actions hidden from state scrutiny is strong, moderate, or weak?

4. What is the state's capacity, specifically the strength and capability of its institutions to operate autonomously and without external support?
 - Does the state have sufficient resources and legitimacy to support its core requirement of maintaining a military force adequate to protect national and/or regime security?
 - Are there any other viable institutions in the state? If so, how well are they able to support efforts to maintain national and/or regime security?
 - Does the state have sufficient income to carry out other basic functions of government such as organizing infrastructure projects? If not, what if any alternative sources of income to fulfill basic state needs exist?

Put together, do the answers to these questions suggest that the state's capacity is strong, moderate, or weak?

Implications for Ongoing Strategies to Diminish the Threat

This research has important implications for developing strategies to diminish the threat posed by cooperative relationships involving states and terrorist groups, especially efforts to prevent the transfer of highly consequential types of support from states to terrorist groups, such as advanced technology. These implications can be divided into four basic categories: 1) expanding sources of preference divergence; 2) diminishing state supporters' ability to incentivize terrorist groups; 3) limiting states' ability to reduce terrorists' information advantage; and 4) preventing terrorists' co-optation of a weak state. Below I discuss each category and strategies implied by this research in its turn.

EXPANDING SOURCES OF PREFERENCE DIVERGENCE

Efforts to expand sources of preference divergence between states and terrorist groups can result in a reduction of the will to cooperate and the perceived reliability of one side to the other. As we have seen, preference divergence has caused terrorist groups such as PIJ, Hamas, and HM to desire some degree of independence from a state supporter. In all cases, this had important implications for the relationship and the state's allocations of support. Preference divergence also has played an important role in disrupting the unity within groups, which not only can affect states' perceptions about the reliability of the group but also may provide a vulnerability that can result in a terrorist group falling into organizational disarray. There are a number of ways that governments can exploit these insights.

Avoid efforts that result in increased preference alignment between states and terrorist groups. Actions that cause states and terrorist groups to find increasing sources of common cause should be avoided whenever possible. This could result, for example, from a policy that simultaneously focuses on attacking a state and a terrorist group it supports. By doing so, the two sides face a common and perhaps timely threat that could reduce the space that separate their perceived goals and interests and provoke a more united outlook on survival. In some cases specific threats against one party in the relationship but not the other can suffice to accentuate preference divergence. As discussed, international outrage over Sudan's ties to terrorists exploded in the mid-1990s, causing a variety of threats to be issued that drew a relatively swift response from that country's leadership in the way of the ouster of most terrorists operating in their territory. Such threats may not work in every case, however. We saw this in the case of the Taliban in Afghanistan and al-Qa'ida between the late 1990s and prior to 2002. As international efforts to respond to al-Qa'ida's overseas attacks created greater pressure on the Taliban, that country's leadership seemed to view its fortunes as increasingly aligned with al-Qa'ida. To avoid this development, it is possible that alternative methods to pressure Taliban leaders to forsake their growing allegiance with their al-Qa'ida guests might have spurred the state to evolve towards embracing a different set of preferences. While certainly unsavory given the unforgiving fundamentalism that drove the state to treat its own citizenry in barbaric ways, these methods might have included incentives such as conditioned cash transfers to the state or perhaps promises of other investments in Afghanistan.

Encourage the ascension of terrorist leaders that would prefer greater independence from state supporters. Terrorist groups led by individuals more suspicious of close ties with a state supporter are more likely to seek greater independence for their group. We have seen many cases such as JeM and Hizballah in which the leadership of a terrorist group is a critical factor over the group's willingness to adhere to state edicts. Alternatively then, leaders with a different perspective on their group's relationship with a state may create seeds for disunity between the two sides. One controversial way to affect such outcomes involves specific targeting of certain group members. In particular, it seems that efforts to assassinate existing leaders and those in the group that have the potential to serve in leadership roles and that also maintain attitudes likely to align well with more robust ties to a state supporter may yield leaders with alternative opinions or at least less developed ties to a state. An example of the success of this policy was evidenced by Israel's alleged elimination of PIJ's founder and charismatic leader Shirqi who maintained a very close relationship with Iran. Not only did Shirqi's assassination result in a new leader who has different views and a different relationship with Iran than his predecessor, but it also seems to have started a downward spiral in which PIJ has become a less coherent organization in general.

Promote dissent within terrorist organizations. States may deem terrorist groups that suffer from robust internal dissension less reliable and thus may avoid closer ties and more significant transfers of support. Even if a terrorist group leader is on the same page with a state supporter, his ability to ensure outcomes desired by the state may be in question if the group is riddled with dissension within its ranks. HM, for example, became an increasingly less reliable surrogate for Pakistan as cleavages developed between many of its members, especially those based in the Kashmir Valley versus those based in Pakistani-held territories. This suggests that efforts that encourage terrorist group members to question the wisdom of their leadership or the most efficacious path forward may sow dissent and ultimately cast a shadow over the group's reliability from a state supporter's perspective.

DIMINISHING STATE SUPPORTERS' ABILITY TO INCENTIVIZE

Like preference divergence, the ability to incentivize is a crucial factor in the level of control obtained between states and terrorist groups. Resource dependence is an especially powerful influence on behavior in relationships between these two sets of actors. Indeed, by providing support to a terrorist group states gain some ability to positively incentivize the group. If other sources of support are limited, the incentive to behave as a state wishes is strong. States can incentivize in other ways, in particular by threatening punishment in the form of direct attack on terrorist groups. These realities create certain vulnerabilities that governments can exploit as well.

Make terrorist groups more reliant on other sources of support. Given that terrorists' resource dependence on a state supporter can deepen that state's control, diversification of terrorists' resource base is desirable from this perspective. For years, for example, Hamas seemed to maintain a variety of robust alternative sources to satisfy its organizational requirements; losing some of the more significant outlets for these resources in turn has driven the group into a much more substantial relationship with Iran. Obviously it would be unacceptable to pursue policies that willfully allow terrorist groups to tap other sources for their resource inputs. A more palatable alternative involves focus on more ardent efforts to diminish states' ability to successfully provide support to terrorist groups. Clearly this would require ongoing intent and a dedicated intelligence and operational program, probably more than what exists now in some cases. Ideally this would cause a terrorist group to wither away due to problems acquiring what it needs. If not, the group would be forced to find alternative outlets, which would nonetheless diminish its reliance on a state supporter and thus lower state control and the potential for high consequence transfers of support.

Increase the costs to states of even lower-risk forms of support. States must face credible and meaningful costs in response to providing any range of support to a terrorist group. For decades many states have provided a variety of low to moderate risk support to terrorist groups without facing much pain, which means that allocations are made more freely that provide states with power to incentivize. Pakistan, in fact, has never even been designated a state supporter of terrorism by the United States, thus escaping the repercussions required according to relevant U.S. laws. The historic shortcomings in consistent and broad sanction on states involved in supporting terrorism is a rooted in coordination issues and, probably more importantly, the different perspectives and interests held by members of the international community. Looking ahead though, more pressure including stinging punishments on all states that provide any type of support to terrorist groups may have some effect on states' calculation for providing support. Any corresponding curtailment in allocations of support would effectively reduce a state's ability to incentivize and thus gain control over a group.

Make it more difficult for states to credibly threaten to inflict direct punishment on terrorist groups. States able to threaten direct punishment gain important leverage over terrorist groups, so particular attention should be paid to preventing the co-location of state and terrorist forces. Iran and Syria both maintained forces in Lebanon for decades. As discussed in Chapter Three, on at least one occasion this has resulted in one of those forces executing members of Hizballah that acted against state wishes. The deterrent effect provided by this capability is likely strong. As a result, actions to diminish states from gaining this leverage over terrorist groups may diminish states' ability to issue negative incentives.

LIMITING STATES' ABILITY TO REDUCE TERRORISTS' INFORMATION ADVANTAGE

Actions that limit state supporters' ability to improve their information disadvantage with terrorists may reduce state control and in the process negatively affect state willingness to provide more robust support. This suggests that efforts to diminish state oversight capabilities and thus state confidence that a terrorist group will act according to their wishes may serve as a useful approach for reducing the threat posed by state supported terrorism.

Curtail states' ability to physically monitor terrorist groups overseas. Actions that limit states' monitoring capabilities can deny state supporters opportunities to lessen terrorist groups' operational and decision-making independence. As described earlier, it seems Iran recognized the value of monitoring Hizballah. Iran's encampment of a contingency of nearly 2,000 Iranian Revolutionary Guard Corps (IRGC) forces in Lebanon over recent decades provided on-the-ground information about the daily activities of Hizballah, not to mention other terrorist groups with bases in Lebanon. One IRGC figure also made it a point to attend the group's leadership meetings on a regular basis. This effectively cuts down Hizballah's ability to maintain privileged information or conduct activities without its state supporter's approval, thus providing Iran more control. Efforts to deny states this benefit and thereby decrease the amount of control they may accrue would require some ingenuity, as states may use their foreign diplomatic privileges to conduct these activities abroad. One possible course of action is to run covert operations that attempt to disrupt operations at states' overseas bases. In some cases, it is also possible that efforts to put a spotlight on these overseas activities may produce some degree of fear in states that their plausible deniability regarding ties to terrorist groups has decreased, which could lead some states to reduce their overseas presence.

Dissuade states from allowing terrorist groups to use their territory. States should be dissuaded from allowing terrorist groups to operate within state-controlled territory where states can establish more significant monitoring and oversight capabilities. An approach to achieve this would be to provide negative incentives, such as the promise to impose significant economic and diplomatic costs on states that do not comply. While such policies may have had limited effect on stubborn, already alienated state supporters in the past, these efforts may achieve greater success with states such as Pakistan that are eager to attract international assistance to support their weak economy.

PREVENTING TERRORISTS' CO-OPTATION OF STATES WITH WEAK CAPACITY

Circumstances in which terrorists are able to assert control over state leadership will remain an unusual occurrence yet the potential implications should this occur remains an important enough concern that efforts must be made to stymie this from happening. As highlighted in Chapter Two, the most noteworthy example of this type of state capture involved al-Qa'ida's control over the Afghan leadership by late 2001. Preference divergence shrank between al-Qa'ida and the Taliban leadership at the same time that the Taliban grew increasingly dependent on al-Qa'ida's incentives, which allowed the direction of the arrows of control to switch and al-Qa'ida's goals and wishes to take precedence over that of the state. The fact that this occurs when states are weak means that the international community has some opportunities to try to prevent this scenario from arising.

Provide incentives to countries with weak state capacity that may be vulnerable to terrorist co-optation. Weak states must be incentivized to prevent terrorists from gaining some measure of control. This is especially critical for weak states that share an ideology or perhaps heritage that could form the basis for increasingly cooperative bonds with certain terrorist groups, particularly those rich with men or other resources that could be used to fill state deficits.

Negative incentives such as threats of punishment may work in some cases. In others, the most fruitful outcomes may require a combined “carrot and stick” approach.

Take aggressive action to deny terrorists safehaven in countries with weak state capacity. Terrorists must be prevented from gaining any type of foothold in weak states from the start, as this is likely to reduce terrorists’ ability to develop control over time. As evidence emerges that a terrorist group is establishing a presence in a weak state, the international community must respond swiftly, employing diplomatic, economic, or military options to deny it from establishing a long-term foothold in that country.

OTHER CONSIDERATIONS FOR POLICY

Three further policy relevant points may pertain to this research. First, it is possible that under some conditions the international community may be able to leverage the ties between states with some measure of control over terrorist groups to decommission those groups over the long run. Here it would seem that if states are incentivized effectively by external powers, they might be induced to aid in efforts to weaken groups’ health or willingness to resort to violence. While the number of states susceptible to this sort of pressure may be limited, this suggests that efforts to dismantle terrorism might benefit from policies to diminish control spread out over a longer stretch of time. Related to this, it is important to remain mindful of the fact that for some terrorist groups the loss of state support may not mean organizational death, as opportunities for resources may be cultivated. If so, losing state support may simply mean greater independence for the group, which might then result in a potentially more vicious and unconstrained threat. Stepped up efforts to attack terrorists’ independent sources of resources, therefore, must be undertaken as well. Finally, the Pakistan set of case studies examined herein reminds us that state supporters of terrorism may themselves face some degree of blowback from responding to international pressure to limit terrorist activity or their ties to terrorist groups. Thus, in states like Pakistan where domestic stability is a major concern especially given that country’s nuclear capabilities, efforts to cause a decoupling of states and terrorist groups must proceed cautiously.

Conclusion

So why do states vary the support they provide from one terrorist group to the next? This dissertation highlights one condition—the level of control—that is likely to be an important factor affecting state decision-making calculations. While this is not the only factor that may weigh on a state, it is a critical component of the states’ calculus that hitherto has received little attention. This understanding thus replaces overly simplistic assertions of the past that fail to take into account the wider range of factors at play.

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