

ISIL and the Goal of Organizational Survival

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The Islamic State, or ISIL, has emerged as a manifestation of two trends: the convergence between transnational terrorist and criminal organizations, and the erosion of the post-Westphalian world order. The conventional wisdom has long held that criminal organizations are driven by the venal pursuit of wealth, while terrorist organizations are driven exclusively by ideological motives, and would presumably be repelled by the materialism of ordinary criminals.¹ ISIL, however, from its inception, has represented a merging of criminal activity for profit and terrorism. ISIL was founded as al-Qaeda in Iraq in 2004 by an infamous Jordanian thug known by his *nom de guerre*, Abu Mus'ab al-Zarqawi. Since its creation, the organization has changed names several times, but it has retained and expanded upon many of the innovations put in place by its founder, who used his experience as a gangster to create an unusually wealthy, vicious, and crude criminal/terrorist organization that also claims to be a state.

Abu Mus'ab al-Zarqawi was a high school dropout, known around his hometown of Zarqa, Jordan, as a boozier and a brawler, certainly not as a pious man, let alone a fundamentalist. He was reportedly arrested 37 times for his involvement in violent crime and drug dealing, and was well known to the local police. His mother encouraged him to study Islam, hoping to rescue her son from a life of crime, but studying religion did not help Zarqawi find peace. The Islam that he discovered was an unusually violent one. His jihad had nothing to do with elevating himself spiritually, and everything to do with justifying his preferred lifestyle of burglary and brutality.

Like many terrorist operatives, Zarqawi's jihadi views were solidified in prison. He was incarcerated in Swaqa Prison from 1993 to 1999, during which time he studied Islam under the tutelage of his fellow inmate and mentor, Sheikh Abu Muhammad al-Maqdisi.² Maqdisi is one of the architects of jihadi Salafism, an ideology based on the principle that any government that does not rule through a strict interpretation of Shariah is an infidel regime that must be violently opposed.³

Prison was transformative for Zarqawi. It was there that he made the transition from a small-time criminal to terrorist mastermind and leader.⁴ After he was released from prison in 1999, he traveled first to Pakistan and from there to Afghanistan, where he met Osama bin Laden.⁵ In the days prior to September 11, 2001, bin Laden repeatedly sought *bayah* from Zarqawi, a religiously binding oath of allegiance. Until 2004, the former gangster refused.⁶

Ironically, it was the invasion of Iraq that pushed Zarqawi into an alliance with bin Laden and led to al-Qaeda's enduring presence in Iraq, and ultimately, the rise of ISIL.⁷ Soon

after allied forces overthrew Saddam Hussein in 2003, the Coalition Provisional Authority (CPA) disbanded Saddam Hussein's military, security, and intelligence forces.⁸ More than 100,000 Sunni Baathists were removed from the government and military, leaving them unemployed, angry, and, at least for the military personnel, armed.⁹ Lieutenant General Jay Garner warned that the policy rendered a large number of educated and experienced Iraqis "potential recruits for the nascent insurgency."¹⁰

One particularly important function impacted by the purge was the Iraqi border patrol. The weakened force provided little resistance to the flow of foreign fighters into the country.¹¹ Those weak borders also facilitated crime. Thus, the predecessor organizations to ISIL were both fomenting and exploiting weaknesses in the state system.

Some Baathist insurgents ended up in U.S.-run detention facilities, such as Camp Bucca, where the jihadists and former military personnel forged closer ties. Louise Shelley deemed prisons "corporate headquarters for crime-terror interactions," citing that of the 25 members of ISIL's senior leadership, 17 were incarcerated in American facilities between 2004 and 2011.¹²

An estimated one-third of Abu Bakr al-Baghdadi's deputies served in the Iraqi military under Saddam.¹³ For example, Haji Bakr (a *nom de guerre* for Samir Abd Muhammad al-Khelifawi), a former Baathist military leader, became a top strategist for ISIL. During his 2006 to 2008 detainment in Camp Bucca and Abu Ghraib, Bakr established connections with other former high-ranking members of the military and intelligence sector, with whom he developed ISIL's master plan for the takeover of Iraq and Syria.¹⁴

In June 2006, Abu Musab al-Zarqawi was killed in a U.S. air strike. ISIL acquired expertise, knowledge, and inspiration from this erstwhile gangster, leading it to form a hybrid criminal organization, proto-state, and apocalyptic cult that flaunts its brutality over social media. Soon after Zarqawi was killed, al-Qaeda in Iraq (AQI) changed its name to the Islamic State of Iraq (ISI). Thus, in 2006, the organization was already beginning to see itself as an alternative to a state. In 2010, Abu Bakr al-Baghdadi (a *nom de guerre* for Ibrahim Awwad Ibrahim Ali al-Badri al-Samarrai) took over the leadership of ISI, which would eventually become known as ISIL, and then the Islamic State. In the remainder of this chapter, I will use the acronym ISIL.

The Rise of ISIL

In early June 2014, ISIL captured Mosul, a city of 1.5 million people and the site of Iraq's largest dam.¹⁵ Because it was so dangerous for journalists and other noncombatants to operate in areas afflicted by insurgency, the victory seemed to come out of nowhere. ISIL was reported to have stolen \$429 million from Mosul's central bank and millions more from other banks in the city.¹⁶ These reports were later denied by the Iraqi government. But the denials—sourced to Iraqi bankers and officials whose own businesses rested on their ability to secure funds and the country's economy—were not any more credible than the original reports.¹⁷

As a result of its criminal activities, ISIL quickly became the richest terrorist organization in the world, worth an estimated \$2 billion by mid-2014.¹⁸ Unlike al-Qaeda and many other terrorist groups, which rely on external sources of funding, including

“charitable” donations, much of ISIL’s revenue was generated internally from taxes on local populations, looting, the sale of antiquities, and oil smuggling.¹⁹ By June 2015, U.S. officials ranked extortion as ISIL’s primary source of income.²⁰

Human Trafficking

By early August 2014, ISIL had advanced into the northern Iraqi town of Sinjar, which had a large population of minorities, including a Kurdish-speaking population known as the Yazidis.²¹ ISIL believes the Yazidis are devil worshippers and constructed a religious justification to kill all the men and enslave the women and children.²² ISIL hunted and then surrounded the Yazidis as they fled to Iraq’s Mount Sinjar with no food and no water. The United States, United Kingdom, and France made emergency airdrops of food and water to the Yazidi refugees to forestall what the UN referred to as a threatened genocide.²³ Sinjar was retaken in November 2015.²⁴

Only later would it become clear that ISIL’s aim was to set up a sex trafficking operation. Thousands of Yazidis were abducted. Matthew Barber, a scholar of Yazidi history at the University of Chicago, estimates that as many as 7,000 women were taken captive in August 2014.²⁵ “The offensive on the mountain was as much a sexual conquest as it was for territorial gain,” Barber said.²⁶ The operation to enslave the girls was entirely preplanned, according to both Human Rights Watch and Amnesty International.²⁷ The girls are sold to ISIL operatives as sex slaves, and have also been sold in Jordan and the United Arab Emirates.²⁸

The sexual enslavement of Yazidi girls would appear to fulfill a number of ISIL’s needs. Premarital sex is forbidden by Islamic law. In societies where young men cannot afford to marry, the availability of sex, even with an unwilling victim, is part of ISIL’s recruitment drive, enabling ISIL to outcompete other jihadi groups. According to ISIL’s “scholars,” the renunciation of slavery created a problem for Muslim men. They argue that in the absence of sex slaves, “the shari’a [shariah] alternative to marriage is not available, so a man who cannot afford marriage to a free woman finds himself surrounded by temptation towards sin.”²⁹ Thus, by ISIL’s logic, sexual slavery is a way to avoid the sin of premarital sex or adultery, since premarital or extramarital rape of a slave does not count as sex. One of ISIL’s essays on sexual slavery, “The Revival of Slavery Before the Hour,” explains that polytheist and pagan women can and should be enslaved. Indeed, their enslavement is one of the “signs of the hour as well as one of the causes of al Malhalah al Kubra,” the Final Battle that will take place in Dabiq.³⁰

ISIL is also abducting children to use as child soldiers. Children of ethnic minorities, particularly the Kurds and Yazidis, have been kidnapped and forced to join ISIL. According to the Syrian Observatory for Human Rights, in one case, more than 600 Kurdish students were kidnapped on their way home from taking exams in Aleppo. Their captors gave the boys an Islamic “education,” encouraging the children to join the jihad, showing them videos of beheadings and suicide attacks.³¹

Smuggling both Syrian and African migrants from Libya to Europe has become a big business. ISIL, along with other militias active in Libya, has been taxing this human trafficking business, which at the time of this writing generated an estimated \$320 million per year. These funds have reportedly helped to finance ISIL's provinces in Libya, called Barqa, Tarabulus, and Fezzan.³² The Global Initiative Against Transnational Organized Crime estimated in May 2015 that the value of migrant smuggling in Libya had risen from \$8 to \$20 million in 2010 to \$255 to \$323 million in 2014.³³ In recent years, Syrian refugees en route to Europe have shifted their routes through Africa into the Sinai and Libya, where ISIL has a foothold and can levy a lucrative tax on their transport.

ISIL has capitalized on a business model previously employed by Congolese rebels, in that it creates a refugee crisis and subsequently services the refugee camps.³⁴ By attacking civilians in Iraq, Syria, and in Jordanian and Lebanese refugee camps, ISIL forces them to flee, thus facilitating the migrant-trade system. This criminal scheme finances ISIL's operations while aiding the expansion of its so-called "Caliphate" throughout North Africa.

Kidnapping for Ransom

In 2014 alone, ISIL raised around \$20 million by ransoming Western hostages, according to David Cohen, who served as the U.S. Treasury's Under Secretary for Terrorism and Financial Intelligence from 2011 to 2015.³⁵ While the United States and the United Kingdom have government policies that forbid paying ransoms, many other countries, including some in Europe, have paid to have hostages released.³⁶

Oil Sales

Between June and late 2014, when the coalition bombing campaign against ISIL began to impact its oil production, ISIL was earning around \$1 million a day from oil production alone, according to Cohen. Some of the oil was refined using makeshift facilities, and some was sold as crude. Matthew Levitt reported that facilities located in ISIL-controlled territory were producing an estimated 80,000 barrels per day (BPD).³⁷ In late 2014, Louise Shelley reported that ISIL was selling crude at a discount (around \$20 to \$35 per barrel) to truckers or middlemen. Smugglers were paying about \$5,000 in bribes at checkpoints to export the crude out of ISIL-controlled territory.³⁸

In May 2015, Celina Realuyo testified before the House Committee on Financial Services that ISIL's oil production had gone significantly down, but was still estimated at 48,000 BPD (44,000 BPD from Syrian wells and 4,000 BPD from Iraqi ones). Realuyo reported that ISIL's putative enemies were rumored to be its customers—the Assad regime, Turks, and Iraqi Kurds.³⁹ But Charles Lister points out that ISIL does not just trade in oil; it relies on it for its own needs—not only to run its generators, vehicles, and bakeries, but also to establish a system of dependency in which civilians under its governance rely on its ability to provide inexpensive oil.⁴⁰

After the coalition started striking ISIL's oil production facilities, the U.S. Treasury Department stated that ISIL began to shift its operations away from oil smuggling in favor of

extortion.⁴¹ Some reports challenge the assertion that coalition air strikes have significantly disrupted ISIL's oil production. In September 2015, some 50 intelligence officers claimed that their intelligence had been politicized, and that U.S. bombing of ISIL's oil facilities had damaged the economy less than had been reported by CENTCOM.⁴² In October 2015, oil traders and engineers on the ground approximated that crude production in militant-held territory amounted to 34,000 to 40,000 BPD, generating revenues of \$1.5 million per day.⁴³

The coalition was initially wary of attacking oil transport vehicles for fear of inflicting civilian casualties.⁴⁴ But by mid-November 2015, the United States intensified its efforts to thwart ISIL's oil sales, targeting the tanker trucks used to smuggle crude produced in Syria, warning the drivers to leave their vehicles behind in an effort to minimize collateral damage. In the first week of the new campaign, U.S. warplanes struck nearly 500 tanker trucks, reportedly destroying half of ISIL's transport vehicles.⁴⁵ Truckers consequently became reluctant to approach the oil fields, which reportedly resulted in a significant decrease in trade.⁴⁶

Theft of Equipment

ISIL's military conquests have allowed it to acquire territory, infrastructure, and military equipment.⁴⁷ Prime Minister Haider al-Abadi admitted in May 2015 that the Iraqi Armed Forces had lost U.S.-made weapons to ISIL on multiple occasions, reporting that they "lost 2,300 Humvees in Mosul alone," worth over \$1 billion.⁴⁸

Antiquities Trafficking

ISIL has dismayed the international community with its destruction and pillaging of ancient heritage sites throughout Iraq and Syria. In late 2014, an archaeologist from Iraq's Department of Antiquities estimated that ISIL controlled more than one-third of the country's 12,000 historical sites.⁴⁹ The illicit sale of artifacts is a relatively low-risk crime, as European art markets are not typically closely monitored by police. Even for offenders who are caught, the likelihood of serious punishment is low. In addition to being low-risk, it is also highly lucrative.⁵⁰

"The Taliban learned to finance their terror through opium. They don't have opium in the Middle East. What they do have is antiquities. It's the cash crop," Matthew Bogdanos, a U.S. Marine colonel and assistant district attorney in New York City with experience investigating the illegal antiquities trade in Iraq, explains.⁵¹ ISIL turns a profit both by selling stolen artifacts and by imposing taxes on traffickers who move the items through militant-controlled territory.⁵² U.S. officials estimate that the value of ISIL's illicit antiquities trade exceeds \$100 million per year.⁵³ ISIL's artifact trafficking is aided by criminally inclined middlemen with years of experience stealing, looting, and smuggling under Saddam's regime.⁵⁴ ISIL has tapped into long-standing black markets and smuggling routes, making traditional instruments for fighting terrorist financing far less useful.⁵⁵

Stolen pieces often end up in the hands of wealthy art collectors in the West, many of whom are willing to turn a blind eye to the unlawful origins of their purchases.⁵⁶ The value

of declared artifacts imported from Syria into the United States increased by 134 percent between 2013 and early 2015, and as of February 2015, almost 100 Syrian antiquities had been smuggled into England, some of them worth hundreds of thousands of dollars.⁵⁷

The widespread pillaging of the cradle of civilization provides ISIL with a valuable opportunity to demonstrate its opposition to the worshipping of idols through various propaganda outlets. However, ISIL's methodical system of organized looting and marketing of stolen goods suggests that the group's goals may revolve around income rather than ideology.⁵⁸ On camera, ISIL destroys relics with sledgehammers and drills, but behind the scenes the group has reportedly hired professional contractors to execute its excavations as efficiently as possible.⁵⁹ At some sites ISIL outsources digging jobs to locals and collects a 20 to 50 percent Islamic *khums* tax, historically levied on the spoils of war, on artifacts that are excavated.⁶⁰

In his late-2014 testimony before the House Committee on Financial Services, Matthew Levitt named the trafficking of looted artifacts as ISIL's second-highest source of income and a testament to the organization's perpetually diversifying criminal economy.⁶¹ Levitt reported that despite the decline in oil profits, "ISIL is not likely to just sit there and watch itself wither on the vine. It has shown it can adapt...for a long time they were not focusing on [antiquities], and now it's become very important to them."⁶²

The supply of antiquities in ISIL-controlled territory is finite, and, though lucrative now, ISIL's illicit trafficking is by no means a sustainable business model. Daveed Gartenstein-Ross of the Foundation for Defense of Democracies has proposed that cutting out the former Baathist middlemen is the key to curtailing ISIL's black market antiquities trade. He posits that cracking down on these middlemen by arresting or incarcerating them would result in a dearth of facilitators for extortion, theft, and looting, thereby cutting off a large portion of ISIL's cash flow.⁶³

Drug Smuggling

In Syria, production of the synthetic stimulant Captagon has generated hundreds of millions of dollars per year in revenues.⁶⁴ The pills are produced cheaply in Syria and smuggled via Lebanon into the Gulf, where they are sold for up to \$20 each.⁶⁵ Syrian fighters have admitted to taking Captagon tablets before battle to energize themselves for long periods of strenuous fighting.⁶⁶

Smaller-Scale Crime

While the majority of ISIL's funds come from organized operations such as human trafficking, kidnapping for ransom, oil sales, and theft, the group has managed to finance itself through smaller-scale crime as well.

Cigarette smuggling has proven to be a low-risk and profitable business venture for ISIL. A cigarette smuggler in Raqqa who was apprehended by militants reported, "[ISIL] never beat me at all, they never tortured me. They just saw us as a profitable catch. They didn't even try to learn how we smuggled in the cigarettes or who the big traders were."⁶⁷

ISIL banned smoking in areas under its control and has punished offenders with large fines, beatings, and in some cases, executions.⁶⁸ Militants posted billboards in Raqqa suggesting that as an alternative to smoking, citizens should chew on branches from the *arak* tree, in imitation of the Prophet Mohammad's reported practice.⁶⁹ However, there is mounting evidence to suggest that ISIL's cigarette ban has more to do with money than morality. Iraqi civilians in Mosul stated in June 2015 that ISIL actually controls the black market, publicly outlawing smoking in order to partner secretly with smugglers, who can then sell illegal cigarettes at an inflated price.⁷⁰ A pack of cigarettes reportedly costs three times as much in ISIL-controlled territory as elsewhere in Syria, and tobacco for flavored water pipes costs almost seven times as much.⁷¹ Smugglers import cigarettes from Turkey to Syria to Iraq, paying 20 cents per pack and working with corrupt ISIL officials to resell them at quadruple the price on the black market in militant-held territory.⁷²

ISIL has reportedly advertised car and real estate auctions in Iraq and Syria selling property seized from "apostates and disbelievers."⁷³ ISIL recruits also fundraise through the sale of passports. Before crossing the border from Turkey to Syria, foreign fighters en route to join ISIL often sell their travel documents for thousands of dollars, using the profits to finance their jihadi ventures.⁷⁴ Financing major attacks through petty crime is not exclusive to ISIL. According to Louise Shelley, the planners of the January attack on the *Charlie Hebdo* offices in Paris funded their operation with criminal operations such as the sale of counterfeit Nikes.⁷⁵

ISIL's Staying Power

In war-torn Iraq and Syria, ISIL provides citizens with jobs and services and, through its harsh law enforcement, has projected a sense of order after years of lawlessness. In this sense, ISIL fills an important void for civilians. ISIL is clearly hoping to stay in the communities it occupies. For example, it indoctrinates children and their teachers by crafting extremist curricula intended to secure its popularity among the next generation of citizens.⁷⁶ It also provides employment to its supporters as a way of economically incentivizing capitulation among inhabitants of ISIL-controlled territory. A laborer from Raqqa employed by ISIL described living under the militant group's rule; "As a way of life, people got used to it. It is not our life, all the violence and fighting and death, but they got rid of the tyranny of the Arab rulers."⁷⁷

ISIL enhances its staying power through a practice that Hassan Abu Hanieh, an expert on Islamism, calls "geographic cleansing," in which minorities and enemies of the militant group either emigrate or are killed, leaving behind mostly Sunni Arabs willing to live under ISIL's harsh but semi-stable rule.⁷⁸

An anti-ISIL activist criticized the group's manipulative tactics, stating that "their policy is to make people hungry while they pay their fighters so that becoming one of them is the only way to live and eat."⁷⁹ ISIL systematically controls every aspect of the economy in areas under its governance, taking over local businesses and making it impossible for

nonmembers to find jobs, thus blocking off all alternative avenues of income.⁸⁰ ISIL enforces this economic subjugation while raising the prices of necessities and taxing local populations heavily on basic services such as water and electricity. “Only their people or those who swear allegiance to them have a good life...only the air people breathe is not taxed,” reported a Syrian man who fled from militant-held Deir al-Zor.⁸¹ With ISIL traders controlling the prices of goods in the markets, the cost of food has reportedly skyrocketed by as much as 1,000 percent in parts of Syria that ISIL controls.⁸²

While bankrupting the population stuck in militant-controlled territory, ISIL pays its employees a living wage. Activists have deemed ISIL’s economic warfare a tactic to coerce civilians to pledge allegiance to the militants. Faced with a choice between going hungry and submitting to the extremists, many have joined ISIL’s ranks. It is estimated that within the first three months following ISIL’s takeover in Palmyra, 1,200 young men were recruited by the militant group.⁸³ ISIL’s wages have become particularly important in the wake of coalition air strikes, which have disrupted the oil-based economy upon which many Syrian livelihoods depend.⁸⁴

In a May 2015 statement encouraging Muslims around the world to make *hijrah* (migration) to the Islamic State, Baghdadi claimed that Muslims living outside of ISIL-held territory were “homeless” and “humiliated,” while assuring that inhabitants of the so-called caliphate lived “with might and honor, secure by God’s bounty alone.”⁸⁵

Thus, ISIL aims to create a post-Westphalian world. In June 2014, the organization announced that it had destroyed the international border between Iraq and Syria. It announced its accomplishment with great fanfare, including a slick film accompanied by *nasheed*, the haunting jihadi music ISIL often uses as a soundtrack for its propaganda films, and established a Twitter hashtag #SykesPicotOver. With this accomplishment, ISIL was taunting the West that it was undoing the Sykes-Picot Agreement, the Anglo-French agreement of 1916 to carve up the Middle East into spheres of influence, which ultimately led to the new Arab nation-states of Iraq and Syria. As of this writing, ISIL claims dominion over 10 provinces in 8 states, proving itself particularly adept at exploiting areas where states are failing or weak.

How are we to understand how an ideologically driven organization—one that holds itself out as practicing a pure version of Islam—justifies moneymaking operations that are forbidden by Islam? After all, the Quran condemns bribery, theft, and rape.⁸⁶

Some jihadists have come up with a way to rationalize their crimes in religious terms. For example, Anwar al-Awlaki ruled that it is permissible to “dispossess” the “disbelievers”’ wealth by any means possible, including theft, embezzlement, and seizure of property. “All of our scholars agree on the permissibility of taking away the wealth of the disbelievers in *dar al-harb* [the territory of war] whether by means of force or by means of theft or deception,” he writes.⁸⁷ He was writing about the West, but his ruling could potentially apply to all “disbelievers.”

More importantly, terrorist groups are not just mission-driven organizations. Terrorist organizations are also organizations *qua* organizations, the goal of which is often first and foremost, to survive. James Q. Wilson argued a quarter-century ago, “Organizations tend to persist. This is the most important thing to know about them.”⁸⁸ Interestingly, ISIL’s slogan of *baqiyah* (to remain) appears to be one of its principal goals.⁸⁹ In the remainder of this chapter, I will assess ISIL’s survival strategy from an organizational perspective, an approach I developed in an earlier book and in several articles.⁹⁰

The organizational approach allows us to explore terrorism as a definable and distinctive product rendered by terrorist “firms.” It allows us to analyze the production of terrorism, the evolution of groups, and the types of behaviors, shapes, and attributes that make groups more or less effective and resilient. Here we will focus most concretely on ISIL’s use of criminal activity to promote resilience.

The organizational approach is most akin to that of Martha Crenshaw, who, in several articles published in the 1980s, emphasizes the internal politics of terrorist groups, concluding that “terrorist behavior represents the outcome of the internal dynamics of the organization rather than strategic action.” She argues further that some terrorist groups can best be understood as self-sustaining organizations whose fundamental purpose is to survive.⁹¹ The organizational approach described herein assumes that making progress—or at least appearing to make progress—towards stated goals (the “mission,” defined below) is an important consideration for terrorists, but rejects the assumption that the terrorists’ principal aim is necessarily to achieve those goals. This approach is to be distinguished from an instrumental paradigm, which assumes that terrorists select strategies to achieve a set of political objectives.⁹²

Organizational theorists distinguish between a rational system paradigm, which asserts that organizations seek specific, stated collective goals, and a natural system paradigm (now dominant in the literature), which asserts that participants in organizations pursue multiple interests, both disparate and common, instrumental and expressive, with the perpetuation of the organization as the single most important objective. Natural system theorists emphasize that even when the organization is pursuing its stated goals, it will also promote the needs of the individuals who belong to the group. These maintenance goals, required to secure the capital and labor needed to keep the organization in business, often “absorb much energy, and in the extreme (but perhaps not rare) case, become ends in themselves.”⁹³ Over time, groups that survive tend to evolve from the cause-maximizing end of the spectrum to the incentive-maximizing end.

To survive, organizations need to secure capital and labor. They also need to develop a brand. Very few terrorist groups get past identifying their collective cause or mission, to successfully secure the capital, labor, and brand that are required to persist. Indeed, according to a study by political scientist David Rapoport, 90 percent of terrorist organizations survive less than a single year; of those that manage to survive beyond the first year, more than half disappear within the following decade.⁹⁴

ISIL is much better at securing capital and labor than previous terrorist organizations, so much so that its claim to be a “state” is partly credible. It is also significantly more

skilled at branding itself, producing films with unprecedentedly high production values and spreading its message over social media.⁹⁵ It clearly values branding above all else, paying its filmmakers and social media gurus more than its fighters.⁹⁶

What is ISIL trying to achieve? Abu Muhammad al-Adnani, the spokesperson for ISIL, describes the purpose of jihad as recovering the lost honor of the Muslim Ummah:

The time has come for those generations that were drowning in oceans of disgrace, being nursed on the milk of humiliation, and being ruled by the vilest of all people, after their long slumber in the darkness of neglect.... The time has come for the Ummah of Muhammad (sallallahu ‘alayhi wa sallam) to wake up from its sleep, to remove the garments of dishonor, and shake off the dust of humiliation and disgrace, for the era of lamenting and moaning has gone and the dawn of honor has emerged anew. The sun of jihad has risen.⁹⁷

But it is hard to measure honor, or describe the inputs to its creation in tangible terms. I will refer to these intangible, collective goals as the terrorist mission, and the terrorist product as violence (or the credible threat of violence) in the service of that mission.

Capital includes such things as weapons, camps, equipment, factories, and the physical plants for any businesses run by the terrorist firm. Labor includes the terrorist leaders plus all the personnel employed by the organization, including managers, killers, marketers, financiers, public relations officers, etc. Like other nonprofit firms, terrorist groups are distinct from for-profit firms in that they are not maximizing profits for shareholders, but maximizing the appearance of achieving their mission. Another distinguishing feature is that terrorist groups claim to be producing a service needed by oppressed peoples, and they often attract donors. Over time, like other NGOs, they may evolve to service the needs of their donors and recruits more than the people whose needs they claim to be addressing.⁹⁸

The mission serves many functions. It distinguishes the organization from a purely profit-driven criminal organization, it helps the group raise funds from donors, it provides a *raison d'être* for action, and it provides a narrative about collective identity. It also enables the group to attract (but not necessarily retain) recruits. The mission of the terrorist group can be expressive (to communicate something), instrumental (to achieve something), or both. ISIL has both expressive and instrumental objectives. ISIL engages in expressive acts of extra-lethal violence, such as beheading or crucifying “apostates.” Before invading Mosul, ISIL deliberately spread videos of its brutal executions in order to intimidate the Iraqi Army into retreating from the city.⁹⁹ ISIL’s instrumental goals include spreading its caliphate throughout the Middle East and eventually, globally. ISIL boasts that its “soldiers continue to hope for Allah’s further support and the conquest of Constantinople and Rome.”¹⁰⁰

There are several things to note about terrorist missions. First, making progress toward achieving the mission does not guarantee organizational survival. Indeed, the two objectives—mission achievement and organizational survival—are quite distinct. This is different from the for-profit world, where mission achievement (or value maximization),

financial performance, and organizational survival are aligned. Maximizing profits is the firm's long-term goal, and the production of goods and services is a means to that end.

Second, terrorist organizations must make two calculations instead of one. They must attend to the financial performance of the enterprise and its long-term survival, and they must ensure that the enterprise is promoting, or at least appears to be promoting, its social objectives. For nonprofit firms, including terrorist ones, revenues are not the objective but the means to the desired end of achieving the organization's collective goals.¹⁰¹ (It is important to point out that some terrorist organizations evolve into organized criminal groups with no apparent mission other than generating profits. For example, the Revolutionary Armed Forces of Colombia [FARC] appears to be moving in this direction.)

Terrorist leaders encourage participation by offering two broad types of incentives to individual members: material incentives in the form of physical protection, housing, food, and cash; and nonmaterial incentives in the form of spiritual and emotional rewards. Transgressions are discouraged with negative incentives, both material and emotional. ISIL advertises these positive incentives to potential fighters, boasting about a "five-star jihad," that includes free housing, "[health care] in the Khilafah," schooling for fighters' children, taking care of orphans, and the opportunity for individuals who cannot afford a wife to acquire sexual slaves or concubines.¹⁰² For example, two German recruits who escaped from ISIL and were then tried upon their return said that they had been recruited in Germany by a "false preacher" who emphasized religion more than the requirement to join in the fighting. He promised that they "would drive the most expensive sports cars and have many wives" and that they could leave whenever they wished.¹⁰³ None of these claims were true.

There are also negative incentives to discourage defection.¹⁰⁴ One defector who managed to get out told the *BBC* that he feared not only for his life, but also the life of his family, whom he had left behind in ISIL-controlled territory. He summarized ISIL's approach to securing cooperation: "If you're against me, then you'll be killed. If you're with me, you work with me. You submit to my will and obey me, under my power in all matters."¹⁰⁵

In the spiritual realm, ISIL offers its followers the opportunity to live in the only place on earth "where the shari'a [shariah] of Allah is implemented and the rule is entirely for Allah."¹⁰⁶ It provides adventure, camaraderie, and, most importantly, a collective identity with honor for its followers. In an ISIL member's words, "[T]he Islamic State, by the grace of its Lord alone, brought out the Islamic punishments and rulings of the shari'a [shariah] from the darkness of books and papers, and we truly lived them after they were buried for centuries."¹⁰⁷ ISIL also spins an "end-time" narrative, capitalizing on the growing apocalyptic mood among Sunni Arabs.¹⁰⁸

The goals of terrorism thus fall on two continua: from the purely instrumental (aiming to achieve something, such as expanding the "caliphate") to the purely expressive (aiming to communicate something, such as terrorizing enemies) and from promoting a mission to promoting the wealth or personal power, identity, or enjoyment of the participants.¹⁰⁹

Changes over Time

Weber first observed the tendency for organizations to shift their mission from achieving their objectives to promoting their own survival. When spontaneous movements create bureaucratic structures, he argues, the organization's ends are inevitably distorted, with the substitution of self-preservation for the objectives it was formed to promote. Thus, terrorist organizations, like other nonprofits, can shift their missions in two principal ways—from one stated objective to another stated objective or from their stated objectives to no objective other than organizational survival or personal enrichment.

As terrorist organizations become more concerned with self-preservation and securing benefits for laborers and less concerned about their ostensible *raison d'être*, the mission becomes a marketing tool for securing organizational survival or a source of social identity. When a group becomes too focused on maintenance goals, it may shift into pure crime, and may lose some of its supporters. Thus, in the words of one jihadist I interviewed in Pakistan, “I feel they are running a business. They are...suppliers of human beings.” He added, “They use poor and illiterate boys for their own private cause, and call it ‘jihad.’ This ‘jihad’ has nothing to do with religion,” he said. Asked how his organization receives its funds, he said that:

the...real methods for raising funds is smuggling of goods through Afghanistan, Iran, and India. This includes drug trafficking, in some cases to India. Mujahedeen cross the borders and carry drugs, delivering them to the Indian underworld mafia. Similarly, the mujahedeen bring with them many smuggled items such as cosmetics and...electronic goods from Afghanistan to Pakistan to raise funds.¹¹⁰

The Competition for Resources

When multiple groups purportedly promote similar goals, competition for scarce resources such as donors, government assistance, and personnel can make them fierce competitors. This leads to a dynamic in which marketing becomes increasingly important.¹¹¹ The group's competitors can become their actual enemies, rather than those enemies that they identify publicly. Thus, ISIL aims to fight its enemies, the governments of Iraq and Syria, as well as the members of the 65-nation coalition engaged in fighting the organization. But it also needs to fight the many groups it is competing with, among them the Syrian al-Qaeda group Jabhat al-Nusra and Ahrar al-Sham. Jabhat al-Nusra is internally divided about whether to sever its relations with al-Qaeda and change its name, in order to secure more funding from the Gulf.¹¹² A Qatari official confirmed to *Reuters* that his government had pledged “more support, i.e.[,] money, supplies” if they cut their relations with al-Qaeda.¹¹³

When groups are competing with one another, violence can become a critical marketing tool, directed at political and financial backers rather than at the “target audience” (potential victims) that is usually described in the literature. The day-to-day task of political combat becomes one of competition for supporters and financial backers. Neutralization of the competition can become the group's most important goal.¹¹⁴

Conclusion

ISIL is unusual in that from the very beginning, it has focused on securing capital and labor more attentively than other terrorist organizations. It has acquired capital mainly through criminal activities including theft and selling oil, counterfeit goods, and antiquities on the black market. ISIL has illustrated the means by which terrorist organizations can leverage the resources available by interacting with criminal networks to produce a resilient, well-resourced organization. Part and parcel with counterterrorism efforts must be efforts to stem the sort of criminal networks that have padded the coffers of ISIL.

To acquire labor, ISIL offers a wide variety of incentives, including offering fighters wives, salaries, and camaraderie. ISIL is also unusually skilled at marketing these incentives—both positive ones for joining and negative ones for defecting. The group's innovative use of social media and online networks presents a great challenge, as it has quickly gained a transnational audience and the ability to attract volunteers from around the globe.

ISIL presents a new type of threat to the international community. On the one hand, it is in control of territories within two states recognized by the United Nations: Iraq and Syria. It boasts in its online magazine, *Dabiq*, that Western scholars have described it not as a terrorist organization, but as a state.¹¹⁵ On the other hand, it rejects the post-Westphalian system of states. It claims to have reestablished the caliphate. The entire self-image and propaganda narrative of the Islamic State is based on emulating the early leaders of Islam, in particular the Prophet Muhammad and the four “rightly guided caliphs” who led Muslims from Muhammad’s death in 632 until 661. ISIL claims to control provinces within the territory of eight states around the globe. While it has referred to itself by many names since it was first established in 2003, among them the “Islamic State of Iraq” and the “Islamic State of Iraq and the Levant,” in June 2014, it changed its name to reflect its grandiose ambition to become a new kind of state that transcends state borders. As Henry Kissinger warns in his 2014 book, *World Order*, “[t]he state itself—as well as the regional system based on it—is in jeopardy, assaulted by ideologies rejecting its constraints as illegitimate and by terrorist militias that, in several countries, are stronger than the armed forces of the government.”¹¹⁶ Further, Kissinger warns that:

[t]he world has become accustomed to calls from the Middle East urging the overthrow of regional and world order in the service of a universal vision. A profusion of prophetic absolutisms has been the hallmark of a region suspended between a dream of its former glory and its contemporary inability to unify around common principles of domestic or international legitimacy. Nowhere is the challenge of international order more complex—in terms of both organizing regional order and ensuring the compatibility of that order with peace and stability in the rest of the world.¹¹⁷

In many ways, ISIL has appropriated the mechanism of interstate relations and legitimacy to advance its cause—to establish a shariah-based borderless caliphate that eventually encompasses the entire world. While there is no risk that it will achieve this goal, it nonetheless presents a serious threat to weak states in the region where governance is poor.

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⁹³ W.R. Scott, *Organizations: Rational, Natural, and Open Systems*, Second Edition (Englewood Cliffs, NJ: Prentice-Hall Inc., 1981), 52.

⁹⁴ David C. Rapoport, “Terrorism,” in *Routledge Encyclopedia of Government and Politics*, Volume 2, ed. Mary Hawkesworth and Maurice Kogan (London: Routledge, 1992), 1067.

⁹⁵ Stern and Berger, *ISIS: The State of Terror*.

⁹⁶ Greg Miller and Souad Mekhennet, “Inside the Surreal World of the Islamic State’s Propaganda Machine,” *The Washington Post*, November 20, 2015, available at <https://www.washingtonpost.com/world/national-security/inside-the-islamic-states-propaganda-machine/2015/11/20/051e997a-8ce6-11e5-acff-673ae-92ddd2b_story.html>; Gina Scott Ligon, Mackenzie Harms, and Douglas C. Derrick, “Lethal Brands: How VEOs Build Reputations,” *Journal of Strategic Security* 8, no. 1-2 (2015): 27-42.

⁹⁷ “The Return of the Khilafah,” *Dabiq* 1, 9, available at <<http://media.clarionproject.org/files/09-2014/isis-islamic-state-magazine-Issue-1-the-return-of-khilafah.pdf>>; Isa Ibn Sa’d Al Ushan, “Advice to the Mujahidin: Listen and Obey,” *Dabiq* 12, 2015, 9-10.

⁹⁸ For examples, see Stern, *Terror in the Name of God*.

⁹⁹ William McCants, “The Believer,” *Brookings Institution*, September 1, 2015, available at <<http://www.brookings.edu/research/essays/2015/thebeliever>>.

¹⁰⁰ *Dabiq* 10, July 2015, 51.

¹⁰¹ Mark Moore, conversations with author, 2002-2003.

¹⁰² Jessica Stern and J.M. Berger, “Thugs Wanted – Bring Your Own Boots,” *The Guardian*, March 9, 2015, available at <<http://www.theguardian.com/world/2015/mar/09/how-isis-attracts-foreign-fighters-the-state-of-terror-book>>; *Dabiq* 9, May 2015, 24-27; *Dabiq* 1, July 2014, 4.

¹⁰³ “Jail in Germany is Preferable to Freedom in Syria” – German ISIS Defector,” *RT*, August 6, 2015, available at <<https://www.rt.com/news/311795-jail-better-than-ISIS/>>.

¹⁰⁴ Simon Tomlinson, “Barbaric Turf War Escalates in Afghanistan as ISIS Executes Three ‘Defectors’ Days After the Taliban Warned Terror Group to Stay Out of the Country,” *Daily Mail*, June 19, 2015, available at <<http://www.dailymail.co.uk/news/article-3131248/Barbaric-turf-war-escalates-Afghanistan-ISIS-executes-three-defectors-days-Taliban-warned-terror-group-stay-country.html>>; Deborah Amos, “Islamic State Defector: ‘If You Turn Against ISIS, They Will Kill You,’” *NPR*, September 25, 2014, available at <<http://www.npr.org/sections/parallels/2014/09/25/351436894/islamic-state-defector-if-you-turn-against-isis-they-will-kill-you>>; Morgan Winsor, “ISIS Executes 100 Foreign Fighters For Trying to Flee Syria,” *International Business Times*, December 20, 2014, available at <<http://www.ibtimes.com/isis-executes-100-foreign-fighters-trying-flee-syria-1764018>>.

¹⁰⁵ Paul Wood, “ISIS Defector Speaks of Life Inside Brutal Jihadist Group,” *BBC News*, July 14, 2014, available at <<http://www.bbc.com/news/world-middle-east-28269596>>.

¹⁰⁶ *Dabiq* 10, July 2015, 51.

¹⁰⁷ *Dabiq* 5, November 2014, 45.

¹⁰⁸ Jessica Stern, “ISIS’s Apocalyptic Vision,” *Hoover Institution*, February 25, 2015, available at <<http://www.hoover.org/research/issis-apocalyptic-vision>>.

¹⁰⁹ Jessica Stern, “Obama and Terrorism,” *Foreign Affairs*, September/October 2015, available at <<https://www.foreignaffairs.com/articles/obama-and-terrorism>>.

¹¹⁰ Like the other interviewees for the Harvard project on leadership, this interviewee’s identity cannot be identified. Interviews from Stern, *Terror in the Name of God*.

¹¹¹ John Fawcett, telephone and email interview with author, July 15, 2001. Among humanitarian relief organizations, the drive to beat out other organizations in the competition for funds can replace the drive to provide humanitarian relief where it matters most. John Fawcett argues that donor agencies wanted the NGOs active in the former Yugoslavia to carve up the problem and coordinate their activities. But the aid agencies are actually competing for funding, he says. They did not want to coordinate; they wanted to outbid each other. Each aid agency feared the others would steal its ideas.

¹¹² Jack Moore, “Al-Qaeda Losing ‘Deadly Competition’ With ISIS,” Newsweek, March 4, 2015, available at <<http://europe.newsweek.com/al-Qaeda-decline-syria-affiliate-nusra-front-considers-split-311348>>.

¹¹³ Ibid.

¹¹⁴ Philip Selznick, *The Organizational Weapon: A Study of Bolshevik Strategy and Tactics* (Santa Monica, CA: RAND Corporation, 1952), 229.

¹¹⁵ “Paradigm Shift Part II,” *Dabiq* 12, November 2015, 48.

¹¹⁶ Henry Kissinger, *World Order* (New York, NY: Penguin Press, 2014), 7.

¹¹⁷ Ibid., 96.

I would like to thank my research assistant, Jaclyn Roache, and the editors of this volume for their comments.