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# The Rationality of Islamic Extremists: An Economic Perspective

By Gregory W. Schech

The popular view generally held about Islamic extremists is that their heinous acts of terrorism are irrational. However, many scholars argue that their behavior is, in fact, highly rational. Others argue that Islamic extremists are irrational because they do not have rational expectations and the probability of achieving their goals is very low. The question of rationality is important because it has policy implications, and policy alternatives are limited if Islamic extremists are assumed to act irrationally. An economic model of religion that is based on rational choice and benefit maximization (and not rational expectations) can be used to explain certain characteristics of religious extremist group behavior and group dynamics. It agrees with sociological findings about religious extremists: e.g., that they are not mentally ill, do not all originate from a particular socio-economic group, and are not motivated by brainwashing or other forms of coercion. This model postulates that religious groups operate in a "religious market" similar to the way consumers make decisions in the marketplace for goods and services, and it applies to all religious groups along a continuum from the most liberal to the most extreme. Finally, the economic model predicts that the introduction of democracy is an effective means to counter terrorism.

*Terrorism is a rational strategy born of frustration and weakness. Terrorists are the extreme manifestations of a mass of people who are displeased with the policies of their own or other governments and whose voices are too feeble, too impoverished, and too*

*powerless to effect change when they resort to normal, civil, political means. But when gathered in a small cell of fanatics willing to lay down their lives for their cause - however just or unjust - then they become empowered and are heard.*

-Bruce Bueno de Mesquita (2002)

Many in the West view the atrocities of Islamic extremists as wanton and irrational. Indeed, until recently, the European view of religion in general was that it is irrational. Marx called it a "false consciousness." Freud labeled it a "neurosis." And Nietzsche likened it to "masochism" (Stark, Iannaccone, and Finke 1998).

Violence in the name of God seems incongruent to modern Western sensibilities. Before the rise of Islamic extremists in this century and the second half of the last, historical examples of violent religious zealotry, such as the Thugs (dating from 7th Century India) and the Assassins (dating from 11th Century Arabia), appeared to be relics from the past (Rapoport 1984).

Regardless of these conclusions, many scholars today (although not all) argue that religious practitioners, including religious extremists, act rationally and are not anomalies. A popular model developed by Iannaccone, Berman, Stark, Finke, and others<sup>1</sup>, uses economic theory to explain religious behavior by connecting religious "market" behavior with the actions of individual religious practitioners. Just as in the market for goods and services, religious markets work as they do because of the millions of decisions made each day by consumers and producers attempting to maxi-

mize their expected outcomes by weighing the costs and benefits of their actions.

Other ways to determine the rationality of Islamic extremists have been used. The most popular of these considers the rationality of the extremists' expectations. For example, if the success rate of a particular tactic or strategy is low, a rational actor would choose a different course of action. Abrams (2006) and Hoffman (2003) use this methodology and come to opposite conclusions. This paper posits that rational expectations are not required to determine the rationality of Islamic extremists.

The question about whether Islamic extremists and groups act rationally or irrationally is important because the answer has policy implications. For example, there are few policy alternatives short of destruction that will stop an irrational terrorist group; however, if that group is considered rational, it is important in developing a deterrence strategy to know how to exploit the terrorists' decision-making process.

### **Sociological Findings about Religious Extremists**

Following the growth of extreme religious sects starting in the 1960s, such as Hare Krishna, the "Moonies," Branch Davidians, and Children of God, sociologists began to study the phenomenon of why people join and become committed to these groups. Most of the popular explanations, such as brainwashing, drugs, mental illness, socio-economic status, and character flaws, were soon debunked (Iannaccone 2003, 2-3).

By leveraging these earlier studies, sociologists examined the phenomenon of why people convert and are committed to faith-based terrorist groups. They found that the typical, religiously-motivated terrorist is not poor or uneducated. He is not mentally-ill, suicidal, particularly aggressive, nor does he have a special reason to hate his victims (Hudson 1999). Other suspected motivations are summarized in the table at top right. None of these motivations have been supported by research.

Recent sociological research shows that extreme religious behavior is driven by rational choice and social attachment and that social networks and social capital are the most important factors in the recruitment and retention of members (Iannaccone 2003, 4-5). Successful conversion is not about selling beliefs or ideology to converts, but about

**Table: Why people join and commit to extremist groups (Iannaccone 2003, 2-3)**

<b>Why Do Religious Extremists Join?</b>	<b>Why are Religious Extremists Loyal?</b>
Grievances	Social pressure, deception, mind control
Economic deprivation	Cognitive dissonance
Social deprivation	Dependency
Cognitive limitations	Antipathy
Psychopathology	Delusion
	Drugs, sex, philosophy
	Status and rewards
	Coercion, threat, force

building social ties, which lowers social costs and raises the social benefits that go along with changing religious orientation. Recruitments typically fail if the prospective convert maintains strong social attachments to a network of non-members (Iannaccone 2003, 6).

Anecdotal evidence of the importance of social networks abounds. For example, new sect leaders almost always start with their own family members and close friends because they represent ready-made social networks. A testament to the importance of social networks in the recruitment process is a particularly pertinent example in the case of Islam's founding. Mohammad's first convert was his wife, Khadyah, followed by his cousin Ali, his servant Zayd, and his close friend Abu Bakr (Watt, 1961).

While sociological research explains the social dynamics of conversion and commitment, it does not explain the rational decision-making process of individual converts, how extremist organizations develop in the first place, and why they are so effective. To answer these questions, an economic model of religion will now be introduced.

### **An Economic Model of Religion**

Eli Berman and Laurence R. Iannaccone (2005) present an economic model of Islamic extremist organizations. They describe all religious behavior as a product of rational choice rather than as an exception to it. Their work is an extension of the work of the Nobel Laureate, Gary S. Becker, who first applied economic principles to sociological problems such as discrimination, family, and marriage. Others followed with applications to crime, war, civil conflict, hatred, and suicide (Iannaccone 2003, 10)

The model considers facts about religion that have been discovered by sociologists (such as facts about members, activities, and organizational structures) and then uses micro-economic theory to integrate the facts within a broad framework to explain such things as the internal logic of all religious organizations, why they are effective, and why people are attracted to and committed to them. They argue that all religions, from the most liberal to the most extreme, form a continuum that is subject to the same internal logic.

**The religious market.** Economists of religion view members of religious groups as consumers. On the supply side, religious producers (clergy) maximize membership, resources, and government support. The list of products produced by religions is very diverse. This list could include anything from an eternal afterlife, sublime knowledge, peace of mind and tranquility to good health, economic prosperity, and getting a good grade on final exams. In the context of Islam, religion is pervasive throughout the social, political, economic, and religious life of devout Muslims, which explains its effectiveness and its tendency to become extreme.

The interaction of religious consumers and producers forms a religious market where the consumer's freedom of choice constrains the producer's potential offerings. The market is economic because it is the result of the rational choice of consumers about the production, consumption, exchange, cooperation over, and competition for religious goods.

Just as in a market for goods and services, the impact of the consumer's choices are felt more strongly if there is greater competition and the market is unregulated. Thus, in liberal states that have freedom of religion, many religions typically exist at the same time, participation in religion is high, and, as Adam Smith (1984) has argued, violence and extremism are moderated. Also, when competition is high, churches must abandon unpopular products; therefore, the market for religion changes as the needs of consumers change or vagues come and go out of popularity. Conversely, in authoritarian regimes where only one religion or sect is allowed, participation tends to go down, and violence and extremism go up.

**Risk, trust, free-riding, and sacrifice.** The dynamics of why and how extremist sects are formed can best be understood if the problems faced by consumers and producers are considered. Consumers of religion, similar to consumers of used cars, face the dilemma of risk. Product quality is difficult to assess even after purchase and use. Under these conditions, sellers tend to overstate the value of the product or tend to hide flaws. To combat this uncertainty, "buyers demand guarantees, seek

information from third parties, or investigate sellers' reputations" (Berman and Iannaccone 2005, 11).

Berman and Iannaccone (2005, 11) maintain that collective and congregational religious institutions are particularly well-suited at reducing this perceived risk by increasing information flow. Testimonials from fellow members (a common practice in this type of religious institution), for example, are more trustworthy than pleas from church leaders because fellow members have less incentive to overstate the benefits of the religion because they do not benefit from the "sale" (Berman and Iannaccone 2005, 11). Similarly, the clergy, whose livelihood depends on sales, are more persuasive if they do not benefit from a follower's faith and do not receive a high salary. And the collective activities usually found in these groups provide "assurances through enthusiasm, devotion, conviction, and testimony" (Berman and Iannaccone 2005, 11).

However, while the congregational structure reduces risk, it is vulnerable to the problem of "free-riders"--members who reap the benefit of the efforts of committed members without putting forth an effort themselves. A solution to this problem is the use of sacrifice and stigma (gratuitous costs) to screen out half-hearted members and to increase the relative value of group activities. This, in turn, stimulates participation among those who remain in the group. Examples of common sacrifices are burnt offerings, distinctive dress, dietary and sexual prohibitions, and restrictions on medicines and technology" (Berman and Iannaccone 2005, 12).

These sacrifices also create a cost structure that enforces the exclusivity of the group. Sacrifices create a social stigma that makes it costly to engage in activity outside the group. As the price of external activities rises, the demand for internal substitutes increases. These incentives and disincentives are more likely to induce people with limited secular opportunities.

**Diversification of religions.** As religious producers compete for consumers, denominations and sects are formed that fill niches within the marketplace. These denominations can be classified according to the extent that consumption opportunities are limited through sacrifice and stigma. Not all denominations are of equal intensity of experience but instead there is a denominational continuum. Within each religious tradition, some firms (denominations) maintain "rigorous systems of shared beliefs and morality" (Berman and Iannaccone 2005, 10). These sects are called extremists. The model predicts, and sociological observations confirm, that groups located together on the denominational continuum have similar characteristics. The implications of this finding will be discussed below.

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Extremist sects are faith-based communities with the objective of producing communal goods and achieving communal goals. They flourish because “they provide members hope for the future, benefits for the present and insurance against misfortune” (Berman and Iannaccone 2005, 14). However, the communal goods that these groups produce are more than those of a spiritual nature. Extremist groups are also well-suited to providing goods and services of a non-spiritual nature, such as social services and trading networks, for the same reasons that they are effective producers of religious goods -- their credibility and ability to reduce free-riding, which “facilitates mutual insurance, philanthropy, and community action” (Berman and Iannaccone 2005, 15).

It does not seem reasonable that rational people will make the kinds of sacrifices normally associated with religious extremist groups such as sacrifices of health, status, income, comfort, freedom, and life. But apparently rational people do make these sacrifices for family, friends, and even strangers if cherished values are at stake. Groups and societies frequently induce people to kill or die for causes far removed from personal well-being or “genetic factors.” Consider the case of soldiers who willingly go to their deaths to defend a value or policy that does not directly threaten the well-being of self, family, or country.

**Costs and benefits.** Economists model rational sacrifice with the following equation (Iannaccone 2003, 11):

$$E[B(R, Z) - C(R, Z)]$$

This objective function is the expectation (E) of the benefits (B) of standard social and economic activities (Z) and the benefits of violent activities (R) minus the costs (C) of standard social and economic activities (Z) and the costs of violent activities (R). Some examples of benefits include fame, honor, recognition, moral status, value of accomplishment as judged by others, beneficial consequences and rewards for self and significant others, and harm and humiliation imposed on the enemy. Costs include expected pain and suffering, costs to loved ones, risk of failure, humiliation, capture, execution, and reprisals (Iannaccone 2003, 11).

A distinctive advantage that religiously-based extremist groups have over secular groups is that they can offer benefits (for example, a martyr is met in heaven by 72 virgins) that only a religion can provide. The secular group cannot offer anything near the magnitude of these benefits. And although the martyr takes the risk that these benefits will not accrue to him in the afterlife, the benefits are so great that they may outweigh anything else in the expected cost-benefit equation.

## The Model Applied to Islamic Extremists

The economic model of religion described here applies to all religions, regardless of how extreme it is and regardless of its particular ideology. Any religion that lies on the same point in the religious liberal-extreme continuum would have the same general characteristics although they would vary in particulars. Therefore, according to the economic model of religious extremism, there need not be anything unique about Islam to explain the internal logic, organization, and effectiveness of its extreme manifestation.

**Defining Islamic extremist groups.** The definition used here to define an Islamic extremist organization is that it is a terrorist group that is composed of Muslims that use violence or the threat of violence against civilians to achieve a political end that furthers the goals of political-Islam and not the secular state or any secular ideology.

However simple this definition seems, categorizing a terrorist organization as an Islamic extremist one is problematic. Islamic extremists are terrorist organizations so, by definition, they perform acts of terrorism for political objectives<sup>2</sup>. But there are terrorist groups that are Islamic that cannot be classified as Islamic extremists. Indeed, religion is a major factor in the ethnic identity of many groups, but that characteristic does not necessarily define the group’s motives as being religiously based.

The FLN in Algeria defined itself in its propaganda as being Islamic, but its character was that of a nationalistic organization because its ends and means were determined by its nationalistic objectives to appeal to domestic and international constituents (Rapoport 1984, 674). The same could be said about the Tamil Tigers, the Palestinian Liberation Organization (now the Palestinian Authority), and others. Their primary motivation is nationalism or separatism and not religion. Islamic extremist groups are distinguished from others by the fact that God is directly involved in determining the ends and means of the group’s actions (Rapoport 1984, 674).

Rapoport (1984, 674) further explains that, “Sacred terrorists find their rationale in the past, either in divine instructions transmitted long ago or in interpretations of precedents from founding periods of the parent religions.” It is beyond the scope of this paper to offer a detailed methodology of how to differentiate an Islamic extremist group from other terrorist groups; nor is it possible to offer an exhaustive list of such groups. For illustrative purposes, three groups will be used as examples of Islamic extremists in this paper -- Hamas, Hizbullah, and al Qaeda.

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**Religion, politics, social services, and violence.** Ostensibly, religious groups choose violence to improve the lot of their institutions and members by resisting repression and gaining political power. But regardless of the underlying causes, the likelihood of violence and the effectiveness of the violence are both increased when the religious group has certain characteristics similar to those displayed by modern Islamic extremists. The economic model explains why the combination of religion, politics, and social services (typically funded by external sources) is an incendiary combination that often leads to extreme violence. Islamic extremist groups such as Hamas and Hizbullah are good examples of this relationship. Both are Islamic fundamentalist groups that supply social services to a population of supporters that are subsidized by Iran and others.

The combination of high-power political aspirations, credible leaders, active members that have been screened for commitment, and the production of social services (which leads to still more commitment from members) results in violence, especially of the clandestine type (Berman and Iannaccone 2005, 17). As will be argued later in this paper, the social, economic, and political role of religious organizations is greater in Islamic countries than in most others. Given this relationship, when issues are framed in terms of life-or-death constructs or in culturally defining ways, as extreme Islamic organizations often do, the stakes are raised to a high level and high-powered political action is called for. For example, Hizbullah defines its objectives as, "the eradication of Western imperialism in Lebanon, the transformation of Lebanon's multi-confessional state into an Islamic state, and the complete destruction of the state of Israel" (Wikipedia). Because Hizbullah is acting on divine commandment to achieve these objectives, extreme measures are required and justified to achieve them.

The combination of external resources and internal conflicts increase the political power of mullahs, mosques, and madrasas and therefore the potential for violence (Berman and Iannaccone 2005, 16). For example, because of internal conflicts and corruption, the Palestinian Authority is not effective in delivering social services to Palestinians in their territories. Hamas is able to use resources received from external sources, such as from the government of Iran and others, to provide the services themselves. Hamas is much more effective at providing these services because of the high level of commitment within the group and the credibility of its leaders. Therefore, Hamas' religious leaders gain political power from the large numbers of supporters that they aid through the services that they provide.

The provision of external resources also increases

this level of extreme action because sects use sacrifice to screen out free-riders and enhance collaborative efforts. When external resources are received by the organization, benefits to members in the form of social services are increased. The level of sacrifice must then be raised to offset the external subsidy to reduce free-riding. The more sacrifice required by the group, the more radical it becomes, and the more likely it is to use violence.

Religious-extremist groups that provide social services are also more effective than secular terrorist groups or sectarian terrorist groups that do not supply them. These results can be explained by the greater commitment within extremist groups from the screening effect of sacrifice and the infusion of external resources. For example, by most measures, Hamas, a sectarian group, is more effective in its terrorist activities than Fatah, a secular group. And Hamas, which is an effective provider of social services, is more effective in its terrorist activities than Islamic Jihad, which provides no social services (Berman 2003, 9).

**Group characteristics and structure.** As the model predicts, most Islamic extremist groups have certain characteristics in common. For example, compare Sunni Hamas and Shiite Hizbullah. They are very adept at both avoiding free-rider problems through sacrifices and at converting external funding from Iran and others into collective goods (such as social services) and distributing them to their supporters. These groups are effective at this because they screen out uncommitted members in their core group, which raises the participation rates among those that remain (Iannaccone 2003, 15).

As a result of similar dynamics, both groups have similar characteristics. These characteristics include "distinctive lifestyles; high levels of commitment and high rates of group involvement; strong social bonds within the group and barriers to socialization outside the group; clear distinctions between members and non-members; claims to exclusive truth; strict penalties for violating group norms; wide-ranging activities that provide substitutes for goods, services, and social benefits that non-members obtain via market exchange or multiple groups; and disproportionate, but by no means exclusive, appeal to people with relatively limited secular opportunities" (Iannaccone 2003, 15).

Both Hamas and Hizbullah also have similar organizational structures that leverage these characteristics and increase their effectiveness. For example, each group has a small but very committed terrorist cell within a larger sectarian organization, which gives them access to a social network of loyal sect members. The members of the larger sectarian organization are unlikely to betray fellow sect members because of the social service benefits they

receive, the higher credibility of its leaders compared to the credibility of Lebanese and Palestinian government officials, and the commitment induced by sacrifice to a shared set of supernatural beliefs. As a result, the larger group provides the smaller terrorist cell with the freedom of action it requires within its operating area, non-free-riding funding, and ideal candidates for terrorist recruits (Iannaccone 2003, 15). Also, Hamas and Hizbullah benefit by placing themselves within the broad Islamic tradition that contrasts starkly with their enemy's (the U.S. and Israel) culture. All Islam will potentially support and sympathize with Hamas and Hizbullah and will have only limited sympathy with the heathen and infidel U.S. Finally, Hamas and Hizbullah have access to legitimate institutions and networks, such as government agencies, mosques, banks, schools, and NGOs, which facilitates the movement of information, individuals, materials, and funds (Iannaccone 2003, 15-16).

### **Refinement of the Model**

Given the well-researched and tested model of religion used here, why do some researchers disagree that terrorists and Islamic extremists are rational? First, there are other ways to make decisions besides the maximization of utility as required by the economic model of religion. Indeed, this method results in a rather weak form of rationality. Second, in making maximization decisions, one would assume that there needs to be a reasonable expectation of success in achieving a goal, yet this aspect is irrelevant to the model. Finally, because the model conceives of all religions as a continuum, it assumes that all people always have the same preferences. Empirically, this assumption cannot be supported.

The consequence of considering these other factors is that, while Islamic extremist groups tend to evolve in structure and tactics as if they were the result of maximizing utility, this may be far from reality at the individual level.

**Other "kinds" of rationality.** The kind of rationality used in the model presented here, where the actor's decision-making is motivated by utility maximization, is called teleological rationality. Other motivations may have a greater significance in explaining the actions of Islamic extremists, such as deontological and cathekontic rationality (Spickard 1998). All three motivations will be discussed below.

Teleological rationality is a rationality of "means" only because the "ends" are given and are potentially irrational, but this fact is irrelevant to the rationality of the decision. Here, rationality involves a careful calculation of the most efficient means to reach an end. It is a process of "weighing the costs and benefits of potential actions and choosing those

actions that maximize their net benefit" (Spickard 1998). So, for example, al Qaeda may have had an objective of removing the U.S. presence from the Middle East and, through a cost-benefit analysis, determined that flying airplanes into the World Trade Center maximized their net benefits in that regard. While this would be considered rational under the teleological form of rationality, it says nothing about the probability of al Qaeda actually achieving its objective of removing the U.S. from the Middle East.

Most economic models of social behavior note that the decision-maker has an expectation of the costs and benefits of performing an action. However, these models do not typically consider if those expectations are reasonable or not. A stronger measure of teleological rationality considers the rationality of the actor's expectations. For example, in Bryan Caplan's (2005) analysis of rational expectations, he argues that al Qaeda has extremely improbable and dogmatic beliefs. The improbabilities of their beliefs are illustrated in the words of Osama bin Laden:

"We are certain that we shall - with the grace of Allah - prevail over the Americans and over the Jews, as the Messenger of Allah promised us... We anticipate a black future for America. Instead of remaining United States, it shall end up separated states ... (Frontline 1998).

Another aspect of rational expectations concerning Islamic extremists relates to the discussion above about "find[ing] their rationale in the past." Islamic extremists believe that they will be triumphant in their struggle, regardless of the odds against them, because Allah will help the "true believers" achieve victory. This belief is primarily based on the military victories of Mohammed against heavy odds during the formative years of Islam. For example, regarding the battle of Badr, the Qur'an states:

Allah had helped you at Badr, when ye were a contemptible little force; then fear Allah; thus May ye show your gratitude. Remember thou saidist to the Faithful: Is it not enough for you that Allah should help you with three thousand angels (Specially) sent down? Yea, - if ye remain firm, and act aright, even if the enemy should rush here on you in hot haste, your lord would help you with five thousand angels Making a terrific onslaught. (Qur'an: Sura 3: 123-125)

Irrational expectations, however, are not incompatible with the rational choice model presented here. There are benefits to the individual in holding irrational beliefs; for example, it allows the individual to hold on to preferred beliefs and eliminates

the risk of losing family and friends as a result of changing worldviews (Caplan 2005). Also, Wiktorowicz and Kaltenthaler (2006, 316) argue that the probability of success is less important to the Islamic extremist because salvation is not achieved necessarily by results but by an individual's effort to work towards those results.

Deontological rationality differs with teleological rationality in that "ends" now become the key measure of rationality. Deontological, or value-rationality, uses a transcendent value or ideal in determining appropriate action (Spickard 1998). This transcendent value or ideal must be followed regardless of the benefit or cost. There is no calculation as there is under teleological rationality, but the decision-maker is compelled to make a decision based on what seems to them to be required by duty, honor, pursuit of beauty, or religious calling (Spickard 1998). It involves commandments or demands that, in the actor's opinion, are binding. It is the value that can be rational, not the goal.

The third type of motivation, cathekontic rationality, asks the question, what are my responsibilities? Whereas the teleological and deontological decision-maker is seen as independent of others, cathekontic rationality is embedded in a social network. The cathekontic decision-maker responds to the actions of others and sees those actions as "a part of a universal pattern, to which humans owe allegiance" (Spickard 1998).

Using all three types of rationality - teleological, deontological and cathekontic - provides a better way of understanding the motives of Islamic extremists and thereby devising better strategies to combat them. People who are motivated teleologically act to get things. For Islamic extremists this typically means success in political terms. Teleological extremists choose to act or not act depending on what they think will result. "An action expected to succeed will be carried out; one expected to fail will not. R-M [Resource Mobilization] theory's tacit utilitarianism - and rational choice theory's explicit cost-benefit analyses - are good examples of this type" (Spickard 2005).

Extremists who are motivated deontologically take actions not based on costs and benefits but on what they think is right, regardless of the consequences. Typically, the Islamic extremist applies the commandments in the Qur'an, or an interpretation of them, as a basis for action.

Similar to the deontological actor, consequences and success may not be important to the Cathekontic actor, but neither are rules and commandments. Instead, the actor is motivated out of a sense of responsibility to the community of which it is a part. The Cathekontic actor makes decisions based on social ties to others. Outcomes may be considered, but these outcomes are outcomes for the commu-

nity. Rules may be considered, but only as they contribute to relationships with others. Ultimately, actions are taken based on a concrete situation and not from a calculation of utility. An excellent example of this type of decision-making is the decision to join and then commit to an extremist group because of social ties and social networks. Another example might be the apparent altruistic behavior of some extremists who risk their injury or death, not because of ideology, but so they will not let down their co-religionists.

### **The uniqueness of Islam and its place in the world today.**

Another assumption made by the model is that the preferences or needs that individuals use to assess the utility of an action do not vary much from person to person or time to time. This assumption does not hold up under scrutiny. Spickard (1998) cites two examples at random: the modern oriented versus traditionally oriented Menomini Indians and Mbuti pygmies versus their Bantu neighbors. In each case, the populations of these closely related groups varied in values, religious style and practices, and general worldview. It seems intuitive that peoples separated by greater differences in culture would show an even greater difference in preferences.

Ben-Dor and Pedahzur (2004) propose that there is a uniqueness to Islam that makes it well suited to extremism, although only a minority of Muslims are extremists. They refer to the "immediacy of faith" of Islam (2004, 71). By this they mean that there are some unique characteristics to Islam that make it difficult to separate the political from the religious. For example, there is (1) the pervasiveness of commandments that regulate minute aspects of everyday life and that require a total commitment from its adherents, (2) the concept of jihad, which emphasizes the need to fight for one's faith, and, (3) the belief that "the state is only acceptable if it serves the purposes of the Islamic community" (Ben-Dor and Pedahzur 2004, 78).

Armstrong (2002) provides additional insight into the impact of the interaction of politics and religion within Islam's world view. She describes the "sacramental value" of the political and social welfare of the Muslim community and observes that, "If the ummah prospered, it was a sign that Muslims were living according to Gods [sic] will ..." (2002, 6). Conversely, if the ummah does not prosper, as is the case today considering the economic and political situation in most of the Islamic world, it must mean that Muslims are not living according to God's will. The extreme elements within Islam see this current state of affairs, which they believe was caused by the Westernization of their society, as a divine indication that radical changes must be made in their religious practices.

This immediacy of Islam results in preferences that differ with the preferences of other religions. For example, both Jewish and Islamic fundamentalists have a concern for salvation and the afterlife. Few Jews, however, would consider martyrdom in exchange for a good life after death. For Muslims, particularly Shiite Muslims, “the reward for dying as a martyr for the faith is so immediate and direct that such death is not something to be avoided, but to be embraced” (Ben-Dor and Pedahzur 2004, 75).

In general, the Islamic and Western way of reasoning about ethical issues differs. Both can reason deontologically in that actions can be taken based on a value or rule. However, because Islamic ethics is based exclusively on the teachings of the Qur’an, there is no attempt to universalize the values involved or to rationalize them ethically. They are ethical by virtue of the fact that they are the word of God.

In contrast, the Christian west has infused into its religion the Greek philosophical models of Plato and Aristotle through the writings of, respectively, Augustine and Aquinas. The result of rationalizing the Christian faith is to universalize ethics. In this regard, Kant’s categorical imperative is an example of the most famous rule for determining what is right: “Act as if the maxim of your action were to become through your will a general natural law” (Russell 1945, 711).

In other words, if an action is right, it is right for all time and for all people. An Islamic extremist would have a very different way to assess a situation and make an ethical decision. Here, an action is ethical if the Qur’an says it is (or, more commonly, if it is interpreted as such) regardless if the results of the action are ethical in the universal sense.

If cultures have different preferences and individuals are motivated to make decisions for different reasons besides utility, and there are different measures of rationality, what impact does this have on the validity of the model? Spickard argues that the model is still valid at the group level. The model “provides a clear and rational picture of aggregate market processes” (Spickard 1998) but not at the individual level. For example, the model explains macro-level characteristics of religious extremist groups such as high levels of commitment, the impact of external resources, and the relationship between free-riding and sacrifice. But the model does not explain how or why Muslims think differently from Christians, Jews, and peoples of other religions. And it does not explain why individuals make the decisions that they do when they are not maximizing utility, which could likely be most of the time.

### **Applying the Concepts to Policy: Using De-**

### **mocracy to Defeat Extremism**

The economic model of religion predicts that the spread of democracy in Islamic countries will reduce the power of Islamic extremists (Berman and Iannaccone 2005, 24). The reasoning behind this prediction is that democracies are more likely to provide adequate public services to its citizens than are autocratic governments. Hence, extremist organizations, which gain much of their power by providing these same services, will lose power in its competition with a democratic government because the group’s supporters will choose the alternative with the greatest perceived utility.

However, democratic European countries today are experiencing problems with Islamic extremists similar to those experienced by authoritarian countries around the world. Spain, Great Britain, and France have all suffered from deadly attacks at the hands of domestic Islamists. Clearly, other forces must be active to explain the failure of democracies in Europe to tame the extremists.

One difficulty with the economic model is that it does not differentiate among the disparate motivations of sub-groups internal and external to an extremist group and the interactions among these sub-groups. These interactions are likely to create a challenge for power among the sub-groups and their supporters. Echoing Clausewitz, Luttwak (2001) explains that the interaction of two competing groups follows a logic that results in an evolution of tactics, strategy, and technology on both sides of the competition. Therefore, it is very unlikely that the more extreme parts of an extremist organization will simply accept democracy’s ascendancy, but will, instead, react in such a way to counteract or leverage the push for democracy to its own advantage.

For example, as was discussed above, both Hizbullah and Hamas have a similar structure consisting of a committed terrorist cell inside a much larger sectarian political organization that receives resources from an external provider (i.e., Iran). This organizational structure exists within the culture of Islam at large. Each of these sub-groups will have a different motivation and will react differently to any attempt to spread democracy within its territory.

The larger, sectarian organization is more likely to reason teleologically and to perceive an increase in utility from a democratic government. It is less extreme in its religious beliefs and will place more value on worldly concerns versus after-life benefits. This sectarian organization is then faced with the choice between an adequate supply of social services and security from the government (with little to no sacrifice or prohibition required) versus the same (or probably less) social services and security with a high degree of required sacrifice and prohibi-

tion.

The likely result, all else being equal, is that a significant number of people will choose democracy over extreme religious beliefs to achieve their objectives. Historically, this has been the case: when faced with practical decisions, political groups become more pragmatic and less extreme.

However, the more extreme terrorist cell within this larger political organization will not be swayed by the prospects of a better life on earth. Individuals in this group think deontologically. To them, there is no choice to be made; they are motivated by the word of God to do His bidding. Indeed, this group is likely to become more extreme as others outside the group moderate their behavior because of the rise in intensity of sacrifice that this increasing disparity creates. As the level of sacrifice increases, only the most committed and extreme of the group remains loyal.

The reaction of external supporters to the push for democracy is also likely to result in an escalation of extreme behavior. As the donor state or organization finds that its political objectives are being thwarted by the rise of democracy, it is likely to increase its support to the extreme terrorist cell. This paper has already described how an increase in external support will lead to an increase in sacrifice (and hence an increase in extreme behavior) to offset the greater potential for free-riding. Iran has demonstrated this propensity to increase support when faced with a potential democratic Iraq. As predicted, extreme behavior has increased.

The consequence of this dynamic is that nascent democracies that are struggling against Islamic extremists find it more difficult to provide security and social services to its citizens and it therefore has less perceived utility to its citizens. In addition, any gains in the democratic character of a state will provide greater freedom of movement and more targets of opportunity to committed terrorist cells. Therefore, the policy of introducing democracy to a state as a remedy to the dilemma of Islamic extremists is problematical. Nevertheless, if a democracy does manage to survive and develop under pressure from Islamic extremists, the model gives some hope that it will eliminate its adversary.

Formal and informal democratic institutions offer another hope for democracy's victory over extremism. Social networks, as previously described, are critical to recruiting and keeping members of Islamic extremist groups. This process, as was later explained, is the result of cathekontic rationality. Mature democracies offer an alternative to the social networks and social capital offered by Islamic extremist groups through the myriad formal and informal institutions that typically develop.

These economic, social, and political institutions have historically been necessary (in the case of

Great Britain and the U.S.) before a democracy could develop past the initial stage of writing a constitution and forming a government. It remains to be seen whether the unique nature of Islam will allow a democracy to flourish beyond this point and thus be an effective deterrent to Islamic extremism.

The use of a foreign military force to help form a democratic government, such as the current U.S. military's effort in Iraq, would also be problematic according to the revised model. While the less committed would likely weigh the costs and benefits of resistance and may side with the democratic forces, the prosecution of the war will create additional sacrifices for the more committed and thus raise the level of extremism. Also, war differentiates the opposing parties severely and emphasizes differences. These differences, as was discussed above, create starker contrasts between the West and Islam, which will grow additional supporters and sympathizers for the extremists. This situation was experienced in Iraq as Shiites and Sunnis have united under some circumstances to fight the U.S.

At best, military force will disperse extremists and make it difficult for them to communicate and gather in sufficient numbers to pose a significant threat. However, like al Qaeda today, the most extreme of the extremists that are driven underground are rarely eliminated, they more easily evade intelligence efforts, and they are liable to strike at any odd moment. Indeed, though al Qaeda garners the most focus from U.S. counterterrorism efforts, it is still able to create havoc against democratic forces in Iraq.

This committed core of extremists poses the most problems for any policy aimed at establishing democracy and fighting Islamic extremists. The combination of great sacrifice, great rewards, and the reduction of information risk to followers from congregational structures and religious leaders who do not appear to benefit materially from their efforts is a powerful weapon. One line of attack is to focus on the credibility of extremist leaders to de-legitimize these extremist groups. Ramakrishni (2005) reports some progress in this regard in Southeast Asia by the use of "soft power." However, any U.S. policy aimed at de-legitimizing Islamic extremist groups must not be perceived as emanating from the U.S. because, as Ramakrishni argues (2005, 343), "the global jihadi 'Story' of a transnational Islamic community under attack by a nefarious 'Jewish-Crusader axis' spearheaded by Israel and the United States" is how these groups legitimized themselves in the first place. The U.S. does not have the credibility in the Islamic world to refute these claims but could instead, for example, work indirectly through moderate Islamic religious leaders to get this message across.

Given the persistence of this committed core of

Islamic extremists against U.S. policy, perhaps their ultimate demise will come through their own actions when they, like the Thugs and Assassins before them, fade into history as they continue "to act in manifestly self-destructive ways" (Rapoport 1984, 674) and lose the credibility that makes them so powerful today.

### Conclusion

The economic model of religion is effective at modeling the characteristics of Islamic extremists at the systems level. In particular, it explains how the combination of risk, politics, social services, and sacrifice combine to produce extreme violence. However, many individuals in extremist groups and their supporters do not make decisions based on maximizing utility as the model assumes. They use other modes of rationality such as deontologic and cathectic, and there are some unique characteristics of Islam that make it particularly prone to violence when combined with other factors.

A better analysis of policy alternatives is possible if these deviations from the economic model are considered. In particular, the economic model predicts that the promotion of democracy in an Islamic state will weaken extremists and it thus becomes an effective instrument for policy. In contrast, an analysis that considers these deviations would show that extremist groups are, in some respects, strengthened by an attempt to introduce democracy.

The dynamics of economic principles and rationality provide an analytical model that portends a high degree of predictability in trends and outcomes relevant to the global war on terrorism. Military force alone will merely perpetuate the fragmentation and decentralization witnessed with al Qaeda. Different groups, whether extremist or moderate, secular or sectarian, will respond differently to the ascendancy of democracy and can be expected to gear their choices to their beliefs, needs, and goals. Introducing democracy to a state as a remedy for underlying causes of Islamic extremism is problematical. Nevertheless, if democratic initiatives succeed in gaining a foothold, the economic model presented here indicates that the adversary can eventually be overcome.

### NOTES

1. See, for example, Berman and Iannaccone (2005), Iannaccone (2003), Stark, Iannaccone, and Finke (1998), and Berman (2003).

2. Many definitions of terrorism exist, but most include a political motive. See, for example, White (2006, 3-7).

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