

When terrorists compete: the marketplace for violence

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Results

Competition within a constituent population appears to have a significant positive correlation with the amount of violence terrorist organizations produce. Using intracommunal conflict and the number of terrorist organizations as proxies for competition and market structure respectively, the former has a pronounced positive effect, while the latter is less obvious.

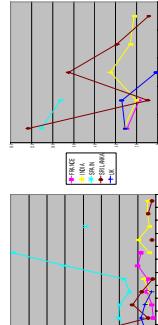


Figure 2(a)-(b) From the notable exception of Sri Lanka, the general trend is that the greater the number of terrorist organizations competing for resources, the more violence they produce. In graph (a), the relationship does not hold up when one examines the number of groups competing within a secessionist movement (b). Here, the trend is negative, although the UK and India are awake to the peaks of violence in non-monopolistic markets.

Figures 2(a)-(b) do not seem to support the outbidding theory, and it appears to actually contradict it. These findings are in accord with market structure based analyses of competition, such as the one used by Anton Hoffman (2007) to counter Bloom's theory. However, such models are usually flawed in their simplicity.

Borrowing from Michael Porter's (1998) groundbreaking work on business competition, these are the three critical factors of competition beyond number of actors that readily apply to a marketplace for political violence:

- ❖ Threat of new entrants
- ❖ Threat of substitute products
- ❖ Insufficient measure of competition within the market. A better model captures the actual competitive relationships and behavior within those structures (Figure 3).

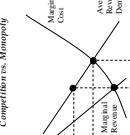


Figure 3. Terrorism is a costly and risky activity. A monopolist terrorist group can produce less violence (Q_m) and reduce these costs. It will also earn more profit. Given this model, the amount of violence terrorist groups will produce is equally a factor of the demand for such violence from the constituency, the costs to the organization, and the competitive conditions within the marketplace.

Conclusions (cont.)

However, the fact that the number of competitive terrorist organizations has such a limited impact on the amount of violence each individual group produces is somewhat surprising. This result and the high level of violence produced within a competitive monopolistic marketplace could be the result of an insufficiently specified model. Besides, the current model does not include a specific measure of how likely or threatening new entrants would be (the high levels of violence and thus low political profits may be indicative of a strategy for consolidating one's monopoly and deterring the entry of new terrorist organizations).

This project has only just begun to increase our understanding of terrorist competition and its effect on the amount of violence groups produce. In-depth qualitative work is necessary to capture the full measures of market competitiveness, such as barriers to market entry and exit, new entrant threats, intra- and inter-group rivalries, etc. Further work also needs to be done to examine what might constitute a substitutable good for political violence. However, even the limited nature of the current analysis has shown that Bloom's "outbidding" process has a much broader applicability beyond suicide terrorism.

Despite the limitations of the current analysis, these results clearly demonstrate that competition within a constituent community has serious implications for the amount of violent secessionist terror groups will employ. This raises a serious question about the policy wisdom of encouraging disunity within and between terrorist groups. While such a policy potentially weakens the group, it may also increase the levels of violence both it and its rivals produce.

Table 1. A random effects GLS regression examining the effects of the political, religious, and cultural differences between the US and Saudi Arabia, the secessionist inclination of a close kin group, intracommunal conflict, market structure, and the internal scope of the terrorist organization.

Variable	Std. Coefficient	Error	z	P-value
Aggregate MAR Differential	-0.446	2.02	-4.68	.000
Kin Separatism	30.25	10.03	3.01	.003
Intracommunal Conflict	87.37	14.37	6.08	.000
Multiple Organizations	-36.53	9.95	-3.67	.000
Active in Other Countries	45.58	8.74	5.36	.000
Constant	5.46	19.07	0.29	.774

I use the aggregate measure of disparity between the minority group and the rest of society and the desires of a closely related ethnic group for secession as rough proxies for demand and a covariate of the number of minorities the organization is active in as a proxy for the material capabilities of the group. Even when controlling for these factors (Table 1), both the measure of competition and market structure proved significant. Because both variables are binary, it is difficult to interpret their combined effect is positive. Similarly, if one codes dummy variables for each of the competitive market types (Table 2), the results are consistent with the implications of Figure 3. An uncompetitive non-monopoly has no statistically significant difference from an uncompetitive monopoly. A competitive non-monopoly has 55 more attacks on average than a non-competitive monopoly, whereas a competitive monopoly has a much larger increase of 98.

Variable	Std. Coefficient	Error	z	P-value
Aggregate MAR Differential	-0.43	1.98	-2.22	.027
Kin Separatism	28.25	9.53	2.90	.004
Intracommunal Conflict	15.17	20.82	-0.73	.466
Multiple Organizations	55.35	16.20	3.42	.000
Competing Organizations	44.56	8.51	5.06	.000
Active in Other Countries	0.18	18.18	0.01	.992
Constant				

Table 2. The random effects GLS regression used above with substitution of dummy variables for ratios of the competitive scenarios. Thus a non-competitive monopoly is the baseline for comparison. Note the similarity between these findings and Figure 3.

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Conclusions

The results of this project appear to offer strong support for the broader applicability of Bloom's "outbidding" theory to other forms of terror violence. When there is competition within the constituent community for leadership, the individual group's number of violent attacks significantly increases. The results also suggest that a much more nuanced analysis of the dynamics of terrorist competition is necessary to overcome some of the earlier criticisms of Bloom's work.

Materials and methods

This project examines a sample of 48 identifiable terrorist organizations selected from the Global Terrorism Database (GTDI) within 12 large separatist movements as defined by the Minorities at Risk Project (MAR) in five states between 1970-1997.⁷ The limitation to ethno-nationalist terrorist groups in France, Spain, United Kingdom, India, and Sri Lanka makes identification of the constituent population and its demand for violence much simpler than for other types of terrorism. The states selected allow for regional differences as well as variation in the number of secessionist movements in each state.

Figure 3. The presence of multiple organizations within a secessionist ethno-nationalist movement appears to raise the amount of violence compared to a truly monopolistic marketplace. Similar, regardless of the type of organization, increasing cost bases in a marketplace due to increasing the level of violence, the main driver is active competition within the larger movement.