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The Political Economy of Terrorism in Europe: The Integration of Supply and Demand Side Approaches at City Level

Diego Muro

Introduction

Over the past decade, radicalization towards violent extremism has become a matter of great concern for the European Union (EU). The attacks in Madrid (2004), London (2005), Stockholm (2010), Paris (2015), Copenhagen (2015), Brussels (2016), Nice (2016), and Berlin (2016) have demonstrated the harm that violent extremism can cause to the social cohesion of European societies. In addition to the division between communities, the terrorist attacks have caused deaths, injuries, emotional stress, and economic costs to European Member States, not to mention a loss of public confidence in the authorities. These attacks have fueled public fears about terrorism and have pressured EU leaders to update and intensify its efforts to counter and prevent Islamist-inspired violent radicalization.

This paper focuses on Salafi jihadism and examines the European response at city level. The paper uses a metaphor, the political economy of terrorism, to describe the European policies on both counterterrorism (supply-side) and prevention efforts (demand-side). The European response to date has been to integrate both ‘hard’ counterterrorist measures and ‘soft’ measures that involve prevention and counter-narratives. The integration of supply and demand side approaches at local levels is far from perfect but it is providing fruitful responses in the fight against Salafi jihadism, perhaps even a model that could be implemented in a variety of contexts experiencing the threat of homegrown terrorists and returnees.

For better or worse, European counterterrorism has proven to be path-dependent. And by path dependence I mean that where Europe is going, or is able to go, depends on where it has been. As is well known, EU member states have acquired considerable experience in combatting insurgency and terrorism since the Second World War. The old continent has had its fair share of political violence as practically all Member States of the European Union have directly experienced terrorism. In at least two cases, Spain and the UK, terrorist groups were able to sustain long-term campaigns of ethno-nationalist political violence against two advanced democracies, partly due to substantial levels of social support. To put it differently, this paper’s understanding of the contemporary situation is very much affected by the historical response given in Europe to terrorism, with all its lights and shadows.
The goal of the ‘2017 Georgetown & St Andrews Conference’ where this paper was
presented was to respond to the following question: ‘What does the new administration need to
know about terrorism and counterterrorism?’ The security challenges facing the United States
and the EU are slightly different, particularly with regards to nationals targeting their host
societies, but the threat may converge in the future. The EU is mostly concerned with an
estimated 7,000 European foreign fighters who have travelled to combat zones in the Middle
East and North Africa (MENA) region, some of which may return to Europe in the next few
years, especially if ISIS is contained or defeated. Successful models and best practices on how to
tackle terrorism at local levels are gradually emerging and may end up in blueprints of local
action plans. As violent extremists continue to target urban centers, the European experience of
countering terrorism and preventing radicalization at local levels may prove useful to a variety of
governments worldwide.

A Political Economy Approach

A political economy approach would suggest that terrorism can be seen as an industry or
firm. This is not to say that terrorism is a market, where the intersection of supply and demand
curves define the point of equilibrium (or quantity of terrorism that is ‘produced’ and
‘consumed’). What is suggested here is, quite simply, that terrorist groups can be seen as agents
that pursue certain objectives and function according to a normal cost-benefit logic. From this
point of view, terrorist organizations have a set of tactical and strategic goals and have decided to
use unlawful violence to further those goals. As any organization with limited means, terrorist
groups want to devote the minimum amount of resources possible (e.g., explosives, operatives,
political capital), and obtain maximum effect. In other words, the actions of terrorist groups are
influenced and constrained by political and economic realities, and their decision-making is
analogous to the calculations of other organizations. Ultimately, the point of using a political
economy approach to study terrorism is not to condone the use of illegitimate violence (even less
to justify its indiscriminate nature), but to use social science tools to fathom what often appears
to be incomprehensible.

Distinguishing between the ‘supply’ and ‘demand’ of terrorism is another advantage of the
political economy approach. Accordingly, the ‘supply’ of terrorists would be composed of those
people who are willing to perform violent acts, the compensation of which may be either
monetary or non-monetary. Terrorist groups devote considerable time to recruiting the most
skillful and devoted individuals possible and do their best to weed-out uncontrollable or
unpredictable individuals. According to Martha Crenshaw’s famous dictum, the primary shared
characteristic of terrorists is their normalcy. By contrast, the ‘demand’ for terrorism captures the extent to which supporters share the view that in order to bring about sociopolitical change any means are licit. In a nutshell, the political economy of terrorism would understand political violence as the result of support for terrorism (demand) as well as the presence of individuals willing to use violent methods (supply).

The idea of the political economy of terrorism is not new to the study of collective violence. Walter Enders and Todd Sandler applied economic models and statistical analyses to examine political violence in their outstanding book, *The Political Economy of Terrorism* (2006). However, their work makes extensive use of rational actor models and game-theoretic analysis to account for domestic and transnational terrorism. By contrast, this paper argues that both demand and supply factors need to be addressed in order to counter terrorism. A counter-recruitment strategy that focuses on arresting or killing individual terrorists is unlikely to succeed unless it also confronts the mechanisms that produce new waves of recruits. Similarly, a strategy of counter-radicalization that solely focuses on terrorist sympathizers while neglecting the operational aspect can only lead to disappointing results. Therefore, advanced democracies are required to fight violent extremism through a combined approach of both counter-recruitment and counter-radicalization. The next section examines whether the European efforts concentrate on the supply or demand side.

**European Counterterrorism**

The counterterrorist effort within and across the EU solely focuses on the supply side of terrorism. With regards to individual terrorists, we know who they are, where they come from, what weapons they use, their networks of friends, and so on and so forth. Understanding who joins the ranks of Jihad and who wants to create the so-called caliphate would be of great interest to European countries, given its close proximity to the Middle East. Thus, the mission of police forces and intelligence agencies across the EU is to focus on those who are willing to perform violent acts in order to counter, and whenever possible prevent, violent extremism. We clearly see, hear, and read considerably more about the supply than the demand side of terrorism.

Current research on foreign fighters, returnees, and lone wolves has provided us with some patterns worth summarizing. First of all, the ‘crime-terror nexus’ has become an essential concept to comprehend the current wave of jihadism. The relationship between criminal gangs and radicalized individuals is closer than expected and it involves both issues of funding and recruitment. In contrast with previous cases of terrorism, some of the perpetrators of the Paris or Berlin attacks, such as Salah Abdeslam or Anis Amr, were known to the police and the
intelligence services. Whereas al-Qa’ida militants were highly ideological, reports indicate that ISIS-inspired terrorists may be less so. As suggested by research carried out by Peter Neumann at King’s College London, several European terrorists were petty criminals that radicalized very quickly and saw joining ISIS as an opportunity to cleanse themselves from prior sins. Having a criminal record and a predisposition to gang-like culture has become a facilitator to join small and flexible cells.

Second, there is an association between radicalized diasporas and demographics. Whereas first generation migrants are unlikely to become terrorists, the probabilities seem to increase with second and third generation migrants, possibly due to inadequate social integration and low social mobility. The policy response here has been to build all-inclusive databases of individual suspects to identify patterns, profiles and, ultimately, understand ‘what makes terrorist tick’. True, the sharing of information at a European level can only bring benefits, but the expectation that a quantitative analysis of existing cases will provide a clear profile is clearly misplaced. The European experience of terrorism and counterterrorism since the 1960s proves that human behavior rarely resembles social science models. The number of ‘push’ and ‘pull’ factors working at individual level is very large and often intersects with key factors such as demography, sociocultural integration, and links to criminal milieus.

Third, both agents and spaces of radicalization have changed in the last decade. The online aspect of radicalization has grown in importance as well as the role played by exclusive cliques of friends. Whereas a decade ago, the mosque and the radical preacher may have played a central role, the prison and the local neighborhood have gained in relevance. In addition, the Internet, and especially the deep web, have also been prioritized by intelligence units, who are trying to understand how terrorists communicate, organize, and plot in the dark web. The three patterns identified above, to name a few, do not have predictive power but they indicate the importance of both offline and online elements of radicalization.

In spite of these significant advances, we do not know what makes some people join violent extremist groups in the European context. Ongoing research into causes of militancy has underlined the complexity of the motives of recruits and volunteers, as well as the differences between the various contexts. Factors contributing to violent radicalization processes can be: familial, social, gender-based, socioeconomic, psychological, religious, ideological, historical, cultural, political, propaganda, social media, or Internet-based. The events and conditions leading a person from radical ideas to violent action are also numerous, and the mechanisms are so complex that they need to be broken down to be understood. There are common factors at the global and regional levels that facilitate radicalization, but it is also clear that radicalization is very
context dependent. Regrettably, the European endeavor of identifying the causes of radicalization is so far inconclusive, hence suggesting that the effort to counter violent extremism could be complemented by a strategy of prevention.

The Prevention of Violent Extremism

The goal of this section is to deal with the demand side of terrorism or collective belief that political violence is both a necessary and legitimate tool to improve social reality. Demand for terrorism is driven by grievances (real or perceived) but also by radical milieus that provide social legitimation for unconventional means. This element of radical socialization is a necessary but not sufficient condition to account for why individuals embark on clandestine lives. For example, understanding the strength of the idea of the ‘caliphate’ as Muslim power striving for unity is as important as understanding perceptions of relative deprivation.

Within the European context, efforts to deal with the demand side of terrorism have been driven by the concept of ‘radicalization’. Violent radicalization has gradually moved to the top of the EU counterterrorism agenda but, regrettably, it has been accompanied by a relatively embryonic understanding of the processes and interplay of factors that contribute to the adoption of radical ideas and/or behavior. The term ‘radicalization’ was brought into the policy discussion after the coordinated suicide bombing attacks in Madrid (2004) and London (2005) and, in spite of its lack of precision, it continued to be used in the aftermath of attacks in Europe: Stockholm (2010), Paris (2015), and Brussels (2016). About the only thing radicalization experts agree on is that radicalization is a process.

Within the EU, the demand-side approach has mainly focused on the prevention of radicalization and, to a lesser extent, on the possibility of producing counter-narratives. Efforts have focused on developing programs in schools, prisons, and neighborhoods that could prevent the adoption of radical ideas and methods. The so-called war of ideas has received less attention, and the European experience is particularly important here. With regards to the campaigns of both ETA and IRA, it was only when states made an effort to understand the underlying ideas and mobilizing narratives of these underground groups that they were able to fine-tune the counterterrorist effort in areas such as security sector reform or penitentiary policy. In the current context, European elites need to think long and hard about the integration of minorities (e.g., banlieues) as well as the current refugee crisis.

The demand side of terrorism also requires a targeted approach that directly tackles hotbeds of radicalization. Government-led campaigns that are broadcasted indiscriminately are ineffective, partly because the state is not a credible agent in the eyes of radicalized audiences, but
also because radicalization is context dependent and immune to a one-size-fits-all policy. Too often, government campaigns are a caricature and present a zero-sum game between laicism and religion. There is an urgent need to incorporate credible actors (e.g., local leaders, activists, teachers, doctors) who can provide targeted responses from the bottom-up (as opposed to top-down government approaches). The state response needs of the societal response to regain prestige and counter radicalization.

Police agencies are told to focus on 'signs' of radicalization such as growing a beard, traveling to far-off conflict zones, becoming very discreet, or stopping use of a telephone (which may suggest that an attack is not far off). Given the enormous difficulty of preventing an attack, the reaction of security agencies has been to demand increasing coordination across the EU. Police and intelligence agencies have argued that they have insufficient resources to counter a complex phenomenon that does not only affect the security realm. However, it may be possible to combine both counterterrorism and preventive strategies.

Can counterterrorism and prevention efforts be integrated?

There is an incipient movement at local levels towards combining counterterrorist and preventive strategies in an integrated strategy. The European push for this development is coming from a variety of cities (e.g., Aarhus, Mechelen, Granada) as well as the EU network of experts known as the Radicalization Awareness Network Centre of Excellence (RAN CoE). Whereas the number of best practices and positive examples is clearly limited, there are sustained efforts to come up with action plans that may be applied to a variety of local contexts. The theoretical basis for these city blueprints is that radicalization is a complex issue and that counter-radicalization needs to be as well. This approach assumes that it is necessary to develop a better understanding of the local causes and processes that may lead to innovative, ethical solutions to counter violent actions taken by radicalized male or female individuals at a city level. These may include policies for preventing violent extremism such as counter-communications disseminated online (e.g., YouTube, special forums, Twitter) or offline (e.g., in the classroom or in one-to-one interventions). It is also clear that preventing violent radicalization is also about winning hearts and minds and countering extremist propaganda whilst preserving the fundamentals rights of the citizens.

The main characteristics of the city initiatives that try to combine supply and demand approaches of terrorism in a coherent strategy at a local level can be summarized in four points. First, effective local initiatives are multi-stakeholder. Mechanisms of coordination within the city facilitate discussion and concerted action between agents devoted to security, education, health,
social services, but also communities and civil society at large. The basis for the prevention of radicalization is that cities need to provide inclusive spaces where local actors (both public and private) can interact, discuss openly and work collectively towards devising effective measures to counter violent extremism. Prevention strategies at the local level need the participation of multiple agencies (e.g., government, judiciary, social services, schools, local police) as well as the collaboration of civil society organizations and the citizenry at large, who need to be empowered to influence decision-making.

Second, effective local initiatives require both vertical and horizontal coordination. In other words, resilient cities can be built when a variety of stakeholders are involved in prevention strategies and there is both vertical coordination (between the different levels of the state administration) and horizontal coordination (between local stakeholders). According to local activists, one of the priorities is to avoid the concerns raised by the PREVENT strategy in the UK, including the lack of a precise definition of extremism, the potential for religious discrimination and for being based on a false premise of an ‘escalator’ model in which there is a progression from holding conservative religious ideals to violent extremism. In addition, the UK government’s counter-extremism strategy has also been criticized for stigmatizing Muslim society and for securitizing diaspora communities and immigration.

Third, local initiatives overcome the false dilemma between ‘hard’ and ‘soft’ approaches. Cities and towns are creating institutionalized mechanisms to facilitate the participation and coordination of local actors and stakeholders and to promote a shift from ‘hard’ police-based approaches and strategies to multi-actor strategies that incorporate ‘soft’ approaches that are ultimately designed to win the hearts and minds of radicalizing or radicalized individuals by employing non-coercive methods. As argued above, an emphasis on the local level does not exclude the participation of higher levels of the state administration and allows the development of tailored initiatives that engage with a wide series of local actors, hence reducing the weight put on security forces and intelligence agencies. Needless to say, preventing and countering radicalization must engage the whole of society and requires a multidisciplinary approach that overcomes the false dilemma between ‘soft’ and ‘hard’ approaches. A balanced and comprehensive approach towards countering violent extremism must feature the two.

Fourth, the local initiatives are based on the principle of subsidiarity, which sustains that social and political issues should be dealt with at the most immediate (or local) level that is consistent with their resolution. Research and practice in the area of counter-radicalization have increasingly shown that subsidiarity should drive the focus of prevention policies. At the international level, it is worth highlighting the UN-sponsored project on the prevention of
radicalization in major cities which aims to create a global network of mayors, municipal-level policymakers, and practitioners united in building social cohesion and community resilience to counter violent extremism in all its forms.1

Conclusion

Around 75 percent of the EU population lives in cities, and there is a clear need to make these urban environments safer and to protect the prosperity, political stability, and well being that European citizens enjoy. As jihadist terrorist cells continue to target medium and large cities, there is an increasing need for civil society organizations and local actors to remain vigilant. After all, most of the individuals that established these terrorist cells lived in these cities and moved with ease within their host societies (and between cities). Very often, they were members of the communities or they mixed with the local population and blended into some neighborhoods and communities. Furthermore, criminal dynamics at a local level became catalysts of radicalization and had a direct impact on the acquisition of radical attitudes and behaviors by individuals who then perpetrated urban violence against innocent civilians.

An effective response to Salafi jihadism requires an understanding of why individuals become militants as well as an appreciation of why sympathizers and supporters of the terrorist organization share the view that political violence is necessary. Counterterrorism mainly focuses on arresting terrorist individuals (supply side) but a comprehensive strategy of counter-recruitment needs to tackle the reasons why the radical message resonates (demand side). In short, individuals radicalize toward violent extremism because of individual processes (micro level) but also for organizational reasons (meso level) as well as societal and systemic reasons (macro level). EU Member States are best equipped to tackle the current threat of Salafi jihadists by adopting a multi-level approach dealing with both demand and supply factors.

The political economy approach suggested above has policy implications at the international and domestic level. With regard to foreign policy, the containment and defeat of ISIS is fundamental to European security. The EU is not facing an existential threat but a serious security issue of domestic and international ramifications. Policing is mostly concerned with foreign fighters, returnees, and lone-wolf actors but the international conflicts in the MENA region are an intrinsic part of this security challenge. The group known as ISIS (also known as Daesh, ISIL, and Islamic State) has taken advantage of areas with limited state governance such as Libya, Syria, and Iraq and uses these territories to conceive, plan, and direct attacks. The territorial control of ISIS has direct consequences for the security of Europe, as

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1 See http://strongcitiesnetwork.org/ for more information.
foreign volunteers continue to be trained in military camps, and it is expected that some of these foreign fighters will eventually return to Europe. The consolidation of the so-called caliphate as a proto-state is a direct threat to European security.

At the domestic level, the integration of counterterrorist and preventive strategies can be carried out by cities, which have become the main targets of new jihadism. Measures to increase security originate at the national level but are often deployed at lower administrative levels such as cities. Urban centers are in the front line of the fight against radicalization because they often suffer violent extremism in their streets and neighborhoods. It is in European cities where transnational extremist threats take shape in the forms of hate speech, recruitment networks, radical cells, and terrorist attacks, and it is also in European cities where prevention mechanisms need to be devised. In short, cities are the obvious settings in which to implement the motto ‘think globally and act locally’.

About the Author

Diego Muro is a political scientist specializing in terrorism, ethno-nationalist conflict, and secession. He joined the Centre for the Study of Political Violence and Terrorism (CSTPV) at the University of St Andrews in 2016 and previously held permanent posts at King’s College London (2003-2009) and at the Pompeu Fabra University (2009-2016). He was also Senior Fellow at the University of Oxford (St Antony’s College) and Max Weber Fellow at the European University Institute (EUI). He is the author of two volumes on the Basque terrorist group ETA: Ethnicity and Violence (2008) and From Bullets to Ballots (2016); he is currently working on another book on the effectiveness of terrorism. For more information, please visit: http://www.diegomuro.com/