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THE U.S. FOREIGN TERRORIST ORGANIZATION LIST AS A
COUNTERTERRORISM MECHANISM

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ABSTRACT

This study applies an intervention model of both regression analyses and historical case evidence for a period of five years before selected Middle East-based terrorist organizations are added to the Department of State's Foreign Terrorist Organization (FTO) list up to the 2011 or the year it was delisted. It identifies ideological, financial, and operational transference of terrorist events in reaction to its designation to the FTO. My time-series model investigates the changing pattern of Middle Eastern terrorist organizations' goals for all recorded incidents occurring at a local, state, and global level. While I find statistically significant evidence of increased aggression post-FTO designation for religiously-based organizations, I find that it has little effect on politically motivated organizations. Furthermore, I find increased significance for both religious and secular organizations when I consider financial sanctions and historical events that take place simultaneously. Terrorist organizations with the primary motive of becoming a political actor will generally decrease attacks and soften ideological doctrines once the FTO designation is applied. Nevertheless, it is uncertain to what magnitude this occurs. Last, I find that financial sanctions have little effect on terrorist organizations with diverse financial sources. The FTO list alone is not an efficient tool in countering terrorism; however, it may be considered an effective part of a comprehensive counterterrorism policy.

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I. Introduction

Globally, the number of definitions to what constitutes a terrorist organization is nearly infinite. With such varied understandings, the process of determining what groups should be deemed “terrorists” is complex, allowing for ample room for disagreement on what the United States Department of State’s Foreign Terrorist Organization List (FTO) is capable of accomplishing. Terrorism emanating from the Middle East has been a US concern for some time as focus increased with the terrorist attack against Israeli athletes during the Munich Olympics in 1972. The Nixon administration viewed the incident as a pressing issue in need of further scrutiny leading to the creation of the Office for Combating Terrorism in the Department of State. In 1985, it became the Office of the Coordinator for Counterterrorism and in 2012 it changed its name once more to the Bureau of Counterterrorism. Under all three names and all seven presidential administrations following Nixon, this office has focused on providing daily counterterrorism coordination and developing policy responses for the U.S. government in response to terrorist threats.¹ After the Antiterrorism and Effective Death Penalty Act (AEDPA) was passed, policymakers amended Section 219 of the Immigration and Nationality Act (INA) to include three factors authorizing terrorist designation. At that point, thirty organizations were placed on the United States’ first FTO list in 1997.² The legal criteria are as follows:

1. It must be a *foreign organization*.
2. The organization must *engage in terrorist activity*, as defined in section 212 (a)(3)(B) of the INA (8 U.S.C. § 1182(a)(3)(B)), or *terrorism*, as defined in section 140(d)(2) of the Foreign Relations

Authorization Act, Fiscal Years 1988 and 1989 (22 U.S.C. § 2656f(d)(2)), *or retain the capability and intent to engage in terrorist activity or terrorism.*

3. The organization's terrorist activity or terrorism must *threaten the security of U.S. nationals or the national security* (national defense, foreign relations, or the economic interests) *of the United States*³

FTO designations last for five years and must be renewed after review by the Department of State (DoS), Department of Treasury (DoT), Department of Justice (DoJ), and Homeland Security (DHS).⁴ Designations may be challenged in court as demonstrated by the Liberation Tigers of Tamil Eelam and Kahane Chai. In both cases, the challenges were unsuccessful. On the other hand, Mujahedin-e Khalq (MEK) was delisted in 2012, fifteen years and six challenges after designation.⁵⁶ The DoS designates and delists organizations unless Executive Order allows the DoT to do so. Delisting can occur for three reasons: a change in circumstance (death, modification of name), for national security reasons, or for reasons under confidentiality.⁷ There are currently eight organizations that have been delisted.⁸ Prior to designation, the DoJ reviews legal evidence collected by intelligence which must be approved by the DoS, and since 2004, the DHS. After designation, the DoT has the authorization to block financial transactions and freeze financial assets of the group; the DoJ can prosecute offenders who violate the DoT's sanctions; and DHS carries out immigration sanctions such as deportation.⁹ This study focuses on the DoS's use of the FTO as a source of leverage in international relations which includes pushing for multilateral agreements against specific terrorist groups in the United Nations (UN) and having the ability to execute soft power diplomacy.¹⁰

In many respects, the Middle East has taken the limelight from the beginning of the US counterterrorism effort. I define the Middle East as a region that roughly encompasses North Africa stretching eastward to Iraq; north to Syria including the Arabian Peninsula and the Kurdish regions of Northern Iraq and Turkey. From the onset of the FTO in 1997, Middle Eastern terrorist organizations made up 40% of the list's thirty designations;¹¹ five years later in 2002 they made up 42% of the list's thirty-six designations;¹² in 2007, 43% of the lists forty-two designations;¹³ and currently they make up 40% of the fifty-two designations on the list.¹⁴ Although the percentage of Middle Eastern groups has decreased within the past five years, the raw number of designated organizations has increased since 1997. In terms of terrorist activity, the Middle East has remained one of the most active areas proving the regional capability of terrorist organizations.¹⁵

Notwithstanding, the FTO as a counterterrorism mechanism is not applied equally. The ability to concurrently delist the MEK *while* ignoring Hezbollah's position as a political actor while maintaining it on the list *while* never designating the Muslim Brotherhood, which at one time deemed Sharia to be the ultimate rule of law leads to a multitude of questions regarding the political nature of the list and to the United States' position of power in international relations. The threshold for naming a political rebel group a terrorist organization is ambiguous and questionable. The politicized nature of the list and the ambiguous process for being assigned to the list raises a question of the system's relative efficiency. Moreover, a second question of effectiveness, which is the focus of this paper, also emerges. This analysis seeks to look beyond single-variable studies and evaluate the effects the FTO has on select Middle Eastern terrorist

organizations and thus examine the effectiveness of the FTO as a part of US counterterrorism policy. It asks:

- How have Middle Eastern terrorist organizations reacted to designation?
- In a period of growing Arab nationalism, is there any basis for assuming the FTO will be more effective?

To answer these questions, I will present four case studies: Hezbollah, al-Qaeda's Associate Movements (i.e., al-Qaeda in Iraq [AQI], al-Qaeda in the Islamic Maghreb [AQIM], al-Qaeda in the Arabian Peninsula [AQAP], Ansar al-Islam [AAI]), Palestinian Organizations (i.e., the Islamic Resistance Movement [Hamas], the Popular Front for the Liberation of Palestine [PFLP], the Palestinian Islamic Jihad [PIJ], al-Aqsa Martyrs Brigade [AAMB]) and the Kurdistan Workers' Party (PKK). For each case study I will conduct an intervention model of both regression analyses and historical case evidence for a period of five years before a terrorist organization is added to the Department of State's Foreign Terrorist Organization List up to 2011 or the year it was delisted. This identifies ideological, financial, and operational transference of terrorist events in reaction to its designation to the FTO. I then conclude with an assessment of the FTO in general and how it fits into the US's counterterrorism strategy.

Approach to Research

As previously stated, this analysis seeks to look beyond single-variable studies and evaluate the effects of the FTO on terrorist organizations. I track the development of ten organizations separated into four case studies: Hezbollah, AQAM, the Palestinian Organizations, and the PKK. Each case study comprises of organizations with similar

objectives (i.e., religious, political, or both) and financial capabilities. I intend to fill the void between theoretical insight and empirical evidence by linking quantitative analyses of organizations' operations and finances with a qualitative analysis of their ideological stances. Unlike previous analyses of counterterrorism efficacy, I look at the effects of the FTO over time. To eliminate externalities that may impact organizational action other than what the FTO accomplishes, I include data five years prior to designation and take into account significant historical events that may affect each organization. Through this process, I intend to prove the extent to which the FTO contributes to the United States' strategy in counterterrorism and how placement on the list alters the activities of terrorist organizations.

Research Methodology

To examine the potential effects of FTO designation, I compare two scenarios in each of my four case studies based on three variables: the operations, ideology and financing of terrorist organizations *before* being placed on the FTO, in which the organization faces little international pressure, no financial sanctions and no stigmatization, versus the operations, ideology, and financing of terrorist organizations *after* being placed on the FTO, in which an organization is subjected to financial sanctions and a "terrorist" label. Thus, the question becomes whether the FTO as a counterterrorism mechanism can fight terrorism by changing group behavior and curtail terrorist support. Much of this supposition is based upon the contention that terrorist organizations require support in order to pursue their objectives.¹⁶

The first part of my analysis examines the operational activities conducted by each terrorist organization using attack as my primary unit of measurement. I measure differences in attacks by using trend observation and a regression analysis of activity distribution across organizations. In this time-series analysis, each organization's attack is charted by year, with the year the group was placed on the FTO being equal to 0 and then five years prior to designation (year = -5) up to the end of the organization's attack history or to the latest released data in 2011 (max. year = 14). The data on terrorist incidents are drawn from the *Global Terrorism Database (GTD)* produced by The National Consortium for the Study of Terrorism and Responses to Terrorism (START). The GTD documents incidents collected from news articles and other sources based on at least forty-five variables for each case.¹⁷ Thus, I can distinguish between the number of attacks, casualties, attack type and target type according to date, perpetrator, and location.

The extracted annual time-series data from the GTD is combined with the DoS's annual release of its *Country Reports on Terrorism* that identifies the designated FTO's for each year. The Hezbollah time-series includes the annual totals for all terrorist incidents for the 1992-2008 sample period, 2008 being the GTD's latest release of attack data for that organization. AQAM's time-series includes the annual totals of all terrorist incidents for four al-Qaeda affiliate groups and al-Qaeda Core as its base for the 1998-2011 time sample. For the purposes of maintaining regional efficacy by focusing on Middle Eastern terrorist organizations, al-Qaeda Core is used only for interpretational purposes in the adaptation of AQAM throughout time. The Palestinian Organizations time-series includes the annual totals of all terrorist incidents for four organizations for the 1997-2011 sample period. Last, the PKK time-series includes the annual totals of all

terrorist incidents for the 1992-2011 time period. All data for the year 1993 in the GTD has been lost; therefore I have resorted to using the average number of attacks for 1992 and 1994 as an estimate for the attacks taken place in 1993.

To examine the distribution across organizations' attack histories, I rely on a standard statistical regression model which explains the relationship between my dependent variable, number of attacks, with my independent variable, FTO designation. Recognizing that an increase in total observations improves the validity of the analysis, I pool together all data from all four case studies into one regression. This will determine whether the relationship between the FTO and each organization is statistically significant. Consider the model:

$$(1) \quad y_i = \beta_1 HAMAS + \beta_2 PIJ + \beta_3 PFLP + \beta_4 AAMB + \beta_5 AQI + \beta_6 Ansar + \beta_7 Salafist + \beta_8 Hezbollah + \beta_9 PKK + \beta_{10} HAMAS*FTO + \beta_{11} PIJ*FTO + \beta_{12} PFLP*FTO + \beta_{13} AAMB*FTO + \beta_{14} AQI*FTO + \beta_{15} Ansar*FTO + \beta_{16} Salafist*FTO + \beta_{17} Hezbollah*FTO + \beta_{18} PKK*FTO + \beta_{19} Attacktype + \epsilon_i$$

where i is the number of attacks, β_1 through β_9 represent each organization as a dummy variable (i.e., Hamas, PIJ, PFLP, AQI, AAI, GSPC/AQIM, Hezbollah, PKK), β_{10} through β_{18} represent interaction variables accounting for the impact the FTO has on each organization's attack history, and $\beta_{19} Attacktype$ is a dummy variable representing the potential impact of small-scale attacks ($\mu=0$) versus large-scale attacks ($\mu=1$). I run several other regressions associated with additional specifications including casualties, target type, and year. I find that their complements- attacks, attack type, and FTO contain stronger sets of data. Additional regressions providing further insight include:

$$\begin{aligned}
(2) \quad y_i &= \beta_0 + \beta_1 FTO + \beta_2 HAMAS + \beta_3 PIJ + \beta_4 PFLP + \beta_5 AAMB + \\
&\quad \beta_6 HAMAS * FTO + \beta_7 PIJ * FTO + \beta_8 PFLP * FTO + \\
&\quad \beta_9 AAMB * FTO + \beta_{10} Attacktype + \beta_{11} Politics + \epsilon_i \\
(3) \quad y_i &= \beta_0 + \beta_1 FTO + \beta_2 AQI + \beta_3 Ansar + \beta_4 Salafist + \beta_5 AQI * FTO + \\
&\quad \beta_6 Ansar * FTO + \beta_7 Salafist * FTO + \beta_8 Attacktype + \epsilon_i \\
(4) \quad y_i &= \beta_0 + \beta_1 FTO + \beta_2 HAMAS + \beta_3 PFLP + \beta_4 AAMB + \beta_5 Hezbollah + \\
&\quad \beta_6 PKK + \beta_7 HAMAS * FTO + \beta_8 PFLP * FTO + \beta_9 AAMB * FTO + \\
&\quad \beta_{10} Hezbollah * FTO + \beta_{11} PKK * FTO + \epsilon_i \\
(5) \quad y_i &= \beta_0 + \beta_1 FTO + \beta_2 PIJ + \beta_3 AQI + \beta_4 Ansar + \beta_5 Salafist + \\
&\quad \beta_6 PIJ * FTO + \beta_7 AQI * FTO + \beta_8 Ansar * FTO + \beta_9 Salafist * FTO \\
&\quad + \beta_{10} Attacktype + \epsilon_i
\end{aligned}$$

where equations (2) and (3) present the effects of the FTO for my Palestinian Organizations and AQAM case studies. I do not include Hezbollah or the PKK as individual regressions because their small sample sizes provide insignificant interpretations. Unlike equation (1), I add $\beta_1 FTO$ as my independent variable for equations (2) through (5) to account for the missing dummy organization coefficients. Also in equation (2), I include the dummy variable $\beta_{11} Politics$ to control for the differences in ideology across Palestinian organizations (*Politics* is unnecessary for equation (3) because every organization's ideology aligns). *Politics* takes on a 0 when the group's ideology is primarily political and a 1 when religious. Equations (4) and (5) present the effects of the FTO from an ideological standpoint placing all politically

motivated organizations in equation (4) and religiously motivated in (5). Attack type is omitted from equation (4) due to a mere .02% increase in R-squared. I must also note that AQAP is not included in the regression analyses because of its recent designation resulting in a lack of data. Statistical significance occurs when $P > |t|$ is less than 5% for all regressions.

The second part of my analysis looks into the ideological changes of an organization. Recognizing that multiple variables influence a terrorist organization's activities, I observe changes in ideology through tangible means (i.e., organization doctrines, public releases) and historical events (i.e., war, political legitimization, deaths of leaders) throughout the sample periods. Due to the confidentiality of most information on terrorist organizations, I extend the term "ideology" to include goals of organizations. This qualitative analysis ties peripheral historical circumstances with internal group dynamics. While this variable often goes unnoticed in heavy quantitative studies, I argue that the inclusion of ideology offers a basis to recognizing patterns beyond numerical analyses and it may offer better-informed predictions of future organizational practice.

In constructing the time-series, I take one last variable into account: financial capability. An increase in an organization's earnings not only increases its power, it is a prime indicator of where each group's priorities lie. The study distinguishes contributions (i.e., private, state-sponsored, illicit activity) and evaluates the changes in who contributes and how much is contributed in the post-FTO designation time period. The data on financial sanctioning against terrorist organizations are drawn from the DoT's Office of Foreign Asset Control (OFAC), which blocks and freezes assets of terrorists, terrorist organizations, and supporters while notifying the public which parties are

engaged in and/or supporting terrorism.¹⁸ In compliance to the AEDPA, OFAC releases an annual *Terrorist Assets Report* providing a summary of blocked assets of major FTO's and supporters. Thus, I can distinguish not only from where each major terrorist organization is receiving its donations, but also how much is going towards it. This being said, one must keep in mind the complexity of illegal financial transactions; a few select nations remain outside the realm of UN and US counterterrorism policies making financial contributions to terrorist organizations virtually untraceable. Undoubtedly, the amount of assets the DoT freezes each year makes up merely a portion of what organizations receive, but the information made available is a start in shedding some light on terrorist financial activity and its subsequent adaptation given financial sanctions. In total, I extracted annual data from OFAC's *Terrorist Assets Reports*. The reports offer information on the following three organizations: Hezbollah, the Palestinian Islamic Jihad, and Hamas for sample periods ranging from 2001 to 2011. The data limit accurate conclusions for each corresponding organization, but as a whole provide a more comprehensive understanding of the effects the FTO has on terrorist organizations.

II. Literature Review

Since the 1970's, terrorism has been of an increasing interest to US policymakers. While the nation carefully watched terrorist organizations primarily located the Middle East, their immediate threat to the US was minimal. The 9/11 attacks changed this paradigm and struck the nation as one of its biggest national security breaches. The event forced the nation to re-evaluate its global security and sparked great interest among scholars trying to understand terrorist actions. Many of these studies have three common characteristics. First, they attempt to describe the intellectual origins of terrorist organizations from an ideological basis. Second, some justify terrorist motivation according to religious rationale. Third, they analyze the impact of counterterrorism policies and practices on the future of terrorist organizations.

The past two decades of studies on Islamist terrorism share characteristics centered on understanding and deterrence, formulated by traditional views of Islamist extremism and applied according to a Western perception of Islam. For example, Isabelle Duyvesteyn argues that religion and fanaticism have been the main motivators for terrorism.¹⁹ John Esposito's *Islam* claims that terrorists will transform and defend Islam's norms by legitimizing violence, terrorism, and warfare.²⁰

While actual evaluation of US FTO efficiency is limited, Beatrice de Graaf's *Evaluating Counterterrorism Performance* measures efficiency through a terrorist's performance depending on the magnitude of its public support. In the process, she mentions only one previous analysis that actually looked into counterterrorism efficiency: a study by Walter Enders and Todd Sandler. In this study, the authors

conclude that there are no positive effects of counterterrorism policy, only that there is the possibility of increased terrorism. The authors units of measurement were *change of location and method of attack*.²¹ Similarly, Martha Crenshaw discusses *The Uses and Abuses of Terrorist Designation Lists*. She analyzes FTO lists from the UN, EU, US, UK, Russia and China to measure the number of terrorist attacks before and after 9/11. She concludes that the study faces three problems: there is no accepted definition of terrorism, the criteria for designation vary from one country to another, and the procedure to challenge designations is unclear.²² I argue that the two studies provide too general information. While Crenshaw looks at the use of FTOs across the globe, she fails to explain effectiveness at a state level. Additionally, even a two variable analyses like that performed by Enders and Sandler does not include enough dummy variables to control for unforeseen circumstances.

In addition to literature on religious rationale and counterterrorism efficiency, there is a body of literature describing the latest measures the US has taken in countering terrorism. Barry Prosen describes this newfound strategy as one that “lays out an interlinked chain of problems that must be solved to address the ultimate problem, the defeat of the adversary.”²³ He concludes that both Republicans and Democrats only agree on one thing: that the US should remain the most powerful state in the world.²⁴ I contend, however, that the literature is constrained in two main aspects. First, it fails to explain the actual connection and effect of counterterrorism initiatives, and second, it lacks quantifiable analyses and cross-time comparisons built on individual case studies that are applied to the general notion of terrorism. This literature review briefly summarizes the limitations scholars previously faced in assessing counterterrorism

effectiveness in relation to the changing dynamics of terrorist organizations. I will examine how scholars have studied the impact of the FTO listing and how their findings converge and diverge from my thesis.

Many scholars agree that the Middle East remains a region vulnerable to extremist thought, but argue that the motivation behind terrorism is a component that has not changed even with the recent wave. They also agree that there are a number of obstacles restricting the West's action against terrorism. Scholars recognize that authoritarian regimes' have a higher capability to produce terrorist activity in comparison to democracies; moreover, terrorist organizations within such regimes have a greater likelihood to attack when US troops are located within its borders. While scholars may disagree on the exact origins of terrorism, most would agree that 9/11 introduced a new wave of transnational terrorism.²⁵ Equally, there is an emerging consensus that transnational terrorism must be met with a new approach to be effective.

Despite the contributions of current research, first, I argue that gaps remain in the study of US counterterrorism efforts. Much of the literature does not question the impact of governmental documents such as the FTO list as well as the 2011 US Counterterrorism Strategy as instruments of counterterrorism. Second, they overemphasize certain components of terrorist behavior while disregarding others. And third, these studies lack quantifiable analyses and cross-time comparisons built on individual case studies that are applied to the general notion of terrorism.

III. Data Presentation and Analysis

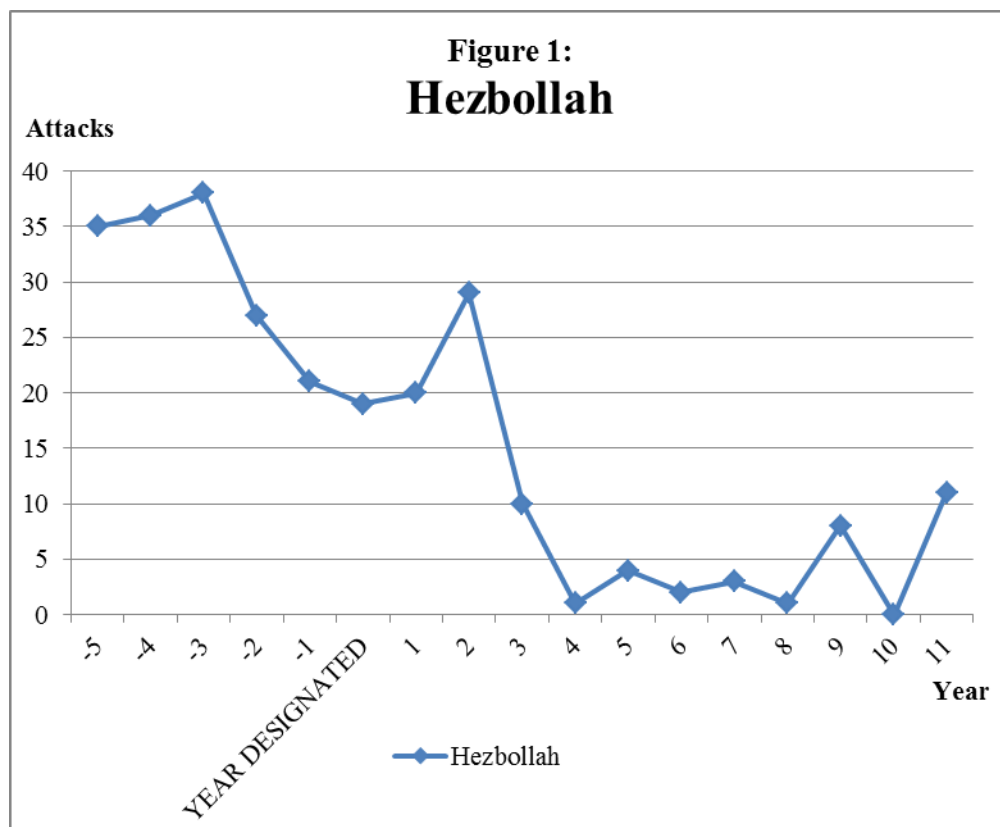
Case 1: Hezbollah

Established in 1982 by a group of Muslim clerics, Hezbollah was formed primarily to fight the Israelis during their occupation of Lebanon.²⁶ Since then, the organization has shifted its focus from a Universalist Islamic agenda to one of national political acknowledgement. Hezbollah is criticized for provoking unnecessary devastation on Lebanese territory during the Israeli occupation²⁷ and was placed on the Department of State's first compiled FTO list in 1997.²⁸ The organization was active for thirteen years prior to its designation and still exists while remaining on the FTO today. This case presents an analysis on the impact FTO designation has on Hezbollah's operations, ideology, and finances.

Operations

Although Hezbollah has demonstrated its propensity for global attacks, the organization has perpetrated a vast majority of its 368 recorded attacks within the Levantine regions of Lebanon, the Palestinian Territories and Israel.²⁹ Throughout my sample period, operational activity has steadily decreased since 1992 with a significant drop occurring in 2001. Following its placement on the FTO list, Hezbollah has initiated a move away from attacks following its placement on the FTO list. Five years prior to designation, Hezbollah executed an average of twenty-five to thirty-eight attacks per year (with an exception of twenty-one attacks in 1996). Even before placement the number of attacks was decreasing an average of 7.7% per year, producing an overall drop of 29.6%.

In the twelve years following designation, there was a significant decrease as the average number of attacks, moving from an average of twenty-five to thirty-eight attacks annually prior to the FTO to an average of nine a year; three of those twelve years experienced one or no attacks. This data is displayed in Figure 1. Noting this drop, it appears that that FTO has an impact on Hezbollah's operational strategy. However, I would argue that Hezbollah's transition into Lebanese politics played a larger role in shaping its activity.



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

Ideology

Hezbollah's ideological base has transformed according to what the group deems as an appropriate basis for its existence. Shi'a fundamentalists looked to Iran's Ayatollah

Ruhollah Khomeini as the voice of reason during Iran's Islamic revolution. His stark religious viewpoints coupled with his success in revolutionizing Iran in 1979 ignited Shi'a fundamentalism in neighboring nations, especially among the Shia sects located in Southern Lebanon. In 1985, Shiites declared a *Hizbollah Program* aimed to end colonialism by expelling the French, Americans, and other Westerners from Lebanon.³⁰ Hezbollah's creation allowed for the direct importation of Iranian revolutionary religious doctrine into the Lebanese Shi'a community. Predominant beliefs included deeming the preeminent religious authority as supreme leader of the nation; asserting aggression towards Israel and its allies; and the pursuit of a global "greater jihad." Lebanese Shiite religious leaders indoctrinated children with Iranian principles based on the Wali al-Faqih ideology.³¹ Group leaders recognized the necessity in forming a unified group well-versed in Islamic doctrine and practice subsequently leading to Hezbollah's main field of activity: education. In 1985, the group established the Imam al-Mahdi Scouts, a Hezbollah youth movement and generational network key to the healthy upbringing of Shi'a children. Not only did Hezbollah provide a modest blend of partially or fully subsidized Islamic and secular education, its schools attracted families who did not support Hezbollah but were looking for a cheaper institution to educate their children³².

Beyond Hezbollah's ideological goals, the group's transformation can be seen tangibly through its manifesto. Its manifesto of 1985 regarded Allah at the basis of an Islamic regime and Israel the malevolent vanguard of the United States. Its 1985 manifesto reads:

We are the sons of the ummah (Muslim community) – the party of God (Hizb Allah) the vanguard of which was made victorious by God in Iran. There the vanguard succeeded to lay down the bases of a

Muslim state which plays a central role in the world. We obey the orders of one leader, wise and just, that of our tutor and faqih (jurist) who fulfills all the necessary conditions: Ruhollah Musawi Khomeini. ... We are an umma linked to the Muslims of the whole world by the solid doctrinal and religious connection of Islam, whose message God wanted to be fulfilled by the Seal of the Prophets, i.e., Muhammad. Our behavior is dictated to us by legal principles laid down by the light of an overall political conception defined by the leading jurist. ... As for our culture, it is based on the Holy Koran, the Sunna and the legal rulings of the faqih who is our source of imitation.³³

In the 1990's the group shifted away from radical Islam and participated in Lebanese sectarian politics in pursuit of social welfare and national leverage.³⁴ By 2005, the group officially established a political party. Hezbollah's 2009 manifesto captured this shift while directing a political nuance towards the global community. It was an attempt to differentiate itself from other Sunni-backed terrorist organizations such as al-Qaeda while laying out a more diplomatic ideological platform. Hezbollah no longer identified the United States as an evil oppressor but continued to openly criticize its plan to seek hegemony as a negative impact on the Arab identity. The group did not to openly attack Europe, but disapproved of its "subjugation to U.S. policies."³⁵ Generally, Hezbollah's ideological transition is a push towards humanitarian rights and global acknowledgement as a Lebanese political actor. While its views of Israel have not altered, Hezbollah remains an organization of defensive resistance— unlike many Sunni-backed organizations seeking to attack against other Arab regimes deemed "un-Islamic." Hezbollah differentiates itself through political legitimization, acting as a voice for Lebanese societal equality while maintaining similar, yet more diplomatic ideological goals declared in its modernized 2009 manifesto. Similar to the organization's decline in operational activity following FTO designation, I suggest that Hezbollah's ideological shift was due to its emergence as a political actor in Lebanon. Otherwise, the

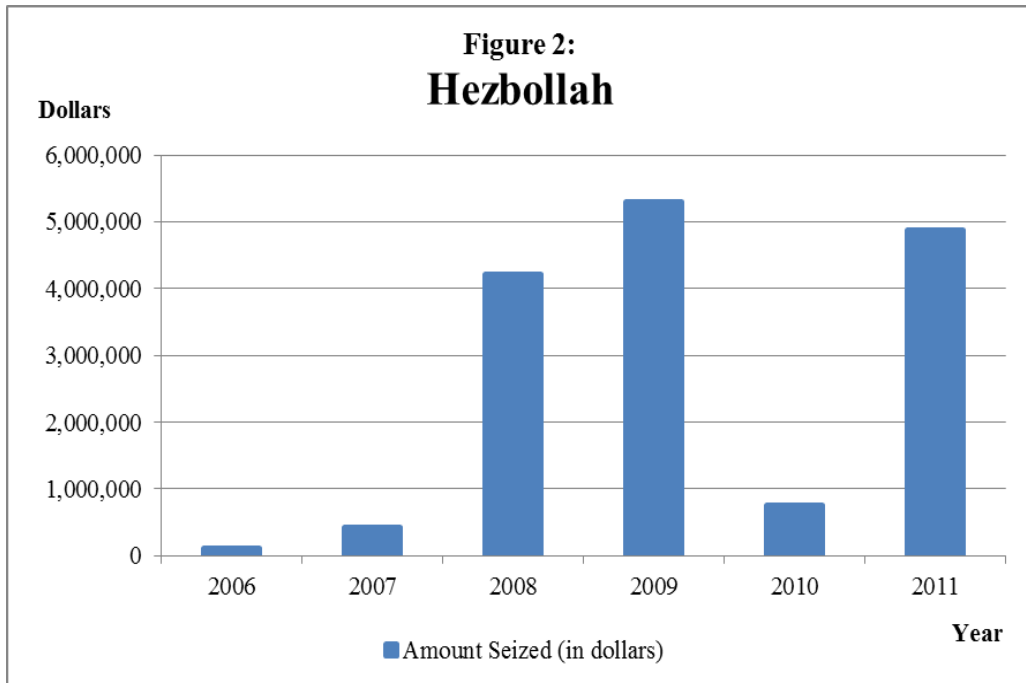
organizations politicization would have taken place closer to the time of FTO designation. This is demonstrated during an interview with a member of Hezbollah who sought out the organization after surviving countless Israeli attacks. He does not see his involvement in the Hezbollah as a relationship, but rather a common way of thinking that God wants all members to have. Aware that Hezbollah is on the FTO, he still believes that the stigmatization has not affected its identity. To Hezbollah, its members are Lebanese, so political legitimization is normal to them.³⁶ It is clear that Hezbollah has not lost time dwelling on terrorist labels, but rather, it spends its time improving Lebanon's standard of living. Whether the FTO does more to hurt the Lebanese people managed by Hezbollah than the actual organization itself is a question to consider.

Finances

Hezbollah's primary source of funding is the Iranian government. It is the largest state-sponsored terrorist organization in the world and receives at least \$200 million annually through public institutions throughout the world (i.e., banks, companies, charities) and more than one billion more from Iran excluding military aid.³⁷ In addition to \$100 to \$200 million per year in funding, Iran's Quds force, The Iranian Revolutionary Guard Corps' (IRGC) "special forces", supports Hezbollah's military and terrorism sectors by providing weapons, intelligence, guidance through training camps located in Lebanon and Iran.³⁸ Originally, Hezbollah used Lebanese, GCC, and Iranian banks to conduct its financing until the US pushed for international sanctions limiting Hezbollah's banking to only Iran. Subsequently, the sanctions also limited international contributions depending on other nations' shifting recognition of Hezbollah as a terrorist entity. Hezbollah also self-generates revenue through licit and illicit investments including

Africa's illegal diamond business, South America's drug trade, Venezuelan business transactions, illegal cigarette smuggling and credit card fraud.³⁹

The US's use of the FTO as an isolationist counterterrorism mechanism to produce financial sanctions when compared to neighboring nations is less empathetic towards the idea of Hezbollah as a political actor. Although the FTO has no control in drafting financial sanctions against designated organizations, the DoS may authorize the DoT to freeze assets regardless of their purpose. In 2006, the DoT designated Hezbollah as a Specially Designated Global Terrorist (SDGT) entity and froze \$108,176 in assets.⁴⁰ By 2011, the DoT froze an astounding \$4,882,893 in assets.⁴¹ Currently, there are insufficient data on Hezbollah's annual income. I suggest that the US's inability to halt financial transactions between Hezbollah and Iran as well as the organization's growing position in the political spectrum help maintain its strength. Notwithstanding, placing Hezbollah on the FTO has encouraged other international cooperation to consider doing the same.



Source: Office of Foreign Assets Control, U.S. Department of the Treasury, 2006-2011

Upon consideration of counterterrorism initiatives against Hezbollah’s finances, there are two other central actors implementing separate counterterrorism approaches against its financial transactions. MENAFATF, the Middle East and North Africa Financial Action Task Force, is a conglomeration of fourteen nations cooperating to counter money laundering and terrorism financing according to UN treaty and regional compliance recommendations.⁴² It holds the right to criminalize anyone found contributing to terrorism financing through hard labor and fines collected and given to the UN al-Qaida and Taliban Sanctions Committee. MENAFATF’s last financial report on Lebanon in 2009 traced the majority of Lebanese financial terrorism activity to both internal and external sources although the transactions were “ambiguous.”⁴³ The European Union took yet another approach also placing Hezbollah on its FTO list, but allowing the organization to legally fundraise for political and social welfare purposes.⁴⁴

The three actors mentioned above (i.e., US, MENAFATF, EU) use different counterterrorism methods to halt terrorist financing which has blocked millions of dollars; however, their differing approaches lead to great ambiguity on whether these differing policies actually counteract each other's efficacy. Additional research is necessary to evaluate the differences.

Case 2: al-Qaeda and Associated Movements⁴⁵

Al-Qaeda's (AQ)⁴⁶ strategic promotion of Sayyid Qubt's violent brand of Salafi Islam has resulted in a global following that has spawned associated movements and individual followers worldwide. During the Soviet invasion of Afghanistan in 1979, many young Afghans joined a jihad against the infidel invaders. Twenty-three year old Osama bin Laden took the cause to heart and financed a great share of the anti-Soviet operations. As the Afghan war wound down Bin Laden shifted his focus to other regions of conflict involving Muslims and extended his declaration of holy war to the rest of the world.⁴⁷ AQAM's destructive attacks in Africa, Asia, the Middle East, Europe, and North America against governments, public institutions and transportation, businesses, militaries, the media, and individuals has placed it at the top of countless terrorists lists including the European Union, the United Kingdom, NATO, the United Nations and the US.^{48,49} Prior to its designation as an FTO in 1999 in the wake of bombings of the US embassies in Nairobi, Kenya and Dar es Salaam Tanzania, the organization was active ten years and remains on the FTO today.⁵⁰ The group's influence has spread beyond its initial core geographical area of Afghanistan, established as its base of operation in 1996, to include Iraq, after the US invasion in 2003, Saudi Arabia, Yemen, Lebanon, and

Maghreb. This expansion corresponded with the emergence of “associated movements” such as al-Qaeda in the Islamic Maghreb, formed in 2007 and fused with al-Qaeda and the Salafist Group for Preaching and Combat (GSPC) which was designated as an FTO in 2002; Ansar al-Islam (AAI) and its fervent ally al-Qaeda in Iraq (AQI), both designated in 2004, and al-Qaeda in the Arabian Peninsula (AQAP), which formed in 2009 and is the successor to al-Qaeda in Yemen. It was the latest designee in 2010.⁵¹ This case presents an analysis on the FTO’s impact on GSPC/AQIM, AAI, AQI, and AQAP’s operations, ideology, and finances before and after their designations.

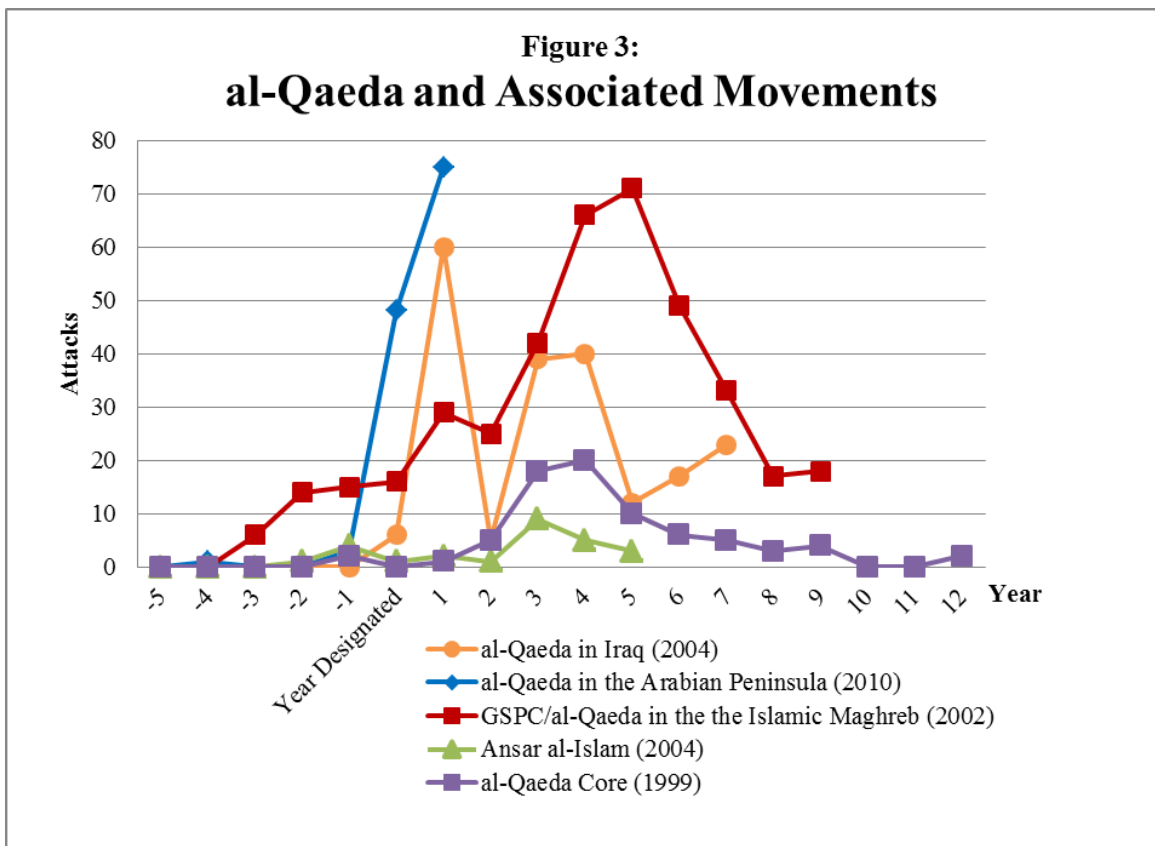
Operations

In total, AQAM has conducted over 750 recorded attacks.⁵² Due to the presiding issues of financing, local support, membership, and political environment, each affiliate ultimately takes to its own operational tactics. Figure 3 displays the number of attacks committed by the group five years prior to each organization’s designation to the most recent release of attack information in 2011. There appears to be an increasing trend among all of the groups after FTO designation although AQAP and AQIM’s increase is much greater than AQ and AQI’s. Using the regression framework described above, I test equation (3) for a statistically significant impact of the FTO on each organization. I find evidence of increasing attacks for AQI and AQIM. The data is displayed in Table 1.

While Table 1’s R-Squared of .1999 reflects the small overall impact of my variables, my interaction variables for AQI and AQIM demonstrate that there is indeed a significant impact between each organization and the FTO with regard to operational activity.

Although I find no significance between AAI and the FTO’s impact, the organization only conducted twenty-six attacks in my ten year sample period. It is clear that AAI did

not have the resources to reach AQI, AQIM and AQAP's activity level. Thus, I argue that AAI's differences in operational activity and subsequent lack of significance when compared to the rest of my sample should be noted, but should not be given the same value as AQ core's official associated movements such as AQI, AQIM and AQAP. Overall, my results demonstrate that the FTO's association with AQAM is a significant factor contributing to attack increase.



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

Table 1: Equation (3)
AQAM

```
reg attack fto2 AQI Ansar Salafist AQI_fto2 Ansar_fto2 Salafist_fto2 Attacktype
```

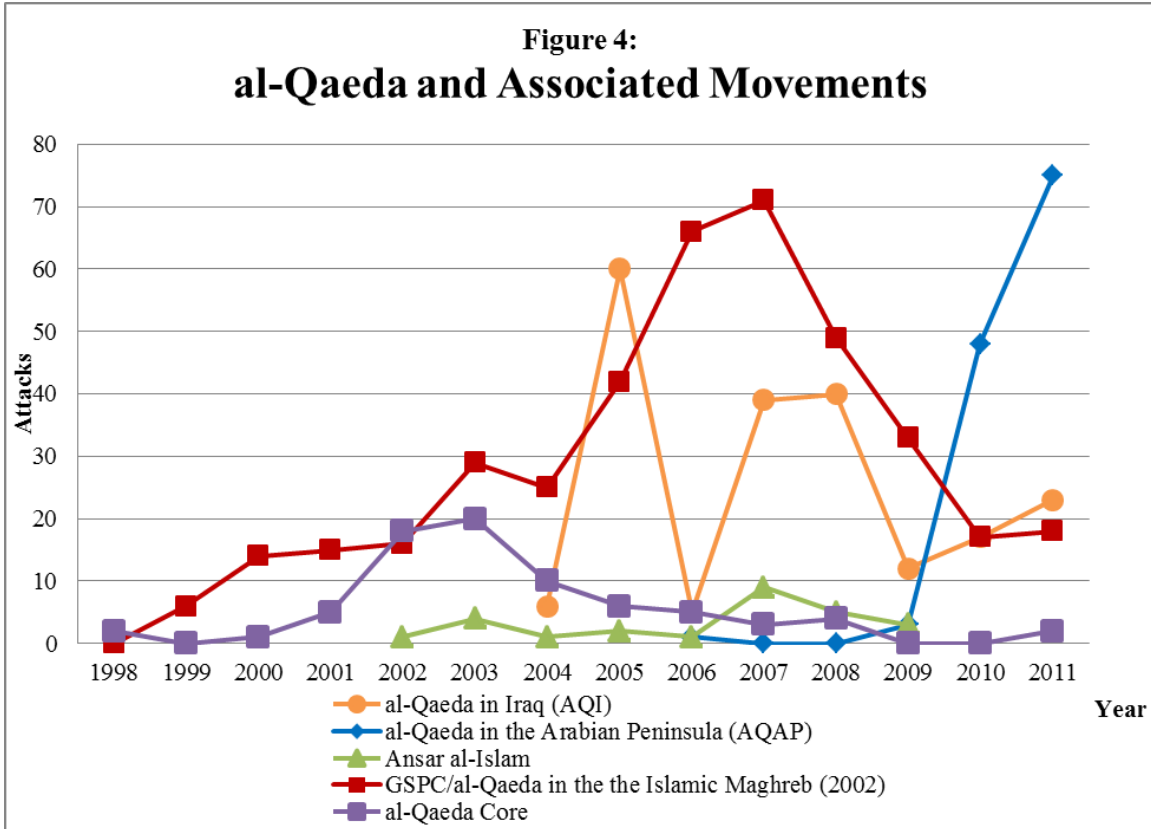
```
Number of obs = 139
F( 8, 130) = 4.06
Prob > F = 0.0002
R-squared = 0.1999
Adj R-squared = 0.1506
Root MSE = 39.504
```

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fto2	-28.96383	8.643432	-3.35	0.001	-46.06383 -11.86383
AQI	-35.91872	19.1634	-1.87	0.063	-73.83121 1.993766
Ansar	-34.91872	19.1634	-1.82	0.071	-72.83121 2.993766
Salafist	-77.2783	22.25019	-3.47	0.001	-121.2976 -33.25895
AQI_fto2	54.21383	24.12259	2.25	0.026	6.490168 101.9375
Ansar_fto2	31.46383	25.4347	1.24	0.218	-18.85568 81.78334
Salafist_fto2	58.56383	23.29989	2.51	0.013	12.46779 104.6599
Attacktype	-48.35957	13.20306	-3.66	0.000	-74.48025 -22.2389
_cons	84.2783	13.52604	6.23	0.000	57.51864 111.038

It is important to note the role externalities play in an organization's operations. Political and regional factors make a compelling case for explaining more attacks. This information supplements the changes in attack history that many a time remains unidentified within regression analyses. Operational strategies do not exist in isolation and therefore, I consider the Egyptian Islamist Jihad's (EIJ) merge with AQ core, the Soviet War in Afghanistan, the US invasion of Iraq (2003), and inadequate governance in Yemen and North Africa important circumstances in the operational adaptations of AQAM. Figure 4 displays the attack history of each affiliate from 1998 to 2011. First, the increase in AQ's attacks in 1999 marks its merge with the EIJ.⁵³ During this period of time AQ gained former EIJ members, stimulating operational capability in Afghanistan while Abu Musab al-Zarqawi was simultaneously establishing the original iteration of al-Qaeda in Iraq, Bayat al-Imam.⁵⁴ This group temporarily moved to Afghanistan to aid AQ during the Soviet War in 1999, unifying the two organizations and prompting factions of

AQ to return Bayat al-Imam the favor by temporarily shifting to Iraq during the US invasion in 2003. Meanwhile in 2004, Bayat al-Imam aligned with AQ and renamed itself al-Qaeda in Iraq. AQI reached its operational peak in 2007 but faced decline after experiencing backlash from Iraqi citizens following several attacks against Shi'a Iraqis and the Sunni Awakening.⁵⁵⁵⁶ AQ core's aid in Iraq also sparked the Islamic Kurds of Northern Iraq, Ansar al-Islam (AAI), to join the jihad.⁵⁷ AAI also reaches its operational peak in 2007 with nine attacks. AQI and AAI's similarities in operational records are not a coincidence. The US occupation of Iraq plays a substantial role observed by the parallel trends in Figure 4. Furthermore, after spending years sending militants to Iraq as suicide bombers, the Salafist Group for Preaching and Combat's (GSPC) strengthening relationship with AQ core and AQI resulted in its recognition as an official AQ affiliate in 2006.⁵⁸⁵⁹ Along with GSPC's change in name arose a new tactical strategy to conduct fewer attacks with greater casualties than in the past. Therefore, it is difficult to determine to what extent FTO designation and tactical modifications have on AQIM's drop in attacks from 2006 to 2008.⁶⁰ I suggest that North African instability, particularly in Algeria, play a significant role in AQIM's operational record. Much of the group's efforts in fighting alongside Iraqi insurgency took place *after* it faced local counterterrorism pressure and was forced to leave Algeria. Now that North African stability is waning, AQIM faces opportunities to increase its operations across the region. My data does not reflect the recent volatility in the region, but in this circumstantial context, it is safe to assume future increasing activity. While attack data of AQ's latest affiliate, AQAP remains too limited to test using a regression analysis, I suggest that this organization has

also exploited the political instability in Yemen as well as its land as a safe haven to launch attacks elsewhere.



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

All in all, FTO designation has not reduced attacks conducted by AQAM. Instead, activity appears to have increased since designation; however, the potential counteracting effects of the impacting variables on this increase are unknown.

Ideology

The AQAM differentiate themselves from most other terrorist organizations in their radical views towards the rest of the world. Driven by a Universalist agenda, the

organizations are less accommodating to counterterrorism policy approaches.⁶¹ They criticize other Salafi terrorist organizations for losing their one resilient religious element. Their ideological base and commitment to their religious goals remains secure. Al-Qaeda core is grounded in a philosophy of “defensive jihad.”⁶² This philosophy encourages all Muslims to fight against their perceived oppressions which they deem to be impious and essentially includes all people, regimes and influences that are not grounded in AQ’s interpretation of Sharia law.⁶³ Some of its strategic initiatives include establishing a pan-Islamic caliphate governed by the Sharia and removing Western influence, people and “apostate” governments from the Muslim world. Although al-Qaeda has no official doctrine, bin Laden released several public statements reiterating the organization’s founding principles. AQ’s messages are designed to elicit psychological reactions while communicating political messages towards its adversaries and Muslims.⁶⁴ The organization released a statement in 1996 declaring war against the US and then reaffirmed its unchanging goal in 1998 stating that “it was the duty of all Muslims to kill U.S. citizens, civilian and military, and their allies everywhere.”⁶⁵ As global support for the US in the 2000’s decreased, AQ felt it was the ideal time to increase its uncompromising, anti-democratic tone by speaking more explicitly against the West as well as Muslims who support representative governments.⁶⁶

AQ core’s ideology is consistent across all the AQAM, but what differentiates AQ core from AQI, AQIM, and AQAP is not ideology but rather, strategic goals. Whereas AQI’s plan is to remove all US forces from Iraq,⁶⁷ AQIM historically focuses on overturning the Algerian state,⁶⁸ while AQAP seeks to remove the al-Saud monarchy from the Kingdom of Saudi Arabia and replace it with an even more traditional Salafi

Wahhabi Islam.⁶⁹ With their affiliation to AQ core, each affiliate has accepted a certain shift from national to global goals. Therefore, all ideological shifts that took place among AQAM have been towards higher levels of violent Islamist extremism and thus, demonstrate that FTO designation has had no impact on ideology. Instead, the two variables appear to have the opposite effect: affiliating with AQ core instigates FTO designation.

Finances

Originally, the primary source of funding for all of the AQAM came directly from al-Qaeda core itself. Osama bin Laden's family wealth gave the organization the ability to launch more easily than most other struggling terrorist organizations. Bin Laden's estimated \$300 million in donations as well as Afghanistan's political instability allowed AQ to thrive.⁷⁰ Since the early 2000's, AQ has diversified its funding streams. By 2001, it received a majority of funding from a variety of sources including private contributors, charities, Islamic governments, and illicit trade. For example, AQ collects financial assistance from Egyptian Jama'a al-Islamiyya and Islamic Jihad, both on the FTO. It also acquires revenue through the heroin trade taking place inside Afghanistan and from private contributors in Kuwait, the Kingdom of Saudi Arabia, and other Islamic countries as well as private contributors in Kuwait, the Kingdom of Saudi Arabia, and other Islamic countries.⁷¹ Another source includes Islamic charities.⁷² Al-Haramain, based in Saudi Arabia, remained an active organization until the Department of Treasury (DoT) discovered direct links to Osama bin Laden in 2004.⁷³ The charity is now banned by the DoT and the UN Security Council. A second charity known as the Islamic American Relief Agency was established in 1985 in Missouri as a non-profit organization dedicated

to empowering disadvantaged people.⁷⁶ The DoT also shut down the charity's office operations in 2004 for its relations with AQAM, seizing its property and freezing its assets.⁷⁷

In addition to financing, AQ core continues to support its affiliates and allies with “in-kind” support including: bringing members to AQ bases for insurgent warfare training, and sending its own members abroad to help struggling organizations.⁷⁸ Funds are primarily transferred from one place to another through the *Hawala* or *Hundi* system. This decentralized business model avoids official financial transactions and is next to impossible to track.⁷⁹ Nevertheless, the US's use of the FTO in authorizing financial sanctions against al-Qaeda core has placed more pressure on the AQAM to acquire funding using their own means. Currently the DoT has frozen \$12,991,696 in AQ funds.⁸⁰ While there is insufficient data on each affiliate's income, the increasing operational capabilities of AQAM within the past two decades is a strong indicator that these organizations are adapting faster to self-financing models than US and international sanctions can limit. AQI, AQAP, and AQIM currently generate the majority of their earnings through criminal activities including kidnapping, ransom, and smuggling.⁸¹ AQAP's additional support from faithful Wahhabi supporters in terms of funding and membership has permitted the group to grow at a faster rate than any other affiliate.⁸² Its favorable position allowed the group to conduct 77% more attacks than the second most active affiliate.⁸³ AAI, however, relied on AQ for all types of assistance (i.e., funding, training). While AAI may have reached its peak with AQI in 2007 and 2008, it was never able to recover.⁸⁴ I attribute AAI's lack of recovery to its small size, lack of momentum and its complete reliability on AQ for its financing throughout its existence.

Considering the FTO's overall impact against the AQAM finances, I suggest that the repercussions are minimal. Similar to my analysis on affiliate operations, FTO designation even as an enabler to financial sanctions does not appear to be an effective counterterrorism mechanism. Operational activity has only increased leading me to believe that the AQAM will do whatever is necessary to further their Universalist agenda. These organizations will maintain their financial power as long as they have the opportunity to exploit illegitimately-ruled nations and prosper from illicit fundraising. They have proven themselves capable of facilitating growth. Placing the AQAM on the FTO has certainly encouraged multilateral cooperation in curtailing funding streams, yet such cooperation has produced minimal outcomes.

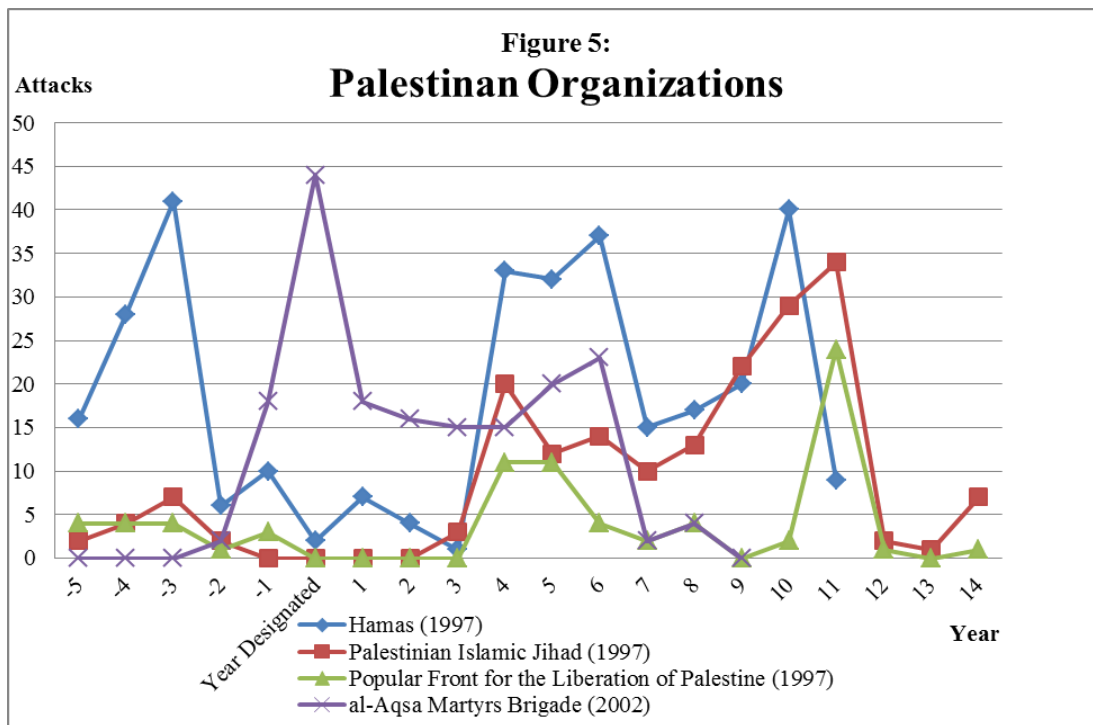
Case 3: Palestinian Organizations

Israeli independence in 1948 marked the emergence of a host of Palestinian organizations seeking to liberate Palestine. The Palestine Liberation Organization (PLO) established itself during the 1964 Arab Summit and became an umbrella organization for pursuing liberation. As the 1967 Six Day War, the 1973 Yom Kippur War, the 1982 Israeli-Lebanese War, and the *Intifada* of the late 1980's resulted in a variety of organizations with similar aims. Splinter groups such as the Popular Front for the Liberation of Palestine (PFLP), the Palestinian Islamic Jihad (PIJ), and the Islamic Resistance Movement (Hamas), who felt the PLO had lost its focus, emerged. Some pursued secular approaches while others, inspired by the Iranian Revolution of 1979, diverged from the secular statehood goal and sought to achieve statehood based on Islamic principles.⁸⁵ Varying in extremity, the US designated several Palestinian

organizations as potential threats by placing them on the FTO. These designations include Hamas, the PIJ, and PFLP which were all placed on the DoS's first compiled FTO list in 1997 as well as AAMB in 2002.⁸⁶ For the purposes of this case, I am considering the PLO to be a separate group rather than an umbrella organization. Furthermore, I recognize that there are a multitude of Palestinian groups but this case analyzes the impact of the FTO on Hamas, the PFLP, PIJ, and al-Aqsa Martyrs Brigade's (AAMB) operations, ideology and financing.

Operations

In total, the four Palestinian organizations in question conducted over 800 recorded attacks.⁸⁷ Because each organization operates on its own terms, each organization carries out its own operational tactics. Figure 5 displays the number of attacks committed by the four groups five years prior to each organization's designation to the most recent release of attack information in 2011. Using the regression framework described above, I test equation (2) for a statistically significant impact between the FTO and each organization. There appears to be absolutely no trending among any of the groups after FTO designation. There also is no evidence demonstrating that FTO designation causes a statistically significant change in operational activity. Overall, my results do not demonstrate any significant causality between FTO designation and the organizations shown in Table 2.



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

Table 2: Equation (2)
Palestinian Organizations

```
reg attack fto2 HAMAS PIJ PFLP AAMB HAMAS_fto2 PIJ_fto2 PFLP_fto2 AAMB_fto2 Attacktype
```

Number of obs = 139
F(10, 128) = 2.06
Prob > F = 0.0324
R-squared = 0.1386
Adj R-squared = 0.0713
Root MSE = 41.307

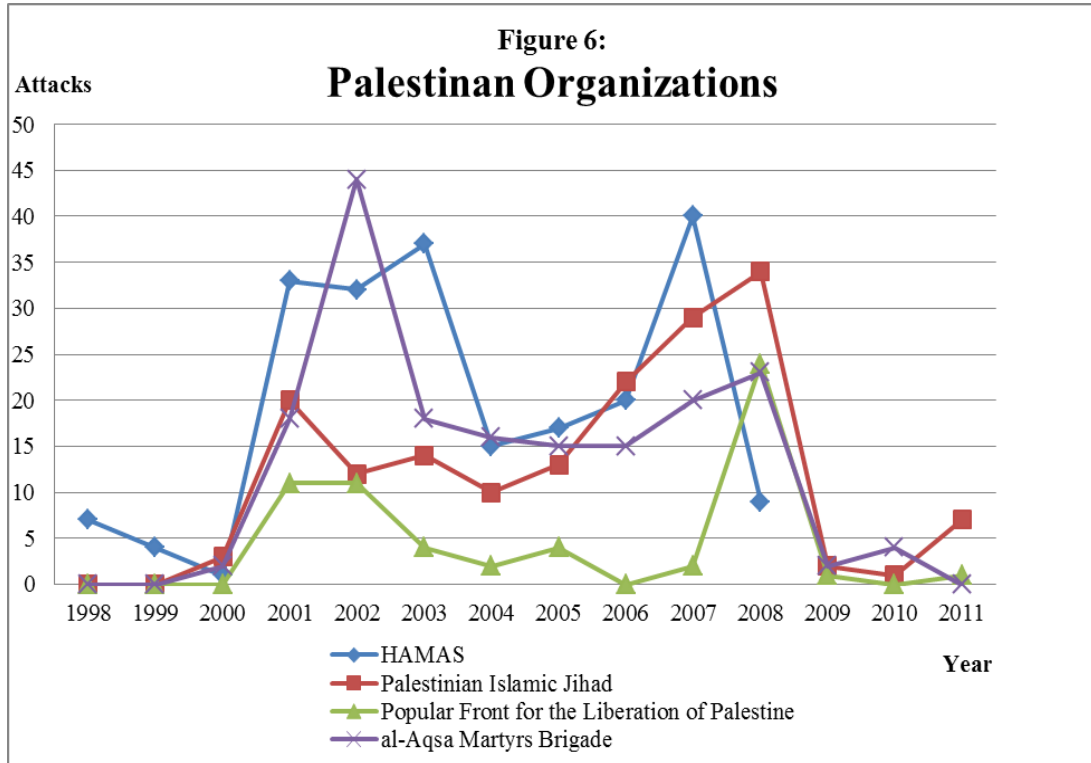
attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fto2	-28.62901	10.43662	-2.74	0.007	-49.27965 -7.978373
HAMAS	-17.85606	20.58197	-0.87	0.387	-58.581 22.86889
PIJ	-35.05606	20.58197	-1.70	0.091	-75.781 5.668885
PFLP	-34.85606	20.58197	-1.69	0.093	-75.581 5.868885
AAMB	-34.05606	20.58197	-1.65	0.100	-74.781 6.668885
HAMAS_fto2	26.51235	24.33848	1.09	0.278	-21.6455 74.67019
PIJ_fto2	36.76235	23.74709	1.55	0.124	-10.22532 83.75002
PFLP_fto2	29.42901	23.74709	1.24	0.218	-17.55866 76.41668
AAMB_fto2	40.32901	24.91584	1.62	0.108	-8.971243 89.62927
Attacktype	-23.06651	10.43662	-2.21	0.029	-43.71715 -2.415873
_cons	61.12257	10.6238	5.75	0.000	40.10157 82.14357

Noting no significant change in attacks for any of the organizations post-FTO designation, it is important to consider the role external variables play. Similar to my

AQAM case, I argue that environmental factors make a compelling argument in explaining changes in attack behavior that have remained unidentified within the regression analyses. For example, in the case of the Palestinian organizations one might consider the failed Oslo Accords (2000), the Battle of Gaza (2007) and Israel's *Operation Cast Lead* (2008) as important events that affected the operations of each Palestinian organization. Figure 6 displays the attack of each affiliate from 1998 to 2011. The first increase in attacks occurs from 2000 to 2002 and coincides with the failure of the Oslo Accords in establishing a Palestinian state and the second *Intifada* (2000-2005), which brought about increased fighting between Palestinians and Israelis resulting in the Israeli re-occupation of the West Bank.⁸⁸ During this period, operational activity for all Palestinian organizations increased dramatically and is illustrated in Figure 6. I suggest that the emergence of al-Aqsa Martyrs Brigade (AAMB) and the PFLP's re-emergence after a period of inactivity occurred as a result of the second *Intifada*. Prior to this event, both organizations were inoperative. I suggest that the next spike in operational activity occurs in 2007 is a result of Hamas seeking ouster of Fatah from Gaza (i.e., the Battle of Gaza). Hamas' attacks increased twofold from twenty in 2006 to forty in 2007 as they took the offensive strike against Fatah resulting in Hamas control of the Gaza Strip.⁸⁹⁹⁰ In 2008, the six-month ceasefire between Hamas and Israel resulted in a blame game rather than an intended nonviolent relationship and gave rise to increased operations. Israel instead launched a full-scale invasion on the Gaza Strip which prompted a violent Palestinian response.⁹¹ I suggest that the increased operational activity of the PIJ, the PFLP and AAMB in 2008 is due to this war in which each organization had no choice but to defend Gaza while facing an internal struggle for political authority. Both the PIJ and

PFLP conducted the highest number of attacks in a decade with the AAMB's operational activity at its second highest.⁹²

Whereas my environmental arguments may seem redundant, such examples augment the insignificance in my regression analyses by proving the FTO's inefficiency as a counterterrorism mechanism. One last point regarding the case of Palestinian terrorist organizations is that these organizations see no alternate option but to act in haste. Even as a newly recognized "non-member observer state," Palestine is not technically a nation and thus lacks the ability to fully participate in multilateral concerns.⁹³ I suggest that Palestinian terrorist organizations will continue to ignore the FTO as a counterterrorism mechanism as long as the US continues to deny Palestine statehood.



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

Ideology

Each organization's primary goal is the creation of a Palestinian state or the destruction of Israel, but with distinct courses of action. The basis to each organization's action plan stems from the rigidity of its proclaimed ideology. On the one end of the spectrum rests the PIJ, an organization focused exclusively on terrorist attacks. The Sunni Islamist group believes the Muslim Brotherhood is too moderate and the Palestinian efforts are too gentle. The PIJ blends Sunni Islamic fundamentalism with Iranian Shi'a revolutionary thought to form an ideology concentrated on establishing a pan-Islamic empire. To the PIJ, the Arab-Israeli conflict is not over geography, but religion. Declaring Islamic jihad against Israel is merely a precursor in the process of establishing this ideal empire.⁹⁴ What separates the PIJ from Hamas, the PFLP and AAMB is its abandonment of the Palestinian cause. The organization is highly criticized and continues to lose local support for not focusing any attention on Palestinian social welfare.⁹⁵ AAMB and the PFLP, located on the other end of the spectrum are strictly political in motivation. The majority of AAMB's members also belong to the leading secular Palestinian nationalist group, Fatah. Although AAMB uses Islamic themes in its campaign, it has no ambition in making Palestine into an Islamic state.⁹⁶ AAMB's course of action: to establish a Palestinian state through an armed uprising.⁹⁷ The PFLP's course of action: to establish a Palestinian state through a social uprising based along Marxist-Leninist lines.⁹⁸ In one of its formative documents, *The Military Thinking of the Front*, the organization states:

“... The Popular Front therefore adopts Marxism-Leninism as the basic strategic line for building a revolutionary party predicated on a solid, theoretical structure. ... It is essential [to] adopt the path of the popular liberation war and establish alliances with all revolutionary forces worldwide, in order to defeat the enemy’s technological superiority. ... On the basis of this international strategy, we shall be able to encircle Israel, Zionism and Imperialism, and recruit all global revolutionary forces to support us in the battle.”⁹⁹

The PFLP believed its duty was to awaken society and revolt along Marxist-Leninist lines.¹⁰⁰ Following the collapse of the Soviet Union, support for the PFLP’s ideological stance diminished.¹⁰¹

Hamas is the only organization in this case study to recognize the value in ideological transitions which in turn facilitated major internal growth. In its 1988 Charter, Hamas was quick to blame “imperial nations” for manipulating international phenomenon in their favor. Predominant beliefs included the obliteration of Israel, pursuing jihad against “oppressors;” and religious justification to fulfill all goals.¹⁰² Initially, Hamas was considered a violent extension of the Muslim Brotherhood adding militant, exclusionist and Universalistic undertones to the latter’s ideology.¹⁰³ In 2006, Hamas shifted away from radical Sunni Islam and participated in the Palestinian parliamentary elections winning 76 of 132 seats.¹⁰⁴ Although Hamas has not revised its Charter to acknowledge its role as a political player, its leader, Khaled Meshaal publicly dismisses the document stating that it is “a piece of history and no longer relevant, but cannot be changed for internal reasons.”¹⁰⁵ Hamas’ ideological transition heightened the organization’s commitment to social welfare enhancing its overall reputation and furthering legitimizing itself as a political actor.¹⁰⁶

With the exception of Hamas, the ideological platforms for the PIJ, the PFLP and AAMB have remained stagnant since their founding and thus, demonstrate that FTO

designation has no discernible impact on their ideologies. Rather, I suggest that these three organizations have neither sufficient influence nor popular support to want to make an ideological change. Furthermore, I suggest that there is no discernible linkage between Hamas' FTO designation and its ideological shift and thus, operational activity. The organization's shift took place nine years after designation leading me to believe that the shift can best be explained by its entrance into Palestinian politics.

Finances

Like operational activity and ideology, the variation in financial support for Hamas, the PIJ, the PFLP, and AAMB differ greatly. It is not only a question of who is supporting who, but how all financial transactions take place, how often, how much, and most importantly how the contributions are being used. An added complexity is that there is no universal "terrorist" stigmatization attached to the Palestinian organizations, with the exception of the PIJ. Therefore, my approach is to examine financial capability organization by organization, starting with AAMB which is the least complex.

AAMB's cells work independently from one another, thus funding remains questionable. BBC traced a \$50,000 a month salary given as a pet project by Yasser Arafat's Fatah intended for "living expenses" for AAMB members.¹⁰⁷ Following Arafat's death in 2004, funding ceased to exist forcing AAMB to rely on Iran as its primary source for funding.¹⁰⁸ This case presents the dichotomy of FTO designation with regard to funding. First, the AAMB may not be able to acquire funds elsewhere because of its FTO status. Second, it is able to acquire funds from Iran whose support is highly unlikely to be affected by FTO designation. The implication is that the FTO is a

“coalition of willing” but has limited impact on those who do not participate in the “coalition.”

The PFLP’s financial sources are just as sporadic coming from both pro-Palestinian and pro-socialist regimes. The Soviet Union and China remained the organization’s primary supporters until the fall of the USSR and China’s priority shift to internal growth. It since has relied on Libya and Syria for its financial assistance and land when in need of a safe haven.¹⁰⁹ The PFLP’s decrease from twenty-four attacks in 2008 to zero, one, and zero attacks in the subsequent years demonstrates not only the effects of the Gaza War on PFLP financial capability after a brief period of inactivity, but its heavy reliance on unstable regimes (i.e., Libya, Syria).

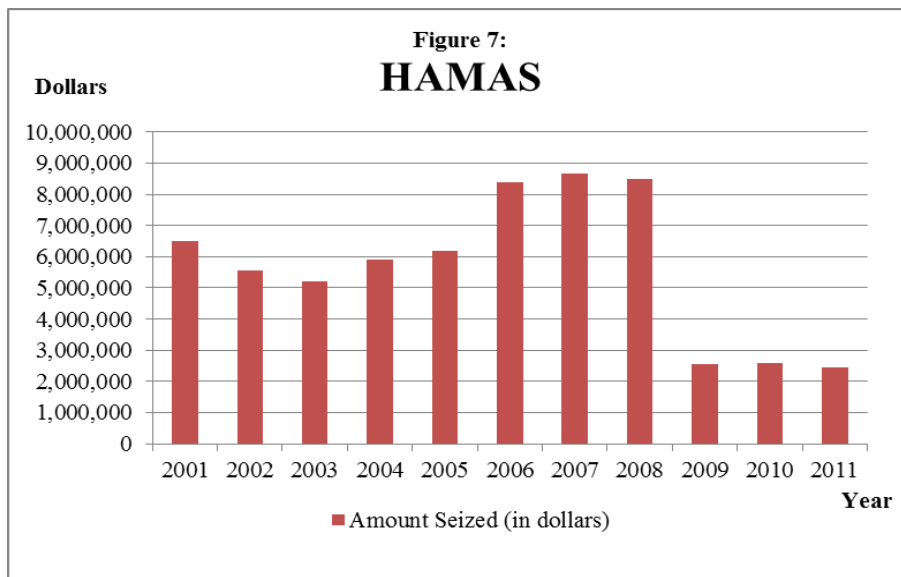
The PIJ’s intent to spend 100% of its revenue on terrorist activity has limited its financial support. Its only source of revenue is the \$2 million Iran provides annually channeled through Saderat Bank, the same bank DoT has accused for funneling funds to Hezbollah and Hamas. Iran’s Qods Force also provides the PIJ material support and training.¹¹⁰¹¹¹

The most complex organization in this case study is Hamas, which unlike the other organizations is regarded by many as a Palestinian political entity. Hamas generates income from internal as well as external sources. Internally, their efforts at revenue generation are succeeding and include collection of zakat, internal charities, social welfare programs established by mosques, hospitals, schools, charities, university and illicit operations such a weapons smuggling that reach as far as South America’s tri-border region. Hamas also receives contributions from external sources including corporations, non-profit organizations, private donors, allied governments, and money

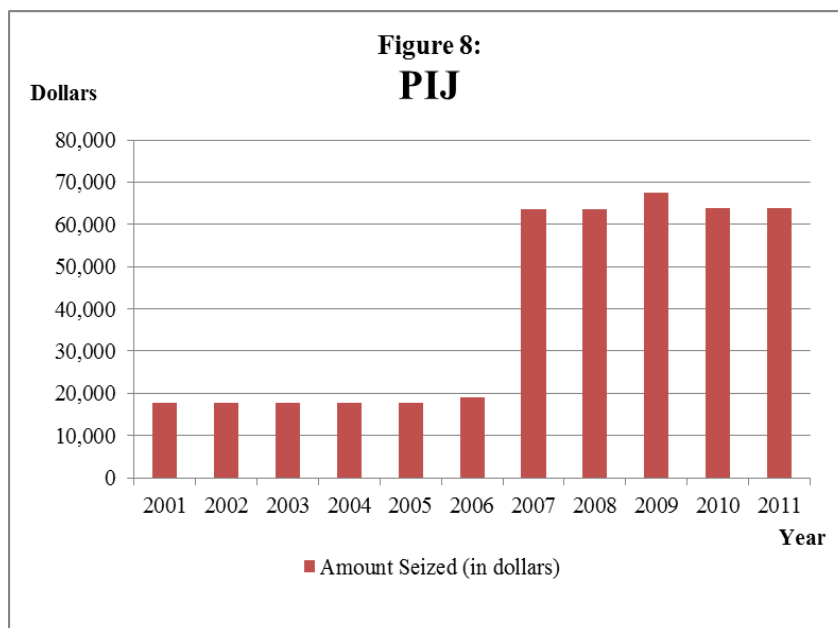
laundering. State supporters include Iran, Saudi Arabia and Qatar.¹¹² Examination of these sources offers some interesting thoughts. For example, two supporting charities were shut down by the DoT within the past decade for having alleged ties to Hamas.¹¹³ The DoT traced millions of dollars in financial transactions between Hamas and Bank Saderat in 2007.¹¹⁴ Furthermore, Saudi Arabia's raised millions of dollars for the organization through charities, banks and individuals. In 2003, Hamas was thought to have had a budget of \$70 million. This has increased since taking over Gaza.¹¹⁵

The collective amount of revenue these four organizations accumulate is immense. Even more so is their variety of support which appears to negate the effectiveness of the FTO. The FTO has put pressure on external funding sources but evidently these organizations have sought a variety of means to circumvent the FTO's impact. Notwithstanding, groups relying on less diverse and more volatile funding sources such as the AAMB and PFLP face more direct funding problems than, for example, the PIJ, who receives a steady stream of Iranian support, or Hamas who has developed a diverse set of supporters. Additionally, the DoT currently has designated Hamas and the PIJ as Specially Designated Global Terrorists (SDGT). It holds \$2,445,535 in direct funds and has seized \$39,500 in vehicles and \$24,500 in jewels and precious stones from Hamas.¹¹⁶¹¹⁷ It has also charged the Holy Land Foundation charity for financially assisting Hamas while charging its founder for funneling \$12.4 million to the group between 1995 and 2001.¹¹⁸ Furthermore in 2008, the DoT froze the NGO, Kind Hearts for Charitable Humanitarian Development for allegedly giving \$407,512 to zakat committees and over \$250,000 to Hamas' financiers.¹¹⁹ Still, Hamas' increasing global recognition as a Palestinian political party in addition to its building reputation

based on charitable work in an absence of corruption has offset any financial impediments.¹²⁰ The DoT also froze \$63,802 in funds from the PIJ, but this amount presents only a fraction of what it receives annually from Iran.¹²¹ Figures 7 and 8 are graphic representations of funds seized from the organizations.



Source: Office of Foreign Assets Control, U.S. Department of the Treasury, 2001-2011



Source: Office of Foreign Assets Control, U.S. Department of the Treasury, 2006-2011

The lack of data regarding individual organization income as well as each organization's irregular operational activity provides no significant indicator of the FTO's overall effect. While my empirical data is not conclusive, I suggest that each organization will likely have the financial resources to conduct terrorist activity provided that support varies and funding remains secure. Likewise, international acknowledgement of Hamas as a political actor rather than a terrorist entity facilitates the organization's growth, especially when Palestinian sympathizers are global. Saudi Arabia presents a good example. Even though the US pressured the Saudi government to decrease its support for the Palestinian cause, wealthy Saudis continue to donate millions of dollars.¹²² Similar to Hezbollah's case, the use of the FTO as an isolationist mechanism against Hamas contradicts other states' recognition of Hamas as a humanitarian organization and thus, erodes the FTO's effectiveness. Overall, multilateral disagreement over the designation of the Palestinian organizations and a Palestinian state will override US counterterrorism policy. Thus, the FTO cannot be considered an effective instrument of counterterrorism.

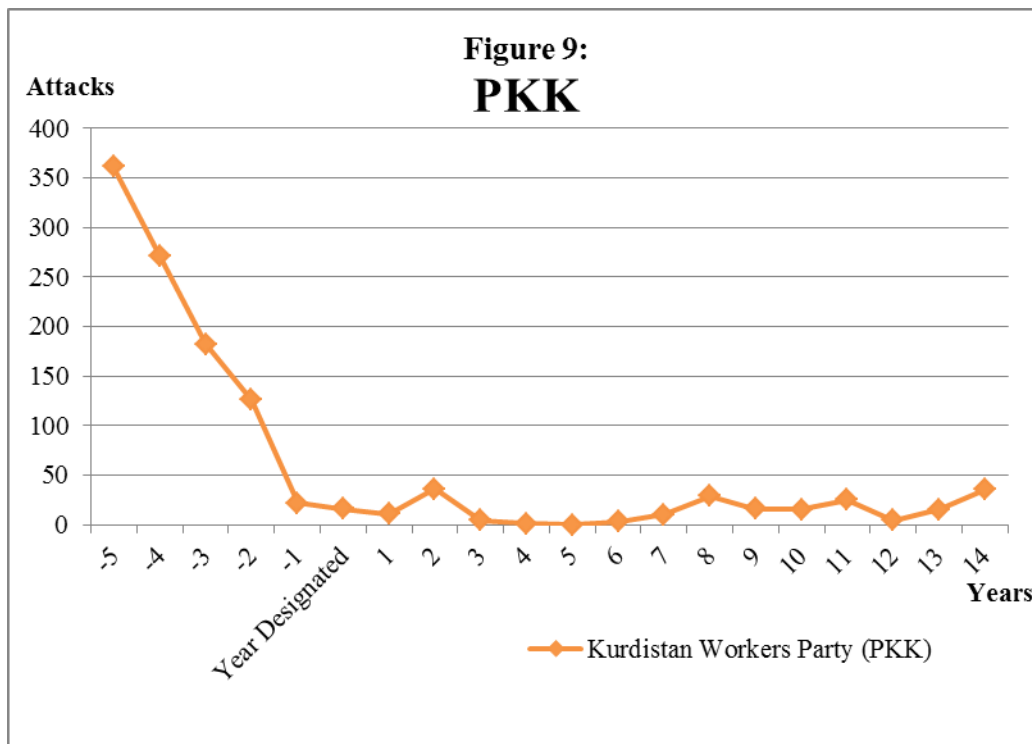
Case 4: the PKK

Established in 1974 as a violent ethno-nationalist organization aiming to establish an independent Kurdish state, the Kurdistan Workers' Party (PKK) blended Marxist-Leninist ideology with Kurdish nationalism.¹²³ Western Europe, Northern Iraq, and Turkey have faced the effects of this organization's operational activity.¹²⁴ Since the capture of its founder and unchallenged leader, Abdallah Ocalan in 1999, the

organization renamed itself the Kurdistan Freedom and Democracy Congress (KADEK) and declared a three-stage “road-map” to achieve Kurdish autonomy. In 2003, The PKK or KADEK once again changed its name to Kongra-Gel and returned to violence. It has yet to reach agreement with the Turkish government regarding its sovereignty.¹²⁵ The PKK was placed on the DoS’s first complied FTO list in 1997; it was active nineteen years prior to its designation and remains on the FTO today.¹²⁶

Operations

The PKK conducted 1,226 recorded attacks in its history, the majority taking place from the late 1980’s to the late 1990’s.¹²⁷ The organization decreased its activity significantly between 2000 and 2003 but has since increased again, albeit not at previous levels. Even before FTO designation, the PKK decreased its operational activity. Five years prior to designation, the PKK executed an average of 235 attacks a year (with an exception of twenty-two attacks in 1996).¹²⁸ From 1992 to 1995 the number of attacks decreased at an average rate of 58.7% a year until 1996 when the number of attacks dropped 85% from one-hundred twenty-six attacks to twenty-two. Overall, the decrease produced a total drop of 94.3%. In the fourteen years following designation, the annual number of attacks has remained relatively constant not exceeding forty attacks a year; five of those fourteen years experienced less than or equal to five attacks. This data is displayed in Figure 9. The PKK’s ideological shift in the late 1990’s correspondingly altered its target to Turkish governments and tourist locations rather than civilians.¹²⁹



Source: National Consortium for the Study of Terrorism and Responses to Terrorism (START). (2012). Global Terrorism Database [Data file]. Retrieved from <http://www.start.umd.edu/gtd>

It appears that that FTO has an impact on the PKK’s operational strategy. However, I would argue that its transition into democratic negotiator played a larger role in shaping its activity.

Ideology

The PKK started out from the radical left presenting itself as part of the worldwide communist revolution. Founded by a group of Kurdish Turk students active in communist rings throughout Turkey, the organization was heavily influenced by Marxist doctrine. Its leader, Abdallah, Ocalan, made the PKK’s primary goal to establish of a Kurdish state that would cover land in Turkey, Syria, Iraq and Iran through a social uprising.¹³⁰¹³¹¹³² Ocalan’s captures in 1999 marked the PKK’s transition towards

peaceful democratization, but it still yielded unsuccessful attempts at negotiating for peace.¹³³ Although the group has no official doctrine, Ocalan issued the *Declaration of Democratic Federalism in Kurdistan* in 2005 calling for a border-free region occupying land in the following four nations: Eastern Turkey (called “Northwest Kurdistan”), East Syria (“Small part of South Kurdistan”), Northern Iraq (“South Kurdistan”) and Western Iran (“East Kurdistan”) in which three forms of law would exist: European Union law, Turkish/Syrian/Iraqi/Iranian law and Kurdish Law.¹³⁴ The organization’s ideological shift following Ocalan’s capture also was an attempt to acknowledge Islamic beliefs.¹³⁵ More recently, the PKK has spoken openly about seeking autonomy within Turkey ensuring Kurdish linguistic and cultural rights.¹³⁶ Considering the time frame of the ideological shifts occurring during the PKK’s development, I suggest that the FTO had no discernible impact on these changes. While the organization’s first modification took place two years after designation in 1999, it is more plausible that Ocalan’s imprisonment and plea for negotiations sparked the shifts.

Finances

The PKK receives financial assistance from a variety of sources including charities, commercial establishments, business negotiations, private donors, sympathizer organizations, state support and an illicit drug trade. Until the early 2000’s, the organization’s largest funders were Syria, Iraq, and Iran, but since then it generates more support from European sympathizers of the Kurdish cause.¹³⁷ The Confederation of Kurdish Associations (KONG-KURD), the largest organization of Kurds in exile, and the International Kurdish Businessmen Union (KAR-SAZ) contribute funding, information, commercial revenue, and private donations.¹³⁸ Additionally, the PKK has been caught on

multiple occasions smuggling drugs through what INTERPOL recognizes as an extensive network.¹³⁹

It is difficult to make any assumptions regarding the PKK's capability before and after FTO designation. There is no data available on the organization's annual income or the amount it receives from individual sources, although Iran stopped supporting the PKK in 1999 and instead chose to back-up Turkey.¹⁴⁰ Furthermore, it is reasonable to assume that the political breakdowns in Iraq and Syria have limited their financial support. Thus, it appears that the PKK's income comes primarily from its sympathizers and an illicit drug trade. This being said, there are too many factors (i.e., ideological shifts; unknown funding figures) to even estimate, let alone make an accurate conclusion of the FTO's effect on PKK financing.

IV. Conclusion

In this study, I have sought to demonstrate a connection between the Foreign Terrorist Organization list and terrorist group behavior in the Middle East. My analysis goes beyond the typical policy assessment by considering important intervention variables including operational activity, ideological robustness, politico-historical environment, and financial capability. Although a conventional policy assessment may suggest that a principal counterterrorism mechanism such as the FTO curtails terrorist activities and alters behavior, I find no convincing statistical evidence of this point. To address the possibility that counteracting dummy variables may skew my results (AQAM increasing activity vs. Hezbollah and PKK decreasing activity), I separate my sample into four case studies. In these cases, I find, at best, mixed evidence demonstrating the FTO's impact on terrorist behavior. For organizations with clear political platforms, there is no evidence of FTO efficacy in changing ideology. Furthermore, I find evidence revealing an increase in attacks after FTO designation for religiously motivated organizations. To address the concern of ideological variability across case studies, I regrouped my four case studies into two groups and looked for differences in politically versus religiously motivated organizations. Again, I find evidence revealing that the FTO is counter-effective in curtailing terrorism among religiously-motivated organizations and ineffective for political motivation.

The most visible method for measuring FTO efficacy is to track operational activity. However, I find that this method provides an unclear portrayal of FTO impact. Since my regression model examines the potential effects of terrorist designation, a

natural interpretation of statistical results would appear incontestable. Nonetheless, when I classify my sample into four case studies and examine for FTO impact, the raw data demonstrates a significant decline in operational activity post-FTO designation in the cases of Hezbollah and PKK. Additionally, the statistical results for the al-Qaeda and Associated Movements and Palestinian Organizations regression models provide fractional evidence that the FTO impacted AQAM no evidence of an impact on the Palestinian organizations. From the regression's interpretation, there is little evidence that FTO designation has a substantial effect in curtailing terrorism.

Having said this it is legitimate to ask the extent to which the FTO changed operational activity? The answer is limited if any. It's necessary to examine more variables in order to argue that this empirical evidence delivers an accurate interpretation. Thus, in addition to operational activities (i.e., attacks) I examined ideology and financial capability to confirm the deficiency in raw data interpretation without consideration of external factors. I find that the environmental effects are sounder than FTO regression interpretation when explaining for changes in operational activity. Direct threats against a terrorist organization (i.e., war, occupation, pacts) offer more insight into shifts in operational behavior than the indirect effects of FTO designation.

I introduce the concept of financial sanctions enacted by the US government and implemented by the Department of Treasury to analyze the effects financial sanctions have on terrorist organizations. Through the evidence, I conclude that sanctions typically have minimal effects on organizations whose funding comes from sources unable or unwilling to respond to US counterterrorism. All in all, financial sanctions must be multilateral and comprehensive; failing to meet that requirement renders them

ineffective. Instead, terrorist organizations quickly adapt and create new financial avenues including illicit funding.

The third factor in the analysis was ideology, a factor I argue as key in determining whether FTO designation is effective. An accurate interpretation of terrorist organization activity requires corresponding historical evidence. There is no conclusive evidence that group ideology was tempered by FTO designation.

Overall, my analysis provides three conclusions:

1. Religiously identified organizations demonstrated an increase in operational activity post-designation; however, I was unable to ascertain a causal relationship between FTO designation and operational activity and instead, see a stronger correlation between environment or politico-military events and operational behavior.
2. Organizations with predominantly political motivations are not effected by designation.
3. Politically and religiously motivated organizations seeking political legitimacy are willing to soften ideological aims and decrease operational activity post-designation. While that there is, at best, a weak causal connection here and coincidence appears to be more likely, further research into groups that have been delisted may offer more significant results here.

My first two conclusions are based on statistical analyses involving three specifications. When I run a simple regression to include attacks, FTO designation, and attack type, for my entire sample, I find that the FTO has no significant effect on attack activity. This data is displayed in Table 3. However, when I run a simple regression to

include attacks, FTO designation, attack type, *and* my ideological variable, *Politics*, for my entire sample, I find that not only does FTO designation have a statistically significant effect on attack activity, but ideological orientation of the organizations as a whole has a significant effect on attack activity. This data is displayed in Table 4. To capture the overall effect of FTO designation on the organizations in all four case studies, I run a regression for equation (1) displayed in Table 5. While my results demonstrate statistical significance for four of the nine organizations, none of them were Palestinian deeming the overall equation insignificant. A second problem with regression (1) is its failure to recognize that FTO designation may not drive each organization to increase or decrease attacks in a linear fashion but rather diverge depending on external factors (i.e., ideology, historical events, financing). When I classify my sample into two groups (i.e., religiously and politically motivated organizations) and run the regressions corresponding to equations (4) and (5) noted above, I find that the FTO makes a statistically significant impact on religiously motivated groups by increasing operational activity (with the exception of Ansar al-Islam), but has no significant impact for politically motivated (with the exception of Hezbollah and the PKK) as shown in Tables 6 and 7. I suggest AAI's lack of statistical significance in this regression to be due to its lack of financial resources that do not allow the organization to operate according to its ideological aims. The third conclusion is reached by examining operational activity in conjunction with each organization's growth as an aspiring political actor. I find a connection between decreased operational activity and increased political involvement. I suggest that Hezbollah and Hamas' decline in operational activity during the same time frame as their political legitimization is not a coincidence. Both organizations have the resources to

conduct attacks, but have slowed operational activity since 2008 and instead, have focused their resources towards increasing the social welfare of the people. Regardless, there is no statistical alignment between attack decline and FTO designation for the AAI, Hezbollah, and the PKK. This leads me to believe that the FTO did not cause this shift in ideological aims. At most, it may have helped speed up the transition although this prospect requires further studies. By incorporating ideology into the analysis, I attain a more accurate understanding of the basis to which terrorist organizations perform operational activities and thus, require funding to do so.

My findings raise questions about the utility of FTO designation. There are clear advantages and disadvantages in using a formal list as a counterterrorism mechanism. While it may offer legal clarity into how the US envisions the terrorist threats, I argue that the Foreign Terrorist Organization list does more harm than good. Stigmatizing organizations only gives more of a reason for terrorists to act against the US while conjointly broadening an organization's tit-for-tat stigmatization of the US as a global enemy. This was demonstrated during the interview with a member of Hezbollah who acknowledged the fact that Hezbollah was on the FTO, but did not feel intimidated or affected in any manner. It is clear that terrorist organizations, in this case, Hezbollah, have not lost time dwelling in their labels and international recognitions. What this member did view as an immediate external threat however was the region's overall condition since the Arab Spring and the Syrian Civil War.¹⁴¹

The FTO's inflexibility to compromise with competing foreign policy priorities greatly reduces its overall effectiveness. Recognizing that terrorism has decreased due to US presence in Iraq and Afghanistan, I argue that the FTO played a minimal role in this

decline.¹⁴² My analysis exemplifies its inadequacy as a soft counterterrorism approach while demonstrating the marginal effects financial sanctions place on terrorist organizations. Thus, the accomplishments made so far in curtailing terrorism have all been attributable to direct measures (i.e., Iraq and Afghanistan occupation), but these direct measures require substantial support, funding, and a long-term commitment. The marginal benefits to using direct counterterrorism mechanisms do not appear to exceed the costs, especially when the outcome is unclear. France's recent intervention in Mali against AQIM is an example of the use of a short-term blowback of the direct approach. While reducing the organization's effectiveness temporarily, it only provoked the organization to build up its long-term capacity. "France has attacked Islam. We will strike at the heart of France," stated the leader of an offshoot group to the AQIM.¹⁴³ In its place, I suggest not direct action, but direct discussion. While this suggestion may appear unfeasible with religiously motivated groups such as the AQAM, I argue that the US is not and will not be in a capable position to substantially eliminate this group and retain it from regrouping. Likewise, the FTO proved its ineffectiveness especially in nationalistic environments which will also prove to be a problem in the midst of regional revolutions following the Arab Spring. The FTO has never existed in isolation nor should it if it is supposed to have any affect at all; rather, it should part of a broader, tolerant counterterrorism strategy.

¹ (U.S. Department of State, 2012)

² (Cronin, 2003)

³ (United States Department of State, 2008)

⁴ (Bureau of Counterterrorism, 2012)

⁵ (Blazakis, 2012)

⁶ (Bureau of Counterterrorism, 2012)

⁷ (Blazakis, 2012)

⁸ (Bureau of Counterterrorism, 2012)
⁹ (Cronin, 2003)
¹⁰ (Blazakis, 2012)
¹¹ (Office of the Coordinator for Counterterrorism, 1997)
¹² (United States Department of State, 2003)
¹³ (United States Department of State, 2008)
¹⁴ (U.S. Department of State, 2012)
¹⁵ (U.S. Department of State, 2012)
¹⁶ (Crenshaw, 2012)
¹⁷ (National Consortium for the Study of Terrorism and Responses to Terrorism, 2012)
¹⁸ (Office of Foreign Asset Control, 2013)
¹⁹ (Duyvesteyn, 2004)
²⁰ (Esposito, 1998)
²¹ (de Graaf, 2011)
²² (Crenshaw, The Consequences of Counterterrorism, 2010)
²³ (Prosen, 2001)
²⁴ (Prosen, 2001)
²⁵ (Prosen, 2001)
²⁶ (BBC, 2010)
²⁷ (BBC, 2010)
²⁸ (Bureau of Counterterrorism, 2012)
²⁹ (Bureau of Counterterrorism, 2012)
³⁰ (Blanford, 2011)
³¹ (Intelligence and Terrorism Information Center at the Center for Special Studies, 2006)
³² (Intelligence and Terrorism Information Center at the Center for Special Studies, 2006)
³³ (Blanford, 2011)
³⁴ (Blanford, 2011)
³⁵ (Gleis, 2012)
³⁶ (Anonymous, 2013)
³⁷ (Gleis, 2012)
³⁸ (U.S. Department of Treasury, 2007)
³⁹ (Gleis, 2012)
⁴⁰ (Office of Foreign Assets Control, U.S. Department of the Treasury, 2006)
⁴¹ (Office of Foreign Assets Control, U.S. Department of the Treasury, 2011)
⁴² (Middle East and North Africa Financial Action Task Force, 2013)
⁴³ (Middle East and North Africa Financial Action Task Force, 2009)
⁴⁴ (Gleis, 2012)
⁴⁵ (Stout, 2008)
⁴⁶ AQ refers to Al-Qaeda's core which is the leadership that was chased from Afghanistan and now resides in Pakistan's tribal areas
⁴⁷ (Moyers, 2008)
⁴⁸ (Global Terrorism Database, 2012)
⁴⁹ (Wikipedia, 2013)
⁵⁰ (Bureau of Counterterrorism, 2012)
⁵¹ (Bureau of Counterterrorism, 2012)
⁵² (Global Terrorism Database, 2012)
⁵³ (National Counterterrorism Center, 2013)
⁵⁴ (Kirdar, 2011)
⁵⁵ (Kirdar, 2011)
⁵⁶ (National Counterterrorism Center, 2013)
⁵⁷ (Katzman, 2008)
⁵⁸ (Center for Strategic & International Studies, 2011)
⁵⁹ (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)

60 (Center for Strategic & International Studies, 2011)
61 (Gleis, 2012)
62 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
63 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
64 (Blanchard, 2005)
65 (U.S. Department of State, 2012)
66 (Blanchard, 2005)
67 (Katzman, 2008)
68 (Center for Strategic & International Studies, 2011)
69 (Center for Strategic & International Studies, 2011)
70 (Ackman, 2001)
71 (Moyers, 2008)
72 (Ackman, 2001)
73 (Klebnikov, 2001)
74 (U.S. Department of State, 2012)
75 (U.S. Department of the Treasury, 2004)
76 (Islamic Finder, 2000)
77 (Office of Foreign Assets Control, 2005)
78 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
79 (Ackman, 2001)
80 (Office of Foreign Assets Control, U.S. Department of the Treasury, 2011)
81 (Center for Strategic & International Studies, 2011)
82 (Center for Strategic & International Studies, 2011)
83 (Global Terrorism Database, 2012)
84 (U.S. Department of State, 2012)
85 (Gleis, 2012)
86 (Bureau of Counterterrorism, 2012)
87 (Global Terrorism Database, 2012)
88 (BBC News, 2008)
89 (Global Terrorism Database, 2012)
90 (The Guardian, 2007)
91 (Byers, 2008)
92 (Global Terrorism Database, 2012)
93 (Federman, 2012)
94 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
95 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
96 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
97 (Anti-Defamation League, 2013)
98 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
99 (DiscoverTheNetwork, 2013)
100 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
101 (DiscoverTheNetwork, 2013)
102 (Federation of American Scientists, 1988)
103 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
104 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
105 (Qumsiyeh, Mazin, 2010)
106 (Gleis, 2012)
107 (BBC News, 2003)
108 (Anti-Defamation League, 2013)
109 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
110 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
111 (U.S. Department of Treasury, 2007)
112 (Gleis, 2012)

113 (Office of Foreign Assets Control, U.S. Department of the Treasury, 2011)
114 (U.S. Department of Treasury, 2007)
115 (Gleis, 2012)
116 (Office of Foreign Assets Control, U.S. Department of the Treasury, 2011)
117 (Office of Foreign Asset Control, 2004)
118 (Gleis, 2012)
119 (Gleis, 2012)
120 (Gleis, 2012)
121 (Office of Foreign Assets Control, U.S. Department of the Treasury, 2011)
122 (Gleis, 2012)
123 (U.S. Department of State, 2012)
124 (Global Terrorism Database, 2012)
125 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
126 (Office of the Coordinator for Counterterrorism, 1997)
127 (Global Terrorism Database, 2012)
128 (Global Terrorism Database, 2012)
129 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
130 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
131 (Jongerden)
132 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
133 (Gunter, 2007)
134 (Ocalan, 2005)
135 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
136 (U.S. Department of State, 2012)
137 (U.S. Department of State, 2012)
138 (European Union Secretary General , 2003)
139 (Federation of American Scientists, 1995)
140 (National Consortium for the Study of Terrorism and Responses to Terrorism, 2010)
141 (Anonymous, 2013)
142 (Office of the Coordinator for Counterterrorism, 1997)
143 (Corera, 2013)

V. Appendix

Definitions

Arab- something or someone wholly or partly descended from tribal Arabs, or someone who speak Arabic or a person living under Arab rule

Counterterrorism- the whole-of-government effort to counter terrorism abroad and to secure the United States against foreign terrorist threats

Designation- Secretary is authorized to name an organization a terrorist organization if (INA: Act 219 – Designation of Foreign Terrorist Organization)

- 1) The organization is foreign
- 2) The organization engages or retains the intent to engage in terrorist activity (defined above)
- 3) Threatens the security of U.S nationals or the national security of the United States

Financing of Terrorism- A person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, or in full or in part, in order support terrorist acts or organizations.

Foreign Terrorist Organization)- (INA Act 212 General Classes of Aliens Ineligible to Receive Visas and Ineligible for Admission)

- 1) Designated under section 219 defined below
- 2) Designated by the Secretary of State, in consultation with the Attorney General or Secretary of Homeland Security as a terrorist organization after finding it engages in terrorist activity and listed in the Federal Register
- 3) A group of two or more individuals, organized or not engaging in, or with a subgroup engaging in activities listed below

FTO List- (INA: Act 219 – Designation of Foreign Terrorist Organization)

- 1) The organization is foreign
- 2) The organization engages or retains the intent to engage in terrorist activity (defined above)
- 3) Threatens the security of U.S nationals or the national security of the United States

Ideology – a system of ideals and goals that form the basis of religious or political set of guidelines for a group

International Terrorism- (USC : Title 18 - CRIMES AND CRIMINAL PROCEDURE)

Activities that involve violent acts or acts dangerous to human life that are a violation of the criminal laws of the U.S. or of any State, or that would be a criminal violation if committed within the jurisdiction of the U.S. or of any State; appear to be intended to intimidate or coerce a civilian population; to influence the policy of a government by intimidation or coercion; or to affect the conduct of a government by assassination or kidnapping; and occur primarily outside the territorial jurisdiction of the U.S., or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum.

*Jihad-*A war or struggle against nonbelievers of Islam

Middle East- a region that roughly encompasses North Africa stretching eastward to Iraq, north to Syria including the Arabian Peninsula and the Kurdish regions of Northern Iraq and Turkey

Money Laundering- Process by which proceeds from a criminal activity are disguised to conceal their illicit origin

Terrorism- see definition for *terrorist activities*

Terrorist Activity (defined)- (INA Act 212 General Classes of Aliens Ineligible to Receive Visas and Ineligible for Admission)

- 1) Highjacking/sabotage of any conveyance
- 2) Seizing, detaining, and threatening to kill, injure, or continue to detain another individual in order to compel a third person to do/abstain from doing any act as a condition for the release of the individual
- 3) A violent attack upon an internationally protected person or upon the liberty of such a person
- 4) An assassination
- 5) The use of a biological agent, chemical agent, nuclear weapon/device, explosive, firearm, or other weapons/dangerous devices with the intent to endanger the safety of one or more individuals or cause damage to property

Terrorist Activity (Engaging in)- (INA Act 212 General Classes of Aliens Ineligible to Receive Visas and Ineligible for Admission)

- 1) To commit or incite to commit death or serious bodily injury
- 2) Prepare or plan a terrorist activity
- 3) Gather information on potential targets for terrorist activities
- 4) Solicit funds or things of value for a terrorist activity or terrorist organization

Terrorist Activities (meant, what considered severe 10+ casualties)- (INA Act 212 General Classes of Aliens Ineligible to Receive Visas and Ineligible for Admission)

- 1) Has indicated an intention to cause death or serious bodily harm
- 2) Is a representative of a terrorist organization or a political, social, or other group that endorses or espouses terrorist activity
- 3) Endorses or espouses terrorist activity or persuades other to endorse or espouse terrorist activity/support a terrorist organization
- 4) Has received military-type training from or on behalf of any organization that was a terrorist organization

Zakat- A term used in Islamic finance to refer to the obligation that an individual has to donate a certain proportion of wealth each year to charitable causes

Table of Summary Statistics

Table 1: $y_i = \beta_0 + \beta_1 FTO + \beta_2 AQI + \beta_3 Ansar + \beta_4 Salafist + \beta_5 AQI * FTO + \beta_6 Ansar * FTO + \beta_7 Salafist * FTO + \beta_8 AAMB * FTO + \beta_9 Attacktype + \epsilon_i$

```
reg attack fto2 AQI Ansar Salafist AQI_fto2 Ansar_fto2 Salafist_fto2 Attacktype
```

						Number of obs =	139
						F(8, 130) =	4.06
						Prob > F =	0.0002
						R-squared =	0.1999
						Adj R-squared =	0.1506
						Root MSE =	39.504

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fto2	-28.96383	8.643432	-3.35	0.001	-46.06383	-11.86383
AQI	-35.91872	19.1634	-1.87	0.063	-73.83121	1.993766
Ansar	-34.91872	19.1634	-1.82	0.071	-72.83121	2.993766
Salafist	-77.2783	22.25019	-3.47	0.001	-121.2976	-33.25895
AQI_fto2	54.21383	24.12259	2.25	0.026	6.490168	101.9375
Ansar_fto2	31.46383	25.4347	1.24	0.218	-18.85568	81.78334
Salafist_fto2	58.56383	23.29989	2.51	0.013	12.46779	104.6599
Attacktype	-48.35957	13.20306	-3.66	0.000	-74.48025	-22.2389
_cons	84.2783	13.52604	6.23	0.000	57.51864	111.038

Table 2: $y_i = \beta_0 + \beta_1 FTO + \beta_2 HAMAS + \beta_3 PIJ + \beta_4 PFLP + \beta_5 AAMB + \beta_6 HAMAS * FTO + \beta_7 PIJ * FTO + \beta_8 PFLP * FTO + \beta_9 AAMB * FTO + \beta_{10} Attacktype + \beta_{11} Poltics + \epsilon_i$

```
reg attack fto2 HAMAS PIJ PFLP AAMB HAMAS_fto2 PIJ_fto2 PFLP_fto2 AAMB_fto2 Attacktype
```

```
Number of obs = 139
F( 10, 128) = 2.06
Prob > F = 0.0324
R-squared = 0.1386
Adj R-squared = 0.0713
Root MSE = 41.307
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fto2	-28.62901	10.43662	-2.74	0.007	-49.27965 -7.978373
HAMAS	-17.85606	20.58197	-0.87	0.387	-58.581 22.86889
PIJ	-35.05606	20.58197	-1.70	0.091	-75.781 5.668885
PFLP	-34.85606	20.58197	-1.69	0.093	-75.581 5.868885
AAMB	-34.05606	20.58197	-1.65	0.100	-74.781 6.668885
HAMAS_fto2	26.51235	24.33848	1.09	0.278	-21.6455 74.67019
PIJ_fto2	36.76235	23.74709	1.55	0.124	-10.22532 83.75002
PFLP_fto2	29.42901	23.74709	1.24	0.218	-17.55866 76.41668
AAMB_fto2	40.32901	24.91584	1.62	0.108	-8.971243 89.62927
Attacktype	-23.06651	10.43662	-2.21	0.029	-43.71715 -2.415873
_cons	61.12257	10.6238	5.75	0.000	40.10157 82.14357

Table 3: $y_i = \beta_0 + \beta_1 FTO + \beta_2 Attacktype$

```
reg attack fto2 Attacktype
```

```
Number of obs = 139
F( 2, 136) = 6.67
Prob > F = 0.0017
R-squared = 0.0893
Adj R-squared = 0.0759
Root MSE = 41.204
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fto2	-13.76455	7.474186	-1.84	0.068	-28.5452 1.016109
Attacktype	-28.09497	9.105664	-3.09	0.002	-46.10198 -10.08797
_cons	51.60931	9.528526	5.42	0.000	32.76607 70.45255

Table 4: $y_i = \beta_0 + \beta_1 FTO + \beta_2 Attacktype + \beta_3 Politics$

```
reg attack fto2 Attacktype Politics
```

```
Number of obs = 139
F( 3, 135) = 5.83
Prob > F = 0.0009
R-squared = 0.1147
Adj R-squared = 0.0951
Root MSE = 40.776
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fto2	-14.08868	7.398318	-1.90	0.059	-28.72028 .5429156
Attacktype	-31.07024	9.136965	-3.40	0.001	-49.14034 -13.00013
Politics	-13.96778	7.098021	-1.97	0.051	-28.00548 .0699193
_cons	60.19743	10.39045	5.79	0.000	39.64832 80.74653

Table 5: $y_i = \beta_1 HAMAS + \beta_2 PIJ + \beta_3 PFLP + \beta_4 AAMB + \beta_5 AQI + \beta_6 Ansar + \beta_7 Salafist + \beta_8 Hezbollah + \beta_9 PKK + \beta_{10} HAMAS * FTO + \beta_{11} PIJ * FTO +$

$$\beta_{12}PFLP*FTO + \beta_{13}AAMB*FTO + \beta_{14}AQI*FTO + \beta_{15}Ansar*FTO + \beta_{16}Salafist*FTO + \beta_{17}Hezbollah*FTO + \beta_{18}PKK*FTO + \beta_{19}Attacktype + \epsilon_i$$

```
reg attack HAMAS PIJ PFLP AAMB AQI Ansar Salafist Hezbollah PKK HAMAS_fto2 PIJ_fto2 PFLP_fto2
AAMB_fto2 AQI_fto2 Ansar_fto2 Salafist_fto2 Hezbollah_fto2 PKK_fto2 Attacktype, noconstant
```

```
Number of obs = 139
F( 19, 120) = 33.59
Prob > F = 0.0000
R-squared = 0.8417
Adj R-squared = 0.8167
Root MSE = 20.06
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
HAMAS	-190.55	24.15509	-7.89	0.000	-238.3754	-142.7246
PIJ	-207.75	24.15509	-8.60	0.000	-255.5754	-159.9246
PFLP	-207.55	24.15509	-8.59	0.000	-255.3754	-159.7246
AAMB	-206.75	24.15509	-8.56	0.000	-254.5754	-158.9246
AQI	-210.75	24.15509	-8.72	0.000	-258.5754	-162.9246
Ansar	-209.75	24.15509	-8.68	0.000	-257.5754	-161.9246
Salafist	7	8.970975	0.78	0.437	-10.76191	24.76191
Hezbollah	-179.35	24.15509	-7.42	0.000	-227.1754	-131.5246
PKK	150.25	10.02985	14.98	0.000	130.3916	170.1084
HAMAS_fto2	-2.116667	10.6776	-0.20	0.843	-23.25756	19.02423
PIJ_fto2	8.133333	10.35879	0.79	0.434	-12.37635	28.64302
PFLP_fto2	.8	10.35879	0.08	0.939	-19.70968	21.30968
AAMB_fto2	11.7	10.98716	1.06	0.289	-10.0538	33.4538
AQI_fto2	25.25	11.43579	2.21	0.029	2.607924	47.89208
Ansar_fto2	2.5	12.14676	0.21	0.837	-21.54973	26.54973
Salafist_fto2	29.6	10.98716	2.69	0.008	7.846197	51.3538
Hezbollah_fto2	-22.4	10.6776	-2.10	0.038	-43.5409	-1.259104
PKK_fto2	-138.9167	12.94849	-10.73	0.000	-164.5538	-113.2796
Attacktype	210.75	22.42744	9.40	0.000	166.3452	255.1548

Table 6: $y_i = \beta_0 + \beta_1 FTO + \beta_2 HAMAS + \beta_3 PFLP + \beta_4 AAMB + \beta_5 Hezbollah + \beta_6 PKK + \beta_7 HAMAS*FTO + \beta_8 PFLP*FTO + \beta_9 AAMB*FTO + \beta_{10} Hezbollah*FTO + \beta_{11} PKK*FTO + \epsilon_i$

```
reg attack fto2 PIJ AQI Ansar Salafist PIJ_fto2 AQI_fto2 Ansar_fto2 Salafist_fto2 Attacktype
```

```
Number of obs = 139
F( 10, 128) = 3.76
Prob > F = 0.0002
R-squared = 0.2270
Adj R-squared = 0.1666
Root MSE = 39.131
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fto2	-36.80117	9.462852	-3.89	0.000	-55.52504	-18.0773
PIJ	-39.86082	19.28725	-2.07	0.041	-78.02393	-1.697705
AQI	-42.86082	19.28725	-2.22	0.028	-81.02393	-4.697705
Ansar	-41.86082	19.28725	-2.17	0.032	-80.02393	-3.697705
Salafist	-81.9807	22.17217	-3.70	0.000	-125.8521	-38.10927
PIJ_fto2	44.9345	22.31308	2.01	0.046	.7842679	89.08474
AQI_fto2	62.05117	24.23211	2.56	0.012	14.1038	109.9985
Ansar_fto2	39.30117	25.51463	1.54	0.126	-11.18388	89.78622
Salafist_fto2	66.40117	23.42892	2.83	0.005	20.04304	112.7593
Attacktype	-46.11988	13.26247	-3.48	0.001	-72.36194	-19.87782
_cons	88.9807	13.61467	6.54	0.000	62.04174	115.9197

Table 7: $y_i = \beta_0 + \beta_1 FTO + \beta_2 PIJ + \beta_3 AQI + \beta_4 Ansar + \beta_5 Salafist + \beta_6 PIJ * FTO + \beta_7 AQI * FTO + \beta_8 Ansar * FTO + \beta_9 Salafist * FTO + \beta_{10} Attacktype + \epsilon_i$

```
reg attack fto2 HAMAS PFLP AAMB Hezbollah PKK HAMAS_fto2 PFLP_fto2 AAMB_fto2 Hezbollah_fto2 PK
K_fto2
```

```
Number of obs = 139
F( 11, 127) = 21.08
Prob > F = 0.0000
R-squared = 0.6461
Adj R-squared = 0.6154
Root MSE = 26.582
```

attack	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fto2	16.63462	7.310775	2.28	0.025	2.167911	31.10132
HAMAS	17.45	13.29091	1.31	0.192	-8.850312	43.75031
PFLP	.45	13.29091	0.03	0.973	-25.85031	26.75031
AAMB	1.25	13.29091	0.09	0.925	-25.05031	27.55031
Hezbollah	28.65	13.29091	2.16	0.033	2.349688	54.95031
PKK	189.65	13.29091	14.27	0.000	163.3497	215.9503
HAMAS_fto2	-18.75128	15.92636	-1.18	0.241	-50.26667	12.7641
PFLP_fto2	-15.83462	15.55224	-1.02	0.311	-46.6097	14.94047
AAMB_fto2	-4.934615	16.29188	-0.30	0.762	-37.17331	27.30408
Hezbollah_fto2	-39.03462	15.92636	-2.45	0.016	-70.55	-7.51923
PKK_fto2	-197.7013	17.67856	-11.18	0.000	-232.684	-162.7186
_cons	2.75	5.943876	0.46	0.644	-9.011857	14.51186

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