

Rational Choice Theories

Rational choice theories of terrorism derive from economic theory of **Subjective Expected Utility**, better known as cost-benefit analysis. Rational terrorists choose actions that yield the greatest gain for cost.

The U.S. Army's Handbook ascribes rational motivations to terrorists:

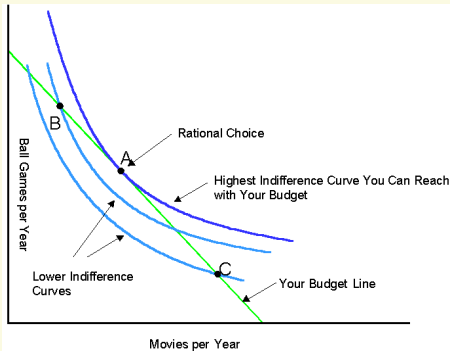
Section I: Goals

While prediction is conditional, a terrorist will **consider target value and cost** required of the terrorist organization to successfully attack. A terrorist will evaluate what force protection measures are in effect in the vicinity of a target and **determine a cost benefit analysis**. From these analyses and forms of study and surveillance, a terrorist will isolate weaknesses of a target and exploit these weaknesses (p. 2-2).

U.S. Army Training and Doctrine Command. 2007. TRADOC G2 Handbook No. 1 (Version 5.0) *A Military Guide to Terrorism in the 21st Century*.

What is SEU?

Most economists rigorously defend the **rational actor model** of decision making, altho some seek to modify assumptions to achieve more realism.



Subjective expected utility is a utility function applied to **uncertain events** plus a decision rule.

A simple example: You face a pair of uncertain outcomes, X and Y, with subjective expected probabilities p and $1-p$. Multiply each option's utility (U) by its probability. Choose that outcome which **maximizes utility** (yields highest expected benefit).

Here's the subjective expected utility calculation:

$$SEU = (p)U(X) + (1-p)U(Y)$$

To get a feel for Rational Choice decisions, calculate SEUs for pairs of options on next slide, & choose maximum gain. How rational are you?

(HINT: Change percents to probabilities before multiplying: e.g., 90% into .90)

Rational Choice Bets

Make a rational choice between each pair of bets; i.e., choose that bet which will maximize your subjective expected utility calculus:

$$SEU = (p)U(X) + (1-p)U(Y)$$



Problem 1 Choose between A & B:

- (A) 10% chance of winning \$100 and 90% chance of nothing
- (B) 10% chance of winning \$500 and 90% chance of nothing

Problem 2 Choose between C & D:

- (C) Certainty of receiving \$100
- (D) 50% chance of winning \$200 and 50% chance of winning nothing

Problem 3 Choose between E & F:

- (E) Certainty of receiving \$100
- (F) 20% chance of winning \$500 and 80% chance of winning \$5

Problem 4 Choose between G & H:

- (G) Certain death as a suicide bomber, 100% chance to enter heaven
- (H) 10% chance of death as freedom fighter and \$10,000 to your family

How Rational Was 9/11?

The 9/11 Commission estimated that the 9/11 operation cost \$400,000 to \$500,000, not including the hijackers' training in Afghanistan. They spent about \$270,000 in U.S., mainly on flight training, travel, housing, vehicles.



What short- & long-term economic impacts of 9/11?

- ✓ Destroyed NYC buildings & jobs, lost tax base
- ✓ Corporate stocks lost \$1.2 trillion in following week
- ✓ Health impacts on rescuers-recoverers, area kids
- ✓ Damage to U.S. economy (airlines, security) over next decade probably totaled in \$10s of billions
- ✓ Psychological harm to nation is not calculable

Al-Qaida's gain in prestige, support also immeasurable, but immense. Bin Laden rationally calculated that 9/11 operation's benefits >> costs. Yet some senior Al-Qaida leaders opposed OBL's decision. Why? By unleashing GWoT, were 9/11's long-term costs to A-Q negative?

Rational Terrorists – More Bang for the Buck

Your clandestine cell of rational decision makers carefully scouted these Freedomian targets. They all have the same operational costs, but their benefits, including mass media attention, are likely to differ.

A - Presidential Palace: Assassinating Freedomia's unpopular dictator of won't be easy as he's heavily guarded. A cook can be bribed to unlock a back door, while a sacrificial diversionary squad attacks the front gate.

B - Civil Guard Barracks: A night attack with grenades & assault rifles is risky because the barracks are heavily fortified and reinforcements can come quickly. Revealing the hated CG's vulnerability could bring worldwide publicity & draw new recruits from Freedomia's oppressed minorities.

C - Capital Reservoir: Waterworks are lightly protected. A biochemist in your cell says that dumping several barrels of chlorine dioxide might sicken or kill up to 10,000 residents, depending on the dilution rate. Prolonged shutdown of the water system would greatly disrupt Freedomia.

Cells discuss each option & make group decisions: (1) probability of a success; (2) benefit of success; (3) rank-order by SEU (1st to 3rd). Explain and defend your choice of the most cost-effective operation.

Strategic Frame Theory

Gordon McCormick's review of terrorist decision-making explanations highlighted strategic frame, organizational, & psychological theories.



Strategic frame is applied **game theory**, where “instrumentally rational” terrorists play against their opponents’ strategies. Both sides are locked into a “reciprocal operational relation,” whose moves and countermoves influence one another.

Terrorists also influenced by **constituencies** & by others in their **environment**

- **Substantive Model:** assumes terrorist know each action’s consequences
- **Procedural Model:** decisions based on inaccurate / incomplete information
- **Bounded rationality:** decisions can only optimize, not maximize, SEU

Why might a terrorist group rationally decide to provoke the state, yet believe that the group’s attack is almost certain to be defeated?

Is the “politics of atrocity” counter-productive? When / when not?

“Irrational” Terrorism

If terrorists behave with sufficient rationality, then counterterror orgs might use that theory to anticipate and disrupt their activities.

Realistically, how rational is terrorist decision-making? How often might some other factors distort rational risk-taking?

- ❑ Organization’s survival imperatives (resources, personnel) replace its long-term political goals
- ❑ Psychological commitment to group’s worldview resists any new information and interpretations that might lead to recalculation of costs/benefits
- ❑ “Crazies” seize control of terror group leadership, “act out” expressively, leading to catastrophic defeat of the group by the state’s agents

Propaganda of the Deed

McCormick described 19th c. Revolutionary Socialist & Anarchist movements as internally split over using violence as means or end

Belief systems involved some type of Manichean struggle of Good vs. Evil, which adherents think will climax in Apocalypse where Good must triumph!

Propaganda of the Deed – terrorizing “spectaculars” intended to inspire the masses to rise up spontaneously and catalyze The Revolution

- 1881 Czar Alexander II killed by *Narodnaya Volya* (People's Will)
- 1901 Pres. McKinley shot by anarchist-sympathizer Leon Czolgosz



American terrorists frequently seem prone to such futile gestures:

- 1960s Weather Underground’s “Days of Rage,” townhouse explosion
- 1970s Symbionese Liberation Army kidnapping of Patty Hearst

ETA's Impact on Spanish Economy

Analysis of ETA (*Euskadi Ta Askatasuna* = Basque Homeland & Freedom) terror found 10-12% GDP gap for the Basque region vs. other Spain.

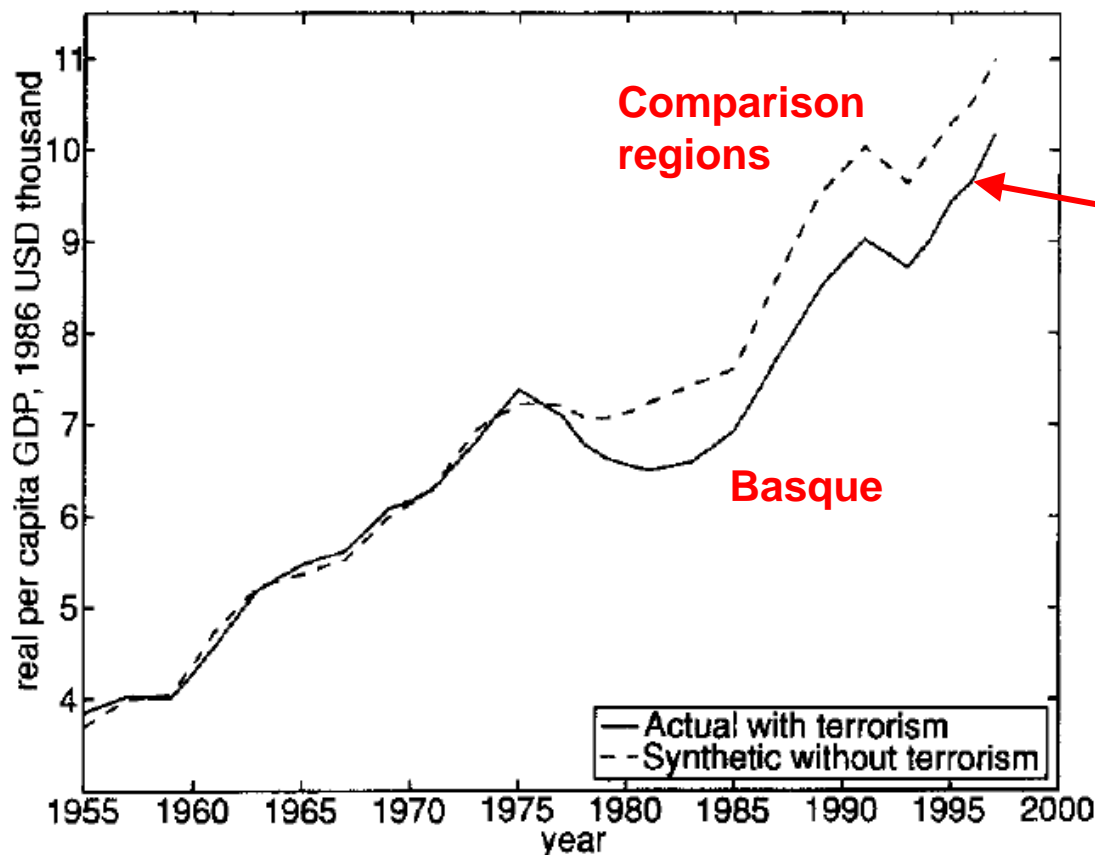


FIGURE 1. PER CAPITA GDP FOR THE BASQUE COUNTRY

1998-99
cease-fire was
a “natural
experiment.”
Gap began to
narrow as firms
experienced
relatively
positive
performances.

Basque economy fell behind after ETA turned violent in 1977. Altho terror subsided in 1990s, Basque region had only a slight recovery.

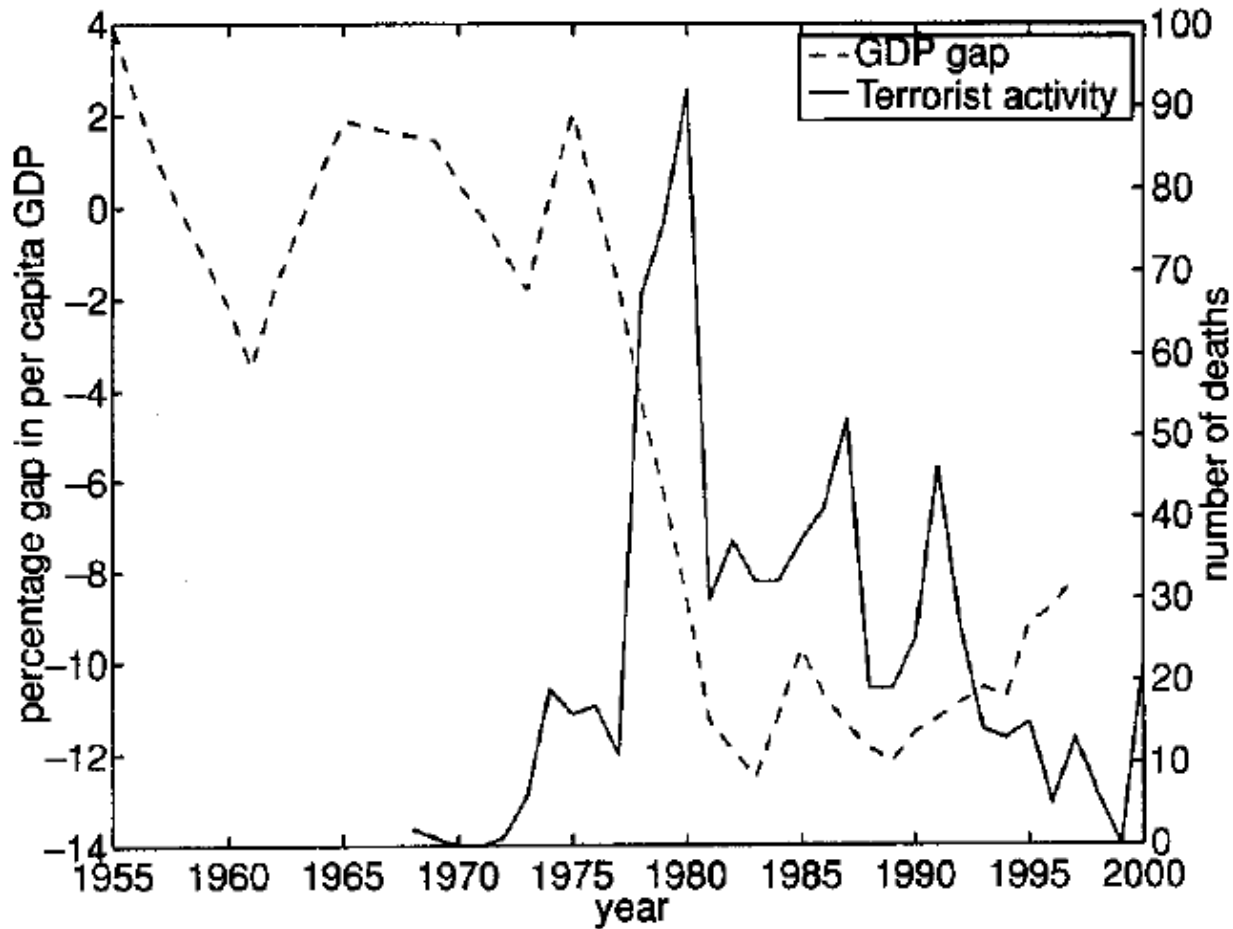


FIGURE 2. TERRORIST ACTIVITY AND ESTIMATED GAP