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RATIONAL EXTREMISM: THE CALCULUS OF DISCONTENT

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RATIONAL EXTREMISM: THE CALCULUS OF DISCONSENT*

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Abstract.

The basic point of the paper is that, under certain circumstances, groups which take extremist positions on issues tend also to use extremist methods such as terrorism and violence to pursue those goals. I assume that the leaders of extremist groups are rational, therefore, given their goals, they choose the best methods to achieve them. From this point of view, the basic difference between extremist methods of political competition and moderate methods is just that extremist methods are risky, implying the possibility of bigger success or bigger failure compared to moderate methods.

Extremists in position adopt extremist methods when there is an indivisibility which characterizes the relationship between the intermediate goal of the group and its ultimate goal. In the paper I look at three examples: Communism (control over the means of production is an intermediate goal to the achievement of a communist society), Nationalism (control over territory is an intermediate goal to the achievement of nationhood) and Islamic Fundamentalism (ridding the Muslim nations of foreign and secular influences is an intermediate goal to the achievement of an Islamic society). In turn, conflict between each of these and opposing groups (respectively, capitalism, other nations with the same

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territorial ambition, secularism), in a sense, inevitable as it results from the conflict between their ultimate goals.

If correct, the paper would appear to raise a troubling challenge to liberal theory. Freedom of thought is central to liberal theory provided that democratic methods are used to pursue that goal. If there tends to be a correlation between extremist positions and extremist methods, then it may be difficult for the state to combat the latter without imposing controls on the former.

The most important policy implication of the paper is that one should look at the goals of extremist group in order to understand their actions. One reason is that it is the purported indivisibility of the goal which explains the extremism of the actions, and if one can un- bundle the goal or make the indivisible divisible, then there may be ways to provide these goals in a way which satisfies some of the members of the group and thus dries up support for the grander ambitions of the leaders of extremist groups.

1. Introduction

The classic way of thinking about extremist groups is that they are marginal, alienated, poor, etc. The previous literature on political extremism is reviewed by Knoke (1990). He points out that explanations of political extremism in the past were often dominated by psychological explanations. Thus, for example, individuals were held to experience intolerable psychological stresses in their daily lives, and their joining in mob actions was interpreted as a safety valve that let off steam, but accomplished little in the way of solving their problems. In the same vein, participants in extremist movements were often held to be those who were marginal to society, or who were dispossessed by economic change. However, empirical evidence has now accumulated which contradicts these explanations, at least as applied to social movements in general. The evidence drawn from such classic social movements as the Southern Black civil rights movement, the women's movement and Three Mile Island protests, poor peoples movements, and social protest under Weimar consistently suggests that, rather than marginal and anomic persons, collective actions generally attracted participants of higher social economic status who were more integrated and better connected to societal institutions than were the non-participants.

Instead, the modern approach tends to see social movements, including extremist movements, as the main vehicle for excluded people to gain access to and influence within an established political system. It follows that extremism can be modelled as a form of political competition. Thus the general point of view here is that extremism is a rational choice in the sense that the individuals involved choose appropriate methods to reach their goals. In this chapter we are referring to what might be called “strategic rationality or rationality of the *leadership*”. The next chapter looks at the behavior of the individuals within the group.

Other scholars have adopted the rational choice perspective. Pape (2003) develops a strategic logic of suicide terrorism in particular and shows that. Viewed from the perspective of the terrorist organization, suicide attacks are designed to achieve specific political purposes: to coerce a target government to change policy, to mobilize additional recruits and financial support, or both (2002, p. 4). With reference to the universe of suicide attacks of 1980- 2001, he shows that most suicide attacks occurred in organized,

coherent campaigns, that they were aimed at democracies (which are more vulnerable to this kind of pressure), and that they were specifically directed at nationalist goals. All of these are consistent with strategic rationality, but not with fanaticism or irrationality.

Here are some examples of extremist movements.

1. Classic interwar extremism in Europe: Italian Fascists, Nazis, Communists.

2. Colonial extremism, e.g., the anti-colonial movements in India, South Africa and Algeria. In his famous book, *The Wretched of the Earth* (1963), Franz Fanon wrote that violence was the only way to get rid of colonialism and domination. He developed a psychology of extremism, centered on the pleasure and rejuvenation to be experienced in the struggle for a just cause. On the other hand, Gandhi espoused a philosophy of nonviolence as the most effective way to rid India of the British, and Nelson Mandela dislodged the *apartheid* regime largely without bloodshed. Recently, Mark Juergensmeyer has suggested in his book *Gandhi's Way* (1992) that Gandhi's methods have a place in resolving many important conflicts in the world today, and there is no doubt in my opinion that he is correct in this.

3. 1960's ÷ 90's Europe: During this period, Europe experienced substantial extremism on both the left and the right. Movements included those involving the Red Brigades and Propaganda 2 in Italy (which culminated in the kidnapping and subsequent murder of Italy's most famous politician, Aldo Moro) the Baader Meinhof Gang in Germany, and the rise of the anti immigration National Front of Le Pen in France. Kitschelt (1997) has analyzed the rise of the right in the 1990's as a response to the rise of the left previously.

4. McCarthyism in the US in the 1950's and more recently the advent of the right wing "militias" there.

5. The genocide in Rwanda.

6. Contemporary Islamic and Palestinian suicide terror.

In some of these cases the rationality of the means used, *ex post*, appears obvious, even though it may have been murky at the time. For example, in the case of Italy, the Red Brigades essentially achieved some of their objectives (the Communist Party was never brought into the government) even though the movement died. In Algeria, India and South

Africa all of the anti colonial movements succeeded. In France, the government adopted some of the restrictions on immigration favored by the extreme right. In Israel- Palestine, it is not obvious that the objectives of Hamas have been achieved, although Pape (2003) produces a long discussion of this question. Other cases are even more problematic: for example, in the case of the Nazis or the genocide in Rwanda it is not obvious what, if anything, was achieved, although it should be remembered that one has to judge the rationality of extremism by their success in achieving their own goals, even when these are repugnant to most of humanity.

The outline of the paper is as follows: the next section introduces a distinction which is sometimes made between two kinds of extremism, extremism in position vs extremism of method, and introduces the basic point of the paper, which is that sometimes the use of the latter follows from the former and is not independent of it. Section 3 asks why some groups sometimes adopt extremist positions and briefly mentions some answers to this question which have been mentioned in the literature. Section 4 asks how such groups can obtain power using democratic methods. Section 5 then turns our basic model of the calculus of discontent and asks why such groups tend to use extremist methods. We develop a simple model of this, and discuss some comparative static implications. Section 6 then turns to methods of combating extremism. Section 7 concludes the paper.

2. Two kinds of extremism?

A number of different definitions of extremism can be given. The most common distinction that is made is that between two kinds of extremism:

1. An extremist person or group can be defined as one whose equilibrium position is located at a "corner" rather than in the interior on some dimension (for example, the left -- right dimension in political space).
- 2.. Alternatively, a political extremist could be defined as one who uses extremist methods, for example, bombings, inflammatory language, terrorist activity, and so forth, but whose platform is or may be centrist rather than extremist in political (left -- right) space.

Some, for example Galeotti (2002), expand on this distinction to develop a typology of extremism. Assuming all types are possible this gives the four combinations shown in Figure 1. The horizontal axis shows extremism in method, the vertical one extremism in position. The Green party, for example, adopts what to some is an extremist position with respect to the environment, but never uses terrorism or other violent methods of protest (although some Greens use civil disobedience). On the other hand, Italian fascism of the 1920's has been famously described as an "extremism of the middle"—that is, it was extremist in the use of violent methods of political competition, but its policies were centrist. Modern Italian parties like the Ulivo and Forza Italia are centrist (centre – left and centre – right) in both method and policies. And groups like Al Qaeda, Hamas and the Red Brigades are extremist in both their proposed policies and their methods.

A somewhat similar distinction is made by Pierre Salmon (2002) who contrasts the group's proposed policies or positions and the *salience* with which this position is held. Some groups care deeply about a certain policy: their extremism lies in this dimension alone. Hence Salmon calls them "monomaniacs" (no pejorative connotation intended). Noting that what makes extremism irrational is that large changes in government policies tend to have unpredictable consequences, he explains the rationality of their extremism this way: "The singleness of dimension allows one to overcome the sobering effects of uncertainty: only the consequences of action along the dimension concerned are relevant and their prediction may be straightforward. This, then, makes extremism rational." (Salmon (2002) p. 72). The relationship between this line of reasoning and that of Galeotti appears straightforward: groups are more likely to exhibit a violent propensity when they care deeply about a single issue.

However there is something missing in these accounts which is central to many kinds of extremism, especially its historically most important kinds. This is the fact that in many cases the goals of extremist groups are indivisible. The most obvious examples are groups which feel dispossessed from their "homeland" and take extremist actions for this cause. Of course a homeland can be larger or smaller but still there is this element: a group either has one, or it doesn't. Is it sufficiently large that the government can provide the basic functions of the modern state? Does it have sufficient control over citizenship, taxation, property rights, security and the means of coercion and violence to function

effectively? Similarly, for years many groups fought for the goal of a communist society, and a central tenet of that movement is that the achievement of communism necessitated a revolution and the overthrow of the bourgeois order. The reason is that it is difficult to have an economy which is half communist / half capitalist in the classic sense of a communist society in which there would be a new man and so forth. A third example is the control over the means of violence. In successful states this is a monopoly of the state. It can be eroded through gangs, terrorism, etc., but in the end the state is either basically “in control of the means of violence or it is not, and when the state loses control over it has essentially failed. Yet another example is Osama bin Laden’s goal of a restoration of Islamic rule in Arabic countries (see Lewis (2003), Zakaria (2003). Either a country is secular, based on Roman law or the Napoleonic code or some other secular source or it is religious, based on a religious doctrine such as Catholicism or Sharia law. Finally the same point applies to the aspirations for independence of a group which is under occupation. Either the British leave India or Israel, or the French leave Algeria, or they do not, either the blacks have a vote in South Africa (in which case they will control the government, being an overwhelming majority) or they do not. All of these goals are indivisible. In these cases, my fundamental argument is that there is a natural complementarity between the goal of the extremist group, which is indivisible, and the methods, which are extremist¹. That is, there is a natural complementarity between extremist goals and extremist methods. Thus it is difficult to separate the two, as we have in Figure 1 above.

Other extremist groups have goals which are clearly divisible: examples are the Greens’ goal of a cleaner environment, the National Rifle Association’s goal of fewer restrictions on gun ownership, and so forth. Implicitly, I will argue, these groups never reach the heights of fanaticism characteristic of groups which have indivisible goals.

¹ A different distinction is that between ordinary extremism and what might be called “totalitarian” extremism. Members of totalitarian extremist groups, as exemplified by classical Nazism and communism, and possibly some variants of Islamic fundamentalism, tend to be extreme in their worldview and this viewpoint dictates extremist positions on a whole host of issues, not a single dimension. The classic analysis of American extremism by Lipset and Rabb (1970, 1978) implicitly refers to this type of extremism when they define the essence of extremism as “monism” or “anti-pluralism”. Thus their book is titled “The Politics of Unreason” and they describe such people as unable to compromise. Implicitly the variable here is the *comprehensiveness* of the extremist outlook the number of dimensions covered by the extremist world view.

3. Why do they choose extremist positions?

I do not have anything new to say about why some groups choose extremist positions beyond what has been said by others or what I said in my book *The Political Economy of Dictatorship* (1998). One suggestion made there especially with respect to the rise of the Nazi party was that extremist positions are often a response to the failure of the parties of the centre to act on or satisfy the demands of the people (with respect to unemployment and law and order in 1930's Germany). Similarly it has been argued that the rise of fundamentalist Islam has been a response to the failure of Arab governments (e.g., the failed socialism of Nasser (see Giurirato and Molinari (2002), Zakaria (2003); the fact that all Arab governments are dictatorships, and not of the developmental kind). Similarly in the USA the Vietnam war gave birth to the Weatherman, etc.

Extremism can also arise as a response to the difficulty of forming a coalition with moderates (Salmon (2002)). Or it may be a response to the "opening up of space" on the extremes as formerly right wing or left wing parties move towards the centre. One example is the rise of the radical right in Israel (which was born as the result of the Camp David accords (Sprinzak (1989)). In the same way, Kitschelt (1997) explains the rise of both the extreme left and the extreme right parties in as due to the fact that the conventional leftist and rightist parties had moved towards the centre. He also notes the increased salience of the libertarian - authoritarian dimension which he traces to changing production systems and the consequent new appeal of free market policies as the result of the twin factors of globalization and the failure of communist systems. These were combined with authoritarianism to generate the policies of the extreme right in Europe².

Finally the rise of "extremism" as a response to the fact that one's homeland is occupied by a "foreign" power, or as a response to dictatorship (under either of which normal methods of political competition are proscribed) is easy to explain.

² But note that in Kitschelt's (1997) analysis, the opening up of space is not sufficient: one still needs the supply of entrepreneurship to account for what happened.

4. How do they get power? (1) Democratic or moderate avenues.

The general result of political competition under various assumptions (either Downsian, or multi party with probabilistic voting) is the median voter theorem. The basic idea is that, by moving to the centre, each party can gain more votes from centrist voters, and, as long as there are only two parties, not lose any at the extremes. This median solution is also welfare maximizing (Brennan (2002), p. 93, Mueller).

One can then list all of the conditions under which non- convergence would occur: many parties, ideological preferences (especially the preferences of party activists), extra dimensions, etc. But these outcomes are inherently unstable and do not represent an extremist equilibrium (Brennan (2002)). Public choice also looks for socially rational outcomes (Brennan (2002)) and extremism is usually held to represent an irrational outcome.

How then can extremists get power through democratic processes?

1. One way suggested by Pierre Salmon (2002) that extremists can take power is via a coalition of monomaniac extremists. Thus two or more groups, each of which is “monomaniacal” in a separate dimension, can form a coalition large enough to win power. A necessary condition for this is the existence of at least *two* dimensions. The second dimension might be race or ethnicity, or national security, or nationalism.
2. Another possibility is via a coalition with centrists (the National Rifle Association in the US, orthodox Jews in Israel are to some at least extremist groups, but which obtain power to have their preferred policies because they are “monomaniacal” in Salmon’s terms)
3. Majority extremism--Another way which does *not* require two dimensions is described in a recent book by Chua (2004). In her analysis the majority sometimes unites in hatred of a market dominant minority (here the extremism is one of method, not position). This is particularly likely when the minority in question constitutes a separate ethnic group. This is a version of the “totalitarian democracy” so often feared. Zakaria (2003) has also discussed what he calls the rise of “illiberal” democracy - democracy with more or less competitive elections but without constitutional protections for human rights and other checks and balances- in many places in the contemporary world. The absence of these checks and protections is what makes majority extremism possible.

5. How do they get power (2) why do they choose extremist methods?

(i) Extremist methods are risky

In general, extremist *methods* are simply a form of *political competition* or rent seeking. Groups may resort to extremist methods because they are frozen out of long term contracts, ie., there is an explicit or implicit refusal of accommodation of their demands by the government and other parties of the centre (cf Giuriato and Molinari (2002)). Or there are barriers of some kind to their entry into the political marketplace. Or they are reacting to extremism at the opposite end of the spectrum³. Or they may just believe that they can get more of what they want with threats and violence.

Assuming the groups are rational, perhaps the central point about extremist methods compared to normal democratic methods of political competition or rent seeking is that they are *risky*. Because they are illegal, or can get out of hand easily, they can provoke a reaction either from the state or from the opposition, and they are therefore more likely to involve greater losses than conventional politics. Consequently the choice between extremist methods and moderation can be analyzed in the same way as the choice between a criminal career and a legitimate one, as in models of the decision to commit crimes pioneered by Becker (1968). This point is explored in the model that follows. The point is to show that under certain circumstances the use of extremist means (e.g., terrorism, violence) follows from the extremist goals of the group. Thus it is no accident that the most serious forms of extremism also use terrorist methods. The main conclusion is that one has to understand the goals of the groups in order to understand their actions and to formulate policy towards them.

3 Indeed I suggest the following hypothesis; in every case where there is an extremist movement, they are reacting to what they perceive to be an extremist threat on the opposite side. This hypothesis seems to fit all of the examples: Fascism and Nazism was in part a reaction to communism, the Red Brigades a reaction to extremism on the right, the Jewish settlers a reaction to Hamas (or *vice versa*), Le Pen in France a reaction to the libertarian left, and so on. So one cannot look at extremism in isolation. At the same time, sometimes there appears to be an implicit coalition of opposites vs the centre, for example an *implicit collaboration* between the group at the extreme right and the group at the extreme left. Both wish to undermine the centre. One example is the Moro compromise. Both elements on the extreme left and on the right in Italy hated the compromise. Similarly in Israel- Palestine, the settlers and the suicide bombers of Hamas both have the objective of undermining the peace process, and the assassination of Rabin undermined the Oslo agreement.

(ii) A model of the Calculus of Disconsent

We assume that the goal of the organization is Z , which might be a state for the group which lacks a homeland, or a communist society, or a law banning abortions, or throwing all people of a certain race out of the country or an Islamic society governed by *sharia* law. We do not inquire into the rationality of the belief in this goal but take it as given, as is normal in economic theory. The product of either moderate pressure or terrorism is an increase in Z . Of particular importance, as emphasized previously, is that this goal is often indivisible, or displays increasing returns to scale. This property is illustrated in Figure 2a, 2b and 2c, where the horizontal axis indicates the level of either land to the Palestinians, control over the means of production, the extent to which foreign forces are thrown out, etc., and the vertical axis the relationship between this intermediate goal and the final goal of the group (respectively, a Palestinian (or Jewish) state, a communist society, or an Islamic society). This is the relationship that displays an indivisibility or increasing returns. In each case there is a critical point, where enough of the intermediate goal has been obtained that the final goal is possible.

Thus Figure 1 shows how communism displays this property, Figure 2 illustrates the case of Palestine - Israel, and Figure 3 contemporary Islamic extremism. In each case there is an indivisibility or area of increasing returns between the intermediate goal and the ultimate goal of the group. To fix ideas, it might be useful to think of an example where there is no indivisibility. The objective of reducing *income inequality*, for example, is *divisible*. Thus the level of income inequality in a society is a continuous variable which can take on any level from complete inequality to complete equality. The most common way to represent this is via a Gini coefficient. A graph of this (not shown) would display no indivisibility or increasing returns. Hence income inequality alone is not indivisible and does not provide a motive for extremist methods in the same way that nationalist or religious society aspirations do. Consequently the latter provide a more important source of extremism than the former. Marx, who relied on the income inequality of capitalist societies to provide the basic argument for revolution may have realized this and therefore substituted “class” for income. The proletariat was supposed to get progressively poorer, and this progressive poverty would result in the attainment of class consciousness. But, instead, the poor got richer, and, even more fundamental, it turned out to be entirely

feasible in many societies to move from one class to another. The basic reason for the failure of Marxist predictions to hold is that the poor got rich in most Western societies, and many of them moved from working class to middle class thus destroying the purported immobility between classes. For this reason, perhaps indivisible variables are always the source of revolution.

How does the existence of an indivisibility explain why a group would choose methods like terror to pursue its objectives? According to the argument at the beginning of this section, the basic difference between terror and moderate pressure from the point of view of the group is that terror is risky. We try to capture this feature in the choice among methods of pressure, e.g., that between moderate and extremist methods. We represent that as follows:

Assume the organization has a production function which can either produce moderate (M) pressure or extremist incidents (I) in any combination from fixed levels of labour (L), capital (K) and organizational capacity O. Of course there is a continuum of methods, beginning with voting, peaceful and lawful demonstrations, then civil disobedience, violence towards property, assassination of political enemies and ending with violence towards innocent civilians. For the purpose of modeling we assume only two methods, one peaceful and lawful (and therefore riskless) and the other violent and risky. Then the level of moderate and extremist pressures is:

$$(1) M = M(L_M, K_M, O_M), I = I(L_I, K_I, O_I)$$

in which

I = the number of violent Incidents and

M = the level of Moderate pressure.

The organization's total stock of L, K and O are fixed:

$$(2) L = L_M + L_I,$$

$$K = K_M + K_I,$$

$$O = O_I + O_M$$

The organization can produce any combination of moderate or extreme methods.

The more it chooses extreme or violent methods, the greater the level of risk undertaken. Let us first illustrate the general argument with a simple example. Then we will develop it in more detail.

Figure 6 shows the goal of the group Z on the vertical axis. Z therefore represents either N , C or IS in Figures 2a, 2b, or 2c. On the horizontal axis, we show the product of applying various methods of pressure. Suppose that from the risky method there are three possible “states of the world” – success (and the achievement of a high level of pressure I_1 , in which case the level of the goal achieved is $Z_0 + g$, or failure (with level of pressure I_0), in which case there are two possible outcomes. In the first of these, the attempt to impose pressure fails and the outcome is simply the status quo Z_0 . In the second, the attempt also fails and in addition, the leadership is caught, convicted and sanctioned, retarding the goals of the group. If the value of the sanction *as measured by its cost to the goal of the group* is $-f$, then the outcome in that case is $Z_0 - f$. On the other hand the outcome of applying a moderate level of pressure is always the level of pressure M , with gains for the group equal to $Z_0 + m$.

Thus

g = the gains to the group as estimated by its leader from using its organization and other factors of production to produce successful terrorist incidents I

m = the (certain) gain to the group from using only moderate methods of pressure

Then one dimension of the level of increasing returns may be summarized by the ratio g/m . This is the ratio of the gains from successful terrorist pressure to moderate pressure. The higher this is, the more the function displays increasing returns.

q = the probability that extremist methods succeed and the state accedes to the demands of the group

$1 - q$ = the probability that the methods fail

p = the probability that, in addition to failure, the leadership of the extremist group is caught, convicted and sanctioned

f = the cost of the sanction to the goals of the group

Z_0 = status quo income

U = the utility function of the leadership

Then extremist methods will be chosen if:

$$(3) \quad qU(Z_0 + g) + (1-q)pU(Z_0 - f) + (1-q)(1-p)U(Z_0) > U(Z_0 + m)$$

This equation shows how terror can be a rational choice. A moderate level of pressure may leave the group stuck in the region of increasing returns, with the goal hardly advanced. With terrorist or risky methods, on the other hand, it is *possible* that the group can achieve its goal. Of course it is also possible that the group will fail, but note that the costs of failure are not that large because of increasing returns ($Z_0 - f$ is not that far from Z_0). Thus, given that the goal displays increasing returns, terrorism may be a rational choice.

The greater the indivisibility, the larger the ratio g/m the more likely extremist methods will be chosen, as shown in equation (3). The main determinants are p, q, f and the size of the indivisibility g/m . An increase in the likelihood that the methods succeed (q) will raise the likelihood that these methods are chosen. Similarly, an increase in the capacity to manufacture terrorist incidents I would on the other hand raise the level of terror by raising the ratio g/m .

The figure also explains two other phenomena. First, the enormous *potential* gains from terror explain the indifference of many extremist groups to loss of life, either that of their victims or the losses to members of the group who sacrifice themselves for the cause. Thus it shows that sanctions and other punitive measures against the group may not be effective. Second, it shows the importance of paying attention to the goals of the group, as their indivisibility is central to the reason for the choice of terror as a mode of political competition. And one way to combat terror is to try to make the indivisible goals divisible.

We shall return to these matters below. First let us construct the argument more carefully. For this purpose, Figure 3 shows the relationship between the instruments chosen (and therefore the level of risk) and the level of pressure exerted. At the origin on the horizontal axis, all of the factors of production are employed in moderate pressure, so the level of risk is zero. As we move along the horizontal axis, more and more of the factors are employed in the risky method, terror. The vertical axis shows the expected level of pressure which results. Each point depicts the maximum level of pressure which it is possible to produce corresponding to that level of risk. It seems reasonable to suppose that

taking at least some risk increases the expected level of pressure, so the curve depicted is initially upward sloping. At some point, too much risk can be taken from the point of view of expending pressure and the slope of the curve turns negative. The maximum level of expected pressure is the point Q, but the actual level decided upon by the leader of the organization will depend also on his or her attitude towards risk, as discussed further below.

The next question is the relationship between pressure and power. This depends on the structure of political institutions or the rules of the political game in the society where terrorist activity is undertaken. To take the most obvious case first, suppose that the country is a democracy, and that the assumptions underlying the median voter model are satisfied. Then pressure succeeds only when the median voter is “persuaded” and fails otherwise. Once it succeeds, further pressure does not produce any more power. In that case, pressure produces zero power until the median voter is persuaded, it produces “absolute” power at that point, and beyond that point further pressure produces no further increase in power. Of course this depiction is extreme. One way to relax the assumptions here is to allow for some uncertainty as to the location of the median voter. Then the curve displaying the relationship between pressure and *expected* power will again display increasing returns until the expected position of the median is reached, and diminishing returns thereafter. Again there will be a critical point, depicted as A in Figure 4, and this will be at the location of the median voter if the estimate of this position is unbiased.

Other possible models of democracy do not necessarily display such stark levels of increasing returns. For example, if political parties maximize expected votes, as in the probabilistic voting model (see Mueller (2003) for a survey). Similarly, pressure group models do not display this property (see Austin Smith in Mueller (1997) for a survey).

Another possibility is that the regime is a dictatorship. Here, once again we would expect that the curve would display increasing returns, since the point of “extremist” protest vs a dictatorship is to cause the regime’s downfall, and the point at which the state is weakened sufficiently for a revolution to take place is obviously a critical point. Short of having sufficient support to effect this revolution, most attempts at protest will simply bring problems for those who attack the regime. Indeed, in recent years, the literature on revolution is replete with such things as the possibility of bandwagon effects or the achievement of “critical mass” (see Rasler (1996), or Opp and Ruehl (1990) as depicted in

Figure 4.

If Figure 4 does have the shape depicted, this only reinforces the degree of increasing returns to extremism and the basic argument made here. However, it is not necessary to our argument. Only if Figure 4 displayed diminishing returns throughout would the picture we are developing be possibly undermined.

Figure 5 then displays the relationship between power and the immediate objective, eg, land for the Palestinians, control over the means of production, or ridding the country of non Islamic authorities, domestic or foreign. For simplicity these are all represented by the variable L . There seems no compelling reason to believe that this relationship is non-linear, hence it is depicted as a straight line.

One way to illustrate our basic point can be seen in Figure 7. Our assumption (1) implies that the group leader can choose any combination of extremist methods and moderate methods. So the level of risk which can be undertaken is completely variable. The horizontal axis displays this level of risk and the vertical axis the expected total returns to it, that is, the value to the group of the achievement of its final goals at different levels of risk⁴. The curve in Figure 7 displays the risk – total return relationship for a group which is contemplating various methods of pressure from fixed resources. Equilibrium is at the point E_0, σ^2_0 , if the group decision maker is risk averse. The indivisibility implies that, from the point of view of the group's decision makers, very little is to be expected from moderate methods of pressure, and even switching some resources into extremist methods does not advance the goals of the organization very much. As pressure is ratcheted up, the gains from it increase at an increasing rate over a substantial range. Ultimately the rate of increase of these gains tapers off, and they continue to increase but at a decreasing rate. So only at large levels of pressure do the gains become sufficiently large that the objective can be said to be reached. Finally a point is reached when so much risk is taken that it actually becomes counterproductive, ie after that point returns are negatively correlated with risk. But the essential point is that the larger the range of increasing returns or the greater the indivisibility, the more likely the group is to choose extremist or terrorist methods compared to moderate measures of pressure.

To see this point, look at Figure 8. Suppose that the leadership of the group

4 Note that the vertical axis depicts the *total* proceeds or return from a given “portfolio” of moderate and terrorist actions, not the average expected return on the portfolio.

becomes more extreme. This can occur in two ways. The first is displayed in Figure 8a. There, the leadership becomes more extreme in the sense that they believe that it requires *more* of the group's intermediate objective before the group can achieve its goal. Thus, to illustrate with the Israel - Palestine question, the group may be said to become *more extreme* when it believes that only when it is in possession of *more* of the total land in Israel-Palestine can a Palestinian (or Jewish) state be achieved. Thus the curve and its inflexion point moves to the right in Figure 8a. Assuming for simplicity that the data underlying figures 3- 5 is unchanged, the result in risk- return space is as depicted in Figure 8b. The new equilibrium is at E_1 in Figure 8b. Note that the return to risk has fallen (for any level of risk, the return $E(N)$ is lower). Nevertheless, the leadership will decide to take more risk, as shown by the point E_1 compared to the original equilibrium at E_0 . A sufficient (though possibly not necessary) condition for this result is that the utility function is homothetic. In that case, our basic result follows: *the more extreme the goals of the group, the more it will tend to use extremist methods.*

Of course mistakes are possible. Extremist methods might have been chosen by mistake. For example the curve may be mis- estimated so that civil disobedience i.e., moderate methods of pressure would actually have been sufficient. In this case, the production function actually has its critical point at a fairly low level of Z . But equilibrium (because of the mis estimation) is at a high level of risk or extremism.

The capacity for mistakes implies that terrorists sometimes end up on the downward sloping portion of the curve in Figure 7. They go too far. Perhaps the most outstanding recent example is the killing of Aldo Moro in Italy, which seemed to everyone a mistake and after which support for the terrorists dried up and the era of terror ended. However, recall that their basic objective was achieved in that the communist party never joined the government.

The central question from the policy point of view is the following: Is it not possible that if one could raise p and f sufficiently, terror could be eliminated? Why cannot the state raise p and f sufficiently high so that "terrorism doesn't pay" in the same way that Becker suggested can be done for ordinary crimes? Perhaps the most important reason is due to the indivisibility. This implies that the gains to the group if successful are so large that it may be impossible to deter them by the kinds of penalties that would be considered by civilized societies. Moreover, if the group is very far from its goal, as in Figure 6, the

losses to the group from the penalty do not leave it all that much further away, again a consequence of the indivisibility. So we return to our basic point. *Basically, what limits the possibility of eliminating terrorism by punishment is the indivisibility.*

Other reasons can be elaborated if we recall that further work on crime, especially by Akerlof and Yellen (1994) and by Andreoni (1995) suggested that there were other limits to punishment besides the cost of the resources used in pursuing criminals and punishing them discussed by Becker (1968). The first is that too high punishments could lose the support of the community, thus reducing p , and the second, that juries might be less willing to convict in the case of capital punishment, since they would be afraid of making an error. So on both counts, the limit to f is that $p = p(f)$, $p' < 0$. Now in the case of terrorism this limit is even more pronounced, essentially because the implementation of punishments which are “excessively” high is often exactly what the terrorists are hoping for. This further limit on the capacity to control terrorism by policing can be adduced by looking at these social interactions in more detail.

Consider bandwagon effects first. The possibility that a critical mass or bandwagon effect takes place again differentiates the world of terror from the world of crime, namely that the key in terrorism is to increase support for the cause while no such goal and no such dependence on an external audience of potential supporters - exists in the world of crime. So this provides another reason why ordinary, non risk- preferring leaders of pressure groups would choose terror over moderation.

To do so, let

r = the probability of an outcry or bandwagon effect which gains $+h$ to the group as the result of the overreaction of the state. Then the choice between methods becomes

$$(4) \quad qU(Z_0 + g) + (1-q)prU(Z_0 - f + h) + (1-q)p(1-r)U(Z_0 - f) + (1-q)(1-p)U(Z_0) \\ > U(Z_0 + m)$$

Clearly, the payoff to terrorist methods is larger, the larger the level of r .

The other important social interaction that could be introduced is the probability of a violent response, not from the state, but from the group at the other extreme. This might

result in losses to the group -l. Alternatively it might produce gains +l if the reaction of the other group helps it in its cause. This is particularly likely to be the case if the objective of both extremist groups is the destruction of the centre.

To model this, introduce s = the probability of a violent response from the group at the other extreme; and that this results in losses to the group -l. (or gains +l)

$$(5) \quad s [qU(Z_0 + g) + (1-q)prU(Z_0 - f + h) + (1-q)p(1-r)U(Z_0 - f) + (1-q)(1-p)U(Z_0 + l)] + (1-s) [qU(Z_0 + g) + (1-q)prU(Z_0 - f + h) + (1-q)p(1-r)U(Z_0 - f) + (1-q)(1-p)U(Z_0)] > U(Z_0 + m)$$

Again, the effect is to make extremism more attractive if l is positive, and the reverse if l is negative.

The difficulties discussed above with eliminating terror through policing and sanctions leads to the consideration of other methods. There are three main classes of these: the first is that the state can reduce the gains to the group by providing alternative sources of social cohesion. The second one is to emphasize human rights, and thus to possibly reduce the control of the group over the individual. And the third one of these is to make the indivisibility divisible. These three methods are discussed shortly. But first let us turn to the comparative statics of the model.

(iii) Comparative statics

The model leads to the following predictions. The level of extremist methods chosen will be higher (>), or lower (<) when:

1. The costs to the state of accommodation are larger (implying a fall in q) (>)
2. The state's capacity for repression increases (again, decreasing q) (<)
3. Perhaps most interestingly, suppose that the utility of the status quo to the group is less ($U(Z_0)$ falls). Here it seems that the model makes no prediction, contrary to the popular belief that this should positively affect extremism. So long as both moderate and extreme methods are available, a change in Z_0 affects both sides of equation (3)- (5) symmetrically. Only if extremist methods were the *only* ones available would a fall in Z affect the calculus

of dissent.

4. The probability that state repression will lead to an outcry, which in turn, results in more repression is larger (>

5. The probability that the violence of the group provokes a violent response from those at the other extreme is larger. This gives rise to two contradictory ripple effects:

1/ A multiplier effect which weakens the state (>)

2/The possibility that the other side will win increases, making the group worse off than under the status quo. (<)

6. The probability that non extremist methods or moderate methods will produce the goal which is desired.(<) Thus the existence of *barriers* to entry into normal politics, promotes extremism (>).

7. The possibility of forming coalitions with those in the immediate centre increases, ie, how quickly do losses increase as the group changes its position and moves towards the immediate center? (<)

8. The size of the group. The larger it is, the greater the likelihood of accommodation under democracy. (<)

9. Social variables that are neglected in this strictly rational calculus. For example, if it is not possible to communicate with others outside the group (alienation) this might increase the likelihood of the use of extremist methods (>), or if norms exist that would be violated through the use of extremist methods, this would decrease it (<).

10. The position of the group --the more extreme it is, the less likely democratic accommodation will work. (<)

6. Making the indivisible divisible

In the last section I suggested some limitations on sanctions as a solution to the problem of terrorism. Other policies which might be used to combat it include policies that break the hold of the group over the individual. For example, state provision of public goods and of transfer payments such as welfare, unemployment insurance, family allowances etc. may enhance the workings of families, firms and social organizations within the society and in this and other ways reduce the dependence of the individual on extremist groups. Another possibility is that the state can produce public goods and the

more successfully it does so, the more favorably individuals may view the state, and the less they will be willing to join and take actions in organizations that are fundamentally hostile to the state and engaged in trying to weaken it.

An emphasis on human rights might also reduce the power of the group over the individual. I treat this matter in considerably more detail in another paper, on the supply of suicide martyrs (Wintrobe 2001, 2003), but it is worth mentioning here.

The present paper focuses on the demand for (rather than the supply of) suicide martyrs and for other forms of terrorist activity. The basic policy implication from this point of view would appear to be that to understand and to combat extremism it is necessary to take the objective of the group seriously, and to try to find ways to provide it to some extent and thus to satisfy the demands of moderates (people who condone moderate pressure) without going all the way to satisfying the extremists' demands. The way to do this is to "unbundle the theoretically indivisible objective and to show that it may be met without the radical overhaul of society demanded, and without having to destroy one side or the other. Here are a few examples.

The advent of Keynesian economics in the 1930's showed that the state could solve the problem of unemployment without giving up on capitalism. In this sense Keynes "saved" capitalism, as is often remarked. There is a certain sense in which communism is divisible, and its indivisibility a feature of its ideology and not of the goals to which that ideology is supposed to point such as greater freedom, security, more equality, etc. Thus while no society has ever given to each according to his needs and taken from each according to his ability some societies do this more than others. And the instruments of the welfare state such as welfare programs, unemployment insurance, transfers to the poor, training programs, universal Medicare and others all have the effect of providing some of the objectives of communism without comprehensive state control over the means of production.

In the same way problems of ethnic conflict have been solved in Canada and in many other states through institutions which give different groups a share in power. Thus features like federalism, the division of powers, checks and balances, features of proportional representation, etc. all give groups some power without satisfying what they thought was an indivisible objective. In the same way, explicit power sharing has long been a familiar feature of so-called divided societies. Even in conquered Iraq, the basic

idea implemented with respect to the Shiites, Sunnis and Kurds in Iraq is to give each group a share in power.

Indeed in many societies where there are conflictual problems, the solution sometimes advocated to them is to provide a division of powers among different levels of government. Indeed some advocate a form of *group rights* (Kymlicka (1995)), though this idea remains extremely controversial. Canada is among the countries which has proceeded farthest along the lines of decentralization. Canada has gone very far in the direction of federalism and there is an elaborate division of powers between the different levels of government. Sometimes as in the case of Quebec, a linguistic (federal) minority controls a powerful provincial government. It is possible to use Jewish law in Canada to solve disputes (when both parties agree) and there is currently a movement to allow the use of *sharia* law for the same purpose. Thus the specific demands of religious and ethnic groups may often be accommodated within an otherwise secular democratic society.

7. Conclusion

The basic point of this paper is straightforward. Under certain circumstances, groups which take extremist positions on issues tend also to use extremist methods such as terrorism, violence and assassination, to pursue those goals. To understand why, we started with the idea that the basic difference between extremist methods of political competition and accepted methods is that extremist methods are usually risky. In that sense the paper takes the same starting point in understanding extremism as Becker took in understanding crime. Indeed, extremist methods such as terrorism are simply politically motivated crime. Like ordinary crime, extremist methods can either succeed or fail and if they fail they often imply a retarding of the goals of the group and possible criminal prosecution and punishment. Indeed terrorism often represents the ultimate in crime, since, particularly in its modern form it often results in the deaths of innocent civilians and in any of its forms it represents a direct challenge to the state. Thus the state often reacts to it with the most severe punishments available.

Extremists in position adopt extremist methods when there is an indivisibility which characterizes the relationship between the intermediate goal of the group and its ultimate goal. In the paper I look at three examples which represent the three most common kinds

of extremism in the twentieth and twenty- first centuries: Communism (control over the means of production is an intermediate goal to the achievement of a communist society), Nationalism (control over territory is an intermediate goal to the achievement of nationhood) and Islamic Fundamentalism (ridding the Muslim nations of foreign and secular influences is an intermediate goal to the achievement of an Islamic society based on *sharia* law). Metaphorically, in each case, the leaders of these groups are in the position of someone starting out at the beginning of a long desert at the end of which there is a mountain, and only when the top of the mountain has been reached can the group be said to achieve its goal. The longer the desert, and the taller the mountain, the greater the temptation to use extremist methods. Moreover, the larger the indivisibility, the more the group will tend to be indifferent to sacrifices of human life by both victims and members, since the potential gains to the group from reaching its goals will be large compared to any conceivable losses. In turn, conflict between each of these and opposing groups (respectively, capitalism, other nations with the same territorial ambition, secularism), in a sense, inevitable as it results from the conflict between their ultimate goals.

On the other hand, extremists with divisible objectives—more income inequality, a cleaner environment, fewer abortions, fewer controls on guns—do not typically use extremist methods. And those who do, I submit, are those who tend to perceive an indivisibility, as in the case of anti- abortionists who see the fetus as a complete human being at an early stage of development, or those environmentalists who perceive a “catastrophe” and not a continuity in the level of destruction of the environment. Thus, once again, the use of extremist methods follows from a perceived indivisibility in the extremist’s position and is not a separate feature of preferences.

If correct, the paper would appear to raise a troubling challenge to liberal theory. Freedom of thought is central to liberal theory provided that democratic methods are used to pursue that goal. If there tends to be a correlation between extremist positions and extremist (non democratic) methods, then it may be difficult for the state to combat the latter without imposing controls on the former. Such laws are in fact in force in some countries as exemplified by laws against “hate” speech. But how far can one go along these lines and still remain democratic?

The most important policy implication of the paper is that one should look at the goal of the extremist group in order to understand its actions. The reason is that it is the

purported indivisibility of the goal which explains the extremism of the actions, and if one can un- bundle the goal or make the indivisible divisible, then there may be ways to provide these goals in a way which satisfies some of the members of the group and thus dries up support for the grander ambitions of the leaders of extremist groups. In turn this policy implication shows the difficulties with the implication of the previous paragraph: the more one sanctions and prevents freedom of speech, the less likely is it that moderate forces will understand the goals of the extremists, and the more difficult it will be to satisfy their demands.

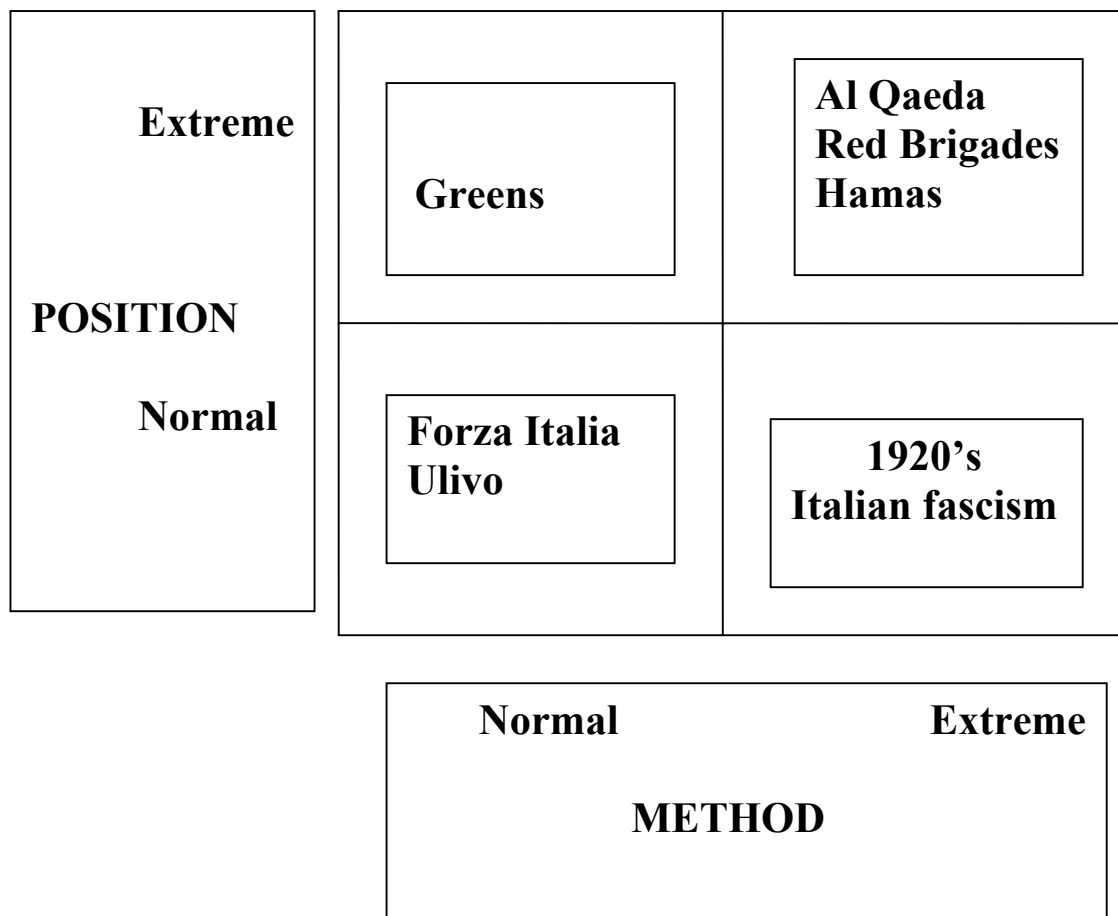


Figure 1. Two kinds of extremism

(adapted from Galeotti (2002))

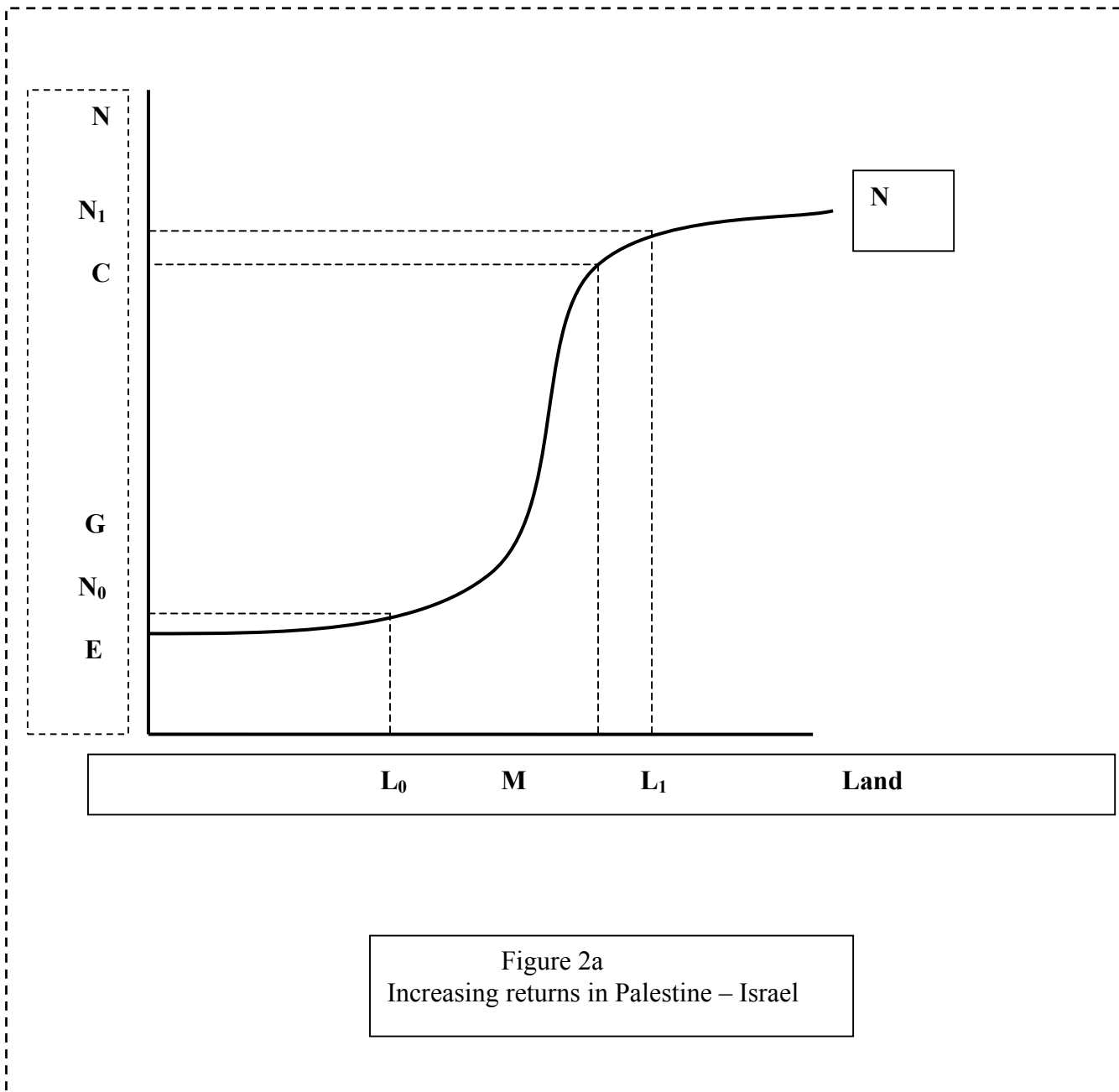


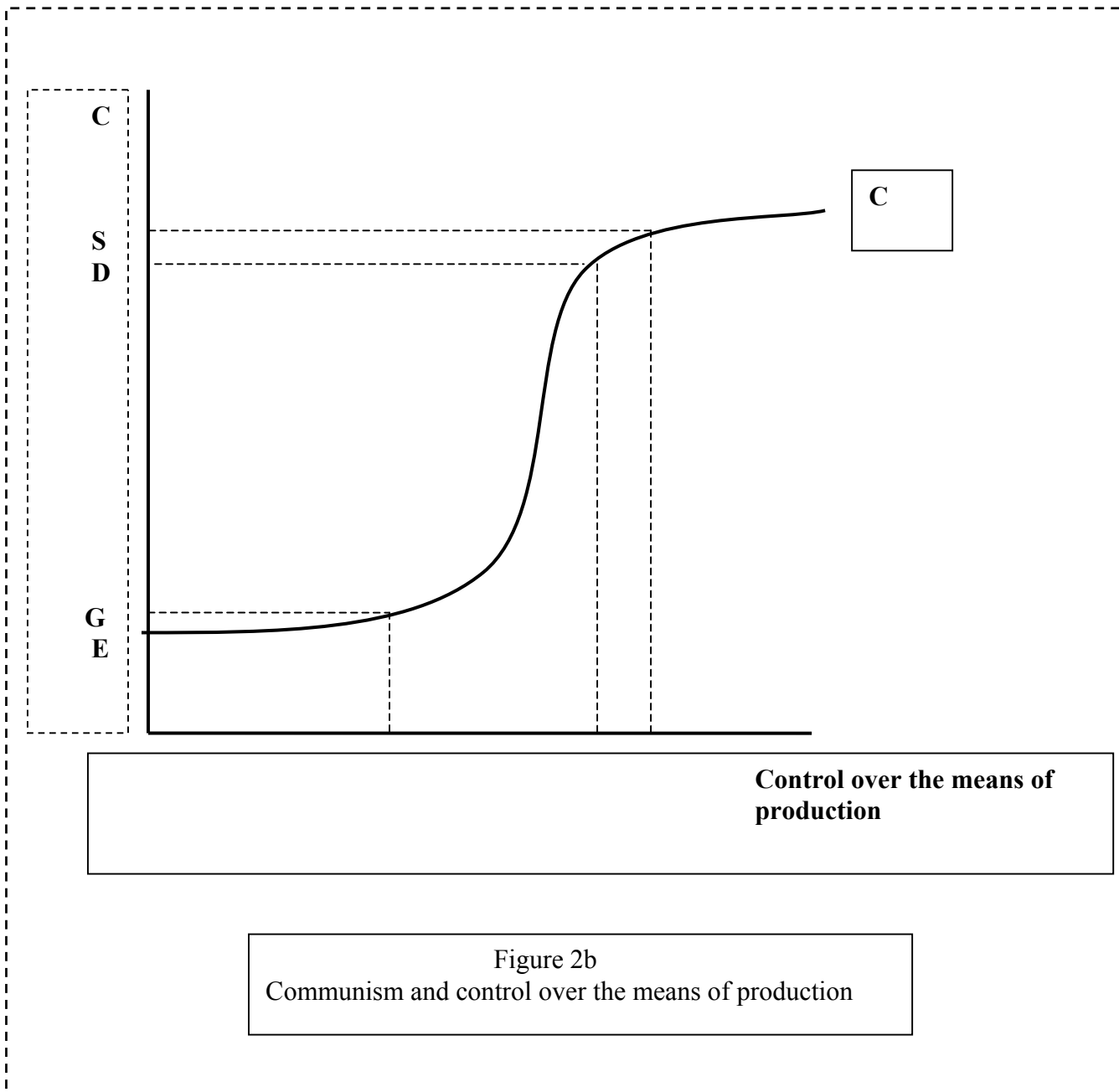
Figure 2a
Increasing returns in Palestine – Israel

N = nationhood

E = even with no land, the Palestinians are “conscious” of nationhood.

C = critical point (where increasing returns region ends), as (some) Palestinians feel that this is the minimum they need to form a nation. (Some) Israelis feel that if they give them that much THEY won’t have enough land to constitute a state because their borders will be insecure. So C is the critical point for these two groups.

G = area where more land is still insufficient to provide enough space to enable the group to fully become a nation



C = Communism

At D, the state has sufficient control over the means of production so that C is possible,

so D = critical point

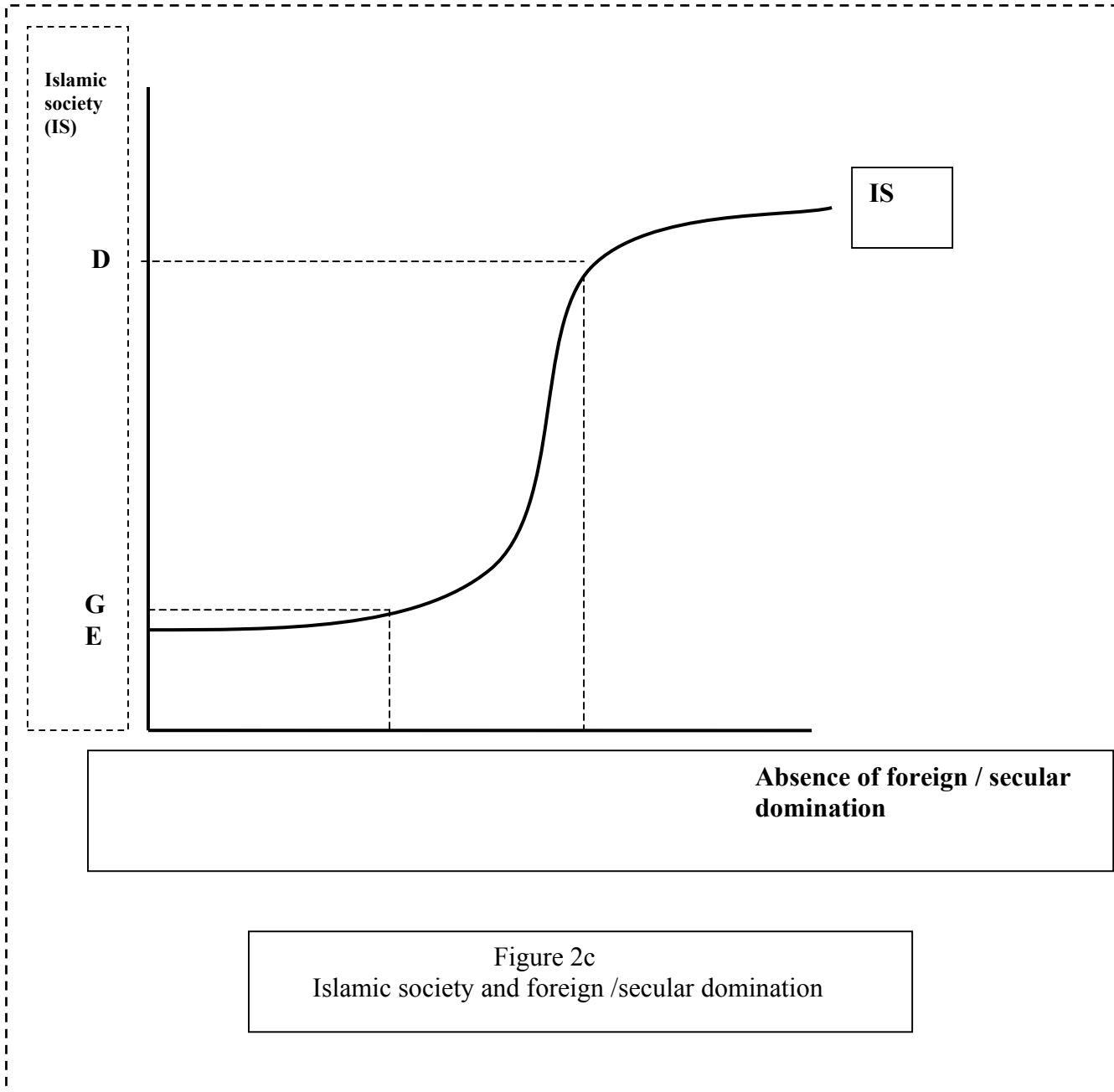


Figure 2c
Islamic society and foreign /secular domination

At D, enough foreign or secular domination has been removed to make an Islamic society possible.

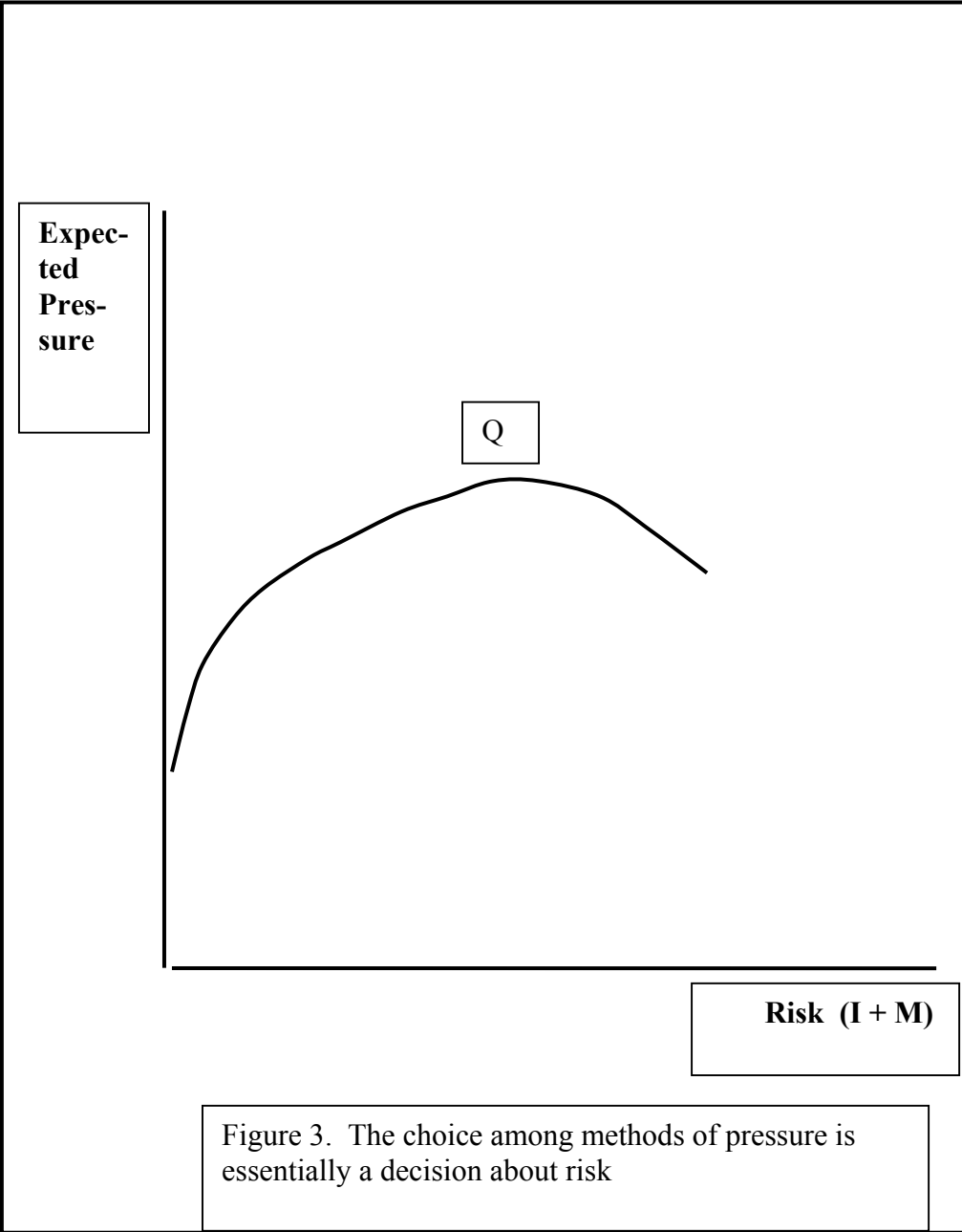


Figure 3. The choice among methods of pressure is essentially a decision about risk

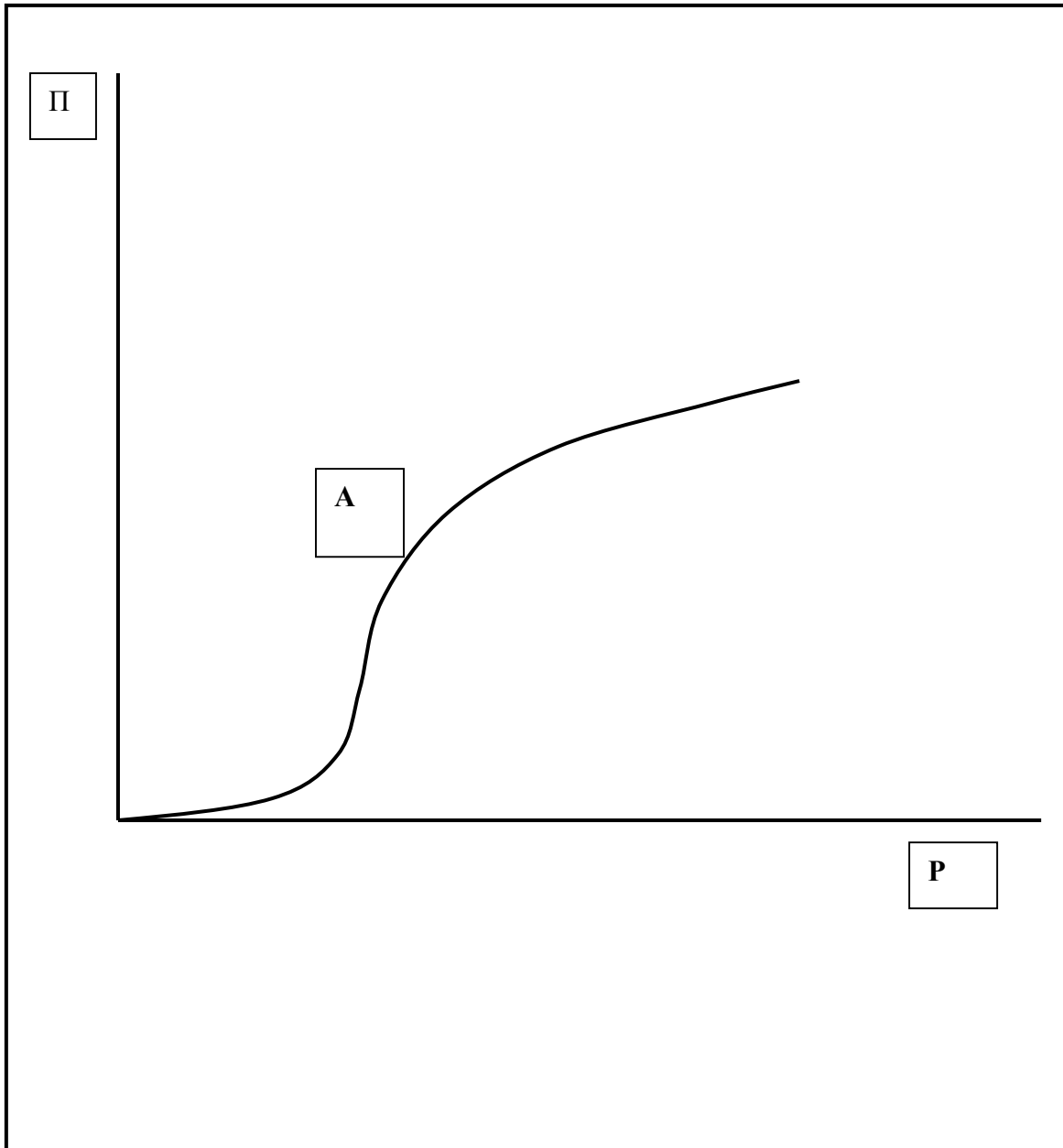


Figure 4. How pressure translates into power. The possibilities are: Median voter, Interest group equilibrium, or Pressure vs Dictatorship (e.g., tinpot or totalitarian). Under most possibilities there is again a critical point (A). But this is not the case with a pressure group equilibrium, or with models where parties maximize votes, as in probabilistic voting models.

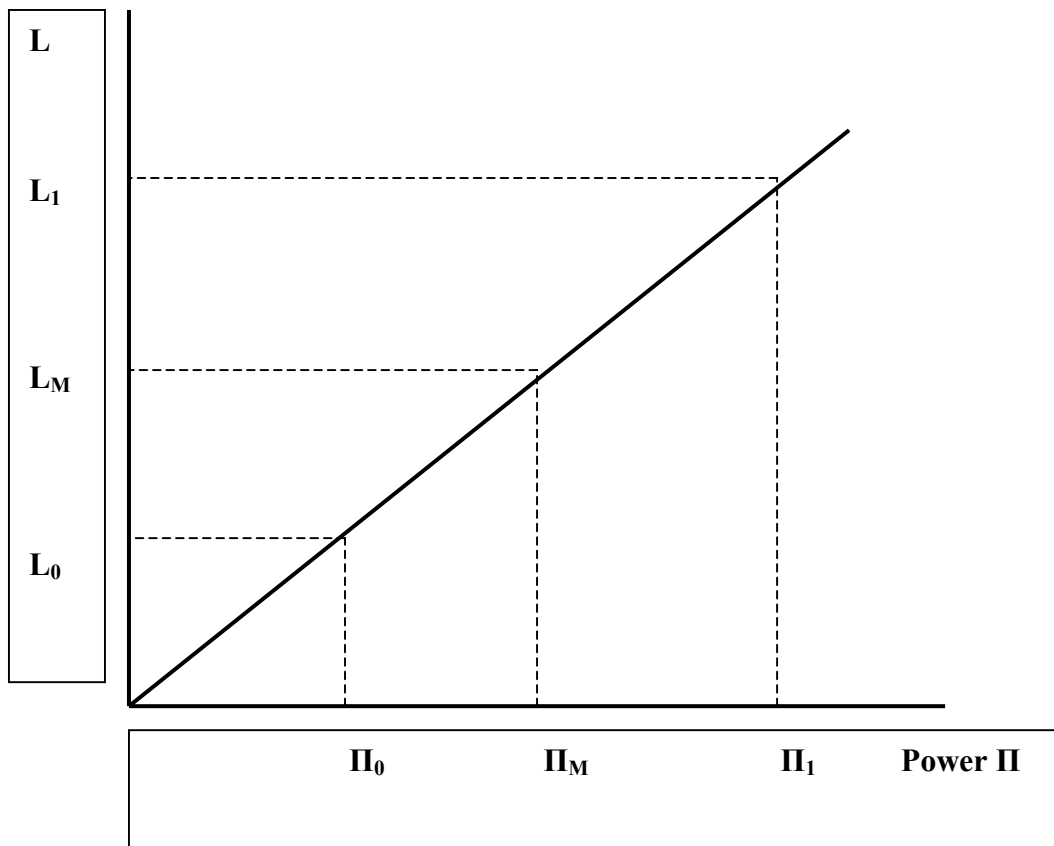


Figure 5

Π_M = the level of power produced by “moderate” methods such as civil disobedience
 $\Pi = \Pi_0$ or Π_1 = the level of power produced by extremist methods.
 The figure assumes a linear relation between power and the *immediate* objective, either land, control over the means of production, or ridding the country of non – Islamic authorities.

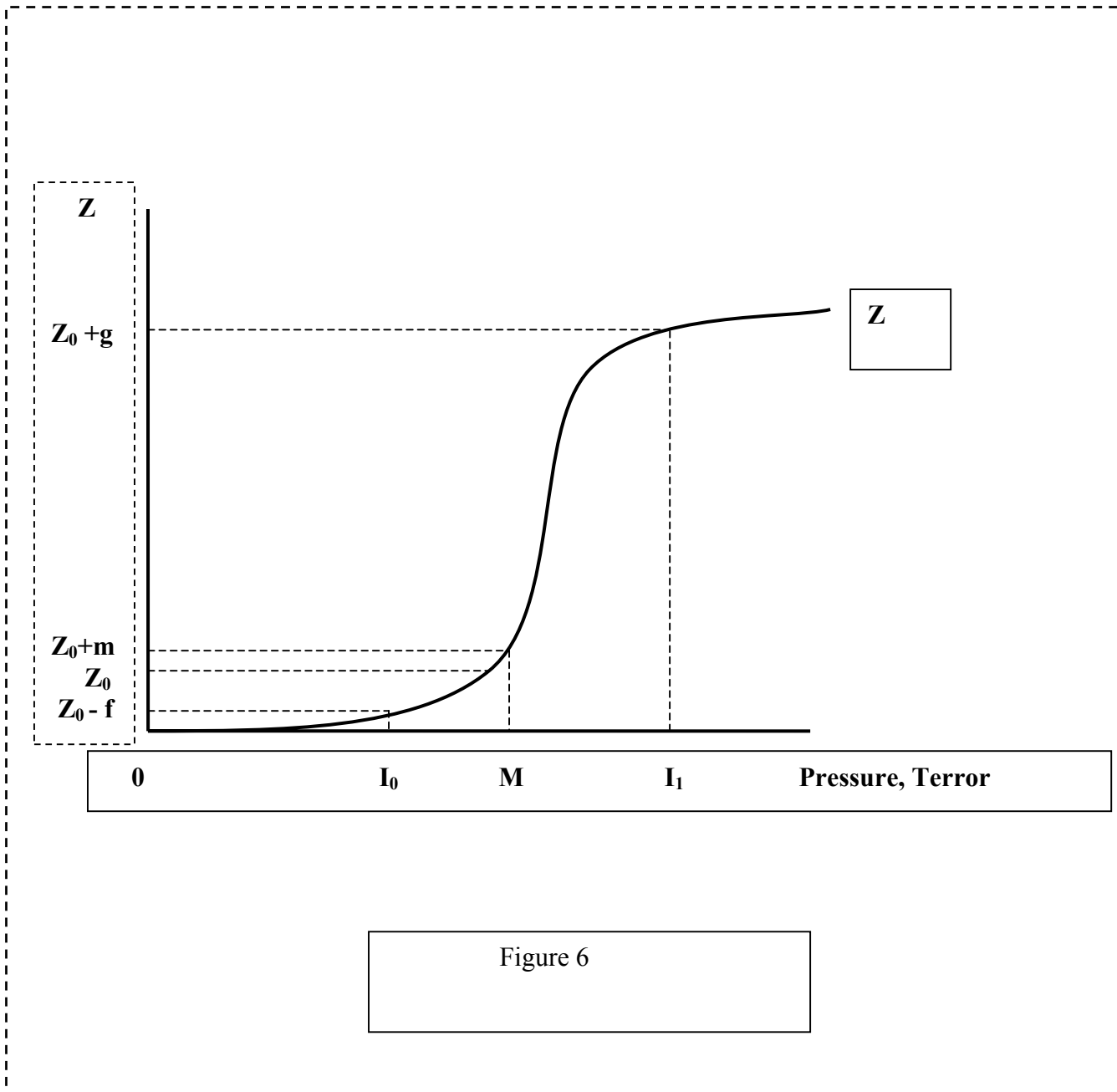


Figure 6

Summary diagram 1. This shows the relationship believed to exist between pressure or terror and the level of the ultimate objective (Z) that is achieved.

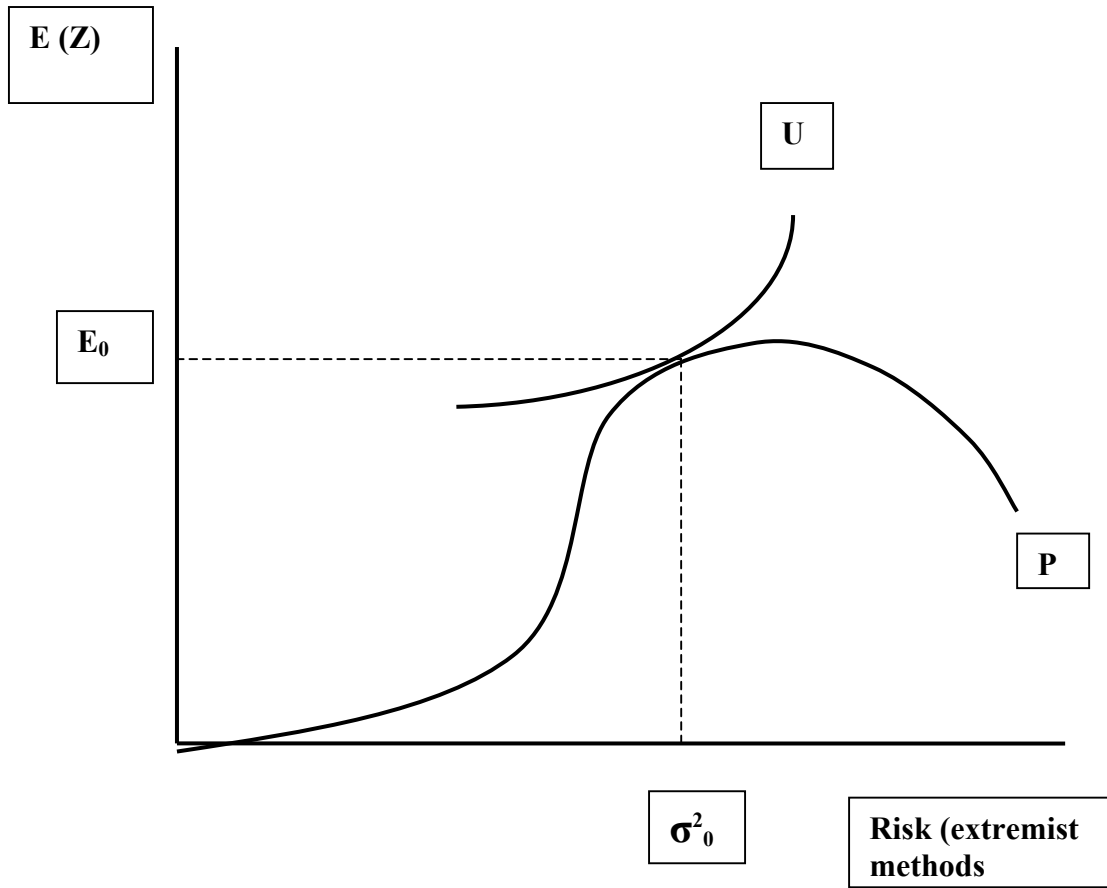


Figure 7

Summary diagram 2. Another way to see the relationship between pressure (or risk) and the level of the ultimate objective achieved. The figure shows an equilibrium (E_0) where the indivisibility is present.

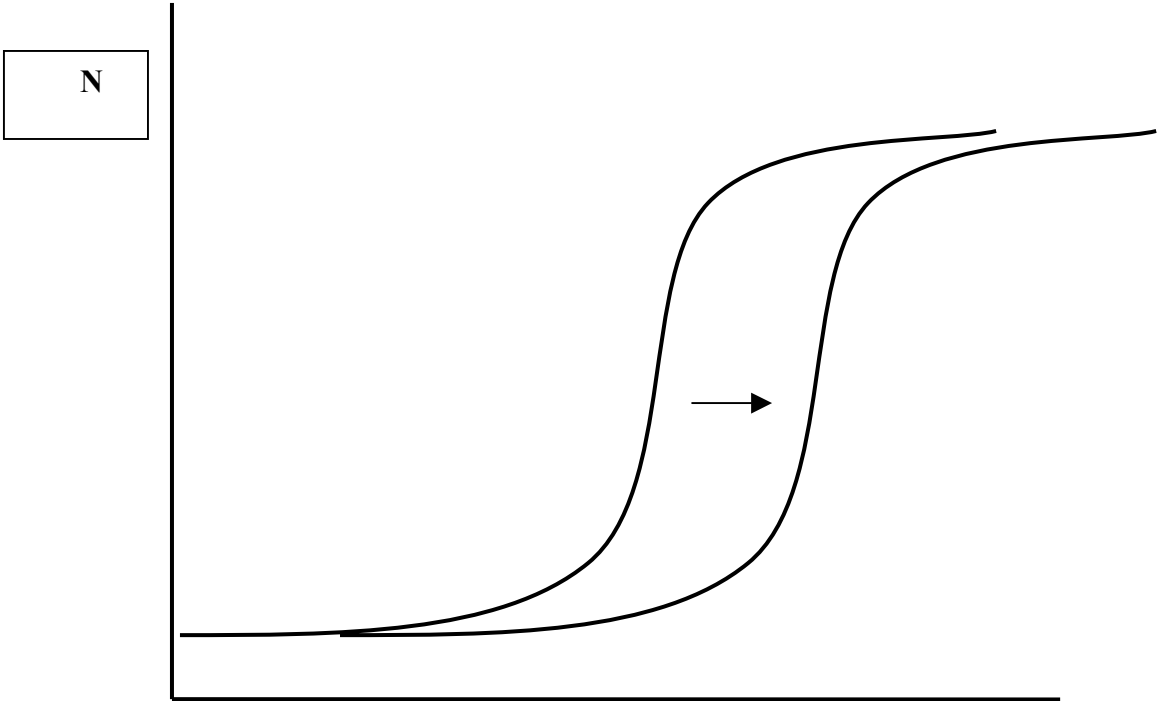


Figure 8a. A movement to the right implies a more extremist position

Land

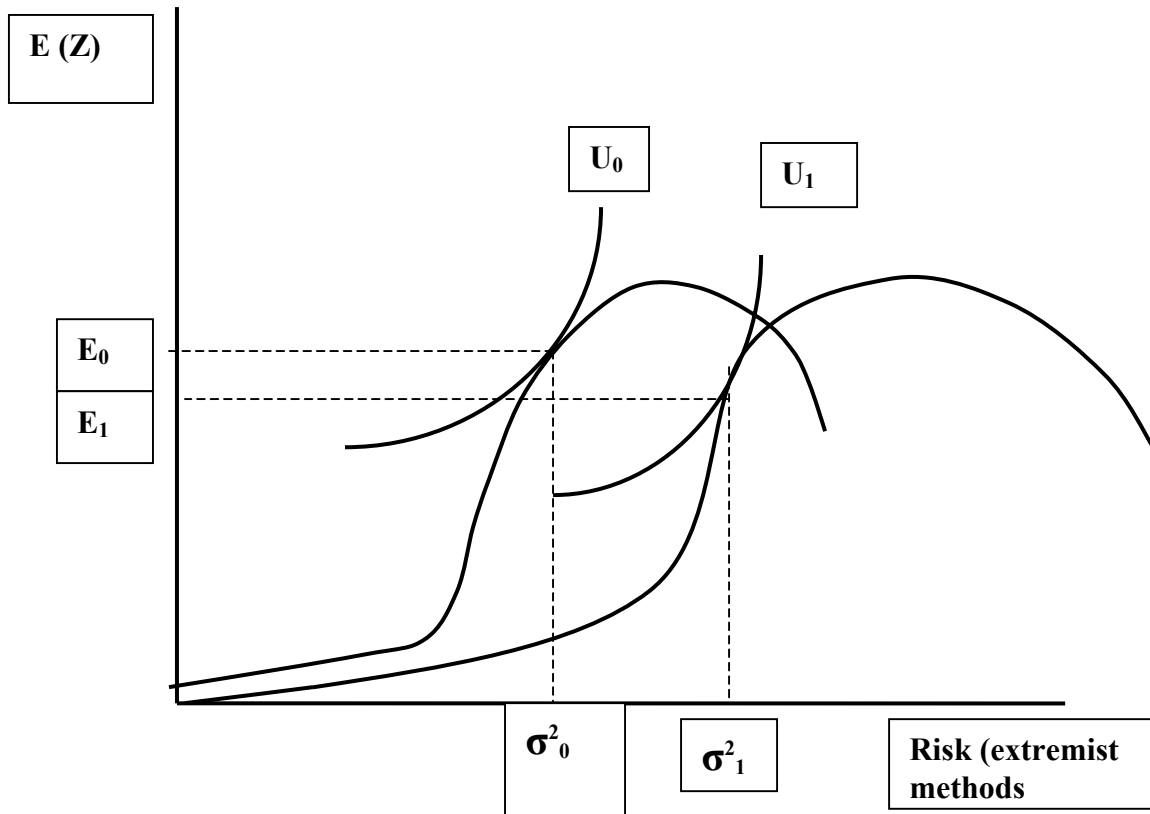


Figure 8b. A more extremist position implies greater use of extremist methods

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