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**THESIS**

**HEZBOLLAH: THE NETWORK AND ITS SUPPORT  
SYSTEMS, CAN THEY BE STOPPED?**

by

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June 2008

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**HEZBOLLAH: THE NETWORK AND ITS SUPPORT SYSTEMS, CAN THEY  
BE STOPPED?**

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## **ABSTRACT**

Not all terrorist organizations are rootless groups engaging only in international terrorism. Many terrorist groups are socially intertwined with the local population, highly territorialized and directly compete for governance. Terrorist groups such as the IRA, Hamas, Mahdi Army, Sendero Luminoso and Hezbollah are past and present examples of a socially intertwined terrorist organization. These groups present significant, but different challenges to our national security than Al Qaeda does and a different strategy to defeat them may be in order. Using Hezbollah as an example, this thesis addresses the question of whether the direct military approach used to combat terrorist groups, such as Al Qaeda, is appropriate to defeat a socially intertwined terrorist group as well. If not, what techniques would be the most useful?

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## I. INTRODUCTION

Not all terrorist organizations are rootless groups engaging only in international terrorism. Many terrorist groups are socially intertwined with the local population, highly territorialized and directly compete for governance. Terrorist groups such as the IRA, Hamas, Mahdi Army, Sendero Luminoso and Hezbollah are past and present examples of a socially intertwined terrorist organization. These groups present significant, but different challenges to our national security than Al Qaeda does and a different strategy to defeat them may be in order. Using Hezbollah as an example, this thesis addresses the question of whether the direct military approach used to combat terrorist groups, such as Al Qaeda, is appropriate to defeat a socially intertwined terrorist group as well. If not, what techniques would be the most useful?

To effectively explore the hypothesis, this thesis looks to understand Hezbollah as a whole. It examines the history and background of the organization, as well as its support structures and global footprint. While uncovering the breadth of Hezbollah's global network, it is clear that the organization receives support in many different forms, from many different areas of the world. One of the main reasons for Hezbollah's extensive support structure appears to be its perceived legitimacy through many parts of the world. Perceived legitimacy is a key component to Hezbollah's success and is the critical difference when comparing it to Al Qaeda. While Hezbollah clearly operates a deadly international terrorist organization, it also runs hospitals, provides public services and participates in the local government of Lebanon. By linking itself to legitimate actions on behalf of Shia Muslims in Lebanon, Hezbollah improves its support base in terms of both ideology and finance.

After providing a background on Hezbollah, this thesis takes a look at possible solutions to defeat Hezbollah. Using Game Theory as a tool to evaluate possible outcomes and reactions, two strategic options to defeat Hezbollah are considered. In the game, direct military action and indirect means are used against Hezbollah, while Hezbollah chooses between legitimate nation building and terrorist acts. The results of

the game indicate that it is in the best interest of the allies to use more indirect means instead of the preferred use of direct military action that appears more effective against groups like Al Qaeda.

To provide a basis for answering the root question of this thesis- what techniques are the most useful to defeat a socially intertwined terrorist group- it explores the use of targeted killing and how it may or may not work against a group such as Hezbollah. As a result of the discussion, it appears that targeted killing increases the support for Hezbollah and may be inappropriate in most cases. The final section of this thesis explores key measures to successfully defeat a socially intertwined terrorist group. The most promising measures appear to be tied to attacking the organizations legitimacy, not just killing the members.

## II. UNDERSTANDING THE NETWORK

### A. HEZBOLLAH: A BRIEF HISTORY AND WHY DO WE CARE

Any serious discussion about threats to the national security of the United States must consider all terrorist organizations of global reach. In President George W. Bush's address to the nation on September 20, 2001, he stated that the war on terrorism "will not end until every terrorist group of global reach has been found, stopped and defeated."<sup>1</sup> While most of the world's attention and subsequent strategy discussions have been focused on Al Qaeda and its many affiliated forms, one terrorist organization of global reach that deserves special emphasis and an inherently different strategy is Hezbollah. CIA director George Tenet testified in 2003: "Hezbollah, as an organization with capability and worldwide presence, is [al Qaeda's] equal, if not a far more capable organization. I actually think they're a notch above in many respects."<sup>2</sup> Deputy Secretary of State Richard Armitage echoed that opinion by stating, "Hezbollah may be the A team of terrorists," while "al Qaeda is actually the B team."<sup>3</sup> Armitage followed those words with a statement that most Americans may have forgotten, "they [Hezbollah] have a blood debt to us and ... we're not going to forget it."<sup>4</sup> To be specific, Hezbollah was responsible for more American deaths than any other terrorist organization before the 9/11 attacks. While Hezbollah is a serious threat to the United States and its interests, it

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<sup>1</sup> President George W. Bush, "Address to the Nation," U.S. Congress, September 20, 2001, <http://www.whitehouse.gov/news/releases/2001/09/20010920-8.html> (accessed January 10, 2008).

<sup>2</sup> U.S. Senate Committee on Armed Services, *Current and Future Worldwide Threats to the National Security of the United States*, February 12, 2003.

<sup>3</sup> Al Bawaba, "US Deputy Secretary of State: Hizbullah – 'A Team of terrorism,'" <http://www.albawaba.com/en/main/155019/&searchWords=armitage> (accessed January 10, 2008).

<sup>4</sup> Ibid.

also enjoys support and legitimacy both locally and globally.<sup>5</sup> This perceived legitimacy and subsequent support differentiates Hezbollah from groups such as Al Qaeda and may necessitate a non-direct approach to undermine that legitimacy.

In order to defeat Hezbollah, we must understand the organization, their history, alliances and their goals. A quick look at the organization will help us understand what the organization is all about and how to ultimately change their behavior or defeat them altogether.

## **B. BACKGROUND**

Hezbollah was founded in 1982 during the Lebanese civil war. The Palestinian Liberation Organization (PLO) took advantage of the chaos from the civil war and used southern Lebanon as a staging ground for attacks on Israel. Israel quickly invaded southern Lebanon to defeat the PLO and eliminate its safe haven. In response to Israel's occupation of southern Lebanon, a militia of Shia followers of the Ayatollah Khomeini, which were backed and trained by Iran, came together to form Hezbollah. Their initial goals were to install an Islamic government and drive Israel out of southern Lebanon.<sup>6</sup>

Over time, Hezbollah quickly proved its lethality in multiple terrorist attacks against the United States and other Western powers. Hezbollah is responsible for the 1983 Beirut Marine barracks bombing in which 241 American servicemen were killed and sixty Americans were injured and the bombing of the U.S. embassy in Lebanon in 1983 and 1984. In 1985, three members of Hezbollah hijacked TWA flight 847 and killed a Navy diver onboard. Throughout the 1980s, Hezbollah conducted multiple kidnappings of westerners, including Terry Anderson, William Buckley and Richard Higgins. In these cases the captive was either killed or held for ransom.

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<sup>5</sup> John Kifner, "Hezbollah Leads Work to Rebuild, Gaining Stature," *The New York Times*, August 16, 2006, <http://www.nytimes.com/2006/08/16/world/middleeast/16hezbollah.html?ex=1313380800&en=c016b6007fee4b3a&ei=5088&partner=rssnyt&emc=rss> (accessed January 10, 2008).

<sup>6</sup> Augustus Richard Norton, *Hezbollah: A Short History* (Princeton: Princeton University Press, 2007).

As Hezbollah's local influence rose in the late 1980s, Hezbollah sought to export their successful terror network across the globe. In 1989, Spanish authorities arrested ten members of Hezbollah as they attempted to smuggle 18 pounds of plastic explosives into Velencia, Spain. The Hezbollah operatives were thought to be planning to attack U.S. and other western targets within Western Europe.<sup>7</sup> During that same year, a bombing of Union des Transports Aériens flight 772 in West Africa killed 171 people. French intelligence authorities believed "cells of pro-Iranian Shiite extremists played "a prominent role" in the bombing."<sup>8</sup> In 1992 and 1994, Hezbollah conducted operations in South America with the bombings of the Israeli Embassy and a community center in Argentina. In June 1996, fourteen Hezbollah operatives were indicted for the bombing of a U.S. military housing complex in Saudi Arabia, the Khobar Towers, killing 19 U.S. servicemen and wounding 370.<sup>9</sup> For the last eight years, Hezbollah has been a sponsor of suicide bombings of civilian targets throughout Israel. For example, according to Daniel Byman, "Hezbollah has provided guerrilla training, bomb-building expertise, propaganda, and tactical tips to Hamas, Palestinian Islamic Jihad, and other anti-Israeli groups. There are also reports that Hezbollah is trying to establish its own Palestinian proxy, the Return Brigades."<sup>10</sup> During its 2006 war with Israel, Hezbollah was accused of war crimes against civilians. Human Rights Watch declared:

Hezbollah forces in Lebanon fired thousands of rockets into Israel, causing civilian casualties and damage to civilian structures. Hezbollah's means of attack relied on unguided weapons that had no capacity to hit military targets with any precision. It repeatedly bombarded cities, towns, and villages without any apparent effort to distinguish between civilians

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<sup>7</sup> Robin Wright, "Hezbollah Seen Setting Up Terror Network in Africa," *The Los Angeles Times*, November 27, 1989, A1, <http://libproxy-nps.edu/login?url=http://proquest-umi.com/pqdweb?did=2026612-&sid=6-&Fmt=2-&clientId=11969-&RQT=309-&VName=PQD> (accessed January 10, 2008).

<sup>8</sup> Ibid.

<sup>9</sup> For a detailed account and chronicle of Hezbollah and Hezbollah linked attacks, see: Robin Wright, *Sacred Rage : The Wrath of Militant Islam* (New York: Touchstone Publishing, 2001).

<sup>10</sup> Daniel Byman, "Should Hezbollah be next?" *Foreign Affairs*, (November/December 2003), <http://www.foreignaffairs.org/20031101faessay82606-p0/daniel-byman/should-hezbollah-be-next.html> (accessed January 10, 2008).

and military objectives. In doing so, Hezbollah, as a party to an armed conflict governed by international humanitarian law, violated fundamental prohibitions against deliberate and indiscriminate attacks against civilians.<sup>11</sup>

In addition to this fairly infamous history, some ties between Hezbollah and Al Qaeda have been detected including plans and payments between Hezbollah and the Al Qaeda operative Abu Musa'ab Al-Zarqawi (AMZ). According to the U.S. Treasury Department, Hezbollah paid AMZ \$35,000 to train and facilitate the transfer of terrorists from other nations into Lebanon for final missions inside Israel.<sup>12</sup> The threat that Hezbollah poses to the United States and the world is captured by Hassan Nasrallah's statement on al-Manar television in 2002, "Death to America will remain our reverberating and powerful slogan: Death to America."<sup>13</sup>

### **C. GEOGRAPHIC AND TEMPORAL ANALYSIS OF THE HEZBOLLAH NETWORK**

In an attempt to better understand the scope and depth of the Hezbollah network, it can be useful to visualize the data. Using open source news and literature as background, Table 1 is an attempt to list known or suspected Hezbollah terrorist attacks and support structures. Those data points were then geospatially located, as closely as the source data would allow, and approximate geo-coordinates for the events were assigned. Figures 1-5 graphically depict the information in Table 1.

Figure 1 depicts the global Hezbollah network in terms of operations, finance and support. The visual depiction of the network clearly shows the impressive global scale of

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<sup>11</sup> Human Rights Watch, "Civilians under Assault: Hezbollah's Rocket Attacks on Israel in the 2006 War," August 2007, <http://hrw.org/reports/2007/iopt0807/2.htm> (accessed January 10, 2008).

<sup>12</sup> U.S. Department of Treasury, "Treasury Designates Six Al-Qaida Terrorists," JS-757, September 24, 2003, <http://www.treasury.gov/press/releases/js757.htm> (accessed January 10, 2008).

<sup>13</sup>The White House "In Their Own Words: What the Terrorists Believe, What They Hope to Accomplish, and How They Intend to Accomplish It," September 2006, <http://www.whitehouse.gov/news/releases/2006/09/20060905-7.html> (accessed January 10, 2008).

Hezbollah's operations. Any misperceptions that Hezbollah is a local Lebanese problem are quickly replaced by the real facts that Hezbollah has network systems or conducts operations in almost every part of the world.

Figure 2 depicts the Middle East portion of Hezbollah's network. While most of Hezbollah's state sponsorship comes from the Middle East, Hezbollah has also been involved in significant attacks or failed attacks in Kuwait, Saudi Arabia, Israel and the United Arab Emirates. By visualizing this data, it may be easier to devise better strategies to build alliances and cut off support for Hezbollah's network. The map is also useful in depicting how much of a destabilizing influence Hezbollah is to the region.

Figure 3 depicts the South American Hezbollah network. This map serves as a reminder of how close a large portion of Hezbollah's network is to the United States. The crime, money laundering and individual donations from the small area of the Tri-Border region of Brazil, Paraguay and Argentina directly funds a significant portion of Hezbollah. This funding may also be used to support high profile local attacks such as the Argentine bombings and highlight the risk Hezbollah poses to the Western Hemisphere.

Figure 4 depicts the West African Hezbollah network. While it is primarily financial in nature, it is very important to Hezbollah's overall operating budget. With the advent of the new AFRICOM geographic military command within the United States, it is clear that the battle for regional influence is important for all nations. By visualizing how much regional support Hezbollah holds over West Africa, it should be apparent how much emphasis the United States should put into the region to de-legitimize Hezbollah's network in the eyes of those supporters.

Figure 5 depicts a portion of Hezbollah's Lebanese network and specifically attempts to capture the scope and sheer number of attacks that have taken place within Beirut itself. This map does not cover the myriad of attacks committed against Israel, but it does serve as an indication of just how much internal disruption Hezbollah causes to Lebanon.

12/3/1984	lebanon	beirut	6.0 Peter kilburn	1.0	0.0 kidnapping	assasination	usa	35.483790	33.900004
12/3/1984	kuwait	kuwait city	7.0 Kuwait Airlines flight 221	2.0	0.0 hijacking	murder	usa	55.130599	24.991295
1/1/1985	lebanon	beirut	1.0 Jean-Paul Kaufmann	0.0	0.0 kidnapping		french	35.490747	33.871006
1/1/1985	lebanon	beirut	1.0 Lawrence Martin Janco	0.0	0.0 kidnapping		usa	35.493969	33.891830
3/1/1985	lebanon	beirut	1.0 Marcel Carton	0.0	0.0 kidnapping		french	35.491001	33.868493
3/1/1985	lebanon	beirut	1.0 Marcel Fontaine	0.0	0.0 kidnapping		french	35.488349	33.866633
3/16/1985	lebanon	beirut	1.0 Terry Anderson	0.0	0.0 kidnapping		usa	35.498121	33.876592
4/23/1985	lebanon	beirut	6.0 Alec Collet	1.0	0.0 kidnapping	assasination	british	35.495921	33.884233
5/22/1985	lebanon	beirut	6.0 Michel Seurat	1.0	0.0 kidnapping	assasination	french	35.485293	33.870785
5/25/1985	kuwait	kuwait city	2.0 emir of kuwait	3.0	0.0 bombing		kuwait	47.982400	29.372100
5/28/1985	lebanon	beirut	1.0 David Jacobsen	0.0	0.0 kidnapping		usa	35.482370	33.898173
6/9/1985	lebanon	beirut	1.0 Thomas Sutherland	0.0	0.0 kidnapping		usa	35.482066	33.898955
6/14/1985	greece	Athens	7.0 TWA flight 847	1.0	0.0 hijacking	murder	usa	22.027783	37.611080
9/26/1985	lebanon	beirut	1.0 Hazel Moss	0.0	0.0 kidnapping		british	35.499711	33.884277
9/26/1985	lebanon	beirut	1.0 Amanda McGrath	0.0	0.0 kidnapping		british	35.483060	33.900260
3/8/1986	lebanon	beirut	1.0 George Hansen	0.0	0.0 kidnapping		french	35.488511	33.873968
3/8/1986	lebanon	beirut	1.0 Aurel Cornea	0.0	0.0 kidnapping		french	35.486902	33.873958
3/8/1986	lebanon	beirut	1.0 Philippe Rocheau	0.0	0.0 kidnapping		french	35.490846	33.873459
4/9/1986	lebanon	beirut	1.0 John McCarthy	0.0	0.0 kidnapping		british	35.492310	33.887560
4/11/1986	lebanon	bekaa valley	1.0 Michel Brillant	0.0	0.0 kidnapping		french	35.505554	33.852024
4/11/1986	lebanon	beirut	1.0 brian keenan	0.0	0.0 kidnapping		irish	35.484524	33.899792
4/17/1986	lebanon	beirut	6.0 John Douglas	1.0	0.0 kidnapping	assasination	british	35.483255	33.898253
4/17/1986	lebanon	beirut	6.0 Philip Padfield	1.0	0.0 kidnapping	assasination	british	35.481691	33.899604
9/9/1986	lebanon	beirut	1.0 Frank Reed	0.0	0.0 kidnapping		usa	35.482670	33.901200
9/12/1986	lebanon	beirut	1.0 Joseph Cicippio	0.0	0.0 kidnapping		usa	35.481740	33.887856
9/26/1986	lebanon	beirut	1.0 Jean-Marc Sroussi	0.0	0.0 kidnapping		french	35.488519	33.872079
9/26/1986	lebanon	beirut	1.0 David Hirst	0.0	0.0 kidnapping		british	35.497527	33.881721
10/21/1986	lebanon	beirut	1.0 Edward Tracy	0.0	0.0 kidnapping		usa	35.496681	33.892008
1/1/1987	lebanon	beirut	1.0 Roger Auque	0.0	0.0 kidnapping		french	35.493362	33.872318
1/20/1987	lebanon	beirut	1.0 Terry Waite	0.0	0.0 kidnapping		british	35.498215	33.878941
1/24/1987	lebanon	beirut	1.0 Robert Polhill	0.0	0.0 kidnapping		usa	35.484618	33.898892
1/24/1987	lebanon	beirut	1.0 Alann Steen	0.0	0.0 kidnapping		usa	35.483953	33.899167
1/24/1987	lebanon	beirut	1.0 Jesse Turner	0.0	0.0 kidnapping		usa	35.489848	33.894967
1/24/1987	lebanon	beirut	1.0 Mithileshwar Singh	0.0	0.0 kidnapping		indian	35.535763	33.847320
6/18/1987	lebanon	beirut	1.0 Charles Glass	0.0	0.0 kidnapping		usa	35.487384	33.893857
2/17/1988	lebanon	beirut	6.0 Lt. Colonel William R. Higgins	1.0	0.0 kidnapping	assasination	usa	35.505967	33.828280
4/5/1988	thailand	bangkok	7.0 kuwait airways flight 422	2.0	0.0 hijacking	murder	kuwait	98.556353	16.729245
1/1/1989	spain	valencia	11.0 explosives intercepted	0.0	0.0 attempted	bombing	0	-0.376806	39.470200
9/19/1989	congo	brazzaville	8.0 UTA flight 772	170.0	0.0 bombing		0	15.283333	-4.266667
9/24/1989	lebanon	beirut	1.0 Jack Mann	0.0	0.0 kidnapping		british	35.499434	33.888362
8/8/1991	lebanon	beirut	1.0 Jerome Leyraud	0.0	0.0 kidnapping		french	35.485999	33.872208
1/1/1992	argentina	buenos aires	2.0 Israeli Embassy	30.0	0.0 bombing		0	-58.461184	-34.973999
3/17/1994	thailand	bangkok	11.0 plot uncovered	0.0	0.0 attempted	bombing	thailand	100.493889	13.752222
7/18/1994	argentina	buenos aires	2.0 Jewish Community Center	85.0	0.0 bombing		0	-58.604939	-34.118619
7/19/1994	panama	colon	8.0 alas chiricanas flight 110375	21.0	0.0 plane	bombing	panama	-79.900000	9.333333
7/26/1994	england	london	2.0 Israeli Embassy london	0.0	20.0 bombing		england	-0.189056	51.505000
7/27/1994	england	london	2.0 jewish charity building	0.0	6.0 bombing		england	-0.189000	51.605000
6/25/1996	saudi arabia	khoobar	2.0 khobar towers	20.0	372.0 bombing		usa	50.209500	26.253400
1/1/2002	usa	north carolina	9.0 operation smoke screen	0.0	0.0 crime		usa	-80.845259	35.230688
1/1/2002	usa	michigan	10.0 funding	0.0	0.0 finance		0	-83.045089	42.330571
1/1/2002	canada	vancouver	10.0 funding	0.0	0.0 finance		0	-123.131376	49.259174
1/1/2002	canada	montreal	10.0 funding	0.0	0.0 finance		0	-73.638267	45.544688
1/1/2002	canada	ottawa	10.0 funding	0.0	0.0 finance		0	-75.697065	45.420436
1/1/2002	canada	toronto	10.0 funding	0.0	0.0 finance		0	-79.388805	43.669491
7/12/2006	israel	nahariyya	5.0 israel	0.0	0.0 missile_rocket		israel	35.106820	33.036115
7/14/2006	israel	haifa	5.0 israel	0.0	0.0 missile_rocket		israel	34.998699	32.814755
12/11/2006	UAE	abu dhabi	11.0 plot uncovered	0.0	0.0 attempted	bombing	0	54.616667	22.783333
1/1/2008	iran	tehran	10.0 funding	0.0	0.0 finance		0	51.435800	35.706100
1/1/2008	paraguay	ciudad del este	10.0 funding	0.0	0.0 finance		0	-54.668886	-25.500163
1/1/2008	brazil	foz de iguazu	10.0 funding	0.0	0.0 finance		0	-54.523021	-25.546656
1/1/2008	argentina	puerto iguazu	10.0 funding	0.0	0.0 finance		0	-54.475427	-25.737573
1/1/2008	senegal		10.0 funding	0.0	0.0 finance		0	-17.379663	14.703224
1/1/2008	mali		10.0 funding	0.0	0.0 finance		0	-8.023723	12.601317
1/1/2008	sierra leone		10.0 funding	0.0	0.0 finance		0	-13.280469	8.433227
1/1/2008	ilberia		10.0 funding	0.0	0.0 finance		0	-10.780173	6.238033
1/1/2008	cote d'ivory		10.0 funding	0.0	0.0 finance		0	-4.052235	5.269650
1/1/2008	ghana		10.0 funding	0.0	0.0 finance		0	-0.184919	5.564356
1/1/2008	togo		10.0 funding	0.0	0.0 finance		0	1.280767	6.168771
1/1/2008	benin		10.0 funding	0.0	0.0 finance		0	2.600604	6.403942
1/1/2008	nigeria		10.0 funding	0.0	0.0 finance		0	3.515179	6.478687
1/1/2008	cameroon		10.0 funding	0.0	0.0 finance		0	9.737268	3.898137
1/1/2008	congo		10.0 funding	0.0	0.0 finance		0	11.900000	-4.766667
1/1/2008	angola		10.0 funding	0.0	0.0 finance		0	13.238323	-8.928262
1/1/2008	syria	damascus	10.0 funding	0.0	0.0 finance		0	38.562054	35.543006
1/1/2008	paraguay	ciudad del este	9.0 crime	0.0	0.0 crime		0	-54.668886	-25.500163
1/1/2008	brazil	foz de iguazu	9.0 crime	0.0	0.0 crime		0	-54.523021	-25.546656
1/1/2008	argentina	puerto iguazu	9.0 crime	0.0	0.0 crime		0	-54.475427	-25.737573

Table 1. Known or Suspected Hezbollah Terrorist Attacks and Support Structures



1:75,894,775

# Hezbollah's Global Network

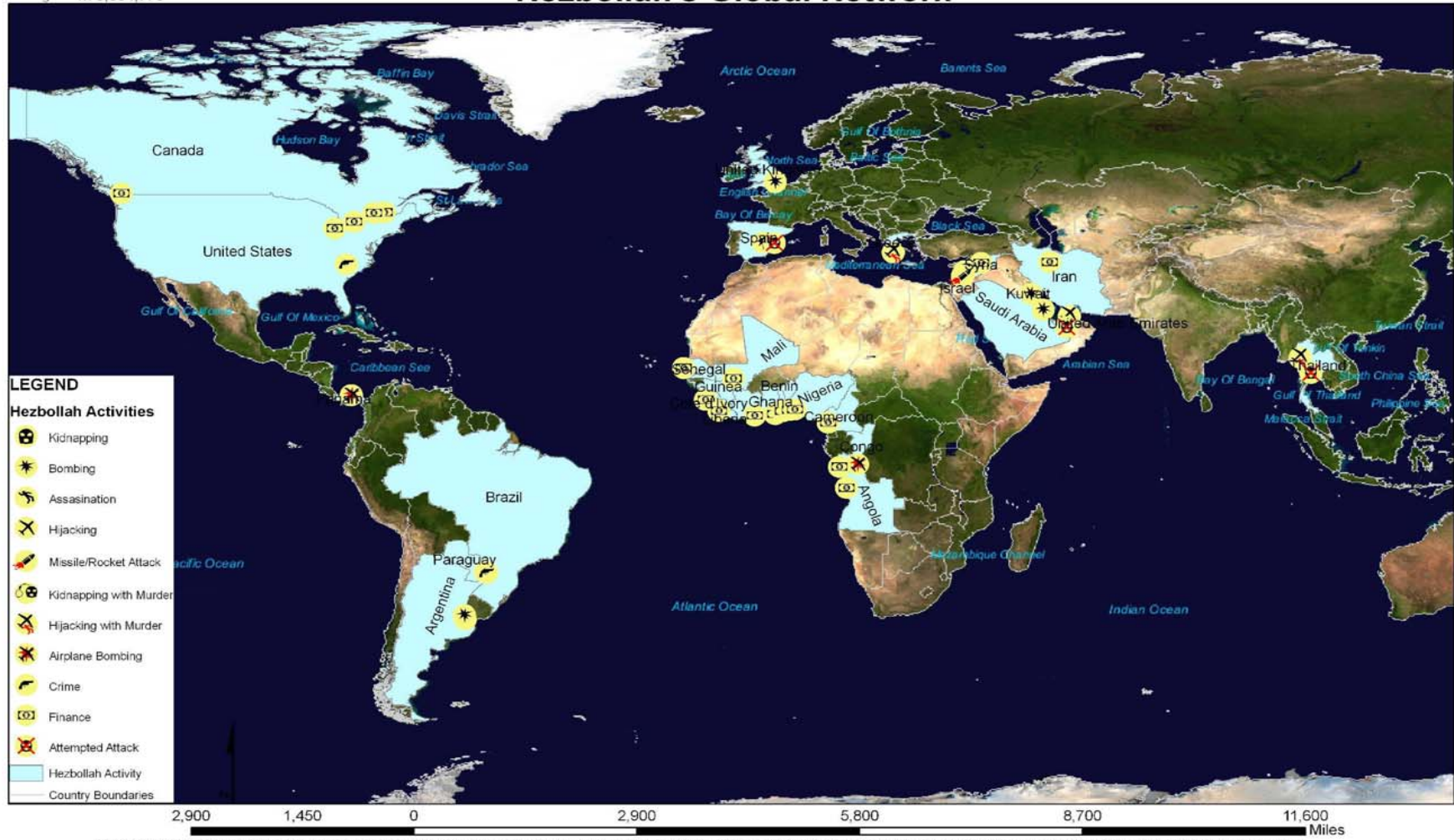
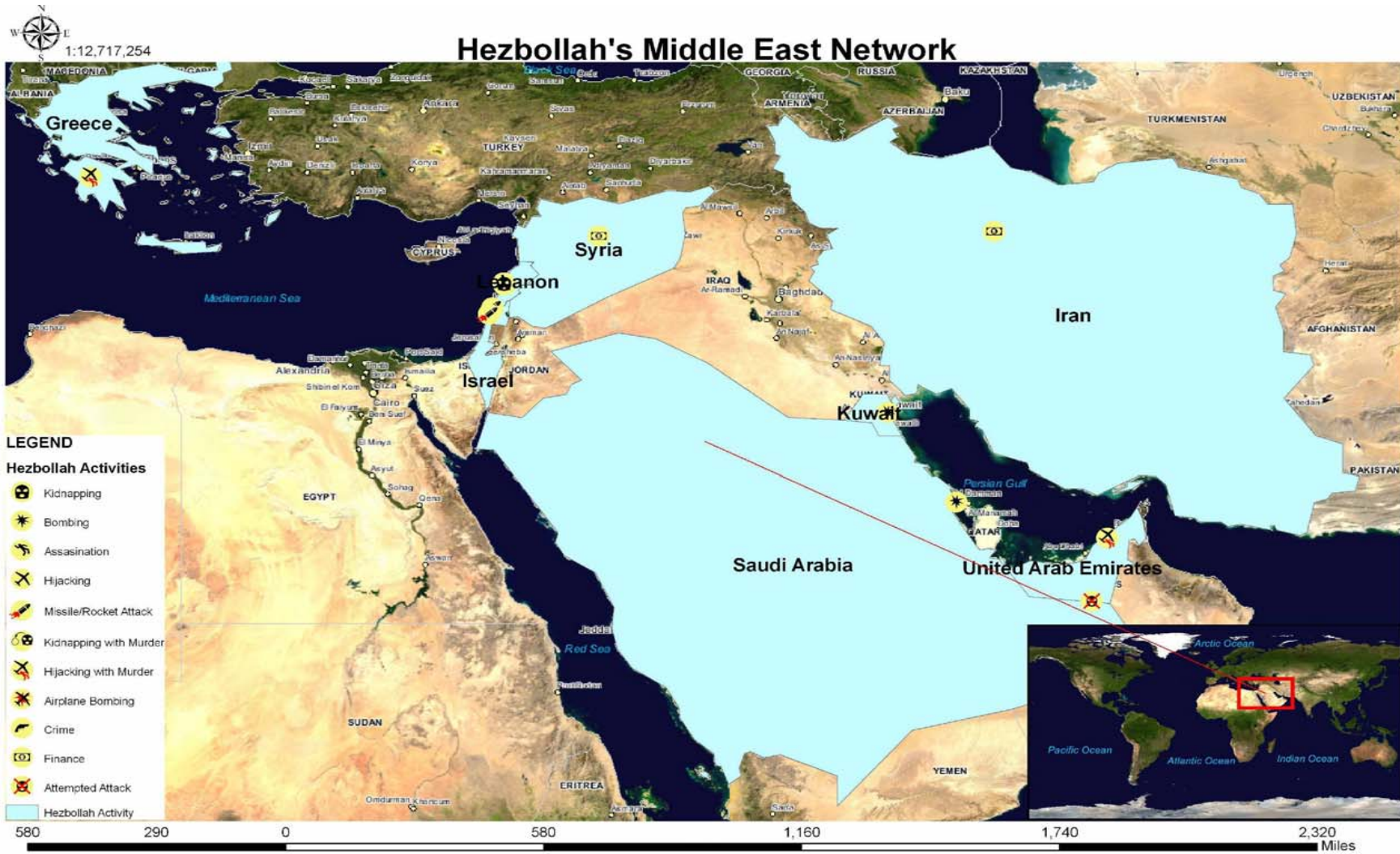


Figure 1. Hezbollah's Global Network



UNCLASSIFIED- All information derived from open sources. All events either directly attributed to Hezbollah, facilitate Hezbollah's operations or are indirectly linked to Hezbollah. Maps from ESRI. GCS\_WGS\_1984

Figure 2. Hezbollah's Middle East Network

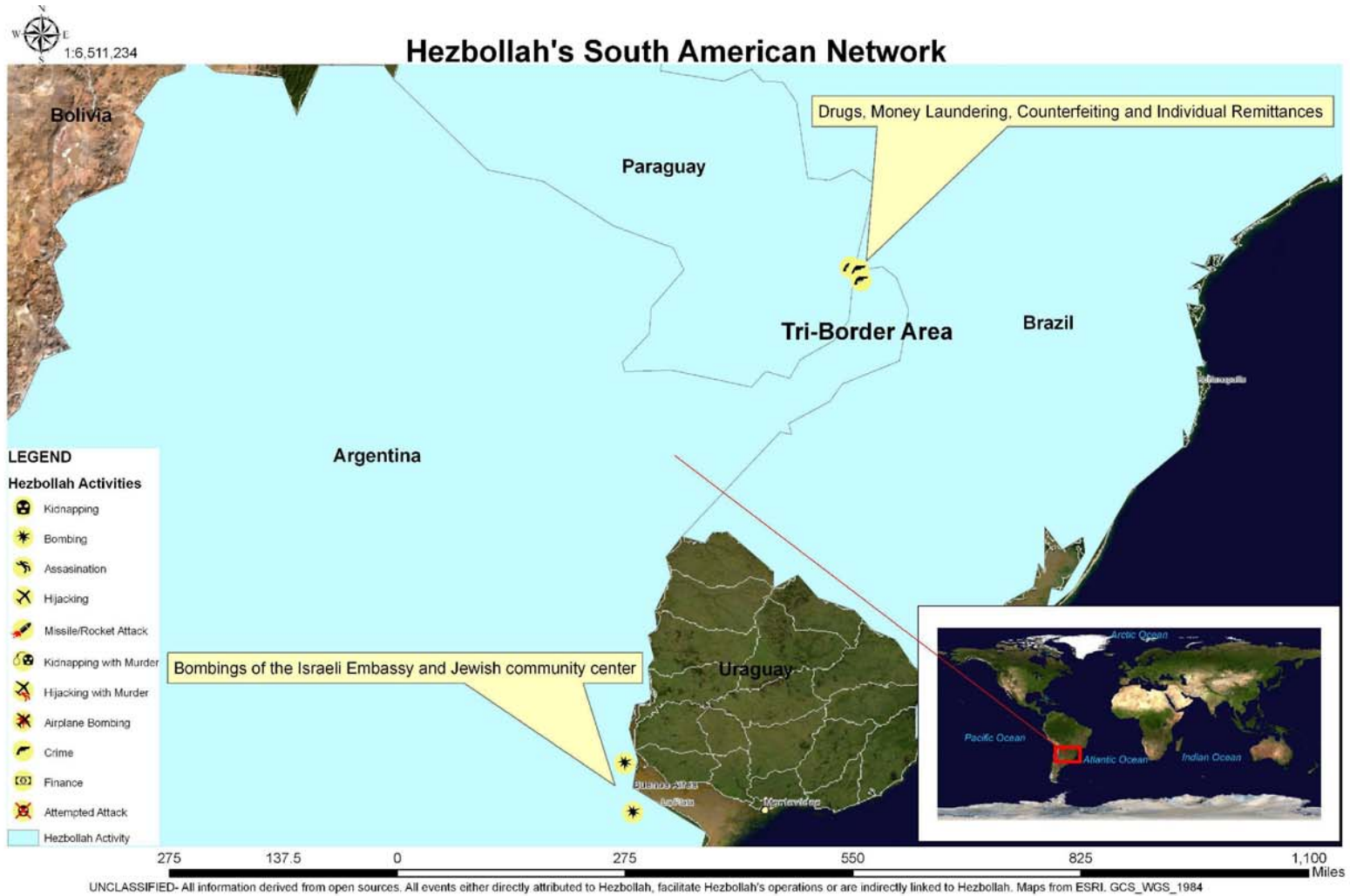


Figure 3. Hezbollah's South American Network

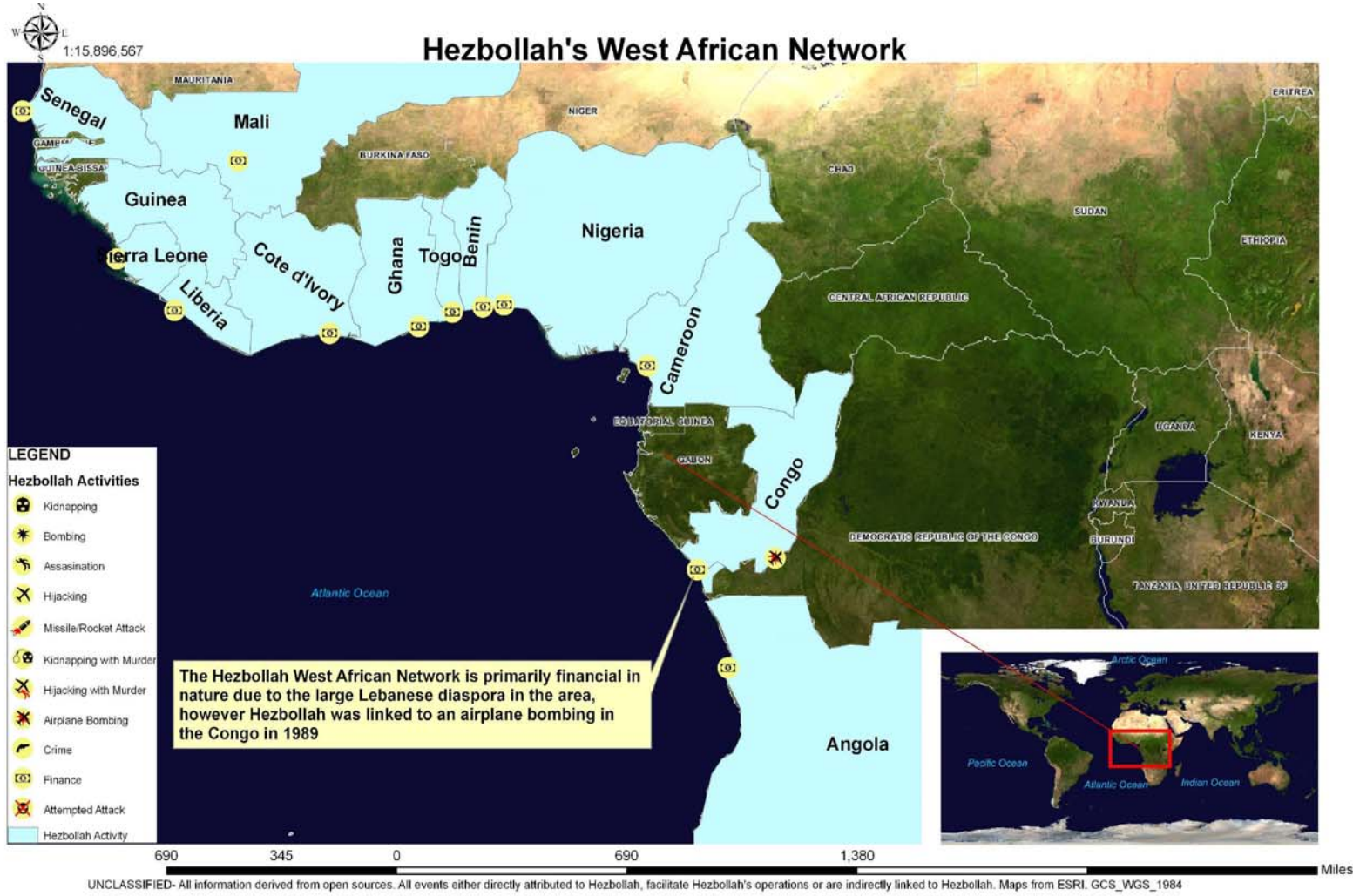


Figure 4. Hezbollah's West African Network

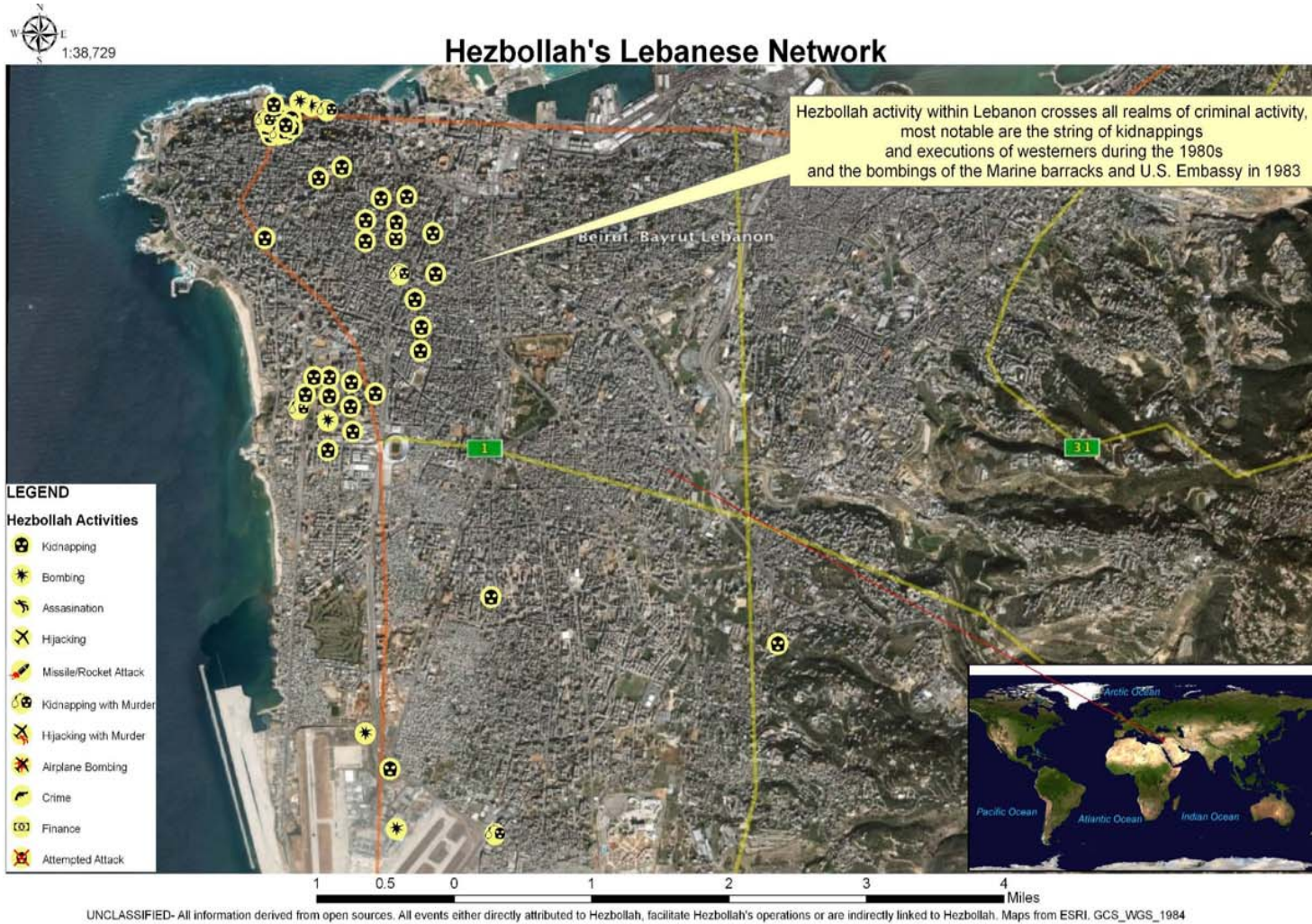


Figure 5. Hezbollah's Lebanese Network

## **D. FINANCIAL OVERVIEW OF THE ORGANIZATION**

### **1. Organizational and Financial Highlights**

One of the many techniques being employed to defeat terrorist networks is the targeting of financial support for terrorists. The theory is that if all financial and material support for a network can be disrupted, the network will shut down through an inability to operate. Hezbollah understands this concept very well and to ensure its continued existence, it has become one of the most diversified and well funded of all terrorist networks in the world. Hezbollah currently receives funding from state sponsorship, individual remittances, crime networks, and drug profits. Why does Hezbollah need such a vast network of funding and what do they use the money for?

Hezbollah's current goals include the eradication of Western colonization from Lebanon, the destruction of the State of Israel, and the establishment of Islamic governments in the Middle East. The organization has morphed from a simple militia to a full-fledged semi-state with a political wing, social welfare organization, military organization and a modern media outlet. This transformation is the result of an influx of hundreds of millions of dollars per year and Hezbollah is now a direct competitor to the established Lebanese government in many areas of Lebanon. In a classic example of the problems created by ungoverned areas or weak nation-states, Hezbollah initiated the 2006 war with Israel from inside Lebanese borders. After the massive Israeli retaliation, National Public Radio reported, "Hezbollah has promised to provide housing and furniture for the next year to each of the tens of thousands of families whose homes were destroyed by the month-long Israeli bombing campaign. Hezbollah spokesmen say the funding will come from foreign donors, including Iran, and it will be disbursed directly, not through the Lebanese government."<sup>14</sup> The ability to filter and distribute international funding within Lebanese borders causes a significant challenge to the authority of the Lebanese government. The fact that Hezbollah actually holds 14 seats in the Lebanese

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<sup>14</sup> National Public Radio, "Hezbollah Takes the Lead in Rebuilding Lebanon," August 17, 2006, <http://www.npr.org/templates/transcript/transcript.php?storyId=5662485> (accessed January 10, 2008).

Parliament makes this relationship even more bizarre, but it provides Hezbollah with significant international legitimacy. To further Hezbollah's influence in the region, it funds and operates 50 hospitals throughout Lebanon. One hospital, the Al Janoub hospital receives \$100,000 per month from Hezbollah.<sup>15</sup> While these social welfare programs are obviously expensive, they provide Hezbollah with support from the local population and act as a showpiece for propaganda messages distributed through their media machine. In early 1991, Iran donated one million dollars to Hezbollah to start al-Manar TV. This television channel has become the voice of Hezbollah and now operates on an estimated budget of \$15-50 million a year and reaches approximately 200 million people across the world.<sup>16</sup> The complexity of Hezbollah's organization has enabled the military wing to flourish. The Washington Post called Hezbollah "the best guerrilla force in the world."<sup>17</sup> The military wing of Hezbollah operates on as much as \$300 million per year and possess modern unmanned aerial vehicles, anti-tank, anti-aircraft and ultra modern anti-ship missiles.<sup>18</sup> Hezbollah's military wing is first rate by any standard and uses a significant portion of its budget to stockpile all types of missiles and rockets for use in its never ending war against Israel. Hezbollah used approximately \$50 million to establish military training camps for multiple terrorist organizations, including Al Qaeda, in the Baka'a valley.<sup>19</sup> Hezbollah continues to operate the camps to this day.

Hezbollah is clearly a well diversified and funded organization, but the United States can interrupt much of Hezbollah's funding by analyzing the streams of revenue and using both direct and indirect methods to cut off the sources of those streams.

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<sup>15</sup> Scott Wilson, "Lebanese Wary of a Rising Hezbollah," *The Washington Post*, December 20, 2004, <http://www.washingtonpost.com/wp-dyn/articles/A12336-2004Dec19.html> (accessed January 10, 2008).

<sup>16</sup> Multiple sources including, Steven Stalinsky, "Terrorist TV: Hezbollah's Al-Manar TV Should be shut down," *National Review*, April 04, 2006, <http://www.nationalreview.com/comment/stalinsky200604040821.asp> (accessed January 10, 2008).

<sup>17</sup> Edward Cody and Molly Moore, "The Best Guerrilla Force in the World," *The Washington Post*, August 14, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/13/AR2006081300719.html> (accessed January 10, 2008).

<sup>18</sup> Ibid.

<sup>19</sup> The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States, 61, <http://www.9-11commission.gov/report/index.htm> (accessed January 10, 2008).

## 2. State Sponsorship

Hezbollah receives state funding in arms, training and money from both Syria and Iran. As mentioned previously, the largest monetary contributions are from Iran. Most large expenditures, including the founding of training camps in the Baka'a valley and the start up of al-Manar TV, come from Iranian seed money. In some situations, Iran may have a vested interest in increased activity or instability. During these periods, Iran has been noted to make lump sum payments of as much as \$22 million to disrupt peace talks or foment instability within Israel and Palestine<sup>20</sup>. Hezbollah would then source out the money to groups for action. According to Palestinian officials, they had "intercepted e-mail communications and bank transactions indicating that Hezbollah has increased its payments to terrorists. 'Now they are willing to pay \$100,000 for a whole operation, whereas in the past they paid \$20,000, then raised it to \$50,000.'<sup>21</sup>

In addition to monetary support from Iran and Syria, Hezbollah also receives significant arms shipments and training on new weapon systems from both countries. These shipments include thousands of short-range rocket systems and ballistic missiles. Syria built and transferred the 220mm rockets used in the deadly attack on Haifa in 2006.<sup>22</sup> Syria also supplies RPG-29s, Kornet-E, Sagger2 and Metis-M anti tank missiles for Hezbollah to use in volley fire against Israel's top of the line main battle tank, the Merkava III. Hezbollah was able to disable several of these key Israeli vehicles as a result of this important state support; without it, Hezbollah would be at a serious disadvantage.<sup>23</sup> Hezbollah also received a very sophisticated C-802 anti-ship cruise

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<sup>20</sup> Mathew Levitt, "Hezbollah Finances: Funding the Party of God," *The Washington Institute for Near East Policy*, February 2005, <http://www.washingtoninstitute.org/templateC06.php?CID=772> (accessed June 9, 2008).

<sup>21</sup> U.S. Congress, Committee on International Relations, "Iran: A Quarter Century of State Sponsored Terror," February 16, 2005 p. 14, <http://www.internationalrelations.house.gov/archives/109/98810.PDF> (accessed June 9, 2008).

<sup>22</sup> The Israel Project. "An Inside Look at Hezbollah's Iranian and Syrian Sponsored Arsenal," [http://www.theisraelproject.org/site/c.hsJPK0PIjPH/b.2904001/k.ED3B/An\\_Inside\\_Look\\_at\\_Hezbollahs\\_Iranian\\_and\\_SyrianSponsored\\_Arsenal.htm](http://www.theisraelproject.org/site/c.hsJPK0PIjPH/b.2904001/k.ED3B/An_Inside_Look_at_Hezbollahs_Iranian_and_SyrianSponsored_Arsenal.htm) (accessed June 9, 2008).

<sup>23</sup> Edward Cody and Molly Moore, "The Best Guerrilla Force in the World," *The Washington Post*, August 14, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/13/AR2006081300719.html> (accessed June 9, 2008).



missile along with an Iranian training team. This system is an Iranian version of the Chinese Silkworm missile and with assistance from Iran, Hezbollah successfully attacked an Israeli warship.<sup>24</sup> Hezbollah also took delivery of up to twelve unmanned aerial vehicles (UAV) and began to fly them over Israel in late 2004.<sup>25</sup> While Syria does not offer the monetary support that Iran does, it provides a transfer point for all Iranian arms shipments into the country and facilitates the logistical and technological support for the organization.

Countering state sponsorship will require a consensus of nations to stop Iran and Syria from meddling in the affairs of Lebanon and to halt their proxy war against Israel. One of the largest obstacles to accomplish this is the designation of Hezbollah as an international terrorist organization. Currently only four nations consider Hezbollah a terrorist organization and two other nations consider only the military wing terrorists.<sup>26</sup> Because Hezbollah has been successful at creating a large umbrella organization, it screens their movement in unsavory affairs and allows the group to have many supporters. As long as most of the international community does not designate Hezbollah as a terrorist organization, it will be hard to stop Iran and Syria from supporting it. The United States must understand the incentives necessary to build a consensus against Hezbollah's actions. We must cut deals with Europe to put pressure on Iran and Syria to isolate them from economic aid. In Iran's case, we should withhold western engineering support for their depleting oil fields. More effort must be put on intercepting arms shipments and any dollar denominated deals with either country. The United States must move to support the Lebanese government and fill the ungoverned southern areas with a strong Lebanese or international rule of law and government. Hezbollah flourishes in southern Lebanon because it provides crucial services to the people. If the United States

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<sup>24</sup> Mark Mazzetti and Thom Shanker, "Arming of Hezbollah Reveals U.S. and Israeli Blind Spots," *The New York Times*, July 19 2006, [http://www.nytimes.com/2006/07/19/world/middleeast/19missile.html?\\_r=1&pagewanted=print&oref=slogin](http://www.nytimes.com/2006/07/19/world/middleeast/19missile.html?_r=1&pagewanted=print&oref=slogin) (accessed June 9, 2008).

<sup>25</sup> Jim Kouri, "Hezbollah's UAVs concern Israel and United States security experts," *Renew America*, September 5, 2006, <http://www.renewamerica.us/columns/kouri/060905>(accessed June 9, 2008).

<sup>26</sup> Canada, Israel, United States and the Netherlands list the entire organization as a terrorist entity, while the United Kingdom and Australia list only the military wing as terrorist.

can support the Lebanese government to provide these same services, Hezbollah's benefits will be diminished and their cost to the people will be amplified. It will be difficult, but the approach has the possibility to work where other more direct techniques have failed.

While all these efforts will require significant funding and political capital, State sponsorship of Hezbollah is the single issue that makes it one of the most powerful terrorist groups in the world. Therefore, the cost should not deter our resolve to tackle the problem.

### **3. Individual Support**

Each one of Hezbollah's funding streams has its benefits and its constraints. For example, while state sponsorship is Hezbollah's largest single source of funding at an estimated \$200 million,<sup>27</sup> Hezbollah leaves itself accountable to the wishes of the donor state. If a state sponsor, in this case Iran, does not agree with Hezbollah's tactics, the state may withhold sponsorship or, on the flip side, the state sponsor may instruct Hezbollah to operate in a manner that does not suit Hezbollah's internal goals. State sponsorship is therefore the least desirable funding source and Hezbollah has diversified to reduce these constraints.

#### ***a. Individual Remittances***

Since the time of the Phoenicians, Lebanese society has been one of movement and migration. Years of civil war and fighting between Hezbollah and Israel has led to a further wave of migration to North and South America, Africa, other Gulf States and Europe. Some estimates claim as much as 80% of Lebanese people live

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<sup>27</sup> These estimates are from western diplomats and political analysts in Beirut as of 2004. Global security and Anthony Cordesman believe they are exaggerated and put the number lower, in the \$25-\$50 million range. Original article: Scott Wilson, "Lebanese Wary of a Rising Hezbollah," *The Washington Post*, December 20, 2004, <http://www.washingtonpost.com/wp-dyn/articles/A12336-2004Dec19.html> (accessed June 9, 2008).

outside Lebanon.<sup>28</sup> As these large groups of Lebanese citizens settle across the world, many of them send money home to support their families or other organizations such as Hezbollah within Lebanon. According to Nassib Ghobril, the head of research and analysis for a large bank in Beirut, “these migrants supply Lebanon with about \$1,400 per capita every year,” one of the highest rates of remittances in the world.<sup>29</sup> Getting a piece of this large inflow of money is very important to Hezbollah. Al-Manar TV and other propaganda efforts are key tools used by Hezbollah to spread its message and entice people to donate money to the cause. In a case from North Carolina, Lebanese migrants were using Hezbollah produced videos to gather support from the local Arab community to donate money to Hezbollah. The group would meet every week for “prayer meetings,” watch al-Manar produced videos, read letters from Hezbollah leaders and solicit donations of support to send back to Hezbollah in Lebanon.<sup>30</sup>

Similar individual solicitation is conducted in the Tri-Border area in South America. This area is the shared border of Paraguay, Brazil and Argentina and is the home of a very large Lebanese and Arab population. In one case, the National Police of Paraguay seized multiple cards and envelopes that were used to solicit money on behalf of the families of martyrs and prisoners in Lebanon. The technique of raising money in this way was so successful, that the criminals under investigation had documented more than \$700,000 in currency transfers.<sup>31</sup> This case mirrors the Charlotte, North Carolina

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<sup>28</sup> Impressions Staff, “Lebanese Diaspora,” *Impressions*, 2007, [http://impressions-ba.com/features.php?id\\_feature=10280](http://impressions-ba.com/features.php?id_feature=10280) (accessed January 5, 2008).

<sup>29</sup> Robert F. Worth, “Home on Holiday, the Lebanese Say, What Turmoil?” *The New York Times*, December 24, 2007, [http://www.nytimes.com/2007/12/24/world/middleeast/24lebanon.html?\\_r=1&oref=slogin](http://www.nytimes.com/2007/12/24/world/middleeast/24lebanon.html?_r=1&oref=slogin) (accessed June 9, 2008).

<sup>30</sup> Rachel Ehrenfeld, “Funding The Party of God” *Journal of International Security Affairs*, Winter 2004, 46, [http://www.securityaffairs.org/issues/2004/06/No\\_6\\_Winter\\_2004\\_Full\\_Issue.pdf](http://www.securityaffairs.org/issues/2004/06/No_6_Winter_2004_Full_Issue.pdf) (accessed June 9, 2008).

<sup>31</sup> Francesc Relea, “Commandos' terrorists take refuge in the triple border: Dozens of Arabs buy false papers at the crossroads between Brazil, Argentina and Paraguay” *El Pais International*, September 11, 2001, [http://translate.google.com/translate?hl=en&sl=es&u=http://www.elpais.com/articulo/internacional/Comandos/terroristas/refugian/triple/frontera/elpepiint/20011109elpepiint\\_21/Tes/&sa=X&oi=translate&resnum=1&ct=result&prev=/search%3Fq%3D%2522%2527Comandos%2527%2Bterroristas%2Bse%2Brefugian%2Ben%2Bla%2Btriple%2Bfrontera%2522%26hl%3Den%26client%3Dsafari%26rls%3Den](http://translate.google.com/translate?hl=en&sl=es&u=http://www.elpais.com/articulo/internacional/Comandos/terroristas/refugian/triple/frontera/elpepiint/20011109elpepiint_21/Tes/&sa=X&oi=translate&resnum=1&ct=result&prev=/search%3Fq%3D%2522%2527Comandos%2527%2Bterroristas%2Bse%2Brefugian%2Ben%2Bla%2Btriple%2Bfrontera%2522%26hl%3Den%26client%3Dsafari%26rls%3Den) (accessed June 9, 2008).

example. They both employ solicitation of Lebanese expatriates by a Hezbollah linked patron, in this case Ali Khalil Mehri, by using propaganda tapes and videos produced by al-Manar TV. This technique of soliciting expatriates is also used in West Africa. Two public cases indicate the massive scope of West African support for Hezbollah: an intercept of \$1.7 million dollars in donations from Senegal and the unfortunate crash of an airliner carrying over \$2 million in donations bound for Beirut. These two incidents, in 1998 and 2003 respectively, support claims by Israeli intelligence that Hezbollah raises several hundred thousand dollars every year from this part of the country.<sup>32</sup> According to Arab news articles uncovered by Hezbollah expert Matthew Levitt, the crash of UTA flight 141 killed a "foreign relations official of the African branch of the Lebanese Hezbollah party and two of his aides,"<sup>33</sup> as well as destroying the \$2 million in cash. The Lebanese communities in West Africa control much of the successful business and commerce in the area and provide a critical support node for Hezbollah's operations. It is estimated that as many as 300,000 Lebanese immigrants live across West Africa and they are viewed as the wealthiest social group in the area because of their domination of the import-export businesses along the coast.<sup>34</sup> Maintaining this support was so important to Hezbollah that they sent envoys to the region to console the survivors and the families of victims while doing as much damage control as possible.<sup>35</sup>

While much of the individual support for Hezbollah is donated directly to the organization through couriers or liaisons, a large portion of the support is funneled through charitable organizations. Charities pose a difficult problem to agencies that are

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<sup>32</sup> Matthew Levitt, "Hizbullah's African Activities Remain Undisrupted," *Washington Institute for Near East Policy*. March 2004., <http://washingtoninstitute.org/print.php?CID=463&template=C06> (accessed June 9, 2008).

<sup>33</sup> Ibid.

<sup>34</sup> "How the Lebanese conflict affects West Africa," *Jane's Islamic Affairs Analyst*, September 1, 2006, [http://www4.janes.com/subscribe/jiaa/doc\\_view.jsp?K2DocKey=/content1/janesdata/mags/jiaa/history/jiaa2006/jiaa5014.htm@current&Prod\\_Name=JIAA&QueryText=%3CAND%3E%28%3COR%3E%28%28%5B80%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+body%29%2C+%28%5B100%5D+%28%5B100%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+title%29+%3CAND%3E+%28%5B100%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+body%29%29%29%29](http://www4.janes.com/subscribe/jiaa/doc_view.jsp?K2DocKey=/content1/janesdata/mags/jiaa/history/jiaa2006/jiaa5014.htm@current&Prod_Name=JIAA&QueryText=%3CAND%3E%28%3COR%3E%28%28%5B80%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+body%29%2C+%28%5B100%5D+%28%5B100%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+title%29+%3CAND%3E+%28%5B100%5D%28+hezbollah+%3CAND%3E+west+%3CAND%3E+africa+or+%27AFRICA%27%29+%3CIN%3E+body%29%29%29%29) (accessed June 9, 2008).

<sup>35</sup> Miriam Karouny, "Benin Plane Crash Deaths Rise to 111," *Reuters*, 26 December 2003.

involved in cutting off Hezbollah financing. Illicit financing is difficult to detect and easy to legitimize. There are hundreds of charities sending money into the region and much of the money goes to legitimate arms of Hezbollah. For example, organizations such as the Islamic Institution for Education and Teaching could legitimately funnel money into local schools, which then preach Jihad against the West and recruit for Hezbollah.<sup>36</sup> According to the principal of one of eight schools that receive money from the Institution, “we have the same aims and goals as Hezbollah.”<sup>37</sup> The ability to intertwine social, political and military causes and still leave the ability to deny unsavory activities, gives Hezbollah a uniquely effective ability to raise money and support. Many people donate money unknowingly to charities such as the Goodwill Charitable Organization or the Lebanese Welfare Committee with no idea that the donation will either be used directly or indirectly to fund terrorism. Another difficult problem for authorities is the possibility of incorrectly shutting down a legitimate charity. If an organization can show the good deeds produced by their charity dollars and disassociate itself with terror, it is often very hard to prove a case against an illicit organization. Even if authorities can prove the case and shut down a charity, the organization may simply move its staff and structure to another area and start over with a new name.

While countering individual remittances is very difficult, several actions may be effective at slowing the donations. Using the legitimacy of Hezbollah’s political wing against itself may lead to a slowdown in terror. Since Europe and several other key areas consider the political and social wings of Hezbollah legitimate organizations, we should require Hezbollah to provide detailed accountability of all funds entering the organization and indicate how those funds are dispersed to maintain that legitimate status. The United States should also raise the regulatory requirements for detailing exactly how money is transferred, and provide specific accounts and names of recipients, as well as ensuring complete accounting of the end use of the funds. The U.S. should also increase the criminal penalties for working in a charity that supports terror and require registration

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<sup>36</sup> William Samii, “Iran: Teheran Supports Hezbollah In Lebanon,” *Radio Free Europe*, November 10, 1999, <http://www.rferl.org/features/1999/11/f.ru.991110134517.asp> (accessed June 9, 2008).

<sup>37</sup> *Ibid.*

and background checks for all employees of charities that move money outside the United States. We should also require more detailed and thorough accounting on wire transfers and movement of funds outside the United States. These last few recommendations will require new database management and filter tools to be developed, more infrastructure and manpower, and may slow down the legitimate transfer of funds.

#### **4. Crime Networks**

One of the most extensive and profitable sources of funding for Hezbollah is their global crime network. Most estimates put Hezbollah's yearly crime profits in the hundreds of millions of dollars. In fact, according to two sources, General James T. Hill, commander of the U.S. Southern Command and Paraguayan interior minister Julio Cesar Fanego, Hezbollah generates as much as five hundred million dollars a year from crime and drug activity from just one area of South America.<sup>38</sup> While this sum seems almost absurdly high, multiple researchers and government agencies have documented the widespread crime and drug activity in the area and the extensive links in the region to Hezbollah.

The Tri-Border area of South America is the border between three cities: Ciudad del Este (Paraguay), Puerto Iguazu (Argentina), and Foz de Iguazu (Brazil). According to a Library of Congress research report, Ciudad del Este, the largest city in the Tri-Border Area, was generating "\$12 to \$13 billion in cash transactions annually, making it the third city worldwide behind Hong Kong and Miami."<sup>39</sup> This large flow of dollars is linked to massive money laundering from drug proceeds and crime profits, which then make their way back to Hezbollah accounts in Lebanon. Initial Hezbollah links in the area were detected during investigations into a well known businessman in the area, Ali Khalil Mehri. In February 2000, Paraguayan police raided his home for allegedly selling millions of dollars worth of pirated software and funneling the proceeds back to

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<sup>38</sup> "U.S. General: Islamic Rebels Get Cash from Latin America Gangs," *Orlando Sentinel*, March 10, 2003, A9.

<sup>39</sup> Rex Hudson, "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," The Library of Congress, July 2003, 3, [http://www.loc.gov/rr/frd/pdf\\_files/TerrOrgCrime\\_TBA.pdf](http://www.loc.gov/rr/frd/pdf_files/TerrOrgCrime_TBA.pdf) (accessed January 9, 2008).

Hezbollah. During the raid, police uncovered Hezbollah propaganda videos, fund-raising forms for terrorist organizations and records of money transfers to known Hezbollah locations worth \$700,000.<sup>40</sup> As investigators uncovered more of the Hezbollah organization in the Tri-Border area, Assad Ahmad Barakat emerged as the clear leader of Hezbollah's financial network in the area. According to Carlos Cálcena, Asuncion's public prosecutor for drug trafficking and terrorism, "Barakat's remittances to Hezbollah are believed to have totaled up to \$50 million dollars since 1995."<sup>41</sup> According to the U.S. Treasury, Barakat is the deputy of Hezbollah financial director, Ali Kazan, and the primary liaison in the Tri-Border Area for Hezbollah's Secretary General Shaykh Hasan Nasrallah.<sup>42</sup> In addition to these claims, several personal letters from Nasrallah were seized by investigators, which specifically thanked Barakat and his Tri-Border network for his financial contributions.<sup>43</sup> The investigation and later collaborations between the United States and the Tri-Border nations have yielded much success against Hezbollah and Barakat resulting in many of his subordinates now being imprisoned. However, Barakat's network was so large and profitable that Hezbollah will likely try to leverage its contacts in the area to continue to raise funds there.

In late 2004, the United States formalized its collaborative efforts with the Tri-Border nations and entered the 3 + 1 Group on Tri-Border Area Security. This type of effort must continue and be used in other parts of the world to shut down ungoverned areas and empower local governments. This indirect approach allows the U.S. to achieve its aims without alienating foreign nations and seems to have had significant success in the Tri-Border Area. According to the 2006 Country Report on Terrorism, the 3+1 Group appears to have aided significantly in the reduction of Hezbollah's presence in the area. The largest challenges in the area are the bolstering of Paraguay's legal system and the

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<sup>40</sup> Blanca Madani, "Hezbollah's Global Finance Network: The Triple Frontier," January 2002, [http://www.meib.org/articles/0201\\_12.htm](http://www.meib.org/articles/0201_12.htm) (accessed on January 9, 2008).

<sup>41</sup> Ibid.

<sup>42</sup> U.S. Department of Treasury, "Treasury Designates Islamic Extremist, Two Companies Supporting Hizballah in Tri-Border Area," June 10, 2004, <http://www.treasury.gov/press/releases/js1720.htm> (accessed on January 9, 2008).

<sup>43</sup> Marc Perelman, "U.S. Hand Seen in Paraguay's Pursuit of Terrorism Suspect," *The Jewish Daily Forward*, January 17, 2003, <http://www.forward.com/articles/9127/> (accessed on January 9, 2008).

enforcement of immigration and customs laws.<sup>44</sup> Both of these areas can be improved with U.S. financial support and training programs.

While South America has clearly been a hot spot for illicit financing, Hezbollah's networks have also made it into North America as well. Operation "Smoke Screen" unveiled an elaborate crime network linking a Hezbollah cell in North Carolina to operatives in Canada and back to Lebanon.<sup>45</sup> Thirty suspects were linked to the cell and charged with providing "currency, financial services, training, false documentation and identification, communications equipment, explosives and other physical assets to Hezbollah."<sup>46</sup> The group used a cigarette smuggling scheme to exploit the tax difference between cigarettes sold in North Carolina and Michigan. Over a year and a half period, the Hezbollah cell was able to generate an estimated \$7.9 million dollars by taking advantage of the 70 cent tax difference per pack of cigarettes and driving them across state lines.<sup>47</sup> In addition to direct financial contributions to Hezbollah, the group used proceeds from its criminal activity to purchase night vision and global positioning devices, mine detection equipment, laser range finders and other high technology equipment not readily available to Hezbollah in Lebanon.<sup>48</sup> These purchases were made through an elaborate network throughout the U.S. and Canada, which ultimately ended with direct conversations between the U.S. cell and the Hezbollah military commander in Beirut, Sheik Abbas Harake.<sup>49</sup> The ability of Hezbollah to operate within the United States with direct guidance from Lebanon is a serious concern for domestic security, especially given the espoused anti-American goals listed earlier in this paper. Luckily, 25 of the 30 Hezbollah cell members were convicted while five others are still at large. This particular case is not an anomaly; several other unrelated Hezbollah arrests have occurred

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<sup>44</sup> U.S. Department of State, *Country Reports on Terrorism*, 2006, Chapter 2.

<sup>45</sup> BBC News, "Hezbollah Suspects Arrested," July 22, 2000, <http://news.bbc.co.uk/1/hi/world/americas/845803.stm> (accessed on January 9, 2008).

<sup>46</sup> *United States v. Mohamad Youssef Hammoud et al.*, case no. 00-CR-147, March 28, 2001.

<sup>47</sup> Rachel Ehrenfeld, *Funding Evil* (Chicago: Bonus Books, 2005), 138.

<sup>48</sup> Matthew Levitt, "Banning Hizbullah Activity in Canada," January 6, 2003, <http://www.washingtoninstitute.org/templateC05.php?CID=1576> (accessed on January 9, 2008).

<sup>49</sup> Rachel Ehrenfeld, *Funding Evil* (Chicago: Bonus Books, 2005), 138. Also referenced in multiple other citations including 43 above.



in the United States in which operatives were either attempting to purchase thermal imaging gear or shipping weapons and ammunition to Lebanon.<sup>50</sup>

Success against Hezbollah's crime network will take significant interagency efforts and the ability of multiple organizations to share information and work together. Continuous legislative pressure will be needed to push law enforcement, intelligence and other government agencies to work together against a common enemy. Without such efforts our ability to successfully prosecute the cell members and dismantle the networks will be seriously degraded.

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<sup>50</sup> Matthew Levitt, "Banning Hizbullah Activity in Canada," January 6, 2003, <http://www.washingtoninstitute.org/templateC05.php?CID=1576> (accessed on January 9, 2008).

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### **III. LOOKING AT SOLUTIONS**

#### **A. USING GAME THEORY TO LOOK AT WINNING STRATEGIES AGAINST HEZBOLLAH**

A socially embedded terrorist group such as Hezbollah has multiple options to attain its given goals and objectives. They have the option to use terrorist acts to incite fear and coerce populations and governments while they also have the ability to use social programs, aid and other legitimate nation building activities to gain support. By fully exploring Hezbollah's stated goals and options to achieve those goals, it may be possible to adapt our strategy to defeat them.

Game Theory is an interesting tool that highlights the strategic options of both Hezbollah and the United States. It aids in the evaluation of strategic moves by the players to ensure the highest payoff for each party and can also evaluate the usefulness of threats or promises in gaining the best outcome for either party.

To set up a game matrix and analyze possible moves, several assumptions are needed to begin. The first step is determining what specific moves the players have at their disposal. Then a payoff matrix is built to determine how beneficial an outcome would be to the players. Once the moves and payoffs are determined, the game begins with each player making a move and counter move to achieve the highest payoff. The game will end with a specific payoff to each player. It is then possible to look at the results and determine if different moves, threats or a promise would increase a player's payoff. In some cases, a losing player may be able to alter his strategy and lower the payoff of the winner by so much, that the winner is forced to negotiate a revised strategy that will greatly benefit the loser. During these negotiations, a technique known as Nash Arbitration assists both sides in determining the fairest possible outcome for a given negotiation start point.

## **1. Strategic Moves**

In this specific game, the two strategic moves available to the United States are also the major techniques used to defeat terrorist organizations: direct and indirect action. Direct action implies targeted killings, bombings, raids and other uses of force up to full-scale war. Indirect action implies political alliances, building bonds with the people, subverting ideologies, eliminating ungoverned areas, increasing the legitimacy of the local government over Hezbollah and so on. The two strategic moves available to Hezbollah are the two major tools they use to gain power and influence in the area: terrorist acts and legitimate nation building. Hezbollah uses terrorist acts to strike against its enemies; induce fear and panic amongst civilian populations; coerce nations to alter their policies and to provoke heavy handed responses from enemy nations. Hezbollah uses legitimate nation building techniques to support the people it claims to represent; to give itself legitimacy in world opinion; to actively replace the local government and to raise support from the local population for its activities.

## **2. Assumptions**

Several assumptions must be made to support the strategic moves and payoffs for each player:

- a. Allies include the United States and Israel.
- b. Allied tolerance for collateral damage is low.
- c. Direct Action is more measurable and faster to show progress to civilian constituents if they demand action.
- d. Indirect Action is less measurable and slower to show progress to civilian constituents if they demand action.
- e. Public pressure for the Allies to defeat Hezbollah is higher following a terrorist attack and lower in times of peace.
- f. Hezbollah's goal of regional dominance is more important than anything else<sup>51</sup>.

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<sup>51</sup> In accordance with Hezbollah's stated goal of instituting an Islamic government in Lebanon and expelling all outside influence and those that cooperate with them.

- g. Perfect information is available in which the players clearly understand the payoffs of the other player.
- h. Rational actors are playing the game.
- i. All option values, 1-4, are scaled to indicate that 4 is the best, while also being twice as good as 2 and four times as good as 1.

### 3. The Game

This game theory model is set up to analyze the following question: Is the direct or indirect approach more effective in the quest to defeat the Hezbollah Network?

#### a. *Allied Options*

Table 2 below lists the specific options and their values.

<b>Allied Options</b>
<b>4 Best Option: Hezbollah stops terrorist acts and no direct action is necessary (Indirect action works to destabilize the Hezbollah’s legitimacy with no collateral damage)</b>
<b>3 Next Best Option: Hezbollah stops terrorist acts as a result of direct action (Direct action destroys Hezbollah’s ability to conduct terrorist acts but some collateral damage is committed)</b>
<b>2 Next Option: Hezbollah continues terrorist acts after direct action is used (Allied public acknowledges that the government is doing something, but it causes collateral damage and Hezbollah maintains its ability to conduct terrorist acts)</b>
<b>1 Worst Option: Hezbollah continues terrorist acts while Allies use an indirect approach (Allies appear to do nothing about the problem because Indirect action takes time to work, while Hezbollah continues to conduct terrorist attacks)</b>

Table 2. Values of Specific Options for Allies

*b. Hezbollah options*

To measure the options available to Hezbollah, a scale of 1-4 is used to measure the relative value of the option. In this scale, 4 is the highest and 1 is the lowest. Table 3 below lists the specific options and their values.

<b>Hezbollah Options</b>
<b>4 Best Option: Hezbollah uses legitimate action while allies use direct military action</b> (Hezbollah's legitimacy increases and they gain world and local support against allied aggression)
<b>3 Next Best Option: Hezbollah uses terrorist acts, which provoke allied direct action</b> (Hezbollah creates fear among opponents and seem powerful while appearing in a legitimate struggle against allied direct action)
<b>2 Next Option: Hezbollah uses legitimate action to gain support while allies use indirect approaches to undermine it</b> (Hezbollah loses its ability to strike fear in its opponents and must use its resources against the allied resources to win over popular support)
<b>1 Worst Option: Hezbollah continues terrorist acts while allies use an indirect approach</b> (Hezbollah loses its legitimacy and support against the non aggressive allies, while the allies undermine Hezbollah's support with indirect methods)

Table 3. Values of Specific Options for Hezbollah

*c. Allies vs. Hezbollah*

Based on the assumptions and values listed in the previous sections a game develops with the matrix shown in Figure 6.

		Hezbollah		
		Terrorist Action		Legitimate Action
Allies	Direct Action	2,3	→	3,4
	Indirect Action	1,1	→	4,2




Figure 6. Game Matrix of Allies vs. Hezbollah

Figure 6 shows each player with their respective moves and corresponding payoffs from that move. The allied payoff is the first of the two numbers in a given cell and Hezbollah's payoff is the second. The arrows correspond to the direction each player would like to move to attain a higher payoff.

As a result of this initial game, a Nash equilibrium<sup>52</sup> is identified where the allies use indirect action and Hezbollah uses legitimate action. This choice results in a payoff of (4,2) and can be seen in the Payoff Matrix in Figure 7 below.

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<sup>52</sup> A Nash equilibrium is the point at which neither player can improve unilaterally given the other players strategy.

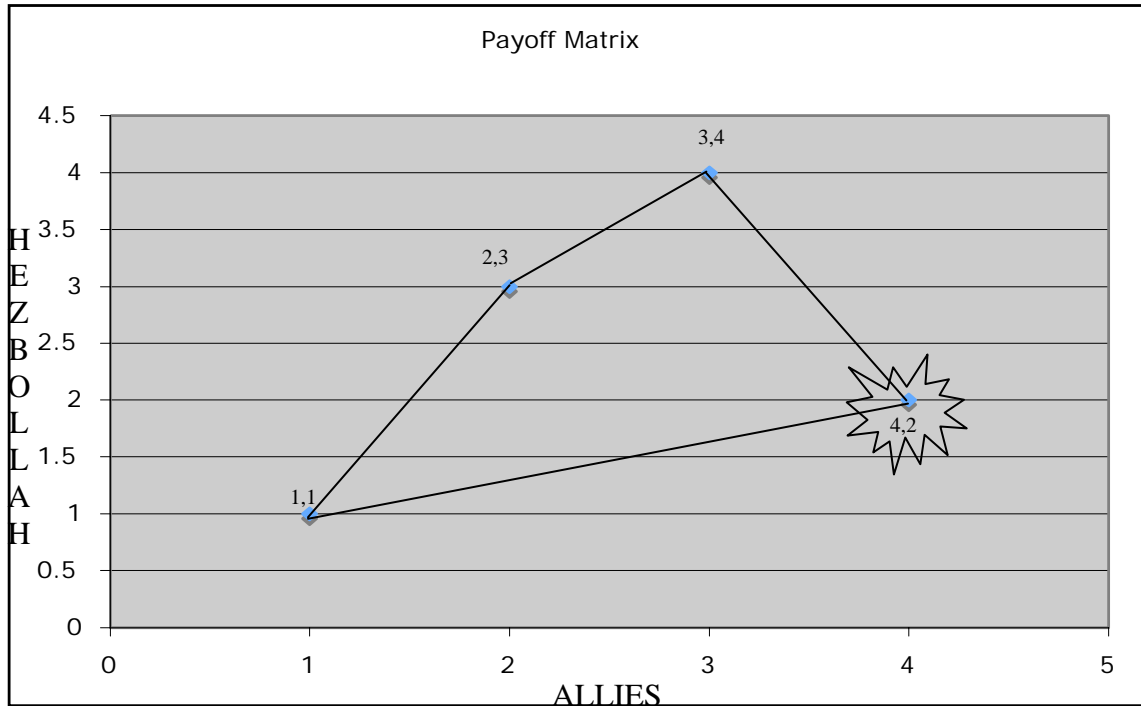


Figure 7. Payoff Matrix

Since a Nash equilibrium exists at (4,2), that point is both the likely outcome of the game and neither player can improve unilaterally from its strategy associated with that outcome. The outcome of this game is certainly not to the advantage of Hezbollah and it appears that the Allies will gain their best outcome by using the indirect approach. It appears as though Hezbollah may improve their outcome if they can incite the allies to use direct action against them and move up the line toward (3,4). The next step of the game is to explore the options available to see if Hezbollah can improve their outcome.

*d. First Moves*

Does moving first change the outcome of the game and can either player improve their chances by moving first? By reviewing the values from Figure 6 we can



derive the following assessment of first moves shown below in Figure 8. Each possible first move is analyzed with the corresponding opponent move and the given payoff for each possibility.

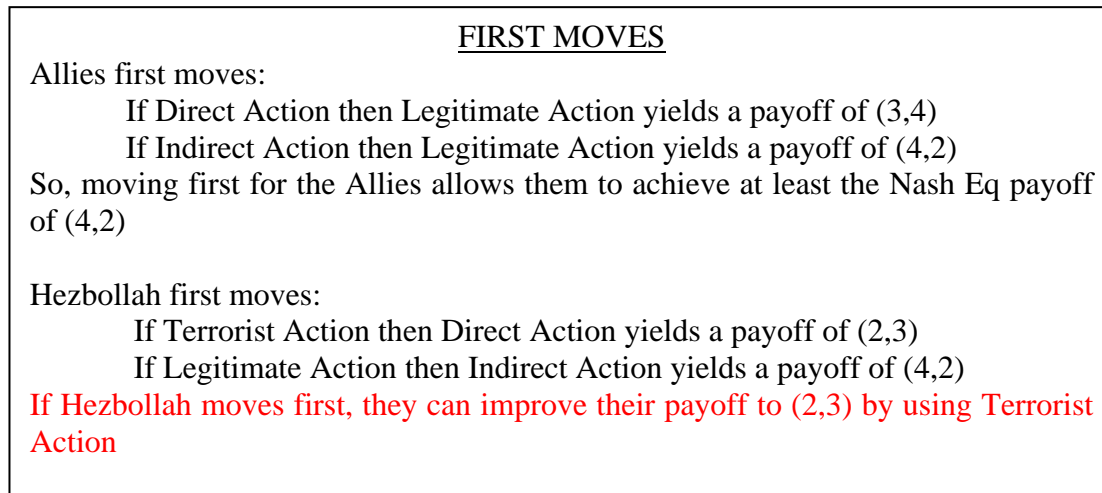


Figure 8. Assessment of First Moves

In this case, the Allies definitely want to move first to ensure their maximum payoff, because if Hezbollah is allowed to move first it will choose to conduct a terrorist action and improve its payoff.

*e. Threats*

The next strategic move available to Hezbollah is the Threat. Can Hezbollah improve its payoff by threatening a specific action? By looking at our original payoff values again, we analyze Hezbollah's threat option in Figure 9 below to see if they can change the outcome of the game by using this strategic move.

**Threats**

Allies already achieve their maximum outcome, so there is no need to threaten

Hezbollah always attains a higher payoff if the Allies conduct Direct Action, so they will use a threat to remove the possibility that Indirect action and legitimate action will occur:

If the Allies choose Indirect Action then Hezbollah threatens to use Terrorist Action which yields a payoff of (1,1)

Normally Allied Indirect Action leads to Hezbollah Legitimate Action and a payoff of (4,2)

Since threatening to conduct Terrorist Action if the allies use Indirect action hurts both players it is a viable threat and removes the (4,2) payoff as a possibility.

Does the threat work alone? To find this out, we must eliminate the outcome (4,2) and reanalyze the game.

		<b>Hezbollah</b>	
		<b>Terrorist Action</b>	<b>Legitimate Action</b>
<b>Allies</b>	<b>Direct Action</b>	<b>2,3</b>	<b>3,4</b>
	<b>Indirect Action</b>	<b>1,1</b>	<b>--</b>

The Allies will be forced to conduct Direct action to improve their payoff as a result of the threat, so **Hezbollah has a threat and it works alone.**

Figure 9. Hezbollah’s Threat Option

*f. Promises*

The final strategic move available to Hezbollah is the promise. Is it possible to offer the allies a promise that will improve its outcome? For a legitimate promise to exist, the promise must hurt Hezbollah and help the Allies.

### Promises

Allies already achieve their maximum outcome so there is no need to promise

Hezbollah wants Allied Direct Action to improve its payoff:

If Allies choose Direct Action then Hezbollah chooses Terrorist Action which yields a payoff of (2,3)

Normally Allied Direct Action leads Hezbollah to choose Legitimate Action which yields a payoff of (3,4)

This Promise hurts both Hezbollah and the Allies, so **it is not a promise**. This option also does not make sense from a real world perspective. Would a rational actor make a promise to induce the other player to conduct Direct Action against yourself?

Figure 10. Promises

#### *g. Summary of Strategic Moves*

After looking at the game, the Allies already achieve their highest outcome with no further action needed. Hezbollah, on the other hand, would like to improve their position. As a result of strategic moves, Hezbollah can improve their payoff by moving first and also by communicating a threat. In each case Hezbollah increases their payoff from 2 to 3 and 4 respectively. Hezbollah should use the threat option to secure its maximum outcome.

Now that Hezbollah understands that it can improve its position, it has some pretty significant leverage to negotiate with the allies and asks the United Nations to act as an arbiter between it and the Allies. Using Nash Arbitration it will be possible to renegotiate the game.

*h. Security Positions*

To determine the security positions<sup>53</sup> of each player, we must look at each player separately and maximize the outcome of that player while the opponent will attempt to minimize the other player's outcome. The result is the security position for that player.


<b>Allies</b>	<b>Hezbollah</b>			
		<b>Terrorist Action</b>		<b>Legitimate Action</b>
	<b>Direct Action</b>	2 	←	3
	<b>Indirect Action</b>	1	←	4

Figure 11. Security Position for Allies

Figure 11 above indicates that the security position for the allies is 2. Now we must look at the security position for Hezbollah.


<b>Allies</b>	<b>Hezbollah</b>			
		<b>Terrorist Action</b>		<b>Legitimate Action</b>
	<b>Direct Action</b>	3	→	4
	<b>Indirect Action</b>	1	→	2 

Figure 12. Security Position for Hezbollah

<sup>53</sup> The position from which each player feels comfortable beginning the negotiations. Any payoff less than the security position is unacceptable to that player.

Figure 12 above indicates that 2 is the security position for Hezbollah. As a result of these two zero sum games, we have determined a new point called the status quo point to determine where we will be at if negotiations fail. In this case, the status quo point has a payoff of (2,2).

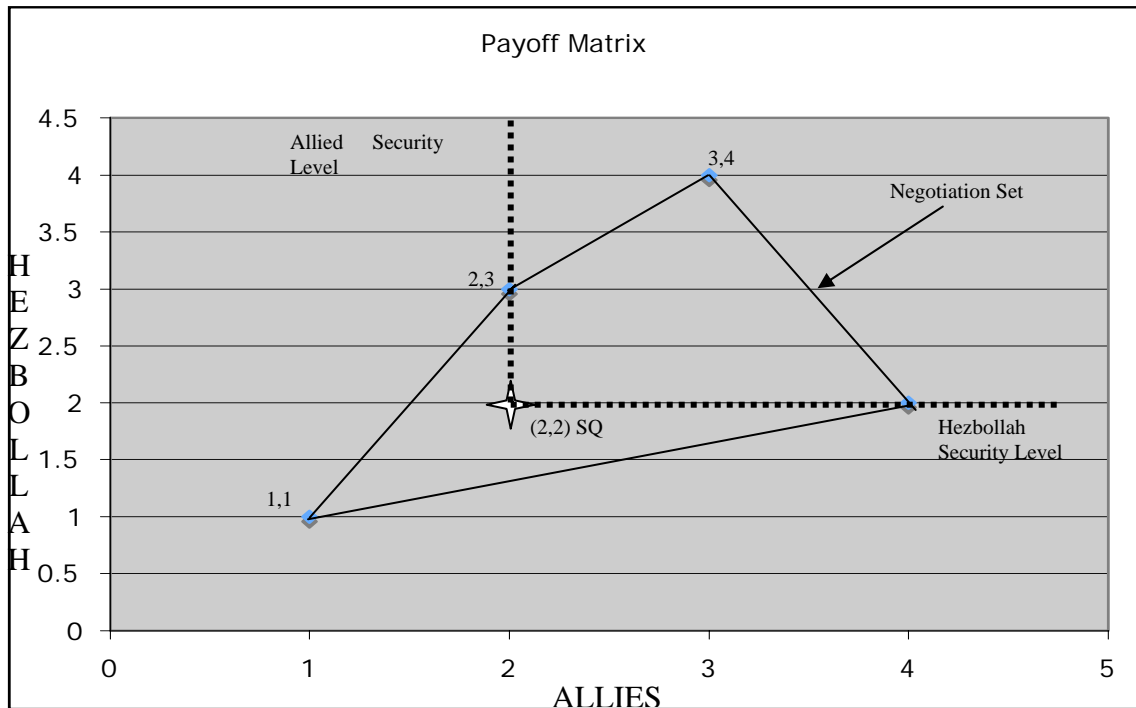


Figure 13. Payoff Matrix

The line intersecting (3,4) and (4,3) is the pareto optimal line<sup>54</sup> from which the negotiation set is derived. The Nash Arbitration point will come from this set. As a result of Hezbollah's credible threat to conduct Terrorist actions, the Allies will be forced into arbitration and the resulting Nash arbitration yields a point of (3,4).

<sup>54</sup> The pareto optimal line is a line that takes all slack out of the solution, so that no one player can improve without the other player being worse off.

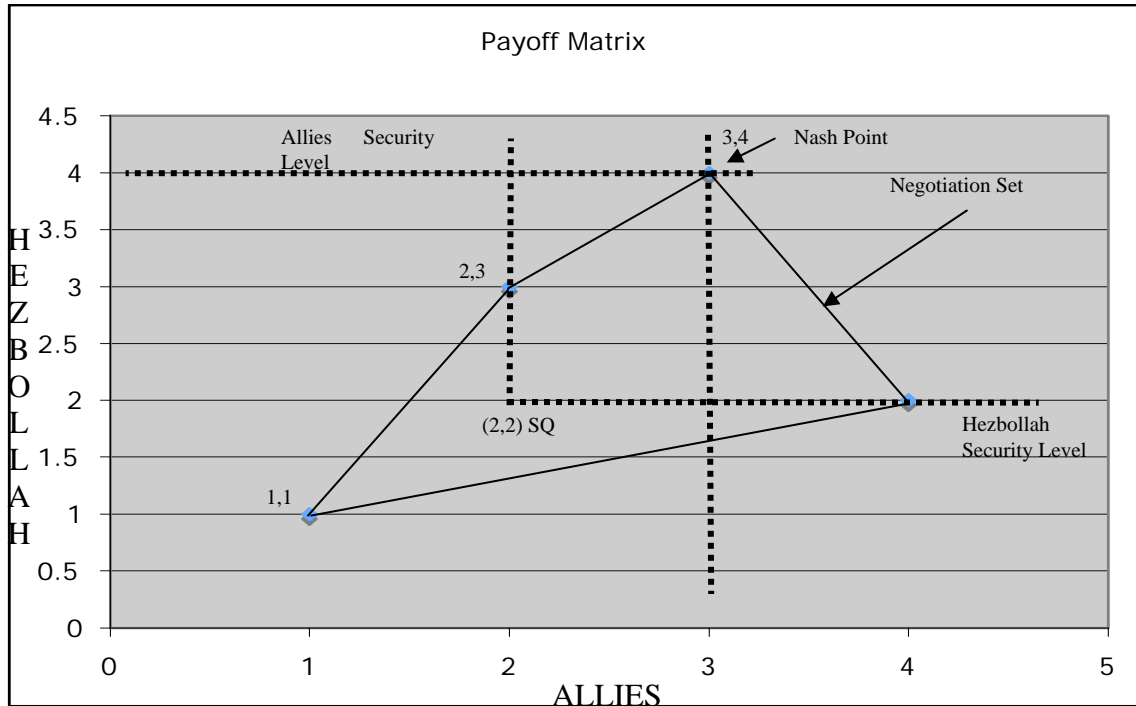


Figure 14. Payoff Matrix

In this particular game, Hezbollah may also start the negotiations from the threat point of (1,1) because of their credible threat to use terrorist acts. However, the result of Nash arbitration from the threat point of (1,1) still ends in the same solution as starting at the status quo point, so it will not be covered for the sake of brevity.

#### 4. Summary

The debate over direct and indirect methods of engagement against terrorist organizations is divisive as both techniques have many pros and cons. As a result of this game and its stated list of assumptions, it appears that Hezbollah will not allow the Allies to use a completely indirect strategy because Hezbollah understands that an indirect strategy will slowly degrade their power and influence in the area. Since Hezbollah understands this important issue, they will either use or threaten to use, terrorist actions to push the Allies into using direct action. Unfortunately, this result indicates the highest payoff for Hezbollah. It also appears that the use of direct action against Hezbollah

always helps them achieve a higher payoff. This is interesting when you compare the game result to real world increase in popularity of Nasrallah and Hezbollah following Israel's full-scale war against Hezbollah in 2006.<sup>55</sup>

Even though this game is a fairly simplistic mathematical look at a complex problem, the game identifies the difficulty presented when trying to defeat this type of network. If Hezbollah knows they will be beaten with the indirect and most effective strategy, they have the tools necessary to incite direct action and in turn gather more support for itself. Dealing with this type of socially imbedded terrorist organization is a very difficult problem that may never be solved, but simply dealt with at the lowest cost. Looking at how this game turned out, it appears that a solution to minimize the threat of Hezbollah lies somewhere in between using direct action and indirect methods and a look at both options is warranted.

## **B. A LOOK AT TARGETED KILLINGS AND ITS EFFECTIVENESS AS A SOLUTION**

Military and political leaders continue to debate the best strategy to defeat Hezbollah. The main options appear to be whether direct military action and targeted killing is better than an indirect strategy of diplomatic pressure and strengthening the local government. Spreading democracy and eliminating zones of competing governance in Lebanon are the ideas of the day, while targeted killing is much more controversial. To accomplish a targeted killing, "a nation's intelligence, security, or military forces identify the individual in question and carry out an operation intended to kill him or her."<sup>56</sup> A

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<sup>55</sup> Dan Murphy, "In war's dust, a new Arab 'lion' emerges Hizbullah's Nasrallah is hailed as a regional hero," *The Christian Science Monitor*, August 29, 2006, <http://www.csmonitor.com/2006/0829/p01s02-wome.html> (accessed January 9, 2008).

<sup>56</sup> Eben Kaplan, "Targeted Killings," *New York Times*, January 25, 2006, [http://www.nytimes.com/cfr/international/slot3\\_012506.html?\\_r=1&oref=slogin](http://www.nytimes.com/cfr/international/slot3_012506.html?_r=1&oref=slogin) (accessed December 11, 2007).

senior Israeli officer was recently interviewed on the best technique for dealing with the current leader of Hezbollah, Sheikh Hassan Nasrallah, he said, "there's only one solution for him... This man must die."<sup>57</sup>

The solution implied by the Israeli officer provides a nation with a measurable sense of progress against the terrorist organization. The targeted killing may also eliminate an inspirational and operational leader from the organization. This leadership gap, it is hoped, may also lead to an overall decline in the terrorist organization as it did after the arrest or killing of the leaders of Aum Shinrikyo, Sendero Luminoso, and Action Directe. At a minimum, it is hoped that the targeted killing will significantly disrupt a terrorist organization such as it did to Palestinian Islamic Jihad, which was hobbled<sup>58</sup> after its leader, Fathi Shqaqi, was assassinated in Malta in 1995. There are many pros and cons to targeted killing, but it can be a very effective tool to eliminate individuals that are viewed as a threat to our national security and should be considered as an option in the overall strategy to defeat Hezbollah. However, targeted killing has serious ramifications if it is used inappropriately. Therefore, it is important to understand the background, legal issues, and overall utility of the technique before rushing to use it.

## **1. Background and Legal Issues**

The United Nations Charter states, "nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations."<sup>59</sup> This statement is an important consensus of world opinion that sets up the legal differentiation between assassination and targeted killing. An enemy combatant, whether part of an organized military or a civilian who undertakes military activities, is a legitimate target at all times and may be lawfully killed, even if by surprise. Because of this legal loophole, targeted killing sprung to life as a strategic

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<sup>57</sup> Steven Erlanger, "Israel is committed to blocking arms and killing Nasrallah" *International Herald Tribune*, August 20, 2006, <http://www.ihf.com/articles/2006/08/20/africa/web.0820israel.php> (accessed December 11, 2007).

<sup>58</sup> After the killing, the group took approximately six years before it started serious suicide bombings again.

<sup>59</sup> United Nations Charter: Article 51.



option. Since the late 1990s, the Clinton administration's "executive branch lawyers have held that the president's inherent authority to use lethal force -- under Article 2, Section 2 of the Constitution -- permits an order to kill an individual enemy of the United States in self-defense."<sup>60</sup> The Bush administration has continued the trend and "has concluded that executive orders banning assassination do not prevent the president from lawfully singling out a terrorist for death by covert action."<sup>61</sup> As the United States moved to a state of war, the legal justification has been met to conduct targeted killings. This justification led some lawmakers, including Rep. Robert L. Barr Jr. (R-Ga), to began legislation to remove the ban on assassination because they felt that the prohibition of assassination "limited the swift, sure and precise action needed by the United States to protect our national security."<sup>62</sup> Over a 30 year period, the consensus of the nation, its lawmakers and its presidents transitioned from condemnation of assassination, to arguing legal definitions, to finally moving to lift the ban altogether.

The significant interest in lifting the ban on assassination has increased as a means to enforce the rule of law when all conventional means fail. Targeted killing can be an effective solution if apprehension is impossible or a legal system does not support prosecution. For example, once a target has been identified, Israel will attempt to arrest or detain the individual, but if those targeted cannot or "will not be apprehended by the Palestinian Authority, Lebanese government or the Israeli armed forces, the policy (of targeted killing) is the only way to mete out justice to perpetrators of violence."<sup>63</sup> Israel then applies a set of rules to determine whether targeted killing is legal: "that arrest is impossible; that targets are combatants; that senior cabinet members approve each attack; that civilian casualties are minimized; that operations are limited to areas not under

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<sup>60</sup> Barton Gellman, "CIA Weighs 'Targeted Killing' Missions," *The Washington Post*, October 28, 2001, <http://www.washingtonpost.com/ac2/wp-dyn/A63203-2001Oct27?language=printer> (accessed December 11, 2007).

<sup>61</sup> Ibid.

<sup>62</sup> Catherine Lotrionte, "Then to Target Leaders," *The Washington Quarterly*, summer, 2006, 75.

<sup>63</sup> Steven R. David, "Israel's Policy of Targeted Killing," *Ethics & International Affairs*, Issue 17, 2003, 111.

Israeli control; and that targets are identified as a future threat. Unlike prison sentences, targeted killing cannot be meted out as punishment for past behavior.”<sup>64</sup>

## 2. Successful Examples

Most arguments for or against targeted killings refer to Israeli examples and try to determine whether they were effective or not. The Israelis have used targeted killing for years with success and failure. In many cases of both success and failure, the targets were Hezbollah’s leaders.<sup>65</sup> In one three year study, Israel conducted 75 targeted killings and was able to kill the targeted individuals in 65 of those attacks for an 86% success rate.<sup>66</sup> This success rate has huge effects on the terrorist organizations and their ability to replace leaders, equipment, and money, plus it also affects terrorist morale. In one stretch of targeted killings, Israel was able to kill several Hamas leaders in succession. It was so successful, that Hamas declined to announce who their next leader would be.

Another successful example is the targeted killing of Abu Musab Zarqawi (AMZ). His death eliminated a huge symbol of the Al Qaeda in Iraq (AQIZ) network and destroyed the largest propaganda weapon their network had. While AQIZ still exists and is still a threat to the security in Iraq, its worldwide message of defiance to the West was seriously degraded with the killing of AMZ. Messages, videos and calls for Jihad have all but stopped since AMZ’s death. There was a short spurt of activity from AQIZ immediately after AMZ’s death, but it appeared to be a reaction to convince the world that it was still in operation. In reality, it appears that they executed all the operations that had been planned previous to AMZ’s death and a large lull in activity followed during the vacuum of leadership. This same phenomenon occurred in Israel as well. It appears the attacks will increase in frequency after a targeted killing of a leader, but the lethality and effectiveness goes down. According to Daniel Byman, “the lethality rate (in terrorist

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<sup>64</sup> Laura Blumenfeld, “In Israel, a Divisive Struggle Over Targeted Killing,” *The Washington Post*, August 27, 2006, [http://www.washingtonpost.com/wp-dyn/content/article/2006/08/26/AR2006082600917\\_3.html?sid=ST2007112401542](http://www.washingtonpost.com/wp-dyn/content/article/2006/08/26/AR2006082600917_3.html?sid=ST2007112401542) (accessed December 11, 2007).

<sup>65</sup> The failures will be covered in the next subchapter

<sup>66</sup> Edward H. Kaplan, Alex Mintz and Shaul Misal, “What happened to Suicide Bombings in Israel?” *Studies in Conflict and Terrorism*, Issue 28, 2005, 227.

suicide bombings) rose from 3.9 deaths per attack in 2001 to 5.4 in 2002, its highest point. Then, in 2003 the rate began to fall, dropping to 0.98 deaths per attack that year, 0.33 in 2004, and 0.11 in 2005.”<sup>67</sup> While many variables may have contributed to these results, this trend follows the increase in attacks after other targeted killings and is one measure of how the lack of leadership lowers the effectiveness of a terrorist attack.

Targeted killings degrade the supply of a scarce resource, good terrorist leadership. In some very centralized networks the death or capture of its leader can destroy the whole network as seen in 1992 with the capture of Abimael Guzman and the fall of the terrorist organization Sendero Luminoso. It affects the morale of terrorists, disrupts the planning and execution of future attacks and deters quality people from leading terrorist organization. The killings also provide a sense of justice to a nation that may have no other recourse for implementing the rule of law.

### **3. Failures and Subsequent Issues**

While there are clearly many positive aspects of targeted killings there are also many problems. Killing terrorists and the leaders of Hezbollah may deter some people from participating and be an effective way to enforce the rule of law, but it does little to address the root issues or causes behind terrorism or why Hezbollah exists in the first place.

While many would argue that the threat of death or a targeted killing may deter people from participation in a terrorist group such as Hezbollah, a more useful solution may be to understand how to provide Hezbollah’s members with opportunity and some form of common social background not rooted in extremism. Many experts would suggest that targeted killing actually creates more terrorists than it gets rid of. In the Israeli example, opponents of targeted killing argue “that it generates worldwide condemnation, disrupts diplomatic negotiations, fuels Palestinian anger, and, what may be most important, increases the number of terrorists.”<sup>68</sup> In Hezbollah’s case, Nasrallah has reached global popularity and following. Nasrallah is viewed by many to be "the first

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<sup>67</sup> Daniel Byman, “Do Targeted Killings Work?” *Foreign Affairs* (Mar/Apr, 2006): 4.

<sup>68</sup> *Ibid.*, 1.

leader to really defeat Israel. He does not live in palaces or drive a Mercedes. He lives with the fighters and the people...Nasrallah is the only true Arab leader today."<sup>69</sup> While a targeted killing operation against Nasrallah would eliminate a huge symbol of Hezbollah, it may also create a martyr and generate more support and more followers of Hezbollah's extreme ideology.

Several studies have tried to capture this "martyr effect." In a mathematical analysis of data collected over a three-year period, several authors attempted to correlate targeted killings and the recruitment of new terrorists. The study indicated that recruitment of future terrorists increased after the killing of a terrorist, but also showed that the number and effectiveness of future attacks went down<sup>70</sup>. According to this study, the net effect of targeted killing would tend to create more, but less skilled terrorists. So, while it may appear that targeted killing lowers the skill level and expertise of a terrorist group; it actually grows the size of the group and with time, the expertise will return. So what is it about groups such as Hezbollah that lead people to join them?

The terrorist groups clearly offer something to individuals that can never be solved by a targeted killing. In cases such as Hezbollah, they offer the people a champion against a formidable enemy, Israel, which they cannot defeat on their own. Hezbollah also offers social services, jobs, welfare and prestige which are not offered by the local government and the local population will not simply stop supporting Hezbollah because its leader is killed.

Authors such as Mark Juergensmeyer suggest that terrorist groups effectively preach a very powerful message known as Cosmic War, which also inspires people to join a group and to follow it to extreme lengths. Juergensmeyer introduces this type of message as cosmic because "they are larger than life"<sup>71</sup>. He notes the relationship to

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<sup>69</sup> Dan Murphy "In war's dust, a new Arab 'lion' emerges Hizbullah's Nasrallah is hailed as a regional hero," *The Christian Science Monitor*, August 29, 2006, <http://www.csmonitor.com/2006/0829/p01s02-wome.html> (accessed December 11, 2007).

<sup>70</sup> Edward H. Kaplan, Alex Mintz, and Shaul Misal, "What happened to Suicide Bombings in Israel?" *Studies in Conflict and Terrorism*, Issue 28, 2005, 225.

<sup>71</sup> Mark Juergensmeyer, *Terror in the Mind of God* (Berkeley: University of California Press, 2001), 146.

metaphysical conflicts between good and evil. Hezbollah often uses the power of Cosmic War as it defines the battle with Israel. Nasrallah has stated, "I am against any reconciliation with Israel. I do not even recognize the presence of a state that is called 'Israel.' I consider its presence both unjust and unlawful. That is why if Lebanon concludes a peace agreement with Israel and brings that accord to the Parliament our deputies will reject it; Hezbollah refuses any conciliation with Israel in principle."<sup>72</sup> Nasrallah uses the idea of cosmic struggle against Israel to prevent any thought of compromise and help foster support for violent action. Hezbollah also invokes a feeling of divine entitlement behind violence against Israel by linking it to Cosmic War through statements such as "the Islamic resistance will hit Tel Aviv and is able to do that with God's help."<sup>73</sup> Epic images from ancient religious texts show God engaged in battle and believers of Cosmic War tie their cause and methods to these grand scenarios of divine warfare<sup>74</sup>. Terrorist groups, such as Hezbollah, using this message, preach violence justified by divine entitlement, divine inspiration, scriptural precedent and the idea that there is no room for compromise because of God's will. Since there is no room for compromise and followers believe in an all out battle between good and evil, a targeted killing will have little effect in deterring a group that believes in the Cosmic War mantra. As an example, Israel conducted a targeted killing on the previous leader of Hezbollah, Abbas al-Musawi, in 1992 and it appeared to have little effect on deterring the organizational focus or the future and current leader, Hassan Nasrallah. A more appropriate solution may be the refocusing of the theology of the group with the help of religious leaders, the state and international system.

The military is almost counterproductive to solving terrorism and particularly counterproductive when using targeted killings. Many terrorist organizations are formed to fight an oppressive local government or, as in Hezbollah's case, a far government that is seen as an occupier or exploiter. Globalization has moved U.S. interests to every part

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<sup>72</sup> Hassan Nasrallah, interview, "Q&A: Said Hassan Nasrallah; What Hezbollah Will Do" *Washington Post*, February 20, 2000, B05.

<sup>73</sup> CNN, "Hezbollah threatens to attack Tel Aviv as payback for airstrikes," August 3, 2006, <http://www.cnn.com/2006/WORLD/meast/08/03/mideast.main/index.html> (accessed December 11, 2007).

<sup>74</sup> *Ibid.*, 146.

of the globe and to protect those interests, its military is there as well. The U.S. and its allies are seen as exploiters of the world's natural resources and cheap labor and make an easy target for a group trying to gain legitimacy and membership. Hezbollah has made a point to attack foreign occupiers of Lebanon regardless of their intentions and has been successful in gaining both legitimacy and increased membership while doing so. Another significant issue against targeted killing, is the significant need for actionable intelligence. As Philip Heymann points out, there are significant consequences of gaining that intelligence. Detention without prosecution, torture and other tactics are often used by the U.S. and Israel to gather intelligence<sup>75</sup>. These tactics are often viewed as crucial to develop actionable intelligence, but the consequence can spawn whole generations of new terrorists similar to Ayman al-Zawahiri and other products of Egyptian torture techniques. There are many debates on how good this type of intelligence is in the first place and inaccurate intelligence for a targeted killing can have seriously negative consequences.

One of the most important elements of a targeted killing is the accuracy of intelligence and collateral damage. An erroneous attack can seriously effect world opinion, damage a nation's credibility and prestige and kill innocent people. For example, during a targeted attack launched by a CIA-operated aircraft against targets in a northern Pakistani village, flawed intelligence created an international incident. In this case, "U.S. officials say intelligence suggested al-Qaeda's deputy, Ayman al-Zawahiri, was meeting with a group of extremist associates. Pakistani officials say Zawahiri was not in the village and eighteen civilians were killed, setting off angry demonstrations across Pakistan against the United States."<sup>76</sup> Targeted killing is serious business and the decision to strike should only be taken when the intelligence overlaps in multiple ways and every effort is made to reduce collateral damage. Even when great efforts are made to eliminate or prevent collateral damage, it is still a built-in cost of this technique. During

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<sup>75</sup> Philip B. Heymann, *Terrorism Freedom and Security: Winning without War*, (Cambridge: The MIT Press, 2003), 61-84.

<sup>76</sup> Kaplan, Eben, "Targeted Killings," *New York Times*, January 25, 2006, [http://www.nytimes.com/cfr/international/slot3\\_012506.html?\\_r=1&oref=slogin](http://www.nytimes.com/cfr/international/slot3_012506.html?_r=1&oref=slogin) (accessed December 11, 2007).

the targeting of a senior Hamas leader, Israel went out of their way to attempt to have him arrested by both the Palestinian Authority and the Israeli Defense Forces before deciding to kill him. Once the decision to target him for killing was complete, eight missions were called off because of collateral damage issues. When Israel finally felt comfortable with the collateral damage assessment, they moved to kill him. “When the massive bomb demolished the target, it also damaged several of these other buildings. Shehada was killed -- but so were at least 14 civilians, including his daughter and eight other children.”<sup>77</sup> As you can see, even the best intentions and efforts to control collateral damage can still lead to disaster when using this technique. If a nation does not have firm resolve, amazing real time intelligence, and the ability to withstand international scorn and protest, this is not the technique to use.

#### **4. Recommendations/Conclusion**

Targeted killing is an effective tool to eliminate leadership in terrorist organizations, disrupt the planning and timing of future attacks and to deter future individuals from leading those organizations. It is however, a blunt instrument that tends to kill innocent people in the process and incite outrage from the public if the targeting is flawed or sloppy. In light of these issues and consequences, targeted killing has a place as part of our national defense strategy. However, targeted killing appears to be only marginally effective and certainly insufficient when used by itself against a socially embedded terrorist group such as Hezbollah. Any solution against Hezbollah requires addressing the root causes of the organization not just killing or capturing its members. Otherwise the cycle of terrorism will continue and each targeted leader will be replaced by another with no end in sight.

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<sup>77</sup> Byman, “Do Targeted Killings Work?” 1.

### C. A LOOK AT INDIRECT STRATEGIES AND THEIR EFFECTIVENESS AS A SOLUTION

The United States and Israel have been trying to defeat Hezbollah for over 25 years, so finding an appropriate strategy is clearly difficult. Based on multiple historic examples, a socially embedded terrorist organization such as Hezbollah does not appear to be as vulnerable to destruction from conventional military attack as Al-Qaeda would be<sup>78</sup>. Even if its capabilities are destroyed by military means, Hezbollah will simply rebuild, retrain and regrow.<sup>79</sup> Therefore, a successful solution to the Hezbollah problem must be tied to addressing the root causes of terrorism and displacing any perceived benefit the group provides to the local population.

To defeat Hezbollah, a complex strategy of both direct and indirect means is in order. The United States should disrupt Hezbollah's support networks by: targeting state sponsors such as Iran and Syria, monitoring international charities, supporting South American efforts to disrupt terrorist financing, and cut flows of support from Europe. The United States should reduce Hezbollah's support from the local population by: giving intensive financial and material support to the legitimate Lebanese government; using the United Nations and other locally excepted organizations to provide social services, job training, education and infrastructure support; and effectively displacing every benefit that Hezbollah provides to the people. The United States should disrupt Hezbollah's ability to conduct global operations by: exacerbating internal Lebanese sectarian conflict, working to establish a global coalition against Hezbollah as a designated terrorist organization, using an information campaign to portray Hezbollah as an international terror proxy for Iran, and by selectively and covertly killing or capturing Hezbollah's military leaders.

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<sup>78</sup> Thom Shanker, "A Week of Reckoning A New Enemy Gains on the U.S.," *New York Times*, July 30, 2006, <http://www.nytimes.com/2006/07/30/weekinreview/30shanker.html?pagewanted=print> (accessed January 10, 2008).

<sup>79</sup>Betsy Hiel "Israelis question worth of the war," *Pittsburg-tribune Review*, August 20, 2006, [http://www.pittsburghlive.com/x/pittsburghtrib/news/multimedia/s\\_466883.html](http://www.pittsburghlive.com/x/pittsburghtrib/news/multimedia/s_466883.html) (accessed January 10, 2008).



The first issue, state sponsorship of Hezbollah, is a very difficult challenge to our policy makers. Understanding our adversary and what they want is a key to success. Once we understand those desires, altering Iran's behavior with incentives and sanctions will be much easier. A common error made during modern diplomacy is twofold: not understanding our enemies and imposing Western ideals and thinking on problems. Correspondingly, Iran has two key issues that we may take advantage of: an energy problem and an internal political/religious struggle. By understanding these internal Iranian issues, we can derive our solution to altering the behavior of Iran's leaders.

Iran's oil fields are shutting down. Oil exports account for half of Iran's total revenue<sup>80</sup>. Some experts believe Iran may not have any oil left over for export in as soon as ten years. Iran has several choices by which to solve this problem. The Iranian government tried to curtail its demand for fuel and began a gasoline rationing program, but the program ended in failure<sup>81</sup>. Since Iran currently imports 40% of their gasoline from the European company Vitol, we could pressure the company to halt its dealings with Iran or simply buy out the company's stake in the deal. While this would have significant effects on Iran, it would only cost the U.S. about \$5 billion dollars a year<sup>82</sup>. Since Iran has failed to curtail its demand for power, it needs new sources. Iran wants to use nuclear power as a new source of power and the United States finds the associated risks of that solution unacceptable. A simultaneous combination of deterrence, sanctions, and incentives should allow the United States to influence their decisions. The sanctions must affect all aspects of banking, trade and resourcing related to funding international terror. We have a unique ability through the Treasury Department to clear all dollar transactions across the world. That is, all banks must go through the U.S. Treasury if they are executing a transaction in U.S. dollars. By modernizing our own systems after 9/11, we have been able to uncover complex relationships and ownership of financial

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<sup>80</sup> Mouawad, Jad, "West Adds to Strains on Iran's Lifeline," *New York Times*, February 13, 2007, <http://select.nytimes.com/gst/abstract.html?res=F10912F7345B0C708DDDAB0894DF404482> (accessed May 20, 2007).

<sup>81</sup> Ibid.

<sup>82</sup> Kenneth Katzman,, "Iran: U.S. Concerns and Policy Responses," CRS Report for Congress, RL32048; May 15, 2007.

transactions. While working within the current sanctions imposed by the United Nations, the Treasury Department has uncovered several banking ties and transactions by European banks with Iran. We recently fined UBS, a Swiss bank, \$100 million and another Dutch bank over \$80 million for conducting business with Iran. As a result of those fines and our ability to monitor the transactions, most large European banks have stopped conducting business with Iran<sup>83</sup>. By uncovering ties to Hezbollah and by squeezing our allies to cut their banking ties with Iran, the United States has effectively reduced Iran's ability to modernize most of its infrastructure. While we have been sanctioning Iran for over 25 years, the consensus we have built with the UN and Europe is finally giving the sanctions teeth. We should continue this approach. These current sanctions are putting enormous political pressure on Iran's leaders to improve the quality of life for the population of Iran<sup>84</sup>. This gives the United States an opportunity to use a combination of both sanctions and incentives. The sanctions should continue to cut off foreign aid and development (a critical component to stop the oil field degradation), slow banking ties, put significant pressure on all companies that are considering working with Iran, and hinder trading partners with diplomatic pressure.

The incentives would give Iran an option to solve their inherent energy problem and save face with the population. They should include massive foreign investment in the oil infrastructure of Iran to help reverse their natural decline rates of their oil fields, estimated at 8 to 10 percent a year<sup>85</sup>. According to experts, "modern methods of enhanced oil recovery, which involve reinjecting natural gas to flush out more oil from the fields, can greatly increase production rates but are both costly and difficult to perform without foreign assistance."<sup>86</sup> This option still has work to do, but has the most promise.

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<sup>83</sup> Kenneth Katzman, "Iran: U.S. Concerns and Policy Responses," CRS Report for Congress, RL32048; May 15, 2007.

<sup>84</sup> Mouawad, Jad, "West Adds to Strains on Iran's Lifeline," *New York Times*, February 13, 2007, <http://select.nytimes.com/gst/abstract.html?res=F10912F7345B0C708DDDAB0894DF404482> (accessed May 20, 2007).

<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

Another issue to leverage against Iran is their internal political/religious struggle. The younger population in Iran is yearning for a Western lifestyle and the benefits of a booming economy. However, they are currently denied both because of radical policies such as funding terrorist organizations. The United States can use that to its advantage and promote turmoil within Iran. The United States should make it clear to the people of Iran that the policies of the Ahmedinejad administration are directly to blame for their hardships. A savvy combination of information operation, use of the internet, radio and television will be required. Since Ahmedinejad is the clear proponent of funding terror and inciting conflict with Israel, every effort should be made to discredit him in the international community and in the eyes of his people. This should discount his radical efforts and enable the United States to influence their decisions away from the funding terror.

One significant issue which affects our leverage against Iran is the price of oil. Even Ahmedinejad acknowledges how much power this has over his country's affairs stating "It is a signal to Iran's enemies saying we are ready and we will manage the country even if you lower the oil prices more. We assume our enemies want to damage us by decreasing the price of oil. So we must reduce our dependency on oil revenue."<sup>87</sup> The current challenge for our policy makers is that Hezbollah's current support allocation is based on an Iranian budget that uses \$33.70 per barrel of oil as the revenue planning figure<sup>88</sup>, as of May 25, 2008 the price was \$132.64.<sup>89</sup> A coherent United States energy policy should significantly reduce the price of oil and put more pressure on Iran at the same time.

Outside of Iranian state sponsorship we must use a broad approach to cut off Hezbollah's other support networks. We should develop an international alliance that bans Hezbollah's military wing altogether. If Hezbollah can be shown as a direct threat to the sovereignty and legitimacy of the Lebanese government, we will be able to build a

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<sup>87</sup> Gary Dorsch, "The "Oil Weapon" is Unleashed Against Iran," *Seeking Alpha*, February 13, 2007. <http://seekingalpha.com/article/26847-the-oil-weapon-is-unleashed-against-iran> (accessed June 8, 2008).

<sup>88</sup> Ibid.

<sup>89</sup> Bloomberg Financial Services, Spot oil prices, May 25, 2008, <http://www.bloomberg.com/markets/commodities/energyprices.html> (accessed May 25, 2008).

coalition against Hezbollah. The perceived and partially real legitimacy of Hezbollah is one of the key reasons individuals and charities are so successful in raising funds for the organization. If we are successful in building a cohesive government that has a real presence in southern Lebanon, then there is no need for Hezbollah to exist and the security problem for Israel is reduced at the same time. While this is clearly a significant undertaking, the direct approach has had little success and it is time to change. To defeat Hezbollah's crime networks, we must continue to assist foreign nations in Africa and South America in training and funding their law enforcement and judicial systems. At a minimum, we must develop close enough relations to monitor the activity and trace it to its destination to assist in understanding the networks. We must also continue to forge interagency relationships and information sharing within the United States to ensure that bureaucratic issues do not interfere with our ability to track and disrupt networks operating within our own borders. Ultimately we must defeat the perceived legitimacy of Hezbollah if we are ever going to defeat the organization as a whole. However, by understanding the network and how it finances its activities we will be able to significantly disrupt Hezbollah's ability to continue its worldwide network of terror.

Once we have made progress disrupting Hezbollah's outside support network, we must attack its support from within the local population of Lebanon. Alex Grynkewich highlights the power of an organization when it fulfills the social contract with citizens and the local government does not.<sup>90</sup> The United States should develop a coalition which provides intensive financial and material support to the legitimate Lebanese government so that it can displace the social services provided by Hezbollah. Once the legitimate Lebanese government is able to provide job training, education and infrastructure support, the side effects of Hezbollah's terrorist activities will no longer be tolerated by the local population.

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<sup>90</sup> Alexus Grynkewich, "Welfare as Warfare: How Violent Non-State groups Use Social Services to Attack the State," *Studies in Conflict & Terrorism*, Issue 31, 2008, 350-370.

The final, and arguably most important issue left to deal with is disrupting Hezbollah's ability to conduct global terrorist operations. Many would argue that the international portion of Hezbollah's operations is conducted on behalf of Iranian orders.<sup>91</sup>

To thwart this ability, the United States should use an information campaign to portray Hezbollah as an international proxy of Iran. We should make all the ties, evidence and links available to all of our allies and work hard to build a coalition against the proxy war practice by making Iran directly responsible for all terrorist acts committed by Hezbollah. We used this technique against Libya starting in the 1980s and while it was slow, it did work. To tie up Hezbollah's resources and energy within Lebanon, we could attempt to exacerbate the internal Lebanese sectarian conflict and highlight the violence and damage caused by Hezbollah. And finally, we should selectively and covertly kill or capture Hezbollah's military leaders. This military-only focus would continue to put pressure on Hezbollah's military wing and as long as military commanders are the only ones targeted we can reduce most of the draw backs associated with direct military action against this type of socially embedded terrorist group.

Stopping Hezbollah is clearly going to be a very difficult task. Many different nations have been fighting the organization since its inception and Hezbollah continues to thrive. However, it is possible to defeat any organization given the correct strategy and the points raised in this paper should at least be a starting point toward the ultimate goal of defeating Hezbollah.

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<sup>91</sup> Thomas Joscelyn, "Iran's Proxy War against America," *The Claremont Institute*, 2007, [https://www.claremont.org/repository/docLib/20071127\\_ProxyWarAgainstAmerica.pdf](https://www.claremont.org/repository/docLib/20071127_ProxyWarAgainstAmerica.pdf) (accessed June 8, 2008).

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