Pushing the Prize up.
A Few Notes on Al-Qaeda's Reward Structure and the Choice of Casualties

Three years ago, the world suddenly came to realize how formidable the violence of terror can be. Even though the use of terror attacks for political aims is not a Twentieth-Century invention, 9/11 marked a radical shift in scope. One could even note that, unfortunately, it proved just the first example of a persistent feature in the current system. Despite the rhetoric behind the expression, therefore, it is not completely improper to talk of a age of terror. This does not mean, as someone would claim, that the old categories have been wiped out: at the very least, the state remains as a main actor in the system and, most importantly, it appears to be unprepared to deal with non-state actors. Nonetheless, more attention is needed on those transnational organizations that feed terror – first and foremost Al-Qaeda.

Admittedly, given its nature, any speculation on Al-Qaeda is merely tentative. Some remarks, however, are due: first, contrary to what is implicit in mass media information, it is extremely unlikely that its organizational chart follows a rigid hierarchical principle. Obviously, there are different layers, each of them submitted to the one above. Yet, there is no single line of

command or, in other terms, pyramidal structure. More likely, its structure may be organized according to a network-centric principle – which means that different cells may be submitted to different lines of command. In other words, rather than reflecting the so-called "General Motors model", Al Qaeda is probably arranged according to the "Microsoft" model – a better suited design to cope with the need of secrecy and coordination.

Second, it seems that Al-Qaeda's borders are anything but defined: membership to the organization is open, and groups are constantly added. This goes beyond the common description of sleeping Vs active cells. The point, on the contrary, is that this feature makes of Al-Qaeda an extremely elusive opponent: in fact, new leaders may always rise. New regions may come to host these cells – no matter if the host state is pro- or anti-American, the population is Muslim or Christian, and so forth. Finally, no place in the world could be safe (with the only exception of Switzerland and the Cayman Islands), as every group might decide its own target.

Third, if Al-Qaeda's membership is open, we should investigate the qualifications that make terror groups eligible. Of course, this point is mere speculation, as no public information on the point is available. Nonetheless, some insight could be drawn by other experiences of organizations.

Economic theory of contests can suggest interesting reflections. Contests are situations in which an individual or a group's reward depends on its performance relative to others. Example can be found in a great variety of scenarios. Contests can serve some functions. First many contests select the most appropriate individual or group for a given task. Second many contests

can imply incentive mechanisms. Individuals or groups have to choose what is the best strategy to win the prize, namely what will be the optimal level of efforts to apply. When monitoring and information are costless, the link between effort and rewards is quite direct: the greatest effort guarantees the prize. Thus, for participants improving their own performance, maximizing efforts seem an optimal rational strategy. Imagine al-Qaeda as a firm rewarding a prize which is indivisible. The prize consists in official membership, which guarantees a huge money transfer from Bin Laden bank accounts. When a terrorist group bombs an embassy or a trade center with dozen of casualties somewhere in the world, and such event is extensively broadcasted by international TV networks, information costs go near to zero. Since the Al Qaeda goal is to spread terror among people, the number of

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casualties as well as other damages can be assumed to proxy the efforts of candidate official member of the terror network. Trying to maximize the number of casualties and damages, candidate groups signal the level of their efforts, as well as their ability, to the Al Qaeda committee in order to be awarded. Spreading the announcement of a single indivisible membership prize foster higher efforts from participants. In fact, imagining two prizes, a top and a bottom prize, if the latter is relatively high, contestants may choose to coast rather than compete. Then, to avoid the risk of either insufficient efforts or unskilled candidates, Bin Laden and Al Zawahiri will retain as private information any multiple membership reward.

As a first paradoxical result, attacks and bombings could have been made by candidate groups, not by official offshoots of Al Qaeda. Thus, the latest examples of ruthless violence (both against children and peace operators) may be also explained by this logic. In order to gain membership and money by Al-Qaeda, raising groups must prove capable of exceptional accomplishments – unfortunately in terms of casualties and cruelty. Secondly, indeed, more than a conclusion is a question: how long is this logic sustainable? Apparently, an escalation of violence is under way, and more is expected to come in the future. If Al-Qaeda intends to be selective in rewarding the emerging groups, it will be forced to prize only the most effective (i.e. brutal) of them. In the long run, one may argue, the threshold of violence needed for membership may be intolerable – both for the defender and the offender.

What is going to happen at that time? Admittedly, addressing this question is not only scary – it is impossible at the moment. However, sometimes what is important is not giving good answers, but framing good questions. If Al-Qaeda follows the logic outlined above, it is bound to face a critical problem.