The Terrorist Laffer Curve—Rationality and Insurgency in Iraq, 2004-2008

Abstract

While the original framework by Arthur Laffer focused on tax rates and the resulting revenue from such taxation, the Laffer curve has been applied to other studies in behavior as well. This paper details evidence of a Laffer curve in Iraq with respect to terrorist violence and Iraqi public support of that violence against the U.S.-led coalition forces. As insurgents began killing more Iraqi citizens in their attacks on U.S.-led forces, the increased lethality caused initial support of such violence to erode. As a result, the high-level terrorist hierarchy has suggested that its operatives reduce lethality and indiscriminate bombings.

Keywords: Laffer curve, insurgencies, sectarian violence, militias, rationality

JEL Classification Codes: A10, A14, D01

Dennis S. Edwards
Professor of Economics
Coastal Carolina University
E. Craig Wall, Sr. College of Business Administration
P. O. Box 261954
Conway, SC 29528-6054
Office: 843-349-2130
Fax: 843-349-2455
dsedward@coastal.edu

This research was partially funded through a grant offered by the Wall College of Business Administration at Coastal Carolina University. To them I owe thanks. All errors belong solely to the author.
1. Introduction

This paper hypothesizes the evidence of a Laffer curve with respect to insurgent behavior against the U.S.-led Coalition of the Willing (hereafter Coalition) in Iraq from the 2004 to 2008 period.

Many times, attacks of terrorism or indiscriminate violence take the lives of the very individuals those terrorists or insurgents claim to support. For example, as a result of suicide bombings in the perpetual Palestinian-Israeli conflict, the ultimate retaliation by Israeli forces increases the likelihood of Palestinians being killed by the Israeli Defense Force in the continuing cycle of violence. Likewise, how many Iraqis have insurgents killed in their attempts to kill Americans?

Like the Palestinians, the Iraqis saw themselves as rebelling against an oppressor (a perceived colonial oppressor at that, something that is not at all foreign to Middle Easterners). Many in Iraq labeled themselves as insurgents or freedom fighters rather than terrorists, as there is a clear distinction between the two. Insurgents tend to use violence to change the behavior of a ruling government or occupier, perhaps being effective enough for that occupying force to leave (i.e., Soviets in Afghanistan in the 1980s). Terrorists also use violence to effect political change; however, it is not uncommon for an insurgency to end when its goals are attained. It must be stressed that there is certainly an overlap between terrorists and insurgents vis-à-vis the methods employed. The latter uses terrorist tactics to achieve its political goal, but then stops this violence upon achieving the group’s aims (e.g., Jewish violence prior to the
establishment of Israel, the Algerians and the French, the Indochinese and the French, the Indians and the British prior to Gandhi, the Americans and the British, etc.).

What makes terrorism work is its ability to win the hearts and minds of the general populace. For example, radical Islamic groups were seen giving aid to the people after the 1992 Cairo earthquake—well before the Egyptian government could mobilize itself. Education and health care have also been known to have been supplied by these very same groups [Howard and Hoffman (2012), p. 461]. Hence, when terrorists lose popular support, their objectives of changing the behavior of perceived guilty parties become much more difficult to achieve.

2. The Political Environment in Iraq

This author does not claim expertise on the centuries-long dispute between the two sects of Islam. Briefly, however, Sunni Islam claims that leadership can come from a worthy, practicing Muslim; Shi’a Islam claims that leadership must come from the Prophet Mohammed’s original bloodline. Although Saddam Hussein was a Sunni (as is the primary al-Qaeda network), the majority of Iraq has long been made up of Shi’a Muslims, primarily concentrated in the southern part of the country. Saddam’s strong-arming of Iraq for more than two decades allowed his Baath Party to maintain control despite being overwhelmed in number by the Shi’a.

With the fall of Saddam in April 2003 and the resultant democratic elections, the political makeup of Iraq became quite different. Table 1 below provides a brief timeline for the reader in illustrating the drastic political change in Iraq since the U.S.-led invasion up to 2008.
Table 1—Political Change in Iraq, March 2003-October 2008

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 17, 2003</td>
<td>President Bush gives Saddam Hussein and his sons 48 hours to leave Iraq</td>
</tr>
<tr>
<td>March 19, 2003</td>
<td>Operation Iraqi Freedom begins with airstrike on Dora Farm</td>
</tr>
<tr>
<td>April 9, 2003</td>
<td>Saddam Hussein’s statue falls in Baghdad; widely seen as symbolic of the fall of the Iraqi government</td>
</tr>
<tr>
<td>May 1, 2003</td>
<td>President Bush declares an end to major combat operations in Iraq</td>
</tr>
<tr>
<td>July 13, 2003</td>
<td>Ambassador L. Paul Bremer announces the creation of the Iraqi Governing Council</td>
</tr>
<tr>
<td>July 22, 2003</td>
<td>Uday and Qusay Hussein are killed by Coalition forces</td>
</tr>
<tr>
<td>July 2003</td>
<td>Muqtada al-Sadr establishes the Jaysh al_mahdi/Promised Day Brigade (Shi’a)</td>
</tr>
<tr>
<td>August 19/September 23, 2003 (UN)</td>
<td>United Nations and International Committee of Red Cross complexes bombed by insurgents, causing a pullout of personnel from both agencies</td>
</tr>
<tr>
<td>October 27, 2003 (IRC)</td>
<td>United Nations and International Committee of Red Cross complexes bombed by insurgents, causing a pullout of personnel from both agencies</td>
</tr>
<tr>
<td>April 2004</td>
<td>Abu Ghraib photographs made public</td>
</tr>
<tr>
<td>June 11, 2004</td>
<td>al-Sadr agrees to ceasefire; joins political process</td>
</tr>
<tr>
<td>June 28, 2004</td>
<td>Sovereignty is transferred from the Coalition Provisional Authority to the Iraqi government</td>
</tr>
<tr>
<td>October 17, 2004</td>
<td>Abu Musab al-Zarqawi pledges loyalty to bin Laden</td>
</tr>
<tr>
<td>January 30, 2005</td>
<td>Iraqis hold first election for positions in the Transitional National Assembly</td>
</tr>
<tr>
<td>October 15, 2005</td>
<td>Iraqis vote on the new constitution</td>
</tr>
<tr>
<td>December 15, 2005</td>
<td>Iraqis vote for the Council of Representatives</td>
</tr>
<tr>
<td>February 2006</td>
<td>Nouri al-Maliki named Prime Minister</td>
</tr>
<tr>
<td>February 22, 2006</td>
<td>al-Askari mosque bombed (Golden Dome, Shi’a)</td>
</tr>
<tr>
<td>June 7, 2006</td>
<td>al-Zarqawi killed by Coalition forces</td>
</tr>
<tr>
<td>December 30, 2006</td>
<td>Saddam Hussein hanged by an Iraqi court</td>
</tr>
</tbody>
</table>
January 10, 2007  President Bush announces “surge” for Iraq

October 5, 2008  Abu Qaswarah killed (AQI deputy)

Sources: various, including United States Forces-Iraq website (“The Insurgency”); Council on Foreign Relations (“Beehner”); Associated Press (various), National Defense Research Institute (RAND) (‘Pirnie and O’Connell)

The reader will notice that the author has included dates of various Iraqi votes for its constitution, various offices, etc. This is of importance given the lack of success of the insurgency in disrupting the political process. In fact, in Woodward (2006) notes that in the election for members of the National Assembly, the Iraqis managed a 70 percent turnout. However, despite the continued successes of the Iraqi elections, Defense Secretary Donald Rumsfeld lamented, “‘We don’t have any more elections’” [p. 434-435]. The date of the sovereignty transfer of June 28, 2004 is also of importance. Given that the situation in Iraq was already deteriorating by this time, the American and British governments decided to take the insurgency by surprise and arranged for the transfer a few days ahead of schedule. It was widely expected that the insurgency would make a public display of violence on the scheduled date of the transfer.

3. The Insurgency

The bombing of the al-Askari mosque in Samarra in February 2006 marked the turning point in the insurgency (where it could initially be characterized at best as “troublesome”) to fomenting the risk of a full-blown sectarian civil war. The Samarra mosque was one of the holiest shrines in all of Shi’a Islam. With the Sunnis displaced from primary leadership in Iraq after the fall of Saddam Hussein in April 2003, the Sunni insurgency began an alliance with al-Qaeda. This alliance with Osama bin Laden
showcased Abu Musab Zarqawi, leader of Al Qaeda in Iraq (AQI). While many in the Bush Administration intimated that there was already a connection between al-Qaeda and Iraq regarding the 9/11 attacks, this connection was certainly cemented after the American-led invasion. This alliance was driven by the Sunni sect, although a number of Shi’a groups (most visibly, the Promised Day Brigade as followers of Muqtada al-Sadr) began emerging independently shortly after the fall of Saddam Hussein.

To displace Coalition forces, AQI imported terrorists and increased recruitment for its use in driving the Coalition out of Iraq. The notion of an occupied force in any nation in the Middle East is seen as an utter humiliation for that country (although it is difficult to see military occupation in any other way, no matter the location of the country). A similar strategy worked for the U.S.-supported mujahadeen in Afghanistan against the Soviet occupying army in the 1980s. After suffering thousands of casualties from insurgent fighting over a decade of occupation, the Soviets finally withdrew from Afghanistan in 1989, just prior to the Soviet Union’s ultimate collapse. Contrary to the Soviets, the Bush Administration encouraged the use of an (initially) unpopular surge in U.S. forces to Iraq beginning in 2007. It is interesting to note that the Bush Administration continued using the term “surge” of U.S. forces instead of “escalation”—a choice of words, but an important choice nonetheless. With memories of Lyndon Johnson’s escalation of commitment of American forces into Vietnam during the late-1960s, the Bush Administration undoubtedly searched their thesauruses for any other possible word so as not to worsen already-made parallels between Iraq and the Vietnam quagmire.

---

1 AQI has also been referred to as “al-Qaeda in the Land of the Two Rivers” (USF-Iraq website).
Congressional reports on the political and security environment in Iraq began quarterly with the U.S. government’s publication of *Measuring Stability and Security in Iraq* (hereafter MSSI)—which began in July 2005. Just prior to the transfer of sovereignty to the Iraqi government, more than 400 attacks on average occurred per week during the three months from April to June 2004. After the sovereignty transfer in 2004, this number increased to more than 500 per week in a similar time period from late-November 2004 to mid-February 2005. These attacks primarily took place in the four Iraqi provinces of Baghdad (the highest percentage of total attacks), Al Anbar, Ninawa, and Salah ad Din (MSSI, July 2005, p. 6). Geographically, this placed 2005 insurgency presence in central and western Iraq. These areas tend to be predominantly Sunni or a mixture of Sunni and Shi’a. Southeastern Iraq is predominantly Shi’a. Igniting a Sunni rebellion would be quite difficult in that region, at least initially.

4. The Terrorist Laffer Curve in Theory

Buchanan and Lee (1982) have written on the use of short-run and long-run Laffer curves with respect to the traditional tax paradigm. They posed the question of whether tax rates can increase beyond the revenue-maximizing point, given private political behavior to obtain additional money for a specific project (i.e., politicians have short lives, governments do not). Clark and Lee (1996) used Laffer analysis on the length of prison sentences for serious offenders during the 1950-1970s period. If prison sentences are made shorter, the crime rate would increase, leading to an increased demand for prison space. They found that longer sentences would do little to change the behavior on someone who is already a criminal as opposed to someone younger and still without a criminal record.
Clark and Lee (1997) again directed their use of Laffer analysis, this time on climbing deaths at Alaska’s Mount McKinley for the period of the 20th century. From 1903 to 1990, there were a total of 61 known climbing deaths. During the 1980s, however, rescue efforts were put into place (prior to this, climbers were pretty much on their own). Thirty-four of the 61 total deaths occurred during the period of increased rescue protocols. Paradoxically then, increased rescue efforts and the availability of such led to a greater number of deaths. The authors believed that climbers, knowing there was available assistance, took on greater risks—and hence suffered greater casualties—than before. Shmanske (2002) used Laffer analysis on college enrollment and the increased difficulty of a college’s curriculum. On the one hand, increasing entry standards or implementing a more difficult curriculum will benefit enrollment in that students are aware they are getting a more rigorous education, benefiting them in the long-run in terms of job opportunities, salary, and benefits. However, if the curriculum becomes too difficult, enrollment will decrease. When colleges feel they must increase enrollment by reducing the difficulty of the curriculum, then, if the college is only on the upward-sloping side of the Laffer curve, enrollment will actually decline in the long-run due to the lack of rigor. This will ultimately hurt the college with respect to tuition dollars from lower enrollment.

It is at this point the author must use a caveat. There is a tremendous amount of literature on insurgencies, terrorist organizations, terrorist recruitment, the life cycle of terrorist organizations, and the violence in Iraq. While the author is certainly not trying to be deficient in leaving out these valuable additions to the literature, he also sees little added value in attempting to include the kitchen sink in the analysis that follows. The
wealth of literature on this subject is truly daunting. Any errors of omission are strictly
that of the author. However, the author has not seen the use of Laffer analysis in the
context that is described below.

Although a basic Laffer curve can be understood with no mathematics, allow the
following equation to explain popular support for the Sunni insurgency in Iraq:

\[ I = i(H, A) + i(U, A), \]

where:
- \( I \) = popular support for the Sunni insurgency among Iraqis
- \( H \) = deaths of Shi’a Muslims
- \( A \) = deaths of American soldiers
- \( U \) = deaths of Sunni Muslims.

Differentiating this equation with respect to the insurgency’s popularity, \( I \), and holding all
other changes constant:

\[ dI = i_H + 2i_A + i_U, \]

where, \( i_H > 0, \ i_U < 0, \) and \( i_A > 0 \).

In other words, we would expect more support for the Sunni insurgency with a greater
number of both Shiites and Americans killed. However, Iraqi support for the insurgency
would tend to decline with a greater number of Sunni civilians killed. The sign of (2)
may be positive, negative, or zero, depending on the relative magnitudes of the popularity
of Shiites and Americans killed versus the perceived necessary sacrifice of Sunnis killed.
For example, the insurgency may feel that, in order to kill an inordinate number of
Americans, the killing of Iraqi civilians is an acceptable loss. This collateral damage to
the insurgency hierarchy would be much more attractive when the civilians are Shiite
rather than Sunni.

If the second-order condition of (2) is negative for concavity, then the peak of the
curve is where (2) is set to zero. Rearranging,
would provide the optimal popularity point for the insurgency, as illustrated in Figure 1 below.

But did reality from the 2004 to 2008 period reflect the theory? Soon after the invasion, there was still some euphoria over the fall of Saddam’s government and the possibility of a new future for the Iraqi people. But the unwise decision of Ambassador L. Paul Bremer as head of the Coalition Provisional Authority (CPA) to disband the Iraqi Army and impose a comprehensive de-Baathification order contributed to widespread unemployment and hopelessness among the Iraqi people. Hence, 2004 saw an incredible number of insurgent attacks (26,496, jumping to 34,131 attacks in 2005) as conditions in Iraq worsened [Jervis (22 January 2006)]. Prior to the handover of sovereignty, insurgent attacks averaged around 400 per week in spring 2004. This number increased to 550 per week in late-2005 and up to 600 per week in early-2006 after the Iraqi unity government was established, with many of these deaths having been civilians [Bender (31 May 2006)]. In 2003, when the insurgency was in its birth stages, only 14 percent of Sunnis surveyed supported it. As the attacks grew in frequency, this number jumped to 75 percent in mid-2006 [Karl (20 September 2006)].

However, Iraqis did appear to care exactly who the insurgency attacked. In a BBC poll taken in 2007, there was a nearly 50-50 split on whether attacks on Coalition forces were acceptable or unacceptable (51-49). When asked the same question about attacks on Iraqi government forces, these numbers diverged dramatically to 12-88. Iraqis saw the insurgency as necessary to get the Coalition out of Iraq, but not at the expense of Iraqi lives.
The bombing of the Golden Dome mosque mentioned above was the catalyst for the intense sectarian violence between 2006 and 2007. As Iraq bordered more and more on outright civil war during 2006, the increased number of Iraqi deaths likely caused support for the insurgency to decrease between the polls. In a March 2008 ABC News poll, 62 percent of Sunnis felt it acceptable to attack Coalition forces, down from 93 percent six months prior (for Iraqis overall, these numbers were 57 percent in August 2007 and 42 percent in March 2008). What can account for such a dramatic decline in support for the insurgency, which many Sunnis felt was the only way their sect could return to power in Baghdad? Tables 2 and 3 show this polling data broken down by the various sects.

Table 2—Iraqi Responses to the Question, “Thinking about the political action of other people, do you find [attacks on Coalition forces] to be acceptable or not acceptable?” by Sect

<table>
<thead>
<tr>
<th>Date</th>
<th>Sect</th>
<th>Acceptable</th>
<th>Not Acceptable</th>
<th>No Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-5-07</td>
<td>Sunni</td>
<td>94 %</td>
<td>6 %</td>
<td>0 %</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>35</td>
<td>65</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>7</td>
<td>93</td>
<td>0</td>
</tr>
<tr>
<td>8-24-07</td>
<td>Sunni</td>
<td>93</td>
<td>7</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>50</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>5</td>
<td>94</td>
<td>1</td>
</tr>
<tr>
<td>2-20-08</td>
<td>Sunni</td>
<td>62</td>
<td>37</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>43</td>
<td>57</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>2</td>
<td>96</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: ABC News Poll, March 17, 2008
The reader will notice that the support of Sunni Iraqis of insurgent attacks (noted in bold above) on the Coalition forces falls during each of the three dates: 94, 93, and 62 percent. While the drop in support in the first two dates is not significant, there was a marked decrease in support between the data from March 5, 2007 and nearly one year later on February 20, 2008. Polling data from the Shiite Iraqis is much more mixed: 35, 50, and 43 percent. Although it is worth mentioning that the support from this sect is not nearly as high as from Sunnis, since the Shiites would likely find themselves back in dire straits if the insurgency is overall successful in driving the Coalition out of Iraq.

(Kurdish support for the insurgency has typically always been low. The Kurds enjoyed autonomy in the north under Saddam Hussein thanks to the Iraqi no-fly zone patrolled by American and British forces after the first Gulf War.)

Table 3—Iraqi Responses to the Question, “Thinking about the political action of other people, do you find [attacks on Iraqi forces] to be acceptable or not acceptable?” by Sect

<table>
<thead>
<tr>
<th>Date</th>
<th>Sect</th>
<th>Acceptable</th>
<th>Not Acceptable</th>
<th>No Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-5-07</td>
<td>Sunni</td>
<td>34</td>
<td>66</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>1</td>
<td>99</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>1</td>
<td>99</td>
<td>0</td>
</tr>
<tr>
<td>8-24-07</td>
<td>Sunni</td>
<td>18</td>
<td>82</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>2</td>
<td>98</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>2</td>
<td>97</td>
<td>1</td>
</tr>
<tr>
<td>2-20-08</td>
<td>Sunni</td>
<td>6</td>
<td>94</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Shiite</td>
<td>4</td>
<td>95</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Kurdish</td>
<td>--</td>
<td>99</td>
<td>1</td>
</tr>
</tbody>
</table>
It appears that a Laffer curve definitely exists when it comes to insurgency attacks against their own people. Despite the fact that Iraqi forces were working and training with the Coalition, the Iraqis surveyed increasingly felt that attacks against fellow Iraqis were not acceptable (34, 18, 6). This could imply something about the sign of the second derivative of both the Sunni partial and the Shi’a partial—support may change at a diminishing rate.

As an interesting side note, regardless of the violence, it also appears that Iraqis have no desire to live separately from their countrymen, regardless of Sunni or Shi’a sect (Kurds polled a bit higher on separation—likely for the reasons stated above—but still below 25 percent in the same ABC News poll). When asked about whether separation by sect would be good or bad for Iraq, neither Sunni nor Shi’a polled at 10 percent on separation being a good thing (ABC News Poll, March 17, 2008). A similar poll by the BBC in 2007 overwhelmingly saw the same results (BBC, 2007 Iraq Poll, surveyed from February 25 to March 5, 2007).

Insurgency attacks did diminish by the end of 2008 (Associated Press, Los Angeles Times, December 4, 2008). While this author cannot claim whether it was the surge of U.S. forces into Iraq in 2007, better training and performance of Iraqi forces, or the Laffer curve described above, an intercepted letter to al-Zarqawi from al-Qaeda does provide a glimpse into the possibility of the latter.
5. AQI and Strategy (In Its Own Words)

While the author has dubbed the above model “the Terrorist Laffer Curve,” much of the discussion in the paper has focused on labeling the violence in Iraq as an insurgency using terrorist methods. While the reader may feel this is an issue of semantics, the point does merit mentioning. What started out as an insurgency developed into continued acts of terrorism. This is due to the fact that Abu Musab al-Zarqawi was not even Iraqi, but Jordanian. Indeed, Teslik (2006) has referred to al-Zarqawi as “a nationless freelance terrorist”. It is not beyond reason to assume that most insurgencies (especially the successful ones) would be home-grown. After all, a country’s natives have a far more vested interest in the future of their nation than foreigners. When al-Zarqawi established himself in Iraq, the nation was essentially importing terrorism the moment he planned the first attack. For those carrying out attacks on behalf of AQI, the Insurgency Laffer Curve then morphed into the Terrorist Laffer Curve. And while President Bush often said that if America did not fight the terrorists over there, it would have to fight them over here, a full blown insurgency against Coalition forces is likely what he did not have in mind. [It should be noted that the term “Terrorist Laffer Curve” is not exactly the author’s original, although it was applied to a different analysis. In the Democracy in America blog of The Economist, dated December 18, 2009, Laffer analysis was applied to the FBI’s intense questioning of the Muslim community in America. As Vitello and Semple reported in the New York Times (same date), as FBI tactics bordered on perceived harassment, Muslims felt alienated. This means that with increased repression by law enforcement, terrorist violence might decrease, but at the expense of a hostile Muslim community that ends up in jail or some other detention (see also Appel).]
This author encourages the reader to see these sources and couple them with the analysis presented here.]

Much has been intimated in the popular literature about the possibility of more rivalry than cooperation between bin Laden and al-Zarqawi. Although al-Zarqawi pledged his allegiance to al-Qaeda and was blessed by bin Laden as the leader of AQI, al-Zarqawi found himself admonished in an intercepted letter from bin Laden’s deputy, al-Zawahri, dated summer 2005. In that letter, al-Zawahri does not dispense with the typical pleasantries, flattering al-Zarqawi and referring to Iraq as the “place for the greatest battle of Islam in this era”. After the customary condemnation of Israel, al-Zawahri states that the “strongest weapon which the mujahedeen [al-Qaeda] enjoy—after the help and granting of success by God—is popular support from the Muslim masses in Iraq, and the surrounding Muslim countries” [emphasis added]. Hence, it is at this point that al-Zawahri stresses the importance of having the people support the movement. Al-Zawahri next delineates a series of points vis-à-vis maintaining this support, emphasizing that “[I]n the absence of this popular support, the Islamic mujahed movement would be crushed in the shadows…and the struggle between the Jihadists elite and the arrogant authorities would be confined to prison dungeons far from the public and the light of day” [emphasis added]. In his fourth point, al-Zawahri goes on to say, “[T]herefore, the mujahed movement must avoid any action that the masses do not understand or approve…” [emphasis added]. Al-Zawahri realizes that AQI would not have a chance of capturing political power in Iraq without the support of the Iraqi people—the majority of which are of the opposing Shi’a sect.
The practical evidence of the Laffer curve rests in what al-Zawahri next instructs.

In the same letter, he admonishes al-Zarqawi by saying, “many of your Muslim admirers amongst the common folk are wondering about your attacks on the Shia. The sharpness of this questioning increases when the attacks are on one of their mosques [i.e., the Golden Dome (later)]…” But the key point is next made when he continues, “[M]y opinion is that this matter won’t be acceptable to the Muslim populace however much you have tried to explain it, and aversion to this will continue” [emphasis added]. What follows next are excerpts worth quoting at length [sic]:

Indeed, questions will circulate among mujahedeen circles and their opinion makers about the correctness of this conflict with the Shia at this time. Is it something that is unavoidable? Or, is it something can be put off until the force of the mujahed movement in Iraq gets stronger? And if some of the operations were necessary for self-defense, were all of the operations necessary? Or, were there some operations that weren’t called for?...

And if the attacks on Shia leaders were necessary to put a stop to their plans, then why were there attacks on ordinary Shia?...

And can the mujahedeen kill all of the Shia in Iraq? Has any Islamic state in history ever tried that? And why kill ordinary Shia considering that they are forgiven because of their ignorance?...

And even if we attack the Shia out of necessity, then why do you announce this matter and make it public, which compels the Iranians to take countermeasures? And do the brothers forget that both we and the Iranians need to refrain from harming each other at this time in which the Americans are targeting us?...

One of the most important things facing the leadership is the enthusiasm of the supporters, and especially of the energetic young men who are burning to make the religion victorious….

Among the things which the feelings of the Muslim populace who love and support you will never find palatable—also—are the scenes of slaughtering the hostages. [MSNBC, “Letter to al-Zarqawi from al-Zawahri” (11 Oct. 2005); emphasis added]
With this admonition of al-Zawahiri in mind, notice Figure 1 below. From the information above, it appears that the period 2005 to 2006 can be characterized as the upward-sloping portion of the Laffer curve: increased lethality leads to higher public support for the insurgency. But as 2007 progressed, insurgents had reached the peak. Any further increase in lethality was only hurting their cause in the eyes of the Iraqi people. This is the very essence of the Laffer curve: insurgents can achieve a similar level of public support with less lethality.

However, it must be kept in mind that the letter to al-Zarqawi could have been a fake—a U.S. psychological operation that may have been planted in an attempt to disrupt insurgency operations by throwing al-Zarqawi off balance. If he felt as if he were being admonished by senior al-Qaeda leadership, this might cause him to tone down his attacks. With his death in mid-2006, we will never know if insurgency attacks would have decreased in frequency as 2007 passed into history. With the loss of his brutal tactics in the leadership of AQI, we cannot know if he would have ordered fewer attacks in light of falling public support.
Regardless, the polling data mentioned above is still useful for the analysis presented here.

6. Conclusions

This paper has put forth the idea of an Insurgency Laffer Curve with respect to the sectarian violence that took place in Iraq between 2004 and 2008. After the fall of Saddam Hussein in spring 2003, Iraq became leaderless. Saddam’s Iraq was characterized by loyalty to the Baathist Party—secular, Sunni leadership of a mostly Shi’a-populated nation. According to former CIA Director George Tenet, “…one thing is certain, we [the CIA] consistently told the Congress and the administration that the intelligence did not show any Iraqi authority, direction, or control over any of the many specific terrorist acts carried out by al-Qaeda” [Tenet (2007), p. 341]. Despite the merging of the Egyptian Islamic Jihad with al-Qaeda in the 1990s (and members of such being in Baghdad in early-2002), any link is again highly specious (see Tenet). However, as U.S. occupation of Iraq continued into 2004, the leaderless vacuum was filled by the terrorist al-Zarqawi, culminating in the creation of al-Qaeda in Iraq (AQI) and a terrorist presence.

Regarding the political process, the repressed Shi’a now had the ability to take leadership of their country. Since Saddam’s minority Sunni population had long kept the Shi’a out of political decision making with brutal tactics, Shiite zeal soon turned into the formation of death squads. As these death squads patrolled Iraq, making up for a lifetime of bloody repression, Sunni safety became of paramount concern. In 2005, an ABC News poll found that slightly more than one Sunni in ten “felt safe in their own neighborhoods”, while this number was eight in ten Iraqis elsewhere (ABC News Poll,
December 12, 2005). Clearly, this was more than enough incentive for the Sunnis to join the insurgency. As 2006 progressed, Iraq neared full civil war, with Sunni attacking Coalition forces, Shi’a attacking Sunni, Sunni attacking Shi’a, Turks disliking potential Kurdish refugees, etc.

But as AQI/insurgency attacks worsened throughout 2006 and early-2007, the collateral damage of Iraqi civilian and security forces caused the tide of public opinion for the insurgency to slow. While polling data in 2007 never showed a majority in favor of attacks on Iraqi forces (even among Sunnis polled), support for attacks on coalition forces continued to poll well. However, as 2007 passed into 2008, this support was noticeably falling among the Sunni population (although, it must be noted, still above a majority).

This author has used this polling data to posit the existence of a Laffer curve with respect to the insurgency. While support for an insurgency may be very high initially as attacks are carried out against an occupying force, eventually, with the increased collateral damage of the native population, support for that insurgency will begin to fade. In order for any insurgency to be successful, it must have the support of the very people for which the group is claiming to fight. In conclusion, support for an insurgency may increase with less lethal and less frequent attacks.
References and Bibliography

Author’s Note on sources: More entries are included below than what were cited in this paper. The other sources were valuable in double-checking polling data or getting a feel for the various insurgency groups and terrorists operating in Iraq. Additionally, many of the sources have redundant information. The author has decided to leave these sources as well for the reader’s information. A wealth of additional sources are available upon request.


