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## **The Weakening of the Islamic State: Have the Mighty Fallen?**

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Much has been written about the Islamic State and its sources of power since it captured headlines in June 2014 with the announcement of the Islamic Caliphate. The support it won from individuals and groups throughout the Middle East and outside the region, the extent of the territory it seized in Iraq and Syria, and its impressive economic capabilities, so that it became known as the “world’s richest terrorist organization,” strengthened it and boosted the public and media attention directed at it. Since 2016, however, the sources of the Islamic State’s power have begun to weaken, with the ongoing attacks against its strongholds by the international coalition led by the United States, Russian forces, and other local groups. In March 2017, these groups began the re-conquest of the ancient city of Palmyra in Syria. In addition to the noticeable blow to Islamic State forces, these attacks have caused the caliphate to lose control of territory, in turn impacting negatively on the Islamic State’s financial situation.

In early 2017, there were many reports about the gradual weakening of the Islamic State, especially the loss of territory formerly under its control. These studies identified a direct connection between this loss of territory in Syria and Iraq and the disruption of the organization’s flow of revenue, and predicted that these developments likely signaled its end. According to reports by the international coalition, the Islamic State lost 62 percent of the territory it controlled in Iraq, including al-Ramadi, al-Fallujah, and eastern Mosul. In Syria, the Islamic State lost 30 percent of its territory, including areas in the northwest of the al-Raqqah district, Manbij, al-Bab, and Palmyra. Control of a smaller population denotes access to fewer resources – mainly the oil fields that yielded substantial profits at earlier stages in the organization’s existence. As a result, the organization’s ability to obtain the profits needed to finance the military struggle and realize the caliphate vision became more limited. In tandem, morale and motivation among the Islamic State fighters declined, and along with a drop in the rate of recruitment to its ranks, this trend has helped “weaken the brand name.”

A prominent recent study on the Islamic State’s weakening and economic decline was published in February 2017 by the International Center for the Study of Radicalization (ICSR). The study concludes that despite the difficulty in determining the exact amount of the Islamic State’s revenues, its income has certainly plummeted more than 50 percent in the past two years, from \$1.9 billion in 2014 to at most \$870 million in 2016. This study, like others, concludes that the Islamic State’s economic decline is expected to continue, and that the complete capture of

Mosul, the commercial heart of the organization, will have destructive effects on its economy. The study also contends that there are no current indications that the organization has an alternative source of revenue to compensate for its losses, and that if the current trend continues, the Islamic State's "business model" is bound to fail in the near future.

However, what could be interpreted as the decline of the Islamic State must be assessed carefully, in view of the dynamism of related events and the struggle against the organization, and the resulting difficulty in formulating definitive scenarios. Furthermore, even if the deterioration proves to be an ongoing trend, it does not necessarily indicate the disappearance of the phenomenon, but a potential change in its form – from a semi-state organization to a "classic" terrorist organization focusing on violent activity that acts as a magnet and source of inspiration for individuals and organizations to carry out attacks in the name of its guiding ideology. Indeed, as noted in the study, the Islamic State, even in its previous incarnation as al-Qaeda Iraq, demonstrated its ability to recover from economic losses. Moreover, the damage to its income has no immediate effect on its capabilities to carry out terrorist attacks outside the territory under its control, and broader efforts than have been made thus far are required in order to destroy it completely. This and other recently published studies lead to a number of conclusions concerning both Islamic State research and the organization's future on the regional scene.

There is a general tendency to overestimate the "other side." It appears that previous assessments of the Islamic State's financial situation (mainly on behalf of the international coalition fighting against it) were exaggerated. The estimated size of the population under Islamic State rule, 10 million people, was also inflated; the actual population was about 6 million. Overall, researchers and politicians are sometimes inclined to attribute power to new phenomena and organizations that pose a different challenge, such as the Islamic State, while emphasizing their strong points – finances, military capabilities, and public support (which in the case of the Islamic State proved to be less than initially believed). On the other hand, there is much less discussion of weak points of such organizations.

Another tendency is to adhere persistently to assessments of the Islamic State's situation, without continually adjusting these assessments based on the rapid changes in the Middle East, including changes in the balance of power between players – state and non-state – involved in conflicts in the region. Even though at its peak the Islamic State enjoyed military achievements and a large stream of revenues, compared with other terrorist organizations, the trend was neither linear nor free of fluctuations and sensitivity to ongoing challenges. These include the costs incurred in "building the state," together with the resources needed to deal with the coalition's attacks against territory and revenue sources, as well as the constraints involved in financing the military struggle. The converse is also true, i.e., the tendency to see the organization's all-encompassing and unequivocal weakening, even though developments in the field sometimes indicate otherwise.

A look to the future indicates that the challenges faced by the Islamic State in 2016, and especially the deterioration in its economic situation, do not necessarily indicate the fading of the idea on which it is based. Studies that examined the connection between the level of non-state organizations' resources and promotion of their guiding idea and ideology showed a tendency among "resource-wealthy" groups to base their support on material benefits, while "resource-poor" groups make greater investments in the ideologically-based sphere as a source of support. In this manner, organizations with relatively few resources succeed in recruiting a more loyal and committed community, compared with the base of support enjoyed by organizations with many resources, which are regarded as more opportunistic. The Islamic State has fit into both categories: together with material benefits (basic services, basic goods, and bonuses) for the civilian population and its military deployment, it also took care to recruit support on the basis of its ideological and religious agenda. It is possible, however, that the ongoing erosion in its economic assets will lead it to reinforce the ideological dimension, and invest more in its propaganda apparatus than previously in other, mainly governmental and civilian, efforts.

Continued weakening of the Islamic State is liable to be a catalyst for a metamorphosis from an organization seeking to consolidate a territorial presence and governance over territory to a non-territorial entity constituting primarily of a "brand" and source of inspiration for attacks by groups and individuals in and outside the Middle East arena, in a manner somewhat reminiscent of al-Qaeda. While the characteristics of the Islamic State have hitherto been those typical of "hybrid" organizations, i.e., non-state actors combining social, political, and governmental accomplishments with military and violent activity, it is possible that its development will regress toward an organization focused mainly on violence.

In practice, the groups fighting against the Islamic State have taken advantage of its "visibility" to attack visually identifiable targets and strategic assets, and its status as a semi-institutionalized organization with some degree of obligation to its population. A change in the Islamic State's structure and channels of activity in the direction of a terrorist organization is therefore likely to confront them with a more acute challenge, or at least a new type of challenge. They will have to wage war against an amorphous entity with less defined targets – a poorer entity, but also less restrained. Furthermore, this challenge will become more complex, because although the Islamic State will cease to exist in its familiar format, as long as no attractive ideological alternative is developed, the radical idea underlying the activity of the Islamic State's operatives will continue to fan the flames of violence, and consequently counter-responses as well.