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**COUNTERING TERRORIST FINANCING: A CASE
STUDY OF THE KURDISTAN WORKERS' PARTY (PKK)**

by

Mehmet A. Kanmaz

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Thesis Advisor:

Second Reader:

Victoria Clement

Robert E. Looney

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**COUNTERING TERRORIST FINANCING: A CASE STUDY OF THE
KURDISTAN WORKERS' PARTY (PKK)**

Mehmet A. Kanmaz
1st Lieutenant, Turkish Army
B.S., Turkish Military Academy, 2011

Submitted in partial fulfillment of the
requirements for the degree of

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December 2014**

Author: Mehmet A. Kanmaz

Approved by: Victoria Clement
Thesis Advisor

Robert E. Looney
Second Reader

Mohammed Hafez, Ph.D.
Chair, Department of National Security Affairs

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ABSTRACT

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LIST OF ACRONYMS AND ABBREVIATIONS

1973 EPA	1973 Northern Ireland Emergency Provisions Act
ASALA	Armenian Secret Army for the Liberation of Armenia
BDP	Peace and Democracy Party
DEV-SOL	The Turkish Radical Left
ETA	Euskadi Ta Askatasuna
EU	European Union
FARC	Revolutionary Armed Forces of Colombia
FATF	Financial Action Task Force
GAFISUD	Financial Task Force of South America against Money Laundering
GWOT	Global War on Terror
HIK	Islamic Movement of Kurdistan/Hereketa Islamiya Kurdistan
HSK	Kurdish Red Crescent/Heyva Sor a Kurdistan
INTERPOL	International Criminal Police Organization
IRA	Irish Republican Army
KADEK	Kurdistan Freedom and Democracy Congress
KONGRA-GEL	Kurdistan People's Congress
LTTE	Liberation Tigers of Tamil Eelam
NIU	National Interdiction Unit
OAS/CICAD	Organization of American States Inter-American Drug Abuse Control Commission
PJAK	Party for Free Life in Kurdistan
PKK	Kurdistan Worker's Party/Partiya Karkerên Kurdistan
SIU	Sensitive Investigative Unit
TIU	Technical Investigative Unit
UAV	Unmanned aerial vehicle
UIAF	Financial Analysis and Information Unit
UK	United Kingdom
UN	United Nations
U.S.	United States

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I would be so happy if this study brings even a small amount of understanding of the issues regarding the PKK's financial activities. For this reason, I dedicate this work to honorable martyrs who did not hesitate to sacrifice their lives for the sake of Turkey's perpetuity. Thank you all. This country will always be grateful to you.

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I. INTRODUCTION

A. THE GOAL OF THE STUDY

After the 9/11 attacks, studies of terrorism intensified and obtained more importance. Scholars in many different areas started to discuss the definition of terrorism, the level of threats, the areas of vulnerability to terrorism, and strategies for combating terrorism. Thus, they aimed to find an effective strategy to eliminate the terrorist threats by benefiting from past experiences. Nevertheless, it is difficult to find an optimal strategy for combating terrorism. The first reason for this difficulty is terrorists' covert activities and their organizational structure. Their choice of rugged terrains and rural areas in which to take shelter makes it difficult for law enforcement and military officers to tackle them. As a result, terrorists operate in a way that prevents anyone from knowing about their attacks before they occur. Second, every terrorist group has various characteristics that are considerably different from other terrorist groups. The geography of their region, the historical background, popular support, and the goals of terrorists vary greatly among such groups. For this reason, one successful strategy of combating terrorism can surprisingly be ineffective against another terrorist organization. Third, an effective counterterrorism strategy includes various aspects like political, financial, social, and military sub-strategies. The success of the strategy requires the implementation of all these aspects efficiently at the same time.

Considering the difficulty of finding an optimal strategy for combatting terrorism and to increase the effectiveness of the outcome of such a strategy, this study will examine a particular terrorist organization in terms of only one aspect of combating terrorism. Since this study assumes the financial aspect of combating terrorism as the primary instrument in countering terrorism, it will focus on the financial countermeasures against the Partiya Karkerên Kurdistan or the Turkish Workers' Party (PKK), which is a notorious terrorist organization operating in Turkey and neighboring countries. The goal of this study is to explore effective countermeasures against PKK's finances that will weaken the PKK and support other political, social, and military aspects of combating terrorism. Additionally, this thesis aims to contribute to studies of combating terrorism by

forming an example for countering terrorist organizations similar to the PKK, such as Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia-FARC).

Although this thesis focuses in particular on the PKK, it does refer to several terrorist organizations in brief, as alluded to previously. To improve the reader's understanding of the study, Figure 1 provides a brief introduction to these terrorist groups, their age, geographical location, approximate number of attacks, approximate size, and status of activity.

B. SIGNIFICANCE OF THE STUDY

Terrorism has long been a threat to peace in the modern world. After the 9/11 attacks, its danger became more evident because these attacks showed that terrorists have the capability to strike even a superpower. After the 9/11 attacks, the United States declared a “War on Terror,” which disturbed the terrorists’ safe havens and weakened them. Nevertheless, there is a debate among scholars as to whether or not the U.S. war on terror was successful. Some scholars contend that it failed because there is still a terrorist threat in the world even though terrorists have been weakened since then.² In other words, the U.S. war on terror has not brought an end to terrorism yet.

The U.S. war on terror has shown that it is hard to bring an end to terrorism because combating terrorism includes more than just a military response. Therefore, one can contend that the U.S. war on terror failed because it was mostly a military response. An effective method for combating terrorism requires not only a military approach but also strategic, political, social, and financial approaches. For this reason, this study will focus on financial countermeasures and try to integrate the findings into a strategy of combating the PKK’s terrorist activities.

In the literature of terrorism, there are few resources that focus on terrorist financing because of the lack of evidence.³ Even though it is clear that terrorists raise funds, it is hard to obtain precise data about these efforts because terrorists carry out their financial activities in secrecy. Therefore, the studies related to terrorism financing are limited. Furthermore, while there are a few resources in English addressing the PKK terrorist organization, which has been an active terrorist group in the southeastern part of Turkey since 1978,⁴ there are quite a few resources in Turkish about the PKK.

² Richard English, *Terrorism: How to Respond* (New York: Oxford University Press, 2010), 100–7.

³ Jeanne K. Giraldo and Harold A. Trinkunas, “The Political Economy of Terrorism Financing,” in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, California: Stanford University Press, 2007), 16.

⁴ Jane’s World Insurgency and Terrorism, “Partiya Karkeren Kurdistan (PKK),” *IHS Jane’s*, 1, <https://janes.ihs.com.libproxy.nps.edu/CustomPages/Janes/DisplayPage.aspx?DocType=Reference&ItemId=+++1320763&Pubabbrev=JWIT>.

This study will focus on two neglected issues: terrorist financing and the PKK. It will analyze terrorist financing with a particular focus on the PKK terrorist organization and provide a reliable resource for the future studies that examine these issues. In this study, the PKK's financial resources will be examined according to Michael Freeman's theory of terrorist financing,⁵ which evaluates the financial resources from the terrorists' points of view. With the help of Freeman's theory, this study will evaluate the PKK's financial resources and find the most lucrative and the most used resources of the PKK. The theory will also help to predict the PKK's financial resources in the near future. Thus, with the benefit of Freeman's theory, this study will be able to produce an effective strategy that focuses on the PKK's vital financial resources. For this reason, after the completion of this study, its findings can also be used by other states that deal with similar terrorism threats. Additionally, this study will also encourage future studies on terrorism financing and guide them into a broader research.

C. PROBLEMS AND HYPOTHESES

Turkey has been dealing with the PKK terrorism since 1978.⁶ In the conflict, Turkey has taken political, economic, social, and military countermeasures against the PKK terrorist organization. Even though these measures were effective in weakening the PKK, they were not enough to bring an end to its terrorist activities.

The PKK has been able to continue its violent acts for three decades because of its consistent and reliable financial resources. Even after the destructive impact of Turkey's countermeasures, the PKK gathered its old strength several times over the 30 years of conflict and has continued to be a significant threat against Turkey's political and territorial integrity. Its financial resources, including foreign aid, drug trafficking, smuggling, and extortion, have been the main reasons for how the PKK was able to sustain its terrorist activities and recruit more terrorists.

⁵ Michael Freeman, "The Sources of Terrorist Financing: Theory and Typology," *Studies in Conflict & Terrorism* 34, no. 6 (2011): 463–5, doi:10.1080/1057610X.2011.571193.

⁶ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 1.

The PKK's operational area is the most important factor in its financial capabilities. PKK is active in the southeastern part of Turkey that includes borders with Iraq, Iran, and Syria, which are among the most unstable countries of the Middle East in recent years. This location helps the PKK terrorist organization get aid from other countries easily. Furthermore, the area also provides countless opportunities for terrorists to engage in various kinds of smuggling, extortion, and drug trafficking activities, which brings huge amounts of money to the PKK terrorist organization. Thus, terrorists can sustain their existence with the help of stable financial resources.

I hypothesize that minimizing the PKK's financial resources would make the terrorist organization less effective. I also hypothesize that taking effective countermeasures against the PKK's finance could be part of an effective strategy of combating terrorism and support other political, social, and military measures to bring an end to PKK's existence as a threat against Turkey's national security. Thus, countering terrorist financing could be a part of a broader strategy for combating terrorism.

D. METHODOLOGY AND SOURCES

Many countries in the world have experienced combating terrorism; however, the success rates of these countries in combating terrorism are controversial. Since combating terrorism requires several dimensions, deficiency in one dimension prevents the success of any strategy. Financial struggle is one crucial aspect of combating terrorism. For this reason, this study will focus on countering terrorist financing with a case study approach.⁷ Thus, it will be more specific about its findings, which should increase the efficiency of the study.

The case study of this thesis is the PKK terrorist organization. The thesis will try to produce an effective strategy for countering the PKK's finances. In order to achieve this objective, this thesis will benefit from what other countries or organizations did to minimize the terrorist financing in the history of combating terrorism. I will evaluate the findings and examine their applicability to combating terrorism with the PKK, and also

⁷ Stephen van Evera, *Guide to Methods for Students of Political Science* (Ithaca, NY: Cornell University Press, 1997), 50–5.

adapt the findings to Turkey's combating terrorism against the PKK. After a brief evaluation of the findings of this study, the data would be applicable to other countries' strategy of combating terrorism similarly.

To conduct effective research, I will use various primary and secondary sources. Nevertheless, I will mainly use secondary sources, such as books, journal articles, newspapers, and online sources, such as the site of "International Center for Terrorism and Transnational Crime." Furthermore, I will also use primary sources like government reports and sites, such as U.S. Department of State's 2003 report *Patterns of Global Terrorism* and the site of the Ministry of Foreign Affairs of Turkey.

E. SCHOLARS' VIEWS ON THE PKK AND ITS FINANCE

Combating terrorism is a multidimensional process that includes social, political, military, and economic aspects. Countering terrorist financing is an essential part of combating terrorism because, as Michael Freeman points out, "Terrorism costs money."⁸ By focusing on a specific terrorist organization's financing methods and examining the applied countermeasures in the world, one can find an effective strategy for countering terrorist financing, which can be also applied to other terrorist organizations after some evaluations and changes depending on the characteristics of a particular terrorist organization.

According to Jane's World Insurgency and Terrorism review, Partiya Karkerên Kurdistan (PKK) is an active terrorist organization in the southeastern and eastern parts of Turkey. It was founded by Abdullah Ocalan and his close friends in 1978 as a Marxist-Leninist group. Afterward, its Marxist-Leninist ideology turned into an ethnic separatist ideology by adopting a political view of Kurdish nationalism and seeking an independent Kurdish state within the territories of Turkey. To achieve its objective, it resorted to violence and began its armed attacks in 1984 against security forces and civilians who did not support the PKK in the region.⁹ Since then, the PKK terrorist organization has become the number one threat to Turkey's integrity.

⁸ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 461.

⁹ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 1.

Bekir Cakar, Mahmut Cengiz, and Fatih Tombul state that the PKK is the biggest threat to Turkey's national security even though there have been many terrorist activities in Turkey since the late 1960s. The PKK is the biggest threat for Turkey because it has been responsible for 35,000 casualties, including both civilians and government officers in the region.¹⁰ For this reason, the PKK was designated as a terrorist organization by such countries as Turkey, the United States, Canada, Australia, Azerbaijan, and the United Kingdom, as well as the European Union (EU).¹¹ Although the PKK has been recognized as a terrorist organization by these states and unions, some countries have supported the PKK heavily. These include Turkey's neighbors: Iraq, Iran, and Syria.¹²

Karen Kaya quotes Turkish commanders when explaining how the PKK has benefited from its geographical location substantially. The PKK is mostly active in Turkey's southeast region where Turkey has borders with Syria, Iraq, and Iran. Therefore, the PKK has not had difficulties in finding safe places to hide and organize. Iraq, for example, has often provided safe havens for the PKK.¹³ The PKK has also benefited from the disorder after the U.S. invasion of Iraq by acquiring new camps in the Kandil Mountains, in the north of Iraq.¹⁴ Moreover, Iraq was not the only country in the region that supported the PKK.

¹⁰ Bekir Cakar, Mahmut Cengiz, and Fatih Tombul, "The History of the PKK," in *The PKK: Financial Sources, Social and Political Dimensions*, ed. Charles Strozier and James Frank (Saarbrücken, Germany: VDM Verlag Dr. Müller, 2011), 4.

¹¹ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 2.

¹² Mitchel P. Roth and Murat Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," *Studies in Conflict & Terrorism* 30, no. 10 (2007): 906, doi:10.1080/10576100701558620.

¹³ Karen Kaya, "Turkish Commanders Discuss Counterterrorism Strategies and Lessons Learned from 25 Years of Fighting the PKK," *Small Wars & Insurgencies* 23, no. 3 (2012): 529–38, doi:10.1080/09592318.2012.661616.

¹⁴ Gokhan Bacik and Bezen B. Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," *Studies in Conflict & Terrorism* 34, no. 3 (2011): 261, doi:10.1080/1057610X.2011.545938.

According to the U.S. Department of State's report about global terrorism in 2003, Iran provided sanctuaries as well as aid to the PKK.¹⁵ Gokhan Bacik and Bezen Balamir Coskun assert that Iranian officials overlooked the PKK terrorists and let them stay in the region. Bacik and Coskun also point out that Iran provided weapons to the PKK, trained the terrorists, and aided the PKK financially. In return for its help, Iran wanted intelligence from the PKK about Turkish and U.S. military bases in the region. Nevertheless, Iran was forced to abandon its policy because its aid to the PKK cost more than its gains. Moreover, the Party for Free Life in Kurdistan (PJAK), PKK's branch in Iran, has changed its policy and become a serious threat against Iran's national security. Therefore, Iran agreed to cooperate with Turkey on the PKK issue and signed a security agreement with Turkey. Thus, Iran recognized the PKK as a terrorist organization in 2004 and stopped its aid.¹⁶ After all this, one can argue that Turkey's increasing trade relations and power in the region have supported its strategy of combating terrorism indirectly.

Nur Bilge Criss points to Armenia as another country that has supported the PKK. Armenia provided sanctuaries for the PKK terrorists in Armenian-held Nagorno-Karabagh and in Kurdish villages, which are close to the border of Turkey and Armenia. In addition, the border has become a point that many PKK terrorists use to infiltrate into Turkey. Furthermore, it is observed that many PKK terrorists are Syrian citizens with Armenian origins. Criss also states that after the violence of the Armenian terrorist organization, the Armenian Secret Army for the Liberation of Armenia (ASALA), ended in the early 1990s, PKK terrorism started instantly. For this reason, she argues that this timing increased the suspicions of Armenia's support and involvement in PKK terrorism.¹⁷ Even though Turkey and Armenia continue to work to improve their

¹⁵ U.S. Department of State, *Patterns of Global Terrorism* (2003), <http://www.state.gov/documents/organization/31912.pdf>, 126.

¹⁶ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 261–2.

¹⁷ Nur B. Criss, "The Nature of PKK Terrorism in Turkey," *Studies in Conflict & Terrorism* 18, no. 1 (1995): 32, doi:10.1080/10576109508435965.

relations, Armenia's support for terrorist organizations seems to be a critical obstacle for the future progress of the relations among these two countries.

Daniel Byman, a professor of security studies at Georgetown University, also contends that Lebanon sheltered many PKK seniors.¹⁸ Moreover, not only have Turkey's neighboring countries supported the PKK, but other countries have done so as well. In addition to the aforementioned countries, Mitchel P. Roth and Murat Sever state that Greece, Bulgaria, Cyprus, Libya, the Soviet Union, and Cuba have aided the PKK terrorist organization logistically and morally at different times since 1984.¹⁹ Therefore, one can argue that the PKK is one terrorist group that has had an enormous amount of foreign help with less effort.

Belgin San Akca depicts Syria as another neighbor that has supported the PKK by providing sanctuaries, training camps, and weapons because Syria disagreed with Turkey on the issue of sharing the water of the Euphrates River.²⁰ In recent history, Syria has also supported other terrorist groups active against Turkey, such as ASALA and the Turkish radical left (Dev-Sol).²¹ Therefore, Turkey and Syria have had poor relations in the last decades even though they are neighboring states.

Meliha Altunisik and Özlem Tur state that Syria's offensive attitude, which entailed supporting the PKK and sheltering its leader, threatened Turkey. For this reason, these two countries almost engaged in battle in 1998. Nevertheless, Turkey's deployment of 10,000 additional troops on the border forced Syria to change its politics. As a result of Turkey's policy, Syria gave up its support for the PKK and signed the Adana Agreement with Turkey on October 20, 1998. After the agreement, Syria stopped providing weapons

¹⁸ Daniel Byman, *Deadly Connections: States That Sponsor Terrorism* (Cambridge; New York: Cambridge University Press, 2005), 150.

¹⁹ Mitchel P. Roth and Murat Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," *Studies in Conflict & Terrorism* 30, no. 10 (2007): 906, doi:10.1080/10576100701558620.

²⁰ Belgin San Akca, "Supporting Non-State Armed Groups: A Resort to Illegality?," *Journal of Strategic Studies* 32, no. 4 (2009): 589–90, doi:10.1080/01402390902987012.

²¹ Meliha B. Altunisik and Özlem Tür, "From Distant Neighbors to Partners? Changing Syrian-Turkish Relations," *Security Dialogue* 37, no. 2 (2006): 232, doi:10.1177/0967010606066172.

and safe havens to the PKK.²² Thus, Turkey weakened the PKK by preventing Syria's sponsorship.

Gokhan Bacik and Bezen Coskun point out the decrease in PKK's active attacks between 1999 and 2002. After signing the Adana Agreement, Syria expelled Abdullah Ocalan, the leader of the PKK since its foundation, which later led to his being caught in Kenya. Imprisonment of Ocalan badly affected the PKK's efficiency and strategy. It temporarily stopped its armed struggle in August of 1999. For this reason, the PKK was not active as much as in the previous years through 2002. Nevertheless, the PKK started to become more active in 2002 when its seniors understood that the terrorist organization was losing its popular support because of the Turkish government's strategy to gain the support of the people in the region.²³ Therefore, the PKK changed its name two times in 2002 and 2003 to gain legitimacy in the eyes of the people it represented. In 2002, it changed its name to Kurdistan Freedom and Democracy Congress (KADEK) and later in 2003 to Kurdistan People's Congress (KONGRA-GEL).²⁴ Even though the PKK changed its name to gain the sympathy of people, its strategy did not work because of its continuing violent attacks.

Mustafa Cosar Unal, Chief Superintendent of the Turkish National Police and holder of a Ph.D. in Public Policy from the University of Maryland, contends that ending ethnic terrorism, such as PKK terrorism, requires more effort than other types of terrorism. For this reason, he states that Turkey must increase its political and social countermeasures as well as military ones. Moreover, he particularly focuses on popular support of the PKK. He sees the elimination of the PKK's popular support as a key factor in combating PKK terrorism.²⁵ Since the popular support is crucial for the PKK's

²² Altunisik and Tür, "From Distant Neighbors to Partners? Changing Syrian-Turkish Relations," 237–8.

²³ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 251.

²⁴ Ministry of Foreign Affairs, Republic of Turkey, official website, http://www.mfa.gov.tr/pkk_kongra-gel.en.mfa.

²⁵ Mustafa C. Unal, "The Kurdistan Workers' Party (PKK) and Popular Support: Counterterrorism Towards an Insurgency Nature," *Small Wars & Insurgencies* 23, no. 3 (2012): 437–50, doi:10.1080/09592318.2012.661610.

finances as well, one can argue that the decrease in the PKK's popular support would contribute to the minimization of PKK's financial resources.

Sever and Roth point out the PKK's increasing involvement in illegal financial activities since the late 1990s. They assert that the PKK had to rely on transnational organized crime activities more because the states stopped supporting the PKK.²⁶ These activities include "drug trade, extortion, illegal immigration, human smuggling, fake documents, money laundering, murder, violence, and threats."²⁷ Sever and Roth also state that the PKK traffics 80 percent of the drugs produced in the area of Iran, Pakistan, and Afghanistan to European countries via Turkey. Thus, the PKK obtains an income of 50 million to 100 million U.S. dollars annually just from its drug trafficking. The annual reports of U.S. Department of State about global drug trafficking in 1996, 1998, and 2000 point out that PKK's drug trafficking activities are the primary source for its terrorist activities.²⁸ Therefore, one can argue that minimization of PKK's financial resources firstly requires the prevention of drug trafficking activities.

Michael Freeman evaluates the terrorist financing according to his theory of terrorist financing.²⁹ He contends that terrorists choose particular financial resources among others depending on their specific conditions, because not every financial resource is good for them. Terrorists want as much money as possible with as little effort as possible. For this reason, Freeman qualifies terrorists' financial resources with his six criteria: quantity, legitimacy, security, reliability, control, and simplicity.³⁰ These criteria affect terrorists' choices for their financial resources.

To briefly explain Freeman's theory, terrorists want to obtain large amounts of money with simple, legitimate, secure, and reliable or consistent methods that do not control their strategy. Therefore, terrorists' financial resources differ from one group to

²⁶ Murat Sever and Mitchel P. Roth, "Convergence of Terrorism and Organized Crime: The Case of PKK," in *The PKK: Financial Sources, Social and Political Dimensions*, ed. Charles Strozier and James Frank (Saarbrücken, Germany: VDM Verlag Dr. Müller, 2011), 138.

²⁷ Ibid., 139.

²⁸ Ibid., 131–2.

²⁹ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463–5.

³⁰ Ibid., 461–73.

another because of the different characteristics of terrorist groups and financial resources.³¹ Drug trafficking, for instance, seems more lucrative for the PKK terrorist organization because it is active in the region where Turkey has borders with Iraq, Iran, and Syria. Nevertheless, drug trafficking may not be as popular and lucrative a financial resource for other terrorist organizations as it is for the PKK.

Kidnapping, extortion, and looting are more popular resources than drug trafficking for the Euskadi Ta Askatasuna (ETA) in Spain.³² Freeman explains this difference with its two criteria: quantity and simplicity. Since the kidnapping and extortion activities bring more money and are less complicated than drug trafficking for the ETA, its resources are different from the PKK's. Therefore, one can argue that financial measures against ETA's drug trafficking will not hurt ETA as much as measures against its kidnapping and extortion activities. For this reason, countering terrorist financing must be focused on specific resources of terrorists to be more effective. Freeman's theory determines these specific financial resources of the terrorists with its criteria.

Habib Ozdemir and Ilker Pekgozlu contend that the PKK terrorist organization has six main financial resources: "international smuggling, extortion in Turkey and European countries, illegal trade revenues, mass media, business and cultural organizations, and lastly the United Nations' Makhmour Refugee Camp."³³ Ozdemir and Pekgozlu's analysis of the PKK's financial resources seems to fit with Freeman's theory and the significance of how the geographical location of the PKK makes these resources more profitable, more reliable, and simpler to obtain for the PKK.³⁴ Ozdemir and Pekgozlu also argue that the PKK would not survive if it had financial resources only in

³¹ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 461-73.

³² Mikel Buesa and Thomas Baumert, "Untangling ETA's Finance: An In-depth Analysis of the Basque Terrorist's Economic Network and the Money It Handles," *Defense and Peace Economics* 24, no. 4 (2013): 323-5, doi:10.1080/10242694.2012.710812.

³³ Habib Ozdemir and Ilker Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," *International Journal of Security and Terrorism* 3, no. 2 (2012): 87.

³⁴ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463-5.

Turkey.³⁵ For this reason, it can be concluded that minimization of PKK's international funding will heavily affect PKK's financial resources. Nevertheless, the minimization of international funding seems to require international cooperation to be successful.

According to Jane's World Insurgency and Terrorism review, the PKK also has many financial activities in Europe. An investigation that was concluded in early 2011 in France shows that the PKK collected money from people two times each year in the name of donations. The investigation also reveals that one of PKK's main legal resources was festivals and events, which were organized by PKK's sympathizers in France. Another source of income for the PKK in France was the sale of its newspapers and magazines, which are propaganda materials for the PKK. Charity organizations in Germany, extortion activities in Italy, and donations in Denmark are PKK's other financial resources in Europe.³⁶ Nevertheless, these financial resources do not seem as lucrative as drug trafficking for the PKK.

Ozdemir and Pekgozlu point out PKK's legal financial resources include mass media, business, and cultural organizations. Even though these organizations are legal, Ozdemir and Pekgozlu contend that some of these legal organizations were founded with illegal money. They also assert that the PKK uses its media organizations, such as Roj TV, to spread its ideology. For this reason, Kurdish businessmen support PKK's media organizations by advertising their products. Furthermore, the PKK terrorists sell their publications forcibly to Turkish, Iranian, Iraqi, and Syrian people who live in abroad. The prices of the publications are also interesting because there is not a fixed price. The price is proportional to people's income; high income means high price. If people do not want to buy the publications, terrorists threaten to attack them.³⁷ Therefore, people have to buy the PKK's publications even if they are not supporters or the sympathizers of the terrorist group.

³⁵ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 96.

³⁶ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 26.

³⁷ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 93.

Ozdemir and Pekgozlu also state that the PKK founded business, cultural, and humanitarian organizations in Europe with the early support of European countries. By benefiting from these organizations in Europe, the PKK conveys its ideology to broader areas. Moreover, the PKK also uses these organizations to cover its illegal activities, such as “money laundering, so-called taxation, and donations.”³⁸ The PKK also organizes social events through these institutions and forces people to attend these events and donate to these institutions.³⁹ Thus, legal organizations serve as sources of illegal finances for the PKK.

Oldrich Bures points out the financial measures the United Nations and European Union have taken against terrorists. He states that after the adoption of the United Nations (UN) Security Council Resolution no. 1373, the United Nations obliged member states to “criminalize acts of financing international terrorism.”⁴⁰ The resolution also mandated member states to “freeze the funds and assets of persons and groups engaged in terrorist activities.”⁴¹ In addition to these measures, the UN Security Council adopted three or more resolutions that require member states to put travel bans on people listed by the Sanctions Committee.⁴² With these resolutions, the United Nations has encouraged the international cooperation against the terrorist financing.

The European Union also took several countermeasures with directives in 1991, 2001, and 2005. The first two directives brought responsibilities to financial institutions about anti-money-laundering and required the formation of intelligence units in the member states to counter the terrorist financing. Moreover, the third directive obliged the members of the union to legislate the Forty Recommendations and seven Special Recommendations of Financial Action Task Force, which is an international organization

³⁸ Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 95.

³⁹ Ibid., 94–5.

⁴⁰ Oldrich Bures, “EU’s Fight Against Terrorist Finances: Internal Shortcomings and Unsuitable External Models,” *Terrorism and Political Violence* 22, no. 3 (2010): 420, doi:10.1080/09546550903463434.

⁴¹ Ibid.

⁴² Ibid.

founded in 1989 by G-7 countries to combat terrorist financing.⁴³ Although the United Nations and European Union show great efforts for countering terrorist financing, their measures do not seem to be effective enough against terrorist financing because their resolutions are at a strategic level, and there is not an organization that inspects the member countries' implementations.

Thomas Biersteker and Sue Eckert state that the terrorists' financial resources differ from one terrorist group to another. Therefore, they suggest various countermeasures against different terrorists.⁴⁴ They also recommend the determination of real and trusted charity organizations by the government. Thus, contributors will know these organizations, and this measure will prevent unwitting donations to the terrorist organizations. Furthermore, the governments should inspect the international trade data carefully to find abnormal transactions, which are most probably related to financing terrorist or organized criminal groups.⁴⁵ Since terrorists' financial activities are considerably connected with organized criminal groups, countering terrorist financing should also aim to prevent the financial activities of organized criminal groups.

Ozdemir and Pekgozlu suggest several countermeasures against PKK's financing. They argue that border security systems should be improved. Since PKK's main financial resources are drug, goods, and human trafficking, an advanced border security system would be effective against PKK's financing. They also point out the importance of using a professional security organization to protect the borders. Their suggestion to increase the level of border security accords nicely with Freeman's theory because the high level of security in borders will prevent the PKK's main financial activities, such as drug trafficking and smuggling. Donations and so-called taxations are the PKK's other critical financial resources, particularly in Europe. Ozdemir and Pekgozlu assert that international or bilateral cooperation is necessary to counter the PKK's financial activities abroad. Thus, there would be more effective countermeasures against the

⁴³ Bures, "EU's Fight Against Terrorist Finances," 422.

⁴⁴ Thomas J. Biersteker and Sue E. Eckert, "Conclusion: Taking Stock of Efforts to Counter the Financing of Terrorism and Recommendations for the Way Forward," in *Countering the Financing of Terrorism*, ed. Thomas J. Biersteker and Sue E. Eckert (London: Routledge, 2008), 297.

⁴⁵ *Ibid.*, 299.

PKK's finance in Europe by sharing intelligence with European countries and implementing more efficient sanctions.⁴⁶ After the successful implementation of these measures, the PKK's illegal resources would be minimized substantially.

The PKK terrorism has been a real threat against Turkey's national security and integrity since 1984. Even though Turkey's strategy of combating terrorism weakened the PKK severely, the group has survived for 30 years. The main reason for its survival has been its consistent and reliable resources in Turkey and abroad. Therefore, it can be concluded that the minimization of its financial resources would seriously weaken the PKK.

F. STRUCTURE OF THE THESIS

The thesis begins with a brief background related to the PKK terrorist organization. In this first chapter, the objective, importance, problems and hypotheses, method analysis of the study, and literature review are presented.

Chapter II reviews the need for a theory of a more effective approach to counter terrorist financing. Michael Freeman's theory of terrorist financing⁴⁷ is introduced in this part of the study. Afterwards, how the theory will help to develop an effective strategy of countering terrorist financing is discussed. The findings of this discussion are used in the following parts of the thesis.

Chapter III discusses PKK's activities to ensure its financial resources and the changes in its finance methods throughout the years. After the evaluation of PKK's financial resources, the most significant financial resources of the PKK are determined according to Freeman's theory.

Chapter IV presents various countries' tactics against terrorist financing in their countries, and discusses the effectiveness of these measures. Then, the possible countermeasures for PKK's financing are stated by benefiting from other countries' experiences and the findings of Freeman's theory.

⁴⁶ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 97.

⁴⁷ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463–5.

Chapter V includes the conclusion and the summary of the findings to ensure a broader comprehension of the study, and it also includes recommendations for future studies related to combating PKK terrorism.

II. A THEORY OF TERRORIST FINANCING

Obviously, terrorist groups need money to conduct their activities. They seek activities in their regions that will bring a great deal of money to them. Nevertheless, having a substantial amount of money is not necessarily the only benchmark for terrorists in choosing financial resources. Because every terrorist group has its own needs and expectations, it chooses financial resources accordingly. While FARC focuses on drug production and trafficking,⁴⁸ Hezbollah receives a significant amount of state support from Iran and Syria.⁴⁹ Additionally, the Liberation Tigers of Tamil Eelam (LTTE) has mostly used its popular support and coercive fundraising methods to benefit from its diaspora around the world⁵⁰ while the ETA has mostly resorted to extortion and kidnapping activities to raise money.⁵¹ Just as investors diversify their activities in the stock market, terrorist organizations also want to diversify their financial resources to eliminate a dependency on one specific kind of financial support. Economic dynamics, like the amount of profit, monetary needs, and expectations on returns determine types of resources. Because of this diversity in resources, studies of terrorist financing must be within a theoretical framework and have a strategic approach to reach practical results.

Michael Freeman's theory of terrorist financing categorizes financial resources of terrorist groups and asserts six criteria for terrorists' selection of fundraising methods: quantity, legitimacy, security, reliability, control, and simplicity. Based on these criteria, it is understood that terrorist groups, like any other organization, want to maximize their profits. While Freeman starts his theory with quantity, he acknowledges it is not the only decisive factor. He argues that the other five criteria also matter in the selection.⁵² Thus,

⁴⁸ Vera Eccarius-Kelly, "Surreptitious Lifelines: A Structural Analysis of the FARC and the PKK," *Terrorism and Political Violence* 24, no. 2 (2012): 240, doi:10.1080/09546553.2011.651182.

⁴⁹ Doug Philippon, "Hezbollah: The Organization and its Finances," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 52–4.

⁵⁰ Christopher L. Corley, "The Liberation Tigers of Tamil Eelam (LTTE)," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 117–8.

⁵¹ Buesa and Baumert, "Untangling ETA's Finance: An in-depth Analysis of the Basque Terrorist's Economic Network and the Money It Handles," 323–4.

⁵² Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463–5.

his theory forms a framework for understanding the attraction of a group to particular money-raising methods and adequately explains dynamics of terrorist financing. This chapter will introduce Freeman's theory, which includes six criteria for terrorists' selection of their resources. Each criterion of the theory will be examined briefly.

A. QUANTITY

Obtaining resources that deliver as much money as possible is the primary desire of terrorist organizations. For this reason, resources that bring the most money are the most effective. Having a great deal of money ensures terrorists are able to continue their attacks, increase their capabilities, and recruit more people.⁵³ This dynamic forms a cyclical gain; the more money they earn, the more lucrative resources they acquire, and the more successful they become.

Because of their significant amount of profit, drug production and drug trafficking seem to be among the most popular fundraising methods for some terrorist organizations. FARC, for example, engages in all phases of the drug trade, from production to trafficking. Vera Eccarius-Kelly contends that to maximize its profit, FARC is a prominent cocaine manufacturer because it has involvement in at least half the world's cocaine production.⁵⁴ The drug trade represents half of FARC's income, which was \$600 million annually at the end of the 1990s.⁵⁵ This data shows the portion of FARC's finances related to the drug trade at those times and gives hints about its current situation by reflecting its strategy. Therefore, one might argue that FARC chose the drug trade as its primary resource because it is considerably profitable for the organization.

Kidnapping and extortion are another lucrative source of revenue for terrorist groups. ETA, for instance, has been a terrorist organization that sent extortion letters to millionaire businessmen and self-employed professionals to force them pay to avoid being a victim of the group's future kidnappings. Moreover, terrorists kidnapped some of these people and requested a huge amount of money as ransom. Thus, ETA gained a

⁵³ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463.

⁵⁴ Eccarius-Kelly, "Surreptitious Lifelines: A Structural Analysis of the FARC and the PKK," 240.

⁵⁵ Ibid., 254.

significant amount of money in its 30 years of activity. Mikel Buesa and Thomas Baumert argue that the group acquired approximately 1.2 million Euros between 1978 and 2010 through its kidnapping and extortion activities. Additionally, Buesa and Baumert demonstrate that two-thirds of this income comes from kidnappings while one-third of it comes from extortion letters.⁵⁶ Considering this high amount of income, it seems that high profits played an important role in ETA's decision to choose kidnappings and extortion letters as its main fundraising method. Nevertheless, a large quantity of money alone may not be as crucial for other terrorist groups as it is in this example.

B. LEGITIMACY

While acquiring their financial resources, terrorists also care about the legitimacy of their activities. If they have illegitimate sources of revenue, which are disliked even by their supporters, terrorist groups can lose their popular support. As a result, their recruitment sources may also decrease. The disadvantages of having illegitimate resources may be worse if a terrorist group gets large amounts of financial aid from its diaspora or other supporting groups through donations and contributions. Thus, having a great deal of money would not help a terrorist organization survive or increase its strength. For this reason, this relationship is a trade-off, which requires a loss in the number of lucrative resources to gain and sustain high popular support and recruitment possibilities. Freeman argues that, as a result of this trade-off, some terrorist groups refrain from engaging in drug trafficking. Additionally, members of a terrorist organization can use fundraising methods to increase their personal wealth, which causes corruption within the terrorist group.⁵⁷ These behaviors decrease the level of trust among the members of a terrorist organization and increase its illegitimacy, even in the eyes of its followers. Therefore, some terrorist groups have to renounce their high amount of profits to sustain their power and existence.

⁵⁶ Buesa and Baumert, "Untangling ETA's Finance: An in-depth Analysis of the Basque Terrorist's Economic Network and the Money It Handles," 323–4.

⁵⁷ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463.

Since the legitimacy of how they acquire their resources is essential, some terrorist groups tend to keep themselves away from criminal activities; however, many cannot ignore the high profits of illegal activities.⁵⁸ Consequently, many terrorist organizations, including FARC and the PKK, do engage in illegal activities like drug trafficking.⁵⁹ Nevertheless, even though their involvement in drug trafficking is obvious, they conduct their business covertly⁶⁰ to reduce an appearance of illegitimacy. Furthermore, terrorist organizations tend to engage in more legal activities and enjoy more popular support and state sponsorship due to these resources' high level of legitimacy.⁶¹ Thus, they balance the legitimacy of their resources and the profits of illegal activities in this way.

C. SECURITY

Since terrorist groups are illegal and also illegitimate in their nature, they have to conduct their activities clandestinely to not get caught by law enforcement and military officials. Furthermore, states security forces are encouraged to infiltrate into terrorist organizations to gather intelligence about their activities. Some monetary resources, such as organized criminal activities, are easy ones to infiltrate for state agents. These factors make terrorist groups choose fundraising methods that are out of the state controlled area or that do not get much attention from state.⁶² As a result, terrorist organizations either need to stay away from illegal financial activities or conduct these activities secretly.

⁵⁸ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463.

⁵⁹ Eccarius-Kelly, "Surreptitious Lifelines: A Structural Analysis of the FARC and the PKK," 240; Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 907–9.

⁶⁰ Nikos Passas, "Terrorism Financing Mechanisms and Policy Dilemmas," in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, California: Stanford University Press, 2007), 31.

⁶¹ Elias Blum, Marten Lindberg, and Florian Schaurer, "OSINT Report 2/2011: Eidgenössische Technische Hochschule Zürich., International Relations and Security Network," http://kms1.isn.ethz.ch/serviceengine/Files/ISN/131592/ipublicationdocument_singledocument/2c8daf48-349b-4261-a47a-bcad5e8085e5/en/OSINT_Q2-2011.pdf, 6.

⁶² Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463–4.

In terms of the security criterion, state sponsorship, legal activities, and popular support seem more attractive than illegal activities to terrorist groups. Since state sponsorship is out of the target states' control area, and target states cannot interfere in terrorist organizations' legal activities and popular support, these resources are better for terrorists. Furthermore, in recent times, terrorists have started to use the internet and virtual economies more to eliminate target states' possible interference during their transactions to transfer money. For this reason, the increase in use of the internet brings significant vulnerabilities to combating terrorism strategies.⁶³

D. RELIABILITY

Terrorists prefer to have stable and dependable financial resources. They want a permanent flow of money to conduct activities at any time. For this reason, state sponsorship is not a reliable means for terrorists, because states can stop supporting terrorists or decrease their support any time. This happened in the period after the Cold War. Having consistent resources is connected to geographical and demographical elements. To engage in the drug trade and trafficking, a terrorist group must be active in areas that are suitable for drug production and close to borders and trafficking routes.⁶⁴ The geographical aspects of FARC and the PKK's operational areas apply exactly to this description, which once again explains their high level of involvement in drug trafficking. Each of these terrorist organizations operates in an area that is considerably close to the borders, and they both are in the middle of drug trafficking routes. While the PKK conveys the drugs that come from the Golden Crescent countries of Asia, Iran, Afghanistan, and Pakistan through Turkey to Europe, FARC is in the middle of the route that comes from Latin America to the United States.⁶⁵ Consequently, the PKK and FARC have obtained great profits from their illegal drug trade activities for years.

⁶³ Blum, Lindberg and Schaurer, "OSINT Report 2/2011" 3–4.

⁶⁴ Blum, Lindberg and Schaurer, "OSINT Report 2/2011" 4; Freeman, "The Sources of Terrorist Financing: Theory and Typology," 464.

⁶⁵ Eccarius-Kelly, "Surreptitious Lifelines: A Structural Analysis of the FARC and the PKK," 239–42; Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 89; Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money?," 89.

Demographics are also a matter in ensuring perpetual flow of money to terrorists because some terrorist organizations obtain a great deal of money from their diaspora by means of extortion, donations, and voluntary contributions. The PKK, for instance, benefits from its diaspora of 800,000 immigrants in Europe,⁶⁶ in addition to its supporters in Turkey and neighboring countries.⁶⁷ The LTTE is another terrorist organization that took advantage of its diaspora and local community. One-quarter of the Tamil population—including 800,000 to 1.6 million people—lives outside of Sri Lanka. In addition to the rest of the Tamil population in Sri Lanka, LTTE utilized its diaspora around the world.⁶⁸ Thus, it acquired reliable income from popular support for many years.

E. CONTROL

Terrorist groups want to preserve their sovereignty over their financial resources. If a state or private donor helps terrorists financially, they naturally may have influence on terrorist groups. Thus, states or individual donors can control and direct activities of terrorist groups for their own purposes, which may be significantly different from the terrorist organization's goals.⁶⁹ Additionally, these states or donors consider terrorist groups as a tool to use while achieving their own interests.⁷⁰ This view means that they are not really supporters of terrorists. Since terrorists do not want to be beholden to these foreign powers, they are not very enthusiastic about state aid, even though states provide a considerable amount of money to them. Furthermore, state sponsors may want different terrorist groups in the same area to compete for state support. As a result, this

⁶⁶ Michael Radu, "The Rise and Fall of the PKK," *Orbis* 45, no. 1 (2001): 55, doi:10.1016/S0030-4387(00)00057-0.

⁶⁷ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 26; Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 95–6.

⁶⁸ Christopher L. Corley, "The Liberation Tigers of Tamil Eelam (LTTE)," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 117.

⁶⁹ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 464.

⁷⁰ Faruk Ekmekci, "Terrorism as War by Other Means: National Security and State Support for Terrorism," *Revista Brasileira de Política Internacional* 54, no. 1 (2011): 125, doi:10.1590/S0034-73292011000100008.

competition may turn into a political rivalry, which is not good for terrorists.⁷¹ In this situation, the lack of control over funds greatly damages terrorist organizations' future plans.

Terrorists also have other concerns related to the control of dynamics within their organization: they want centralized control over their financial resources to strengthen the central administration against the lower level units within the organization to avoid rivalry between them. Nevertheless, balance must be ensured between the control capabilities of high and low level units over financial assets to prevent the weakness of lower level units. Moreover, in terms of control, the timely procurement of resources is also important for terrorists to conduct their future activities without a hitch.⁷² As a result of these concerns related to control over financial resources, terrorist organizations are significantly wary when choosing their fundraising methods.

F. SIMPLICITY

Terrorists want to acquire money through easy, fast, and simple processes. Freeman describes these processes as “methods that require fewer skills, that require as little effort as possible, that have simpler processes, and that have fewer inherent costs.”⁷³ Extortion activities, for example, are easier than cybercrime activities or organized crime activities that require technical expertise or international connections. Moreover, even if terrorist groups had the ability to engage in these more sophisticated activities, these types of financial resources are always more risky and uncontrollable. The simplicity criterion is valid for terrorist groups' legal businesses, as well. If they want to raise money by founding companies and producing electronic items, they need to be as good as other firms to compete with them and also to sustain their businesses, which require much more specialized capabilities.⁷⁴ For this reason, some terrorist

⁷¹ Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 464.

⁷² Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 464; Blum, Lindberg, and Schaurer, “OSINT Report 2/2011” 464.

⁷³ Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 464.

⁷⁴ Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 464; Blum, Lindberg, and Schaurer, “OSINT Report 2/2011” 4.

organizations tend to found media businesses like broadcasting companies, newspapers, and journals, which are easier and simpler to control.⁷⁵ State sponsorship, in terms of the simplicity criterion, is also a good resource for terrorists because it does not require any effort, knowledge, or skill.⁷⁶ Accordingly, if the only criterion were simplicity, state aid would be the perfect source of revenue for terrorists. However, if terrorists only sought out simplicity while choosing their monetary resources, they would be unlikely to find suitable sources of finance other than state support or private donor contributions.

G. AN ADDITION TO THE THEORY: “VERSATILITY”

Freeman’s theory consists of six criteria that explain the funding expectations of terrorist organizations considerably well. Nevertheless, the theory can be improved with different interpretations and additional criteria. Versatility, which refers to versatile gains from a single resource, would be the other criterion for the theory of terrorist financing.

Versatility in this context refers to multidimensional outcomes of a particular resource. This is to say that terrorists do not focus solely on their income while choosing their fundraising methods. They also seek various other benefits that a financial activity can bring. Broadcasting companies, for example, provide not only a great deal of money, but also a great opportunity to spread good propaganda for terrorist organizations. Thus, terrorists also make propaganda for themselves while raising money for their activities at the same time. Human smuggling may be another versatile method for terrorists. The PKK, for instance, gains much from its smuggling activities. It acquires large amounts of money from human smuggling. In addition, it converts its victims by force, threatens its new recruits in Europe, and makes them the drug dealers in the streets. Moreover, it demands membership fees from these people, and creates a new type of fundraising method.⁷⁷ Since terrorists get various benefits easily from these types of resources at the

⁷⁵ Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 93–5.

⁷⁶ Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 464.

⁷⁷ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 909–10.

same time, they tend to consider the versatility of their resources before making a selection.

H. EVALUATION AND INTERPRETATION OF THE THEORY

Freeman's theory is helpful in forming a framework for studying the popularity of various financial resources through the eyes of terrorists. It provides a strategic approach for explaining the reasons behind terrorists' selection of their resources. Additionally, Freeman classifies terrorists' financial resources into four categories to compare them in terms of his six criteria: state sponsorship, illegal activities, legal activities, and popular support. According to his theory, state sponsorship is a legitimate, simple, and secure resource that brings a great deal of money to terrorists. Nevertheless, it is out of a terrorist organization's control, and there is a possibility that state sponsors can force a terrorist group to change its agenda and goals by holding power and influence with their support. For this reason, terrorist groups are largely not in favor of this financial resource.

Illegal activities are reliable fundraising methods within the control of terrorist organizations, though their legitimacy can vary depending on a particular activity. Even though these resources are considerably lucrative, they are risky due to their insecure nature. Yet versatile benefits of some criminal activities are also a consideration to increase the overall profit. Furthermore, the simplicity of these activities varies according to the type. While extortion is a straightforward process, drug trafficking requires a strong organizational structure and international connections.

Legal activities are legitimate, secure, and controllable monetary resources for terrorists, but they are low in quantity and reliability. Additionally, they require specialized skills and knowledge to engage in them. Nevertheless, versatile benefits of legal activities can bring more profit than expected to terrorists.

Popular support is a legitimate, secure, reliable, and simple source of revenue; however, it is out of terrorist groups' control and does not bring substantial amounts of money. It certainly supports other methods, but by itself it is not enough for the financing of terrorist groups. Accordingly, popular support is less preferable than other resources due to its low yield. Table 1 shows Freeman's four types of resources and his six criteria

for terrorist financing. As explained in this section, it illustrates positive, negative, or mixed relationships between these resources and criteria to provide a broader understanding for the theory.

Table 1. Comparison of Terrorist Groups' Financial Resources in Terms of Six Criteria.⁷⁸

	State Sponsorship	Illegal Activities	Legal Activities	Popular Support
Quantity	+	+/-	-	-
Legitimacy	+	+/-	+	+
Security	+	-	+	+
Reliability	-	+	-	+
Control	-	+	+	-
Simplicity	+	+/-	-	+

⁷⁸ Blum, Lindberg, and Schaurer, "OSINT Report 2/2011" 6.

I. CONCLUSION

Studies of terrorist financing require a strategic examination of the key factors and a systematic approach to elements of interest to produce reliable interpretation. Since Freeman's theory provides an extensive guide for understanding the reasons behind terrorists' selections of particular resources, his theory is a useful tool that meets these requirements. Furthermore, the findings of this theory can be used to make countermeasures against terrorist financing methods by focusing on specific types of fundraising.

The theory is also interesting and instructive because it demonstrates well the trade-off relationships between the alternatives of fundraising methods in terms of the six criteria. Therefore, dependency on only a specific type of monetary fund seems to be destructive for terrorist groups while having various financial resources can eliminate the weaknesses and vulnerabilities of other particular methods.

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III. THE CHANGE IN FINANCIAL RESOURCES OF THE PKK

The survival of a terrorist organization requires a struggle for finding adequate financial resources to continue its acts of violence. As Michael Freeman states, terrorist groups need money to conduct their activities like any other organization.⁷⁹ If they do not have enough money, their violence is destined to come to an end. Martha Crenshaw points out the importance of sustaining activities for the terrorist groups: “[A]cts of terrorism may be motivated by the imperative of organizational survival. ... Survival is the minimal goal of any organization.”⁸⁰ To achieve their minimum goal of survival, terrorists must have an organizational structure that supports financial stability. In terms of finance, sustaining a terrorist organization is more difficult than founding one, because an existing terrorist group has to meet the needs of its numerous members, such as shelter, food, clothing, medication, and weaponry.⁸¹ For this reason, terrorist organizations need to find lucrative, reliable, and consistent resources to continue their activities. Freeman’s typology classifies financial sources of terrorist groups into four categories: state sponsorship, illegal activities, legal activities, and popular support.⁸² The popularity of these types of resources varies from one group to another.

The PKK is one of the bloodiest and most notorious terrorist groups that seeks financial resources to sustain its existence.⁸³ To continue its activities, the PKK has benefited from all of the aforementioned categories of finance. When its state support decreased due to the collapse of the Soviet Union, it changed its direction toward illegal activities to compensate for its loss. Thus, its adaptation to the changing environment in the Middle East has enabled it to obtain a wider variety of financial resources. For this

⁷⁹ Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 461.

⁸⁰ Martha Crenshaw, “An Organizational Approach to the Analysis of Political Terrorism,” *Orbis* 29, no. 3 (1985): 473.

⁸¹ Necati Alkan, “Terör Örgütlerinin Finans Kaynakları,” [Financial Sources of Terrorist Organizations] *Polis Dergisi* [Police Review] 40 (2004): 28.

⁸² Freeman, “The Sources of Terrorist Financing: Theory and Typology,” 465–71.

⁸³ Haydar Karaman, “Terrorism and Its Financial Sources,” Strategic Outlook, last modified May 29, 2014, http://www.strategicoutlook.org/publications/Terrorism_and_Its_Financial_Sources.pdf, 9.

reason, it is obvious that the PKK's change of its primary financial resources from state sponsorship to illegal activities has had a significant role in its survival.

A. THE PKK'S SURVIVAL

The PKK has survived for more than 30 years, despite changing conditions, due to its adaptability and its strong organizational structure. These two factors have brought tremendous benefits to the PKK by helping it recruit a multitude of individuals from the Middle East. As a result, it increased and also maintained its power, which has enabled it to resist Turkey's effective countermeasures. Thus, despite Turkey's large-scale military operations and its determined efforts to end terrorism, which effectively weakened the terrorist group in recent decades, the PKK has succeeded in surviving.

The change in the PKK's ideology helped it increase its operational capacity. The PKK terrorist organization was founded by Abdullah Ocalan and his friends in 1978, with a Marxist-Leninist ideology. When the Marxist-Leninist ideology started to lose its influence after the collapse of the Soviet Union, the PKK adopted a nationalist ideology in the late 1980s.⁸⁴ Eccarius-Kelly contends: "This ideological change significantly improved the PKK's capacity to recruit young people in rural areas and expanded its logistical support networks into neighboring Iraq and Syria."⁸⁵ Thus, with the change of ideology, the PKK increased both its recruitment ability and operational area, which also supported its financial ability.

Having a strong organizational structure is as important for the PKK as it is for other terrorist groups. Accordingly, David Tucker points out that subunits and networks within a terrorist organization, such as fund raisers, bomb makers, and weapon suppliers, increase its capacity to be more successful in its activities. The PKK has formed its structure this way throughout the years.⁸⁶ Rex Hudson discusses the importance of having various people in the PKK's organizational structure: "Large organizations, such

⁸⁴ Jane's World Insurgency and Terrorism, "Partiya Karkeren Kurdistan (PKK)," 1.

⁸⁵ Eccarius-Kelly, "Surreptitious Lifelines: A Structural Analysis of the FARC and the PKK," 237.

⁸⁶ David Tucker, "Terrorism, Networks, and Strategy: Why the Conventional Wisdom is Wrong," Calhoun: Institutional Archive of the Naval Postgraduate School, last modified May 21, 2012, <http://calhoun.nps.edu/public/bitstream/handle/10945/24971/101.pdf?sequence=1>, 8.

as ... the Kurdistan Workers' Party (PKK), have many members—for example, accountants, cooks, fund-raisers, logistics specialists, medical doctors, or recruiters—who may play only a passive support role.”⁸⁷ Thus, having a strong organizational structure with various subunits has helped the PKK obtain financial resources easily and survive for 30 years. For this reason, Peter Waldmann argues, “[T]he longer a terrorist campaign lasts, the greater the danger becomes.”⁸⁸ Due to its experience in the last two decades, the PKK has become stronger and more dangerous than it has ever been in its 30-year history.

The PKK's various recruiting methods also reflect its strong organizational structure. Waldmann states, “Members of [ethnic] terrorist groups are recruited mainly from the lower or the lower-middle class.”⁸⁹ As an ethnic terrorist organization, this argument is valid for the PKK. Hudson contends that most of the PKK's members are from the lower class.⁹⁰ Hudson also states: “The PKK recruits its guerrillas forcibly and then subjects them to ‘brainwashing’ sessions at training camps in Lebanon.”⁹¹ Thus, the PKK recruits many people easily and indoctrinates them in its ideology in its training camps to increase their dependence on the terrorist group. Furthermore, Donatella Della Porta points out the value system that considers group members who are disloyal to the terrorist group as traitors and threatens them with punishment.⁹² Similarly, PKK terrorists threaten their reluctant members with death.⁹³ In this way, the PKK prevents its

⁸⁷ Rex A. Hudson, “The Sociology and Psychology of Terrorism: Who Becomes a Terrorist and Why?,” Library of Congress, last modified May 30, 2014, http://www.loc.gov/rr/frd/pdf-files/Soc_Psych_of_Terrorism.pdf, 12.

⁸⁸ Peter Waldmann, “Ethnic and Sociorevolutionary Terrorism: A Comparison of Structures,” in *Social Movements and Violence: Participation in Underground Organizations*, ed. Donatella Della Porta, vol. 4, International Social Movement Research (Greenwich, Connecticut: JAI Press, 1992), 247.

⁸⁹ *Ibid.*, 244.

⁹⁰ Hudson, “Sociology and Psychology of Terrorism,” 50.

⁹¹ *Ibid.*, 86.

⁹² Donatella Della Porta, “Introduction: On Individual Motivations in Underground Political Organizations,” in *Social Movements and Violence: Participation in Underground Organizations*, ed. Donatella Della Porta, vol. 4., International Social Movement Research (Greenwich, Connecticut: JAI Press, 1992), 17–8.

⁹³ Süleyman Özeren et al., “Whom Do They Recruit? Profiling and Recruitment in the PKK/KCK,” *Studies in Conflict & Terrorism* 37, no. 4 (2014): 339, doi:10.1080/1057610X.2014.879381.

unwilling members from leaving the group and forcefully makes them loyal to the organization.

Family bonds are also important for PKK recruitment. Jerrold Post, Ehud Sprinzak, and Laurita Denny conclude from interviews with Middle Eastern terrorists that people who have family members in terrorist organizations are more likely to become terrorists in the future.⁹⁴ The authors also state, “Families of terrorists who were wounded, killed or captured enjoyed a great deal of economic aid and attention. And that strengthened popular support for the attacks.”⁹⁵ The PKK coerces people into becoming members by kidnapping them. After a family member participates as a result of the kidnapping, families become more willing to support the organization by providing food, clothing, and shelter to the terrorists. Moreover, after the death of a family member, the PKK’s ability to recruit other members of the family increases.⁹⁶ Thus, the PKK becomes able to recruit many people in the area close to its members. By recruiting these people, the PKK more easily controls and organizes its financial activities, especially through drug trafficking and the extortion. The ability of the PKK’s recruitment also increases its popular support in the region, which returns to the terrorist group as donations and political support.

⁹⁴ Jerrold Post, Ehud Sprinzak, and Laurita Denny, “The Terrorists in Their Own Words: Interviews with 35 Incarcerated Middle Eastern Terrorists,” *Terrorism and Political Violence* 15, no. 1 (2003): 172, doi:10.1080/09546550312331293007.

⁹⁵ Ibid., 177.

⁹⁶ Criss, “The Nature of PKK Terrorism in Turkey,” 20.

B. STATE SPONSORSHIP

Due to the covert nature of state sponsorship, it is hard to obtain precise numbers of states supporting terrorist groups.⁹⁷ The PKK, according to Roth and Sever, is one terrorist organization that enjoyed a great deal of state sponsorship until the beginning of the 2000s.⁹⁸ Although Turkey's neighbors, such as Iraq, Iran, and Syria, have been the PKK's main supporters by providing safe haven, finance, and weapons to the terrorist organization, the PKK has had sponsors throughout the world.⁹⁹ Many countries, including the Soviet Union, Cuba, Bulgaria, Libya, Greece, Cyprus, and Armenia, supported the PKK at various times.¹⁰⁰ Nevertheless, after the collapse of the Soviet Union, communist countries stopped supporting the terrorist groups. Additionally, other state sponsors, such as Iraq, Iran and Syria, decreased their support for the terrorist organizations due to Turkey's increasing power and trade capacity in the region.¹⁰¹ Therefore, the terrorist group realized that it could not rely solely on state sponsors to survive; it had to find independent and consistent financial resources.¹⁰² Furthermore, even though state sponsorship has always been an easy and lucrative financial source for terrorist groups like the PKK, there is a possibility of state sponsors restricting terrorist activities by forcing groups to act on state interests. Faruk Ekmekci explains the state view of terrorists very well: "It seems that for many states terror is nothing but war by other means. ... [T]errorist organizations have provided many states a less costly alternative to direct confrontation with the enemy in both economic and political terms."¹⁰³ By using terrorist groups to do their bidding, states achieve their interests at a

⁹⁷ Ekmekci, "Terrorism as War by Other Means: National Security and State Support for Terrorism," 128.

⁹⁸ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 906.

⁹⁹ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 261.

¹⁰⁰ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 906.

¹⁰¹ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 261–2.

¹⁰² Hudson, "Sociology and Psychology of Terrorism," 339.

¹⁰³ Ekmekci, "Terrorism as War by Other Means: National Security and State Support for Terrorism," 125.

fraction of the cost of a conventional war. For these reasons, terrorists have sought different financial resources to replace state sponsorship after the Cold War.

The PKK has suffered the most from the decrease of state sponsorship since the Cold War period. Nevertheless, the PKK was luckier than other terrorist organizations because several countries, including Syria, Iran, and Iraq, have continued to support it.¹⁰⁴ Gokhan Bacik and Bezen Balamir Coskun point out the substantial state support of the PKK: “In terms of enjoying international opportunities, the PKK should be cited as an exceptional case that has been tolerated almost as a legal entity.”¹⁰⁵ Adding to this, Ozdemir and Pekgozlu contend that the PKK would not have been able to survive that long if it had not had foreign support throughout its 30 years.¹⁰⁶ The PKK has benefited from state support almost the entire time even though the support has decreased in recent years.

Iraq, Iran, and Greece have all supported the PKK at various times. Iraq, for instance, has supported the PKK by providing the terrorist group safe haven in the country.¹⁰⁷ Moreover, the PKK benefited from the turmoil caused by the U.S. invasion of Iraq, increased its safe havens, and acquired new camps in the northern part of the country, specifically in the Kandil Mountains. Iran also provided safe haven to the PKK, and Iranian officials let PKK terrorists travel without restriction in the country. In return for its aid, Iran has requested intelligence about Turkish and U.S. military sites in the region.¹⁰⁸ Similarly, Greece helped the PKK by providing logistical support and training for its members. The fact that PKK leader Abdullah Ocalan was captured at the Greek embassy in Kenya in possession of a Greek-Cypriot passport reveals Greece’s support of

¹⁰⁴ Bacik and Coskun, “The PKK Problem: Explaining Turkey’s Failure to Develop a Political Solution,” 261.

¹⁰⁵ Ibid.

¹⁰⁶ Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 96.

¹⁰⁷ U.S. Department of State, *Patterns of Global Terrorism* (2003), 126.

¹⁰⁸ Bacik and Coskun, “The PKK Problem: Explaining Turkey’s Failure to Develop a Political Solution,” 261.

the PKK.¹⁰⁹ Consequently, the PKK has not had difficulty finding safe haven and support in Turkey's neighboring countries.

Syria was a leading state sponsor of the PKK until 1998. The PKK's one critical training camp, Mahzun Korkmaz Academy, was located in the Bekaa Valley between the borders of Syria and Lebanon. The leader of the PKK, Abdullah Ocalan, had lived in Syria and traveled in the country without any restriction until 1998. Additionally, as Necati Alkan contends, 90 percent of the PKK's financial aid came from three countries: Russia, Greece, and Syria. Furthermore, Abdullah Ocalan states in an interview that of these three, the biggest supporter of the PKK is Syria since it is so hospitable to the terrorist organization. He also suggests many European countries are just as hospitable as Syria.¹¹⁰

Syria's support of the PKK evolved out of its several disputes with Turkey surrounding water resources and politics in the region. Faruk Ekmekci explains these major problems between Syria and Turkey: "Two major elements of the enmity between Syria and Turkey have been Syrian irredentist claims over Alexandretta (Hatay), which joined Turkey in 1939, and disputes over sharing the waters of the Euphrates River, in which Turkey is the upstream country."¹¹¹ The city of Hatay and the Euphrates River have always been an issue between Turkey and Syria throughout history. In addition to these disputes, a third problem is Turkey's improving relationships with Israel, which is a great enemy of Arab states in the Middle East. Other than these disputes, there is no reason for Syria to support the PKK. Since the PKK is an ethnic terrorist organization that aims to build a Kurdish state in the region, and Syria also has a substantial Kurdish population within the country, Syria was not expected to support the PKK. Syria should consider the existence of a Kurdish terrorist organization as a threat against its territorial and demographic integrity. Nevertheless, Syria considered the PKK as an enemy of

¹⁰⁹ Alkan, "Terör Örgütlerinin Finans Kaynakları," 28–35; Karaman, "Terrorism and Its Financial Sources," 11.

¹¹⁰ Alkan, "Terör Örgütlerinin Finans Kaynakları," 28–35.

¹¹¹ Ekmekci, "Terrorism as War by Other Means: National Security and State Support for Terrorism," 131.

Turkey rather than a threat to its own internal security. Aiding the PKK, which is an enemy of its enemy, seemed more profitable and logical to Syria.¹¹²

Tension between Turkey and Syria has made Syria follow a more careful policy toward the PKK. After Turkey had warned Syria many times to stop its aid to the PKK, Turkey deployed an additional 10,000 troops to the Syrian border in 1998. Turkey's military power in the region and its presence on the border has demonstrated its determination to prevent Syria's support of the PKK. Therefore, Syria has stepped back due to the high cost of engaging in a war with Turkey, and the two countries signed the Adana Agreement on October 20, 1998. After this agreement, Syria expelled PKK leader Abdullah Ocalan, closed the PKK's training camps, and stopped its logistical support of the PKK.¹¹³ The loss of Syria's support and the imprisonment of Ocalan shortly thereafter adversely affected the PKK. As a result, as Gokhan Bacik and Bezen Coskun contend, the PKK's activities declined between the years of 1999 and 2002.¹¹⁴

Turkey's increasing power and trade partnerships in the region dissuaded its neighbors from aiding the PKK. Iran, Iraq, and Russia, for example, have observed that their aid to the PKK adversely affects their trade volume with Turkey. The cost of the aid was more than its benefit to these countries. Moreover, the PJAK emerged as a threat to Iran around 2004. Therefore, these countries started to cooperate with Turkey against the PKK. Additionally, Iran has signed a security agreement with Turkey and declared the PKK as a terrorist organization.¹¹⁵ Thus, the PKK's financial resources that are provided by its state sponsors have decreased substantially during 2004 through 2006. To be able to survive, the PKK had to find a way to compensate for this decrease in its financial resources. Consequently, it has resorted to illegal activities more to sustain its existence.

¹¹² Ekmekci, "Terrorism as War by Other Means: National Security and State Support for Terrorism," 131.

¹¹³ Altunisik and Tür, "From Distant Neighbors to Partners? Changing Syrian-Turkish Relations," 237–8.

¹¹⁴ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 251; Thomas J. Biersteker and Sue E. Eckert, "Conclusion: Taking Stock of Efforts to Counter the Financing of Terrorism and Recommendations for the Way Forward," in *Countering the Financing of Terrorism*, ed. Thomas J. Biersteker and Sue E. Eckert (London: Routledge, 2008).

¹¹⁵ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 261–2.

C. ILLEGAL ACTIVITIES

The PKK's geographical location is a critical factor in facilitating its involvement in illegal activities for several reasons. First, the PKK is active in the region where Turkey has borders with Syria, Iraq, and Iran. Second, the southeastern part of Turkey is considerably mountainous, which decreases the ability of security forces' to supervise the area. Third, the area of the PKK is close to the Golden Crescent countries of Afghanistan, Iran, and Pakistan, the biggest heroin producers in Asia. Last, Turkey is in the middle of the drug trafficking route, which starts in the Golden Crescent countries and ends in Europe.¹¹⁶ Therefore, engaging in illegal activities is an easy, independent, and lucrative way for the PKK to raise a substantial amount of funds. Roth and Sever contend, "The PKK's annual income derived [solely] from criminal activities was estimated as 86 million U.S. dollars at its peak in the 1990s."¹¹⁷ Even though it is difficult to reach precise numbers about the PKK's current income due to the covert nature of its activities,¹¹⁸ it is expected that its illegal income has substantially increased today. Drug trafficking, smuggling, and extortion are the primary resources for the PKK's illegal income.

Since drug trafficking is a considerably lucrative financial resource for terrorists, the PKK has involved itself in every phase of the drug trade.¹¹⁹ Roth and Sever demonstrate the profitability of drug trafficking: "[A] kilogram of heroin can be bought for between \$1,000 and \$2,000 in Thailand or Afghanistan. As it moves through the drug hierarchy to market, the value rises to \$6,000–\$8,000 in Turkey, before reaching

¹¹⁶ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 88–9.

¹¹⁷ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 906.

¹¹⁸ Passas, "Terrorism Financing Mechanisms and Policy Dilemmas," 31.

¹¹⁹ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 89; Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 908; Glenn E. Curtis and Tara Karacan, "The Nexus Among Terrorists, Narcotics Traffickers, Weapons Proliferators, and Organized Crime Networks in Western Europe," Library of Congress, last modified May 30, 2014, http://www.loc.gov/rr/frd/pdf-files/WestEurope_NEXUS.pdf, 21.

Germany where it wholesales for \$20,000–\$80,000, with a street value of \$200,000.”¹²⁰ Given the amount of money that the PKK can make, it has formed an organizational structure that increases its ability to engage in more drug trafficking activities. Thus, in addition to production, transportation, and trafficking of drugs, the PKK also raises funds by demanding commissions from drug smugglers in the region for protection.¹²¹

In the PKK’s early drug trafficking days, its only income was the protection money it demanded from drug smugglers. When the PKK noticed that it could acquire even more money by involving itself more actively in the drug trade, it started producing, distributing, and transporting narcotics from the Golden Crescent countries to Europe. To become more effective, the PKK recruited people from the Kurdish diaspora in Europe who distributed drugs in the streets. Due to the vast number of these recruits, the PKK is more widely active in several European countries such as England, Germany, the Netherlands, and France.¹²² Haydar Karaman explains this change for the PKK:

[I]n most cases, these groups [like the PKK] do not engage in drugs during the initial stage of their combat. However, due to an increasing number of cadres and operations, during the enlargement stage, this necessity compels them to get involved in drug trafficking. Their success in terms of enlargement is related to the funding demands of the organization.¹²³

Since the decline in state sponsorships at the beginning of the early 2000s, drug trafficking has become a remedy for the PKK’s loss in financial resources.

Drug trafficking is the PKK’s most profitable and popular financial resource for several reasons. First, it is easy to transport and hide narcotics because they can be divided into tiny packages.¹²⁴ It is difficult for law enforcement officers in Turkey, both gendarmerie and police officers, to find hidden narcotics without any intelligence or

¹²⁰ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 907.

¹²¹ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 908; Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 89.

¹²² Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 90.

¹²³ Karaman, “Terrorism and Its Financial Sources,” 9.

¹²⁴ Alkan, “Terör Örgütlerinin Finans Kaynakları,” 28–35.

notice from citizens. Since there are many methods and places to hide the narcotics, sometimes even trained dogs cannot find them. Second, drug trafficking brings a huge amount of money in a short time because the production of the drugs is easy, and there is a high demand for these drugs. Third, drug trafficking requires international links to become involved.¹²⁵ This requirement is not a problem for the PKK because the Kurdish diaspora in Europe helps it sell the goods. Michael Radu states that there are 800,000 Kurdish immigrants in Europe, mainly in Germany,¹²⁶ and some of these people help the PKK distribute and sell the drugs. For this reason, Roth and Sever state, “Germany’s chief prosecutor asserted that eighty percent of the drugs captured in Europe have been linked to the PKK.”¹²⁷ This percentage shows how much the PKK is active in Europe. Lastly, the PKK uses the money acquired from the drug trade to purchase weapons.¹²⁸

The geographic location of the PKK also provides opportunities for human smuggling. To engage in these activities, the PKK has established a network with other criminal groups in other countries, such as Iran, Iraq, Syria, Afghanistan, Bulgaria, Romania, Albania, Hungary, and Italy. After establishing close connections with other criminal groups in the region, the PKK has been able to smuggle people from the Middle East and Asia to Europe.¹²⁹ There are three frequently used routes used by the PKK for human smuggling: Istanbul to Milan, Istanbul to Bosnia to Milan, and Turkey to Tunisia to Malta to Italy.¹³⁰ The PKK’s human smuggling activities have provided three main benefits for the terrorist group: a considerable amount of money, new recruitments in

¹²⁵ Alkan, “Terör Örgütlerinin Finans Kaynakları,” 28–35.

¹²⁶ Radu, “The Rise and Fall of the PKK,” 55.

¹²⁷ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 908; Curtis and Karacan, “The Nexus Among Terrorists, Narcotics Traffickers, Weapons Proliferators, and Organized Crime Networks in Western Europe,” 20.

¹²⁸ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 908.

¹²⁹ Ozdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 91.

¹³⁰ Curtis and Karacan, “The Nexus Among Terrorists, Narcotics Traffickers, Weapons Proliferators, and Organized Crime Networks in Western Europe,” 20; Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 909.

Europe, and increased power in the region.¹³¹ Thus, human smuggling has been not only a type of financial resource for the PKK but also an avenue for recruitment and power.

Human smuggling has been the next most lucrative financial resource for the PKK (after drug trafficking). Roth and Sever state that in mid-1990s, the PKK demanded between 2,000 and 3,000 Euros for the smuggling of each person. They also point out an Italian police report that reveals the PKK connections with the smuggling of 9,000 Kurdish people from Anatolia to Europe in 2001. In another case in 2005, Romanian police revealed the PKK's human smuggling branch in Romania. The police found fake passports and bank documents in the facility of human smugglers. Furthermore, the victims confirmed that the smugglers demanded 6,000 to 7,000 Euros from each person for smuggling to Berlin, Vienna, Paris, or London.¹³² In addition to its smuggling activities, the PKK also threatens other human smugglers to cooperate with the terrorist group and forces them to give a regular fee.¹³³ Given the amount of these smuggled people and the money, one can argue that the PKK has a substantial income from the human smuggling.

Another benefit of human smuggling activities is that they provide recruitment opportunities and help the PKK improve its influence in Europe. The PKK forcibly recruits immigrants, such as children, juveniles, peasants, and workers, to use them in its drug trafficking activities. The reports of 1993 in Germany show that there are 10- and 14-year-old Kurdish children affiliated with the PKK's drug trafficking activities in Europe. Moreover, in 1993, an 11-year-old child who was arrested in Hamburg confessed that he was smuggled into Germany and forced to sell drugs by the PKK. Since these children are too young to have criminal liability, the PKK uses them for its illegal

¹³¹ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 91.

¹³² Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 909.

¹³³ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 91.

activities in Europe.¹³⁴ Thus, in addition to financial gain of human smuggling, the PKK increases its power in Europe by controlling and recruiting these illegal immigrants.

Another popular financial resource for the PKK is extortion in Europe and the Middle East. The PKK tries to hide its extortion income by calling the funds “revolutionary taxes” or “voluntary contributions.” The terrorist organization forces people through kidnapping to give money to the PKK. If people still resist giving money to the terrorists, they burn and destroy the properties and businesses of those people. In Northern London, for instance, many restaurants pay “insurance fees” to the PKK terrorists to prevent them from damaging the restaurants. The PKK also extorts the drug traffickers and smugglers. It forces them to give so-called taxes regularly for their activities. In addition, the PKK demands a “membership fee” from immigrants in European countries who work under a PKK front organization. Since the victims are afraid of the PKK’s further actions and threats, they are unwilling to complain about these extortion activities.¹³⁵ As a result, this fear helps the PKK to sustain and hide these illegal activities.

Extortion activities bring a great deal of money to the PKK. Roth and Sever state, “In 1993 alone the PKK extorted 2.5 million pounds from Kurdish immigrants and businessmen within Great Britain.”¹³⁶ If the PKK extorted 2.5 million pounds even in 1993, this amount must be incredibly large today. Roth and Sever also state that during Operation Sputnik, Belgian police learned that the PKK extorted almost 300,000 francs per month in Belgium. Similarly, in relation to Belgian operation, German police revealed that the PKK acquired almost 250 million deutsche marks per month from its extortion activities in Germany.¹³⁷ Abdullah Ocalan also stated in 1999 that the PKK’s income from the extortion activities in European countries was 30 million deutsche marks. Nevertheless, since the European Union and the United States declared the PKK

¹³⁴ Roth and Sever, “The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study,” 910.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Ibid., 911.

as a terrorist organization, the PKK cannot extort Kurdish people with violence and threats as they have in the past. Even though it continues to collect a great deal of money from extortion, its income has declined in recent years. For this reason, it increased its legal activities in Europe.¹³⁸

Money laundering, counterfeiting, and smuggling in all its various forms bring significant income to the PKK. During Operation Sputnik, Scotland Yard and the Belgian Police discovered money laundering activities under Med TV, a PKK-affiliated broadcasting company. The police seized 350 million Belgium francs from Med TV after the operation. Even though this business shut down in 1999, the PKK founded another broadcasting company, Medya TV, the next year.¹³⁹ Glenn Curtis and Tara Karacan discuss the PKK's money laundering activities: "Banks in Belgium, Cyprus, Jersey, and Switzerland provide privacy for PKK funds; monetary transactions are done through the hawala system or by cash couriers."¹⁴⁰ Of all these countries, Cyprus is especially known as the PKK's money laundering center. Furthermore, the International Criminal Police Organization (Interpol) identified the PKK's involvement in making counterfeit stamps and banknotes in mid-1990s. The terrorist group also engaged in cigarette and arms smuggling activities in the region.¹⁴¹ Blood smuggling is another illegal resource for the PKK. Roth and Sever contend that the PKK has collected 3,000 blood samples from Kurdish people under the so-called Kurdish Red Crescent organization. The terrorist group claims it collects blood from Kurdish people for charitable aims; nevertheless, the PKK smuggles the blood, sells it abroad, and profits from people's kindness. Ultimately,

¹³⁸ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 92.

¹³⁹ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 911.

¹⁴⁰ Curtis and Karacan, "The Nexus Among Terrorists, Narcotics Traffickers, Weapons Proliferators, and Organized Crime Networks in Western Europe," 20.

¹⁴¹ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 212; Curtis and Karacan, "The Nexus Among Terrorists, Narcotics Traffickers, Weapons Proliferators, and Organized Crime Networks in Western Europe," 20.

the PKK benefits from both selling the blood and having it analyzed in foreign laboratories.¹⁴²

D. SEMI-LEGAL ACTIVITIES

The PKK conducts legal business in the form of legitimate media, trade, and cultural organizations in Europe. For example, Roj TV, the PKK's leading broadcasting company, cooperated with the terrorist group to spread its propaganda. For this reason, Roj TV broadcast ideological programs for Kurdish people, and Kurdish businessmen supported the TV station by sponsoring commercials. Nevertheless, Ozdemir and Pekgozlu contend that even though Roj TV was considered a legal organization, the PKK founded it with illegal money obtained from drug trafficking. Therefore, some authorities can also evaluate Roj TV as an illegal business. In addition to its broadcasting company, the PKK has several publications in Europe and Turkey. The terrorists forcibly sell these publications, especially to the Kurdish diaspora in Europe. The prices of these publications depend on the buyers' level of income; the PKK charges people who make more money a higher price.¹⁴³

The PKK founded its trade and cultural organizations in Europe with the initial support of European countries. In addition to serving as financial and political bases, these organizations also spread the PKK's ideology and cover its illegal activities, such as money laundering, false taxations, and forced donations. The PKK organizes social activities via these legal entities and forces Kurdish people to participate in these activities and to donate.¹⁴⁴ Ozdemir and Pekgozlu discuss the findings of the German Ministry of Interior Report in 2006 and 2007, "[T]he PKK collected 1.4 million Euros as protection money from Kurdish people in the North Rhine-Westphalia state,

¹⁴² Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 912; Freeman, "The Sources of Terrorist Financing: Theory and Typology," 468.

¹⁴³ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 93.

¹⁴⁴ Ibid., 94–5.

Germany.”¹⁴⁵ Consequently, these legal organizations are serving as illegal entities in practice by forcing people to donate.

E. POPULAR SUPPORT

The PKK wants to utilize the Kurdish diaspora’s loyalty in Europe, just as the Irish Republican Army (IRA) exploited Irish Americans.¹⁴⁶ For this reason, the PKK has charity organizations that collect donations from people in Europe, especially from the Kurdish diaspora. Kurdish Red Crescent, or the Heyva Sor a Kurdistanê (HSK), is one of these charity organizations. Even though it operates in Germany, it has a website that allows it to collect donations worldwide. The PKK claims that HSK is a charity organization that collects donations and distributes them to poor Kurdish people. Yet, it is not a charity organization in reality, because it gives the money raised from donations to the PKK. Its commercials on Roj TV (currently called Stêrk TV) and advertisements in *Free Policy Newspaper*, or *Ozgür Politika*, reveal its connection and cooperation with the terrorist group.¹⁴⁷ PKK’s leader Abdullah Öcalan stated that, in the early 1990s, the PKK collected two million deutsche marks as donations in only one campaign in Germany.¹⁴⁸ Due to the lack of public knowledge about the connection between the charity organizations and the PKK, the terrorists benefit from the goodwill of Kurdish people and make them support the terrorists even if they are not sympathizers of the PKK. Moreover, it is suspected that pro-PKK mayors support the PKK by benefiting from municipal funds and capabilities, which is another example of abuse of people’s goodwill.¹⁴⁹ Consequently, in addition to the lack of municipal services in particular cities due to this

¹⁴⁵ Özdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 95.

¹⁴⁶ “Provos: The IRA and Sinn Féin,” Documentary, directed by Peter Taylor, televised by BBC One on September 23, 30, and October 14, 1997.

¹⁴⁷ Jane’s World Insurgency and Terrorism, “Partiya Karkerên Kurdistan (PKK),” 26; Özdemir and Pekgozlu, “Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK,” 95–6.

¹⁴⁸ Alkan, “Terör Örgütlerinin Finans Kaynakları,” 28–35.

¹⁴⁹ Özgür Cebe, “PKK için Haraç Alan BDP’li Başkana Dava,” *Sabah*, July 8, 2013, <http://www.sabah.com.tr/gundem/2013/07/08/pkk-icin-harac-alan-bdpli-baskana-dava>.

abuse of power, people's taxes are used instead to serve as another financial resource for the PKK.

The PKK also exploits the religious responsibilities and activities of Kurdish people to increase its popular support and recruitment. Since most of the Kurdish people are Muslim, they have several responsibilities each a year, such as *sadaqat alfitr* and *zakat*, to give money to poor people. To collect this religious aid, the PKK established a religious organization, the Islamic Movement of Kurdistan, or Hereketa Islamiya Kurdistane (HIK), even though its Marxist and Leninist ideology contradicts religious beliefs. For this reason, there are few people who know about the connection of the HIK with the PKK, even including some members of the PKK.¹⁵⁰ As a result, the PKK even takes advantage of the religious beliefs of people to raise funds.

F. CONCLUSION

Like any other organization, the PKK terrorist group needs to look for ways to survive and continue its activities. Therefore, it tries to maintain stable, lucrative, and simple financial resources to sustain its existence. Nevertheless, it was forced to change its financial resources, primarily from state sponsorships to illegal activities, due to changing regional and global conditions. The results of this mandatory alteration reflect the PKK's strong organizational ability to adapt to the changing conditions of the world to survive just as humans do. Stanley Milgram explains the role of survival in human behavior:

Behavior, like any other of man's characteristics, has through successive generations been shaped by the requirements of survival. Behaviors that did not enhance the chances of survival were successively bred out of the organism because they led to the eventual extinction of the groups that displayed them.¹⁵¹

Similar to this human behavior, the requirements of PKK's survival shaped its financial resources. Since Turkey increased its power and trade relations in the region, and communist countries stopped supporting terrorist groups after the Cold War, state

¹⁵⁰ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 96.

¹⁵¹ Stanley Milgram, *Obedience to Authority: An Experimental View*, 1st Harper Perennial Modern Thought edition (New York: Harper Perennial/Modern Thought, 2009), 124.

sponsorship no longer provided enough financial support to the PKK. As a result of this decrease in state support, it started to engage in more illegal activities, such as drug trafficking, human smuggling, and extortion. In addition to this change, the PKK also increased its legal activities and popular support to compensate for the decrease in state sponsorships in order to survive. Thus, the PKK found a way to support itself with independent, simple, and profitable financial resources. Yet its increasing illegal activities have also made the PKK a transnational criminal organization. As a result, its activities abroad have also started to disturb countries other than Turkey.

IV. COUNTERING THE PKK'S FINANCES

A country's fight against terrorist financing is the most essential part of combating terrorism because it prevents terrorists from surviving and sustaining their activities. Successful countermeasures against terrorist financing would accordingly support other political and military countermeasures. Because terrorist groups have various types of financial resources—drug trafficking, human smuggling, extortion, legal businesses, popular support, and state sponsorship—it is difficult to find a way to get at the core of their finances. Furthermore, every single terrorist organization has its own favorite financial resource. To produce effective results, countermeasures must address every terrorist organization separately and focus on a group's particular financing methods. Additionally, effective strategies should concentrate efforts on the most lucrative and prevalent financing methods. Also, the past experiences and successful strategies of countries that have dealt with terrorism may help other countries disrupt terrorist funds. Turkey, for example, can significantly benefit from these experiences to increase the effectiveness of its countermeasures against the PKK's financing methods. Some of the most prominent cases around the world have been Spain's fight against ETA, Britain's struggle with the IRA, Colombia's experience with FARC, and the efforts of the United States, Afghanistan, and Pakistan against the Taliban and Al-Qaeda.

Drug trafficking is the most lucrative resource for the PKK. The geopolitical location of the terrorist group, which is very close to Turkey's border with Syria, Iraq, and Iran, makes drug trafficking the most preferred method for the terrorist group. This is because Turkey is in the middle of the drug route that begins in the Golden Crescent countries of Afghanistan, Pakistan, and Iran, and continues to Europe.¹⁵² Furthermore, the PKK uses its gains from drug trafficking to create other sources of revenue like founding legal business organizations.¹⁵³ Thus, drug trafficking increases the PKK's

¹⁵² Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 89; Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 908.

¹⁵³ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 93.

profit and secures the organization by offering another way of diversifying its fundraising methods. Therefore, the primary goal of countering the PKK's financing methods must be the elimination of its drug trafficking activities. Yet this is not a matter that Turkey can handle by itself; Turkey needs the help of other countries in the region. To put an end to the PKK's drug trafficking activities, Turkey needs to cooperate with Afghanistan and Pakistan. This cooperation would help Turkey develop more strategic approaches. Additionally, Turkey can benefit from the experiences of Spain, the United Kingdom, Colombia, the United States, Afghanistan, and Pakistan when dealing with the PKK's fundraising methods. With international cooperation and insight from past experiences, Turkey can surely minimize or even terminate the PKK's financial activities by taking effective countermeasures.

A. SPAIN AND EUSKADI TA ASKATASUNA (ETA)

Spain had fought with ETA for more than 50 years until the permanent ceasefire in October 2011.¹⁵⁴ Even though it tried hard to bring an end to ETA terrorism, Spain's countermeasures started to produce effective results only when France gave up its support to ETA.¹⁵⁵ Furthermore, Spain's cooperation with France helped it counter ETA's financing methods, which resulted in the arrests of many ETA terrorists in France who were involved with financing the terrorist group.¹⁵⁶ The enactment of the law in 2003 that aimed to prevent terrorists' financial activities increased the capabilities and authorities of Spain's law enforcement agencies. Roth and Sever explain the provisions of the 2003 law:

This law gives Spanish law enforcement the power to: 1) block financial transactions and the movement of capital and assets; 2) prohibit the opening of accounts in financial institutions by anyone suspected of terrorists links; 3) confiscate any funds proven to have been the result of

¹⁵⁴ Buesa and Baumert, "Untangling ETA's Finance: An in-depth Analysis of the Basque Terrorist's Economic Network and the Money It Handles," 318.

¹⁵⁵ Alkan, "Terör Örgütlerinin Finans Kaynakları,"

¹⁵⁶ Council of the European Union, "TE-SAT 2010 EU Terrorism Situation and Trend Report," 30, accessed September 5, 2014, <https://www.consilium.europa.eu/uedocs/cmsUpload/TE-SAT%202010.pdf>.

illegal activities; and 4) temporarily freeze any funds on the suspicion that they are proceeds from crime until it can be established otherwise.¹⁵⁷

Thus, this law gave more power to law enforcement officers in dealing with terrorist group assets, transactions, and illegal activities. Within the same year, Spain enacted a law to prevent money laundering as well. This law has required financial institutions to report their high-volume transactions. According to this law, institutions need to report their international transfers higher than 30,000 Euros and internal transfers higher than 80,500 Euros. Nevertheless, ETA has found ways to circumvent this system by making more transfers but in smaller amounts of money. To increase the effectiveness of its financial struggle, Spain also started providing specialized training for the prevention of money laundering to its officials and has increased its number of counter-terrorism experts since 2008.¹⁵⁸ After examining Spain's countermeasures against terrorist financing, it seems international cooperation, especially with France, legal regulations, and increased authority of law enforcement officers have been the most effective.

B. THE UNITED KINGDOM AND THE IRA

Financial countermeasures of the United Kingdom (UK) are similar to those of Spain. The end of Libya's support of the IRA in 1987 and the eventual decrease in support from the Irish diaspora in the United States aided the UK's efforts to combat terrorism.¹⁵⁹ The first noteworthy law in the UK to combat terrorist financing was the 1973 Northern Ireland Emergency Provisions Act (1973 EPA). This act gave power to British police officers, or constables, to seize any suspected property that is connected with terrorists. The act also provided authority to judges to request forfeiture of the property of those who were convicted as members of terrorist groups in the country. The

¹⁵⁷ Mitchel P. Roth and Murat Sever, "Cutting Off The Hand That Feeds It: Countering Terrorist-Financing in the 21st Century," *International Journal of Security and Terrorism* 1, no. 1 (2010): 68, <http://utsam.org/DergiDetay.aspx?pid=284&cid=226&lang=EN>.

¹⁵⁸ *Ibid.*, 68–9.

¹⁵⁹ Michael Jonsson and Svante Cornell, "Countering Terrorist Financing: Lessons from Europe," *Georgetown Journal of International Affairs* 8, no. 1 (2007): 75–6, <http://search.proquest.com/docview/221204899/fulltextPDF?accountid=12702>.

UK broadened the provisions of this act over time, which resulted in the first permanent counterterrorism law, the Terrorism Act 2000.¹⁶⁰ Current regulations allow officials to freeze assets at the beginning of an investigation and any property of individuals overseas who are affiliated with terrorist groups. Thus, it prevents the use or movement of funds by criminals and terrorists during an investigation. Also, the UK formed a legal framework that enabled customs and revenue officers to share information with law enforcement officers.¹⁶¹ As a result, the cooperation and coordination between these two institutions increased the effectiveness of their work. In 2003, the UK enacted another law to help combat money laundering. This law required the citizens who deal with money or have financial affiliations to attend mandatory training and to obey procedures of identification, record keeping, and reporting.¹⁶² To describe the improvement of the UK's fight against terrorist financing, Laura Donohue explains the UK's effort to stop the IRA's money flow: "[The government] started with the drug war and the expansion of asset forfeiture and money laundering regulations, which spilled over into the counterterrorism realm ... [and] has moved from criminal law to civil law standards, with the forfeiture of property ultimately divorced from conviction on any underlying criminal offense."¹⁶³ Similar to Spain, the UK stopped state sponsorship, made laws to prevent the flow of funds to terrorists, restricted and controlled terrorists' financial activities, and gave power to its law enforcement officers and judges to deal more effectively with terrorist financing methods. Additionally, both Spain and the United Kingdom's membership to the Financial Action Task Force (FATF), an international body that determines the global standards to counterterrorist financing and offers regulations, increased their effectiveness in tackling with terrorist financing methods.¹⁶⁴

¹⁶⁰ Laura K. Donohue, "Anti-Terrorist Finance in the United Kingdom and United States," *Georgetown University Law Center Research Paper No. 12-031*: 325-40, accessed September 5, 2014, <http://scholarship.law.georgetown.edu/cgi/viewcontent.cgi?article=1812&context=facpub>.

¹⁶¹ Terence Taylor, "United Kingdom," in *Combating Terrorism: Strategies of Ten Countries*, ed. Yonah Alexander (Ann Arbor: University of Michigan Press, 2002), 222.

¹⁶² Donohue, "Anti-Terrorist Finance in the United Kingdom and United States," 348.

¹⁶³ *Ibid.*, 347.

¹⁶⁴ The Financial Action Task Force, "FATF Members and Observers," <http://www.fatf-gafi.org/pages/aboutus/membersandobservers/#d.en.3147>; Jimmy Gurulé, *Unfunding Terror: The Legal Response to the Financing of Global Terrorism* (Cheltenham, UK: Edward Elgar, 2008), 4.

C. COLOMBIA AND FARC

Since the primary resource of FARC derives from its drug trafficking activities, Colombia's countermeasures have focused on the prevention of FARC's involvement in drug trade. The United States has supported Colombia heavily in its fight against terrorism because it has concerns about FARC's drug smuggling activities to the United States. To receive early U.S. support, Colombia formed the Financial Analysis and Information Unit (UIAF) in 1999. This unit included experts on fighting against terrorist financing and organized criminal groups that engage in drug trafficking. The ability of this unit to access all the economic information within the country, from military data to private business information, has increased its power and effectiveness. In 2007, the government regulated the penal code to include and criminalize the financial activities of terrorists such as money laundering, drug production, and drug trafficking. This law gave UIAF the power to freeze suspected assets and transactions of terrorists. Additionally, it required banks to screen their customers before opening accounts and to report accounts of terrorists or newly designated terrorists to the UIAF. Thus, Colombia has increased the active participation of banks and financial institutions to impede the flow of money to terrorists. Furthermore, the Colombian government has tightened its oversight of charities and non-government organizations because some serve as financial resources for terrorists. In addition, the coordination between law enforcement agencies and the Colombian military has reduced kidnappings, which were also a significant resource for FARC. Moreover, Colombia has participated in many international agreements including the United Nations International Convention for the Suppression of the Financing of Terrorism, the Financial Task Force of South America against Money Laundering (GAFISUD), and the Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD) Money Laundering Experts Working Group. As a result of this international cooperation, the United States included the names of FARC leaders on its list of persons under the Foreign Narcotics Kingpin Designation Act. Consequently, this action prevented U.S. individuals and companies from engaging in business with terrorists and their supporters and blocked access to their property within

the United States.¹⁶⁵ Thus, by participating in international agreements, Colombia increased its capabilities and experience in the fight against terrorist financing.

D. THE U.S., PAKISTAN, AND AFGHANISTAN AGAINST THE TALIBAN AND AL-QAEDA

The Global War on Terror (GWOT) has played an important role in the fight against the Taliban and Al-Qaeda. To minimize the Taliban's financial resources, the United States needed to stop Pakistan's support of the Taliban. To ensure this purpose, the United States canceled all sanctions against Pakistan, eliminated its debt in the amount of 3 billion U.S. dollars, disbursed its loans, and offered an alliance to the country. Even though allegations of Pakistan's covert and passive aid to the Taliban have persisted, the United States has continued to support Pakistan for its interests in the region.¹⁶⁶ Furthermore, the United States and Pakistan have worked together to capture Al-Qaeda members in Afghanistan. It follows that Pakistan's detainment of hundreds of Al-Qaeda members, including several of its most senior militants, has strengthened its relationship with the United States. As a result, to reward its cooperation and alliance in the region, the United States did not include Pakistan on its list of state sponsors of terrorism.¹⁶⁷

Since the United States was exposed to a terrorist attack on its own soil in 2001, the government started to take serious countermeasures against terrorist financing methods. Accordingly, it issued Executive Order 13224, the International Emergency Economic Powers Act, and the Patriot Act to counter terrorist financing. These laws provided U.S. officials the power to block and freeze assets suspected to be connected to terrorists or their supporters. Additionally, the legislation prevented U.S. citizens from engaging in business with terrorists. Furthermore, the Patriot Act and the national money laundering strategy required tighter reporting procedures to prevent money laundering by

¹⁶⁵ Saul Hiram Bandala, "The FARC of Colombia," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 210–5.

¹⁶⁶ Justin Y. Reese, "Financing the Taliban," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 107.

¹⁶⁷ Byman, *Deadly Connections*, 155.

terrorist groups.¹⁶⁸ Mark Basile suggests, “The 2002 National Money Laundering Strategy in particular made ‘effectiveness of efforts to combat terrorist financing’ and ‘dismantling terrorist financial networks’ its top two goals.”¹⁶⁹ Even though these regulations had critical impacts on terrorist groups, Basile contends that until 2004, U.S. laws have been successful only on U.S. soil. Since Al-Qaeda has already raised funds in different parts of the world, like North Africa, the Middle East, Europe, and Asia, Basile argues that U.S. regulations have been effective only to some extent.¹⁷⁰ The terrorists’ quest for new ways to transfer currency, such as physically smuggling their money into and out of the United States to avoid detection by U.S. law enforcement,¹⁷¹ supports Basile’s argument that U.S. countermeasures have only limited effects. One might argue that it is difficult to succeed entirely in countering terrorist financing; states also need to look for loopholes in their strategies and update their countermeasures accordingly.

After the 9/11 attacks, the United States brought to trial individuals who supported Al-Qaeda materially and froze the assets of terrorists and their financial supporters. A few years later, several countries, including the UK, the United Arab Emirates, and other Persian Gulf states, froze the assets of individuals affiliated with Al-Qaeda. Moreover, international organizations, such as the World Bank, the International Monetary Fund, and the Financial Action Task Force, contributed to efforts of countering Al-Qaeda’s financing methods with their oversight and reports. Thus, in addition to the U.S. GWOT, these countermeasures significantly weakened Al-Qaeda’s financial network.¹⁷² As a result, Al-Qaeda needed to request financial help from its affiliate groups. Greg Bruno suggests, “In July 2005, Al-Qaeda’s second in command, Ayman al-Zawahiri, urged his Iraqi counterparts to send financial support because, as he put it,

¹⁶⁸ Mark Basile, “Going to the Source: Why Al Qaeda’s Financial Network Is Likely to Withstand the Current War on Terrorist Financing,” *Studies in Conflict & Terrorism* 27, no. 3 (2004): 176–7, doi:10.1080/10576100490438237.

¹⁶⁹ *Ibid.*, 177.

¹⁷⁰ *Ibid.*, 176–7.

¹⁷¹ Gurulé, *Unfunding Terror*, 277.

¹⁷² Greg Bruno, “Al-Qaeda’s Financial Pressures,” Council on Foreign Relations, last modified February 1, 2010, <http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/831088906?accountid=12702>.

‘many of the lines have been cut off.’”¹⁷³ This statement proves that Al-Qaeda’s operational capabilities were significantly affected from the decrease in its financial resources and networks.

Afghanistan has demonstrated critical efforts to counter terrorist financing. To deal with drug production and trafficking in the region, the Afghan government formed two units under the National Interdiction Unit (NIU): the Sensitive Investigative Unit (SIU), and the Technical Investigative Unit (TIU).¹⁷⁴ The foundation of these units provided specialty and increased capabilities of the Afghan government to reduce drug trade within the country. The policy goal of Afghanistan’s national drug control strategy shows how it cares about the prevention of drug production and trafficking: “to secure a sustainable decrease in cultivation, production, trafficking, and consumption of illicit drugs with a view to complete and sustainable elimination.”¹⁷⁵ Consequently, Afghan officials aimed to eradicate and substitute the crops. The Afghan government achieved a substantial decrease in opium production by both persuading and oppressing the citizens. To reduce the production of opium, the government issued orders through its administrations and committees of elders (*shuras*) in the villages. The government also benefited from the fundamental principles of Islam that ban drug use by Muslims because it is detrimental to human health.¹⁷⁶ Nevertheless, it is difficult to say that Afghan countermeasures achieved a significant decrease in opium production. Therefore, the Afghan government also sought to substitute opium production with wheat. The statistics in 2008 related to gross income from opium and wheat, in comparison to statistics of 2007, show progress in favor of wheat production and prove the success of the Afghan government related to substitution of crops. To cripple the popular support of the Taliban, Afghanistan also has been increasing its humanitarian aid to her citizens, reconstructing peace and trust, ensuring security, and developing policies of improvement. The

¹⁷³ Greg Bruno, “Al-Qaeda’s Financial Pressures,” 5.

¹⁷⁴ Reese, “Financing the Taliban,” 107.

¹⁷⁵ William A. Byrd, “Responding to Afghanistan’s Opium Economy Challenge: Lessons And Policy Implications From A Development Perspective,” The World Bank, last modified March 1, 2008, http://econ.worldbank.org/external/default/main?pagePK=64165259&piPK=64165421&theSitePK=469072&menuPK=64216926&entityID=000158349_20080304082230, 16.

¹⁷⁶ Ibid., 17.

resolutions of the UN also contributed to the financial struggle against terrorist groups in Afghanistan because they aimed to freeze the property of terrorists and restricted the travel of designated persons.¹⁷⁷ Since the main problem or terrorists' primary source of financing in Afghanistan is drug trafficking, the Afghan government focused its countermeasures on this issue; however, it is obvious that Afghanistan cannot handle the drug problem by itself due to its weak institutions.

Pakistan has also made efforts to combat terrorist financing in its region. It has been a member of the Asia/Pacific Group on Money Laundering, which is similar to the Financial Action Task Force, but is a regional organization to combat terrorist financing. With the help of this international cooperation, Pakistan made laws to counter terrorist financing and increased its effectiveness by making specific regulations to identify and freeze terrorist assets. In spite of these efforts, Pakistan still has had some legal deficiencies related to its struggle against money laundering. For example, terrorist groups in Pakistan change their names frequently to avoid UN sanctions, which is a serious challenge for Pakistan's efforts to counter terrorist financing methods. Due to corrupt officials, this situation brought out concerns about the implementation of UN resolutions. For this reason, the UN has encouraged Pakistan to update its proscribed organization list regularly.¹⁷⁸ Furthermore, in June of 2014, Pakistan's National Assembly approved the amendments of the Anti-Terrorism Bill 2014.¹⁷⁹ This law is expected to be considerably useful in countering terrorist financing activities because it aims to cut funds of terrorists through legal enforcement.

¹⁷⁷ Reese, "Financing the Taliban," 107–9.

¹⁷⁸ U.S. Department of State, "Country Reports: South and Central Asia Overview," <http://www.state.gov/j/ct/rls/crt/2013/224824.htm>.

¹⁷⁹ "Pakistan Parliament Passes Law to Counter Terror Financing," *South Asian Media*, June 6, 2014, <http://www.southasianmedia.net/stories/south-asia/pakistan-parliament-passes-law-to-counter-terror-financing-story>.

E. TURKEY'S POSSIBLE COUNTERMEASURES AGAINST THE PKK'S FINANCING METHODS

Turkey has been dealing with PKK terrorism for over 30 years. Even though Turkey almost brought an end to PKK terrorism several times, it could not succeed completely due to the PKK's substantial support from its state sponsors. Nevertheless, the PKK's state support decreased in recent years in comparison to what it received during the 1990s.¹⁸⁰ This decrease weakened the PKK's power while strengthening the impact of Turkey's countermeasures on the terrorist group. Accordingly, it is obvious that Turkey's possible efforts to counter the PKK's financing—countering drug trafficking and human smuggling, stopping state and popular support, and closing the PKK's so-called legal businesses—would significantly help it achieve its goal of ending PKK terrorism.

In the fight against terrorist financing methods, benefiting from past experiences of other countries is crucial for ensuring the effectiveness of countermeasures. The experiences of Spain, the United Kingdom, Colombia, the United States, Afghanistan, and Pakistan demonstrate that countermeasures have become effective when they cut the state aid to terrorist groups. French assistance to the ETA, indirect American aid through the Irish diaspora to the IRA, and Pakistan's support of the Taliban are just a few of the state sponsors that were stopped.¹⁸¹ Additionally, the experiences of the aforementioned countries demonstrate that their first and foremost action to counter terrorist financing methods was to build a strong and strict legal framework. The enacted laws gave power to authorities to freeze, block, and confiscate the assets of terrorists; they brought requirements to report high numbers of transactions and prevented citizens from engaging in business with terrorists or their supporters; they increased the power of judges and law enforcement officers and required government officials to be trained; and finally, they obliged financial institutions to verify their customers' relationship to terrorist groups before providing service. Additionally, international cooperation and

¹⁸⁰ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 906.

¹⁸¹ Alkan, "Terör Örgütlerinin Finans Kaynakları," 10; Donohue, "Anti-Terrorist Finance in the United Kingdom and United States," 323–4; Reese, "Financing the Taliban," 107.

alliances have brought significant benefits to efforts to counter terrorist financing. Moreover, increasing the numbers of experts and ensuring coordination between the government agencies has strengthened the struggle against terrorist financing methods.¹⁸²

Since the PKK's primary financial resource is drug trafficking, Turkey should first concentrate its counter-efforts on this method of financing to prevent or minimize it.¹⁸³ Some scholars suggest cost-effective methods that require countering only a specific phase of terrorists' drug trafficking activities; however, Turkey should adopt a comprehensive approach that addresses all phases.¹⁸⁴ The cost of countermeasures should be of secondary importance to Turkey because the continuation of PKK terrorism costs more than the projected countermeasures, especially considering the lost lives of thousands of young people until now. Since the PKK terrorist organization engages in every phase of drug trafficking directly or indirectly,¹⁸⁵ from cultivation and manufacturing to transport and sale, Turkey's countermeasures should address every phase of drug trafficking activities separately.

To produce better countermeasures against opium cultivation, Turkey should cooperate with Afghanistan because it is the center for the drug production. The lack of security and government control is the primary reason for widespread drug production in the country. The provinces that lack governmental control include Helmand, Zabul, Uruzgan, Kandahar, Farah, and some territories of Jalalabad and Kunar provinces.¹⁸⁶ To eliminate these opium-rich territories, Afghanistan needs to work with regional powers. Afghanistan and Turkey are almost sister countries; this decent and strong relationship

¹⁸² Roth and Sever, "Cutting Off The Hand That Feeds It: Countering Terrorist-Financing in the 21st Century," 68–9; Donohue, "Anti-Terrorist Finance in the United Kingdom and United States," 325–40; Saul Hiram Bandala, "The FARC of Colombia," in *Financing Terrorism: Case Studies*, ed. Michael Freeman (Farnham, England: Ashgate, 2012), 210–5.

¹⁸³ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 908.

¹⁸⁴ Byrd, *Responding to Afghanistan's Opium Economy Challenge: Lessons And Policy Implications From A Development Perspective*, 21.

¹⁸⁵ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 908.

¹⁸⁶ Jane's Intelligence Review, "Poppy purge," *IHS Jane's*, 2, <https://janes.ihs.com.libproxy.nps.edu/CustomPages/Janes/DisplayPage.aspx?DocType=News&ItemId=++1195439&Pubabbrev=JIR>.

would ensure an effective cooperation and significant benefits to both countries. Nevertheless, it is difficult to minimize the drug production in Afghanistan due to the value judgments of local people. As Feroz Hassan Khan explains, “Opium cultivation is a usual way of living for local people.”¹⁸⁷ Because Afghans make money by cultivating opium, they do not consider the morality of their work. Therefore, Turkey should cooperate with Afghanistan in an outreach program to change people’s minds about opium production. Since the level of literacy is low in Afghanistan,¹⁸⁸ television broadcasting may be a better tool than internet sources, books, and magazines to reach individuals. Moreover, Afghanistan should implement its legal countermeasures strictly to minimize the opium cultivation. Additionally, even though Afghanistan has attempted to substitute opium production with wheat, its efforts are not close to achieving its objective. To prevent opium production, Turkey should share its experience and data with Afghanistan to increase wheat production by lowering the profits of opium cultivation, providing subsidies, deploying agricultural engineers, and creating a more suitable environment for wheat production.

Turkey’s involvement in eliminating drug manufacturing labs in Afghanistan can also significantly contribute to the process. Since Afghanistan is a safe haven for many drug labs, traffickers need to bring precursor chemicals to these labs in Afghanistan to manufacture drugs. For this reason, preventing these chemicals from reaching Afghanistan is as crucial as stopping the transportation of manufactured drugs. Yet there is no legal framework for controlling these precursor chemicals in most countries, including Afghanistan. Even though there is a UN convention that addresses precursor chemicals, this convention lacks requirements for countries to strictly control procedures of these substances. Afghanistan does not have an effective system of control for precursor chemicals, which provides traffickers an easy and secure transportation within

¹⁸⁷ Feroz Hassan Khan, “Politics and Security in Afghanistan and Pakistan” (Lecture, Naval Postgraduate School, Monterey, CA, August 25, 2014).

¹⁸⁸ Byrd, *Responding to Afghanistan’s Opium Economy Challenge: Lessons And Policy Implications From A Development Perspective*, 21.

the country.¹⁸⁹ To demonstrate the lack of control in Afghanistan, Mark Colhoun, technical advisor in the UN International Narcotics Control Board, reports, “From the cases we have seen, [precursor chemicals] are being smuggled [into Afghanistan] as well. Why they are smuggling them in is a mystery because they are not controlled, so they could just ship them over a border.”¹⁹⁰ To eliminate this lack of control, Turkey should encourage and help Afghanistan enact laws to prevent the circulation of these substances within the country. In addition, even though Turkey contributes to the International Security Assistance Force in Kabul by deploying its military personnel, it can assign even more military and law enforcement personnel to Afghanistan to share its experience in controlling and preventing the transportation of chemicals. Furthermore, the need for traffickers to communicate with legal industries to obtain precursor chemicals causes vulnerabilities, which makes it possible for Afghan officials to gather intelligence.¹⁹¹ Additionally, as a trusted ally of the United States, Turkey can request particular intelligence and Global Positioning System data from the United States to allow Afghan forces to conduct instant operations targeting drug fields and mobile labs.¹⁹² Thus, by causing substantial damage to drug production and manufacturing activities, Turkey and Afghanistan can prevent drug trafficking at the beginning of the process, and thereby Turkey also would prevent the PKK’s funding through drug trafficking at the same time.

To forestall the PKK’s drug trafficking and human smuggling, Turkey also needs to improve the effectiveness of its border security system. Since some of the smuggling activities, human smuggling in particular, are conducted through the Mediterranean Sea, control of the sea by the Coast Guard Command is also crucial. Therefore, “border security system” in this chapter refers to both land and marine border security. Because the PKK terrorists use the same routes as smugglers and also dress similarly, it is difficult to differentiate between terrorists and smugglers. This challenge has exposed loopholes in the laws because the situations in which authorities of law enforcement and military

¹⁸⁹ Jane’s Intelligence Review, “Targeting Drug Lab Chemicals Is Key to Undermining Traffickers,” *IHS Jane’s*, 1–9.

¹⁹⁰ *Ibid.*, 1.

¹⁹¹ *Ibid.*

¹⁹² Jane’s Intelligence Review, “Poppy Purge,” 2.

officers can open fire against border violators are tricky. For example, security personnel cannot use arms against smugglers or terrorists unless they are shot at first. Nevertheless, smugglers and terrorists usually start the gunfire and injure, or even kill in some cases, security personnel in the first fire.¹⁹³ To eliminate this problem, laws that are related to security, border, and use of force should be revised. Law enforcement and military officers cannot act as terrorists do since they are government officials. However, they can use their capabilities more actively with the help of the laws. For this reason, to improve the effectiveness of the border security system, security personnel should receive an increase in authority. Law enforcement and military officers should have the authority to fire first, under certain conditions, in accordance with fundamental human rights. To ensure this accordance, these conditions can include an absolute and critical distance of the borders, the existence of trusted intelligence data, the detection of people carrying certain kinds of weapons, and the use of thermal imaging cameras to detect the possibility of further threats. If these conditions are met, security personnel should have the authority to shoot first, but only in the context of a planned, gradual use of force. The gradual use of force should begin with a verbal warning, continue with firing warning shots into the air, and progress to shooting uncritical body parts. If these measures do not serve as a deterrent, security personnel should shoot to stop border violators. Although Turkish laws include this gradual use of force, their provisions should be improved to adapt these certain kinds of situations.¹⁹⁴ Thus, the laws would explain the gradual use of force thoroughly and in depth, security personnel would be able to benefit from Turkey's accumulated experience of 30 years of conflict with the PKK, and increasing security personnel's authority would deter smuggling and trafficking activities. Additionally, the prevention of smuggling should be perceived as critical as the prevention of drug trafficking, because extorting smugglers is another of the PKK's fundraising methods. Accordingly, considering the high number of smuggling rates in the southeastern and

¹⁹³ Anatolian Agency, "Şanlıurfa'da 1 Asker Şehit," Ntvmsnbc, <http://www.ntvmsnbc.com/id/25527691/>.

¹⁹⁴ "İç Hizmet Kanunu: Article 87," <http://www.mevzuat.gov.tr/MevzuatMetin/1.4.211.pdf>; "Polis Vazife ve Salahiyet Kanunu: Article 16–17," http://www.nvi.gov.tr/Files/File/Mevzuat/Nufus_Mevzuati/Kanun/pdf/polis_vazife_selahiyet_kanunu.pdf.

eastern regions of Turkey, decreasing smuggling activities would cause a significant reduction in PKK resources.

The mountainous geography of the region around Turkey's borders is a serious challenge for border security, especially at night. Terrorists and smugglers typically conduct their activities under the cover of darkness, which makes visual detection more difficult for border security. To eliminate this disadvantage, security officials should use a variety of current technological equipment, including thermal imaging cameras, night vision scopes and goggles, x-ray control devices, and mobile surveillance systems, such as unmanned aerial vehicles (UAV). Although Turkey uses UAVs in surveillance activities, it should increase the number of UAVs and their operators, thereby improving the UAV's surveillance capabilities. Additionally, the extensive use of x-ray car scanners at every border gate, which can even scan big and long trucks, is essential; these machines are considerably useful in detecting prohibited items, and they save time. Shorter time spent processing vehicles is important in border security, as the border gates are always busy with the flow of people and goods. Conversely, longer times of control can affect trade negatively. Furthermore, trained dogs that search for narcotics would be useful. While trained dogs are significantly effective in finding narcotics, their abilities last for only a limited time, approximately 30 minutes. Therefore, increasing the number of these dogs at border gates could be even more helpful. Also, border security officials should have an extensive archive of statistics. With the help of this information, officials could pinpoint when the rates of capturing narcotics are high; they could identify border gates that detect specific types of prohibited items; and they could detect when population density increases at certain gates. This data could help improve the effectiveness of border security.

To prevent the PKK's drug trafficking activities, Turkey should also use the power of outreach. Drug trafficking ultimately causes harmful effects on human health. As a result, terrorist organizations that engage in drug trafficking, like the PKK, do not want the public, especially their supporters, to know about their involvement in the drug

trade.¹⁹⁵ Although the PKK's involvement in drug trafficking is known to government officials, such as the military and police officers, the civilian population in Turkey does not know. To increase people's awareness of the PKK's criminal activities in the region, Turkey could apply the power of outreach through the media. Turkish authorities could provide documentaries and TV series that expose the PKK's covert activities. Broadcast channels can allocate a significant amount of time to cover the PKK's criminal activities. Many people in Turkey watch TV series and the news on a daily basis, so informing people through these broadcasts would be fast, easy, and effective. In addition, government officials and seniors can disclose the PKK's involvement in illegal activities in their speeches. Increasing public awareness of the PKK's connection to the drug trade would disadvantage the terrorist group; the PKK would lose credibility and legitimacy in the eyes of its supporters and sympathizers. Consequently, the PKK would lose popular support.

Eliminating the PKK's money laundering activities and limiting its financial transactions can have a profound impact on the group's financing. After making inordinate amounts of money from its illegal fundraising methods, the PKK needs to engage in money laundering activities to convert its funds into "legitimate" resources. To prevent the PKK's money laundering activities, Turkey should have strict laws against money laundering, such as they have in Spain, the UK, Colombia, and the United States. Accordingly, Turkey should revise its current money laundering laws to improve law enforcement's ability to freeze, block, and confiscate the assets of suspected or known terrorists. Turkey should require the reporting and recording of high transaction amounts to prevent citizens from doing business with terrorists or their supporters. This reporting would increase scrutiny of existing terrorist bank accounts as well. Writing these laws is not enough; the laws must then be put into practice. Although it is known that money laundering activities exist in Turkey, the absence of prosecutions and convictions related to money laundering crimes until recently is an indicator of Turkey's failure in

¹⁹⁵ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463.

countering money laundering.¹⁹⁶ Additionally, Turkey should coordinate the implementations of anti-money-laundering laws among its institutions to ensure effectiveness of the financial countermeasures. Furthermore, as a member of the FATF, Turkey should increase its international cooperation and also improve its current ranking in the FATF's list of high-risk and non-cooperative jurisdictions, which includes Turkey under the category of Improving Global Anti-Money Laundering/Countering Terrorist Financing Compliance.¹⁹⁷ Turkey's further countermeasures would serve both to increase its ranking, change its category in FATF's list, and counter the PKK's financing. Also, Turkey's efforts to follow Spain and Colombia's lead in increasing its number of counterterrorism experts would contribute to the success of anti-money-laundering activities. For this reason, Turkey should improve national security and counterterrorism departments in its universities, and enhance the number of these departments nationwide.

The experiences of the aforementioned countries prove that the prevention of state sponsorships is pivotal in ensuring countermeasure effectiveness. Turkey should give high priority to stopping the PKK's state aid; the decrease in state support in the late 1990s and early 2000s resulted in a reduction in the PKK's powers, and therefore, a subsequent reduction in the number of terrorist attacks.¹⁹⁸ Although Turkey has reduced the amount of aid given to the PKK by Russia, Syria, Iraq, and Iran due to its increasing political power and trade volume in the region, the PKK has continued to enjoy state aid.¹⁹⁹ The PKK's camps in Iraq and Syria prove that these countries are safe havens. To eliminate state aid, Turkey can implement sanctions against the state sponsors of the PKK by benefiting from its political and economic power in the region. Additionally, in spite of state sponsorship's covert nature, Turkey's National Intelligence Agency should identify the countries that support the PKK directly or indirectly, and Turkey should

¹⁹⁶ U.S. Department of State, "2014 International Narcotics Control Strategy Report (INCSR)," <http://www.state.gov/j/inl/rls/nrcrpt/2014/vol2/222837.htm>.

¹⁹⁷ The Financial Action Task Force (FATF), "High-Risk and Non-Cooperative Jurisdictions," <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2014.html>.

¹⁹⁸ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 251.

¹⁹⁹ *Ibid.*, 261–2.

follow a zero-tolerance policy against state aid. Furthermore, Turkey should be careful about the role that was given to the PKK by Western countries to combat the extremist groups in the Middle East because this role can provide new types of financial resources to the PKK.²⁰⁰

Because the PKK uses its drug trafficking money to create so-called legal businesses and charity organizations, Turkey should also take precautions against the PKK's popular support by these so-called legal organizations. HSK, for example, is a Kurdish Red Crescent organization that collects donations from people in Europe. Needless to say, it does not use the collected money to help poor and needy Kurdish people. Instead, it delivers the money directly to the PKK terrorists and its supporters. Additionally, it supports the PKK's media campaign by giving advertisements and commercials to the PKK's magazines and broadcast channels. Because Kurdish people are not aware of this illicit connection to the PKK, they make donations to the HSK, and end up supporting the PKK indirectly.²⁰¹ If they knew about the relationship between the two organizations, they probably would not give donations to HSK. To prevent this inadvertent aid, Turkey should increase people's awareness about the connections between these types of organizations and the PKK. Furthermore, to make people aware of this relationship, Turkey should use a media outlet that broadcasts in Turkish, Kurdish, and English. The Turkish authorities should encourage broadcasters to promote special programs regarding the PKK's so-called charity and business organizations. Moreover, magazines, newspapers, and journals should be encouraged to talk about the PKK's relationship with these organizations. By ensuring that people know about the PKK's affiliation, Turkey can prevent Kurdish people from unknowingly helping the PKK. Also, although these so-called legal organizations have been operating in Europe, European countries are not responding adequately. Despite the EU's recognition of PKK as a

²⁰⁰ Reuters, "America's Ally Against Islamic State: A Terrorist Group," *Newsweek*, August 21, 2014, <http://www.newsweek.com/americas-ally-against-islamic-state-terrorist-group-266122>.

²⁰¹ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 93–6.

terrorist organization since the beginning of the 2000s,²⁰² PKK-affiliated organizations and companies have been continuing to operate in Europe. To prevent the PKK's illegal activities in Europe, Turkey should inform European countries about HSK's and other organizations' relationship with the PKK, by providing documents and intelligence data, and increasing its partnership and cooperation with European countries. As a result, Turkey should appeal to the EU to conduct more strict oversight of the PKK's related organizations and to close these organizations due to their illegal affiliation with the terrorist group. In addition, Turkey should have effective financial oversight of the municipal expenditures of its city mayors, as pro-PKK mayors are suspected of abusing their authorities to provide funds to the PKK.²⁰³

F. CONCLUSION

Countering terrorist financing is the most essential part of combating terrorism because it destroys the determination of terrorist groups to continue their activities. Additionally, financial countermeasures assist and increase the effectiveness of political and military campaigns. To conduct successful financial countermeasures against terrorist financing, countries and international organizations should focus on the most lucrative resources of terrorist organizations. Furthermore, learning from the successful anti-terrorist experiences of other countries, like Spain, Colombia, the UK, and the United States, could provide helpful information toward minimizing terrorists' financial gains. Because the PKK has been acquiring a substantial amount of money from drug trafficking activities, Turkey should concentrate its anti-terrorist financing efforts on the PKK's drug trafficking and drug production. Moreover, Turkey should focus on minimizing the PKK's smuggling and extortion activities, eliminating its state and popular support, and closing its so-called legal businesses.

²⁰² Manisa Governorship, "PKK/KONGRA-GEL Terör Örgütünü Yasaklayan Ülke ve Birlikler," T.C. Manisa Valiliği, http://www.manisa.gov.tr/default_B0.aspx?content=1041.

²⁰³ Cebe, "PKK için Haraç Alan BDP'li Başkana Dava."

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V. CONCLUSION

Terrorist organizations need money to continue their activities. Therefore, disrupting their financing methods is a vital element of an effective anti-terrorism strategy. Successful disruption of terrorist financing methods would also increase the effectiveness of other aspects of combating terrorism, such as political, financial, social, and military countermeasures. Consequently, this study focused on the financial aspect of combating terrorism by examining a terrorist group, the PKK, to reach more specific conclusions. Nevertheless, even though the struggle against terrorist financing methods has a crucial role in combating terrorism, by itself it is not enough to end terrorism. States should also implement political, social, and military countermeasures.

To counter terrorist financing methods effectively, states should follow a strategic framework built on a theoretical and scientific foundation. Freeman's theory of terrorist financing methods explains the financial needs of terrorists by presenting six criteria that affect terrorists' decisions to select specific types of financial resources. Even though the financial resources that bring in high amounts of money are most preferred by terrorists, they also seek resources that bring constant, secure, controllable, reliable, and easy gains. Geographical location and political conditions also matter in the selection of resources.²⁰⁴ Additionally, terrorists choose resources that bring versatile gains at once. A single resource that brings both money and recruitment opportunities to the group provides versatile outcomes. Even though it is difficult to obtain current data regarding terrorist activities of financing due to the covert nature of terrorism,²⁰⁵ Freeman's theory compensates for this difficulty. The evaluation of Freeman's six criteria gives opportunity to determine terrorists' tendency toward specific kinds of financial resources. Thus, the theory helps countries focus on a strategic path. Nevertheless, to reach accurate results, this evaluation should be tailored to specific terrorist organizations because they differ in their tactics, ideologies, and survival methods.

²⁰⁴ Freeman, "The Sources of Terrorist Financing: Theory and Typology," 463–5.

²⁰⁵ Passas, "Terrorism Financing Mechanisms and Policy Dilemmas," 31.

The PKK terrorist organization has been a significant problem for Turkey over the past 30 years. Even though Turkey weakened the PKK substantially with military operations in early 1990s and 2000s, the PKK survived due to its considerable state support from other countries.²⁰⁶ During the three-decade conflict, the PKK's activities resulted in death of 35,000, including both civilian and military personnel in the region.²⁰⁷ Despite the success of Turkey's military efforts against the PKK, Turkey could not coordinate its military success with its political and financial countermeasures. Therefore, the PKK has survived for a long time.

When the Cold War ended, and Turkey increased its power in the region, state sponsorship of the PKK started to decrease, which caused the terrorist group to suffer notably from the lack of state support. To compensate, the PKK increased its illegal financial activities in the region. Beginning in the 1990s, the PKK engaged more in drug trafficking, human smuggling, and extortion. Its geographical location, which is at the border of Turkey with Syria, Iraq, and Iran, paved the way for the PKK's involvement in these activities. In particular, drug trafficking has been the most lucrative and most popular resource of the PKK.²⁰⁸ Additionally, the PKK used the money it obtained from illegal activities to found so-called legal businesses in Europe.²⁰⁹ Thus, its illegal activities have brought versatile gains to the terrorist group. Moreover, the PKK has enjoyed significant popular support with the help of its charity organizations. But the charitable component is just a front; in reality, these organizations transfer their collected donations directly to the PKK.²¹⁰ Thus, the PKK exploits the goodness of donors, while it continues to carry out illegal activities behind their seemingly legal appearances. Furthermore, even though the PKK's current state support from other countries has decreased in comparison to previous years, it has continued to enjoy certain types of state

²⁰⁶ Bacik and Coskun, "The PKK Problem: Explaining Turkey's Failure to Develop a Political Solution," 261–2.

²⁰⁷ Cakar, Cengiz, and Tombul, "The History of the PKK," 4.

²⁰⁸ Roth and Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," 907–8.

²⁰⁹ Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 93.

²¹⁰ *Ibid.*, 95–6.

support, at least for sheltering its members in neighboring countries. Thus, by diversifying its financial resources, the PKK has maintained its power.

To counter the PKK's financial resources, the first and foremost goal of Turkey should be to adopt a broad strategy. Turkey should benefit from the experiences of other countries that have fought against terrorism, like Spain, the UK, Colombia, and the United States. These experiences demonstrate that all of these countries not only have formed a robust legal framework to counter terrorist financing, but they also implemented related regulations. Moreover, their experiences show that the financial countermeasures of these countries started to work when they stopped state support to terrorist organizations. Turkey should follow this example and revise its current regulations, enacting new and detailed laws to prevent the PKK's financial activities. Then, Turkey should aim to disrupt terrorists' drug trafficking because it is the most lucrative resource of the PKK. To eliminate drug trafficking, Turkey should target every phase, from cultivation and manufacturing to trafficking and selling. To achieve this objective, it should form partnerships to ensure regional and international cooperation. Additionally, to prevent the PKK's drug trafficking and also human smuggling, Turkey should improve the effectiveness of its border security by employing more advanced technology, increasing the authority of its government officers, and enacting laws. Furthermore, Turkey should prevent state support of the PKK from other countries because past experiences indicate that the PKK was able to survive due to this resource. The increasing political and economic power of Turkey and its trade volume in the region would contribute to its counterterrorism measures by allowing it to cut the PKK's financial resources, such as state aid. Moreover, to decrease the popular support of the PKK, Turkey should use the power of media to inform the public on two fronts: to show the involvement of the PKK in the drug trade and drug trafficking and to reveal the illicit relationships between quasi-legal businesses and charity organizations, and the terrorist group. Because many people are unaware of the PKK's connection with illegal activities and its charity organizations, information efforts by Turkey would substantially undermine the legitimacy of the PKK in the eyes of its supporters. Since the PKK has a

significant population and also many quasi-legal organizations in Europe,²¹¹ the PKK's existence may be a threat for European countries as well. Therefore, Turkey should convince European countries to cooperate against the PKK's existence in Europe.

In conclusion, the struggle against terrorist financing methods is vital to combating terrorism. By adopting this argument as a focal point, this study examined Turkey's possible financial countermeasures against the PKK terrorist organization. Consequently, this study suggests that even though countering terrorist financing methods may not end PKK terrorism in Turkey, it would significantly undermine the PKK's activities. Moreover, Turkey's effective financial countermeasures would support other military, political, and social countermeasures, and the coordination among these measures would certainly end PKK terrorism in Turkey.

²¹¹ Radu, "The Rise and Fall of the PKK," 55; Ozdemir and Pekgozlu, "Where Do Terror Organizations Get Their Money? A Case Study: Financial Resources of the PKK," 94–6.

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