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The Islamic State attacks in Paris exposed two vulnerabilities. The first is ours, to the threat posed by skilled, suicidal fighters. Yet the massacre also exposed a weakness of Islamic State, one threatens its very existence.

The threat posed by suicide attackers is all too real, and as long as the conflict in Syria and Iraq continues, there will be a supply of trained fighters to challenge Western societies, especially Europe. Yet Islamic State probably had the capacity to carry out this type of attack in Europe for years, but chose not to. Paris indicates that its leader, Abu Bakr al-Baghdadi, has now committed to a strategy of provocative, international terrorism. That's a doomed strategy: It imposes additional costs on an enterprise that is already spread too thin for its resources.

Islamic State has a deeply flawed business model. It relies far too heavily on revenue from three unsustainable sources: oil, looted antiquities and local extortion. As one of us has pointed out in related research: The [oil wells will run down](#) without engineers to fix them, and that oil will be sold at a deep discount; antiquities can only be looted once, and cannot be monetized quickly because they sell on a small market with inelastic demand; and the capital stock (both human and material) that supports the economy under Islamic State control is small and will deteriorate and flee when overly taxed or extorted. This is a general lesson of rebel groups, well-illustrated by the [Liberian civil war of 1989-2004](#), in which farmers exposed to the most predatory rebel groups abandoned their fields altogether.

How can we quantify Islamic State's ability to survive? One approach is to take the total revenue reported from various streams -- oil income, taxation and extortion, and other smaller sources -- and ask what that implies about the group's ability to raise revenue. Credible estimates of Islamic State's annual revenue range from \$400 million to \$1 billion per year. Estimating the pre-war population of areas it controls, by combining various publicly available [maps](#) with [highly localized population estimates](#), suggests that the group controls a population of 2.8 million to 5.3 million people. The pre-war gross domestic product of the broader region in which Islamic State controls was approximately \$4,700 per capita.

So, if we assume that no one has left the territory and that the

economy is as good as it was, then the group's revenue amounts to somewhere between 3 percent and 7.5 percent of the area's GDP. Such numbers imply a very poor ability to tax, especially for a war economy.

Or think of it a different way: Assume Islamic State has been collecting revenues as effectively as Israel -- a rich country that spends very heavily on defense and collects 23 percent of GDP in government revenue. That would either imply a population of 900,000 people at the most in the nascent caliphate (if GDP per capita has remained unchanged) -- meaning a massive human flight -- or an economy that has contracted by at least 66 percent (if the population has remained unchanged). Clearly, either Islamic State is a failure at taxation, the population is fleeing its control as fast it can, economic activity is crashing, or some combination of the three.

What should we make of current reports that Islamic State is generating significant revenue from oil? Without hard figures, anecdotal evidence is open to interpretation. Recent reporting, for example, highlighted how lines of fuel trucks at one field can [extend for nearly 4 miles](#). That signals huge unmet demand, and thus significant lost profits: Either the group cannot extract oil from the field to meet expected demand (the field in question has a [maximum capacity of 75,000 barrels per day](#), which would fill 750 trucks each day at capacity), or it lacks the expertise to jury-rig systems to rapidly fill multiple trucks.

In any case, the group's ability to exploit the oil fields it has conquered appears quite limited, and bodes ill for Islamic State's capacity to rehabilitate wells after they are bombed or just wear out.

This lack of a sustainable revenue flow matters because Islamic State is engaged not only in terrorism, but also in a classic [symmetric](#) conflict (involving fairly well-armed forces of approximately equal size). Funding a terrorist cell is disturbingly inexpensive, but traditional civil war is costly. To defend territory in a symmetric conflict (unlike a hit-and-run insurgency of roadside bombs and ambushes), Islamic State must maintain large forces of fighters and equipment at battle lines. Those forces must be recruited, fed, clothed, equipped, kept healthy and constantly resupplied with ammunition.

Moreover, the sustainability problem is not only financial. It also applies to captured weapons and vehicles, which will jam up and stall without skilled maintenance, in which the group lacks

expertise or an ally to provide.

In terms of strategy, a leadership facing diminishing resources would generally scale down operations. Yet al-Baghdadi has chosen instead to double down on gruesome provocations. The November attacks targeted civilian constituencies of Islamic State's external enemies: besides Paris, it struck Russia by blowing up a passenger plane over the Sinai, and Hezbollah by bombing shoppers in a Shiite neighborhood of Beirut.

While victimizing groups like the defenseless Yazidis in Iraq might deter other local enemies, provoking robust foreign states is already backfiring. In France, killing of innocents has undermined domestic opposition to military action abroad, enabling increased French air strikes on IS. Russia and the U.S. have both ramped up strikes on Islamic State's oil transportation network.

In this sense, Islamic State's overall strategy is analogous to the suicidal shooter tactic: spend all your ammunition because you're going to die anyway. And this will only happen more quickly if you add to your enemies the vast majority of humanity who empathize with kids at concerts and soccer fans. It is a suicidal strategy for a caliphate.

Al-Baghdadi's mistake is a strategic opportunity for the West. One of Islamic State's strategic assets is support of non-radical Sunnis who didn't sign up for Baghdadi's apocalypse, but want an alternative to oppressive governance by non-Sunni governments in Syria and Iraq. Those non-radicals, many of whom are former Baathists with military and governance experience, may well defect when it becomes evident that Islamic State is bent on destroying itself.

The U.S. and its allies can hasten those defections by promoting more inclusive governance in Iraq and Syria. In Iraq, that might amount to endorsing de facto autonomy for Sunni regions. In Syria, it could take the form of acknowledging the need for a looser federal structure in whatever postwar government the diplomats agree on.

The immediate terrorist threat needs urgent attention, but it is not a civilizational or a generational conflict, and it won't sustain if confronted wisely. Because intelligence collection is critical, a thoughtful policy would engage and support immigrant communities in which potential attackers might hide. Visibly welcoming the victims of Islamic State savagery is not only an

expression of humanitarian values, it's also a wise way to enable tips that could prevent future attacks.

In the longer term, Islamic State can be geographically contained using the counterterrorism tools the U.S. and NATO have honed extensively in Afghanistan, Pakistan and other ungoverned spaces over the past decade. This requires better coordination with allies, and strictly enforced bans on engineering assistance, arms sales and oil purchases.

Islamic State shocked the world in Paris, but in the Middle East it faces diminishing resources and increasing military pressure along all its borders. Under these conditions, it will contract and eventually implode, as, we hope, will the vision of a violent jihadi caliphate that it markets so skillfully to recruits and donors.