

TERRORISM—LOOKING AHEAD: ISSUES AND OPTIONS FOR CONGRESS

PROCEEDINGS OF A SEMINAR HELD BY
THE CONGRESSIONAL RESEARCH SERVICE
DECEMBER 7, 1995

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PERMANENT SELECT COMMITTEE
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U.S. HOUSE OF REPRESENTATIVES

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FOREWORD

HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, July 17, 1996.

Some months ago, the House Permanent Select Committee on Intelligence requested that the Congressional Research Service conduct a seminar on terrorism. The Committee chose to focus on two key elements of this subject of particular concern to Congress—the changing nature of the terrorist threat and possible legislative and other actions that should be considered by Congress in order to improve the U.S. response to terrorism.

Experts agree that the number of terrorist attacks worldwide has gone down in recent years, but the lethality of these attacks—the number of casualties—has increased. The World Trade Center bombing, although costly, might easily have resulted in far more destruction and loss of life. The realization that such a large-scale danger on U.S. soil could be effected by a small group of determined individuals prompted serious reconsideration of current counterterrorism and immigration policies. Subsequent events in Oklahoma City, Saudi Arabia, and possibly TWA Flight 800, have prompted further attention to the terrorist threat, including the need to augment security programs and strengthen law enforcement investigative capabilities. Finally, the nerve gas attack in the Japanese subway system was considered by many to be a disturbing wake-up call; there are growing concerns about the possibility of weapons of mass destruction falling into other terrorist hands. The Intelligence Committee and, indeed, the entire Congress, has taken action to address this problem.

The counterterrorist activities of the United States government agencies include intelligence collection and dissemination, security, law enforcement, foreign policy and military response. The seminar participants begin the session with a discussion of the mission and responsibilities of their respective agencies. From there, a number of current policy approaches are presented. Assessments are made of legislative proposals that have been before Congress, and of laws currently in place. The seminar participants offer a wide range of possible programmatic, legislative and policy options to combat terrorism or that might alter the environment that produces terrorist activity. A number of these measures go beyond the usual solutions that have been offered in the past. For example, speaker Joshua Sinai suggests that coercive measures, although essential, are not sufficient. To fully confront the terrorist threat and address its causes, there must also be a complementary strategy of concilia-

tion. Finally, there is some discussion of how the terrorism problem has been handled by other countries.

For its part, the Intelligence Committee has focused on improving and augmenting the counterterrorist programs of the Intelligence Community. The terrorist threat poses unique problems for intelligence collection, and the Committee recognizes that changes in government counterterrorist programs may place new demands upon the Intelligence Community to support other governmental agencies. For instance, enforcement of new sanctions or law enforcement responsibilities may necessitate increased intelligence focus on the actions the new laws seek to inhibit.

This seminar on the threat of terrorism and policy options for Congress was organized and moderated by Mr. Raphael Perl of the Foreign Affairs and National Defense Division of the Congressional Research Service. The Committee wishes to express its appreciation to Mr. Perl for his outstanding efforts in organizing and moderating this seminar and in preparing the transcript of the proceedings.

LARRY COMBEST,

Chairman, Permanent Select Committee on Intelligence.

LETTER OF TRANSMITTAL

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, D.C., July 16, 1996.

Hon. LARRY COMBEST,
*Chairman, Permanent Select Committee on Intelligence, House of
Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: I am pleased to submit an edited transcript of the CRS Seminar, "Terrorism: Looking Ahead: Issues and Options for Congress."

In response to your request, CRS invited high level policy makers and informed observers to present their views on this issue. Catherine D. Eberwein of your staff provided valuable conceptual contributions and guidance to this project. Raphael F. Perl, Specialist in International Affairs, arranged and moderated the seminar and prepared the transcript for publication. He was assisted by Rita M. Banks, Senior Production Assistant of the Foreign Affairs and National Defense Division.

I believe that this presentation of views will contribute to our knowledge of this important issue.

Sincerely,

DANIEL P. MULHOLLAN, *Director.*

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TERRORISM—LOOKING AHEAD: ISSUES AND OPTIONS FOR CONGRESS

REMARKS OF RAPHAEL PERL, SPECIALIST IN INTERNATIONAL
TERRORISM POLICY, CONGRESSIONAL RESEARCH SERVICE

MR. PERL. Good morning. I'm Raphael Perl, a specialist in international terrorism policy with the Congressional Research Service. On behalf of the Congressional Research Service and on behalf of the House Intelligence Committee, I'd like to welcome you today. Dramatic events, such as the World Trade Center bombing, the Tokyo gas subway attack, and more recently the car bomb attack in Saudi Arabia, have brought the issue of terrorism to the forefront of U.S. public interest.

The Administration has proposed an omnibus terrorism bill, and Congress is responding by passing an omnibus bill on its own. We believe it will probably go to the floor next week.

The terrorism debate has been highly politicized. On one hand, policy makers are driven by a desire to protect society from terrorists. On the other hand, there is a desire to protect individual freedoms, democracy, and human rights. Efforts to combat terrorism are complicated by a global trend toward deregulation, toward open borders and expanded commerce. Information age access to new and rapidly expanding technology is a double-edged sword, providing benefits to both law enforcement authorities and terrorists as well.

Another dilemma for policy makers is the need to identify the perpetrators of terrorist acts and those who train, fund, or sponsor them. Such relationships are by their very nature clandestine.

Today, as the World Trade Center incident seemingly illustrates, a nonstandard brand of terrorist may be emerging—Individuals who do not work for any particular established terrorist organization and who are apparently not agents of any state sponsor, what one may call the "boutique" terrorist. In the international area, where U.S. counterterrorism policy is a sanctions-oriented policy, which has traditionally sought to pin responsibility on state sponsors, some policy realignment may be required.

Today's seminar will examine current trends and new developments in terrorist threats and policy options for responding to them. The seminar was organized at the request of the House Intelligence Committee. And I would like to personally express my thanks to the Committee and to Catherine Eberwine for their support of this program. Let us begin.

Our panelists for our first panel, the emerging threats panel, are Mike Jakub, Director of Special Projects with the Office of the Coordinator for Counterterrorism at the Department of State; Gail

Solin, Branch Chief at the Counter-terrorist Center of the CIA; John O'Neill, the Chief of the Counterterrorism Division of the National Security Division at the FBI; Peter Probst, an Assistant for Terrorism Intelligence at the Office of the Secretary of Defense; and our commentator today is James Adams, the Washington Bureau Chief of the London Sunday Times.

REMARKS OF MICHAEL JAKUB, DIRECTOR OF SPECIAL PROJECTS, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, U.S. DEPARTMENT OF STATE

MR. JAKUB. Good morning, ladies and gentlemen. As this seminar conference was being put together, Raphael asked me at the outset of my presentation to cover with you just a bit about what is U.S. Counterterrorism policy, to identify some of the policies, the objectives, who the players are, some of the mechanisms that we use for coordination so that we're all on a level playing field here. I know some of you are very familiar with this. Others of you may not be. It's not something that we go around advertising a great deal, although it's not classified information.

So as I present my remarks here this morning, what I'm going to try and do for you is frame the issues and the organizations and the people. I'd like to identify very broadly our policies, objectives, our means to achieve those objectives, outline the division of labor that exists among the organizations that are involved and briefly comment on some emerging issues and areas of concern for the future.

OVERVIEW OF COUNTERTERRORISM POLICY

Let me start with U.S. counterterrorism policy. United States policy on counterterrorism is to deter, defeat, and respond vigorously to terrorist attacks on our territory, against our citizens and facilities, whether those attacks occur domestically or whether they occur on foreign territory. The U.S. regards terrorism as a potential threat to national security as well as a criminal act, and the U.S. will apply the appropriate means to combat that type of a threat.

Our policy is based on three pillars. One, we're not going to make concessions to terrorists. Please note, I did *not* say we don't negotiate. I said we are not going to make concessions to terrorists. Secondly, we're going to seek to identify groups or states that sponsor or support terrorists. We want to isolate them, and we want to extract a very heavy price for their support for terrorists. The ultimate goal is to move those states away from supporting terrorist groups.

HOW POLICY IS IMPLEMENTED

In terms of steps that are taken the first one is to reduce our own vulnerabilities. This mainly involves enhancing security posture domestically and abroad, enhancing the activities and capabilities of the U.S. agencies that are involved in counterterrorism. A second step or means of achieving the goal would be to deter terrorism. There are a variety of means and steps that are undertaken in that regard. One example is public diplomacy. We want to make it very clear, not only domestically but in foreign audi-

ences, that the U.S. opposes terrorism, that the U.S. will support foreign states in their wars against terrorist groups.

Secondly, we want to work with foreign governments to reduce terrorist capabilities. That means helping them in the design of their own counterterrorism capabilities and working with them against terrorist groups. We want to return terrorists to the United States for prosecution.

We want to work to reduce state sponsorship of terrorism, as I mentioned. If we can take away from a lot of groups their capabilities to have safe haven, to have passports, to ease their travel, to acquire weapons, etc., we can put a dent in the terrorist threat and the threat that's posed to the United States. Last but not least, we want to enhance our own counterterrorism capabilities, and that covers a very broad number of activities which we'll define for you as we go through this a little bit further.

In terms of steps as well, we want to be ready to respond rapidly to terrorists and terrorism wherever terrorism occurs, to protect Americans, to arrest and defeat the perpetrators, to punish terrorist sponsors and governments, and to provide relief to victims, all as permitted by law. That's something that the citizens of the United States look to the United States to provide to their own citizens, and it's something we need to do. We want to act to prevent terrorist acts. Where we are unable to do so, we need to be able to act to resolve the incident, and we need to be able to act to provide post-incident response "as needed."

U.S. GOVERNMENT ORGANIZATION FOR COMBATTING TERRORISM

Looking at our organization to combat terrorism, we have lead agencies. Let me say right from the get-go that the counterterrorism response and the organization by the U.S. government is a very coordinated effort. There is no one agency that is out there by itself in the war against terrorism. This is a very, very coordinated effort involving a number of agencies of the U.S. government. Nominally, the Department of State has the lead for responding to terrorism abroad, that is, foreign terrorism. What that normally means is we will be the primary coordinator for whatever U.S. activities are going to take place. For domestic terrorism, that lead agency responsibility for coordination rests with the Department of Justice and in particular with the FBI.

How do you coordinate all this? There are a lot of agencies involved. Two primary forms for coordination exist. They've existed for a number of years. It's been very interesting to see how succeeding administrations come and they sit down and they take a look at what we're trying to do from the Counterterrorism standpoint and the organization that's been in existence since about 1985 or 1986 is still pretty much the organization that's here today for the coordinating purpose.

There are two primary coordinating organizations—forums if you will. First is an umbrella mechanism for interagency counterterrorism cooperation and for making recommendations on counterterrorism strategies: the Deputies Committee of the National Security Council. This is a standing committee, an NSC interagency coordinating group, on terrorism, which is chaired by special assistants of the President. It convenes regularly to review

ongoing counterterrorism issues in policy, program, and operational areas. Members of that group are at the Assistant Secretary level. The agencies that are primarily represented on that group include the Department of State—and my boss is the representative from there, Ambassador Wilcox, the Coordinator for Counterterrorism; the Office of the Secretary of Defense; the Joint Chiefs of Staff; the Department of Justice; the FBI; the CIA; and a representative from the Office of the Vice President.

Other individuals and other organizations can be brought into that forum, depending upon the issues which are being discussed. For example, if we have a hijacking, if we have some policies that need to be discussed relating to hijacking, airport security, whatever it would happen to be, a representative from the FAA would be in attendance. If there's an energy question, possibly a threat for some group to acquire nuclear materials we would have representatives from the Department of Energy in attendance. If we have to take a look at, or if one of the items on the agenda is taking a look at how do we manage the consequences of, say, a weapon of mass destruction incident, we would have representatives from FEMA, from the Public Health Service, and from those agencies from that end of the community, what we'll call the consequence management community.

The second group is an interagency working group chaired by the Coordinator for Counterterrorism. That group is responsible for development of overall CT policy, organizations, issues, legislative initiatives, exercises, training. It's the nuts and bolts organization that meets. You couldn't have that NSC group meeting every day and working every issue. It's too high level. We need to bring it down. Membership includes all the departments of agencies related to counterterrorism, and that group has various functional subgroups which take a look at counterterrorism from a functional basis. Just one example I'll give you—we have a group called the Technical Support Working Group, which addresses research and development, the development of technologies for counterterrorism, and it coordinates the national counterterrorism R&D plan.

The intelligence community has a coordinating mechanism as well, which I think Gail will talk about a little bit later. And that one is a community counterterrorism board.

EMERGING THREATS AND CHALLENGES

Let me talk very briefly about some of the emerging threats and challenges that we see in the future. And again I think you're going to see these in a lot more detail as some of the other presenters talk to you this morning. Last month Senator Sam Nunn chaired a group of hearings, taking a look specifically at Tokyo. But one of the things that came out of the hearing, I think, was a statement that was attributed to the Senator that said "The number one security challenge in the U.S. now and probably for years to come is to prevent weapons of mass destruction, whether chem, bio, or nuclear, and the scientific knowledge of how to make them from going all over the world to rogue groups, rogue nations, and to terrorist organizations and groups." The Tokyo subway incident was not the first of its time. There actually had been one in Japan the year prior to that by the same organization. But it served as a wake-

up call, a very good wake-up call, for those of us involved in the counterterrorism arena that we have to pay more attention to this threat, not only in terms of who the actors are or possibly could be, but in terms of are we prepared to respond to this type of an incident.

A second challenge that we need to take a look at and are taking a look at deals with terrorism and—I think Raphael mentioned it very briefly—but groups that we hadn't really looked at before necessarily. Some of them fall under the religious banners. We have radical Islamic groups who have been staging activities around the world who aren't necessarily affiliated with government sponsors. We have cults. This is one of the things that has come to the fore as a result of the Japan incident—millenialist groups, if you will, and others. We need to do a better job in the future of identifying who these groups are that can pose this type of a threat, not the traditional type of a group that we've been focusing on in years past.

Another challenge is rising nationalism and the creation of new states around the world. Probably the most obvious of these, and it poses a challenge especially for the counterterrorism arena as well as for others we're seeing now in the Balkans—our immediate concern is the possibility of terrorism that might be directed at the IFOR organization and U.S. troops which are going to be going into the region. That obviously is a very, very serious concern right now. But we also need to be concerned about the possibility of terrorism arising from other nationalist organizations from newly independent states.

Another challenge I'd like to identify for you, again, is one that deals with information warfare. We need to, I think, be a lot more concerned about the possibilities of disruption of systems through viruses and electronic sabotage; the ability of groups, specifically terrorist groups, possibly to obtain funds through electronic penetration, manipulation of financial systems and information systems; and also penetrating information systems for information on people and possible targets, which can be used for targeting by groups. We've only seen a little bit of this, at least that we know of, within about the last year. That kind of a threat, though, is something I think we have to pay a lot more attention to in the future; and it's going to pose a problem for the policy makers.

TECHNOLOGY IS A DOUBLE-EDGED SWORD

Very briefly, I touched there on the challenges posed by technology. Terrorists are not dumb. One of the things we've seen over the years is terrorists adapt, terrorists grow, terrorists learn. And the new technologies that are coming on line not only are a benefit to the government, a benefit to organizations, benefit to businesses, etc., but terrorists learn as well. We need also to really focus our efforts to adapt technology better for counter-terrorist purposes. Just a couple of things, for example, that we're concerned with right now that we don't have answers to. We wish we did. We'd like to be able to detect explosives from a distance. Right now I have to bring an item up to a portal so that I can run a detector through it and tell what's in there. That's great if you've got a small package bomb. If I've got a truck loaded with 5,000 pounds

of conventional explosives or maybe just 200 pounds of plastic explosives, I need to be able to detect that thing from a distance. It's a real problem for technology and one that we're going to have to look at very, very seriously and are.

CHALLENGES POSED BY GOVERNMENT DOWNSIZING

One of the last items I want to mention—and it's something that we all have to live with—we haven't seen too much of a problem with it to this point, and I hope we don't. We're starting to live through an era where we're going to see downsizing. That's going to have an effect on our capabilities. It's going to have an effect on our budgets. We have to work better and smarter managerially with the resources that we have, given the new kinds of problems that we're going to be facing. And we're going to need a lot of cooperation, not only from the organizations within the government, but with the Congress as well, as we structure budgets.

COUNTERTERRORISM IS A MULTIFACETED ISSUE

Counterterrorism is not a single issue. When you take a look at counterterrorism, you've got to take a look at a lot of things. You have to take a look at diplomacy, intelligence, law enforcement, research and development, crisis response, consequence management, training and exercising, physical security enhancements and capabilities of our facilities abroad, anti-terrorism assistance—these are programs that we use to upgrade the capabilities of foreign governments so that we can have less of a threat; a rewards program; military response capabilities. And those are just some of the ones that I would highlight for you that all go together, that policy people have to look at as they try and devise a good counterterrorism policy for the future. We need to be very attuned to how all of these different items interface, work together to come up with a good coherent and effective counterterrorism policy and strategy and a capability.

With that I'm going to sit down and leave it up to the intelligence community and others, who work the issues of threats from a day-to-day standpoint. In my other life I used to do that—but I have the luxury now of being able to sit back and say, "What's the latest threat?" and then trying to work it from a policy perspective. Thank you very much, and I'll be glad to answer questions later as we go along.

REMARKS OF GAIL SOLIN, BRANCH CHIEF, COUNTERTERRORIST CENTER, CENTRAL INTELLIGENCE AGENCY

HOW TERRORISM IS DISTINGUISHED FROM OTHER CRIMES OF VIOLENCE

Ms. SOLIN. Let me start by asking if we're all on the same wavelength when we talk about terrorism. Are you all familiar with the U.S. government's official definition of terrorism and what we mean "Was Pablo Escobar a terrorist?", for example. I'm not getting an overwhelming response that tells me you know, so let me run through it so you know what we're talking about when we're talking about terrorism, because you have to distinguish that from crime and other kinds of violence.

Terrorism is premeditated, politically motivated violence—and this is very important. That means that Pablo Escobar was not strictly speaking a terrorist, because he was just trying to preserve his financial empire. It is perpetrated by a subnational group, which means that a lone gunman, if that's all we know about an individual, an act by a lone gunman is not likely to be voted on in the intelligence community as an act of terrorism. The man who killed four of my colleagues right outside the CIA building a couple of years ago, for all we know, was a lone gunman and that act is not included in our statistics as a terrorist act. It is perpetrated against civilians or noncombatant military. And the reason we include noncombatant military is because we have forces all overseas, in Europe and elsewhere, particularly in Europe, deployed with NATO, who are not involved in local fights that are going on. The insurgency in Turkey—we are not involved in putting down the insurgency in Turkey. But if someone kills one of our troops, we want to be able to say, "That's terrorism," because this is a noncombatant. And indeed, of course, that happens. Particularly during the Gulf War, where people took off against our troops just to protest our involvement in the Middle East. An act of terrorism is designed to influence an audience, which goes back to the political motivation. So that leaves out a lot of things and it leaves in a lot of things.

Once a month every act of violence that we have seen in the world is written up—a paragraph, two paragraphs—and representatives from the CIA, DIA, INR, and NSA get together and they vote on every one of them. And the majority rules. Now sometimes we have to go back and revisit things. Rocket attacks from southern Lebanon into northern Israel—is that terrorism, is that military activity? And we go back and forth depending on who the targets are and who the perpetrators are.

When we have finished with that for the year, then we come up with basically our terrorist statistics, and those are official because everybody has agreed that every incident that's included in the statistic is indeed an act of international terrorism.

NUMBER OF INCIDENTS IS DECLINING BUT LETHALITY IS UP

I want to talk to you a little bit about numbers to show you why they are important and maybe why they're not. Last year—I don't have the figures for this year and we're getting close to the end and I'm curious about it—but last year we had 321 acts of international terrorism. We also had close to 1,000 casualties, dead or wounded. The year before that, in 1993, we had four hundred—

MR. PERL. When you say "we," does this mean against the United States government or the world or—

MS. SOLIN. It is acts of international terrorism worldwide, not perpetrated only against us.

QUESTION. Does the definition therefore exclude the religious cult, Aum Shinrikyo.

MS. SOLIN. No, why would it exclude it? Their motivation was political as best we could tell. The leader of that group had designs about becoming the leader of Japan and overthrowing the government, so that's kind of a political act. We also, for my purposes in the CIA, we restrict ourselves to international terrorists. So.

the PKK in Turkey attacks the Turkish police or a Turkish school teacher in Turkey, that's not international terrorism. It is indeed terrorism, and it doesn't absolve the group from a terrorist act; but when we count it, it's not international terrorism, so those things are not included in the statistics.

Okay. So we had 321 terrorist attacks in 1994 and very close to 1,000 killed or wounded. In 1993 we had 431 acts of terrorism. That was a considerably larger number, obviously. We had 1,500—1,510 I think is the exact number—roughly 1,500 killed or wounded. Nearly 1,000 of those were killed or wounded, mostly wounded, in the World Trade Center bombing alone. One act accounted for nearly 1,000, which means for 430 acts of terrorism there were only roughly 500 casualties. Last year there were a lot more.

So, while the numbers are down, the lethality is up. More people are getting killed; more people are getting hurt. So you can take a certain amount of pleasure that the numbers go down, but if there's one act of terrorism and it kills one person, that's too many.

TRADITIONALLY, MOST ACTS TAKE PLACE IN MIDEAST

Usually there are more acts of international terrorism in the Middle East than anywhere else. In 1993 there were more in Europe than anywhere else, and that was basically because the Kurdistan Workers Party, the PKK, in Turkey launched two waves of attacks throughout western European cities on two days, one in June and one in November of 1993, 50 acts at a time, 75, it was really hard to keep track. They are all counted individually as individual acts of terrorism, so Europe was very high in 1993. In 1994 it went back to the Middle East and Europe being in third place.

MOST ANTI-U.S. ACTS TAKE PLACE IN LATIN AMERICA

Most often most terrorist attacks perpetrated against U.S. interests seem to happen in Latin America. And year after year after year, there are more in Latin America than anywhere else in the world, which is a little odd, particularly because you never hear about it here. Our embassy was attacked by Sendero Luminoso in Peru in 1993 and it never made the *Washington Post* or the news. Fortunately nobody was killed. But those kinds of things go on in Latin America all the time, and they just don't seem to get the coverage that an attack in a European country would get—or in the Middle East.

We have hostages in Latin America, which comes as a surprise to a lot of people because we had hostages in the Middle East and the country was wrapped around the issue of how we're going to free these people. We've had hostages being held in Latin America now for years, and the country is not mobilized to worry about it because most people don't know about it. A lot of these acts of terrorism in Latin America are fairly low level. We count attacks on our pipelines there as acts of international terrorism, too, because they're protesting the United States and our presence.

There is also a lot of bombing. Bombing is the favored method now for terrorists. I think when this all started and we became aware of terrorism as an issue, we had hijacking. Remember all those planes that used to be hijacked? Well, that's not what goes on now; most of the time it's bombings, low level bombings usually;

big bombings sometimes, unfortunately. Bombing seems to be the favored act these days, and there's a lot of that that goes on in Latin America that you'll never hear about. For example there might be some little explosion outside a McDonalds somewhere. We would count that as an act against the U.S. because McDonalds is a U.S. company and that was why McDonalds was chosen.

NEW PERPETRATOR GROUPS ARE EMERGING

As everyone has mentioned, the perpetrators of terrorism are beginning to shift from the traditional ones that we got used to dealing with and working against—radical Palestinians who were secular, state sponsors—this still goes on and particularly in the case of Iran, but less so than it used to. Leftist anarchist groups were a major source of terrorism. Many of them have fallen completely off the radar scope, largely due to the fall of Communism in the Soviet Union, a dropping off of financial support as a result of that, and also just because the message isn't nearly as salient to people as it was when there was Communism ruling in large chunks of the world. The Red Army faction in Germany is the only leftist group that I have seen that has actually questioned why it is a leftist group in this new world. They did a lot of public handwringing, saying "Well, Communism has been discredited. We're Communists. Does that mean we've been discredited? Should we be something else? If we're something else, will people support us? If we're something else, are we being true to ourselves?" They had a terrible time with it; and, by and large, they haven't been very active. They certainly haven't done any international terrorism, although they've blown up a couple of prisons that were empty, but that's local. But they haven't killed anybody.

The focus has shifted from these well-known groups that we used to worry about to these groups that we don't have a name for, because they're really not groups. They're individuals who come together—Islamic extremists from a variety of countries who happen to find each other in New Jersey or Manilla and get together and decide "Let's do something." My friends and I call them the "wandering Mujahaddin" or the "wandering Muj" for short. But there is no official name because they are not groups. And it makes it much harder to find them because we don't know their structure, we don't know their organization because, indeed, there is no such thing. And I'll leave it there.

ISSUE OF TERRORISM FOR PROFIT OR RELIGIOUS MOTIVATION

MR. PERL. One of the issues that you raised of importance to Congress is the issue of the definition of terrorism. Mike talked about the possibility of computer-generated terrorism, and it's an increasing question of whether we may include economically motivated terrorism—terrorism for profit—in our definition of terrorism and whether that should be considered international terrorism. Also, if we look at politically motivated terrorism, there is often a link between political motivation and religious motivation. Moreover, some terrorism may be almost exclusively religiously motivated. So these are some of the issues that Congress is grappling with now as it's trying to redefine and narrow the definition of terrorism and perhaps, to some degree, expand it.

REMARKS OF JOHN O'NEILL, CHIEF, COUNTERTERRORISM SECTION,
NATIONAL SECURITY DIVISION, FEDERAL BUREAU OF INVESTIGATION

FBI DEFINITION OF TERRORISM

MR. O'NEILL. Good morning. Since we finished the previous discussion with definitions, I believe I'll start with some FBI definitions. The FBI generally defines terrorism as the use of violence or the threat of violence in furthering a political or a social agenda. We consider a person engaged in a singular act of violence to be a terrorist if we establish that his motivation was political or social, and he was part of a larger group.

FRAMEWORK FOR RESPONSE

The FBI breaks down its counterterrorism program into two separate areas. The first is our domestic terrorism program. This program deals with terrorism committed by indigenous U.S. persons or groups who are not controlled or directed by foreign powers, agendas, or issues. A good example of this is the Oklahoma City bombing.

Our second area of interest is international terrorism. This form of terrorism includes political violence directed against U.S. persons or interests in which there is some nexus or connection to foreign powers or some form of foreign control. The best example of this form of terrorism in the United States is the World Trade Center bombing.

In 1984 and 1986, Congress passed extraterritorial or "long-arm" statutes which permit the U.S. Government to charge persons who attack U.S. interests overseas with criminal violations, and return them to the United States for trial. In addition to investigating international terrorism inside the United States, the FBI also is responsible for investigating acts of international terrorism against U.S. interests overseas, and returning terrorist suspects to the United States for trial. We closely coordinate all of our overseas activities with the U.S. Department of State and the host foreign government.

FIVE TOOLS FOR COUNTERING TERRORISM

Generally, the U.S. Government uses five tools to fight terrorism. First, we use diplomacy: treaties, conventions, demarches and bilateral meetings. Our second tool is economic sanctions. Currently, a number of state sponsors of terrorism have sanctions imposed against them. Third, the U.S. Government uses covert activity. I'll leave that to one's own imagination, but let's be clear on one point: all covert activities are conducted outside the United States against international terrorism targets. Our fourth tool is direct military intervention, such as the actions taken against Libya and Iraq in the past. Our final tool, of course, is law enforcement.

CHANGING NATURE OF TERRORIST THREAT

In terms of the threat posed by terrorism, I'll again break them down into international terrorism and domestic terrorism. Concerning international terrorism, prior to the World Trade Center bombing, the FBI and other government agencies were most interested

in the activities of foreign state sponsors of terrorism such as Iran. We continue to investigate state sponsors, but the World Trade Center bombing clearly highlighted an emerging form of transnational radical extremism. In the three short years since the World Trade Center blast, the number of cases involving transnational extremists has risen dramatically.

The genesis of this apparent phenomenon is a desire by various groups around the world to transform their governments from secular institutions to nonsecular institutions. One only needs to look at places like Algeria, southern Sudan, portions of Egypt and Kashmir, and the Philippines to see the tragic results of these conflicts first hand.

The FBI's response has been to try to understand and investigate this transnational extremist phenomenon, and I have to say we are very concerned about it. The world is becoming much smaller. Members of these extremist groups travel across borders relatively freely. We also have seen individuals within extremist groups use computers, facsimile machines, and cellular phones to communicate violent rhetoric and influence like-minded sympathizers around the world. There are a number of other factors that we could talk about, if there were more time, which have brought this movement to the forefront of our current thinking. Let me just say that I believe this may be a problem for the United States and the world for the foreseeable future.

CHANGING NATURE OF DOMESTIC THREAT

Concerning domestic terrorism matters, I would remind everyone that world leaders such as Kennedy, Sadat, Ghandi, and Rabin all were killed by their countrymen, not by a foreign power or foreign interest. The FBI continues to be concerned about left-wing and right-wing domestic extremists in the United States. Within the last few years, we have seen an enormous rise in the area of special-interest terrorism; extremist persons who react to specific issues such as the environment. For instance, since January 1990, over 450 incidents of bombings, arsons, butyric acid attacks, and shootings have occurred against abortion clinics in the United States or women's health care facilities that provide abortion treatment.

One needs only to turn on the evening news to see that in recent years, there appears to be an increase in extreme views among our own indigenous population. The militia movement is a popular topic in the media today. Let me be clear on this issue; the FBI does not, and cannot, investigate these groups simply because they call themselves militias. Again, I go back to our definition of terrorism. The FBI is interested in groups, militias or otherwise, who engage in violence or the threat of violence in furtherance of a political or social agenda. We do not investigate a person simply because he or she stands up and claims to be a member of a 400-person militia. That's not something we can or should do. We open an investigation only if there is reason to believe that a crime has been or is about to be committed, or if an act of violence has or may take place in furtherance of a political objective.

Finally, we are concerned about the end of the century and all the possible "Armageddon issues" associated with this unique point

in time. I noticed that Mike referred to congressional testimony before Senator Nunn. I would caution against jumping to conclusions when considering religious groups and the potential for millenarian violence. The FBI wants to make sure we allow everyone his or her constitutional rights and focus our attention on criminal activity, not on a person's or groups' spiritual perspective.

RESTRICTIONS/DIFFICULTIES IN RESPONDING TO CHANGING THREATS

I'd like to go back for a moment and revisit a topic we discussed earlier; those five tools we use to combat terrorism. When we talk about emerging threats, particularly today's extremism or transnational movement, a lot of these tools are not singularly effective. For instance, it's difficult to use covert activity against a small group of extremists moving across a mountainous border. It is almost impossible to impose wide-ranging economic sanctions on a training camp located somewhere in the deep desert. That is why we've been relying, more and more, on law enforcement as part of our counterterrorism policy. Once we identify them, we charge them with a crime. We then try to capture these extremists overseas with the help of the host government and other U.S. Government resources, and bring them back to face a trial by jury.

REVIEW OF 1995 INCIDENTS DEMONSTRATES DIVERSITY OF THREAT

Let's take a one minute overview of FBI counterterrorism efforts in the last year or so. In January 1995, the FBI investigated an apparent extremist group in Manila, Philippines, along with other members of the U.S. intelligence community. We collectively determined that Ramzi Yousef had been there and that he was alleged to be engaged in a plot to blow up a number of U.S. air carriers and possibly a plot to assassinate the Pope. In February 1995, we had our first convictions of the Biological Weapons Act of 1989. A couple of individuals were engaged in the production of a biological agent, ricin, in Minneapolis. Also in February 1995, the U.S. Government captured Ramzi Yousef in Islamabad, Pakistan, and brought him back to face charges, not only for his alleged role in the World Trade Center bombing, but also for the alleged plot in the Philippines. Soon after, we investigated a plot to blow up Russian tanks at a National Guard armory in Gralene, Michigan. On March 8, 1995, two U.S. Consulate employees were killed in Karachi, Pakistan. On March 20, the Japanese subway gas attack occurred, and two Americans on the subway were overcome by gas. I'm happy to say they survived their injuries.

I think we probably all remember where we were on April 19, 1995, when the Oklahoma City bombing occurred. In May, there were bus bombing attacks in the West Bank in which Americans were injured. In June 1995, an individual in Ohio was arrested for successfully acquiring bubonic plague through the mail under fraudulent circumstances. In July, Western hostages, including one American, were captured in Kashmir. In August, another bus bombing attack killed an American on the West Bank. In September, unknown subjects executed a grenade attack against the U.S. Embassy in Moscow. On October 1, 1995, Egyptian Shaykh Omar Abdel Rahman and his co-defendants were convicted of seditious conspiracy in a 1993 plot to bomb several New York City land-

marks. On October 9, an Amtrak train was intentionally derailed in Arizona. Also in October, a car bomb destroyed a U.S. military facility in Riyadh, Saudi Arabia. Finally, on November 18, 1995, an American citizen was killed in Bosnia.

Let's move to the present. Currently, we are preparing for the upcoming trials of Ramzi Ahmed Yousef for his alleged involvement in two separate cases. An individual named Murad Hakim also was allegedly involved in the plot in the Philippines. Hakim was indicted and brought back to the United States after his capture in the Philippines. Another suspect named Ismoil Najim was successfully captured in Jordan and brought back to the United States in 1995 to face charges connected with the World Trade Center bombing. All of these trials are upcoming, and we are concerned about potential retaliation for any past or future convictions.

THREAT SUMMARIZED

The 1996 Olympics, obviously, has gotten a lot of attention from the FBI. To summarize the threat, we are concerned that we are seeing a lot of activity, not only from the international perspective but also the domestic perspective. There is usually some ebb and flow in terms of these threats, but it seems that it's coming at us pretty steadily from both sides right now.

We're also very concerned about the size and scope of the terrorist incidents we have seen recently. Clearly the World Trade Center bombing, the Oklahoma City bombing, the sarin gas attack in Japan, and the Riyadh bombing were all designed specifically to produce a massive number of casualties. Although, as was pointed out earlier, the number of incidents may be down, the number of dead and injured are clearly rising.

Finally, we are seeing signs that some extremists may be considering using unconventional weapons. While guns and bombs are tried and true, the threat of chemical, biological and/or nuclear terrorism fits into the recent trends toward more devastating attacks designed to destroy and disrupt. I'll stop at this point, and thank you for your attention.

MODERATOR. Thank you, John.

REMARKS OF PETER D. PROBST, ASSISTANT FOR TERRORISM INTELLIGENCE, OFFICE OF THE SECRETARY OF DEFENSE

MR. PROBST. I'd just like to start with my usual caveat that the views I'm about to express are my own and do not necessarily represent those of DOD or the U.S. government. For some 20 years, I have worked with problems relating to international terrorism and political violence. And during that time I've seen terrorist groups grow, fragment, coalesce and, on occasion, self destruct. Some groups no longer exist because of the successes of the various security forces. Others have evolved into insurgent organizations and ultimately have won their struggle through the bullet or the ballot, or a combination of both. But now I believe we are seeing a sea change in the nature of terrorism. And this will affect all our futures.

RELIGIOUS TERRORISM IS ON THE RISE, BUT POLITICALLY MOTIVATED
TERRORISM IS IN DECLINE

The collapse of communism, the rise of virulent forms of religious and ethnic nationalisms, the violent confrontation between militant Islam and the West coupled with the proliferation of technologies of mass destruction, are fundamentally reshaping the international playing field and reshaping it in ways not yet clear. Because it is effective, cheap, and because sponsorship can often be disguised or denied, terrorism increasingly will represent a weapon of choice for governments, groups and other parties to conflict.

"Terrorism future," I believe, will be very different from "terrorism past." A prime factor is that politically motivated terrorism is in decline. Political terrorists usually operate under self-imposed constraints. They are concerned that mass casualty operations would alienate potential recruits, those on the periphery, and other actors who can affect their political fortunes. In contrast, religiously motivated terrorism is increasingly ascendant and very brutal. Religiously motivated terrorists, some cults, and others of their ilk do not suffer the same constraints as their political counterparts.

Religious terrorists are prepared to wage their struggle by whatever means necessary. In other words, they actively seek to expand and extend the carnage. Certain single issue groups, such as violent anti-abortionists, exhibit a similar mindset because they, too, respond to a religious imperative. We are also seeing an increase in the number of cults that view the millennium in apocalyptic terms and are committed to hastening Armageddon. As we approach the year 2000, and that is only five years away, these cults, I believe, will become increasingly prominent, prevalent, and lethal. I think we all need to remember that some of the most significant terrorist attacks in the last few years have come from left field. There was the bombing of the World Trade Center carried out by an organization run by a blind sheik in New Jersey. There was the Saran gas attack carried out by the Aum Shinrikyo, a shadowy Japanese cult with some \$1.2 billion in assets. And then there was the Oklahoma City bombing, and the country first learned about the militia phenomenon. In my view attacks such as these—attacks which emanate from the margins—will represent one of the greatest threats to our future security and underscores the need to enhance our collection efforts.

INCIDENTS WILL INCREASE IN VIOLENCE

The prime thing to remember in regards to terrorism future is its relatively unconstrained nature and thirst for carnage. Now when you take this and couple it with the increasing ease of access to biological, chemical and nuclear technologies you have monumental problems.

Organized crime, fanatical single issue groups, and even individuals, all are able to muster resources that were once limited to world and regional powers. Proliferation of these technologies will enable marginal groups to have a major impact on the world stage. As the Colt .45 was the great equalizer of yesterday, I believe improvised weapons of mass destruction will be the great equalizers

of tomorrow. We are at a time now when there is a nexus—a marriage—of both “will” and “means.” And this has forever changed the face of terrorism, and it makes our job of combatting terrorism a whole new ball game.

Senator Nunn’s hearings outlined in graphic detail some of the current and developing threats we face from biological terrorism. And although the testimony may have been alarming, I can assure you that it does not represent an alarmist view.

BIOLOGICAL AGENTS ARE A REAL THREAT

Several months ago I attended a conference sponsored by the Public Health Service which was called to discuss potential terrorist use of biological agents. Virtually every expert spoke in terms of where, when and how. It is no longer a question of “if.”

I think the bottom line when it comes to dealing with terrorism future, is to learn from the lessons of history. The line has been crossed with regard to foreign terrorists carrying out operations on American soil. The line has been crossed with regard to the use of weapons of mass destruction. We must assume that terrorists will put these two operational elements together. The reasonable, responsible, prudent approach is to assume if it can be done it will be done. Perhaps not today, but then tomorrow.

NEED TO REEXAMINE NATURE OF THREAT

In 1985, in response to a series of terrorist spectaculars, then-Vice President Bush convened a task force on combatting terrorism. The task force provided a mechanism to help define the scope and extent of the terrorist threat and to develop new initiatives, programs, policies and strategies to defend against terrorist attack. It drew on some of the best minds from government, universities, think tanks, the military and the private sector. It produced a set of recommendations that proved remarkably successful. Recent events suggest it would be prudent to consider a task force with similar national level sponsorship.

SUGGESTIONS FOR POLICY EMPHASIS

We also need to re-emphasize public education. The failure to educate our citizens to terrorist tactics and strategies leaves them vulnerable to terrorist propaganda. And we must remember that terrorism is theater. It’s a form of psychological warfare.

There is more to terrorism than the bomb and the gun. There is a strategy of propaganda and persuasion that too often is ignored. It is the responsibility of government to provide the facts that enable the public to dissect the sophistry and mythology that terrorists and their apologists pedal, often in the guise of politically correct conventional wisdom or paranoid conspiracy theory.

We also should marry intelligence with academia. And this might be done in the form of the creation of a separate non-governmental initiative to establish a world-class institute—an institute devoted solely to the study of terrorism and political violence. Many think tanks study various aspects of terrorism as well as a host of other unrelated issues. But what I would propose is the establishment of a center that takes this on as its sole mission. Foundation sup-

ported, it would be independent of government funding and review and, thereby, better able to resist political pressures that sometimes distorts such research efforts.

In addition, we need to re-emphasize what might best be called classical espionage. Long before there were satellites and communications intercepts, nations relied on spies. There is nothing like having a well-placed spy to help an intelligence service understand intentions, rivalries, motivations. We need to better understand those factors, many of which that are non-rational, that move leaders to make momentous decisions and take unprecedented risks. The principle is the same whether the intelligence target is a national leader or a leader of a terrorist group. And as a corollary, I think that some of the critics of the intelligence community need to better understand that such agents can not be Boy Scouts. Most will have blood on their hands. It's how they got where they are within the terrorist organization, and it's that access which makes them invaluable sources of information.

In just a few short years, the world has been forever changed and we are faced with a host of new and very different challenges. Our main task is to educate ourselves to recognize and anticipate them. And to develop capabilities to meet them. Thank you.

REMARKS OF JAMES ADAMS, WASHINGTON BUREAU CHIEF, LONDON
SUNDAY TIMES

TERRORISM HAS EVOLVED SINCE THE 1970'S

MR. ADAMS. Well we've learned today that terrorism has evolved—that the traditional view that we had of the terrorist in the 70s and in the 80s has moved on. Back then they were by and large quite conservative in what they did. They killed people, they bombed people, they assassinated people, but they did this in ways that they had done it in the past and they continue to do it to some extent today. They were state sponsored. They had quite rigid structures. They had well-organized cells and they had equipment that was frequently common to many different groups. As we have heard, the old guard have now gone, broken on the back of failed communist ideology.

CHARACTERISTICS OF TERRORISM TODAY

We now enter a new era. And I think it's possible to divide that new era into two different parts. You have the evolved traditional terrorist who is a new breed. You have Islamic or perhaps more correctly to put it a religious-based, a loosely-based, anti-Western terrorists, it's not an organization, it's a loose grouping of individuals without the kind of hierarchical structure that we've been used to. We've seen recently in France that terrorists had a very loosely structure that made it very difficult to define the organization itself. It had very poor equipment and had very amateurish training and almost no cell structure as we know it when we look at organizations like the PLO or the IRA. We've seen in Saudi Arabia the World Trade Center and Oklahoma, the same rather incoherent organization. And we also see in Bosnia, as was mentioned earlier, the potential for a great deal of terrorist activity against the NATO forces that are gathering there now. The response to

those threats has been interesting because we have not necessarily achieved any great intelligence breakthroughs although identifying that those exist, there have been some coups, there have been some failures.

All the problems that we have identified in the 70s and 80s and that we hope we have corrected in our own countries continue. There has been strong disagreements between the internal security organization and the political structure in France. There has been a notable lack of good intelligence. There has been a notable lack of coordination between the different law enforcement organizations. The terrorists themselves have been able to operate around Europe and they have been able to use the fax and the cell phone to considerable effect. So we have that old grouping.

EXAMPLES OF NEW THREATS

We also have the new threats. We have biological weapons. We have seen the use of that in Tokyo but what we haven't yet seen, and what we now know exists, is what is going on in Russia, what is going on in Iran, what has gone on in South Africa, what the Libyans are trying to achieve. We have cyber-war. The Defense Information Systems Agency believes that 88 percent of all serious attempts to hack into DOD computers are successful. Of all those that succeed, today only five percent are detected. The agency believes that there are about 10,000 attacks a year. Today. We're ill-equipped to deal with that kind of penetration, and yet it can do tremendous damage. Damage the likes of which we actually find it difficult to comprehend. Taking out the power structure in the southeastern United States, for example. Would it be estimated kill 20,000 people. How difficult is that to do? It's possible. And it's possible for somebody with an understanding of computer systems and a good modem who could be based pretty much anywhere in the world.

The casualties from these new kinds of threats are potentially enormous. BW attacks, used effectively, would kill thousands, perhaps tens of thousands. Cyber-war in the same way would achieve the same sort of goals. So what do we learn from all of that? We learn that the way we've looked at terrorism in the past is out of date. We've learned that the terrorists as we've traditionally seen them have evolved. And we also know that we are dealing with new kinds of threats that have not yet been used but we know, we think we know, that they will be.

WE SHOULD BE ACTING PREEMPTIVELY

The other thing we learned most importantly from the 70s and 80s was to act preemptively. Was to try and understand where the threats were coming from and to do something to meet them. There were conferences. Peter referred to the one in 1985. There were coordinating groups. What do we see today? We see coordinating groups. Have we got the kind of conversation that should be occurring about information warfare? Has Congress held hearings on this? Do people actually understand what it means? Has anybody looked at the rivalry that is going on in the Pentagon today between different single service agencies who all want a piece of the information warfare pie and won't share what they have and what

they know with other branches with the service, or indeed with their own military chiefs.

What have we done to address the problems of BW? We learned from the FBI that we rely on diplomacy, sanctions, covert action, military intervention, and law enforcement. Well, since 1987 we have been trying to shut down Russia's BW program. We have failed to do that. Russia has now sold, the people in Russia have now sold BW technology and capability to Iran. What have we been able to do to stop Iran getting that? Not a lot, because they have it. What are we able to do to stop that proliferating elsewhere? Unclear. Do we have a clear policy of what to do if a country threatens the United States with BW or threatens a NATO with BW? Not clear. How do we retaliate? Not clear. What can we do to prevent those attacks? Not clear. I think in those areas, then, what we see is we know that we should be acting preemptively.

What we know is that we are not doing enough to act preemptively. And so as this addresses what Congress should be addressing, I think that the lesson we draw from everything that we've heard today is that Congress should be taking a stronger initiatives in these areas where we know that there are threats, we know that attacks are inevitable, we know that in each of the areas there is proliferation to a different . . . to a greater or lesser extent. The warnings have been given and I think that it is overdue that we act upon them. Thank you.

OVERVIEW OF EFFORTS TO RESPOND TO THREATS

MR. O'NEILL. First, I'd like to address James Adams' comments. The topic today is the terrorist threat. James asked why we aren't prepared to face the threat. I can tell you that the government has a coordinated response to terrorism. There is a lot of effort going into addressing the issues we've discussed here, including weapons of mass destruction and state sponsorship. Is there more to be done? Absolutely. Can we do a better job? Absolutely. But I don't want to leave this audience with the impression that nothing is happening. I spent most of my time talking about the terrorist threat, so I didn't go into the FBI's Key Asset and Infrastructure Program, or the hard work we've done to improve our biological and chemical response plans. I didn't mention our nuclear emergency response plans, or our Terrorist Threat Warning System in the United States which we use to pass information to the U.S. Intelligence Community. Please understand that there are a number of endeavors that we are engaged in order to respond to the threat of terrorism.

Now, to address the question, we are in contact with countries who share our mutual concerns regarding terrorism. We are also soliciting other perspectives concerning religious extremism. The real issue, I think, is at what point do we reach a threshold where we have enough justification to initiate either an intelligence collection effort or criminal investigation against a religious extremist group. This is something that lies within the realm of legislation and guidelines, not FBI interpretation. The rules and regulations under which we work are clear. If one of these groups is acquiring weapons, espousing a belief that the world should end, and moving

forward to threaten or use violence, then we've reached the investigative threshold.

We face this problem everyday in the abortion arena. Some anti-abortion extremists are looking at a lot of clinics. There are a lot of threats that are out there. We receive them on a daily basis. How do we best deal with what is sometimes a religiously-motivated issue? You go back to the definition. If there is violence or the threat of violence to further a political or social agenda, then we can begin to look at a particular group or individual.

MR. PERL. I'd like to open the floor for questions and answers. Please be brief and identify your office and yourself.

DISCUSSION

ISSUES ASSOCIATED WITH INVESTIGATING OR MONITORING, RELIGIOUS GROUPS INVOLVED IN TERRORISM

I'm Larry Johnson, currently a private contractor, used to work in counterterrorism in the CIA. First a comment and then a question that goes to the heart of intelligence collection. We tend to talk about terrorism with an air of hysteria that, again when you come back and look at the numbers, is not really justified. We forget the level of attacks that were prevalent in the late 70s into the 80s, and that those, too, carried with them severe casualties. So we're in an odd position when we see the decline of incidents both internationally and domestically: we're trying to say that the terrorist threat's getting worse even though the incidents are getting less. Now the question I have goes to the heart of collection because I do agree that the threat has changed into these religious groups. Because the Central Intelligence Agency and the FBI both face restrictions on the ability to collect and penetrate against religious organizations, that seems to me to be the central challenge we face in the future. In one respect we are entering an era where we're going to be more blind as if in fact these activities shift into religious groups, how do the intelligence agencies and the investigative agencies propose going after religious groups and use Aum Shrinrikyo Rex as an example.

MR. PERL. Well, let's ask them. How does the intelligence community and how do the investigative agencies propose to go after these religious groups?

MR. O'NEILL. We are working on discussing with other like-minded nations what is their approach to some of the issues dealing with religious groups and how do we investigate, how do they legislate investigating, how are they handling these particular problems around the world. And the issue, I think, is at what point do we reach a threshold where there is justification to initiate either an intelligence effort or criminal investigation against these groups. And I would proffer to you that this is obviously something that needs to be looked at from a legislative context but that if one of these groups is acquiring weapons and is espousing the belief that the world should end and if they are moving forward or they are going to use violence or the threat of violence, I think you've reached the threshold. We face this problem everyday in the abortion arena. The anti-abortion forces are looking at a lot of clinics. There are a lot of threats that are out there that we receive on a

daily basis. How do we best deal with those and if it is a religiously-motivated issue, you reach the point where you go back to the definition. If there is violence or the threat of violence in furthering that agenda, then you have reached the definition of looking at these particular groups or individuals.

MS. SOLIN. When Aum Shinrikyo Rex registered with the Japanese government as a religious group, which exempted it basically from government scrutiny, it was one of more than 200 that registered that year. I don't know the names of the other 199 and we certainly don't have the resources to go chasing after them when need to penetrate groups that have perpetrated terrorist attacks against us. Just because a group is a group doesn't mean that it's an intelligence target. If a group is going to do something nasty in Japan, that's a Japanese law enforcement issue, it is not a CIA issue. We can't go operating against Japanese citizens' willy-nilly without the cooperation of the government of Japan either. In most of these countries we have to operate with the host government. I certainly don't want to start chasing around groups of religious fanatics who don't do violence.

COMMENT. I'm concerned that we may only find out about the threat really after. After the fact, with 20/20 hindsight we know Aum Shinrikyo was a threat. Before that with Aum activities in the United States there we need to make sure there is a Aum activities and flag them to national level agencies such as the Central Intelligence Agency where they could ascertain there's a problem.

QUESTION. Mr. O'Neill, I'm wondering since we do have emerging threats if there is a crying need now for a minimization of stove-piping and providing a capability and vehicles to get around the problem in terms of voting on what goes into a database or doesn't and for certain purposes. In other words we need educating. We need educating both within the government for counter-terrorism purposes and for all sorts of purposes.

MR. ADAMS. Can you explain what the minimization of stove-piping means?

PARTICIPANT. Stove-piping means education or knowledge about certain aspects of a problem which stays vertically within a small community because there's no way to get it horizontally dispersed throughout a community.

MR. O'NEILL. Let me give you an example of what we do, particularly with biological and chemical issues, or with nuclear issues. When considering these problems, we have certainly moved from the arena of classic law enforcement. If there is a domestic threat, a potential domestic incident, or an actual unconventional incident here, it is not merely a law enforcement situation. The U.S. Government needs to manage both the crisis and the consequences. If you look at the Oklahoma City bombing and the number of casualties, there clearly is a need to respond in many ways.

For instance, if I am investigating an individual who claims he has sarin gas in a vial, I need to be able to turn to a expert and further identify the problem and get specific answers. So my law enforcement mission is enhanced by others in my command post who can quickly and expertly address issues, and help me be a better on-scene manager.

No single agency operates in a vacuum. That's why we exercise and coordinate with organizations like the Federal Emergency Management Agency and the Public Health Service. It's a large counterterrorism community. We're bringing in agencies that have not had a traditional terrorism role, but who can contribute to the law enforcement investigation, and who can coordinate the consequence management.

MR. PERL. Peter.

NEED TO INTEGRATE OPEN SOURCE WITH CLANDESTINE SOURCE INFORMATION

MR. PROBST. I'd just like to make an observation or comment on Larry's and Gail's exchange concerning the Aum. It raises a very real and genuine issue. There are a lot of crazies out there, a lot of cults. How do we get coverage of them? As Gail pointed out, we're resource limited. You've got 199 other cults in Japan probably most of which are harmless. Yet we had the Aum with 1.2 billion in assets, a biological and chemical infrastructure capable of generating truly tremendous, horrific havoc. How do we avoid being blindsided? One area where I think we are perhaps neglectful, and I'll take my share of responsibility for that, is in simply looking at unclassified sources. The information on the Aum was readily available in newspaper accounts. The year previous the Aum carried out a sarin attack against the city of Matsumoto. Seven died, some 200 were injured. This was reported in Japanese newspapers, but we in the intelligence community often ignore what's overt and available because it wasn't collected through exotic means. There is a tendency to discount what you can pick up from the street corner leaflet or from graffiti on walls, or sermons in mosques. I would like to see a greater integration of open source with clandestine source information. There are some projects under way to do this but I don't think they're sufficiently funded or have sufficient high-level backing.

DIFFERENCES IN APPROACHES TO RESPONDING TO CRIMINAL VS. NATIONAL SECURITY THREATS

QUESTION. What is the policy or procedure for distinguishing between a criminal threat versus a national security threat, and does that also determine the proper mix of diplomatic, military or criminal justice response?

MR. PERL. John.

MR. O'NEILL. There is a determination at the onset of how we proceed. There's a decision made based upon whether we see this as a long-term threat with a large national security interest, or whether it would be a criminal matter. That decision will determine how we proceed in terms of whether we go through various processes within the Department of Justice or within the intelligence community.

USE OF OVERT VS. COVERT INFORMATION BY LAW ENFORCEMENT AND INTELLIGENCE COMMUNITY

MR. PERL. Gail, do you have anything to add? Gentleman in the back.

QUESTION. How, given what was said before, is there a concerted effort to contact groups that do things like tracking the cult awareness network or other groups like that, which do get information from newspaper sources and from people who leave those sorts of groups and to use them as a resource?

MR. O'NEILL. Well, there are constraints for the FBI concerning our collection activities. I can review any open source reporting, but the question is whether I can retain that information under the Privacy Act and the Attorney General Guidelines.

Generally, I cannot collect any information unless it specifically relates to a previously-opened investigation. Even then, I have to document why I'm keeping the articles. So I can read a newspaper article about a sarin gas attack in Matsumoto, but since there were no Americans involved in terms of either being subjects or being victims, I can't retain it in FBI files.

MS. SOLIN. I just wanted to add a little bit about the difference between clandestine and overt information. There isn't an analyst at CIA who doesn't read the newspaper of the country that he or she works on. When I started my analytical life, I was working on China. We had nothing but Chinese propaganda to go on. That is all we read. The fact of the matter is, however, that if everyone of those 200 Japanese groups, and it's not just 200, it's the 200 that registered that year, how many thousands are there? If they all publish literature, are we going to sit and read that? And miss our next trade negotiation with the Japanese because we're reading cult newspapers and not the Japanese newspapers? Not a good idea.

MR. PROBST. Maybe that's why we need some sort of an outside entity separate and apart from government to do that sort of coverage.

LAW ENFORCEMENT'S NEED FOR TOOLS TO KEEP UP WITH EXPANDING TECHNOLOGY

QUESTION. I'm with a Congressman from Oklahoma and the question is directed to you, Mr. O'Neill. I was in Oklahoma City as a matter of fact when the bombing occurred. In what ways can the federal government's response be strengthened in prevention and deterrence? But I realize you've got a catch-22 because at the same time you don't want to significantly increase some of the mistrust that law-abiding citizens have developed towards the federal government to feed and assist the radical elements who use an anti-government theme. Even following the bombing, even though the bombing itself and those suspected of doing it were widely hated, I haven't seen any real lessening of what I would call the militia mentality or a newer wave of mistrust that's come up against the federal government. And when the anti-terrorism bill came up, originally there were words like wire-tapping and surveillance that were very loaded terms in that regard.

MR. O'NEILL. One issue for us is the information age. I don't think it is any secret that the intelligence community, and particularly law enforcement, relies upon traditional tools like human sources and court-authorized wire taps. We also are moving into an age where copper wire is not going to be carrying telephone communications in the future. It's all going to be digitized. It's going

to be on fiber optics. It's going to be going through different terminals and nodes. You can see just in the proliferation of area codes around the country that there are more telephones and newer technologies. The issue of digital telephony is important. If we are not allowed the capability to monitor these communications, we will not be able to undertake court-authorized wire taps. When we ask for the ability to monitor digital telephony, we are not asking for an expansion of our authority. We are merely seeking to use the same legal techniques in a different medium.

MR. PERL. Let's take one more question before we break for ten minutes.

IMPACT OF FEDERAL GOVERNMENT BUDGET DOWNSIZING ON
COUNTERTERRORISM EFFORTS

QUESTION. I wonder if the panelists might give us some idea of what the recent budget chaos and budget cuts are doing in real terms to the ability to deal with this problem? I've heard from different people that military intelligence, for example, is having its budget cut in this area. And this business of leaner and meaner, given the growth of the problem and the difficulty of the problem, doesn't make any sense to me. I wonder what you all can say about that.

MR. JAKUB. We'll probably run down here so why don't I start. We, at the State Department's Counterterrorism Office, don't have a budget as of yet so . . . as a matter of fact, when people were furloughed two weeks ago, about 50 percent of my office wasn't there. Is that an effect? I happen to think so.

MS. SOLIN. Let me say from the intelligence standpoint, however, that because counterterrorism is one of the top priorities for intelligence collection, we're doing okay in terms of budget. And during the furlough we were all working because we were all considered essential.

MR. O'NEILL. Let me say, in general terms, that increasing or decreasing budgets are one thing, what you do with your money is another matter. Whatever the budget situation, you have to use your money effectively.

MR. ADAMS. There are lots of people who would argue that budget cuts are going to be very painful. However I would suggest that nobody at this table would argue that the intelligence community as currently structured has gotten rid of duplication, unnecessary competition—the overwhelmingly large bureaucracy much of which is a hangover from the Cold War. So budget cuts will be painful but if people would take the tough decisions about restructuring that are long overdue they will make a marginal, if any, difference to the effectiveness of the intelligence community.

MR. PERL. Thank you. And I thank our panelists. We'll take a six minute break and move on.

MR. PERL. Without further ado, let us start. Ambassador Wilcox.

REMARKS OF AMBASSADOR PHIL WILCOX, COORDINATOR FOR
COUNTERTERRORISM, U.S. DEPARTMENT OF STATE

LET'S TAKE MYSTERY AND HYPE OUT OF COUNTERTERRORISM

AMBASSADOR WILCOX. The agenda for this portion of the program, I understand, is policy options. Let me begin by saying that I think we should do everything we can as we think about terrorism and counterterrorism to demystify it, to take the hype and mystique out of it.

WHAT ARE WE DOING RIGHT

Counterterrorism is essentially diplomacy, law enforcement, intelligence collection and analysis, and occasionally is a use of military means. We have, I believe, after long experience and lessons learned, gotten our priorities and our policies right.

Let me review for a moment what we're doing before I turn to what more we should be doing. We have in the U.S. government—it's not well-known because much of our activity must remain discreet—a very aggressive, active program to deter, defeat, apprehend, and convict terrorists who attack Americans and American interests. We have an uncompromising policy of no concessions to terrorists. We have successfully integrated within our government here a combination of diplomacy, intelligence collection and analysis, law enforcement and the military as the foundation of our counterterrorism apparatus. We have a very strong Washington counterterrorism community. State coordinates that process for acts of international terrorism and policy toward international terrorism. FBI and Justice have that role here in the U.S. We have for many years had a firm and sustained program of identifying and mobilizing sanctions against state sponsors of terrorism.

We have conducted intensive weekly consultations with foreign governments using State-led interagency teams. In the last 18 months since I have been in this job, I have had formal consultations with some 21 governments. We are placing a very strong emphasis on the rule of law, cooperation among law enforcement agencies, and investigation, prosecution, rendition and extradition of terrorists. We have a very active exercise program with strong community participation. There is an expanding apparatus of international treaties and conventions which we and other colleague governments are strongly promoting. There were six of these in 1985; there are now 10 which shows the advance in international laws as a tool against terrorism.

There is great new movement in multilateral organizations to hold conferences, to hold consultations, and to act cooperatively against terrorists. In the Organization of American States, in what we call the P-8 which is going to hold a ministerial conference in Ottawa next Tuesday on terrorism. The Philippines is convening a conference on terrorism, and there will be an OAS summit conference on terrorism in Lima next April.

We have a very active program of counterterrorism training led by the State Department, with support from the FBI, the Department of Justice, and other agencies. We have much enhanced our physical security programs abroad in the last two decades to protect American official establishments and personnel. We have an

elaborate program of aviation security. We have a program of travel warnings and threat advisories for American citizens. We have improved our border control systems through the use of computers and networks which our consular offices can use abroad in vetting applications from visa applicants who are potential criminals or terrorists. And we are making a major effort, as John O'Neill mentioned earlier, to plan against the event of nuclear, biological, or chemical terrorist events, to collect intelligence against them and to deter them.

U.S. POLICIES PRODUCE RESULTS

These policies and programs have yielded results. I think others have probably cited the statistic of the sharp decline in active international terrorism. In 1987 there were 665 events. There were only 321 last year and this trend, more or less, will continue this year. In 1954, there were 54 casualties to U.S. citizens abroad by international terrorists. Last year there were 9. There is a growing consensus that international terrorism is a crime that cannot be condoned for political reasons and that must be dealt with uncompromisingly. Sharing of information, applying the rule of law, and the use of extradition and rendition are growing. There is less ambivalence about terrorists, and less willingness to condone acts of terrorism for political reasons. And there has been a sharp decline in state sponsorship of terrorism because of the pressure that has been mobilized.

STARVING FOREIGN AFFAIRS BUDGETS HURTS U.S. COUNTERTERRORISM

Now there are no reasons for complacency. You've heard about the threat in the panel this morning. It remains serious, and it is changing. I want to make a point which is not often made. Fighting terrorism successfully requires more than just investing in our counterterrorism apparatus. Indeed, we're investing well in those areas. The problem is not essentially more resources in our specialized terrorism apparatus. There is a problem, however, in a very serious and growing deficit in funding our overall programs of foreign affairs and diplomacy. Perhaps this is more important than any other point I will make. Counterterrorism is an integral part of U.S. foreign policy and national security. It's not a free-standing, unrelated activity. And it relies essentially on the efficacy and the breadth of, and the funding for U.S. diplomacy for forging and maintaining relations with other governments and maintaining U.S. leadership in international organizations. Now this engagement, this activity, this investment is at risk because of past, and increasingly severe, cuts in our overall foreign affairs budgets. We can't work on counterterrorism with other nations unless we have strong relations with them. Strong relations means investment, and this investment is at risk. Today in some ways we're living off the capital that we've invested in the past. Our budget is threatened by a cut of about 20 percent at State. The Foreign Ops budget is faced with a cut of 17 percent and this is going to hurt.

Terrorism springs usually from conflicts. These conflicts that can yield to resolution if there is a strong international effort. Our ability to pursue, assist, and support conflict resolution cannot be done

unless we have a vital, well-funded foreign affairs apparatus. This apparatus is now being undermined by a growingly severe shortage of funds. Here are some examples of areas which cry out for attention by the international community and which are breeding grounds for terrorism: Algeria, Afghanistan, the Balkans, the Caucasus, Kashmir, the subcontinent. All of these areas of conflict are major sources or potential sources of terrorism. So let me leave you with that thought. If we're going to protect Americans abroad, if we're going to engage with other governments in the kind of cooperation that is the essence of effective counterterrorism around the world, if we're going to bring sanctions to bear and to get other nations to accept our advice and to work with us, we've got to show leadership. We will not show leadership if we're going to cheat our whole foreign affairs enterprise. No amount of intelligence nor defense expenditures is going to do the job alone, if the other pillar of national security, that is, the whole range of diplomatic and civilian international affairs activities, are at risk.

MR. PERL. Thank you Ambassador Wilcox. David.

REMARKS OF DAVID BICKFORD, FORMER UNDERSECRETARY OF STATE
AND LEGAL ADVISER TO BRITAIN'S MI5 & MI6

MR. BICKFORD. Let me begin by first of all agreeing entirely with what Ambassador Wilcox has said and also with what John O'Neill said earlier. And as far as the FBI are concerned, I must say I've always been full of admiration for the way they've dealt with these difficult problems of terrorism. They really do go out to the cutting edge. As to the matter of future policy, there are in my view three areas amongst others that need further exploration. The first one is this. We tend to deal with terrorism, as a national security criminal law matter. I believe we should start focusing also on dealing with terrorism and subversion and sympathizers to terrorism under a civil, administrative law basis. Second, I think that the intelligence and law enforcement agencies need to co-operate much more closely, in fact possibly even integrate, certainly in the area of counterterrorism in order to give to the taxpayer a benefit in terms of the amount of money that it costs to administer these agencies. Of course that costs is essential if states and communities are to be kept safe. Third, I'd like to just briefly touch on perhaps creating safety valves to allow terrorists the opportunity to enter into dialogue with states or communities when they wish to abandon violence.

PROBLEMS IN COUNTERING TERRORISM BY WAY OF THE CRIMINAL LAW

Above all, counterterrorism must focus first and foremost on preventing terrorism rather than dealing with it after it's occurred. It's always too late at that point. Now prevention quite clearly creates a balance of rights. Terrorism strikes at communities' most fundamental right which is the right to life. That's the right that lawyers normally deal with when they're addressing terrorist problems. I should follow that subject to proper controls, society is entitled to protection based on the most fundamental balance of rights between society and the terrorists. In other words, not an overly sophisticated balance. Now, in a sense, this hasn't usually been the

case because we've addressed terrorism on the basis of criminal law. Criminal law provides the highest form of protection to the individual that the state can provide in terms of a balance of rights. In relation to terrorism this creates a number of problems. They are trained to avoid giving forensic clues. They are trained to resist questioning. There are a number of different legal bases throughout the world, common law, Napoleonic code, the Roman-Dutch law, and within that there are a number of different laws and procedures within each state that govern terrorism. This makes it extremely difficult for criminal law enforcement to be successful. Finally the enforcement of sanctions to prevent arms getting to terrorists is usually avoided by businesses and businessmen either on the pleading of dual purpose of the goods being exported or by end user certificate fraud or forgery, or by split contracts.

A PROPOSED CIVIL ADMINISTRATIVE LAW APPROACH

Terrorists have to operate in groups, however small. As such they are rather like corporations. However loose, there is a management structure. There are assets. There are personnel. And there are support groups, which I like to call sympathizers who quite often verge on the edge of subversion or are actually subversive groups. Now if a corporation issues a false prospectus, then under ordinary administrative civil law that corporation can be compulsorily liquidated, its directors lose office, or the corporation fined. If you have an organization, for instance a religious organization, that is "legitimate on its face" but it is covertly funding terrorist groups, then in my view that organization should be subject to civil law penalties in the same way that an ordinary corporation would suffer penalties if it breaches corporate or environmental regulations. The management can be removed. They could have their license to practice revoked. They could be fined and the organization's assets removed. That sort of analogy can be taken further. Organizations that have links to terrorism, where information can also be sure to have linkage, should actually be subject to regulation. Asset and personnel disclosure, for instance. And as far as gun clubs are concerned, they should be subject to regulation in terms of the use and keeping of their guns. Any breach of regulations should result in civil administrative law and financial penalties.

EXPORT CONTROL BONDS

Business in the arms or chemical industry should be required to deposit bonds with government guaranteeing that their exports are not to be used in terrorist purposes and will not be used in terms of any conversion into nuclear or biological weapons warfare. The problem with a sanctions regime where criminal sanctions are imposed on corporations is, as I said earlier, that the sanctions can be easily avoided. The deposit of a bond which is forfeitable upon a finding that in fact the goods have been used for terrorist, nuclear or biological warfare purposes would focus and concentrate the minds of corporations much better.

COVERT ACTIVITY TO COUNTER TERRORISM

If the groups or businesses move to covert activity to avoid this proposed civil law administrative law regulation, then on a balance of interest of rights, the state should be entitled to move to deeper covert activity against those organizations and groups. Financial assets should be permitted to take place. I won't go into those because you can imagine what they might be. I'm not talking about assassination.

COMPLAINTS AND OVERSIGHT

Such a civil, administrative law regime, however, allows possibilities for abuse by the state. In order to overcome that problem, there should be established effective, independent arbitral tribunals to hear any complaints against abuse.

INTELLIGENCE AS EVIDENCE

There would be procedures within that arbitral tribunal as there have been devised in the United Kingdom to protect secret information gathered during the investigation which is not relevant to the proceedings. Information is essential to support such a regime, and it is here that it is essential for the intelligence agencies and law enforcement agencies to co-operate even more closely to provide this information. Information currently produced by intelligence organizations is usually used for disruptive or information purposes only. In the United Kingdom we created procedures in the courts and administrative co-operation which allowed the information gathered by the intelligence agencies to be produced at hearings, both criminal and civil. It is possible to do and there should be much more work done on this internationally to ensure that information dissemination can be developed.

INTEGRATION OF LAW ENFORCEMENT AND INTELLIGENCE AGENCIES

In this respect, I think it is essential in the near future, for intelligence agencies and law enforcement agencies to integrate in certain areas. In the field of terrorism integration is necessary. I also believe it's necessary in the area of organized crime but that's not the subject today. That integration would reduce budgets, or without increasing budgets, it would allow more money to be put into the vital investigative areas we heard to today, such as the technological development of eavesdropping devices and telephone intercepts. Also in the employment of informants, which costs a lot of money. It is absolutely vital to be able to get the information that one needs for effective counterterrorism, particularly for such a regulatory system as I propose.

SAFETY VALVES AND REHABILITATION OF TERRORISTS

There should be a safety valve permanently open for terrorist groups or groups with subversive complaints to air their grievances. That could possibly be achieved through arbitral tribunals that need to be created for a complaint system. There should be a safety valve to allow individuals who feel they have grievances to expose them. In the United States, of course, we have the Constitutional Court, the Supreme Court, the Bill of Rights. In many states

that's not the case. There is none in the United Kingdom, for instance. Furthermore, in the United States the rights do not cover welfare rights, economic rights, which are increasingly the source of grievance from anarchical terrorists groups. Together with this safety valve I would see a system of the rehabilitation of terrorists. Those terrorists who wish to rehabilitate themselves into the ordinary society should be able to do so. Examples are the Italian or Spanish systems where remission of sentences can be given in return for information and in return for guarantees of good behavior in the future. Thank you.

MR. BICKFORD. Throwing money at a problem doesn't solve it. You actually have to think more deeply about the problem than that. In counterterrorism you have to think more deeply about how you get the information and use it to protect the state. And you get information through law enforcement and intelligence agencies. And at the moment, the law enforcement and intelligence agencies operate on two different planes. Budget-wise it makes sense for integration, obviously with law enforcement authorities in the lead. But, to say you can just pick up dollars and throw it at a problem just isn't going to solve it, I'm afraid, not in my experience. Thank you.

REMARKS OF JOSHUA SINAI, SENIOR ANALYST, INTERNATIONAL AND SECURITY STUDIES, FEDERAL RESEARCH DIVISION, LIBRARY OF CONGRESS

JOSHUA SINAI. Let me begin by saying that the views I express in this seminar are my own and do not necessarily represent those of the United States government. The threats to the well-being of society posed by protracted insurgencies that employ terrorism to achieve their political objectives must be dealt with by governmental law enforcement and military measures, intelligence and covert operations, international cooperation, and international sanctions. These coercive measures, however, while essential, are not sufficient. To fully confront this problem, an additional equal option is necessary: the complementary strategy of conciliation. The application of these two integral approaches are the most effective ways for governments to resolve terrorist-type rebellions in the long-term. This is also the ideal solution favored by democratic governments. However, to arrive at this stage in which coercion shifts to conciliation as the primary government response to insurgency, certain preconditions must be met. Most importantly, the threshold level for conciliation must be reached and consolidated. This is the identifiable end measurable point at which the needs and interests of insurgents and governments merge to prepare the ground for conflict resolution. I will elaborate on this notion later on.

RESOLUTION OF INSURGENCIES IN THE 1990S

The 1990s have been a momentous period for resolving protracted terrorist-type insurgencies, with several major rebellions either resolved, or in the process of being resolved, through peace agreements between the challenged democratic governments and the insurgents. Notable examples include the 1991 National Peace Accord (NPA) between the Afrikaner-led South African government

and the African National Congress (ANC), and the Israel and the Palestine Liberation Organization (PLO) September 1993 Declaration of Principles (DoP) interim peace accord. In a third case, for the past two years the British government in Northern Ireland has been attempting to resolve the insurgency by the Irish Republican Army (IRA) by entering into dialogue with Sinn Fein, the IRA's political front (as well as other Northern Ireland parties), in order to ultimately negotiate a new political order for the province. In February 1996 the IRA violated the cease-fire, in place since September 1994, thereby jeopardizing prospects for a role for Sinn Fein in the negotiation process.

What is remarkable about the resolution, or attempted resolution, of insurgencies through conciliation in the Israeli and South African cases is that both the PLO and the ANC were previously considered to be illegal terrorist organizations pursuing illegitimate political objectives, and the counter-terrorist campaigns employed by these governments had emphasized primarily coercive measures. Such peaceful resolution involving major political concessions, however, have not been the case in all contemporary counterterrorism efforts. In late 1995, some terrorist-type rebellions have remained far from resolution through conciliatory means. In Sri Lanka, for example, the Kumaratunga government's peace proposal of August 1995 was rejected by the extremist Tamil Tigers, forcing the government to pursue a primarily military option to resolve that insurgency. Nevertheless, it is, in my opinion, only a conciliatory approach that will ultimately bring about lasting peace in Sri Lanka.

Before I go any further, let me say that this discussion of the conciliatory approach refers to well-organized and protracted terrorist-type insurgencies, not single instances of terrorism such as the bombings of the World Trade Center or Oklahoma City, which require a primarily law enforcement approach.

NATURE OF THE COUNTERINSURGENCY CAMPAIGN

In general, the governmental response to terrorist-type insurgencies takes the form of a counterinsurgency (CI) campaign, which essentially is a military, law enforcement, political, and socio-economic attempt to restore law and order as well as the regime's legitimacy and authority over its national territory.

INITIAL GOVERNMENT RESPONSE: COERCION

My remarks are based on three assumptions about the most effective way for governments to respond to terrorist-type insurgencies. The first assumption is that the initial response to the outbreak of terrorism is invariably coercive in nature. Coercion is essential to restore law and order and to punish the insurgents for violating the laws of the land. At this phase, coercion will likely take the form of insistence by governments that no concessions be made to insurgent demands, which they perceive as illegitimate; terrorist movements, including their political fronts, will be declared illegal; prevention of terrorism laws will be implemented and terrorists will be treated as criminals; a state of emergency will be imposed over insurgent areas; diplomatic pressure will be exerted on the external patrons or supporters of the insurgency to

cease such support; and military, police, and intelligence operations will be conducted against insurgent forces. Nevertheless, even at this stage, certain limited conciliatory measures are likely to accompany the coercive components of the CI campaign in order to ameliorate conditions in the affected areas. In addition, human rights groups will be allowed to monitor the affected area.

CRISIS POINTS LEADING TO POLICY OPTIONS

At this stage in which coercion is the primary governmental response, the hope is that such a policy will bring an end to the insurgency by defeating it militarily and through law enforcement measures. However, if these coercive measures fail to resolve the insurgency—and in most cases, terrorism will persist for various reasons—then two new crisis points are likely to be reached. The first is military stalemate. The second is a further escalation of violence. At these two crisis points, governments will face two response options. The first is to accept continuous terrorist violence as an acceptable condition because the level of violence is still manageable. The second option is for governments to reconsider their coercive measures and shift the CI campaign's emphasis to conciliation. This is not, however, an automatic or predetermined process. This is due to the fact that in order for comprehensive conciliatory measures to be effectively implemented, a conciliatory threshold level must be reached and consolidated, signifying that a fundamental change has taken place from coercion to conciliation. This is my second assumption.

THRESHOLD LEVEL FOR CONCILIATION

The conciliatory threshold level is generally reached by nine factors operating individually or in combination at a particular phase of the CI campaign. Two of these factors—the seventh and eighth—are independent of the governmental campaign, but nevertheless, in many cases are crucial in influencing its direction. First, generally following a protracted military and political stalemate, which I. William Zartman defines as a "hurting stalemate," governments begin to acknowledge that alternative and new measures are required to resolve the insurgency. Here the emphasis will shift from military means to peaceful attempts to resolve internal conflict. Governments may also begin to reconsider the effectiveness of their coercive policies following an escalation in insurgent violence, although such a reorientation is less likely than after a drawn out military stalemate. Second, if the incumbent government is not willing to reconsider its coercive measures, then an opposition party or alternative coalition may emerge to govern, generally following an electoral victory, that advocates new approaches that are conciliatory in nature. This was the case in Israel when the more conciliatory Labor Party defeated the incumbent Likud Party in the June 1992 elections, and in Sri Lanka, when the moderate People's Alliance party defeated the incumbent United National Party-led government in the August 1994 elections. Third, at this point governments begin to acknowledge that the insurgents may represent legitimate grievances, even if they have used illegitimate means to pursue them. As opposed to the previous phase when insurgent grievances were perceived as illegitimate and non-negotiable, gov-

ernments now will undertake conciliatory measures to respond to the insurgency's grievances. Fourth, unofficial, preliminary activities take place in the form of "track II diplomacy," such as secret overtures or talks between government and insurgent representatives. Such activities may result in a reconsideration by both sides of previous positions and prepare the ground for more formal negotiations later on. Fifth, governments begin to recognize the insurgents as legitimate negotiating partners. Sixth, the terrorist movement begins to sufficiently moderate its demands so as to elicit a new conciliatory approach by the government. Seventh, a neutral third party, such as a superpower, regional power, or international organization, may intervene either at the request of the two parties or on its own to serve as a facilitator or mediator, resulting in changes by the two sides in their approaches to the conflict that are more congenial to conflict resolution. The United States, for example, has served in such a role on several occasions. The Reagan administration pressured the PLO in 1988 to moderate its demands, which led to the U.S.-PLO dialogue in Tunis, and by sponsoring the 1991 Madrid peace conference, the Bush administration facilitated the beginnings of an Israeli-PLO negotiating framework. In 1994 the Clinton administration intervened to facilitate the beginning of British-Shin Fein talks. This was followed in November 1995 by the appointment of a three-member international commission, headed by former United States Senator George Mitchell, to assist the two sides in resolving the political stalemate in Northern Ireland. Eighth, a change may take place in the international or regional situation, such as a reorientation by an external patron government or its collapse, resulting in the precipitous loss of diplomatic support or aid to either the government or the insurgents, forcing a reconsideration of their previous positions. Thus, the collapse of the former Soviet Union and the Eastern European communist regimes in the late 1980s and early 1990s had a profound impact on moderating the PLO's stance. This collapse also played a role in reorienting the Farabundo Marti National Liberation Front (FMLN) in El Salvador and prepared the ground for its willingness to participate in the peace process. Finally, one or both sides may informally or tacitly agree to adhere, on a "trial balloon" basis, to a temporary or unilateral cease-fire in military hostilities to demonstrate their commitment to a peaceful resolution of the conflict.

The threshold level for conciliation, however, is not a mechanical process. It may break down as a result of a reversal in the adversaries' strategies and objectives towards each other, or renewed intransigence. At this point the coercive components of a CI campaign may be re-introduced. In certain other cases, while a mainstream insurgent organization may enter into a peace accord with the government, a dissident faction may opt to continue the rebellion, thereby requiring the government to re-introduce coercive measures against the breakaway group. This, for example, is the case in Israel, where the rejectionist Palestinian Hamas organization has continued its armed struggle against the Jewish state. Similarly, in Northern Ireland, the cease-fire, which appeared to be so solid, was suddenly broken by the IRA, resulting in the temporary breakdown of the peace process. Therefore, reaching and

consolidating such a threshold level is not automatic, predetermined, or inevitable.

CONCILIATION AS A POLICY OPTION

My third assumption is that once the conciliatory threshold level is reached and consolidated, governments can begin to implement a comprehensive conciliatory program to resolve terrorist insurgencies. The conciliatory component takes the form of substantial reforms in the military, legal, political, and socio-economic spheres. The insurgents are recognized as legitimate negotiating partners and peace negotiations are held. These measures must be implemented wholeheartedly, and not as half-measures; they must be timely; and there can be no backtracking from their full implementation.

Governments hope that the conciliatory measures will lead to a decrease in the level of violence, resulting in a negotiated settlement of the conflict. A new political order will be established. The insurgents will either be integrated into the reformed political system or the aggrieved population will be granted autonomy or independence. Examples of such as an outcome are the September 1993 Israeli-PLO peace accord and the interim agreements that have followed, and the formation of the government of national unity in South Africa.

I am not advocating the wholesale caving in to terrorist demands. Coercive measures are required at the initial stages to respond to terrorist-type rebellions. Furthermore, in certain cases even the best intentions of a governmental conciliatory effort may be frustrated by continued intransigence by the insurgents, making accommodation impossible. In such cases, governments have no choice but to continue with the coercive CI campaign.

In conclusion, I believe that without reaching and consolidating the threshold level for conciliation, it will be unlikely for protracted terrorist-type insurgencies to be resolved. The coercive approach is insufficient because it does not attempt to address and resolve the root causes of an insurgency. Therefore, conciliation—in the form of constructive engagement—is the most effective approach to resolve protracted insurgencies.

MR. PERL. Thank you, Jack.

REMARKS OF JACK BLUM, PARTNER, LOBEL, NOVINS AND LAMONT NEED TO PROTECT CIVIL RIGHTS WHILE COMBATTING TERRORISM

MR. BLUM. I come to the platform this morning with two extraordinarily unfair advantages. I'm the last speaker so I've heard what everyone else has to say, and I'm not working for any government agency so I can afford to be extraordinarily blunt. And that includes not working for the Congress and not being involved in the partisan debate. We have a fundamental problem in terrorism control—our Constitution. The criminal laws of the United States are prospective. We as a society accept the law and most people obey it. Law enforcement is always post facto. A policeman cannot start examining your life till you've broken the law. And that's very fundamental to the way we do business and it's why, when I hear things like the integration of intelligence in law enforcement, I get

very nervous because it is our fundamental constitutional right not to have police exploring our lives until we've broken the law. Does that mean that governments can't respond to the kinds of problems that have been discussed here this morning? I don't think so.

FUNDING LEVELS MUST REFLECT CURRENT—NOT PAST—THREATS

I think what we need is a little bit of common sense. For example, the current budget of the Defense Intelligence Agency does not allow for the hiring of additional analysts. In fact, it has cut the number of analysts who were working on counterterrorism. The Defense budget is distorted. What is it buying? B-2 bombers for non-existent threats. I submit it is a responsibility of every congressional staff person here to ask whether the budgets are directed to real threats or whether they're directed to useless missions, looking at past threats which have no possibility of occurring.

NEED TO TARGET FINANCIAL SUPPORT

Terrorism requires a set of support systems and we tend to forget to target those support systems. One is finance. We have a system of offshore banking which is supporting the criminal element, people who are involved in fraud and drug trafficking, and hiding, hiding their money from our tax system. The offshore finance system that is being used by terrorists. BCCI was a prime example of an offshore bank which offered its services to terrorists.

NEED TO CONTROL WEAPONS AND EXPLOSIVES TRADE

Terrorists need to buy guns and explosives. We've got to control that trade. As a practical matter we don't. In the United States of America, gun manufacturing seems to be exempt from any known form of scrutiny. Weapons are a major American export. Discussing controlling it as an export is off the table. And I submit no responsible person can avoid these issues and purport to be against terrorism.

NEED TO TARGET FALSE PAPER MANUFACTURING

There is a factory out in the rest of the world for manufacturing false paper. You can go to the Caribbean and buy valid U.S. passports, forged U.S. passports, foreign passports with valid green cards, forged foreign passports. There is so much available false paper the only issues are how much you're willing to spend and how plausible the paper is. If you don't look very American and don't speak English, a passport that shows you coming from North Carolina probably won't work. But you can always get a false identification kit from somebody. We have to go after that paper factory and go after the countries that support and assist and promote the creation of that false paper. We now don't have the capacity to do it, and we don't seem to have, particularly have the will to do it.

FEDERAL BUDGET CUTS HARM COUNTERTERRORISM EFFORTS

We have controls or purport to have controls on biological and nuclear material. Again the issues of budget and the issues of will are on the table. I have had dealings with Treasury's Office of For-

eign Asset Control and I want to tell you that the system in place is close to worthless. The people at that office don't answer the mail, don't answer the phones, their budgets are so hopelessly inadequate. They've all but given up. And I can say that, they can't. They come up here and they're told by the Secretary we can't talk about that, that's budget policy, OMB controls what we can say. We've got to be blunt about it. This system has collapsed.

I'm going to give you some addition examples of collapsed government systems vital to the control of terrorism. We have no effective border control. The proposal of the United States of American to solve a border control crisis I was in the middle of that crisis on the fourth of July at the Miami Airport, when there weren't enough inspectors, nobody could be processed, I watched the system crater. There were too many people, and too few inspectors. There were five hour waits to clear immigration. The solution proposed was that we're going to eliminate inspection of paper at the Miami International Airport. Can anyone allow cuts in the Customs budget and Immigration Service budget that wipe out real inspection and then stand up and say "I'm in favor of controlling terrorism." Take the issue of counterfeit money. The Secret Service has no capacity, no manpower, to do its job properly. We've got superbills floating around, being printed, many believe, to support terrorist activity. Where are the positions for Secret Service to operate internationally? Cut, undermined, underfunded. There are all kinds of travel restrictions. That has to be addressed. I've given you a few examples. There are more and they're all equally ugly.

I want to support completely Ambassador Wilcox on the issue of public diplomacy and the tools of the State Department. The State Department is still using Wang word processors. They may be the last institution in America to still have Wang word processors. The State Department has limited travel budgets, and has no funds for proper office staff. Its people are running around trying to do their jobs with no tools.

If we take the position that we're a constitutional government and the way you support and protect and deal with the problem like this is to create public consensus and international law and a worldwide understanding that this is kind of bad and unacceptable behavior, how do you take the people who do that and deprive them of their tools? How do you cut the budget of USIA to the point where you can't send out a speaker who will begin to persuade people in other countries like Austria and other places that allow things that support terrorism to now begin to develop a public consensus against it.

You've got to connect the dots. You've got to accept the fact that you need a government to run a counterterrorism policy. It's not enough to simply have police who spy on people. And I insist that that's something all of you have to think about.

Now as I have said, I can say this bluntly, other people can't. And the reasons I think are all on the table. We have a political discussion that makes it impossible, indeed unacceptable, to discuss adding people and decreasing mechanical systems. I think that in the area of terrorism is a folly.

NEED IS NOT FOR ADDITIONAL POLICE POWERS BUT FOR A WELL-FUNDED, WELL-ROUNDED GOVERNMENT RESPONSE

We have people who are focused not on what it is what we have to do as a nation, around the world to protect our own interests, but on the notion that we can retreat behind a fence. The news, folks, is the fence is non-existent. And if you look at population trends worldwide as we look to the future, we're going to be in a world that has some 12 billion people and by the year 2020. Of that 12 billion people—and you should reflect on this—most are going to be at the low end of the income scale, probably starving.

I submit to you that there's no way to build a wall around the United States, to act like its not going to happen, and to cut off our ability to discuss, negotiate, and know about what's happening in those places. I'm not going to push this too much further except to say that I really worry about people who say the solution to the terrorism problem is additional legislation and additional criminal law, particularly additional police authority to do prospective listening, looking, and poking. That makes me very, very nervous because the long history of this, however well-intentioned the authority is when it's first granted, it winds up being misused.

We have biographies . . . I give you as required reading the biography of J. Edgar Hoover by Curt Gentry. If you want a history of someone who masterfully, over the years, abused authority for the purpose of politics and personal political advancement. And the dangers can come left or right, it doesn't matter. It's not something that's particular to a particular point of view or particular political position. In my view, you have to be very, very cautious about granting the additional police power. What we have to have, though, is a government. Thank you.

MR. PERL. Thank you, Jack. Would any of the panelists want to comment on Jack's remarks?

DISCUSSION

NEED FOR COORDINATION BETWEEN INTELLIGENCE AND LAW ENFORCEMENT COMMUNITIES

MR. BICKFORD. Throwing money at a problem doesn't solve it. You actually have to think more deeply about the problem than that. And you have to think more deeply about how you get the information to protect the state. And you get information through law enforcement and intelligence agencies. And at the moment, the law enforcement and intelligence agencies operate on two different planes. Budget-wise it makes sense for integration, obviously with law enforcement authorities in the lead. But, to say you can just pick up dollars and throw it at a problem just isn't going to solve it, I'm afraid, not in my experience. Thank you.

MR. WILCOX. In fact there has been a lot of progress in coordination between our intelligence community and our law enforcement agencies. It's not easy. There's always been traditional division between such agencies around the world. But we have made real progress and I can attest to that because I work with the FBI, the CIA and the rest of the intelligence community by the hour. And we do have a community of interest here. We still have some prob-

lems. For example, we cannot use secret intelligence to prove that terrorist aliens in this country are terrorists. And we're trying to remedy that by a provision in the President's counterterrorism legislation. I hope that passes. There have been efforts to beat that back but it's critical. We provide far greater protection to terrorist, alien, than any other government in the world. Resources are a problem. There are some areas within the counterterrorism community that could use further resources.

ACTIVE U.S. FOREIGN AFFAIRS INVOLVEMENT AROUND THE WORLD
HELPS REDUCE CONFLICTS AND ROOTS OF TERRORISM

AMBASSADOR WILCOX. But the greater problem, as Jack Blum and I pointed out, is a growing deficit in our across-the-board foreign affairs involvement around the world. In economic development, in consular affairs, in diplomatic security, in population control, in public health and in conflict resolution. All of these things are designed to reduce conflicts which are the root of a great deal of terrorism and we're short-changing these functions terribly. I must add that all terrorism does not result from conflicts of the classical kind. And tough, strong law enforcement is needed in any case. But I do think Joshua Sinai's thesis is an excellent one. We can learn a lot from our experience in the Arab/Israeli conflict and the Northern Ireland conflict.

MR. PERL. Any questions from the audience? Yes.

STATE DEPARTMENT'S ROLE IN COORDINATING TERRORISM POLICY

QUESTION. Mr. Ambassador, in response to increased terrorist threats, the FBI and other intelligence agencies trying to conduct intelligence need to exchange data and coordinate intelligence collection. What is State's role in this process and at what level?

AMBASSADOR WILCOX. Our role is to coordinate all policy and operations related to international terrorism. There is an apparatus in the intelligence community to merge the information from all elements of the community, including the FBI. It works. When we have an operation which requires the collective resources of the FBI and the law enforcement community, Justice and the CIA, it works. Now it's not trouble-free but there isn't a deep division.

QUESTION CONT. Is that a case-by-case basis where people come together?

AMBASSADOR WILCOX. No, there is a formal process for fusing the information from all of these agencies. There are also constitutional and court-ordered restrictions on the sharing of law enforcement information but those are not a fundamental impediment and we can work around those.

MR. PERL. I'd also like to point out CRS is in the process of preparing a report on intelligence support to law enforcement operations and that should be out probably in about a week. Jack.

NEED TO MAINTAIN TRUST IN GOVERNMENT INSTITUTIONS: OVERSIGHT
OR REVIEW IS IMPORTANT

MR. BLUM. I want to point out I don't disagree with the provisions proposed on getting rid of undesirable aliens. I am saying we better give consular officials more than 20 seconds to decide wheth-

er to issue a visa in the first place. We better have enough consular officials with the right equipment to deal with the visa problem. What we're looking at are solutions that are post-facto without dealing with the things that cause the problem to begin with. And I really think that you can't talk about putting together, let's say, law enforcement and intelligence as a good way of creating efficiency without terribly worrying about will the intelligence come from a source that denies someone in the United States his proper civil rights and his proper civil liberties, and give them the kinds of secrecy we have now enmeshed certain sorts of information in, will a person ever have the opportunity to clear his name and protect his rights.

We have secret wire tap authority where national security matters are involved. To my knowledge there's never been real congressional oversight of a court nor of how that wiretap authority's been exercised.

It's one thing to be given the information by the agency which always puts it in the best light. It's another matter to independently look at it. And I've spent enough years as a congressional investigator to know the difference. When I've asked for a report from a government agency, they've never given one to me that said we messed up. It's very important to really take seriously those kinds of issues which is why we have separation of powers and I think this is an arena which is particularly sensitive and particularly difficult.

This is a basic issue and it's one of the reasons the militias and the hinterlands are so upset and why the paranoids are willing to come and tell you about all kinds of government conspiracies. A solution that leads to very tight government operation leads to distrust for the institutions. And we have to remember that.

MR. BICKFORD. Well I agree with Jack Blum entirely that the combination of intelligence and law enforcement is a dangerous issue. That's why I was very specific to say there has to be a system of oversight, a complaint system, to allow any problems to come to the surface. I do have to say that in the United Kingdom, we do now have a process where intelligence is converted into evidence where there is a very close relationship between intelligence and law enforcement, where the courts have accepted the procedures, where the European Court of Human Rights has accepted the procedures as a proper justifiable balance provided there is oversight of the intelligence and law enforcement activities in this area. That's what I'm arguing for.

NEED FOR EFFECTIVE PUBLIC AFFAIRS PROGRAMS AS A VEHICLE TO COUNTER TERRORISM

QUESTION. I publish a magazine called Military Technology and we look at the systems used by militant groups against governments. If the number of incidents has gone down over the years from a couple of thousand down to 800 and some odd incidents, I would submit it's probably because terrorist groups, political terrorist groups, see that there's a very small dividend where terrorism is concerned, and that there's not much of a payoff from the terrorist incident. If we're seeing more bombings than other kinds of terrorism, I would submit that that's because they have been unable

to get access to do the more sophisticated event such as airplane hijacking so they have to go to the thing they can do that's easiest, such as leaving a bomb.

It wasn't a Middle Eastern or it wasn't an Arab that tried to assassinate Rabin because I think most political dissident groups have learned that assassination has almost no payoff at all. You knock off a president, there's a new one within 24 hours. It took someone with a particular psychological problem to go ahead and assassinate Rabin. My point is this, that it's the education that the potential terrorist gets that deters him from doing terrorism. What are we doing as a nation in the different countries where terrorism could take place to get that education out? Someone said we need to educate the public. I think we need to educate the potential terrorists more than we need to educate average citizens to this problem. Do we have an active campaign in these countries where terrorism could be rampant that's educational, that's may serve to deter terrorism, that's maybe disinformation, that sort of thing?

MR. PERL. Ambassador Wilcox.

AMBASSADOR WILCOX. Yes we do, we have an active public affairs program which addresses our counterterrorism policy and tries to project the truth about the United States to overcome suspicion and paranoia and hostile propaganda. That enterprise is also short-funded and not as effective as it might be if we had a more vigorous program. So indeed, there's more we could do in that area. There again, it takes resources. I'm not suggesting we throw vast sums of money into it, but the whole encounter that the United States has with other countries in the form of our official representation is extremely important in educating other societies and other governments about what we're about.

NEED FOR EXPLOSIVES DETECTION AND TRACING

AMBASSADOR WILCOX. You mentioned technology and weaponry. There is one area where we are under-funding research and development and technology. That is in explosives detection. We do not have the kind of explosive detection equipment that we need nor do other nations. And I think this is a ripe area for further public investment.

QUESTION CONT. You just led me to something I think is very important. It's the question of tagents. About in the late 70s, working for the government, I was on a team that visited many different countries of the world involved with terrorism, Germany, Israel, the United Kingdom. We went to Ireland and we went to each to talk to them about the possibility of putting tagents in explosives for the reasons I know you're familiar with. Each nation rejected the notion. Each felt that they had their own methods and they didn't think some international means was appropriate. Has this changed? Forgive my ignorance on this subject.

AMBASSADOR WILCOX. In one small respect. We now have a plastic explosives treaty which we hope will be brought into effect in this country if the counterterrorism legislation is passed. That requires manufacturers to put a marker in the plastic explosives so they can be detected by a machine. We have looked at tagents, we are still looking at them. The legislation calls for a study on this. The industry generally is opposed to it. It reduces the efficacy of

fertilizer. It's a complicated business. I think it's a terrific idea if we could do it in a way that our democratic society and our government/industry relations would permit. Because homemade explosives are now the most dangerous of all weapons of terrorism.

MR. PERL. We have a CRS report in the back on taggents in explosives. Any other questions before we close?

DOES CONCILIATION BREED MORE TERRORISM?

QUESTION. I just have a question for Mr. Sinai here. I was very interested in your thesis and I think at this point it still remains to be a thesis because I think it remains to be seen whether that approach will bring peace to the regions, particularly in Israel over the upcoming years. My question is do you fear that that approach in turn gives rise to rejectionist groups that reject the peace element and actually step up the terrorist acts based primarily, I guess, in the Middle East or we have yet to see what happens in Northern Ireland.

MR. SINAI. One of the issues that I did not address is that while the Israeli government and PLO have crossed the threshold for conciliation, Hamas has not and as a result the Israeli government has been forced to continue implementing a coercive series of measures against Hamas which is entirely justified. So the threshold level for conciliation has to be crossed by governments and insurgents as well. If insurgents do not cross the threshold, there can be no conciliatory measures which can be implemented.

TYPES OF SANCTIONS WHICH MAY BE EFFECTIVE AGAINST TERRORISTS

QUESTION. This question would be for David Bickford. I was intrigued by what you were saying and I was wondering that since most terrorist acts are committed during a time of war would be considered war crimes, would there be any value in branding terrorists maybe not as war criminals but as something akin to that like international outlaws, so that there would be in essence no refuge for them. It would be fair game for any country to hunt down and treat according to the laws of that particular country.

MR. BICKFORD. That really is an interesting question and it relates to some work I've been doing on international organized crime. If you look at terrorist groups in the sense they fall within the same bracket. I think one has to be extremely careful about how extreme one is. There still has to be a balance of rights kept between the individual and the states. But a system of international sanctions, if you like, between those states which agree to exercise sanctions against particular identified groups could be something that could be sufficiently explored. In other words, terrorist groups require freedom of movement, freedom of movement of assets. Jack Blum was talking about the offshore centers where financial assets go through. These areas could be targeted by way of a sanctions regime to restrict movement, to freeze and seize assets, to freeze and seize goods of these terrorist groups based on a lower balance of the balance of probabilities rather than the criminal balance of proof beyond a reasonable doubt. And this is where, of course, the compliance system and the oversight system needs to be rigorous.

MR. PERL. This concludes today's seminar and we thank you for your participation and we thank our panelists.

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