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MR. POLLACK: Welcome back. Why don't we get started with our second panel? Obviously, again, as we know from Dan Byman's wonderful book, state sponsorship of terrorism is a critical element on the war on terrorism. We had a very interesting discussion on the first panel about how al Qaeda has changed over time, how it has morphed from a cohesive group of people, in many cases located in one particular country, Afghanistan, to how it has been forced by the elimination of its Afghan sanctuary to become something different, to become, in Peter Bergen's memorable phrase, "al Qaeda 2.0."

But obviously, as, in particular, the New York conservatives like to point out, the world is carved up into nation states, and like it or not, it's very hard to touch down on terra firma and not be located in some nation state.

Now, those nation states have all provided some degree of enablement to these various terrorist groups to allow them to operate. In some cases it's been very active support. In other cases it has been what Dan Byman calls passive support for terrorism. So for the second panel we thought that we would look at support for terrorism and ask the same kind of question. What is it that we've accomplished, what have we been able to do to end state sponsorship of terrorism and what is it that is left to be done?

With me on the dais are three noted experts on the subject, three people who are very comfortable discussing these kinds of issues. Immediately to my right is Steve Cohen. Steve Cohen is one of the country's foremost experts on the politics and the military affairs of South Asia. He's a Senior Fellow in Foreign Policy Studies at the Brookings Institution. He has served on the Policy Planning Staff of the U.S. State Department, and he has been the author of numerous seminal works on South Asian political military affairs.

I suspect that any of you who have ever taken a course of South Asia, who have ever wanted to know something about South Asia, at some point in time has read one of Steve's books, and I will simply two, the most recent two, at least one of which is on sale in the bookstore. Those two most recent are The Idea of Pakistan, which came out in 2004, which I know is in the bookstore; and India: Emerging Power, which came out in 2001, which I also believe is still for sale there.

For those of you who don't know anything about South Asia, but especially in wake of our new blossoming alliance with the Indians, these are wonderful resources to turn to.

Immediately to Steve's right is Ray Takeyh. Ray is over at the Council on Foreign Relations, where he is a Senior Fellow for Middle East Studies. Ray is one of the most prolific experts on Middle Eastern affairs, but his principal areas of expertise are on Iran, Libya and political Islam, and we are all looking forward to—and I know Ray is too—looking forward to his upcoming, his forthcoming book, which will be called The Guardians of the Revolution: Iran's Approach to the World.

And finally, at the far end of the table is Paul Pillar. I know Paul from my own days at CIA, when Paul was, among other things, the National Intelligence Officer for the Middle East and South Asia, where he served with great distinction. Paul's had a number of different posts within the intelligence community, but we know him here at Brookings best as being the author of the terrific and terrifically timed, Terrorism and U.S. Foreign Policy, which came out just before the September 11th attacks and was the book that everyone turned to when suddenly everyone in the world realized, "My God, there's a group called al Qaeda and they're trying to kill Americans."

We're delighted to have Paul here. We're going to ask Paul to start by talking about the various Arab countries. Then Ray is going to turn to Iran and maybe say a little bit of something about Libya and some of the other groups, and then finally we'll ask Steve to finish things off by talking about terrorism in South Asia.

So, Paul, if you would start things off?

MR. PILLAR: Thanks, Ken. Actually, I'm not going to fill your bill of talking about Arab countries in general, but defer to my colleagues to talk about specifics with regard to individual states.

I thought what I would do to kick this off is offer some more general observations of the concept of state sponsorship and how we ought to think about it. These observations, for any of you who have had an opportunity to read Dan's book—and those of you who haven't, I hope you will—but if you have, this will probably sound kind of trite because if you immerse yourselves in all of the complexities and nuances that that book explores, you should have a good understanding of what I'm talking about.

I regret that the broader, more common understanding of state sponsorship is, shall we say, cruder and more primitive, and so let me make five observations that I hope will help to dispel some of that primitive nature. My first observation, not to be too curmudgeonly about it, is that sponsorship is not a very useful term in many ways as applied to states and terrorism, and I hasten to add, I think we're stuck with it, and so we've got to deal with it, and I think Dan dealt with it in an extremely expert way in his book.

But you look in the dictionary, at least the one on my shelf, and sponsorship refers to—usually words in the definition are—"Agreeing to assume responsibility for something or somebody, whereas the phenomenon we're really talking about here in terms of regimes and

terrorism, number one, often doesn't involve agreements of any sort, and number two, if anything, is a device to get rid of the perception of responsibility, using cutouts, using clients, using somebody else besides your own people or your own governmental agencies to do something and thereby try to evade responsibility, which at least some state sponsors and practitioners of terrorism have been able to do for as many as several years before responsibility for a particular act has been made clear, as was the case with Pan Am, Khobar Towers and some other things in which a state sponsor was involved.

Even if you take Dan's more useful definition of intentional assistance given by a state to terrorists, there are relatively few instances, including in the Arab world as well as elsewhere, that we really need to worry about that fit the definition really well. I mean clearly what Iran does vis-à-vis the Palestinians is a clear example of fitting that definition. Much of what Syria does with the Palestinian groups as well as Lebanese, is also true of Iran, fits that definition. I suspect some of what you'll hear from Steve with regard to Pakistan and some of the Kashmiri groups I think fits that definition.

But one has to be aware of all the other ways in which states are involved in varying and confusing degrees with groups that do terrorism, where it becomes very unclear whether we're talking about sponsorship either in the dictionary sense or in Dan's sense or indeed in any sense.

One is helping to sustain groups that have done terrorism in the past, conceivably could do terrorism again in the future, but where the regime doing the sustaining has no intent, it's not part of the purpose, to have terrorist acts committed. It may be maintaining a relationship for some other reason, indeed, even some of the Syrian relationship with the Palestinian groups I think falls under this category.

And even though the Syrians have been happy to see actual terrorist attacks continue to be perpetrated against Israeli targets, there has also been the other side of that, which has been the Syrian restrictions or restraints on some of those groups when it comes to terrorism committed outside Israel and the occupied territories and outside the Levant and particularly at targets other than Israel. If anything, it's been a restraining factor.

Then there is that issue which Ken alluded to briefly in the introduction about kind of turning a blind eye to things, toleration of unofficial activities, and that can be a true instance of sponsorship, simply a device again to evade responsibility, but you really would like those groups, those nonofficial groups to go out and do something nasty. Nonetheless, this is really a gray area between true sponsorship, where the wink and a nod to nonofficial groups is just a device so that your own hand isn't made clear, and on the other hand just, shall we say, insufficient alacrity and dedication to the counterterrorist mission. And that's a whole continuum from something that borders on sponsorship or actually is sponsorship on the one extreme and something that is just, well, they're not doing counterterrorism as well as we would like them to do on the other extreme.

And for any one country it can change over time. I suspect when we look at Saudi Arabia, not just today but over time, over the last several years, these are exactly the kinds of questions that certainly cause me to scratch my head, and we ought to scratch all our heads. It's well-known that much of the nonofficial activity, particularly with regard to financing that has assisted radical Sunni-Islamist activities of the al Qaeda sort, has involved Saudi Arabians or Saudi territory. How much of this has involved winks and nods?

Well, one I think could make the argument that at least in years past where you had a regime that was narrowly focused, understandably, on its own security and survival within

the kingdom, and didn't really care that much perhaps if its trouble could be exported abroad, that the gets possibly onto the sponsorship end of things.

But I would say more recently, and certainly over these last couple of years, as of early 2003, the series of attacks within Saudi Arabia have brought home in a very clear and damaging way to the Saudis themselves, just how much harm this tiger that they've had by the time can cause to themselves. I think it would be much harder to make the argument that what we're really seeing here is some kind of winking and nodding by officialdom that amounts to sponsorship. More, it's a matter of just how well are they doing the counterterrorist mission? How capable are they of doing it? And how much do they intend to take it very seriously?

The capability issue is a very important one that we always have to keep in mind when we're looking at any State not doing what we think it ought to do with regard to counterterrorism. You often hear the question raised, probably most often with regard to the Palestinian Authority and whether or not it is cracking down on Hamas and Palestine Islamic Jihad and its anti-Israeli terrorist activities or the activities of those two groups. Is it a matter of not wanting to do that, or is it a matter that they are incapable of doing that? And that sort of either/or question is too dichotomous, it's too black and white.

I think in this situation as well as in a number of others we could discuss, we are talking about a mixture, we are talking about shades of gray. And the issues of capability, as well as issues and intention both come into play, especially if you define, as I think you ought to define capability as meaning not just technical or military capability or the raw skills of security forces, but also political capability, what is realistic for any one regime or one set of leaders to do if you take into consideration their political as well as their security predicaments.

My second major observation—and I'll go through the rest of these more quickly—is that the labeling of state sponsors in terms of who is one and who isn't, has always been and still is badly distorted, and we have at best a highly imperfect correlation between who gets assigned those labels and who is actually doing or sponsoring terrorism.

Now, that's related to my previous about the squishiness of the idea of sponsorship itself, the whole semantic problem. You get discussions of, for example, a particular regime maintaining a dialogue with a particular group as is the case, say, of some of the Libyans, Libyan dialogue with some of its former Palestinian partners, discussed in the context of "state sponsorship" even though it would be hard to point to anything going on except a dialogue, a contact, and without any knowledge usually of whether this is the content of that dialogue as one of instigation, one of restraint, or one of just maintaining channels of communication.

It's also this—this imperfect correlation of course is also related to the tendency of many people to use the label and the issue of terrorism and state sponsorship, quite frankly, for other purposes. And if you look at our official state sponsor list, which has been legislatively in existence since the 1970s, it never has been a very good representation of exactly who's doing and not doing sponsorship. The country that Steve's going to talk about has never been on it, for example, and the only times that countries have come off of it have been for reasons other than improvement in terrorist-related behavior: once when Iraq came off it, when the United States was tilting toward Iraq in the Iran-Iraq war; another time when South Yemen came off it, when South Yemen ceased to be an independent country when it merged with the north; and a third time when Iraq came off again after we overthrew its regime with a military invasion.

A third point. True sponsorship, I think, is best thought of and dealt with, not in the abstract or as a sort of subdiscipline of counterterrorism, but rather in terms of specific states

confronting specific security challenges, which use their relationships with particular groups in very specific ways to pursue those objectives, and I think there are two reasons why we ought to think of this whole problem more in a state by state way rather than an abstract way.

I guess I'm kind of condemning my own remarks here because I'm speaking abstractly myself. But, number one, the sponsors themselves don't think in the abstract, they think in specifics. Syria thinks in terms of a specific issue it has with Israel in getting the Golan Heights back, rather than in the abstract about what a nice thing it is to support the Palestinian terrorist groups.

Secondly, I say that because the current state sponsorship problem is narrowly focused on really a very small number of particular security problems. The one that is the overwhelming one continuing to be various dimensions of the conflict between Arabs and Israelis. Certainly for Syria, that is what it is all about, and the problem of Syrian state sponsorship is not going to be finally resolved until the larger conflict between Israel and Syria is, and vice versa, you're not going to have an Israeli-Syrian peace agreement until you have a solution to the state sponsorship problem. They are all of a piece with regard to that particular country.

In the case of Iran you could also note that by far the largest part of the Iranian sponsorship of terrorism these days has to do with the Palestinians, and what they are doing by way of financing, instigating, continued Palestinian terrorism against Israel. And just as the question was often asked with regard to Iraq and how it might be related to the Palestinian issue, you know, does the road to Jerusalem lie through Baghdad or vice versa, one could also ask the question whether the road to Tehran lies through Jerusalem insofar as it involves Iranian terrorist

behavior. I am not, of course, thinking of nuclear weapons or any of the other problems that we have with that regime.

Point No. 4. A reduction in sponsorship requires not just containment of or combating of sponsors, but rather a management of a bilateral relationship in which carrots as well as sticks both have to play a prominent role. If involvement, as I am suggesting, in terrorism by various regimes is a matter of those regimes responding to specific security problems or objectives as they see it, then somehow factoring in, in the carrots as well as the sticks, a recognition of those issues and a response to those issues has to be a way of dealing with the problem. It's a simple matter of incentives. Regimes are not going to change policies if they expect that they're going to be treated as pariahs and only treated with sticks, no matter what they do with regard to improving their terrorist behavior.

I already mentioned the situation of stasis with which our state sponsorship of terrorism list has existed over these many years. One government still on it is Libya, and that's probably the one main objective that the Libyans still want from us, to be taken off of that list. But I would point to Libya—and this in response to Ken's opening set of directions about, you know, what's been accomplished and what hasn't. I would point to Libya as a big success story in the handling of state sponsorship of terrorism. How it was handled by the United States Government as well as the British Government. It was a success story with regard to the multi-lateral sanctions that were applied years ago after the Pan-Am 103 case; success of U.N. Security resolutions, with sanctions at a level that did not cause too much sanctions fatigue to set in in the case that it didn't involve total oil embargoes.

But they did hurt, not just economically but at least as much politically for Khadafi, given his desire to strut on the world stage and not be a pariah. And it took us a number

of years, but, in short, it worked. And not only worked with regard to Libya's terrorist behavior, but also opened the door to the progress that was seen with regard the weapons of mass destruction issue and the trilateral agreement that was reached almost two years ago with Libya, the United States, and Britain.

My fifth and final observation is that the very heavy focus over these last few years on the state sponsorship issue should not be allowed to detract our attention too much from what are still the kinds of problems discussed in the last panel: the main problem of radical Sunni Islamist terrorism, which, for the most part, is not about state sponsorship, however important the state sponsorship issue is in its own right.

The shift away from state sponsorship, if you look over the last 20 years or so and look at what the likes of the Syrians and the Libyans and even the Cubans and the North Koreans were doing, say, in the 1980s and what they are doing or not doing today has not only been profound, it has been deeply rooted in larger shifts in the international system, involving such things as the end of the Cold War, economic globalization, and many other things we don't have time to explore. But they have accounted for what I would consider a sea change in the role that state sponsorship plays in international terrorism generally.

The radical Sunni Islamist threat, it did have a major state sponsorship dimension when we still had the Taliban in Afghanistan. The Taliban was unique. The Taliban is no longer around. And even some of the existing state sponsors, like Syria, and to some degree Iran, as they look at the radical Sunni Islamist threat, have reasons to worry about it, just as we do.

Against that background, I would venture the prediction that the biggest likely future problem of state sponsorship, either globally or more specifically in the Middle East, is not recidivism by past sponsor, like Khadafi in Libya, but rather revolutionary political change in

some state that would create a new sponsor, perhaps one who would be even more inclined to support the radical Sunni Islamist variety of terrorism.

And I think this should be a concern in many aspects of our foreign policy toward this part of the world, including how we deal with the ones that are currently labeled state sponsors, like Syria. Clearly, our existing policy is one that starts or ends with the premise that we'd be quite happy to see the regime of Asad go.

We have to think long and hard about what the most likely replacements for that regime would be; and specifically, think about what the likely policies toward terrorism and sponsorship of terrorism would be by a likely replacement, specifically sponsorship and support for radical Sunni violence and whether a new Syrian regime might be even more of a problem than the current Aloway dominated regime of Bashar Asad is.

A lot of the rhetoric of the last few years, I think unfortunately has distorted our public perception of the role that state sponsorship really plays, and clearly the whole Iraq effort and the effort to sell it and support it has had a lot to do with it. And obviously, I'm thinking of the issues like what connection there allegedly was between the Saddam regime and Al-Qaeda, that sort of thing; a connection which exists to this day in the rhetoric even though the actual connection was disavowed quite some time ago.

And I think it also comes into play when we look at the current Iraq problem and the role that the neighboring states, Syria in particular and Iran, play. They are important factors. There is a lot of trouble coming across the Syrian border. And on the Iranian side there is absolutely no question that Teheran is doing everything it can to use every lever of influence it can to expand its influence in the New Iraq.

That said, I think there's a natural tendency to overstate the degree to which the policies of those regimes, particularly on the Syrian side are having an effect on the insurgency that's causing us so much trouble today. And if it were somehow possible to hermetically seal Iraq from its neighboring states, which, of course, it's not possible to do, we would have much the same insurgent problem that we have. I will stop here.

MR. POLLACK: Thank you, Paul. Ray?

MR. TAKEYH: Thanks. To be part of a discussion on Iran today that doesn't explicitly involve the issue of nuclear weapons is refreshing perhaps, particularly at the time when the American delegation in Vienna has to figure out why its diplomacy has catastrophically failed—but nevertheless,

MR. POLLACK: We're not here to talk about that, though.

MR. TAKEYH: We're not here to talk about.

But I'd like to start out with—which is I think is important—is there's been a change in the Iranian regime, and I'd like to start out by talking a little bit about the new regime and what it is—its political complexion and its ideological proclivities and then how terrorism fits into that sort of a new governing attitude.

After some, I suppose, 27 years in power, it's natural and inevitable that the face of the Iranian regime will change. And it has changed. A new generation is coming to surface with its own distinct views and ideologies.

For a long time, we were told by people like me that there's a new generation coming to power in Iran that is going to be necessarily and inevitably secular, moderate, and pragmatic; ignoring a whole lot of other people that were also young or middle aging I suppose, since the new cabinet's average age is I think 46.

And, of course, the new young people who are in charge of the Iranian regime are dogmatic, ideological, and reactionary.

And they essentially come to their political ideas through a different set of experiences then some of the elder Iranian rulers who were present at the creation of the revolution.

For the new generation, the most formative experience is not so much the revolution itself, although they tend to kind of subscribe to its mythical ideas. It is the more the practical experience of the Iraq War, since many of them are of that generation of veterans.

That is far more of a defining experience for them. Their isolation from the United States, their profound suspicion of international community and international treaties and international conventions as a means of safeguarding Iran's practical interests, because of one of the things they point out, too, is that none of those conventions, treaties, organizations, and opinion did them much good when the country was subject to chemical weapons attacks by Iraq, which targeted both civilians and soldiers alike. The figures change about how many casualties Iran took—maybe 50,000. But it is still an enduring memory of that generation or any other.

The new generation of conservatives are unyielding in their ideological commitments. They are surprisingly earnest in their perception that the Government of God has relevance, and simplistic in their claim that all the problems of Iran could somehow be resolved if you go back to the roots of the revolution, whatever those roots are, of directions about, you know, what's been accomplished and what hasn't. I would point to Libya as a big success story in the handling of state sponsorship of terrorism. How it was handled by the United States Government as well as the British Government.

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In terms of their international perspective, to the extent that such a perspective in a coherent way can be deciphered, they tend to privilege the East and discount the West. There's a persistent theme that comes across is the notion of an Eastern orientation, namely, in the age of globalization, it does not necessarily mean capitulating to the United States or the Europeans, but cultivating alternative sources of commercial transaction and partnership and so forth.

I would actually—one of the things that has surprised me about the nature of their speeches or the nature of the discussions is surprising degree of passivity or indifference to the United States.

For the older generation of Iranians, the United States was the center and the most important actor in their melodrama. For the hardliners, the United States was a source of all their problems. For their reformers or others, the United States was the solution to all their mounting dilemmas.

The new generation actually displays sort of indifference to America, American opinion, and American disapprobation after perhaps naturally a quarter of a century of hostility, war, sanctions.

The emerging leadership class is looking to the East where its human rights record, terrorist proclivities, nuclear ambitions do not seem all that disturbing to its prospective commercial partners.

So having set that stage about the sort of the cosmology of the new class of rulers, where does terrorism fit into Iran's new governing structure and to the new governing order?

It's important, as Paul said, that Iranian terrorism, the Islamic Republic's terrorism, has focused on traditionally and historically had two aspects to it. One was the assassination of Iranian dissidents abroad. The other one, as Paul said, was the support of various Palestinian rejectionist groups in their campaign against Israel.

The first of those, the assassination of dissidents abroad, has largely come to an end, primarily because there's just not that many dissidents abroad anymore. But nevertheless, that aspect of Iran's behavior, that portfolio of terrorism, has come to an end, largely disbanded and I would suspect permanently so.

The reasons for that, of course, in terms of how you affect the behavior of the state, it is surprising that once the Mykonos trial took place and the verdicts came in—the Mykonos trial being the Iranian agents who assassinated Kurdish dissidents in Mykonos Restaurant in Berlin, and subsequently the Germans and the European Union as such withdrew their ambassadors and really put concerted diplomatic pressure on Iran.

It wasn't economic pressure per se. It was symbolic diplomatic pressure, but it did the trick in a sense that suddenly Iranians recognized that their militancy and their terrorism had palpable costs from commercial partners with significant investments.

So it just didn't fit the emerging political and security concerns.

The Iranian regime today doesn't spend a whole lot of time thinking about Iranian opposition groups abroad other than this sort of a peculiar fascination they have with MEK. Today, there is—in Washington, there's all sorts of Iranians coming out of their lofty homes in

Potomac and establishing opposition groups. If the Bush Administration wants to subsidize their mortgages, that's fine.

But in terms of actual security concern for Iranians, they don't register. I mean and certainly assassinating their spokesperson doesn't palpably advance Iran's security interests.

So much of Iran's terrorism today is confined to the Israeli-Palestinian arena. And it is the type of terrorism that I believe is durable because I think it's predicated not so much like Syria, very specific strategic challenge. It is predicated on a certain ideology, an ideology that is reinforced by strategic considerations.

For a generation of Iranian rulers, clerics, or not—and the not part tends to be more militant than clerics these days—Israel constitutes sort of an illegitimate construct—an illegitimate state. It is the usurper of sacred Islamic lands. It is the agent of American imperialism in the Middle East; and, therefore, by giving assistance, lethal and otherwise to the Palestinian groups and Hezbollah, which is slightly different, Iran can discharge a certain ideological, if not immoral obligation.

Hezbollah would be slightly different from the Palestinian groups because the relationship between the Shi'a community in Iran—in Southern Lebanon and Iran actually in some ways pre-date the revolution, particularly the relationship the two clerical communities. They were forced through years in seminary sometimes, buttressed by marriage, and enhanced through shared strategic ideological outlook.

So I would suspect that's a far more formidable and durable relationship than maybe a more tactical relationship that Iran may have with Hamas pitched against slightly different Palestinian Islamic Jihad.

But beyond the sort of very considerate ideological elements, there is also a sort of a strategic rationale that historically has sustained Iran's attachment to these groups.

By supporting Hezbollah, Iran essentially reaches out to the heart of the Middle East. It has influence in the developments in the Levant and elsewhere.

It can be a player in a place where it has no other sort of an outreach or a constituency or an ability to affect events.

Again, but supporting various Palestinian groups, it not only pressures Israel, but also has some sort of an influence on the direction and the trajectory of Palestinian politics. So, again, for a state that has ambitions, an Islamic Republic of Iran was founded on transnational ambitions. For a state that sees itself—both for the reasons of Islamic credentials and Persian nationals—and they have seemingly come together to suggest Iran should be the dominant, if not the central, power in the Middle East. For a state with such transnational aspirations, these organizations allow the means of projecting influence and having its predilections being taken into consideration as other powers think about their agenda and objectives in that region.

I would say, however, despite its inflammatory conduct, Iran's approach to the terrorism in the Palestinian arena is what you can call controlled rage, in a sense that it has always sought to regulate its low intensity conflict with Israel, and has avoided direct military confrontation between the two states.

This is largely a war waged by proxies. For Iran, the proxies are obvious. For Israel, the proxies being an attempt to craft an international consensus of political and economic pressure as a means of dissuading Iran from its terrorist activities.

Such a strategy of proxy war allows Iran to, as I said, brandish its Islamic credentials without necessarily exposing yourself to inordinate danger.

All this implies that even arrival of a more ideological hawkish government in Teheran is unlikely to affect that calculus, because it's a calculus that Iranians find beneficial.

The notion that the new government is in power and it's ideological. It's hawkish. It talks about self-sufficiency and so on. And it would develop a bomb in order to give that bomb to the Hezbollah and others I think are exaggerated.

Iran—it differs than Al-Qaeda in sense that it does perceive limits and it does adhere to those limits. I don't think it will essentially deal with its weapons of mass destruction program in a manner that some people suggest.

Foremost—the foremost objective for Iranian leadership reform, pragmatists, hardliner, soft-liner, what have you is maintaining power. And a conduct or an activity that will allow it to jeopardize that and deal with would actually provoke significant confrontation or escalate the confrontation between Israel and the United States is likely to be disputed.

The Iranian mullahs and others are not suicidal. They may support people who are, but they themselves recognize that should this conflict escape its control parameters, they could find themselves in a confrontation that unnecessarily threatens the survival of the regime.

It is such calculations—and the aftermath of September 11th had a curious impact on Iran's relationship with its most formidable terrorist ally, Hezbollah. Iran is actually in some way—I think Dan talks about it in his book—is becoming a little more circumspect and cautious in its support for Hezbollah.

It has sustained Hezbollah in the past, but, again, it has warned Hezbollah that there are certain red lines beyond which it should not cross, and foremost among those red lines, of course, being targeting the more directly the Americans.

They're beginning to discern perhaps that tempering their approach to the peace process may be a way of advancing their interests.

But the tragic reality today is that Iran finds the existing terrorist status quo not that unappealing. It furnishes supplies to its clients, generates a certain level of regional acclaim for its Islamic solidarity and Islamic credentials, and meets its domestic ideological needs. Yet the support is not sufficient enough or provocative enough to trigger a direct American or Israeli military retaliation threatening the regime.

The good news, if there is good news, is that Iran is unlikely to aggravate and escalate its support for terrorist organizations. The bad news—and there is bad news—is Iran is unlikely to discontinue and desists with its support for such force.

Now, is there a comparison between the Iran case and the Libya case? Over the years I developed a reputation as someone who knew something about Libya, and I think I was cited in Dan Byman's book as Libya expert.

It is a reputation and designation, which I might add entirely unwarranted. But if you look at the reason why Libya switched—it was probably in the early mid-90s—away from its support for terrorism, other than the stuff that Paul talked about as sort of a multilateral sanction regime that, coupled with the collapse of the Soviet Union, which had been the traditional supporter of Libya and international organizations where such multi-lateral sanctions were contemplated and also the Eastern bloc, which was Libya's more predictable commercial partners, add to that the isolation that Libya felt.

But foremost, the reason why Libyan terrorism continued for a long time it was predicated on a certain ideological assumptions. It was essentially Khadafi's way of challenging

the international system, the international system in its totality. That's why the Libyan terrorism was so unpredictable.

It was in the Philippines. It was in North Africa. It was in the Middle East. It was everywhere. It was essentially a gesture of Libyan rejection of the international system and the primary guardian of that international system, the United States, and, therefore, any other group, militant, insurgency, insurrectionists that supported that rejection would garner some degree of support from Tripoli.

But then there's a switch in that peculiar pantheon of gods and devils that constitutes Khadafi's mind. There is a sort of a switch by the time you get to the mid-90s, namely the perception that Libya has to be in order for a small state like Libya to survive and prosper, it has to be part of a larger grouping.

And the larger grouping that Khadafi chose, much to the chagrin of that grouping, was Africa. And now that he's felt that the reason why Libya should be in Africa, should take the leadership of Africa as his historic ambitions. And Africa was also a place were Libya could advance its objectives with limited economic assistance because African states were mostly ignored by the international community in the past Cold War era.

So you begin to see Khadafi rejecting the Middle East, where he has supported a wide variety of terrorist organizations and focusing on Africa, but also not just his ideological focus changed, his tactics changed; the way he thought to advance his interests in Africa was not so much direct support for insurgencies and terrorist organizations, assassinating leaders, undermining other countries sovereignty, but through use of commercial diplomacy, economic assistance, mediation diplomacy, where Libya tried to essentially sort of resolve some of the territorial disputes—Congo and elsewhere.

But there was a change in the ideological assumptions of the state; and, therefore terrorism followed. That sort of ideological paradigm has not changed in Iran.

The Iranian leaders today are invested in their support for these groups. The ideology that sustained that support has not altered. It is still a worthy attempt to export the Islamic revolution to very few people who are still interested in receiving that export.

That's why I think the Iran case is different from Libya for a wide variety of reasons. But one of them, perhaps the most significant one, is their continued ideological affinity of the state.

And I'll stop there and turn it into Steve to talk about the world's most dangerous country, Pakistan.

MR. POLLACK: Steve?

MR. COHEN: When Ken invited me to—or commanded me to—as a colleague—commanded—to appear here, I warned him that that I would be returning from India just previously, and I just this last night got off a plane after 24 hours of travel. So this may be a talk in which the speaker falls asleep rather than the audience.

[Laughter.]

MR. COHEN: You can even stay awake watching me slowly drowse off with my head down. If it happens, just sort of poke me. Okay?

MR. POLLACK: I'll try to [inaudible].

MR. COHEN: I actually in a sense, I am glad you said that I would talk about South Asia, because I would like to say a sentence or two about South Asia generally and the whole issue of terrorism, and let me share others qualms about the term terrorism or War on Terrorism, especially when the two are put together. But we'll save that for another moment.

All of the South Asian states, in a sense, have a relationship with each other where they have overlapping ethnic, religious, or other identity groups. And for decades, in fact, throughout history, the Chinese, the Indians, the Afghans, the Pakistanis, even elements of Sri Lanka, to some extent the Bangladeshis have each used support for dissidents, separatists in the other country, which, of course, are defined immediately as terrorists by that country and freedom fighters by the country that's doing the support. So this is an old process that's gone on for a long, long time.

The primary focus in recent years has been on Pakistan, of course, because in terms of quantity, if not quality, they've been the biggest manufacturer of what we usually call terrorist groups.

But you have to bear in mind that India has had its hand in this, both in Pakistan and in Sri Lanka and elsewhere. And, of course, the Sri Lankans are noted for the invention of the suicide bomber, a Tamil Tiger invention, a perfection of the device, which has actually spread to other parts of South Asia, fortunately, so far, not Pakistan.

And really—and I think—you know I think you need to sort of—especially in the case of Pakistan, which we'll focus on—to distinguish between these kinds of activities.

There is instrumental support for terrorist groups, as an instrument of state policy. And here the Pakistanis have done this for a long, long time, with some effect, and primarily in the case of India, directly towards India, to really get the Indians to budge on Kashmir. It's primarily done by the army or army-related groups, and it's seen as an instrument of state policy. Of course, after recent crises, the Pakistani government—Musharraf has promised he wouldn't do this anymore. But we'll come to that in a little while.

Secondly, there's a lot of what we call terrorism, really what's going on now, are groups that used to be under the control of the state.

If you have a large bureaucratic apparatus, which sort of promotes and develops groups, trains them, and sends them across the border, the alumni eventually find a role themselves. And if you have former Pakistani intelligence or military officers and they retire from their profession, from their official position, often they keep on doing the same thing. And they may get other sources of funding in the case of Islamic terrorism from international sources.

So, in a sense, they're ex-government groups which are organizing and leading this.

Then there are groups which are beyond the reach of the government. And, of course, Musharraf would say all of these—all the bad guys are beyond my reach. There's nothing I can do about it. Well, that's a separate question, but you have to take that with a grain of salt.

And finally, you do get, especially in Pakistan, although less now—certainly, it was considerable in years past—what I call the terrorist tourists—people who have come to Pakistan, or in the good 'ole days Afghanistan and Pakistan—sort of use it as a jumping off base to operate elsewhere. And I remember we had at Brookings two or three years ago, we had an American, a young American kid, who said he was trained in Afghanistan, went to Pakistan, trained in Afghanistan, and he really had sort of a choice of theaters of operation. He could go to Bosnia. He could go to Afghanistan. He could go to—he could stay in Afghanistan. He could go to Kashmir. He wound up going to Kashmir.

MR. POLLACK: They're package tours.

MR. COHEN: A package tour. And it's really sort of—and it was really like that. Now, a lot of that has sort of disappeared, but there's still potential for it.

Now, what are the targets for this and for all kinds of terrorism, but especially state sponsored terrorism?

As I said, there are really two categories in the case of India. One is the Indian government; that is, attempts mostly by official but sometimes non-official groups, non-officially supported groups to put pressure on India to come to terms with the Kashmir problem.

And this has been an explicit, quite conscious policy in the case of Pakistanis of all stripes, you know. And they have found terrorism to be about they think the only effective instrument of policy against the Indians. I think that's a miscalculation, but there's a lot of it.

Secondly, there's a subset in which case they're operating in Kashmir. And there is a separate battle for the hearts and minds and other parts of the anatomy of Kashmiris.

So within Kashmir, a lot of groups based in Pakistan, some of them Kashmiri, some of them non-Kashmiri, have tried to tilt Kashmiri opinion either in the favor of—in favor of Pakistan or else for a separate Kashmiri state, above all against India.

And so far, they haven't done that well, but clearly this has been one of the strategies, especially of groups based in Pakistan, and in some cases Kashmiri groups based on Pakistan. You got complicated ethnic overlap.

And then the second set of targets of terrorists and these are certainly not state sponsored or perhaps these were alumni of—graduates of the state academies of terrorism. One, of course, is Musharraf, and Musharraf claims that there have been three assassination attempts. Pakistanis think that there might have been one, but, you know, they think. But it is in

Musharraf's interest to emphasize, you know, all the many attempts against him; and, therefore, he is our kind of guy.

And secondly and more serious in a sense in the long term, because it really gets to the heart of Pakistani society, it has been sectarian terrorism within Pakistan. I don't think any of this is state sponsored. I don't think the Pakistan government, the Pakistan military, want to get involved in sectarian violence. But groups that they have funded and supported, especially for operations in India or Kashmir, have, in fact, come back and engaged in sectarian violence of a terrible sort in Pakistan itself.

And when Musharraf came to office, came to power, after the coup, he said that his number one goal was to end sectarian violence in Pakistan.

By any measure, it's still there, but it may have diminished or at least it's not quite so evident in the newspapers these days. But it could be that sectarian violence is being crowded out by other issues.

The final set of targets of the terrorists is really Americans and American interests in Pakistan. And if you go to—those who have been to Pakistan and see any American facility, I mean it is just—they are just armed camps. They're just totally impossible to get in and out of. They're really—they're really under tremendous protection, because they've been targeted.

And secondly, U.S. interests and western interests outside of Pakistan. Here you have the case of the two or three British Muslim slash Pakistanis who were possibly trained and certainly did visit Pakistani madrassas for various purposes before they went back to London for the bombings.

Now, these are not—these are—I don't think that these are state sponsored in any way. But again, their origins could have been in links to groups that had been under state control or state encouragement or at least state toleration of activities.

So the targets themselves are very complex and multiple.

Now, to get to American policy. I think we should be talking about that.

Well, let me talk about the kinds of people—the kind of terrorists we're describing.

There are, first of all, the state sponsored groups, which are, in a sense, usually religious or ethnic extremists of one sort or another, brought in and tend to be middle-class, lower middle-class Pakistanis or other ethnic groups—maybe Kashmiris, but also a high percentage of Punjabis.

So that's a category we're familiar with, and they are in a sense the soldiers of these movements. Often times in the case of Pakistan, I'd say in the case of India in the past, perhaps even the present, you know, the directors and the organizers are of a different social order.

But the second—a new form of terrorism in Pakistan, and I think the one we should be worrying most about, because it affects Pakistan in the long run, is really middle-class terrorism.

Pakistanis—many Pakistanis were attracted to Al Qaeda as an intellectual and ideological movement. And they shared Al Qaeda's sense of grievance and anger against the United States and the West. They weren't particularly worried about Saudi Arabia, but they were worried about, you know, the Pakistani government's collusion with America in particular. And in the universities and colleges of Pakistan, there's a lot of bitter anti-Americanism by educated

young people. Now, to me, these are the real dangers in terms of sophisticated terrorism. Many know English. Many are trained. Many are educated. They can travel abroad and so forth and so on. And you can see this phenomenon in the U.K. also.

So there is an element in Pakistan growing of middle-class or upper-class inclination towards violent actions. I won't call them terrorists, but they could be recruited to this cause. So I guess John LeCarre's Little Drummer Girl to me has always been the prototype.

And finally, there is what I simply call peasant terrorism and I would put the Taliban in that category—uneducated, socially rustic, primitives who can be organized and led and may have tendency towards violence. And in the case of the Pashtuns, which are the Taliban, really a cultural disposition towards violence and feuds and so forth. And if you can turn that towards a particular strategic target, you've got a blunt instrument, but it is an instrument in a state which is weak and incompetent, such as Afghanistan was. The Taliban simply cut a swath through the whole place.

I don't see them as a significant factor in Pakistani politics. The Taliban is a significant force, maybe important in Afghanistan, where they're still being supported from the Pakistani side, mostly by fellow Pashtuns, who sympathize with them for ethnic and other purposes. But I don't take them as a serious threat to the United States as such.

Now, what about policy and what about reaction—what about response?

Our problem in dealing with Pakistan as a, and again I have to put this in quotes, "state sponsor of terrorism or state that encourages or looks the other way towards terrorism perhaps at times" is that we want too many things from Pakistan. And, therefore, it's easy for Musharraf and the leadership in Pakistan to sort of deflect our demand for any one of those things.

If you go down the list of things we want from Pakistan, it's a very, very impressive list. We want Pakistan to be good on the nuclear side. They are the largest proliferator in history, perhaps—I think perhaps exceeding the Chinese. And we do want them to maintain squeaky clean behavior in terms of sharing nuclear technology with a whole range of other countries, especially bad guys.

We want them, of course, to be, you know, be good on terrorism and to clamp down on groups operating within Pakistan and to stop sponsoring or supporting groups against other countries—obviously against the United States, but even now against India. We have made this one of the conditions of our relationship with Musharraf. So we want them to be good on terrorism.

Thirdly, we want them to lay off of Afghanistan. Pakistan has always regarded Afghanistan as their near abroad, the area where they must have defense and depth against India. And they're primarily concerned these days about encirclement, as they've always been about, encirclement of Pakistan by an Indian presence in Afghanistan.

So from a Pakistani point of view, they must have some kind of presence in Afghanistan to counter Indian presence in Afghanistan, and a lot of Pakistani behavior, including perhaps, you know, tolerance or looking the other towards the Taliban operations based in Pakistan really stems from the concern about encirclement by India.

Then, of course, we do want them to continue to be active in a peace process with New Delhi. Of course, we want that of the Indians also.

And finally—and also we want Pakistan to democratize, and I think there's been a shift in American policy, shift in emphasis, from Powell and Armitage to Condi Rice, who went

to Pakistan and said, we expect real elections in 2007. I was quite surprised to hear that, and I am quite pleased to hear that. And I think it's something we can demand of the Pakistanis.

But finally, and the last on the list most recent, is we want Pakistan to be nice to its women, and I've been following this on the Internet, but these astonishing statements by Pervez Musharraf—incredible. I'm just—just astonishing. But that's typical Musharraf. And if you read the—look at his website www.PresidentofPakistan.gov.pk, something like that, you'll see the real Musharraf emerging. And he's a man of good intentions—aren't we all—but also clear strong views towards life and society, shaped in large part by his experience in the army. And I think—and also a man of fairly short temper. And I think this emerged pretty quickly in the Washington Post interview.

So we want all these things from Pervez Musharraf. Can he deliver them? Obviously not. What is his strategy? His strategy is what my friend and colleague, Marvin Weinbaum, says a marginal satisficer. In other words, when anybody presses Pakistan or President Musharraf, he will meet that pressure to the degree necessary; that is, he will accommodate us. He will accommodate the Chinese, a very important supporter of Pakistan. He will accommodate the Indians. He will accommodate domestic audiences to some degree, albeit not fully. He will marginally meet whatever challenge or pressure there is with a marginal adjustment in policy.

The problem with this, of course, is that adjustment in policy may simply be an adjustment. And I've heard him give I think four speeches. Now, the same speech four times, and every time it's greeted here with great, you know, applause, and we've got Musharraf turned around and so forth. And then they continue to do pretty much the same thing they've always done.

And I do think there are changes in Pakistani policy, and I've talked to some senior Pakistanis recently, and I do think that, you know, the ship is beginning to turn in a number of areas.

But again, the ship that goes in one area can turn around and go back again. And it's not—I don't see permanent changes in policy, but I do think accommodation to pressure, which is always in Pakistan's fort.

I'd say also the new opening towards Israel; brilliant strategy. It certainly gets a lot of American pressure off of Musharraf, and people have said, well, if he can do that, then we can forgive him of a lot of other sins. So marvelous stated at maximizing very weak resources with tremendous diplomacy drives the Indians crazy.

And so how do we deal with it? I think that's the issue. How do we face up with this?

By the way, let me—there's an ex-professor. Let me give the grade sheet for Pakistan.

Reversal of policy of support for Taliban and groups in Afghanistan: a B-plus. You know, a lot of has been done.

Second. Round of Al Qaeda bad guys in Pakistan: B, B-plus. They've done a lot, although there are probably more out there, and there may be Al Qaeda being hidden away some place, but for a rainy day, 'cause it was an incredible coincidence whenever a senior American official visited Pakistan, they would reach into the bag and pull out an Al Qaeda. And they must have sort of a stockpile of these guys.

[Laughter.]

MR. COHEN: And I wouldn't put it passed any government, especially Pakistan, to do that kind of thing. So B, B-plus for Al Qaeda roundup.

India oriented policy. Yeah, there is a peace process going on. Unfortunately, for the Pakistanis, their partners are the Indians in this process. The Indians are unwilling—I think—unwilling to budge on a lot of issues. And I think we're getting in for a difficult, difficult couple of years.

And finally, internal political reform in Pakistan, democratization: B, B-plus. You know can give credit to Musharraf for some things. But that's a first quarter report, and we're operating on a quarterly system. We got three quarters to go. And this is sort of the eternal—you know internal university, you know.

So, you know, the grades can fall very quickly in the second= quarter. And they may go up, but they can also fall quickly, so I don't think there's been any permanent structural change in the situation. The army is still in charge. The army still sees violence as a necessary instrument of policy. Right now, violence that is supportive of certainly a war with India, but certainly supportive of terrorist groups is not in favor, but it could come in favor, especially if the peace process breaks down. Violence directed towards the United States is—

[End of Tape 2, Side A; begin side B.]

MR. COHEN: [In progress.]—you can see this sort of wound up, but again will it be permanent? I wouldn't—I just don't know.

I will conclude by saying that the U.S. should have a more—I think a more nuanced policy towards Pakistan.

We've got to sit down—and I don't know whether the government has done this or not, but it doesn't appear that they've done this—and really have a list of what we want.

Now, we want a lot of things from Pakistan. But we can give the Pakistanis an awful lot, also.

We're talking about a couple of billion dollars of economic aid, military sales—Pakistan wants us. We're talking about pressuring India in terms of the dialogue and our relationship with India. In fact, that's the biggest stick we have against Pakistan. To the degree, they don't cooperate on key issues and key concerns of ours, including terrorism, we move closer to the Indians. Of course, that creates its own problems. The Indians then expect us to beat up on Pakistan, which we cannot do because we do need Pakistan. We think we need Pakistan in some dimension.

So again, we're in a difficult policy position, but I don't see the government, our government, really having thought this through.

I would like to see them do what people have advocated in the past and that is literally quantify, I mean actual numbers, quantify the kinds of military and economic assistance we're giving to Pakistan. And say then in category A, if you do this, you're going to get that. In category B, you do this, you're going to get that—sort of break it down in terms of incentives and potential disincentives in all of these different issues.

I would conclude by saying that in most cases—certainly democratization, the role of women, containing Islamic radical groups, not support of terrorism—these are things that are in Pakistan's interest. And I don't think they should be rewarded too much for doing things that I think are in their long-term national interest.

MR. POLLACK: Thank you, Steve.

To start off the question and answer session, I'd like to ask—to pose a question to each of you—a different question to each of you.

For Paul, you talked about carrots and sticks. You talked about the Libya example.

The question I'd have for you is how do you think we're doing in actual applying the Libya example to Libya. I think it's a big question out there, and I'd like you to talk a little bit about how we've done with the Libyans and what kind of a model, what kind of a lesson, you think you're—what kind of a signal you think that sends to other countries where we might want to apply that.

For Ray, you know, Ray, you actually paint a pretty bright picture for Iran on terrorism. And the—I think it wouldn't be too hard to take away from what you said that Iran is slowly moving out of the terrorism business.

They have stopped killing their dissidents. They've reined in their support for Hezbollah. They're a little bit more ambiguous on the peace process. That all suggests a move in a positive direction.

But obviously, you've got Ahmad Nijad and the Abad Guran [ph.] guys in there, and they say a lot of really nasty things. So the question I'd have or you is, first of all, do you think that Iran is still a major problem in terms of its state sponsorship for terrorism; and, if you think that they're going to resume it under Ahmad Nijad, what do you think it's going to take to convince him of some of the things that you suggested had convinced the existing leadership, the mainstream leadership, that this wasn't such a great idea in the 1990s.

And then finally, for Steve, I want to ask you the question that you ducked, the one that you said, well, you need to take this with a little grain of salt and moved on.

And that is the question of how good they really are about hunting down some of these Al Qaeda guys. In the last panel, we heard Rich and Roger and Mark all make the point

that bin-Laden still matters; that he still is an important element of the global Salafi Jihadist struggle. And the question I'd have for you is, are the Pakistanis actually trying to get him. Are they kind of slow rolling it? Might they actually be hindering our efforts to get him?

So, Paul, if you want to start?

MR. PILLAR: Yeah. On Libya, I would not say that we ought to be doing a whole lot different from what we're doing now. I think you should have inferred from earlier remarks I regard the U.S. and British policy on this question as it's existed over the last two years as pretty good.

That said, it's also pretty clear that Colonel Khadafi does expect more out of the relationship. He'd like it to evolve into a more truly normal relationship, with everything that implies—diplomatic relations, including—diplomatic relations and getting off the state sponsor list.

But I think we have to recognize the constraints and constraints that our own policy makers, as well as those in Britain, face.

We did have this unfortunate business not too long ago with regard to an alleged attempt to assassinate Crown Prince Abdullah, then Crown Prince Abdullah, and possibly to foment something else in the Kingdom.

I think the main lesson we ought to draw from that with regard to just analyzing Libyan behavior is that is the sort of thing—that is to say a very personal blood feud kind of thing—which followed on, you know, the Libyans and the Saudis hurling personal insults at each other, you know, at an Arab League Summit—the sort of thing that is most likely to cause the Colonel to fall off the wagon and to do terrorism again. Not the—you know, as Ray correctly

said, the earlier ideological basis is gone. That's not going to be the reason. It's going to be because he's got into some spat with someone like Abdullah.

Now, he's been lectured too about that. He's promised not to do it again. But, you know, let's be fair to our decision makers, probably a little more time has to pass before you can say all right, you know, we're over that.

And there are all the other pressures, and I think, Ken, from your previous experience, you know some of them—everything from the Pan Am 103 families to other things that are realities here in Washington.

So I wouldn't expect a whole lot more differently from what we've done over the last two years since the tripartite agreement.

That said, we need to be sensitive to what is already Khadafi's disappointment that things have not moved farther and faster than they have.

MR. TAKEYH: Yeah. Iran's terrorist portfolio has paradoxically both shrank and intensified. It has shrunk in sense that they no longer assassinate dissidents and so on. But on the issues that it continues, it persists, it has intensified in a sense that there's an enduring commitment to support to Hezbollah and others.

I actually think that increasingly the only way you can change that calculus is not through supply, but through demand in a sense through constituents that whether you have some sort of a successful peace process where the actors on the ground have their own incentives for not appealing to Iranian militants and Iranian lethal support—some sort of a reconflagration of Lebanese politic, where Hezbollah becomes a political party representing the Shi'a grievances as opposed to a paramilitary group pressuring Israel.

I think it's going to come from that as opposed to Iranians changing necessarily their attitude toward terrorism.

Barring something dramatic—and this is like the nuclear issue—that either there will be a very serious military confrontation with Iran or there will be a very serious package of economic incentives to Iran. Something dramatic can perhaps sort of dislocate that equilibrium. But little stuff is not going to do it from the supply side.

From the demand side, that, of course, is entangled in its own complex and contradictory sort of diplomatic and political objectives.

MR. COHEN: If I knew where bin-Laden was, I wouldn't be sitting here. I'd been sitting with all kinds of plastic around it someplace. So I really know whether they know where he's at, or whether he's alive.

But from a Pakistani point of view, that's good; that is, they can continue the hunt for bin-Laden indefinitely and we'll continue to supply resources.

Now, the question is do they know where he's at and they're just sort of keeping him in this deep freeze. Maybe the corpse in a deep freeze some place, and will produce him when necessary. I don't know. I really can't say. I wouldn't put it past him, past them, or other governments to do something like that.

What the issue is I think that difficult question for Americans in particular is: Is getting bin-Laden more important than rescuing Pakistan from what I see is a very problematic future? And as an American, I'd say yes. But as a Pakistan specialist, I'd say it's a close call, because if Pakistan deteriorates and really went down the wrong road would be I think a much greater than bin-Laden.

This, of course, works in Musharraf's favor, because Musharraf's—the argument you hear from Pakistanis—we've personalized it—you hear from Musharraf—is really that a) we don't know—even if we know, it's hard to get—if we try to get him, we'll alienate the Pakistani Pashtun population and create more problems for Afghanistan.

And finally, you know, if we press Pakistan too much getting bin-Laden, let alone Mullah Omar, we're—you know, Mullah Omar, now that we really need you—if we press him too much, then Musharraf himself will fall, because of the Islamist pressures—rising pressures in Pakistan.

Now, the last argument is total nonsense, complete absurdity. The Islamists are a hollow drum, and you beat them. They make a large noise, but if you really beat them, they'll keep quiet. And I think Musharraf has found this out that you can challenge the Islamists, and there's not much they can or will do. They broke up a—I was at a marathon on Lahore, where women were running in shorts. It was really scandalous. It was terrible.

And the Islamists couldn't—didn't do anything about it. They stopped the next marathon, but that was about it.

So I think that Musharraf's argument that he's the last barrier between, you know, friendship and the radical Islamists is entirely self-serving, and I think objectively false.

What—but we don't want to—but we don't want to start tinkering with Pakistani politics, because he's not producing bin-Laden. That I think would be much worse, and what we should be doing is pressuring him so that when 2007 does come, Pakistan is prepared to hold a real democratic election. And if bin-Laden has been discovered by then, a government that has more and broader support in the country can probably go after him more efficiently if they know where he's at, and if he's around.

And I suspect they have a pretty good idea of where he's at, but they don't have popular support in actually tracking him down.

MR. POLLACK: Okay. Why don't we take a couple rounds of questions. How about in the back there? Right there.

MS. MULLEN: My name is Mary Mullen [ph.], and I work with the Bosnia Support Committee.

I was wondering about do you feel that the Palestinians can control the suicide bombings and the terrorists that—the Hamas, Hezbollah that are within their society and how if they can't, how is the Israeli-Palestinian conflict going to be resolved if they can't do that?

MR. POLLACK: Okay. We'll take up one more. Are there other questions out there? Down here. Celeste.

MS. : Hi. My question is for Dr. Takeyh, and I hope I said your name right.

MR. TAKEYH: That's right.

MS. : We were all kind of shocked with the election of Ahmad Nijad this summer. I was there. And the election of the super-conservative Majlis a couple months earlier. You had noted that the difference between Libya and Iran was that there hasn't been a change in the ideology of Iran.

So my question for you is that if—do you think first of all if there is an change in the ideology of Iran, then support for terrorism will cease? And if so, how should that change be brought about? Is it internally? Does it come from the U.S.? Does it come from Europe?

And given the very, very heavily controlled education and media, yeah, how exactly should that take place? Thanks.

MR. POLLACK: Do we have any other questions out there? Okay. How about right behind you?

MS. SINDERDING: Hi. My name is Catherine Sinderding [ph.], and I'm a student at Syracuse University.

My question is, given your experiences in government and out of government, and then sort of in the Middle East and Southeast Asia, what do you think of the concept of encouraging democracy—American system of democracy in some of these countries? Has that been effective or will it continue to be effective in sort of state sponsored terrorism?

MR. POLLACK: Okay. Why don't we take that last question back there, and make it a round?

MR. : Mr. Cohen, if you could just elaborate on your last point, because it seems slightly contradictory to me that you don't have to worry about—or he's overplaying—Musharraf is overplaying Islamic extremism; that there's no popular support to go after bin-Laden. That seems slightly contradictory. I was just wondering if you could address that.

MR. POLLACK: Okay. Great. So we've got on the table: how do we solve the Israeli-Palestinian dispute? How do we achieve regime change in Iran? Democratization in the Middle East. And bin-Laden. Paul, you want to—or Greg, go ahead?

MR. PILLAR: Just to comment on the first and the third, not the way you phrased them, Ken, but, as I said in my earlier remarks, I think we ought to think about the issue you raised of control by the Palestinian authorities of Palestinian violence at the hands of Hamas, not as an either or thing. And it's partly a matter of capability, partly a matter of willingness, and the capability does have to be defined broadly in political as well as technical and security force capability terms.

The only thing I would really add to that is that is related to the issue of willingness and political capability is what role does Hamas play in a, you know, future Palestinian politics, and that is at least a tough a question for Tel Aviv and Washington, as it is for Mr. Habas.

And some really tough policy decisions are going to be made—have to be made—in all—well, the first two capitals in particular. I think the—Habas' policy on this is pretty clear that there is a strain of opinion, which Hamas represents, that is somehow going to have to play a role in future Palestinian politics. I think if you're talking about the PIJ, Palestine Islamic Jihad, that's—you can treat that as something beyond the pale that doesn't really represent a larger force.

It's somewhat analogous to—only somewhat analogous to the policy issues that we face with Lebanese Hezbollah, which, of course, has become far more than just a terrorist group, but an economic and political force. I think one difference between the two is at least with Hamas, we don't have the blood of 241 Marines and other attacks directed deliberately at the United States. In the case of Hamas, the American casualties have been people on the wrong street corner at the wrong time.

And then on the issue of democracy, yes, certainly. This isn't a state sponsorship issue. It's an issue of roots and causes of extremism in that part of the world and the only other point I would add to that is and I think the Administration is correctly taking this broad view. Democracy, of course, cannot just be equated with elections or institutions or procedures. You have a larger political culture that has to go with it—everything Farid Zakaria and others have talked about with regard to the dangers of illiberal democracy.

And I believe the sorts of things that our government is doing with the Middle East Partnership Initiative and other efforts to promote a more open political culture in the Middle East is exactly what we should be doing.

MR. TAKEYH: Yeah. How do you change the regime in Iran?

I actually—if you go past the current Iranian regime and its little defiant rhetoric, determination to be resolute in the face of international pressure, apparent difference to restrictions on European commercial relationships, and sort of disbelief in American military sanction and a government that's sort of comfortable in its ideological verities. This is also a government that faces a considerable challenge. In a sense that it is a government that does have a mandate, just as the reformist government did.

The reformist government had a mandate to liberalize the political culture. This government has a mandate to essentially—even more daunting one—to fix Iran's economy. And that's going to be very difficult to do because Iran, despite the sort of fluctuations of the oil market and the sort of the transient increases in its profits, does have deep seated structural problems, both in terms of its meeting its demographic challenge, dealing with the rehabilitation of its dilapidated oil industry, which is the lifeblood of the economy, and the long-term even diversifying the economy beyond oil and developing other industries.

So this is a very considerable challenge that it faces. One would hope that in due time, this government recognizes these challenges, and you begin to see a degree of the demands of governance displace the current ideological exuberance, and it becomes a more practical government as opposed to a ideological one.

I do think that there will become a time that they will confront that reality. I don't know when that time will be.

Once, years ago, somebody—actually, Ken Pollack told me something about Iran that I thought made a considerable amount of sense. He said Iranian government may go the way the Chinese government went. Eventually, it will morph into something else, the way the Chinese Communist Party has gone through a series of transitions. I mean what's so communist about the Chinese Communist Party today?

It is still the Chinese Communist Party. They still have their annual conferences. They still talk about Marxism, Leninism, Maoism, what have you. But it has changed and metamorphosized [sic] into something else. They even have sort of the—got rid of the Maoists.

So I think in the long run, this sort of evolution that the Chinese political system has gone through maybe the Iranian political system will go through. There will still be an Islamic Republic, you know, and it might be republican in certain facets of it. It certainly will not be Islamic. And it will just be a government that pays loyalty and devotion to sort of Khomeini's legacy and then proceeds to do things quite contrary to that legacy.

That's sort of an evolution may take place. It's going to have problems, and it's going to have obstacles along the way. But, you know, as this society moves—and it's still a young government—27 years is not that long of being in power. Where were the Chinese 20 years, 25 years after in power? They were in the throes of the Cultural Revolution.

So I mean of all the things I have read about Iran, of all the things I have said about Iran, I think the Pollack maxim actually makes a lot of sense to me; that in the long run, this government may go to way of the Chinese Communist Party. There will be something called the Islamic Republic. Its officials are going to be secular, not religious, and their attire may change. They've gone from the clerical garb to no tie and beard; then the ties are going to come back, and they're going to be clean shaven.

And so watch for the attire. That's tends to tell where the political complexion is also maybe going.

But I think I the long run that might be the direction—I'm somewhat confident that that's the direction that Iran will go.

What can the United States do to expedite this? I think with most things in life, when United States policy focuses on something, it aggravates it. So I just let them work it out.

[Laughter.]

MR. TAKEYH: I describe the current Iranian regime's defiance to the way I treat my son, who's 17-months-old. When he doesn't want to eat his peas, and he has a tempter tantrum, just wait for him to run through his tempter tantrum, and then you feed him the peas. So just wait. Let them get it out of their system, and then they'll come back.

MR. POLLACK: Steve?

MR. COHEN: I have raised six children. I would—

MR. TAKEYH: Jesus!

MR. COHEN: —caution you about that.

[Laughter.]

MR. COHEN: Sometimes they get—well, we won't talk about that.

Let me talk about democracy in Pakistan and respond to your comment.

First, to respond to your comment, there is a contradiction in what I said I guess that Musharraf—bin-Laden is—bin-Laden has—Osama has widespread popular support in Pakistan and would a democratic Pakistani government be better to able to get him or not. Is that the essence of your question?

MR. : [Off mike.] [Inaudible.]

MR. COHEN: Yeah. If it's popular, would a democratic government be able to round him up?

MR. : Well, I just didn't—you comment that he—you know, that he uses the threat of his Islamic extremism in the county and that he overplays that. But then you also said we shouldn't go after bin-Laden because there's no popular support.

So if he's overplaying that, why couldn't we go after him?

MR. COHEN: Yeah. No, I didn't say we shouldn't go after him. I said from an American perspective, yes, we should. And I think there's an important revenge element, and we should do everything we can to get him.

In terms of Pakistani politics, what that has become is Musharraf acting at our behest; and, therefore, he goes through the motions. But again, maybe he's unable to locate Osama and other senior people, especially al-Zawahiri.

I don't think there's any way out of this dilemma. We don't know whether they know where he's at or not. But I think a popularly elected government of Pakistan would be no less eager to round him up. In fact, it might have more political credibility than Musharraf.

What I—what—one of the problems we face in Pakistan with regard to the general popularity of Osama and strong anti-Americanism is that we have a negative public opinion program there—public information. There just isn't anything there at all.

They've sent out a new team of people, but they're going to be hiding behind these walls and barriers. It's really awful.

And there's no American message getting out there. We should have and we could have done a lot more than we have done, especially in working with the Pakistani press, especially the Pakistani media and so forth.

And Pakistanis are literate and watch television, read this stuff. And so far, they haven't seen much of the American concern. There's a widespread belief that, you know—you know, that we, in fact, were behind Osama. Every Pakistani would say he's our man. He always our man and always will be our man. The whole thing is just a charade.

So there's—and even—you know, even amongst senior policy makers you hear that. So I think our public information program has been dysfunctional at best.

Now, you can't solve policy through public opinion. But I think a more democratically based Pakistani government would be able to go after him and go after those elements a little more effectively than Musharraf.

MR. POLLACK: Well, thank you, all. The next item on our agenda for today is lunch. And before we thank our panel, let me just give you some brief instructions about lunch. We have a buffet table set up outside. If you will all exit by the back, go around, take your food, and come back in through this door, and then take your seats again, we will resume with Dan Byman's final address at about quarter after.

In the meantime, would you all please join me in thanking our second panel?

[Applause.]

[END OF PANEL]

KEYNOTE ADDRESS

MR. POLLACK: Well, I hope everyone has had a chance to get a little lunch. And please don't let me interrupt you. We're going to continue the tradition of having people while others speak, just as long as we don't start a new tradition of having people speak while they eat.

And we're all delighted to have as our final speaker of the day Daniel Byman.

Dan, as I mentioned earlier, wears two hats, again as many people do in Washington. He is the head of the Security Studies Program at Georgetown University, and he is also our Non-Resident Senior Fellow for Terrorism at the Saban Center. And we are only—our only concern about Dan is that we only regret that we couldn't have him full time at the Saban Center, because he is one of those people who proves himself to be indispensable in just about everything that he touches.

Dan is a wonderful expert on the Persian Gulf. He is a wonderful expert on the Middle East more broadly, on ethnic conflict in the Middle East. And he has also become a tremendous asset in the field of the study of terrorism.

He is one of the most prolific authors in Washington and has written widely on subjects ranging from the use of coercive force to now, as I've mentioned several times, his brand new book, Deadly Connections, which looks at state sponsorship of terrorism.

Dan brings to Deadly Connections a wide range of expertise. He began his professional life at the Central Intelligence Agency, where he was a Persian Gulf political analyst for many years.

After the CIA, Dan joined the Rand Institute, where he again worked on various issues related to military and terrorism subjects, mostly with regard to the Middle East, but also varying a field to places like China and even Latin America from time to time.

After leaving Rand, Dan joined the 9/11 Inquiry and then later the 9/11 Commission, where he was a key member of that staff which wrote the Pulitzer Prize winning volume.

And finally, Dan has moved on and now is settled very comfortably at Georgetown, at least settled there until I can steal him away full time for the Saban Center.

And so with that bit of introduction, let me introduce to you Dan Byman, who is going to sum all of this up and make sense of it for all of you. Dan?

[Applause.]

MR. BYMAN: Thank you very much, Ken, for that kind introduction and thank you, all, for staying—going the distance and staying for my talk. The title that I've been asked to speak is to "Ending State Sponsorship of Terrorism." And I should tell you that, as with any good title, it's a bit of a teaser.

The real question is not ending state sponsorship, but how to reduce it and how to think about reducing it over the long term.

And so today, I'll tell you what I think about that question, and also what I'm going to stress in some ways is what to avoid, because we've learned a lot of lessons over the years, many of which are negative lessons.

Let me begin by saying that we're focused on the problem far too narrowly. Our thinking on state sponsorship is shaped by our history, naturally enough. And if we were having this session 20 years ago, most of the panels would be on state sponsorship, because states were responsible for some of the most deadly acts of terrorism.

And also these were key policy issues, because you had real disagreements between the United States and its allies, as different countries, at times including the United States, rewarded terrorism and at times punished it quite harshly.

And so it was strongly linked to the policy debate as well.

But 9/11 seemed to change everything. If you remember the Economist cover after that, it was the day the world changed. And a lot of this seemed to go out the window.

Al Qaeda, of course, dwarfed other terrorism threats in the past, and there was a lot of talk about network organizations, virtual organizations, stateless terrorism, fighting ideologies. So a lot of the emphasis on states seemed to be diminished.

But if you have a closer look, much of the problem is too state—it's still states. And look at 9/11 itself. I think it reveals two very different problems.

The first are active supporters of terrorism, like the Taliban's Afghanistan. The first major effort after 9/11 by the United States was to invade a country and topple its government.

So a very old-fashioned response to terrorism; that this may be the day the world changed, but the first thing that was done was to remove the state supporter.

But the second problem, and this has been alluded to in different panels today, is what I call passive sponsorship or toleration, where you had countries like Saudi Arabia, Pakistan, and in different ways Germany, the United States, tolerating different aspects of jihadist activity. And many knowingly turned a blind eye to terrorist planning, recruitment, and fund raising. And this sort of passive sponsorship has a very different set of motivations and a very different set of solutions. And some of the things that are usually effective with counter-terrorism may even backfire when we talk about this.

It's useful conceptually to think in terms of examples. Iran is a very traditional sponsor of terrorism in its relationship with Hezbollah, a very traditional active sponsor.

Passive sponsors more like Saudi Arabia before September 11th, where they're allowing terrorists to exploit their activity.

But you can be both. Syria today is to me a good example of a country that has an active relationship with several Palestinian groups and Hezbollah. But at the same time, it's

tolerating certain jihadist activity with regard to Iraq, and thus manages to bridge the gap for worse unfortunately.

I'm going to try to talk about both of these groups—or both these categories in my talk, and about the appropriate policies.

Now, the traditional concern, as I mentioned, were active sponsors. There were seven—Iraq, Iran, Sudan, Syria, North Korea, Cuba, and Libya. We used to call them the Seven Sisters, and my wife, as a women's college graduate, never really liked that too much.

But nevertheless, they were out there. And of these today, only Iran and Syria are real sponsors. Pakistan never made the list. The Taliban's Afghanistan never made it.

And today, North Korea, Cuba, and Sudan's involvement and Libya's involvement is limited by any reasonable standard—non-existent in some cases.

And as Dr. Pillar alluded to in his talk, and I'll put it a bit more bluntly, the list is really Exhibit A that we confuse terrorists and enemies. Most of these regimes in different ways are quite noxious, and I don't want to really say that North Korea is a wonderful place; therefore, remove it from the terrorism list.

But if your goal is to have a terrorism list that actually reflects terrorism sponsors, I'm not sure North Korea deserves to be on that list.

As we've heard today about these different sponsors, their targeting of Americans directly is quite limited. They're focused on Israel. They're focused on Kashmir. They're focused on Iraq. They're focused on other countries. But they all affect U.S interests, and in part this is because all of them retain a latent capability to strike the United States.

Iran's activities in Iraq are a good example, where they have connections to a wide variety of groups and should Iran wish to turn the country against the United States, it can easily do so unfortunately.

Also they affect U.S. interests more broadly in that they destroy peace around the world, whether it's Kashmir or whether it's Israel and Palestine. These are very strong U.S. interests, and terrorism is playing a major role in stopping peace.

Now, why we had problems stopping active sponsors? There are five reasons I'll point out.

The first is from the sponsor's point of view, support for terrorism works, often for quite low cost. An example to me is Iran's activities in the 1990s with regard to support for Palestinian groups, in particular Palestine Islamic Jihad, where this played a significant role in disrupting peace negotiations that were quite promising, and delaying agreements that might have been signed. And there are many reasons that went into why peace was not concluded between Israel and Palestine.

But one of them was the continuation of violence. And one of the reasons for the continuation of violence was Iranian and other support for terrorism.

A second reason is that sponsors anticipate pressure, and they manipulate support to avoid it. It was noted by Roger Cressey this morning that Pakistan has long been considered to be a sponsor of terrorism in many ways, but was not placed on the list, and that there was a big debate in policy circles about whether to do this or not.

Pakistan recognized this was going on through our government's ability to even keep these things secret, of course, is non-existent. And what it did was effectively outsource terrorism. It began to send groups to Afghanistan to train in areas in particular controlled by the

Taliban. And, as a result, our categories didn't work for this. We said, well, that's a different territory. That's Afghanistan. Even though we recognized that area was strongly under the influence of Pakistan and that Pakistan was doing it, it allowed it—because of our categories in the fiction of them, it allowed it to evade it.

A third lesson—a third reason for problems is that the stakes are extremely high for the sponsors and they have few alternatives.

Syria and the Golan Height is a good example. From a Syrian point of view, regaining the Golan Heights is a vital national security interest, at the very top of their list. And how else are they going to regain it from Israel? Negotiations perhaps, but military they have no choice. So their ability to put pressure on Israel, to force Israel to the negotiating table is quite limited.

A fourth reason—and this was mentioned—is ideology. Now, if you look at when Libya was active in the 1970sa and 1980s, if you look at Iran, ideology, the desire to spread the revolution, the desire to support groups that had the similar agenda, was a major motivator, and that was very hard to affect. They genuinely believed this. You know, Ayatollah Khomeini had that famous line where he said, the revolution is not about the price of watermelon. And what he was really saying in a deeper sense is we don't really care about the core economic issues that people think you should care about. We care about something much deeper, which is the spread of the faith.

And that's a very hard influence to shape from the outside.

And we saw this in the 1990s with Sudan for many years and also, of course, with the Taliban's Afghanistan.

Now, there is very good news, and this is a terrorism conference and normally people don't say good news, so I'm going to say it, which is the number of ideological states that support terrorism is down to one. And that's Iran. And even Iran's ardor has cooled since the 1980s.

And this is a huge change. What Dr. Pillar mentioned in his talk, which is be on the lookout for new revolutionary regimes, I can't emphasize enough, because those are the regimes that throw all the rules out and cause tremendous problems.

And the fifth reason, which I'll dwell on and perhaps aggravate in detail later, is that many of the instruments available to press state sponsors of terrorism have their own deficiencies.

A final point on active sponsors is to recognize the risks when you free a group of a sponsor, when you cut that link.

For obvious reasons, we tend to think of sponsorship as a very bad thing. It makes groups more deadly in terms of capabilities. It makes them more survivable.

But states fear retaliation, and, as a result, they often impose a limit or break on their proxies.

Also states want control typically, and the result is they hurt the group or more accurately they hurt the movement. We saw this with the Palestinian movement, where every Arab sponsor seemed to want to have its own proxy.

We saw this with Pakistan, where whenever one particular Kashmiri group got too strong, it created another one.

And the result was very, very dangerous in terms of terrorism, but it made the movement much less effective.

Also this at times gets exceptionally bloody. If you ever talk to a Palestinian leader alone, the first thing that he's going to rant about is not Israel, but other Arab states. Why?

Because they're responsible for far more Palestinian deaths than the Israelis. Exceptionally bloody crackdowns. And this control goes to the point where they'd much rather have control than victory.

When you cut the sponsorship link, it can lead to several dangerous phenomena. One is an increase in violence. I've mentioned that Pakistan outsourced some of its terrorism to Afghanistan. But as a result, the groups became more independent and they became more violent, both within Pakistan and within Kashmir.

For those of you concerned with the link between states and chemical/biological or radiological or nuclear weapons, this should be an issue, which is for now most states have an understandable fear that if any of these weapons are spread to terrorist groups, they might be held accountable.

Should his link be severed, this doesn't mean groups—states are going to do it. But it does mean that groups are going to have one fewer fetter, one fewer restraint, and there will be more on this issue perhaps from the demand side.

I'll briefly about passive sponsors. Just for symmetry reasons, I also picked five challenges but it's worth pointing out that these are a completely different set of challenges.

The first challenge is that there are domestic constituents inside a country that support the group, even when the government doest not.

And what this means is you are dealing with peoples, as well as regimes; that you're trying to affect popular sentiment as well as the actions of a few individuals in government. Now, it's very easy to Saudi bash, so—and especially as I am one of those people

that the Saudis have really gotten their act together in a reasonable way in the last couple years. I'm not going to do that.

What I'm going to do instead is show the problem with the United States, and one of the best examples of this is the United States and the IRA in the 1970s in particular, but also the early 1980s.

A lot of U.S. money, weapons, and to a degree a haven went to IRA members who were killing innocent people in Northern Ireland.

And this isn't rocket science why this happened. There was tremendous sympathy among segments of the Irish Catholic population in the United States. These areas were of great political importance—Speaker O'Neil's district, just to pick one at the time, of tremendous political importance. And it got to the point where the signature IRA weapon is the Armalite; was essentially a civilian version of the U.S. M-16. It was something you bought in the United States. It was a major supplier as well.

And from a U.S. point of view politically, there was a real political cost to clamping down, so the United States surely could have done it and eventually did to a degree, but it would have been politically costly and not surprisingly politicians were reluctant to do it.

A second reason and an obvious one is that passive support usually does not pose a direct threat to the sponsor. So Irish Catholics are providing money to the IRA in Northern Ireland. It's not going to kill Americans. So there's no immediate need to do this in the sense there would be if it were a direct threat.

At times, some states see some utility in doing so. Pakistan saw utility in allowing jihadists to organize in Pakistan, because they would indirectly aid the—their efforts in

Kashmir. And so by allowing—passively allowing one group to organize, it aided a group that the Pakistanis were aiding directly.

The fourth reason is that there's really no consensus on what constitutes passive support. And to be fair, there are two very tricky issues.

One is that the cause may be legitimate even though, even if it's tied to terrorism. I can get up here and say that Chechnya perhaps should be an independent state; that what Russia is doing in Chechnya violates every vague precept of human rights that we have. At what point does that statement become encouragement to terrorism? At what point do I say what I'm doing is proselytizing. And you could easily take those remarks and go a few steps further and get very close to the edge of violence.

And effective proselytizers know exactly where that edge is, and are very careful about—well, I never said support violence. I just said that these people were heroes. Okay. You know, at what point do you cross that line?

A second is that many of the organizations involved in passive sponsorship are humanitarian organizations or using the cover of humanitarian organizations.

And again to talk about Chechnya, there are widows and orphans in Chechnya, and it's a more than legitimate humanitarian cause.

At the same time, some of these humanitarian organizations are controlled by groups that use violence, and when you give money to one, you're giving money to the group that uses violence. It is exceptionally hard to disentangle this on the local level.

A fifth reason is that outside pressure is quite poor on this. There isn't much focus on logistical activity, on proselytizing and recruitment, though there's been more in particular after the recent attacks in London. And again, the instruments for this are poorly designed.

So let me talk about the instruments with both passive and active support in mind.

Military force is the traditional means of coercing state sponsors. Traditionally, this typically only works when you go to the level of regime change, where you are removing the Taliban from Afghanistan. Or you're doing a massive threat like Turkey did with Syria and the PKK, where they were threatening to line up divisions on the Syrian border.

So very unusual for this to work in the simple way that—

[End of Tape 2, Side B; begin Tape 3]

MR. BYMAN: —casualties first, and this is a question we used to ask ourselves in the first 9/11 investigation I was part of. Everyone in counterterrorism knew Afghanistan was a problem. Most political leaders, both presidents, were warned Afghanistan was a problem. At what point do you act? How many Americans have to die before you act?

The empirical answer is somewhere between 17, the number who died in the attack on the USS Cole, and 3,000, the number who died on 9/11. I'm not sure where that number is, but you need it to be massive to have action.

I want to point out that limited uses of force don't usually just fail, they usually backfire. They usually make the problem much worse. From a tactical point of view, it's extremely hard to destroy the infrastructure of terrorism mainly because the infrastructure of terrorism is often a room where people meet, a book they read, an obstacle that you could design with the chairs in this room. It's nothing terribly dramatic.

Also it's exceptionally hard to kill individuals. You need superb intelligence and you need incredibly quick reaction to that intelligence. That's very difficult, and particularly the farther you way you get from where the individuals are.

Usually the strikes make the regime more popular and stronger. The one thing that brings people together behind a regime is when it's attacked by outsiders. Regimes become much more reluctant to capitulate because they feel they'll be doing so in the face of outside pressure.

There is little support abroad. It's usually seen as an overreaction to the deaths of only a small number of people typically. If you look at the 1986 raid on Libya and the 1998 missile strikes on Afghanistan and Sudan, they both backfired. In both cases terrorism increased in the short-term. In the case of al Qaeda, the group became heroes. We have memos and we have these great Emails from groups in Afghanistan before the attack saying it's horrible here. People hate us. We're not getting any money. I want to go home. After the 1998 strikes they're saying everyone loves us. We're heroes. Why? Because they were seen as standing up to the attacks.

It also can bring the terrorists and the groups closer together with the common enemy. It's worth pointing about forces that presumably we won't bomb our allies, and much of the problem of passive support involves allies, so it's not very useful for passive support.

Economic pressure. As with military force, it often backfires. It can strengthen a regime's control as we saw in Iraq because since resources are scarce, access to the state becomes more important, so although there's half as much money going around, the state controls much more of it and people have to rely on their government more. Again it allows the regime to blame outsiders for what are typically their own economic problems.

Economic pressure is very hard to do well. I can have a real impact in economic terms. It usually needs to be multilateral. Also it takes years. Often it requires the regime over time to become less ideological. Ray Takeyh talked about the idea of simply waiting out the

Iranians. That can work, but that's not very satisfying in the next 2, 3 or 4 years while you're waiting for that to happen.

Perhaps surprisingly, symbolic forms of punishment on the economic front matter. I'm to some degree as strange as it sounds a fan of travel bans. Dr. Pillar mentioned that this really seemed to have affected Qaddafi who wanted to wander around the world and have everyone proclaim him as a great leader and that not being able to travel really mattered to him.

More generally it actually affects elites. In most countries that are doing this you have a group of elites often corrupt that not surprisingly want to leave their miserable home. We in the West have the Riviera, there's only one, and if you can restrict access to that, it is a surprisingly influential form of power.

This is also a very effective form of pressure with allies. The threats that the United States communicated to the Greeks that we might say before the Olympics it's unsafe to travel to Greece unless you crack down on terrorism proved exceptionally effective. Surprisingly enough, Greece suddenly became much stronger on counterterrorism in response to that threat.

Diplomatic steps. First of all, call outsource for what it is. If Pakistan is outsourcing again to another country like Afghanistan, label it as such. If Syria is doing a similar thing in Lebanon, label it as such. We tend to make these distinctions drawing state boundaries where they are on a map but not where they are in terms of power. If one country dominates another, then the responsibility for what happens in the country's territories needs to be reflected in that.

Also the various lists need to be real, the state sponsorship list in particular for my purposes. Ideally it is transparent so you know why states are on it. You know the criteria. Also

it's flexible. You need to be able to get off of it. It is unclear to me why North Korea is on the list, or Cuba, and simply being evil is not enough of criteria. You need something related to terrorism, presumably, to be on the terrorism list.

Also the list should have some ability to reward progress. Steve Cohen mentioned this with Pakistan, you do A, B and C, we'll do D, E and F, and you make it quite clear. You need the ability to say that if you improve even if you're not up to 100 percent, the level of punishment may decrease. What we tend not to do is reward states that make huge changes because we're holding out for perfection and it becomes the enemy of the good.

When you talk about state sponsorship lists, I would also add passive sponsorship in particular because this is what matters for the jihadist cause today. It's the tolerance of fund-raising, it's the tolerance of proselytizing, and that can be much more important in a strategic sense than the emphasis on traditional state sponsors.

It is hard to form a consensus on passive support for obvious reasons, reasons I mentioned, but you need to try. An obvious point is any knowing support, and knowledgeable support of terrorism should be stopped. The burden should be to know that it is not simply enough that states do not know what happens on their borders. The presumption should be that they are trying to find out, and trying aggressively to find out.

Also accounting for the activities of charitable organizations. Again they should not be able to say ignorance is their excuse, that they need to police themselves. We've seen some considerable progress on this, I should say, but there is a long way to go.

Some additional thoughts on passive support. From an intelligence point of view, it's worth pointing out that this is an exceptionally difficult challenge. What you need to know is what is not being done by a government. It requires almost a net assessment of what a

government could do in theory and then saying they're not doing steps 1, 4, 6 and 8 and pressing those points home.

It requires knowing the level of terrorist activity in that country to do that effectively, but that's of course quite hard particularly when you rely on that government for the intelligence on the terrorist activity which we do by necessity. The liaison service itself may not know, it may intentionally deceive, but it causes a real problem. As a result, you need to bolster local intelligence not just in the country in question, but also on the regime's intelligence service. It becomes a priority because you are relying on them so much.

It's worth pointing out that although I'm complaining about local intelligence services, much of the answer lies in strengthening local intelligence services. You want to make them effectively full partners. They're the ones that have the manpower. They're the ones that have the resources. They're the ones that have the laws behind them that can operate effectively around the globe.

However, many of these services have at best a limited capacity to absorb outside help. If you simply dump 300 computers on the Saudis, it's unclear how many of them will be out of their boxes 2 years later. This is a real problem in much of the developing world which is the capacity of the number of people who have technical skills, the number of people who can liaise with the 500 Americans who often descent on their soil. It's quite limited.

Let me say a few words about public diplomacy. As I mentioned with passive support, you're dealing with people as well as governments, so affecting constituents becomes exceptionally important. I think we're going about this in the wrong way. There's a lot of talk about getting the U.S. message out and selling America. I'm all for that, so great ideas, go forth.

To me the real key is actually making the bad guys look bad. I think that's much easier, frankly. It's very hard to say to audiences that don't have much of an idea of what America is really like that America is this wonderful, sweet country, but it is much easier for people who have had experiences with the jihadists to say these are not such good people. One of the strengths of American democracy is the attack ad.

[Laughter.]

MR. BYMAN: So I think we would exceptionally good at exactly this thing of designing programs that make the jihadists look extremely bad, playing up things such as their utter contempt and anger at democracy. As we know from poll after poll, the Arab world is extremely enthusiastic about democracy and pointing out that you have leading jihadists openly condemning this is a simple step. Playing up the victims of terrorism as the Saudis did after the May and November attacks of 2003, where you simply get ordinary people who talk about losing their loves ones and you say these are the people who suffer from terrorism, it's not George Bush sitting in the White House, it's this ordinary person. That's much more effective I think than kind of propaganda about how wonderful the United States is.

Given U.S. unpopularity, I think whenever you can work through others, it's much better, that has its own set of problems, but the model in some ways I think is that what the British did with the Irish Catholic community in the United States. The Irish Catholic community was not going to be receptive to a bunch of British intelligence folks kind of wandering around saying Britain is great. You should love how Britain has treated Ireland. Ignore 500 years of history, but other than that, it's been wonderful. What they did was work through the Republic of Ireland where they got the Republic of Ireland to put pressure on the Irish Catholic community, and that was tremendously effective.

I want to end with kind of a plea which is to get our own house in order on this issue. A particular problem for democracies tend to be the activities of their citizens, and in particular diaspora communities that support causes far away that no one pays attention to. A great example today is Canada which has a large Tamil population that sends support to the Tamil Tigers in Sri Lanka. For a variety of reasons this gets hard to stop, but if the United States is to be credible in stopping state support and in particular passive support which is one my themes right now, then it really needs to ensure that there is no equivalent of the IRA in the 1970s that's wandering around the United States.

Part of that requires really having an understanding not just of the jihadists but of a wide range of terrorist groups that don't threaten the United States. The Tamil Tigers to my knowledge are not killing Americans, but if we're trying to sell to the world certain policies about support for terrorism, we need to make sure that we're not indirectly abetting them through various laws that allow contributions to them.

Again I want to thank you for listening to my remarks, and I'll take your questions.

[Applause.]

MS. DANIELS: Sameera Daniels. I'm a little bit confused. If you could be more explicit about why you think Pakistan should be on the terrorist list, it will be important for me to understand that. I understand the arbitrariness. You're pointing to that. I could draw up a list of many other countries that are even Western that might fall under that. So I would like you to be more explicit if you could. Thank you.

MR. BYMAN: Pakistan has long supported a wide range of groups, some secular, most in recent years Islamist, that have used violence in Kashmir against a wide range of

targets. Some have been more akin to what we call insurgency or guerrilla war going after Indian military forces, police and government officials. Some have just killed civilians often in a sectarian way quite brutally, and there have been attacks on targets in India as well.

Again and again independent report after independent report has linked these to the Pakistani government in a variety of ways. We've had memoirs from Pakistanis coming out talking about some of these issues. This is something that it's convenient for the United States to actually not press this issue, so you won't see it in the U.S. government reports.

So ironically you have groups like the International Crisis Group being far more hawkish than the Clinton and Bush administrations, to be fair, that are both in theory quite aggressive on terrorism.

The problem with the state sponsor list is it ties the hands of policy makers. I'm actually quite sympathetic to policy makers on this one because in Pakistan as Steve Cohen pointed out, we have a long list of very difficult demands. I'm not sure what should be at the top. I think that's an open debate and anytime you put the words state instability and nuclear weapons together, that's going to be near the top of my list.

But from an analytic point of view, I think it's clear that Pakistan is a sponsor of terrorism. There is a broader policy question of whether this state sponsor list does more harm than good which I would largely argue, but more broadly I would say I'd like to restructure it entirely because I think it could have utility.

MS. KEMP: Nina Kemp [ph], Brookings. In the Middle East with the increase in democratization combined with the continued existence of terrorist groups, they're starting to translate into organizations such as Hamas and Hezbollah who engage in terrorist activities, and they're becoming more legitimate because they're in democratically elected positions of power.

Regarding counterterrorism options for both the U.S. and Israel, do you feel like this ties our hands in terms of what we can do because the groups are not state sponsors, but they're actually elected? Or does it give both countries more options because the groups also have an increased stake in the political system?

MR. BYMAN: The answer I think is yes and yes. It gives you new options, but it makes certain types of pressure much harder. It causes a real problem which is does the United States work with the government of Lebanon if there is a Hezbollah minister in it? Does the United States work with the Palestinian Authority if there are several members of Hamas in the government as would be likely if the government reflected some degree of popular participation? So very huge, very difficult policy-maker dilemmas.

There is a hope which is the hope of in particular Palestinian leaders that this is a poison hook, that you get people in and once they start having to worry about garbage removal, and once they get their hands on the money they too become corrupt which is I think quite likely, that their popularity will wane, that their strength comes not from their ideology but from being in opposition.

I actually tend to be a bit more skeptical. I think that these groups are much stronger in some ways because they actually have an ideology that goes beyond the day-to-day getting things done of politics in the Middle East and that there are going to be long-term challenges. I think from a counterterrorism point of view of the United States, the best bet might be to encourage this process because it can't hurt necessarily, but have a very, very firm and strict line on where terrorism beings and ends and keep the pressure up.

The problem we've found in the last 10 years is that it doesn't work very well. I'm sitting up here and saying I don't have a great solution to you. But to be clear to a group like

Hamas, as long as you use violence against civilians, we will not condemn Israeli actions against you because that's clearly an illegitimate target and Israel is engaging in a right of defense to do that, and even if you're part of an elected government, that doesn't matter. So it's not a distinction that I find terribly relevant to a lot of counterterrorism issues, but it is clearly relevant to an overall policy issue.

MS. STEFAN: My name is Maria Stefan [ph]. I'm from the International Center on Nonviolent Conflict. Dan, thanks very much for your comments.

I have a question that relates to your point about public diplomacy. I would agree that rather than promoting how great America is in the Arab world or wherever else, that an alternative is to focus on the bad guys. But it seems like there's something in between which involves this arguably ignored and untapped resource which is the Arab populations themselves and this dynamic force that exists in Arab countries now starting with Lebanon with the mass movement and an attempt to end Syrian occupation which they're very proud about, this Cedar Revolution. You have mass protests now taking place in Egypt with the Kafaya Movement.

My question is, what are the policy implications of these mass nonviolent movements that are taking place? Perhaps we're not taking them seriously at a policy level right now but have the potential to transform the region and the regimes without the U.S. having to send in the Marines or bomb or whatever else. What should policy makers be seeing about what's happening in the Arab world, and do you see this as a source of potential change in the region?

MR. BYMAN: It is certainly a source of potential change, and as you mentioned with Lebanon, a quite real change. The problem is that this creates a new set of issues and not necessarily a new set of answers.

When I think of democratization in a country, and let's take Egypt, what we've seen again and again throughout the Muslim world in general is that when free elections are held, the Islamists do between exceptionally well and very well and that what regimes have to do is resort to a host of tricks to minimize their action role in elections.

We saw this in Egypt recently where the Islamists were not allowed to run directly, but whoever they backed happened magically to do rather well, and the regime really had gone to great lengths to minimize that. We saw this in Saudi Arabia when where was minimal participation, we've seen this to a degree in the Palestinian Territories, we saw this in Lebanon where, yes, there was the Cedar Revolution and, yes, in the elections Hezbollah did phenomenally well.

This leads to a new issue which is new governments in power will have different rules. The various Assad father and son regimes in Syria have learned the rules of terrorism. They've learned where they'll be whacked if they go too far and how much they can support without being hit very hard. Like it or not, there is that middle ground.

You'll have popular regimes that are much more likely to support popular causes around the world. In particular that's Iraq, but it could be elsewhere. So I think you'll see regimes that are less likely to produce terrorism at home because there is a voice for Islamists, but at the same time possibly more willing to support radicalism abroad simply because they're new and they don't know the rules of the international game, and they believe in something.

MS. STEFAN: Does that mean we should not democratization?

MR. BYMAN: I'm speaking from a counterterrorism point of view. From a broader perspective, to me democratization has advantages, but my usual line is that democratization without the institutions to support democratization is disastrous. What you do

first is build the institutions. In most of the Middle East, the institutions have been deliberately destroyed, that civil society, a free press, the various basic components of democracy were much stronger 40 years ago than they are today.

As a result, you really have to start over, but then the question is how. How do you build institutions in an undemocratic regime when the regime resists it? I'm waiting to read your book. Let's put it that way.

QUESTION: Scott—Brookings. Dan, and really Ken, too, at the last panel we were talking about the problems of states. Certainly the new state in Iraq is an area, a locus of terrorist conflict, certainly sectarian conflict is with us at present and for the foreseeable future with Zarqawi having literally declared war on the Shi'a. You know from Michael Scott Dorint's articles that this is a concern probably within Saudi Arabia that this was all along a U.S. plot. Right next door to Iraq is the largest Shi'a country in the world. It also has a lot of Shi'a in Syria and Lebanon, as you know.

Can you say something about whether you've seen any trends towards passive or active support for Shi'a resistance against the Sunni onslaught? Of course, since Syria has been seemingly at least passively tolerating the Zarqawi network and actually Iran was a transit point from Zarqawi going from Western Afghanistan over, maybe just a comment on the region's passive support for this conflict.

MR. BYMAN: The passive from an Iranian or Syrian point of view is quite logical. You want the United States to have some problems in Iraq. We had a conference here in May 2003 and the theme was Phase Three on the War on Terrorism. What's next? That was a serious question. I don't think we're going to have that conference for a while.

The obvious reason is we are bogged down in Iraq and there are a host of reasons for that, one of which is there are a number of people shooting at us that were facilitated in different ways by neighboring states. I don't think that's the main reason, to be clear, but that's a part of it. So to me there's a logic to it.

The reverse question is actually quite interesting, which is that what bin Laden was quite successful in doing is swimming against his own movement and saying we have our difference with our Shi'a brothers but we'll resolve them later. There are much bigger fish to fry now. That tension was always right at the surface. As I think the leadership has lost the control over many of the elements in a complete sense, you've seen the sectarian hatred rise.

In Iraq in particular you're seeing that violence and you're seeing statements by Zarqawi that from a counterinsurgency point of view are ideal. This is man that everyone fears might actually unite insurgents, and he's doing exactly the opposite. He's dividing the insurgency much better than we're able to in some ways.

Would an Iraqi government support Shi'a under assault elsewhere around the world? At the moment, no. It simply has way too much going on in its own country, way too much violence going on. But would it be sympathetic? Absolutely. Would those individuals who fled from their countries and went to Iraq, would it offer them shelter and support maybe over time, a self-defense class? Yes, it's certainly possible. It's not something that's happening now, but that's in large part because sectarian violence in a true sense has not spread from Iraq to its neighbors, but there is a watch this space element, unfortunately.

MR. POLLACK: Let me just add a point to what Dan just said, and I really want to make it brief because this is Dan's moment in the sun and not mine.

The fundamental problem with your question, Scott, is that it presupposes that there actually is an organized Shi'a group out there and with one possible exception there isn't. Certainly in Iraq the Shi'a are not united. In fact, it's one of my great bugaboos when we talk about Iraq. We continue to talk about the Shi'a as if that's a meaningful grouping, when in point of fact the Shi'a are an agglomeration of a thousand different groups all of whom would fight each other as readily as they would fight the Sunnis or Zarqawi, and that also suggests that the Sunnis are more united in Iraq than they are. So you really can't talk about the Shi'a in Iraq.

The one exception out there is Iran. I'm always a little bit nervous about making Iran into too big a bugbear, but there are two things that are worth considering. The first is a point that Ray made earlier about the fact that the Abadgaran Movement—and the people that he represents really do actually seem to take that stuff seriously. Obviously in the past we did see Iranians trying to reach out to Shi'a all over the place and try to stir them. Hezbollah is still out there and Hezbollah could become a vehicle for that kind of a transnational mobilization of the Shi'a should the Iranians want to do so. That's one possibility.

I think the other possibility out there with regard to Iran is whether a civil war in Iraq prompts the Iranians to take a much broader stance toward a Shi'a-Sunni conflict. If there is civil war in Iraq, and unfortunately I think that's a very live prospect right now, I think the Iranians are going to get into Iraq with both feet. They're already waiting for it to happen. They're very nervous about it. They're already poised to do so.

If that happens, I think you're going to see Iran fighting Saudi Arabia, Kuwait, Jordan, Syria, possibly even Turkey as well through a variety of proxies. They'll support a variety of different Shi'a groups and those others will mostly support various Sunni groups. I think it will be very tempting for the Iranians under those circumstances to try to aid their battle

inside Iraq by spreading and using Shi'a groups outside of Iraq. In other words, stir up the Shi'a in Kuwait, stir up the Shi'a in Saudi Arabia, as a way of weakening their role inside of Iraq.

Again I can't predict that with any degree of certainty. I just think that the temptation is there. Then we could see a move toward this kind of larger schism which you're pointing at which as I said right now we don't see it because at the moment there's just division and fragmentation among the Shi'a within Iraq.

MS. PATRONAS: I'm Sophia Patronas and I'm an analyst. One of my questions to Dan was what kind of incentives could you suggest that we provide passive supporters of terrorism, passive state sponsors, who not only lack the political will to crack down on terrorists, but if they do crack down on terrorists, then it's not America's problem, it's their problem and perhaps they would be attacked.

For example, Greece comes to mind. They did crack on November 17th, but they are completely hands off on terrorists traveling through their country and lot of Greeks give credit to the fact that there wasn't an attack because we're hands off in Greece, why would they attack us? Then we'll just crack down on them.

Is there any sort of incentive that we could provide to passive sponsors, passive supporters?

MR. BYMAN: There are answers, and incentive structures can go from financial to other forms of aid. You can have a variety of forms of aid that can do this which should be part of this package.

The flip side is, and Greece is a good example, where you make it clear that there will be costs to this as well. So the incentive in some ways is also the reduction of a punishment. That has problems because it has to make sure that you actually care enough about this issue.

You can do it Guinea Bissau because there aren't many U.S. interests in Guinea Bissau, but when you start to get to a country like Russia or China where there are very, very serious issues on the plate, it's questionable whether this should be at the top or something else should be at the top.

There is good news which is that the jihadists hate everyone. As a result, they are a relatively easy adversary to get international support against, in contrast to Hezbollah. Hezbollah could make a credible promise to a country that we won't attack you if you leave us alone and they would keep it and the country could be confident that Hezbollah would keep it.

The jihadists have a tradition of blowing up things where they do their logistics. We've seen this in European state after European state. And Yemen was always interesting to me in 2000 because those handful of us who followed Yemen were aware that there was a significant jihadist presence there in part because of their role in the civil war in Yemen earlier. I wrongly assumed that Yemen would not be a major place for an attack because there was a major logistical center there. Why would you mess up a good thing?

People always say this about the United States, this is probably bad news, but we're the hen that lays the golden egg. Why would you do an attack here because this is where your money comes from? People said this about London.

At some point that's wrong. I think we're well beyond that point, and I would make that to the Greek government. So I think we have a logical argument on jihadists that's actually true, we can do a set of punishments and perhaps and incentives as appropriate, but for other groups it's a much harder sell because many other groups are just using it as a logistics base and will indeed leave them alone, and there you really get down to twisting arms rather than reasoned arguments.

QUESTION: Colonel Datta, Foreign Policy Institution. A very brief question. Is the civil war in Iraq inevitable?

MR. BYMAN: No, and I can give you an equally brief answer. Like Ken, I'm actually quite scared of the possibility.

By most standards Iraq is in civil war in terms of if this were an academic conference and we were having a conference on causes of civil wars, I would say according to the measures we usually use to say whether something is or is not a civil war in terms of casualties, we're well above it. So by that sense perhaps we're already there.

The massive bloodshed that I fear with hundreds of thousands of refugee flows, we're truly destroying the country, is not inevitable. I think in part it depends on how the government does. A large part it depends on the training of the Iraqi Security Forces and their ability to do the job.

I'm actually pessimistic on that, but that doesn't mean it's inevitable, and I'm hopeful that the efforts of good people will move us forward, but I've been disappointed in that past. I'll put it that way.

MR. POLLACK: On that I don't know if it's hopeful note or mixed note, please join me in thanking Dan Byman. Dan, that was a wonderful talk.

[Applause.]

MR. POLLACK: Thank you all for attending. We hope that you've found something interesting today. We hope at the very least it stimulated your own thinking about the global war on terrorism or the global war against terrorists as you may want to call it, and perhaps we'll see the fruit of that in the future.

Thank you all very much. Deadly Connections in the bookstore.

[END OF RECORDED SEGMENT.]