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THE CHANGING NATURE OF STATE SPONSORSHIP OF TERRORISM

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## P R O C E E D I N G S

MR. RIEDEL: Since we have almost a full house and we are close to starting on time, I suggest we do something unusual in Washington and actually start on time. That way, hopefully, we might finish on time as well.

I want to thank all of you for coming to this Georgetown University event that has been occupying the Brookings Institution this afternoon. It's real unusual to get three Georgetown individuals on one panel at The Saban Center. I don't know exactly how we did that, and on top of it, to have two of them named Bruce in order to confuse you further. The tradition here is that we make our speakers speak while the rest of us eat, and we promise them an opportunity to eat later on and usually don't deliver on that promise. So we will abide by the usual rules.

Both of our speakers today are well-known experts in the field of terrorism and counterterrorism, particularly in the Middle East and

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in South Asia. I won't give them long introductions or biographies. I think you can find those in the -- you can certainly find Dan Byman's, his analysis paper, and I think Bruce Hoffman is well known to any of you who have studied the issue of terrorism.

Dan I've had the pleasure of working with since 1990 when he made the mistake of agreeing to join me on the Persian Gulf Task Force during the first war in the Persian Gulf. He was smart enough to get outside of my clutches soon after that and to set up the Security Studies Program at Georgetown, which is among the finest masters degree programs in the United States today in international affairs, not just according to me, but according to all those people who spend time ranking. He will discuss his new paper, which you all should have had on your desks, *The Changing Nature of State Sponsorship of Terrorism*, which is a follow-up to his book on state sponsors of terrorism that came out two years ago.

After Dan has a chance to review the key findings, we'll get commentary on it from Bruce

Hoffman. Bruce spent many, many years in the counterterrorism arena at the RAND Corporation and now also at Georgetown. And after that, we will open it to questions. Please give me the high sign whenever you want to ask a question, and I will remind you when we start if you could identify yourself and your affiliation when you ask your question. With that, Dan, the floor is yours.

MR. BYMAN: Thank you very much, Bruce, and thank you all for coming today. I'm, in particular, intimidated today because on the panel -- I've worked for Bruce, but I've also worked for the other Bruce during my time at the RAND Corporation. And I think you'll say at the end, "Boy, those two really imparted quite little to Dan, based on his talk today at least."

My talk is on the paper on state sponsorship of terrorism. State sponsorship is both an old and a new story. It's old in the sense of state sponsorship of terrorism is probably as old as the modern state system. But I would say that much of what we are

seeing today is -- I've always hated the word "new" when it comes to terrorism -- but different, evolving. There are certain trends that are emergent, and I want to talk about these trends and then give my two cents in the end on U.S. policy and its problems.

The first trend I want to talk about is what I've called for a couple of years now "passive sponsorship." When my students and I talk about al-Qa'ida, a kind of standard line you hear is that this is a non-state group, it doesn't have a sponsor, and the state sponsorship world is really irrelevant to it. And I strongly disagree with that. Historically, of course, both Sudan and then the Taliban in Afghanistan were tremendously important to this organization's development. But today there isn't an active sponsor of this organization. There's no government that is deliberately using its own agents to arm and train this organization. But the real key is still its state, it's still government action. And here really it's governments that are not active or looking the other way. You can think of sponsorship

as a spectrum, where at one end you have a very close relationship such as that between Iran and the Lebanese Hezbollah, where there's truly a significant degree of training going on, weapons going back and forth, and so on. But somewhere in the middle of the spectrum is "knowing toleration" is governments that allow groups to be active with relatively little interference. Saudi Arabia was this way with al-Qa'ida before 9/11, and I would argue even before May 2003. Syria did this with fighters transiting Iraq, in particular after the 2003 invasion, but this still continues to this day. The real poster child for this, though, is Pakistan, and the great villain of my piece is in many ways Pakistan where Pakistan is actively supporting fighters in Kashmir and the Taliban. It's a quite open and deliberate government policy, in my opinion. But in so doing, they've created a series of networks at home -- working with domestic groups that are doing the recruiting, the fundraising, and so on -- that are indirectly supporting the broader jihadist movement. And as a

result, Pakistan is not acting in a number of ways against al-Qa'ida. And to me, that non-action is probably the most dangerous concern for U.S. counterterrorism today.

Another link to passive sponsorship worth mentioning is the issue of "diversion." A number of countries historically have allowed groups to be active on their soil, somewhat ironically on the condition that they don't strike in that country. France had this policy almost quite openly in the 1980s, but really the country today I would single out is Yemen, where one analyst of Yemen compared Yemen to a bus station. Where -- it's a place where if you're a part of the broader jihadist movement, you can train there, you can organize there, you just can't strike against Yemen. So, there is a channel of Yemenese going to Iraq and supporting the broader jihadist movement. In Iraq is perfectly fine, but there's a limit to what you can do.

A second trend is that our category is still focused quite heavily on "weapons" and to a lesser



degree, "training." But most sponsorship today is really not about weapons in any serious way. If you looked at terrorist groups 30-40 years ago, a dominant preoccupation of them was to get arms. They were often quite poorly armed. We have a number of groups going back to right after World War II, but there was a group called the Avengers of Israel's Blood, a group of Holocaust victims that had tried to kill off SS prisoners, and they decided to poison them. Why did they decide to poison them? Because they couldn't get access to small arms. It's almost impossible for me to think of a country in the world today where that would be an issue, where not being able to acquire small arms would be a major concern for a group. You still have weapons mattering, especially heavier weapons. I mean, Iran gave Hezbollah anti-ship cruise missiles, which is quite remarkable. But if you look at Iraq, Pakistan, Yemen -- I would argue even Gaza -- that the free market works quite well. There's a staged supply of small arms going in and out of these countries, and the problem in many places is there are

far too many weapons and these groups simply can choose what they want. What matters now, because arms are plentiful, are other forms of support. There is training, which is still very much a government function. But things like fundraising, recruitment, creating a broader environment of support, these are often done within a state but by non-state actors. So fundraising in Saudi Arabia is often done by a number of quite senior, wealthy Saudis who act on behalf of themselves and work with a group, not necessarily as part of government policy. In Pakistan, a number of religious organizations really do a lot of the recruitment for many of the fighting groups. And you also have a broader environment of support. I think Saudi Arabia is pretty firmly committed to the fight against al-Qa'ida, but on the other hand, Saudi preachers are creating an environment of very hostile anti-Shi'a vitriol, in Iraq in particular, and elsewhere. And that creates the environment of support for the broader movement.

When our categories, though, for counter -- for thinking about terrorism tend to focus on shooters, yet we know again and again -- and a tremendous study that Bruce Hoffman did among others -- that much of the success of counterterrorism comes when you go after the logistics network, rather than focusing on the shooters. So when you're going after the recruiters, the fundraisers, those who make passports, and so on. And this suggests that passivity is a real key, and so too is going after non-state actors because they're responsible for a lot of these.

A third issue to think about for sponsorship today is "incapacity." One argument that Pakistan makes, correctly, is that certain tribal parts of Pakistan have never been under government control, and therefore there's a limited degree of responsibility the government should bear for what goes on there. In Lebanon, you could argue that the government is split, where part of the government is strongly against Hezbollah. But it doesn't really matter because, as

was proven a couple of weeks ago, it can't effectively shut down the organization. In the West Bank, there are questions of how effective the government is in shutting down the terrorists there. And this is a real problem for fundraising. To stop financial flow requires a degree of sophistication in your financial system and government capability. And here Saudi Arabia, which I do think in 2003 began -- turned the corner quite decisively. There are limits to how well it can control the financial activities of its own citizens. And that's in part because Saudi Arabia doesn't have a taxation structure. You know, part of why our government knows how we spend our money is because it wants to tax it. And in Saudi Arabia, since you don't have that structure of taxation, you don't have the government knowledge and all the systems in place for tracking money. One thing to be careful of, though, with incapacity is when governments choose not to have the capacity to do something. That often governments plead weakness, but it's because they haven't developed their police,

their security services, or other forms of capability. And it's very hard to tell where incapacity ends and a deliberate shift of responsibilities begin, especially when you have sub-state actors. As a result it's quite unclear who's responsible and you have a lot of outsourcing going on. So within Pakistan, you have the JUI-F -- the JUI keeps splitting, so one of the dominant forms of the JUI -- and it's a political/religious group that is openly backing the Taliban. Is the government responsible for that group's activities? Going further, there are debates about Pakistani intelligence, clearly to be at the higher levels, the government is in firm control. But when you get down to the working level, even a couple of hundred people who might be sympathetic to the broader jihadist movement is extremely troublesome. The Lebanese Hezbollah is very much a sponsor of terrorism in its own right. It controls territory, it has very sophisticated training capabilities, it has many weapons. Is Hamas a government or not? I would argue it effectively is a government in Gaza, but

there is a question where as it's not recognized as such, what responsibility can you impute to it? To go a little closer to home from U.S. point of view, the Kurdistan regional government is openly accepting the PKK, a group the United States lists as a terrorist group, on Kurdish soil. Now this is not the policy of the government in Baghdad, but it's the government in Baghdad's writ does not extend to the Kurdish north. And so effectively you have a part of the country that's quite close to the United States acting on its own to sponsor terrorism. An exception I'd like to mention, though, because it comes up so often, is Iran with regard to the Islamic Revolutionary Guard Corps (IRGC). There's this kind of mythology out there that the IRGC is this rogue, independent actor running around supporting radicals around the world, and it's really not quite clear what Tehran is up to. In my judgment that's extremely overstated. The IRGC is integrated at almost all levels of the Iranian government, increasingly with the economy. Its head is appointed by the Supreme Leader. In all the

national security decision-making bodies, the IRGC is present. And also the sheer network of personal ties that permeate the Iranian leadership would make it very difficult to have it be a true rogue actor. This doesn't mean that the Supreme Leader determines what level of EFP should be transferred to the Iraqis. But the idea that this is somehow acting without the knowledge of the government of Tehran to me is just false.

Another shift to mention is the "growth and domestic sentiment" as a driver for terrorism. When I wrote my book several years ago, there were two primary drivers I talked about and why states support terrorism. The first is strategy, old fashioned strategic concerns of trying to pressure rival governments. And the other is ideology; they do it, rather simply, because they believe it's the right thing to do. But increasingly, governments are doing it because of domestic sentiment. And this applies, in particular, to passive support where they're not willing to crack down on terrorist activity in their

country because they don't want to endanger either groups that are extremely strong -- in Pakistan's case, it was working with some of the religious groups against secular parties under Musharraf. At times the causes are quite popular. So if you're Saudi Arabia and you're going to crack down on funding for Hamas, you're cracking down on a group that enjoys probably a 99 percent approval rating in the Kingdom. And this is a real problem when you rely on these groups, these social groups, for legitimacy. So for Saudi Arabia, they rely on a number of the clerical -- members of the clerical -- establishment for support, and so when these clerical establishments are doing what the government wants in condemning al-Qa'ida, it's hard to go after them and say they're not doing -- they're also criticizing the Shi'a -- and that's bad.

I'm starting to wrap up soon, but another trend to point out as well is that increasingly terrorist groups seem "stronger," vis-à-vis some of their sponsors, so they're going more from proxies to partners. This was pointed out repeatedly often after



9/11 with regard to al-Qa'ida and the Taliban, that this was a terrorist group that had tremendous influence over the government that was supposedly sponsoring it. But I'd like to bring it up with regard to one of the oldest sponsorship relations, which is Hezbollah and its sponsors, and especially with regard to Syria. Syria, under Hafez al-Assad, always had a very dominant relationship with Hezbollah in my view. It was very much the landlord of Lebanon and was very clear in setting the rules. But in recent years, we've seen tremendous change. Damascus has strength in Lebanon, but nothing close to what it had when it had over 10,000 troops deployed in the country. And in particular, it needs Hezbollah to protect its interests in Lebanon right now to ensure that it has a very strong voice. And it also -- Bashar al-Assad has leaned on Nasrallah, who is the most popular single man in the entire Arab world, has leaned on him for legitimacy. So for him to go against Hezbollah would be a real blow to what he's tried to build up. And so when we have talks between

Syria and Israel going on today, one of the questions to me is -- let's say magically they work, it's always easy to be skeptical, but let's assume for a moment that optimism prevails -- could Hezbollah stop -- be stopped by Syria? And I certainly think Hezbollah would listen to Syria, take Syria's concerns into account. But it still has its own logic, and the days when Syria is literally calling the shots I think are gone.

A final trend to talk about is "blow back," that this mix of the growth in domestic sentiment, outsourcing, and incapacity are all combining to make states very vulnerable to the sort of radicalism that they're sponsoring overseas. Unfortunately, I think Pakistan, again, is the poster child for this where I believe that the ISI felt very much in control of the jihadist movement they're working with in the '80s and early 1990s. But by now we're increasingly seeing the government unable to crack down, we're seeing radical activities spread from tribal areas to areas like a swath that historically were under considerable

control. Bhutto, of course, prominently was killed, but we even saw assassination attempts, repeated ones, against Musharraf. So Pakistani politics is now strongly influenced by these radical trends, and a particular problem beyond political assassination and a lack of government control is the rise in sectarianism where we've seen a steady increase in attacks on the Shi'a and how this is polarizing parts of society. Just to be a tad predictive, I would say there's a real risk of this for Syria with regard to the radical activity that's allowed to happen in Iraq where parts of Syria -- I won't say are not under government control -- but I would say that parts of Syria near the Iraqi border are under less control than they were ten years ago. And that the regime's attempt to co-opt Islamic sentiment by allowing a degree of radical activity might end up biting it in the end.

Talk very briefly about the U.S. response. There's a standard critique of how we approached state sponsorship, which is that we have this list of state

sponsors and the list is fundamentally wrong. Some of the states on it, North Korea and Cuba, are not by today's standards serious sponsors. They're horrible regimes, but they're only on the list because we dislike them rather than because of their sponsorship. Sudan has been trying to get off the list for years with only limited success. The list also doesn't recognize its changes. So Syria today sponsors terrorism, but much less than it did in the 1980s, and that change is not reflected. Beyond that you have the idea of passive support that's not generally recognized. And we also don't include some states like Pakistan because they're allies. It's always tempting to say we should change the list and get them right. At this point, I'm actually more tempted to abandon the things. I think that they do more harm than good in terms of constraining the executive's ability to try to decrease support, and they also I think mess up our relationships with countries like North Korea, which have a whole host of reasons to be bad, but I would not make terrorism a major concern

when we're dealing with the North Koreans. Beyond this kind of standard look at the list, I think we should also recognize that, in terms of state sponsorship, public opinion is quite important. One of the joys, I think, of dealing with the Middle East for many years is that if we were having this talk, I think, in 1980, I could say that if we're concerned about Saudi Arabia policy, there are about ten people who matter, and they all happen to have the same last name. You know, that this is really an activity of elites, and you can focus on a very small number of people throughout the region. The problem with groups like al-Qa'ida, though, is that they draw support from society at large in a number of countries. So if you want to stop them, working with the government is the first step. But it's not the only step, and you have to go after public opinion. And this is something, though, that the United States does quite poorly. And I think even if we did well, we would have natural limits on, that this is not something that the United States is going to be able to sway the masses of

opinion without fundamental policy changes, most of which I think would probably be a mistake to do. So it really relies on governments, again, to go after public opinion. What we do want, though, is a degree of international standards and accountability for passive support. To try to say that there are certain types of activities that are simply not allowed and all governments should be responsible for. We've spent decades now trying to define terrorism without much success, so being optimistic about defining passive support is hard to be. Instead of working through the U.N., it's probably better to work through a small group of regional countries and also through the G-8. And here, I think, money laundering is probably the mile to follow where if you can create a standard for what constitutes passive support, it's something that if you do it with a small group of important countries, you can increasingly get other countries to emulate. There's a very tough question which I raise in my paper and then kind of dodge, which is the degree to which we should be engaging

groups at the sub-state level. If we're looking at something like the Kurdish area of Iraq or even Gaza, there's really no way for me to deal with these parts of the world without working with the powers that be in these countries, in these areas. So it would be the Kurdish regional government. It would be Hamas. And if you want the facts, if you want to actually engage in what's going on there, you're going to have to deal with these actors one way or another. It's perfectly reasonable to decide that the actor is not ready for engagement, but on the other hand as we've sometimes done to try to deal with this region by working solely through the central government, to me is unrealistic.

But I'll conclude with a note of pessimism. I think that with regard to state sponsorship in general and passive sponsorship in particular, there are going to be tremendous limits to our success. We can try to press allies with standard range of U.S. diplomatic and economic tools. We can also try to convince them of the risk of blow back. But in

general these states are increasingly responding to domestic pressures, and our tools really don't focus on those particularly well. I think that while Pakistan certainly doesn't want loss of U.S. financial support, it could weather that much better than it could weather a risk of greater civil strife in Pakistan right now. And so the government is doing something right now that I think is strongly against U.S. interests. It might be against Pakistan's long-term interests, but on the other hand I think is serving its own short-term interests. And that's a very very hard calculus to effect. And that applies to countries beyond Pakistan, really around the world.

With that I'll stop and pass things off to Bruce.

MR. HOFFMAN: Thanks Dan, thanks Bruce also for that kind introduction. This is, for me, one of the hardest talks to give, I mean not least because Dan's my boss, but also I've known Dan for more than 12 years, and I don't think we've really substantively disagreed on anything. So, it's hard to find



something to criticize, but I think the real challenge is not to speak longer than the featured speaker did and, therefore, be gauche. So I'll try to be very brief.

When Dan asked me to comment on his paper, he said I could basically talk about anything as long as I wove in something about state-sponsored terrorism. And that's pretty much the way I'll do it. But it's the weaving in is more than that; I think it's a very obvious but a very important point.

Well, let me begin by saying I think the fashion this spring, at least so far as terrorism is concerned, is optimism. In recent weeks, a succession of senior administration officials and senior counterterrorism officers, pundits and columnists, distinguished academicians, and knowledgeable analysts and observers, have all joined in in various forms in trumpeting, if not quite the imminent end of al-Qa'ida, at least in the words of Winston Churchill, the beginning of the end. And several reasons are cited for this: The Sunni tribes awakening in Iraq;

the protests in North Africa, for instance, over suicide bombings; public opinion polls across the Muslim world, especially desensitized by prominent clerics in Egypt and Saudi Arabia and elsewhere -- and this is actually the subject of two excellent articles, one in the *New Republic* this -- there's two excellent articles this week, one in the *New Republic* by Peter Bergen and Paul Cruickshank, and another in this week's *New Yorker* by Larry Wright. And then finally, of course, there's being the obvious point that there hasn't been a major al-Qa'ida attack, new attack, for nearly three years since the London bombings on July 7th of 2005. Bruce and I were talking briefly about this before we began, and I think one has to look at this with some caution. I mean, in the first instance, al-Qa'ida's obituary has often been written, not least in the past five or six years or so, certainly after the success of Operation Enduring Freedom in Afghanistan where we crushed al-Qa'ida's training camps, its operational bases, its command and control nexus. Certainly in the immediate

aftermath of the invasion of Iraq when front page stories, for instance, in the *Washington Post* and the *Washington Times* both drew attention to the fact that administration officials were saying the absence of any threatened al-Qa'ida attacks shows its inability to respond to the invasion as it had promised or threatened, but also even more its abject decline. Interestingly, even in the aftermath of the unmasking of the August 2006 airline plot -- you can go to a very interesting article in the *New York Times*, written by Scott Shane on the 13th of August 2006, where a few terrorism experts -- although fortunately none of them I can see here -- are quoted as saying that al-Qa'ida is finished, that this couldn't have been an al-Qa'ida operation, that there's no such thing as al-Qa'ida, that we eliminated them after 9/11. And, of course, what we've since learned is that al-Qa'ida was more than up to its elbows in that particular operation. In deed, al-Qa'ida had three successive senior operational commanders in charge of the plot: Abu Faraj al-Libbi, who we captured in June

2005; Hamza Rabia, who we killed in a Predator airstrike in November 2005; and then the late Abu Ubaidah al-Masri, who died last December of hepatitis. But you can see how -- and I find this extremely worrisome -- if al-Qa'ida has ceased to exist, if it presents no challenge, here you have a manifest inability on our part to deter al-Qa'ida. On the one hand, from striking at precisely or arguably the most internationally hardened target set since 9/11, commercial aviation. In particular, commercial aviation targets that both the United States and the United Kingdom, among all countries, have lavished tremendous expenditures on. But even more worrisome, we see I think a fundamental question surfacing, and that's our ability to deter al-Qa'ida in general. I mean, here we captured the first operational commander, we killed the second. What does al-Qa'ida do? They don't repine, they don't wring their hands, they merely turn it over to Abu Ubaidah al-Masri who until then had been sort of cut his teeth more as a rural guerrilla fighter or rural insurgent commander,

not as an international terrorist mastermind. So I think the bottom line is al-Qa'ida has a deeper bench than we thought. And, in deed, I think the reality of al-Qa'ida's future is more complex than the succession of optimistic assessments has made out. Firstly, I think it's absolutely true. Al-Qa'ida's insurgent strategy in Iraq failed miserably. Its ability to mobilize the population to the essence of insurgency, to seize and control territory, to exercise some sovereignty over an intimidated or cowed population, obviously was a complete utter failure. However, this doesn't mean that al-Qa'ida, whether it's al-Qa'ida in Iraq or al-Qa'ida in general, has lost its ability to engage in terrorism. And after all, terrorism is something that a handful of people can accomplish. It's primarily something that plays an enormous role as a spoiler, as a destabilizing function. And in this respect I think al-Qa'ida's terrorist capability, even if its insurgent capability, or even if its ideological mass mobilization capability has been challenged in recent years, its terrorist capability

remains. And here we just have to look at the Red Army Faction, for example, in Germany from the late 1960s through the mid 1990s. Red Army Faction never numbered more than a hard core of 25 trigger pullers or bomb throwers. Yet for more than two decades, this movement was able to terrorize West Germany. The West German security and police services were a lot more proficient than many of the places and many of the countries where al-Qa'ida operates today. And you have to sort of think, how much popular support did the Red Army Faction have in Germany during those 30 years? Did it have lots of people gravitating into its ranks? No. I mean, did it have widespread residents with its messages? No. The Red Army Faction always played to its base, to its core constituency, and that's what I would argue that al-Qa'ida is doing today. Now in al-Qa'ida's greater scheme of things, popular opinion doesn't matter as much as what terrorists have always sought to do, which is to impose their will through fear and intimidation not only on their enemies, but also on

those they nominally consider their constituents or their allies. I mean, think for a second. There's a lot of discussion now that al-Qa'ida kills far more Muslims than it does infidels or Zionists or Americans. It's nothing new. The Red Army -- I'm sorry, the IRA in Northern Ireland killed far more Catholics than it ever killed British security forces or British policemen. The Palestine Liberation Organization from the 1960s until the '90s also killed far more Palestinians and Arabs from other countries than it ever did Israelis or Jews, so we shouldn't be blinded I think by this optimism and need to be more cautious. The reason I say this is because this August is a very -- marks a very significant milestone in al-Qa'ida's history. Al-Qa'ida will celebrate its 20th anniversary. It was either on August 11th or August 18th, depending on whether you want to date it to the meeting or the memorandum that followed, or the first formal meeting of al-Qa'ida on September 10, 1988. But one way or the other, al-Qa'ida celebrates its 20th anniversary today, and that is enormously

significant because al-Qa'ida joins a select group of terrorist organizations that have been able to survive two decades or more.

Now this is important because in the 1980s, for example, David Rappaport, a very distinguished terrorism analyst at UCLA, did a study that found that 90 percent of all terrorist organizations cease to exist within the first year of their operations. And of the ten percent that remain, nearly half of them are defunct by the end of the decade. Now, Audrey Kurth Cronin at National Defense University, in her recent Adelphi Paper and her forthcoming book, has updated those figures and says that in the 21st century, as opposed to the late 20th century, the life expectancy of most terrorist groups is between five and eight years. So we can already see that al-Qa'ida has more than doubled that. And that I think is the significance. There's often a lot of talk in think tanks, in government research, in academic forms, how terrorism ends. But to my mind, that's only part of the question, may be even not the most interesting



one. I mean, I don't care about the groups that haven't lasted more than a year, that can't survive more than eight years. They lack the imagination, they lack the leadership, they lack the vision, they lack the ability to engage in intelligence, and also engage in counterintelligence and counter surveillance. They're not learning organizations as the groups that are able to last and to obviate or to overcome even the most consequential countermeasures. And in that respect, we see that al-Qa'ida joins a rather select group. When you think about it, it's almost without exception the groups that have been around for more than 20 years are often those that are the most vexatious to U.S. foreign policy today. The FARC in Colombia, I mean, despite the death of Tirofijo, Marulanda, a couple of months ago -- this is a group that was founded in 1964 and it's more than 40 years old. Hezbollah was founded in 1982. Hamas was founded in 1987. So we see that the groups that are able to last -- that last the longest are firstly the most challenging to destroy, to get them to end and

cease operations. They're also able -- they have this unerring or uncanny ability, as I said, to obviate or overcome even the most consequential countermeasures. And I think fascinatingly -- and I think this is why Dan's work is so important -- those groups all tend to be state sponsored, and this is one of the key elements that ensures their longevity. It's always surprised me that state sponsorship of terrorism has been around a long time. It's arguably one of the most challenging issues in confronting terrorism because of the plus up, because of the strengths that terrorists -- whether they're -- I mean states, whether they're active or passive sponsors, are able to provide groups. Yet until Dan's book, *Deadly Connections*, there really wasn't a book-length treatment of this important subject. And it's almost similar to al-Qa'ida. I mean, like al-Qa'ida, the state sponsorship of terrorism's obituary has often been written as well. Certainly with the end of the Cold War, when many people thought that the demise of the Soviet Union, the end of the Communist Bloc, the

terrorist problems that we were having throughout the world, would go away. With the global war on terrorism and our declaration that we would reach out and strike at groups with global reach that in many cases were also supported by terrorists. I mean, we see a remarkable change in the fortunes of those state sponsors. In 2001, Syria and Iran, for example, were cowering and afraid that they might be the next stops in the war on terrorism. Today we see how both of them are not only resplendent, but threatening again. Countries like Pakistan that we believed we had sufficiently gotten on our side have proven also to be enormously troublesome. And I think where we get to why Dan's work is so -- why this paper in particular is so interesting, not only because of its analysis, but because of the policy recommendations that it provides -- is it zeroes in that despite our unparalleled focus on terrorism, on the global war on terrorism the past six and one half years, what Dan's work really manifestly makes clear is that this is a completely neglected element or aspect of our

counterterrorism strategy. Not least as he describes because of Pakistan's involvement and now we have the rise of Venezuela as a state sponsor.

So in conclusion, I think while some are banging the drum about al-Qa'ida's demise or about the change in the nature of terrorism, that now the most salient or most important threat is coming from informal terrorist networks or bottom-up radicalization or bunches of guys, what we see instead is that perhaps the most important threat we face in terrorism continues to come from and remains the threat posed by state sponsors and their ability to support, control, aid, provide succor, and especially provide sanctuary to terrorist organizations so that they can regroup and reorganize. And it's interesting, I think one of the more important books on terrorism since Dan's that has been published, although it is considerably longer, is Philip Bobbitt's *Terror and Consent*. And it's interesting that in *Terror and Consent*, Philip Bobbitt also zeroes in on this phenomenon, looking at the future, zeroes

in on precisely a neglected area of counterterrorism. It also agrees with Dan that one of the main threats we face and will continue to face is from state sponsors.

So let me stop there and turn the floor back over to Bruce.

MR. RIEDEL: Thank you. I think we have an unusually rich lunch here of provocative statements by our two speakers. I'm going to take the privilege of the chair to throw one question out and then open it up to the audience, and that question deals with the policy side of it. Now Dan, you suggested that the list, the famous annual list, is probably more hindrance today than help. I wonder if there's a middle position, which is a list that is more intellectually honest and perhaps has more gradations of scale within it, but which is freed from automatic penalty so that you can put a Pakistan on the list and still give it \$11 billion in assistance. One of the virtues, I think, of such an approach would be that you would automatically make the American Congress and

the American people ask a few questions about how come we're giving \$11 billion to a country we put on the list?

MR. BYMAN: I certainly think freeing the list from the automatic penalties would be an improvement. For those of you who don't know the penalty system, it requires the Executive Branch to impose really from a menu of certain types of penalties, and Congress often pushes beyond that. However, I'm skeptical that government can do anything intellectually honest on such a sensitive topic once it gets to the political level. And that's not due to the honesty or dishonesty of the individuals involved. But I think of Ambassador Sheehan who in the 1990s went around Congress really trying hard to get countries like Cuba and North Korea removed from the terrorism list. And said "Why don't you create another list called 'countries we don't like' and we'll put them on that list and you can have these penalties but, you know, keep away from my issue" and was I think odd -- to be hard about it -- and was kind

of laughed out of Congress for his idea of trying to be intellectually honest. I think that inevitably Brian Jenkins, one of the great and early scholars of terrorism, had a line which is "terrorism is what the bad guys do," and there's a corollary to that which is "bad guys do terrorism." So if we don't like a country, we often talk about it in these terms, even if that's not analytically accurate. So what I'd be tempted to do -- I think the way to do this actually would be to have a nongovernment organization -- Brookings, a place like that, RAND, or others -- that maintains a list and again the model would be something like Transparency International, where if the U.S. government did a list of corruption practices and it turned out that close U.S. allies were pretty corrupt, there would be a huge outcry. There's no way the U.S. government would ever want to do that list. But on the other hand, the Transparency International list is quite respected. It's widely resourced, it's used when people talk about things like legislation, and I do think this is something that you could have a

non-state -- or, excuse me, you could have a nongovernment organization do. The problem would be classified data. So there might be some actions that wouldn't be on there that should be, but increasingly I've found that almost everything important seems to leak anyway, so I don't think it would be terribly hard to do this.

QUESTIONER: (inaudible), Brookings. I work with Dan and Bruce. Dan, this is -- would *Deadly Connections* an important and welcome contribution to the field of terrorism studies. It's quite necessary, actually, from an at least an academic and policy perspective. It's important because it reintroduces the paradigm of state sponsorship at least in a direct, concise, and conscious manner this time. And we've always know that if you follow the trail of terrorism activity around the world, you always takes you back to the state. And -- but we've never bothered to develop and dig a little deeper into our understanding of state sponsorship, and I think you did us all a favor by filling that gap.



My question is the following: What kind of contribution do you think does the state sponsorship paradigm offer to the field of terrorism studies, and how much does it challenge prevailing terrorism orthodoxy and, more particularly, the networks paradigm where I would call the self-starter's paradigm that has been exposed by a number of terrorism analysts, including Marc Sageman?

MR. BYMAN: The field of terrorism studies is still -- I won't say in its infancy -- but is still one that's rather early, and there are big gaps. One of my critiques of a lot of the post 9/11 work is that it was almost done as if terrorism had been invented on 9/11, and without recognition of some very very good work that had been done before. But, having said that, I think there were some big gaps, and that's in part why I wrote this state sponsorship book is I think -- when I began teaching terrorism, I think I asked Bruce "What's the state sponsorship book I can be assigning. I can't seem to think of one. I'm sure it's out there." And whenever someone says "Oh,

there's no book on the subject," as a scholar, you recognize an opportunity.

In terms of the networking literature, I tend to be one of those people who is rather skeptical of the idea of networks as something that has huge explanatory power. Obviously what al-Qa'ida has done, what bin Laden has done, is create networks that are quite real and quite deadly. So, to dismiss it is wrong. But I had an old colleague at RAND, Abe Shulsky, whom some of you may know, who used a line I loved which was he said "Imagine a network invading Normandy, you know, 'Oh, you brought some boats. That's great. I brought some close air support and together we'll work together.'" I mean, it doesn't work that way. And in general there's a reason that most organizations have a high degree of hierarchy. That's because you can do complex tasks; it's very hard to do complex tasks with networks. And networks to me are harder to disrupt, but they're actually harder for networks to get things done. It's something that is not a task-driven form of

organization. And what -- this leads to the Sageman work -- normally I just parrot Bruce's critique but I asked him to give it since he's next to me -- but my broader critique of the Sageman work is it misses that yes, you do some bottom-up phenomenon going on, but there is a very serious top-down component. And when these individuals have been closest to a success, it's often because they've had a much higher degree of top-down component and a lot of it -- I look at the 9/11 attacks themselves. This was a top-down effort. There was a network that was drawn on for the top-down effort, but it was not something that was, to me, a dramatically unusual organizational style. This was something done by a skilled leader using a variety of traditional organizational tools.

QUESTIONER: Bruce, since you've written about the segment article in *Foreign Affairs*, do you want to add anything, pile on a little bit?

MR. HOFFMAN: Well, I'd say it's the Certs theory of terrorism really. Certs, there used to be a commercial, at least when I was a kid, that you know,

"Is it a breath mint or is it a candy?" And it was both. And I think that's what we see in this phenomenon. I mean there is this enormous problem of radicalization, but I think as Dan pointed out, that what we see as the most consequential terrorist acts, are not necessarily the bottom-up ones. I mean, killing the murderer of Theo van Gogh is enormously tragic, but that's still -- that's one of the few pure instances of a bottom-up phenomenon, of the bunches of guys getting together. But it pales in comparison to 9/11 or even the 7/7 bomb. So what we see is really a continuation of both. I think the danger is that organized groups like al-Qa'ida are able to take advantage of the radicalization and to attract and draw new members into their ranks. But, you know, the bottom line is that even though networks has become somewhat fashionable, exactly as Dan's work has shown, both in *Deadly Connections* and in the Brookings paper, is that organizations still matter, and states still matter. So even in the realm of terrorism where there's a lot of discussion about, you know, this non-

state actors and how the, you know, the problem is from rather more amorphous entities. What we see is that some of the most serious threats we face continue to come from very clear organizational entities.

QUESTIONER: (off mike)

MR. BYMAN: I'm strongly for the U.S. being behind a peace settlement, and I think it would reduce -- certainly I think part of that would be Palestine Islamic Jihad and Hamas closing their informal headquarters and so on, certainly part of the deal. Hezbollah's a bit trickier. Yes, I think that Syria would not be the resupply route for Hezbollah, but I don't think that really matters much. It is the current route, as you know much better than I, but, you know, getting arms to Lebanon is not the toughest task in the world. You know, this is one of the great black market states of all time. And so can Hezbollah be as well armed? Sure. Do I suspect, frankly, the Iranians could send stuff through, you know, major ports? Sure. It might be harder to get something like C-802s in, but even that I think they could do.

I think you could even send pretty heavy systems, so the question is what would Syria do? I mean, yes, closing that transit point would definitely be a problem for Hezbollah, but to me not a major one. The question is would Syria use its influence in Lebanon to shut down Hezbollah, to try to? And I'm not sure if it did it would succeed, but I actually don't think it would. I think here Syria would say "Sovereign country, what do we know about Lebanon? You know, we would not want to meddle in our neighbor." So I think that benefit, which from Israeli point of view -- I think in 1999 when these talks were at their closest was probably perhaps their greatest goal from Syria. I think today is dramatically diminished. It's still -- the game is still worth the candle to me, but the candle's much smaller.

QUESTIONER: Dan, you talked about the problems of having a terrorism list. I'd like to ask you to compare it to the problems of not having a terrorism list. We have a place we can look for such an example; it's our European allies. They've adopted

our practice of having a terrorist supporting organization list -- by the way after a long period of resisting doing that -- but they have continued to resist, creating a state sponsors list. It seems to me that we can see that the difference there as a consequence of not having a list is that their governments and their national debate about the issue pay much less attention to state sponsorship than is typical in the U.S. One of the reasons that you have an audience for your book is that we have a state sponsors list, and it has long been a focal point, may be not enough as you explain, and may be it needs to evolve. But not having a list means much less attention. Colin Powell once said that the purpose of these lists is to get people off them. They're supposed to have a deterrent effect because you don't want to be put on them, and they're supposed to have a behavior change effect in order to get off them. And you cited North Korea as an example of failure of the list. Actually, you could argue the opposite. North Korea is extremely eager to be taken off the list. I

have no quarrel with your point that they're not actually today a significant state sponsor of terror, but I think we see in terms of incentives that the list has real clout. And part of that is because it's linked to automatic consequences, and may be they could be made a little less automatic, you know, more relevant of discretion for the President conditioned by Congressional involvement I would argue. But I think this deserves a whole separate monograph. I wouldn't do it in a couple of quick paragraphs if I were you, because you've come here to ring the alarm bell about the importance of state sponsorship and you've taken away the number one weapon just as an incidental aside.

MR. BYMAN: One of the joys and curses of writing a paper is it's tempting to do everything in a few paragraphs, so I'll take your caveat. Yes, the list does have some real clout. My problem is looking at the list today where you have right now five countries; you have Syria, North Korea, Cuba -- excuse me, Syria, North Korea, Cuba, Sudan, and Iran. Of



those, North Korea and Cuba shouldn't be on it. Sudan? Depends on what you want to count, but let's call it a borderline case. And Syria and Iran? Absolutely off it. Easy on my list is Pakistan. Lebanon, depending on what you want to count. And do you count Gaza? Do you count Yemen? But there's a lot off it that should be on it. Okay. So, change the list is the obvious response. Keep the clout, but change the list. Since the number of countries we're talking about that we actually want on the list -- as Bruce said, I think, I would agree with Bruce if I'm reading his remarks correctly, that we want -- we don't want to punish Pakistan, we want to shame Pakistan. And we want to have that dialogue -- I would be okay if the automatic penalties were not there, but since we have repeatedly got this list wrong, it suggests to me there's something fundamentally wrong about the process. That simply fixing the names is not going to happen. And one thing I always go back to is the Taliban's Afghanistan was not on the list. And there was a big reason for

that from what I understand of the decision-making process, which was if we recognize Afghanistan as a state, we would have to put it on the list. And if we put it on the list, it would screw up our efforts to try to moderate it. So, therefore, let's not recognize it as a state, and to me that automatic penalty that was involved in that served as an overall negative for U.S. diplomatic flexibility. Now to take your argument further, U.S. diplomatic flexibility might be your problem because in -- I don't want to caricature your argument, but there's always a problem today -- there's always a problem with any automatic flexibility, or automatic penalty from the Executive Branch's point of view because it screws up whatever is going on today. And the point of these automatic penalties is a longer term effort. Yes, there might be a current effort that's disrupted, but in the long term they'll be incentives to change. But I'm not sure how strongly incentives are linked to the list. I think you could simply say Syria supports terrorist organizations, and we're going to punish it. And the

listing wouldn't have to happen. You could have those penalties there. You could give the Executive Branch authority to punish regimes that do sponsor terrorism and that would be fine. I'm for the FTO list. I'm for the foreign terrorist organization list because that's, to me, a much cleaner list. But I think this problem we have where the list has been, kind of to me, largely sullied by deliberate inaccuracy is very hard to overcome.

MR. HOFFMAN: I'd like to add one footnote on Afghanistan. Not only was the problem you suggest, the lawyers convinced us that putting them on the list would mean that we recognize them as the government of Afghanistan. Therefore, we would be giving them diplomatic credentials that we didn't want to give them. Somehow the lawyers did not find a contradiction in passing six U.N. Security Council resolutions, condemning them for supporting terrorism, which presumably they were a government of a state at that point. But how government lawyers can get around

these things is a mystery we cannot reveal anywhere.

Gary?

QUESTIONER: Thanks. Gary Mitchell from *The Mitchell Report*. I want to ask two questions. One is your statement that North Korea doesn't deserve to be on the list of state sponsored terrorism, and yet if the stories are true that North Korea built a nuclear reactor in Syria, what does that make them? In other words, if they weren't on the "hum hum" list, what list do they go on?

Second and not connected to that at all: I'm in the process of reading Fareed Zakaria's latest book in which, among other things, he makes the observation that al-Qa'ida's sort of morphing from its initial structure into a communications company or organization. And I'd be interested to know from either of you whether you think that's a -- is that accurate and is it helpful or is it so what?

MR. BYMAN: I'll take a stab at the first question and leave the second to Bruce, if that's okay.

What is North Korea if it does things like backing the Syrian nuclear program? To me it is a proliferator, more strongly it is an enemy, and those are very serious categories in their own right. And to me they accurately describe North Korea's role in the world today, vis-à-vis the United States. Adding terrorist to that list doesn't get me much, and that's a broader concern I have. I mean, to take this further, when people look at groups that are called "terrorist groups," I often think they are confusing terrorists and enemies. It is hard by U.S. definitions of terrorism, which include going after military personnel, it's very hard to have any insurgent group or any non-state group that uses violence, not be a terrorist. And I personally think one thing you want to highlight in your foreign policy is the distinction between civilians and soldiers. And any group that shoots at my country's soldiers is my enemy, but to me that doesn't make them a terrorist. It is very different if a group has a policy of going after soldiers versus one that goes

after school buses, and that's something that's a distinction I want to push. And to go back to your original question, that's something I'd like to keep. That's why I'd like to keep the terrorism word actually having meaning -- is to not use it in terms of enemies, not use it in terms of countries that are doing in my opinion much more dangerous proliferation. I mean I'd rather North Korea be sponsoring terrorism than spreading nuclear weapons around the world. But I don't think using the terrorism label helps with that.

MR. HOFFMAN: That's a very good question about al-Qa'ida's communications. I wouldn't say that it's morphing into this communication structure. I would argue that it's supplementing and enhancing its ability to communicate with its base. I mean, I think this is al-Qa'ida's goal is to be able to reach its core constituency in a way that they don't have to depend on al-Jazeera, al-Arabiya, or any other traditional media. They can reach that base now through the creation of the al-Fatahr Center, which

supplements al-Sahab, its media arm. They now have multiple redundant servers that communicate. I mean, if you've got high speed, then they'll send out the package with a large number of megabytes. If you may be have dial up, it will be much smaller, but in other words, they're packaging it so that, firstly, it's very difficult for anyone to counter their message. It goes out now in real time on these multiple servers. It's difficult to pull it down and they're sure that no matter what system you have, even if you have an internet enabled cell phone, you're going to be able to get that message. It may be in 12 different packets, but you'll still be able to receive it. And, you know, that's the question, I mean, al-Qa'ida, even if ideologs are deserting them, even if they've suffered setbacks in Iraq. What is I think remarkable over the past year is that al-Qa'ida still believes that it has a message that resonates and still believes that there is an audience that's anxious for it. I mean, otherwise, why would al-Sahab be issuing audio and video tapes at a rate of almost

every three days last year. I mean there were 97 video and audio tapes in which Zawahiri was in a third of them. They still think they're relevant. I mean, I think this raises the stakes for them to do something. There hasn't been a successful operation now in nearly three years. It's remained relevant. After all, people don't join terrorist groups to communicate with one another to sit on their hands. But nonetheless, I think this is all part of al-Qa'ida's -- al-Qa'ida realizes that it is a different organization. That's the al-Qa'ida of pre-9/11, and the advantages they had in Afghanistan under the Taliban don't exist anymore. And Pakistan, as Dan describes as being, you know, a passive sponsor, but their camps, such as they are, are more mobile, they're much smaller, they don't have the ability to operate as they could. And I think the communications is their effort, and largely to date a successful one, at least in building the communication structure to enable them to continue to communicate with at least that constituency they deem the most important, which



in essence, are the kinds of people who join terrorist organizations, young hotheads. You know, not the man in the street or the intellectual in an Arab capital.

QUESTIONER: Charlie Wolfson, CBS. I'm curious about Venezuela. If you could talk a little bit more about it, and whether you think it definitely should be on the list or does it fall in the category of the enemy. Is it a terrorist state or is it just an enemy of this administration at least? Also, whether you expect to see it on the list?

MR. BYMAN: I'll take the second one first. In general I don't expect to ever see strong Executive Branch pressure to put a country on the list because of the difficulties that it imposes on its own diplomacy. So I think that's less likely. It would have to be something rather outrageous. That doesn't mean that, again, have anything to do with analytic fidelity, but I think the Executive Branch would be hesitant because it screws up their options.

I suspect you're referring in particular to the recent cache of documents found. From what I

understand -- and I haven't seen the original documents translated from what I understand are the findings -- that fundamentally changes our understanding of what Venezuela was up to. That it went from being, "Yeah, they don't really control their border, may be they're not trying so hard, they may be a passive sponsor, there might be some arms going, but probably nothing much" to "No, this is actually a very deliberate government policy, done at fairly high levels with relatively significant amount of support, the Habin in particular being deliberately activated. So, yes, based -- assuming that the aforesaid summary I just gave you is actually borne out by the documents that were recovered, then to me it would clearly belong on the list. From analytical terms, what it's up to is open deliberate support for a terrorist organization. And the FARC, primarily guerrilla, but has historically used quite a bit of terrorism and still does on almost a daily basis.

MR. HOFFMAN: I'd like to jump in. I have actually spent some time in Colombia as well, focusing

on Middle Eastern issues. I think that the publicity around the Reyes documents and the computer that was seized in Ecuador, I mean this gives the U.S. more cover because it's out in the open, but it's nothing new that Venezuela has -- it's not a recent phenomenon that Venezuela's been supporting the FARC. In fact, I wrote a paper at RAND on arms trafficking in Colombia that we finished before 9/11 and then focused on the Middle East and other issues -- didn't get published until the following year, but it looked back at the late 1990s in (inaudible) Colombia. And it was very clear that FARC was being sustained, particularly by ammunition shipments, which for a terrorist group are the most important. You can have the weapons, but if you're launching a major offensive or being harried by the government, the most important thing is to get ammunition really quickly. Sometimes the international gray or black market isn't going to deliver, and that's where going back to at least a decade now, Venezuela was very actively supporting the FARC.

I think I would disagree slightly with Dan, I mean I think again the problem underscores I think the weaknesses of the state sponsored list. But considering that we get I think it's ten percent of our oil from Venezuela, gas prices are now well into the nearly \$4.00 or more, it would be singularly unpopular to do anything that would cut off that supply. Also, you have to look at -- Hugo Chavez would like nothing better. I mean this would be manna from heaven, and that's I think always what we have to -- what we rarely do -- we often react to terrorist threats or provocations emotionally, rather than -- and tactically, rather than looking at them strategically. And here, strengthening Chavez, who sees himself as an inheritor of Castro's mantle, who likes to poke a stick in the eye of the United States. I mean this would be ideal for him just to -- it would allow him to martyr himself as being abused and so on. And then finally, with FARC in decline right now -- there's a very interesting article on the front page of the *Wall Street Journal* today that shows it's not

just Marulanda who's died recently. I mean Reyes was killed in March. Another senior FARC leader was assassinated by his bodyguard and then chopped off his arm to get the \$2.5 million reward. I mean the FARC is definitely under Uribe, is being hemmed in, is being challenged much more, so in essence it may be the time to -- without putting Venezuela necessarily on the list, but with the scrutiny that we're able to, and other countries in Latin America, hopefully the OAS as well is able to apply on Venezuela's specialty as FARC is weakening -- that it may be the ideal opportunity to begin to sort of reshape Venezuela's attitudes passively now, especially with FARC being weak, rather than doing something that could turn out to be counterproductive and could marshal a number of countries, in addition to Venezuela, becoming hostile to the United States.

QUESTIONER: Melissa Mahle with C&O Resources. I want to ask a question from a practical point of view, and in that process probably be controversial with the whole concept of the usefulness

of the category, state sponsor of terrorism. If you -  
- for example, the director of CIA said this week that  
-- he was suggesting that there's going to be a  
succession issue coming up and how is al-Qa'ida going  
to handle that, and you posed -- it was suggesting  
that there's some weakness, a period of vulnerability  
here. If you pose that with the far-to-frequent  
statements from some analysts that al-Qa'ida's a dead  
organization or dying or we need to move on to a  
different topic, so take those as the framing issues.  
We see al-Qa'ida as continuing to operate. It started  
off under state sponsorship. It moved state  
sponsorships. Our policies -- when state sponsorship  
is -- I guess you -- it's a tool set that you can use  
to counter those states that are supporting these  
terrorists. It was not effective. If you look from a  
practical point of view, it's still a capable  
organization. So, why continue to adhere to the  
category of state sponsorship? When you dial it down,  
you're not actually having the desired impact on the  
capacity and the capability of these organizations to

continue to mobilize, to regroup, and to radicalize populations, and not impact their ability to survive and grow.

MR. BYMAN: I should have, perhaps, caveated my remarks slightly. Clearly with al-Qa'ida, state sponsorship is only part of the overall problem. We see in a number of countries around the world, especially in Western Europe, but also in Egypt or Jordan or Morocco, where there's very vigorous government efforts to go after this group. And it's still there. But that said, where there are very vigorous government efforts to go after it, it's under siege. It's -- there is not, to me, a massive network in these countries. They can do limited attacks, but they're under constant pressure. And that's, to me, what you want. I tend to think of it in terms of -- your point about the, to me, the obvious and, if anything you've understated, flaws with what's happened in the last seven or eight years with U.S. counterterrorism policy where we poured billions of dollars into Pakistan -- you know, if you look at

inputs and if you look at outputs, things are much worse than they were before we poured billions of dollars in. And there are a lot of reasons for that, but it's hard to look at U.S. policy and say, "Well done guys." That said, what you want for success, to me, is governments around the world going after this organization with the tools at their disposal. And that's, to me, where state sponsorship kicks in, which is it's not always the best way to think about the dynamics of the leadership struggle within a post-bin Laden al-Qa'ida, but it is very important when you're thinking about "Okay, how do we go after a particular cell?" "How do we stop a recruitment network?" "How do we stop prostilization?" These are things that in the end you're going to pick up the phone and call someone. And almost invariably, that someone's going to be a government official on the other end of the phone. And making sure that government official has support from on high, has resources from on high, and from a bottom-up wants to do it. If we have that, to me, U.S. counterterrorism policy is largely going to



succeed. It's not going to be perfect, but it's largely going to succeed.

QUESTIONER: Marvin Feuer with AIPAC. Dan, I wanted to pick on one of the recommendations in your paper, which I don't think you spoke to in the talk, but you identify obviously in your talk the passive support as being more intractable and difficult than the active support. You advocate in your paper an alliance, an effort to form a sort of agreed definition, alliance, working together among a set of allies, including Pakistan, Saudi Arabia, and some of our European allies, then turning to G-8 and this sort of being the basis by which we proceed to obtain some of the practical kinds of measures you think we need to have. My question to you is how do you see this working in practicality? Is this stemming from frustration that you have with the bilateral efforts, because I would think sort of naturally the effort to get a joint approach -- we haven't been able to get a joint approach on definitions of terrorism -- to get a joint approach for definitions of passive support for

terrorism would be much more difficult and we might be sort of, you might be advocating embarking on a path here that will lead absolutely nowhere. So perhaps you could spell out a bit more why you're optimistic about this kind of an approach?

MR. BYMAN: I'm certainly not optimistic. What I am is more optimistic about that kind of approach. The truly multilateral, in the sense of our national efforts, have failed historically again and again. And so to be -- it doesn't hurt to keep trying on that. I think we have skilled people who are working hard on it. I keep paying their salaries. But that is a path that has repeatedly not gone very far. So I would like to try different bottom-up approaches, and these can be regional, they can be the major economic powers. And you try to get traction. You try to see their support. And it might be that you try -- you know, there are a couple of countries that I'm tremendously concerned about around the world. To me, if you focus on Pakistan, Indonesia, Saudi Arabia, and Iraq and Afghanistan, that's a lot

of the problem right there in five countries. And if you are able to get some degree of consensus among some of these governments, governments of neighbors involved, that's considerable. If you get the major, the G-8 economic powers, that's considerable. And, to me, you pursue both of those simultaneously and you see what happens. But the one thing that most people, like me at least, thought would never succeed were the various money-laundering conventions. It was hard to do, it was complex, it was easy to dodge, there were simply -- there are states' economics incentives you were going against -- but each year saw a little progress. And finally the snowball effect was considerable where more and more states -- this just became you had to do this. And it was a 25-year process. But I think that it was a bottom-up approach that worked much better than the attempts to kind of negotiate it and impose it from on high. But all said, it's going to be hard and the odds are probably against it on balance.

QUESTIONER: Richard Murphy, representing one of the smaller organizations around this table. Sometime, I think after I left Washington, the term was applied to Hezbollah as the A-team of terrorism. I don't know quite where that started, but my question is about Iran and Hezbollah. Iran came in quickly after the revolution in Tehran to build what turned into Hezbollah, but they came into a Shiite population in Lebanon which had been openly welcoming of the Israelis a few years earlier because that was going to be getting the PLO off the Shi'as back in Southern Lebanon. Hezbollah has continued to be regarded with deep suspicion in Lebanese politics. Shi'a are third-class citizens. And we've heard discussion today about the attitudes in Saudi Arabia about Iran. They are going to be very hard to -- it's going to be very hard to see them get over the anti-Shiite mentality that those in the niche are most vociferous about. But my question is what are the prospects of a U.S. role with, presumably with Europeans, finding our way to acceptance of the role of Iran and the region? And

of somehow approving this arrangement, which has just been dumped in our laps in Lebanon, of a national unity government with Hezbollah as back into partnership? How much is that going to change the A-team of terrorism? How much is that going to shrink the role of Iran as a sponsor?

MR. BYMAN: With Iran, it's -- I think that in some ways we have accepted a larger Iranian role. My reading of the tea leaves from the administration on Lebanon, and I'm not at all privy to real discussions, was that no one in particular liked the deal that was brokered, but it was accepted. And certainly the United States has accepted a significant Iranian role in Iraq. The question is to what degree? But there's no question that Iran has a significant role in Iraq and the United States is willing to work with individuals who, you know, four or five years ago were seen as way too close to Tehran. Certainly we've accepted that as well. I actually think the many U.S. allies are more concerned about the Iranian role than are many in the United States. That when I go over to

the region, that's just a constant refrain I hear almost regardless of where I go, to the point where, you know, when I was in Jordan, there was talk about Iranian subversion in Jordan. And it's very hard to find examples of that when pressed, but the fact that they were even bringing it up to me showed the degree of concern.

Certainly I think the United States has to accept a greater degree of Iranian presence. We're back on our heels in the region, and the Iranians are riding strong. That said, I think it's very important to remember Iranian weakness. Iranian weakness to me is profound in a number of ways. They're having economic problems right now when oil is through the roof, which is staggering to me. I mean, you have to work hard on your economic policy as a major petroleum exporter to have economic problems at this time. And the Iranians, give them credit for hard work, they've done that.

Militarily, if they can project power a couple of kilometers outside their border, it's a

military triumph. Their military strength is extremely weak. So it comes down to kind of what we would call "soft power." The appeal of their model, their kind of prestige in general, and there they are riding high. And there it's in part because they've gained a foothold in Iraq, because Hezbollah as a proxy widely accepted Iranian partner has done quite well. But I actually think Iran is -- my instinct is that it's close to its peak. I think that in the end, when you have to go back to hard power, Iran's not going to have much to offer. And that in particular, if the United States in Iraq, to me, Iran has not quite a no-win situation, but it's going to be hard to greatly expand its influence. If things continue to stabilize, that's going to help forces that are friendly to Iran, but certainly not Iranian puppets namely. And if things get worse, that's going to turn the region even more anti-Iranian. It's going to inflame sectarian tension, and so on, where I think Iran will lose on another front. So I think Iran is

at a pretty good situation right now, but it will be hard for Iran to go beyond that.

In terms of U.S. acceptance of Iran, certainly I think we have accepted some Iranian role. A lot of it comes down to the nuclear program, to me, where there has not been, I think appropriately so, U.S. acceptance of this program, we're pushing our allies to push hard on this. And where terrorism fits in this, I mean, my -- to me, we have three big issues with regard to Iran. We have the nuclear program, we have Iraq, and then we have terrorism and Middle East peace process as a third. And I would put it -- I'm torn whether Iraq or terrorism should be -- or the nuclear program should be first. But I'm actually pretty sure that terrorism should be third, that the other two issues are more important. And one thing everyone has their critiques of according to the administration, but one of my biggest critiques is they haven't prioritized particularly well. They're for lots of things I'm for, but in the end in a tough region where influence is limited, you can only do a



couple. And I'd like to see us devote our attention to a couple of those and then subordinate other interests accordingly.

MR. RIEDEL: Time is running short so I'm going to bundle the last five together and then ask both of our speakers to address those of the five they want or any other comments. So we have Dave and John and two at the end here. So if you could be brief in the interest of time.

QUESTIONER: Okay, I'm particularly grateful for the version of passive support and looking the other way and all that. I think that's really interesting and important. I have a couple of cases very quickly to ask you about. One is Egypt and Hamas in Gaza. Is this a case of passive support for terrorism, or at least looking the other way?

Two is the case of the KRG and the PKK, Kurdistan region of Iraq and the PKK. I think what's actually going on here from very close personal observation recently is a shift toward something really quite opposite, which is that while the KRG is

not acting against the PKK, it is looking the other way as Turkey pounds them into the dust. That's what's really going on. So that's may be a new twist on your new concept.

And then I want to ask about Pakistan. Why is Pakistan looking the other way? Public opinion in Pakistan has turned sharply against al-Qa'ida and even against the religious groups from where they get their ideological support. So is this a case -- you said that it has something to do with public opinion, but I don't think so, and I wonder what exactly is going on there. Thank you.

QUESTIONER: Hi. I'm Ori Nir with Americans for Peace Now. I'm interested in better understanding the impact of the list both in policy and on conceptualizing this phenomenon of state sponsorship of terrorism. You pointed out the handicapping of policy. My question to you is if you've noticed in the administration, in the administration's, a phenomenon of dulling of the capability to understand this very complex phenomenon by the way of uniforming

the phenomenon through the list? And, if so, if you could try to -- going back to (inaudible) question, if you could perhaps try to analyze whether it would be legitimate to address or to link it to the shocking current phenomenon of the U.S. reducing its role in the Syria/Israel negotiations to one of a spectator far back on the bleachers of the Turkish stadium?

QUESTIONER: Jon Alterman, CSIS. Dan, first in response to your nongovernmental list idea: That struck me very much the way the MCC uses the Freedom House Index. That's a good analog for you. As you were describing the whole state sponsorship issue, it struck me that most of the state sponsorship, the most direct state sponsorship, is of national resistance movements basically territorial kinds of disputes, and most of the direct threat to the United States comes from groups that really don't have that much state sponsorship. And whether that makes a difference in terms of U.S. policy, that basically it is an indirect threat that is a threat to U.S. allies that are principally the organizations helped by state

sponsorship, and that are our problem, our direct problem, is principally an atomized problem based on people who in many cases who were born in the West or grew up in the West and it requires a different set of tools with much less reliance on state instruments.

QUESTIONER: I wanted to follow on this issue of Iran because the Bush Administration's been trying very hard to raise the cost of Iran's support for terrorist proxies through all the things you've mentioned, the financial systems and the sanctions, as well as arresting people in Iraq and supporting the Western-backed government in Lebanon. It doesn't seem to be working particularly well. Seeing that the next President's going to confront possibly a decision on nuclear weapons or containment of Iran, if the panel would like to comment on what you would advise the next President about what has worked and what has not worked, vis-à-vis a containment policy for Iran.

QUESTIONER: Scott Herald from Brookings. Dan, I hope I'm not asking a terribly ignorant question here, but what in your opinion should a state

have to do to get off the state sponsors of terrorism list? In particular, you mentioned North Korea, a country that I try to follow relatively closely. It's a state that has not admitted its responsibility for terror attacks. It has not prosecuted anyone who has perpetrated those attacks. In that case, my inclination would be to say I'm not really clear -- other than stopping currently, how long ago do you have to have stopped to say okay, now you get off, is there an expiration date?

And real quickly, you suggested, in answering Melissa, that those billions in Pakistan may have been wasted. I wonder if you and/or Bruce or Bruce might comment on whether or not it's clear that there's any causal linkage between our spending money in Pakistan and the situation there getting worse. I could believe that it was because it gave Musharraf coverts to not do anything, and to make an alliance with radical groups instead of secular groups, but at the same time, the counter hypothesis seems to me equally plausible, at least possibly, theoretically,

that if we hadn't spent billions of dollars, Pakistan would be way worse today because they'd have been going through economic crisis in the aftermath of our invasion of Afghanistan, and therefore things might have been even worse. So I'm willing to believe that you're right. I just would be interested in hearing someone more knowledgeable than me tease that out.

MR. HOFFMAN: I'm going to punt because I think there's a lot for Dan to answer.

MR. BYMAN: My whole strategy was to give Bruce all the hard ones so I'm in big trouble! Okay, I'll skip around a little bit.

Egypt with regard to Hamas and Gaza:

There's a small degree of passivity. I think Egypt is -- as always with Egypt, you have to put incompetence pretty high on the list to some degree. But, yes, there are certainly, is the government trying as hard as it can all the time? No. But is it trying fairly hard much of the time? I actually think yes because I think that this is a government that is actually extremely concerned about Hamas for its own domestic

reasons, regardless of Israel in general. And beyond that, it is concerned that some of the more Salafi jihadist types have been going back and forth with Gaza. So again, it has its own concerns. So I would not -- does it meet my threshold? No. But is there something going on? Yes. And am I privy to close intelligence on this? No. So I could be wrong on this.

The KRG and the PKK. I'll take your point. So I think you follow that more closely than I do, so I will defer. And that's actually quite interesting. This is a classic terrorism problem, which is the governments that support you often are the first to put the knife in your back. And, you know, the old line of, you know, you can't stab someone in the back without getting behind them first. That's a -- you know the Kurds have a very proud history of that, and that may be continuing here.

Why is Pakistan looking the other way? This is a great question, and I don't want to force Bruce to respond who knows much more about Pakistan than I

do, but I would say a couple of reasons. One is this is hard. So when you're going into tribal areas in particular with conventional armed forces, we've discovered with much better forces that it's a difficult military operation, so there's -- you know, you take casualties, you often fail, it can be embarrassing and humiliating for a military that's designed for conventional purposes. But to me that's only a small part of this. I think there is a sense that while this is not a majority group, certainly the Islamists are not a majority, they're a very important minority and extremely well organized. And beyond that they have street power. And they can bring a mob to the right place, which in Pakistani politics is very important. Also -- and here's where I think the most important issue is -- this is a government, regardless of whether it's Musharraf or secular parties, that has wanted to do some contradictory things. I do believe that they're opposed to the bin Laden types. But they've also wanted to support fighters going to Kashmir and, in particular, the



Taliban in Afghanistan. And it's the same logistics network. It's the same recruitment structure. It's the same fundraising structure. So if you're going to have the two big ones of Kashmir and Afghanistan, the price you pay is a broader jihadist network. And it's very very hard to turn that particular part off and keep the rest of the machine running. And so that's where I really see the problem.

Does the list dull our understanding, dull policy makers' understanding? I should be careful here. I've never held a senior job that in government has worked on terrorism, so my knowledge is that of an outsider rather than someone who has been privy. My sense is no, in that in individual discussions you have people who know countries extremely well, presenting the nuances of it. But to go back to a point Steve raised in favor of the lists, the lists are a forcing action. You have to make decisions, in some cases because of lists, and you don't have to make them in others. You know you don't have to make a decision about Venezuela right now or in the past.

You might want to, but you're not forced to in the same way by legislation.

John's point about direct versus indirect threat, absolutely. That what we're really dealing with are, if you want to call it a global organization and a series of local ones, that to me pose a very serious threat to the stability of a number of U.S. allies, and a limited but real threat to the security of American lives. But that's quite different from a group on U.S. soil, and as Peter Bergen and others have pointed out, the individuals who pose the greatest danger to it for attacks on U.S. soil tend to be well-educated Muslims from Western Europe who are capable of operating in modern urban environments in the West. And there I think the problem is largely, you know, how to improve already pretty good bilateral cooperation. And I can critique European counterterrorism efforts in a whole variety of ways, but it's pretty good. I mean, there's a -- we're not talking the same problems we've seen in, you know, in

Pakistan just to pick a country that we've been talking about a lot.

Advice on Iran: Boy, that's a tough one. I actually think the Bush Administration's effort to try to get European support to be the driver of this, to be pretty aggressive with regard to the nuclear program, was the right approach. I think in the past Iran has been susceptible to multilateral economic pressure and has been willing to change, but it hasn't worked. And so it's very easy for me to say that's a bad idea, but the tougher question of okay, what should be done? I would say to continue this. I would say, having looked at the military option somewhat carefully, to me the military option just doesn't work. It's -- there are a lot of reasons to go against it. I think it would backfire in a number of ways. So to me we're stuck with, you know, kind of hard diplomatic pressure and hard economic pressure, which will only get us so far at this particular time. So we're stuck with the problem we're managing rather than one we're solving.

Scott's point about what should it have to take to get off the list: Right now the standard seems to be you have to really become a U.S. ally. So it's -- and I'm not trying to be glib about it -- that's kind of the Libya standard, which is you say not only are we going to stop this stuff, but we're going to flip. And Sudan has been trying to go down that road to a degree and it's been a problem because of Darfur, which isn't a terrorism problem, but it's been hard for it to portray itself in the way we want it to be because of that. I would really like to see countries apologize for their past crimes, but I'm much more focused on what they do in the future. So, I'm not sure what a reasonable grace period is. Several years, but you want several years where they have not been supporting terrorism. Beyond that you can still -- it's perfectly reasonable to me to, you know, have legislation, to have Executive demands for compensation, to push in other ways. But, again going back to the list itself, I think the list should be of

active sponsors, not of ones that have done bad things in the past and haven't fully apologized for them.

You're absolutely right on the counterfactual in Pakistan. Things could be much worse without U.S. money and I would say, in particular, several of the very impressive arrests that were made and killings that were done in the first years after 9/11 were in large part because of U.S. financial aid and Pakistan's desire to keep that coming. My problem is that each year we seem to get a little less. And at the same time, each year the problems seem to increase. And so at some point I would have said, five years ago -- get my dates right, yeah -- four years ago, Musharraf's our best bet. You know, not a lot of problems with the opposition and we're getting the arrests we need, he's maintained a degree of stability, he seems to be trying hard. Each year that became less true, to the point where I flipped, where I think that the secular parties are going to be an incredible headache. But Musharraf, you know, we're not giving the benefit of dictatorship and if you're

not at least getting that, to me, you know -- having failed to do the wrong thing successfully, we should do the right thing in the hopes that they'll be more successful, and I'll stop there.

MR. RIEDEL: On that note, I'm doing the wrong thing. We'll close. Thank you again, Dan, for a very provocative paper, and thank you, Bruce, for your comments on it.

(Applause)

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