CATO INSTITUTE POLICY FORUM

HOW SHOULD THE UNITED STATES RESPOND TO TERRORISM?

Monday, November 27, 2000

Featuring:

Anthony Cordesman,
Center for Strategic and International Studies;
John Parachini, Monterey Institute of International Studies;
Bruce Hoffman, RAND Corporation; and
Ivan Eland, Cato Institute

The Cato Institute
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P R O C E E D I N G S

MR. NISKANEN: Good afternoon, friends, and welcome to the Cato Institute. My name is Bill Niskanen, the Chairman of Cato, and I will be moderating today's session.

The issue is terrorism. What is it? How to avoid it? What should we do as a nation and as individuals if we are subject to a terrorist attack? We have four very qualified speakers to address this issue today. Each will speak 10 or 12 minutes, and we are going to leave a good bit of time for questions and conversations among the panel and questions from the audience.

Our first speaker is John Parachini, who is Executive Director of the Washington Office of the Center for Non-Proliferation Studies at the Monterey Institute of International Studies. He is now editing a volume of case studies on terrorist motivations and behavioral patterns, which is a follow-on to his own book, called "Toxic Terror: Assessing Terrorists' Use of Chemical and Biological Weapons," recently published by the MIT Press.

John.

JOHN PARACHINI,

MONTEREY INSTITUTE OF INTERNATIONAL STUDIES

MR. PARACHINI: I want to commend the Cato Institute for convening this gathering. It is sort of timely, as we begin to sort through the aftermath of the USS Cole bombing, to try and get some perspective on how we move forward, and how the United States should be thinking about addressing the problem of terrorism that it faces at this current time.

The first thing I want to draw our attention to is that terrorism is a fluid problem. It is not like a nation-state that has guns, tanks, ships, airplanes, that you can see with satellites as you go over. It is just not as easy as a nation-state and a nation-state's order of battle. So we have to recognize the difficulty of getting a handle on the problem.

The second thing is, particularly in the case of the bombing of the Cole, we have a situation where there may be a civilization of people at war with us, but we are a nation-state at peace with the world. And there is a fundamental disjuncture there that now is a useful time to begin to reassess how we do operate in some regions of the world, where we are not in conflict with nation-states but there may be civilizations of people who see themselves in conflict with us.

In order to respond to this new environment, we need to think about a broader range of tools in our tool kit, other than just a declamatory policy and a cruise missile strike. This requires a little creativity on our part. And I think there is some evidence that we are moving in a positive direction toward developing these other tools, but I think more attention needs to be given to really refining these tools.

It feels good to strike back with a cruise missile when we've been hit. And, indeed, our leaders feel the need to declare a terrorist to be criminals that need to be brought to justice. But in a longer-term struggle, as it is with such a fluid problem, there are other tools that we should think about that may in the end be more productive in terms of constraining the problem.

For instance, we should not devalue the role of diplomatic tools, working with other countries in cooperation to narrow the range and narrow the territory in which terrorist groups can operate. If we can reduce the sanctuary environment in various countries where terrorists operate, we can make it harder for them to operate. If we can apply economic pressure to countries that do provide sanctuary or do turn a blind eye, that raises the cost for countries to do so.

Finally, improving law enforcement cooperation in countries all across the world is very important. I think now in

this period we see a unique period of cooperation on terrorism. Who would have thought that we would be having discussions with the Russians regarding terrorism? Or with the Indians regarding terrorism? Or with the Pakistanis regarding terrorism?

A whole range of range of countries we previously had not had such discussions with, the United States is now involved in discussions with these countries. Similarly, the Chinese and the Russians are having discussions. So there is an international coalition of nation-states beginning to evolve that are concerned about this problem of sort of low-intensity violence.

Finally, I think the most important tool that is the most underdeveloped at this time that we need to build up in our tool kit is better management of how we talk about the problem, both for our own publics and for publics around the world. Far too often in the United States, public officials, and indeed scholars and experts, draw too much attention to terrorist strikes; raise the value of those strikes; plant ideas in the minds of terrorists that indeed by doing the strikes that they undertake they get our attention.

I think a quieter approach, in many instances, works better, one; and, two, we need to, when we do talk about it, we do need to be mindful of who the various audiences are around the world. We are not as sensitive as we should be to the role of

satellite television through many parts of the world, particularly in the Islamic world. We need to, when these strikes do occur, we need to do personalize a little more the human tragedy. It is not just a strike against the United States; it is a strike against innocent people. We need to be able to penetrate into the cultures more effectively the results of these strikes.

Now, I think working quietly does work better on terrorism. By working quietly, it means moderating what our public responses are. And if indeed we deem a military response appropriate and necessary, that special operations forces are much better than cruise missiles. Cruise missiles feel good at the moment, but in the longer term the value is less clear. So if we have to reach for the military option, I think we need to reevaluate the role of special operations in our tool kit.

Then we need to think about changing the emphasis in this country. Ever since the series of attacks in the early 1990's, the World Trade Center, the Murrah Federal Building bombing, and the bombings of our embassies in East Africa, we focus a lot on response, mopping up after an attack. And, indeed, the Nunn-Lugar-Domenici legislation, which created funds and initiative to train local responders all around the country, was good and useful at the time, but now that we are five years out from the Aum Shinrikyo attack on the Tokyo subway and these

series of bombings in the early 1990's, we should push back and, in my mind, shift the emphasis.

That is, we should continue to do some level of response preparation. We have a ways to go there, particularly in our public health sector and in our veterinarian sector. But we should increase the emphasis on prevention. And by prevention, I have in mind making sure these events never happen in the first place. And that is where our diplomatic tools come into play. That is where more attention to intelligence and better use of law enforcement tools come into play. Our objective should be to make sure these things never happen, not just to be effectively cleaning up after they do occur.

While we do need to continue to do some response preparation and training, we need to focus it a little better. I fear that in the last several years, as we begin to get going as a country to improve our response capability, many mistakes were made. And we have learned from those in the last five years. Now is the time to consolidate some of the learning that has occurred there and focus our efforts in the communities where we feel we are most likely to be threatened.

Part of the way to do this is to address one of the missing elements in our current strategy on terrorism. And that is we don't necessarily have a strategy. A series of presidential decision directives, speeches by senior government

officials, and an OMB report to Congress on the spending on terrorism, are all useful, but it does not make a strategy. And in order to develop a strategy, one of the bases that we need to have that we do not have in this country at this moment is a comprehensive threat assessment that looks at both the foreign threat as well as the domestic threat, and stitches them together into one comprehensive view. This would create a benchmark in which spending and programs could be gauged against each fiscal year.

This does not mean that we should not revisit this comprehensive threat assessment on an annual or periodic basis, or that we shouldn't be doing rolling threat assessments given the fluidity of this problem. But it does mean that without some sort of benchmark we are merely building policy on anecdotal concerns and we are not developing a comprehensive strategy. Frankly, we don't know whether we are spending too much or too little, because we don't have a good sense of the threat.

Finally, I want to just try and put this problem in perspective. Subnational strikes by terrorists are a problem. There is tragic loss of life. But it is nowhere near the problem that alcohol-related traffic accidents are on American highways every year. So, in terms of casualty counts, this problem is challenging but minimal in comparison to other problems we face as a society. That doesn't mean we should dismiss it, because

some of the attacks are attacks on the state, are attacks on the institution that create a tremendous amount of fear. But we should put that fear in perspective. And a lot of that has to do with how we talk about this problem.

Having said that about subnational groups, I think we need to always be aware of the possible connection between nation-states that seek to attack us and use a covert approach as opposed to an overt approach. And I commend Tony Cordesman for raising this problem. I think a national discussion needs to be had on how serious we think this threat is, and what are the measures we are willing to take against nation-states that either are sponsors of terrorist groups, or, more likely, because we have seen a fall-off in state sponsorship of terrorism, is state use of covert actions against the United States.

Putting this in perspective will hopefully devalue the importance of a strike against the United States in the mind of a terrorists, begin to shift the value of such strikes in the minds of state sponsors, to the degree that there are, and will allow us to continue to be vigilant on the threats that are real and present.

Thank you.

(Applause.)

MR. NISKANEN: Thank you John. A good introduction.

Our second speaker is Tony Cordesman, who is a Senior Fellow at the Center for Strategic and International Studies here in Washington. He had previously been the Assistant for National Security to Senator John McCain. He is also an Adjunct Professor for National Security Studies at Georgetown University, and a military analyst for ABC TV.

Tony.

ANTHONY CORDESMAN,

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

MR. CORDESMAN: I guess it is good afternoon, ladies and gentlemen.

I think you will find that there is a certain consensus among those of us on the panel today, so I would like to begin by going back to the two original experts on terrorism and cite their work. And those would be Chicken Little and the Boy Who Cried Wolf. And I think it is important to remember these as morals when we address this subject, because both of these experts came to a very bad end by exaggerating and mischaracterizing the threat.

Real threats did emerge, but not the one that these two leading analysts predicted. Society did fail to prepare properly for the threats that emerged. And the moral of this story is

that it is extremely hard to say anything about terrorism that is both moderate and correct.

And I raise that because I think that very often what we look at is the patterns we have seen to date. And then we try, in Washington, to create the usual artificial crisis that will motivate the government to change its response. In doing so, we pick out the part of the problem that we are familiar with and understand. And there are real dangers, I believe at least, in that particular approach to what is called terrorism today.

The first, I think, is that we may not really be more threatened by terrorism than we are by the slow emerging character of asymmetric warfare. Our very strength in terms of conventional forces, the kind of warfighting we demonstrated in the Gulf War, our nuclear strength and our power projection capabilities, means that intelligent opponents that are willing to take risks will, over time, probably evolve methods of attack which are asymmetric in character. And the most attractive of those means are to use what we call terrorism, whether it is state-sponsored or indirect use of proxies, either against our allies or against the United States.

Now, we have not seen that pattern clearly emerge in the United States. We have not seen it clearly emerge in Asia. We have seen it emerge within the Gulf. We have seen that, for opposition movements, it is much more attractive to attack U.S.

concerns or U.S.-related advisory facilities or U.S. ships than it is to try to attack their own regimes, although regimes are often targets, as well.

It is interesting to note that this pattern does not simply include the United States. We focus on the threat to the U.S. and the USS Cole, but there have been seven similar attacks on British businessmen and on British facilities, as well. And the pattern of this kind of attack, when it spread out of Algeria and North Africa into France, was a similar pattern of asymmetric warfare although not necessarily by state-sponsored groups.

Now, can we predict that this will be the kind of pattern of warfare or attack that emerges in the future? No, I don't think so. But it is a logical extension of both our strengths and our vulnerabilities. Can we say on the basis of past patterns that these patterns prepare us for analyzing the kind of attacks that may emerge in the United States? The answer there I think is very clearly no.

I think it was well pointed out, and may be by others, that we aren't particularly good at pattern analysis of terrorism. The State Department report is a highly political document, focusing mostly on terrorism by countries we don't like, and which focuses almost exclusively on international terrorism and provides no basis for looking at the domestic patterns of terrorism in other countries that may emerge and

create threats to the United States or its allies. We have only begun to look, frankly, at the risks involved, when they involve emerging shifts in technology.

These, too, are easy to exaggerate, but I think the risk of biotechnology and biological warfare creates new methods, new options for asymmetric attack which are not going to be responded to because of what we say in novels or articles or analyses. They don't need Americans to look at biotechnology and the options for terrorists. The same is probably true to a lesser degree of chemical means of attack simply because of the growing sophistication in developing nations.

The level of biotechnology even in a country like Iraq, under sanctions, to create something like anthrax today is not terribly dissimilar to the level of technology we had in the United States in the early 1950's. And at that point in time we were very confident that we were capable of creating agents with near nuclear lethalities. If you add to that the trends in the future and genetic engineering, the world is changing.

The same, in a lesser degree, is probably true of what is happening with computers and the whole problem of attacks on information systems. Now, I think much of this particular aspect of vulnerability has been grossly exaggerated. There have been estimates, for example, of attacks, which you could call models of terrorism, like the Love Bug attack. And people have quoted

economic costs of billions of dollars. There is, of course, absolutely no sustaining basis for such estimates; no economic analysis to justify it. But the fact is that the vulnerability is increasing.

I would also say that the problem is not what will happen or what we can predict in the next one or two years, but how do we respond to these broader trends over a period of 10 to 25. If that is true, again, looking at the past does not necessarily tell you what you need to do in the future.

I also think it is clear that there will be no end to history. If you look at the world and you were to take a red crayon and an outline map and color the countries in regions where there is sufficient instability to create some kind of cumulative risk to the United States or its allies, a lot of that map would be quickly filled in. But we would never be able to predict when, who, where, and with what.

It is interesting to me, however, that people like Tommy Franks, the Commander of USCENTCOM sees asymmetric warfare as ongoing. He does not see the Cole as an incident. He sees our commitment in the Gulf as inevitably linked to an ongoing process of asymmetric warfare. People who have looked at the clash between Israeli and Palestinians do not see an outcome, even if we can somehow bring this to a peace, where we will not be tied, as we have been in past years, to the need to find

counterterrorist solutions that will help both Israeli and Palestinian over a period of years and perhaps a decade.

If we look at peacekeeping and peacemaking, we learned the hard way in Lebanon that if you make peace in the wrong area you thrust forces into a terrorist environment. We are beginning to see this in Kosovo, where there is a real question of what happens between Albanian Kosovar and Serbian. These are realities that I do not believe will go away, but they are not realities for which we have a pattern.

And let me conclude then by a few brief statements about capabilities. Some years ago, I was the Director of Intelligence Assessment for the Secretary of Defense. And during that period, every time we ran into a problem, somebody called for more intelligence and better prediction and strategic warning. I have to tell you, as somebody who was supposed to be providing money and resources to do this, it is far easier to call for than it is to implement. The fact is that it takes years to develop focused intelligence capabilities when you know the threat.

Yes, I would like to predict. But, to be perfectly honest, I don't think that is going to prove technically possibly. We can do better, but there will always be leaks and gaps.

Our response efforts are extremely complex, extremely debatable, and they require you to read about 400 pages of U.S. Government budget documents, which are extraordinarily dull, to fully understand them. But, by and large, when you do read those documents, you realize we are only at the crude beginning, that we are spending far less money than people publicize, and that virtually all of the money today goes to the physical protection of U.S. Government facilities here and abroad. The actual down-flow or pass-through of money to counterterrorism is extremely limited, very selective, and it needs restructuring.

As you pointed out, we need a strategy. We also need a program budget, and far more sophisticated management tools than we have today. I believe we need partnerships, but I would be very careful about the phrase "law enforcement" in partnerships. The fact is that law enforcement partnerships are extremely political, extremely limited, often inherently corrupt, because countries can only have law enforcement capabilities shared where they want to.

In most countries where terrorism takes place, they are not willing to have close cooperation between law enforcement agencies. And in most cases, virtually all of the counterterrorism activity that is serious is done by repressive intelligence services or by the military and it is not a matter of law enforcement cooperation. How we work this out I simply do

not at this point know. But I can tell you it will not be through law enforcement cooperation, and it will be with groups and intelligence organizations which this country often does not like, for human rights and many other reasons.

Counter-strike capabilities, again, I have to say I agree with John: missiles are not the answer. But I have been involved in a number of special forces operations over the years, and let me say that it is far easier to make the movie than it is to carry out the operation. This is basically a method of attack in which you have to assume a 50 to 70 percent failure rate. Unless you are willing to accept the costs, which are often very high politically, you will find out two things: it very embarrassing to try and, in many cases, you can't try at all. You can't get to the target. That is not a criticism of trying; it just says it is going to be much harder than you think.

So, to conclude, I think we are at a point in time where we need prudent preparation for new kinds of risks, which link counterterrorism to dealing with asymmetric warfare. I think it would be an illusion, a hopeless cause, to say that by weakening our international commitments we can somehow remove the threat. First, we can't back away from our role as a global power. Second, if we tried, we would simply make American industry, American commerce, American interests overseas more vulnerable. We are not the primary source of attack, in any

case; our allies are. And if we leave them defenseless, we invite eventually attack upon ourselves.

Finally, ultimately, this will not be a matter of strategies. It will be a matter of budgets and programs. It will not be who is in charge, whether it be the NSC or new offices. It will be whether we can create a coherent Federal effort to deal with this broad spectrum of attack. And that means program budgets, and it means coherent budget documents.

And that is something which I think it is fair to say that at this point in time we absolutely and totally lack. The Department of Defense cannot measure its own activities much less those of other government activities. The OMB documents involved are a travesty of effective management, looking at one-year budgets, where there is no net technical assessment, no risk analysis, no outyear budgeting, and no cost estimates of what it will ever take to deploy any of the measures that are being funded at the start. And that is a complex task that does not lend itself to short editorials, but it is what really measures success and response.

Thank you.

(Applause.)

MR. NISKANEN: Thank you, Tony.

Our third speaker is Doctor Bruce Hoffman, who is the Director of the RAND Corporation's Washington Office, and he

heads RAND's terrorism research. He is the Editor-in-Chief of "Studies in Conflict and Terrorism," the leading scholarly journal in the field, a member of the Advisory Board of Terrorism and Political Violence, and he has a new book called "Inside Terrorism," recently published by the Columbia University Press.

Thank you.

BRUCE HOFFMAN, RAND CORPORATION

DR. HOFFMAN: Thank you, Bill.

I am doubly disadvantaged as a speaker in the sense that I'm the penultimate speaker keeping you from your lunch. At least you know when Ivan stands up that you only have one more person to endure.

But I think more problematically is that I fundamentally don't disagree with anything I have heard from either John Parachini or Tony Cordesman. So at least I have been scribbling, trying to avoid repeating myself and repeating what they have said in my own presentation.

I think it is clear, though, that when President Clinton leaves office two months from now that he can rightly claim credit for having done more than any other President to ensure that the United States is prepared to counter the threat of terrorism. Certainly during his two administrations and eight

years in office, funding has increased exponentially, terrorism has certainly been elevated to almost the top, in an almost unprecedented way, of the most important national security threats facing the United States.

But here we encounter, I think, a fundamentally disquieting paradox. There has been more attention, certainly, focused on terrorism, larger budgets, more personnel. Yet America today, I would argue, feels far more insecure than we did, for example, eight years ago, when President Clinton was first elected to office.

If you think back to the early 1990's and to the period of 1992, the year before we had defeated Iraq in the Gulf War, some months before our archenemy, the Soviet Union, had collapsed, the threat of really the ultimate terror, strategic nuclear annihilation, had been lifted and this new world order beckons, and then you fast forward to today, when I think it is undeniable that America feels far more insecure than it has at any time, perhaps, even in the darkest days of the Cold War. Words like "bioterrorism," "cyberterrorism," concepts like homeland defense have entered into our lexicon on the present concerns.

Even as the lone superpower remaining in the world, it is astonishing, again, contrasting our victories both military and moral or political eight years ago, some of the fallout from

the recent attack on the USS Cole involve whether a lone superpower's navy warships were safe, steaming into ports. This goes, I think, very much to the heart of Tony Cordesman's points about the threats of asymmetric warfare.

Also, I think that despite all of this progress, the attack on the Cole shows that much of our efforts in countering terrorism still remain inchoate and unfocused. And I think that the developments of the building of an effective counterterrorism policy isn't just a matter of more attention, bigger budgets, larger numbers of personnel, but rather something more subtle, and I think it's something even more disciplined.

It is rather, I think, a process of greater focus, a better appreciation of the problem, and understanding of the threat and, I think as both John and Tony have very eloquently argued, the formulation of a clear, cohesive strategy against terrorism, something that knits together the full range of our formidable capability. I think that despite all the money, despite the staff increases, despite the interests, our approach to countering terrorism is still fragmented and uncoordinated and very much is typified by a range or host of bureaucracies, with often overlapping and perhaps even duplicative responsibilities and efforts.

Now, certainly, in the counterterrorism calculus, military options, military operations, have a clear place. I

wouldn't disagree with that at all, but as John pointed out, I think they have to be in the service of defined and long-term objectives, not just be oriented toward satisfying immediate needs or immediate demands, the catharsis, let's say, of self-satisfaction of striking a blow against our enemies. That is part of a broader strategy, a long-range strategy.

Again, as both John and Bill pointed out, I think an absolutely critical, fundamental first step in the building of that strategy is a clear understanding of the threat. And that can only be achieved through sober reassessment, and constant reassessments, of the foreign terrorists threats. To my knowledge, there hasn't been a net assessment of the foreign terrorist threat in some five years now, since the Oklahoma attack and the Aum Shinrikyo attacks that first put terrorism so profoundly, or so prominently, on the policy screen, and there has never been a domestic net assessment of the terrorist threat.

The NPDO, the National Preparedness Defense Organization, was supposed to have undertaken it. We know the problems that the NPDO has faced. So these seem to be two essential prerequisites if we are going to move forward, understanding the threat based on ongoing analysis.

I think we also need to be confident that we can respond to terrorism across the entire technological spectrum. Certainly threats from biological terrorism, chemical terrorism,

other exotic weaponry, is something we have to prepare for and pay attention to. But, at the same time, we shouldn't leave sight of the fact that the most salient threats to Americans still come from conventional weapons: the attack on the USS Cole, the bombings of our two embassies in 1998 in East Africa, the Atlanta Olympic bombings, bombings in Oklahoma City and at the World Trade Center demonstrate that conventional weapons still are just as effective as they have always been in killing people and serving the terrorist needs and goals.

Also, too, in many of these instances, the sophistication of these attacks and these weapons is very much in their simplicity. Terrorists increasingly rely on a range of readily available, commercially attainable, ordinary materials to fabricate lethal bombs. The urea nitrate bomb used at the World Trade Center, for example, according to one account, cost approximately $400 to construct, and yet caused, I think probably a conservative estimate is $550 million in damages and lost revenue.

Also, too, the concentration on these more exotic threats, again, not inappropriate, but it does beg the question of whether the United States is better prepared today to respond to an incident such as the 1995 bombing of the Alfred P. Murrah Building in Oklahoma City than it was five years ago. And I think this is a live issue, at least in conversations I had last

spring and last summer with first responders across the United States, in places as diverse as Oklahoma, Idaho, and Florida.

A common theme that they raise is that although there has been funding, although there has been attention, opportunities to purchase bio-kits, chemical suits, those types of tools needed to respond to terrorist attacks, what they say has gone wanting are rather more simple things: thermal imaging devices to locate bodies in the rubble of a destroyed building, concrete cutters to rescue people not just in terrorist attacks but in all sorts of disasters, glass cutters and diamond cutters, as well. They said that these are things that they need, and less attention has been focused on that. There has been less opportunities, according to them, to purchase these types of materials and tools, as well.

At the same time, I think we have to be careful not to fix wheels that aren't necessarily broken. For example, in the wake of the Cole attack, one observer described it as -- in the pages of the Washington Post -- is an obscene failure of intelligence. And I am not sure that that is either accurate or entirely fair. In fact, from my point of view, I think the U.S. intelligence community has a very credible record, certainly over the past two years, in forwarding, preempting and preventing terrorist attacks against the United States.

We know literally, since the time of the two embassy bombings that Osama Bin Laden and his confederates have been plotting attacks against American interests not only worldwide but in this country, as well. Our embassies overseas have been closed more than 80 times. A plot last year by an Algerian man to sneak into the United States was broken up in Port Angeles, Washington. A plot to attack American and Israeli tourists in Jordan last December was also frustrated.

This isn't something that there can be a perfect record of success; countering terrorism is a highly imperfect science. But, nonetheless, I think the intelligence community has done a very good job in protecting the United States. And, indeed, I think the track record of institutions such as the Counterterrorism Center at Langley, which, innovatively, brings together both the operational and analytical sides of the house, has proven its effectiveness. I think this is one wheel that doesn't necessarily have to be fixed.

But, at the same time, though, we can't rest on past laurels. We can't assume that past intelligence successes will necessarily safeguard us in the future. And I think here a fundamental question we have to ask is: Is the intelligence architecture in the United States suited to the type of threats we are going to face in the 21st Century?

I think many people have made the argument that the intelligence architecture in this country is essentially a Cold War artifice, constructed 50 years ago against a definable enemy, a clearly identifiable enemy, and one that possibly has outlived its relevance to a certain extent, or at least its function.

For example, very helpfully this morning, the Washington Post published the structure of the intelligence community, which you may have seen on one of its back pages. It is enormously revealing. Eight of the 13 components of our intelligence community are located within the Department of Defense.

Now, if we are talking about a new era of conflict, an era of conflict of asymmetric warfare as Tony described, an era of conflict where we are confronted by stateless, transnational threats precisely such as those epitomized by Osama Bin Laden and the al-Qaida organization, one has to ask whether our overall intelligence architecture, where, according to one analysis, about 60 percent of effort is devoted on military intelligence, which someone else has described as the low-hanging fruit of intelligence, is really applicable to the threats we face today and in the future.

Certainly, I think this also goes to my point that this isn't the kind of issue that necessarily needs more money -- the typical American response to throw money at a problem. When one

thinks about it, at least in the public figures of the $30 billion budget for intelligence, it is larger than the defense budgets of all but six countries throughout the world. So I think it is not necessarily more money but perhaps a refocusing, and perhaps less of an emphasis of intelligence assets under the Department of Defense and more under direct civilian control.

I think that the advent of stateless transnational threats also raises the question of whether the standard toolbox or tool kit that we have used to respond to terrorism is still appropriate in the future. This has been military responses and economic sanctions, which may have been fine to apply against state sponsors of terrorism, but are far more difficult to use against these stateless transnational threats. And in that respect I would say that what we need to do more often than we have done in the past is to more actively incorporate psychological operations and define communications strategies in countering terrorism.

Now, this in itself is difficult. This isn't the kind of thing that policymakers can wave in front of you and demonstrate concretely that progress is being made in the same way that many of our other responses to terrorism have been done. But, nonetheless, I think that these less visible advances will pay vast dividends and is also a critical component. At the very least I think they will avoid what I think has been an

inadvertent outcome of the 1998 cruise missile attacks against targets in Afghanistan and Sudan. And that has been almost the lionization or the inflation of Bin Laden's power and stature throughout the world. I think if we had, again, a long-term strategy in general but with very clearly defined psychological and communications strategy built into that, we could avoid some of those mistakes.

Finally, I think we have to ensure that key existing countermeasures are both working and being enforced. And I think a very important step forward that was achieved during the Clinton administration in responding to the threat of terrorism was the promulgation of the Foreign Terrorist Organizations Lists that originally outlawed 30 foreign terrorist organizations that were prohibited from engaging in fundraising and political activities in this country. Last year, that number was revised to 27.

I think that it is an absolutely essential tool in the struggle against terrorism. The problem, as even government officials themselves will concede, is that this Act is unevenly enforced and selectively enforced. It has to be enforced across the board against all terrorist groups active in this country.

In conclusion, I would caution that terrorism is not a problem to be solved much less completely eradicated. Nor do I think can an open and democratic society like the United States

ever hope to insulate itself or somehow completely hermetically seal itself off from the threat of terrorism either in this country or against its citizens, interests and assets abroad.

By the same token, we have to keep the threat of terrorism in perspective. This is something that John previously argued. I would say that there is a thin line between prude and panic. And a prerequisite that we stay on the right side of that line, on the line of prudence, is that we ensure that U.S. resources are focused where and when they can have the most effect. And that begins with a sober and empirical understanding of the terrorist threat coupled with a comprehensive and coherent strategy.

Thank you.

(Applause.)

MR. NISKANEN: Thank you Bruce.

Our fourth speaker is my colleague Ivan Eland. Ivan is the Director of Defense Policy Studies here at the Cato Institute. And specific to this topic his most important publications are two analyses in 1998, "Does U.S. Intervention Breed Terrorism? The Historical Record," and "Protecting the Homeland: The Best Defense Is to Give No Offense."

Ivan.

IVAN ELAND, CATO INSTITUTE

MR. ELAND: Thanks Bill.

Today, it may seem like I am heaping too much criticism on the United States during my presentation, but I would like to take a little bit different view from the other speakers. And that is to say they have all started with the premise that terrorism is against an enemy; we need to do this, this and this to combat it. And I'll discuss some of those because I'll discuss that as well, but I think we need to look more broadly than that.

Before we decide how to respond to terrorism, which is the principal topic of this forum today, we need to define it. And of course, authorities even in the field don't really agree on that definition. As Tony said, the State Department's terrorism list is highly politicized. For instance, the IRA is not on it as a group; Pakistan is not on it as a country; and we see North Korea and Cuba are on it, but they haven't really been active supporters of terrorism in a long time, we just simply don't like them. And the recent efforts to get North Korea off the terrorism list because relations are thawing is ample evidence that the list is highly politicized.

So if we try to get a more objective view of terrorism, a non-politicized one, you have to let the chips fall where they

may, and we have to ask ourselves if the U.S. ever commits any acts of terrorism or if the U.S. ever motivates groups to conduct attacks on the U.S., or motivates states to sponsor attacks on the U.S. Of course, these questions are so tough that they never get asked, and the U.S. is always portrayed as wearing the white hat and the terrorists are always the villains.

Now my crude working definition of terrorism is, and maybe the other experts here who have more expertise than I in this might quibble over this, but I would say that a terrorist act is intentionally targeting innocent civilians to reap political, military or propaganda gains. Now, excluded would be violent acts aimed at governmental and military targets that collaterally and inadvertently kill civilians.

Of course, the recent attack on the USS Cole, which may have drawn you to this forum, would not fall into that category. The ship was a military vessel whose mission was to enforce the economic blockade of Iraq. Economic blockades are often regarded as acts of war. So the attack on the Cole may have been a dastardly act, or an act of war, but it might not be a terrorist attack.

Paralleling my working definition is Article 22 of the Hague Aerial Bombing Rules, drafted in 1922, which state: Aerial bombardment for the purposes of terrorizing a civilian

population, of destroying or damaging private property not of a military character, of injuring non-combatants, is prohibited.

So if we let the chips fall where they may, some might ask whether the fire bombing of Hamburg and Dresden, and the dropping of the atomic bomb on Japanese cities during World War II were terrorist acts. Now, of course, other people would say, well, the chips were down; we had an all-out enemy here, an evil enemy, we had to do these things. But at least think we ought to consider these aspects of the problem.

In addition, taking the Hague rules into account, President Clinton's cruise missile attack against the private factory in Sudan might be characterized by some as a terrorist act in response to non-terrorist acts -- the bombing of two government embassies in Kenya and Tanzania -- because this factory was a private factory and there wasn't very good intelligence on this at all. And what about the deliberate targeting of civilian infrastructure in Serbia during the Kosovo war to make the Serbs capitulate?

Now, are these terrorist acts? Well one further complication that we have here is terminology. When governments do bad things, we usually call them war crimes, but when governments sponsor bad things done by armed groups we call it state-sponsored terrorism. So we see that the popular conception of terrorism is rather muddled, but that a more objective

definition of terrorism might suggest the unthinkable. And in certain instances, the United States might think about putting itself on its own list of terrorist nations.

"Terrorism" is such a loaded word that we should probably stop using it. But, of course, with our sensational media, that's probably unlikely. So it is probably too much to hope for. But how big of a problem to the U.S. Government are such terrorist attacks? Well, in the past, not a very big problem. In the future, they could be cataclysmic. An analysis based on State Department's statistics indicates that since 1994 an average of 11 Americans per year died from such attacks. That's not very many.

By comparison, in the United States, about 90 people are killed in their bathtubs and swimming pools each year. And that 90 is about how many Americans were killed by terrorists during the entire decade of the nineties. The number of worldwide terrorist incidents have declined 30 percent from the eighties to the nineties. And American deaths have declined almost 85 percent during the same period. And part of this is due to the fact that the Cold War is over and the Soviet Union, which was a major sponsor of state-sponsored terrorism, is defunct now.

Now, one would never know that terrorism is a minor problem because we spend $11 billion to $13 billion per year on

counterterrorism, yet we don't have a Federal bathtub and swimming pool SWAT force or --

[End Side A. Begin Side B.]

MR. ELAND: -- agencies combating that problem.

So, in short, in the past it has been a minor problem I think to which the Federal Government has overreacted. It's a sensational problem but nevertheless, frankly, a minor problem. I agree that terrorists will probably continue to use conventional bombs and the deaths from those will probably remain fairly low. But now, with the possibility that terrorists could get their hands on nuclear, biological and chemical weapons, the problem of terrorism -- I guess we should say super-terrorism -- may now become a critical national security problem. That threat would be a quantum leap, because just one rare act could cause mass casualties.

Today, we hear varying opinions on how likely one of these super-terrorists attacks really is. Secretary of Defense Cohen said that the likelihood is quite real that in the next 10 years a terrorist attack using NBC agents is fairly likely. Certainly there has been hype on this issue, some of which has been designed to justify bureaucratic dash for cash by a plethora of government entities and agencies.

There are obstacles for terrorists against such weapons: Fissile materials, or nuclear warheads are under

controls. Biological weapons are easy to make but disseminating them requires some technique. Chemical weapons are easy to make and disseminate, but they don't have the lethality that bioweapons and nuclear weapons have. But if the terrorists are willing and able to carry out these attacks, preventing, deterring it, interdicting it, and responding to it would be difficult.

We are very vulnerable to this because we are an open society with relatively open borders. These cargoes that would be smuggled into the U.S. are very small. The U.S. Government only gets about 5 to 15 percent of larger illegal drug settlements coming over thousands of miles of borders, so it is probably not going to have much more luck in this case. The terrorists also have the advantage of being on the offense. They know where and when they will strike.

As the IRA said to the British Government: You have to be lucky all of the time; we have to be lucky only once. And with these super weapons, if they do get those, it only takes one to have a catastrophic effect. So we can argue about the immediacy of the effect, but I think in the long term it is going to get worse. The technology is getting older, as was already mentioned, and scientists and materials are flowing out of the Soviet Union to rogue states and terrorist groups. Trying to completely control these would probably be difficult.

The complexity and sophistication of terrorists organizations is increasing according to intelligence officials. So they may eventually get around to using these weapons if they become sophisticated enough in doing so, if they are not already. Michael O'Hanlan, from Brookings Institution, did a study on the advances of various military technologies. He is very skeptical about the revolution in military affairs, but he did pick out a few select technologies which were achieving what he called high rates of progress. One of those was biological weapons.

So, even if the probability of these attacks is low, the expected value is high, or at least higher, because it is catastrophic in its consequence. It wouldn't be catastrophic simply because tens of thousands or hundreds of thousands of people would be killed -- if that is not bad enough -- this could fundamentally undermine our system as a whole, our civil liberties that we cherish and what makes America a unique place to live. And I think that is as great a problem as all the casualties, because there would be pressure to crack down.

So what should the United States do about terrorist attacks against U.S. targets? Of course, we are the targets of over 40 percent of the world's terrorism, according to the State Department. Alternative one is to increase resources devoted to intelligence. I don't think we need that. Intelligence is one of the areas, because of its secrecy, which was not downsized

after the Cold War. I think we need a transfer of resources from the technical means of intelligence, which we used in the Cold War, to human intelligence, which would be better in penetrating these groups which are very hard to penetrate. Compartmentalized terrorist organizations are extremely difficult to penetrate. And I don't think we should put too much emphasis on intelligence as preventing all attacks.

The second would be to loosen the leash on domestic spying by law enforcement agencies. This is very dangerous. The Secretary of Defense and other public officials have hinted that giving up some liberties in the short term might prevent a larger clamp-down that would be demanded after an attack, a dangerous super-terrorists attack.

This logic is dangerous for two reasons. It assumes that law enforcement will prevent all attacks and, number two, rather than obviating the need for greater forfeiture of liberties, a smaller forfeiture of liberties may set a precedent for greater restrictions in the future. The National Commission on Terrorism's recommendation to begin monitoring foreign students and for tighter controls on fundraising of suspected terrorists are shocking policy prescriptions for an open society.

Number three, pursue apprehension and prosecution of perpetrators through the legal system. This, of course, we

should pursue. But not that many terrorists have been brought to justice, frankly. So I think we need to put that in perspective.

Alternative four, invest more resources in mitigating the consequences of an attack. Well, I think a few resources, by cutting other defense programs, we should put a few into stockpiling vaccines and antidotes for some of the more common agents. Buying some basic detection and contamination equipment for State governments and big cities and educating emergency personnel and the public about NBC attacks would be good. But, once again, we are spending $12 billion on this, and there is a plethora of agencies stumbling over themselves to get the money, and I am not sure that that would solve the problem.

And the National Commission on Terrorism's recommendation is that the military should lead the government's domestic response to super-terrorism I think is unnecessary and, frankly, scary. So I think we are going to only make incremental progress toward consequence management, as we call it, because the emergency services would most likely be overwhelmed after any such attack.

The fifth alternative is to take retaliatory military strikes. I agree with John. I don't think we should elevate terrorism, and I think we should respond quietly. A short-term military action may be needed to deter other attacks; in the long

term, though, I think a forward-based military, launching preventive attacks, is part of the problem.

So I come to my preferred and probably one of the most effective, I think, and least analyzed solutions but it requires a lot of introspection on our part: analyzing what motivates people to attack us. And most of the debate that we have today just assumes that the terrorists are warped crazies and that the United States is the good guy. However, Switzerland and Australia, other rich capitalist nations that export their culture and their products, don't seem to have the problem with terrorism that we do.

So I don't think it is who we are, as some people do, I think it is what we do. And President Clinton, the Defense Science Board and the National Commission on Terrorism all admit that U.S. interventions cause terrorism against U.S. targets. I did a study here at Cato in which I listed over 63 incidents of planned or actual terrorism that was in response to U.S. foreign policy. So, in the long term, I think to respond to terrorism and, more importantly, to super-terrorism, is to adopt a more restrained military posture overseas. We are still in the self-appointed role as global protector. We have lost sight of the fact that any national security policy should first protect U.S. citizens in the territory of the homeland.

After that, we should talk about how extended our defense perimeter needs to be. But in the changed strategic environment, where a weak terrorist group could possibly bring a superpower to its knees with one attack, we have to question whether the extended defense perimeter is actually increasing our security or reducing it. The State Department issues worldwide cautions quite frequently, usually when a U.S. military intervention is underway, to tell Americans abroad to "avoid large crowds and gatherings, keep a low profile, and vary routes and times of all required travel." Well, I have to say, isn't it national security policy's first priority to make U.S. citizens safe rather than putting them in danger, which I think our policy is doing.

The last thing is we get involved in ethic conflicts which are the very conflicts which are not a threat to our security but yet those threats probably, more than any other, spawn violent groups that would like to attack the United States. Not only do these brushfire wars, such as the Kosovo war, cause proliferation of weapons -- for instance, the North Koreans said, why should we give up our nukes so that you can accuse us of human rights violations and bomb us like you did Serbia? I mean countries get biological, chemical and nuclear weapons to keep the U.S. out.

So, if we want to talk about nonproliferation policy, perhaps we should lessen our military strength. Also, they are more likely to use those weapons through terrorists or through a direct attack. And you may say, well, isn't a direct attack on the U.S. fairly unlikely? I would say, however, most of the rogue states realize that they cannot beat the U.S. once we are in the theater with our superior forces, so they must use an entry denial strategy.

Well, the ultimate way of doing this might be to sponsor a terrorist attack on a U.S. port, or ports, to stop the deployment of forces to the theater. They could hide their involvement in this, but it would prevent the U.S. from deploying to the theater. And so I think if they saw an invasion was planned -- for instance, Saddam Hussein -- he has nothing to lose, if his regime is going down, by doing some of this. So I think, tactically, it might be more feasible for countries to do this than we think.

So I would just say that I think we need to restrain our military policy overseas and intervene only when our vital interests are at stake. And I would consider that to be when a hegemonic power, such as the USSR, arises again and challenges or tries to take over an area of large economy or technology, for instance, Europe or the Far East. I think we have to concentrate on what really matters for our security.

Richard Betts, from Columbia University, has advocated restraining ourselves militarily in the Middle East to lessen the chances of a super-terrorists attack on U.S. soil. I suggest that the U.S. policy should be restrained everywhere else in the world as well, because I think a terrorist could arise from anywhere. The Philippine Government uncovered a plot to down 11 U.S. airliners, so it is not just in the Middle East where I think we need to lessen our intrusive interventionism.

Unfortunately, the foreign policy establishment in the United States -- for example, Secretary of Defense Cohen -- talk casually of tens of thousands of casualties from an NBC attack on U.S. soil, but that same establishment asserts that the potential threat from terrorism or super-terrorism should not keep the United States from playing its indispensable role as an interventionist superpower with interests all over the world. They seem to see the world as a chessboard in which their citizens on only pawns -- in this case, perhaps captured or dead pawns. So I plea for restraint.

Thank you.

(Applause.)

MR. NISKANEN: I suspect there may be some basis for discussion among the panel. Let's give them the first shot at this.

MALE VOICE: I just want to underscore the importance of sort of gauging the magnitude of the threat, that that is where we do need to start. And I think several of the panelists have suggested the most likely threat -- indeed, the Federal Bureau of Investigation articulates this point -- that the most likely threat to the United States is to face in the coming years will be from terrorists with conventional explosives. That does not mean to say that the threat of terrorist using unconventional weapons -- chemical, biological, radiological or nuclear weapons -- that the threat is zero, but it does mean that the much more likely threat is from conventional explosives and not from these unconventional weapons and materials.

So, as we move forward, we should gauge appropriately what is the greatest risk. And part of the way we figure out risk is not just by assessing our vulnerabilities -- because as an open society we are potentially infinitely vulnerable; it is one of the great beauties of our society that we are open -- but if we were vulnerable and the threat was so great, we would be being hit all the time, and we are not. So there is much more to the risk than mere vulnerabilities. I would suggest that there are two other components that we need to take into much greater account.

One is capabilities of groups -- and it turns out that in order to get unconventional weapons, it is much more difficult

than is popularly suggested -- and motivations. And that is the area that has received the least amount of attention in our national research and discourse, is looking at the motivations of terrorists. So, in order to get a risk profile, we need not only to look at our vulnerabilities, but also look at the capabilities of groups and the motivations.

MR. NISKANEN: Tony?

MR. CORDESMAN: I suspect that it will come as no shock to Ivan that I flatly disagree with the Cato's philosophy that we can solve our problems by withdrawing from the world. I don't believe that is possible. I don't believe it is possible to do it economically. I think that we are caught up in alliances because we need to be caught up in alliances, and I think they have a price tag.

We are probably, regardless of our political structure, going to become more and more economically interdependent with other countries, and we will be tied economically more and more to their fate and destiny and internal security. We can either try to create partnerships which block and reduce the threat of terrorism, or we can simply accept the consequences, which I do not believe will defend us or reduce the threats.

But I would stress again the problem that nobody likes in Washington, particularly because to discuss strategy you never really have to know what you are saying you just have to use all

the proper words, and that is, where is the money going and how effective is the program?

Now, Ivan quoted the figure $12 billion, which is a figure which emerges out of quite a number of studies. The problem is, when you start tearing that money down, virtually all of it goes to creating sort of improved Federal facilities, more guards, better fences, bulletproof embassies, and almost none of it is really going to comprehensive response efforts. There have been improvements in some areas, but let me note that, particularly in areas like intelligence, this I think is a good argument for the kind of net assessment and broad review that both John and Bruce called for.

The problem in intelligence is that we began with extremely limited capabilities to deal with the developing world, the world outside Russia. We have cut capabilities. When we went into Kosovo, we had to pull experts out of the coverage of Iraq, which is sort of an analytical absurdity, but it shows the size of resources.

When we talk about domestic efforts, let me note that technology here has had a potentially devastating aspect on NSA. We spent about a year and a half trying to solve that problem through reorganization. It is not clear to me that even with the efforts going on NSA can perform from anything like its past

level of capability with its current resources. And the question is, how much do you give up, not, can you make tradeoffs?

And I raise these issues because, measure after measure and program after program, we really need to look at where the money is going and what the program is. And you get a strategy by doing two things: net assessment of the threat, which has been pointed out earlier, and honest assessment of Federal programs and Federal options. The issue of vaccines was mentioned. We may well be stockpiling vaccines which virtually any country that will use weapons can defeat.

It is far from clear that our current anthrax vaccine is capable of dealing with any of the agents that Russia, for example, militarized over 14 years ago. We are injecting people with that vaccine with no knowledge whatsoever. Stockpiling vaccines in a highly public form simply invites people to make intelligent changes in the threat. But there is no analysis of these kinds of tradeoffs.

The other point I will make here is no matter how we do analyze the threat we will face massive uncertainties. I tried to outline this earlier, but we can't have a valid threat assessment today because we don't have patterns that tell us what may happen in the future. The probability of an event that has never occurred is a statistical oxymoron. Now, we don't like admitting that as strategic analysts, but it is simply a

mathematical reality. So we are going to have to deal with capabilities as well as threat analysis.

In brief, we can't get out of the world and we are going to have to spend the money. The question is whether we do it wisely.

MR. NISKANEN: Bruce?

DR. HOFFMAN: I also would like to take exception with some of Ivan's arguments. I don't think that the problem of the Unites States being a likely target for terrorists throughout the world is as much because we pursue a particularly activist or interventionist foreign policy or that we assume this role of global protector. I think it is something less palpable but more profound. I think the United States, throughout the world, is viewed -- probably not incorrectly -- as a status quo power. And of course, this is the fundamental challenge that any hegemon faces, that we want to preserve our power.

But, obviously, to many people throughout the world, even, I would argue, regions of the globe where we have very little interest, the United States still is intellectually perceived as a status quo power against change. And I suppose that if we were going to take a look at our foreign policy and say, for perhaps one of the first times in history, and not just address the symptoms or the superficial emergence of terrorism but rather its root systemic causes, one would have to say that

it would have to begin with addressing the U.S. role as a status quo power.

I think, secondly, that even if the United States weren't a hegemon, or weren't so involved overseas, that we would still be a magnet for terrorist attacks for the simple reason that the U.S. media and means of communication is the most advanced, sophisticated and powerful in the world. And that, by definition, means that any obscure terrorist group anywhere in the world can easily thrust themselves and their cause onto the world's agenda simply by killing a handful of Americans. So, irreducible of anything else, I think the U.S. is a target.

Lastly, and I hope that this doesn't sound flippant; it is not meant to be, but I have to say that cruise missiles have gotten something of a bum rap in this discussion, and I wanted to clarify. I am not against the use of military force or the use of cruise missiles. In some respect, cruise missiles are a particularly useful tool. They are far more accurate than fighter bombers in some instances. And if you read my book, I've been a critic of the 1986 air strikes against Libya precisely for the reason that the accuracy there, I suppose, wasn't very good -- is a good, diplomatic way to put it -- whereas cruise missiles do have a greater accuracy range.

I think that they are often used as these very demonstrable, dramatic acts of violence. But, at the same time,

even though we put our faith in special operations forces, on people on the ground, as being more surgical and more precise, that still, though, puts more lives at risk. And if we can accomplish our aims surgically and precisely with cruise missiles -- again, I would emphasize, as part of a wider strategy and not just as a feel good or a cathartic one -- then I think it is perfectly fine to use that type of weapon.

MR. ELAND: Well I would like to defend my position. It is interesting that we always say that if we were to restrain ourselves militarily that we would be pulling back from the world. That is a military-centric view of the world which, unfortunately, our national security bureaucracy has always been prone to. I don't think that anyone here at Cato, and me included, would advocate pulling back from the world. We are as free trade as you can get, free investment, free flow of people and culture across boundaries.

When we say that economically, the world is becoming more interdependent, the assumption is there that therefore we need to stamp out any little problem that comes up, before it balloons into another Hitler, that's always the hidden assumption. We are becoming more economically interdependent in the world, and that is great, but that doesn't necessarily mean that we mean to be militarily engaged in every region of the world. Trade and investment, those are mutually beneficial

transactions. People do that because it is in their interest to do it.

Trade goes through wars, around wars, even belligerents have traded with each other in the past. So I think that we must guard our economic interests. Our economic interests would be better served by staying out of some of these conflicts.

The comment was made that we have alliances. Well, why do we have alliances? We have alliances for a very useful purpose during the Cold War: to prevent a hegemonic power, the USSR, from undermining the Western world. And I think that we let our allies let us pay for most of the defense expenditures. But, anyway, I think we need to question those alliances now. They have become ends in themselves.

We are supposed to have alliances to ensure our security, and they may be doing the opposite. The other thing is, as Bruce was saying, well, we are attacked because we're a status quo power. Well, I think Japan and Germany are status quo powers, and they don't seem to get attacked.

I did look at the historical record, and it's not a complete look, but there are many instances where terrorists have targeted us specifically and have said so because of our interventionist foreign policy. And there are other terrorists attacks which have come so close to our interventions that they can be explained by nothing other than the fact that we

intervened. So I am not saying that you are going to completely eliminate the problem, but you can certainly reduce the chances of terrorism.

One last thing. We assume that only the U.S. can police the world, that we are the indispensable nation, as Madeleine Albright said. I think that is just ridiculous. The world policed itself fine before we got involved in World War I. And so I think we don't need to go back to the isolationist strategy, but I think we need to let other countries be the first line of defense. We can help out if things get tough.

And I think our current interventionist foreign policy is quite strange. It doesn't seem to fit our geostrategic reality, which is we are one of the most secure great powers ever in terms of geostrategic invulnerability. We have two great oceans and friendly neighbors and the most powerful nuclear offense in the world. So I don't think restraining ourselves militarily and not getting involving in brush-fire conflicts -- and most of the conflicts in the world now are intrastate rather than interstate -- and those are the precise ones that don't involve our security and we could undermine our security by spawning terrorist groups.

MR. NISKANEN: Let me ask two quick questions, first, to Tony and Bruce. Are you saying that we are not uniquely vulnerable to terrorism because of our hegemonic foreign policy

or that it is just the necessary price we have to pay for that policy?

MR. CORDESMAN: First, we are not uniquely vulnerable. Because when you look at the level of terrorism that actually takes place in Africa, Latin America, Europe, and Asia, you see that there is a very significant amount of terrorism. Remember, too, that one of the problems we have here is we count international terrorism in a very unique way, and that is all the State Department counts. If you start looking at the total number of incidents actually taking place in the world, then you get completely different patterns, and you see that this is a more much endemic phenomena and far less related to the U.S. If you have a U.S.-centric count, guess what? The U.S. is the issue here.

But the other thing I do have to say is that I think that the extent to which the U.S. has been drawn in to involvements overseas, in areas like Israel and trying to deal with the peace process there, which has a cost to us; or in the Gulf, where, for all the talk of the coalition, we made the coalition and enforced the defense of the area with two-thirds of the world's oil reserves because there was no other potential defender; or in Asia, where the stability that has been enforced in Northeast Asia, for all the weaknesses and problems, the cost

of that so-called hegemonic presence not being there would not be that things could police themselves.

I have to admit that I have forgotten what Margaret Tuchman's figures were, but when you talk about the world policing itself just fine before World War I, let me note that you had over 57 conflicts, as I remember it, between the end of the Napoleonic Wars and World War I. And I am not sure the people of Denmark would have been particularly happy about the level of international policing any more than the people of France or the Balkans or any other part of the region.

DR. HOFFMAN: I would add that also in the period before World War I, at least when there was peace in Europe, we also had Bismarck.

MR. CORDESMAN: [Off microphone.]

DR. HOFFMAN: But it also kept the lid on the Balkans at least. But I digress.

It's the former of your two questions. It goes back to a point that Ivan made. And I think it is an important point, although I think would make it from two different perspectives. Terrorism, fundamentally, isn't quite -- and I think Ivan made this point quite eloquently -- isn't the threat we perceive it to be.

Part of the problem with the way we view terrorism is that we have inflated people like Bin Laden, until that one

individual is elevated to a stature that he can challenge the United States and we sort of cower at the mention of his name. I think it is extraordinary that not only are there 85 percent, as Ivan described, fewer attack in the nineties than in the eighties, but, again, there is this fundamental asymmetry. We feel far more concerned about terrorism and far less secure. That's more the issue.

MR. NISKANEN: I am also intrigued that none of you mentioned hostage-taking as a terrorist act. It seemed to be the primary form of terrorism against the United States in the 1970's and 1980's. It also seems to be a form of terrorism for which we are least prepared to respond, in the sense that we don't seem to have any clear response to a major hostage-taking. Are we forgetting something here?

MR. CORDESMAN: First, we have to be a little careful about the statistics, because we have hostage-takings and kidnappings. And I am not sure the people involved are particularly confident of the difference. "Oh gee, I am kidnapped," it doesn't matter, the frequency has been fairly high. The problem is there is no coherent strategy based on the method of attack. It is where and who does it.

If it's in Latin America it is usually something you can buy your way out of. You are often best, quite frankly, letting companies deal with it. When governments become involved

in trying to make tradeoffs, or encourage other governments, which has been the case in the Philippines, you get the other side of what Bruce is talking about, you escalate the level of action because you escalate the level of attention and, above all, money.

When it is an act designed to basically intimidate the United States Government, it is usually part of a much broader pattern of terrorism. When it is simply a fact that in some countries the situation is so unstable that there is not even a clearly defined goal -- and this was the case in Lebanon -- it is extraordinarily difficult to find a counter-strategy. And, obviously, the ones we tried were anything but perfect; it is not clear in retrospect that there were better strategies at the time.

So I think we need to be very, very careful about sort of looking at the method of attack as by itself an indication of what the response should be. The motive behind the attack, the broader context of the attack, the U.S. role in this specific country, and the overall pattern of terrorism is the issue.

MR. NISKANEN: I am going to take some questions from the audience, so please raise your hand, stand up, identify yourself, and then wait for the mike to come around.

Yes ma'am?

MS. SLAVEN: Hi, I'm Barbara Slaven, with USA Today.

The question is to all of you. It seems that the investigation into the Cole is making progress. We may have some charges announced fairly soon in Yemen, and increasing suspicion that it is indeed related to Osama Bin Laden. If that is the case, given the results of the cruise missile strikes two years ago, what approach should we take to dealing with Osama Bin Laden this time?

MR. PARACHINI: There are no silver bullets to get Osama Bin Laden, and I think looking for the silver bullet is a mistake. Similarly, there is no way to throw resources at it. This is not a case where spending big will solve the problem. It is more a case of spending smart is more important than spending big.

I would suggest that there is a variety of tools that we should continue to patiently use, focused on the broader problem of loose networks of people affiliated with Bin Laden. And part of it is working with governments that are experiencing similar difficulties that we are with Bin Laden or Bin Laden-sponsored activities. And here it is unusual to note that China and Russia are both countries that may be confronting organizations and individuals sponsored by Bin Laden. These are countries in which we often have differences. Here we have a common agenda and we should pursue that vigorously. So there is

a range of tools that we should use and we should not hesitate to use them all, and searching for a single one is bound to fail.

MR. NISKANEN: Tony?

MR. CORDESMAN: I absolutely agree with what John just said. But what bothers me about this is just as we demonized Qaddafi and turned him into a hero in the process, we are demonizing Bin Laden and turning him into a hero in much of the world where people do not simply oppose us but they oppose the current regime, or they oppose secularism, or they oppose Western values, or a whole group of other areas.

When we talk about Bin Laden, let's remember what we are really talking about. We are talking about internal problems in Saudi Arabia, where you have something like 30 percent unemployment among young Saudi men in spite of a rise in oil revenues, and a large number of so-called Afghani. You are talking about political turmoil in Pakistan and an intelligence service which has become coupled to Islamic movements in the military, which potentially threatens the future of the country's secular development. You are talking about Afghanistan, which offers sanctuary to Bin Laden for a host of other reasons. You are talking about loosely affiliated movements, which range anywhere from the Gaza to Egypt, across to areas like Algeria.

Now, if you are going to really counter these movements, rather than focusing on Bin Laden you have got to

begin at the bottom of the chain and work up. What is it in Yemen that created this structure? What was it in the Saudi security services which failed to deal with the Saudi part of the problem? How much of the money and organization really came from Bin Laden? How did Egyptian extremists get involved in this structure, and what role did they really play?

And the warning about how not to do it is what is happening as we watch the situation unravel over Lockerbie, where, yes, we created a demon, but we never created a convincing chain of evidence or established what the structure was. I would be extraordinarily cautious about the Bin Laden focus. If you could strike him off the problem, we probably move toward a more intelligent solution.

I would also say one needs to be very, very careful about quick demonstrative American action, particularly with what is happening between Israel and the Palestinians, and with Iraq's ability to manipulate that and slowly erode out of sanctions. Shooting at Bin Laden and missing, which I think at this point by far the more probable action, is very likely to strengthen terrorism and opposition, even though it will be the measure that many American politicians probably push for.

MR. NISKANEN: I can imagine a U.S. regional commander, however, saying, I don't need a lecture, I need an answer.

Next question here.

MR. HERSHEY. I am Bob Hershey. I am a consulting engineer.

To what extent has the tradeoff between countermeasures against terrorism and terrorism itself gotten out of hand, so that American citizens and America are inconvenienced and lose millions of dollars of time per year; for instance, the closing off of Pennsylvania Avenue or the long delays at airport security?

MR. ELAND: I think that is a good point. We are spending, as Tony said, almost $12 billion dollars fortifying embassies, promoting our defense, horticulture programs around the city, where we see big pots of plants that are supposed to stop truck bombs, and we are basically making our open society more closed. And I think that terrorists are winning.

And, frankly, the amount of people that are killed every year -- I realize this is a politically incorrect statement, but, nonetheless, I think you have to calibrate your defenses to the threat -- I think the threat is only serious if they get weapons of mass destruction. And, frankly, I don't think you are going to be able to stop that with law enforcement, with military, or anything else. I think the only way to do it is to, in the long term, really reassess why you need to be everywhere and do everything. And I think you need to focus on

the motivation of terrorists. And maybe we would have to spend less on such measures if we did that.

MR. NISKANEN: Yes?

MR. KOBER: Stanley Kober, with the CATO Institute.

The Cole has been brought up obviously. The Cole was the victim of a suicide bombing. And what we may be seeing now is an upsurge in suicide bombings. I see around the world a greater acceptance. How do you deal specifically with the problem of suicide bombings? Most of our military strategy -- and the word "strategy" was used -- is based on a concept of deterrence, but how do you deter a suicide bomber?

MR. CORDESMAN: I think first you have to be very careful. A lot of our strategy is based on physical protection. And it is actually about 7-plus billion dollars out of the $12 billion that is spent on that. An awful lot of the money goes to relocating military facilities, adding perimeter fences, adding security systems, making the system less vulnerable and less attractive. And you are not dealing with geniuses when you talk about suicide bombers, and these measures often work. They will sometimes fail. And you will always see new, innovative efforts to try to exploit the gaps.

But the money involved actually buys, I think, a considerable level of deterrence as well as protection, because it makes it harder and it diverts attacks to other targets which

might be used against U.S. facilities. The other broad aspect of deterrence is obviously to identify the movement, to go for the structure of the movement rather than these volunteers, many of which are actually recruited and trained in a matter of weeks. They are selected out of the ideologically sincere, given motivational talks, and basically thrust into a position of killing themselves at the peak of their ideological commitment.

So deterrence comes from deterring the organization. And that comes from attacks on the head of the organization. And here again, one of the key tools for deterrence is cooperation, and it is often with the counterterrorists or security apparatus in allied countries. It won't be perfect, but I think to say that deterrence can't be made to be effective in a lot of cases is simply unrealistic.

DR. HOFFMAN: I think this is yet another example which calls out for the need for an empirical, sober understanding of the threat. I think suicide terrorism, as most terrorism, is a dimension of psychological warfare. And part of the reason that suicide terrorism is used is because it is meant to emit this aura of invincibility and that you can't defeat and you can't protect against them, which is nonsense.

Also, too, I think there is this image of the suicide terrorism of a fanatical religious zealot, which also isn't true. Probably the most effective sustained campaign of suicide

terrorism in the world today is being perpetrated in Sri Lanka by ostensibly a secular group, the Liberation Tigers of Tamal Eelam, where it is not amateurs who have just been pressed into service perhaps like in Gaza or the West Bank or in Lebanon, after three weeks, but the most battle-hardened, experienced of their fighters that are actually deployed on suicide missions.

And I think the Sri Lankan experience has shown, firstly -- and especially sea borne commando-type suicide attacks are by no means new; the USS Cole was not the first military vessel to be attacked in this manner, there have been something like 400 attacks against Sri Lankan naval vessels in the past decade -- but, more to the point, I think what the Sri Lanka experience also shows is not only is it not new, but there are I think means that this type of warfare can be effectively countered. It begins with awareness of the problem, and then there is simple security and protective measures that can be used to defeat it.

MR. NISKANEN: Let's wrap it up. You are all invited for lunch upstairs in the Winter Garden. And let's thank our panel for a very interesting discussion.

(Applause.)

(Whereupon, the Policy Forum was concluded.)