

(Mis)Measuring Success in Countering the Financing of Terrorism

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One of the most oft-cited and highly touted success stories of the U.S. global effort to counter terrorism concerns the Bush administration's efforts to stem the flow of money to terrorists. In fact, the first official act of the Administration's campaign to counter terrorism after the attacks of September 11 took place on September 24, 2001—weeks before military action commenced in Afghanistan. In a well-orchestrated Rose Garden ceremony, President Bush launched “a strike on the financial foundation of the global terror network” by freezing the assets of eleven individuals, thirteen groups, and three charities suspected of funding Al Qaeda.¹ With the rhetorical flourish of “starving the terrorists of money,” a process of regular presidential announcements commenced, demonstrating to the world that the United States was serious about pursuing financial targets.² Public designations of terrorists and blocking of bank accounts became the first indicators of progress in the effort to counter terrorism.

The commitment of acts of terrorism requires resources—the recruitment of human resources, training of those individuals, material for munitions, the dissemination of information (both before and after attacks),

1. “President Freezes Terrorist Assets,” Remarks of the President, Secretary of the Treasury O’Neill, and Secretary of State Powell on Executive Order, The White House, September 24, 2001, <http://georgewbush-whitehouse.archives.gov/news/releases/2001/09/20010924-4.html>.

2. John Roth, Douglas Greenberg, and Serena Willie, “Monograph on Terrorist Financing” (Staff Report to the Commission), National Commission on Terrorist Attacks upon the United States (Staff Monograph), 2004, http://www.9-11commission.gov/staff_statements/911_TerrFin_Monograph.pdf.

and finance. It is for this reason that one of the central components of efforts to combat terrorism logically consists of attempts to cut off its financing. As such, there are four principal reasons for countering the financing of terrorism:

- Prevention—to prevent acts of terrorism or disrupt and reduce the impact of acts of terrorism that cannot be prevented;
- Deterrence—to educate people about the potential diversion of resources from legitimate purposes (charitable giving, for example) and provide them with an incentive to ensure their funds are properly utilized;
- Intelligence—to gather financial intelligence, which is among the most reliable tools in reconstructing networks after an attack (and potentially provides a basis for disrupting and preventing future attacks);
- Political utility—to garner public attention to counterterrorism efforts, demonstrate government resolve, and portray action/progress against terrorism.

This fourth and final point, political utility, is the reason why the politics of numbers matters so much in terrorist financing, as well as why the numbers and surrounding rhetoric are often politicized.

This chapter analyzes the politics of numbers in the terrorist financing realm by addressing the metrics of designations/frozen assets, political considerations underlying claims of success, obstacles to accurate measurement of progress, the discursive placement of qualitative and quantitative indicators in policymakers' statements, and alternative considerations regarding the effectiveness of policies to counter terrorist financing.

Political Context of Terrorist Financing

Prior to the attacks of September 11, 2001, terrorist financing was not an international or even U.S. priority, and there was little sense of urgency regarding the need for a strategy to combat terrorist financing.³ The domain of a handful of government experts, financial sanctions were generally considered technical and arcane. Within two weeks of the attacks, however, President Bush harnessed the little known and understood tools of terrorist designations and assets freezes to launch the highly touted and much vaunted first front in the administration's global effort against terrorism. As President Bush announced on September 24, 2001,

3. Staff Monograph, 4–34.

This morning a major thrust of our war on terrorism began with a stroke of a pen. Today, we have launched a strike on the financial foundation of the global terror network... We will starve the terrorists of funding, turn them against each other, rout them out of their safe hiding places and bring them to justice... Money is the lifeblood of terrorist operations. Today, we're asking the world to stop payment.⁴

In what became known as the “Rose Garden Strategy,” the President commenced a series of regular announcements concerning the freezing of assets of terrorist-related organizations. In doing so, an extraordinary process ensued, one that departed from traditional procedures to compile and verify evidentiary information about those listed. The rush to designate came primarily from the National Security Council staff, leaving the technical experts scrambling to deliver up targets. According to the then secretary of the treasury Paul O’Neill, a premium was placed on quickly seizing assets: “We just listed out as many of the usual suspects as we could and said, let’s go freeze some of their assets.”⁵

Much of the first phase of the effort to counter terrorist financing was dominated by two types of action, which together became the primary metrics associated with terrorist financing. Such measures were regularly cited by U.S. officials and widely reported in the media as early indicators of progress in the overall counterterrorism effort.

Terrorist Financing Metrics

The most commonly cited metrics associated with terrorist financing efforts are the number of individuals and entities designated on the lists of terrorists, and the amount of assets frozen or blocked.

Designations

One of the first quantitative indicators related to terrorist financing was the number of individuals and entities publicly designated through UN, regional (EU), and national (U.S.) listings. As of February 2009, the U.S. Treasury’s Office of Foreign Assets Control (OFAC) had designated more than 500 individuals and entities as terrorists, including their financiers or facilitators since 9/11 (which also include U.S.-unilaterally listed terrorist groups such as Hamas and Hezbollah). The bulk of these designations occurred within the first year following the attacks, with the pace slowing in 2003. In subsequent years, the number increased only marginally—as of the

4. “President Freezes Terrorist Assets.”

5. Ron Suskin, *The Price of Loyalty* (New York: Simon & Schuster, 2004), 193.

end of 2006, the number of Specially Designated Global Terrorists numbered 466, increasing only to 470 by September 2007. Of the 466 names, more than 340 individuals and entities designated by the U.S. government (USG) were also listed by the United Nations Security Council Committee, established pursuant to resolution 1267 (1999) concerning Al-Qaida and the Taliban and Associated Individuals and Entities (“1267 Committee”).⁶

Assets Frozen

The total dollar amount of assets blocked is the other most frequently cited metric associated with terrorist financing. Within one month after the attacks, Treasury officials cited \$4 million of assets frozen; within one year, \$112 million had been frozen worldwide; by May 2003, the figure had climbed to \$137 million. On the two-year anniversary of the 9/11 attacks, the *Progress in the War on Terrorist Financing* reported that the United States and its international partners had seized or frozen nearly \$200 million in terrorist-related assets. This number appears to have been rounded upward, as the same document stated that \$136.7 million in assets had been frozen worldwide (of which \$36.6 million in the United States). Subsequent statements by USG officials raised the figure to \$147 million in frozen assets as of January 2005.⁷ No higher figure has since been found in government documents.

By the 100th day of the global campaign against terrorism, President Bush declared significant progress in attacking the terrorists’ international financial network, in touting both of these metrics:

Our attack on terrorist finances is progressing... The assets of more than 150 known terrorists, their organizations and their bankers have been frozen by the United States. One hundred forty-two countries have issued freezing orders of their own. The result: more than \$33 million in terrorist assets have been blocked inside the United States; more than \$33 million more have been blocked abroad by our partners in the international coalition.⁸

6. U.S. Department of the Treasury, Office of Foreign Assets Control, “Terrorist Assets Report, Fifteenth Annual Report to Congress on Assets in the United States of Terrorist Countries and International Terrorism Program Designees,” 2006, <http://www.ustreas.gov/offices/enforcement/ofac/reports/tar2006.pdf>.

7. U.S. Department of Treasury, “Progress in the War on Terrorist Financing,” September 11, 2003, <http://www.treas.gov/press/releases/reports/js721.pdf>. See also United Nations, “Security Council Committee Meets Senior U.S. Officials to Discuss Implementation of Sanctions Against Al-Qaida, Taliban,” Press Release, November 1, 2005.

8. “The Global War on Terrorism: The First 100 Days,” December 21, 2001, <http://www.usembassy.at/en/download/pdf/globalwar.pdf>. See also “President Blocks More Assets in Financial War on Terrorism,” December 20, 2001, <http://www.whitehouse.gov/news/releases/2001/12/20011220-11.html>.

Problematic Nature of Indicators

Questions have been raised, however, about the reliability and significance of these figures. For example, the \$147 million in frozen assets likely includes Taliban and Al Qaeda funds blocked prior to 9/11, pursuant to UNSCR 1267. The figure also appears to be cumulative and not a current total, because frozen Taliban funds subsequently were returned to the government of Afghanistan after the toppling of the Taliban regime.⁹ Moreover, in comparing statements about frozen assets, considerable inconsistency is evident. Some USG statements cite \$36 million of Al Qaeda funds frozen in the United States. However, the official annual report of the Treasury Department's Office of Foreign Assets Control claims that the United States retains \$20.7 million of terrorist organizations as of the end of 2007, of which only \$11.3 million was directly related to Al Qaeda (with an additional \$8.7 million Hamas-related assets).¹⁰ Indeed, the increasing amounts of funds frozen (and individuals listed) seem to have more to do with the addition of new groups and their affiliated front organizations than they do with the enhanced effectiveness of a global campaign against Al Qaeda finances. The increase in the USG totals come largely from the addition of new groups (organizations associated with Hamas and Hezbollah and the Liberation Tigers of Tamil Eelam) to the Office of Foreign Assets Control Specially Designated Terrorist list (OFAC SDT), not from the freezing of additional Al Qaeda-related accounts. The relative stasis of the total amounts frozen as noted in several 1267 Committee's monitoring team reports derives from the fact that there have been few new names added to the list.¹¹ As many international banks have concluded, virtually all of the funds related to Al Qaeda have already been frozen.

The total number listed also does not indicate the number of individuals and corporate entities under surveillance on the "gray" lists of the U.S. Treasury Department, that is, individuals under financial surveillance, but not publically listed. Given the highly classified nature of ongoing investigations, this would be impossible, for obvious reasons. Indeed, we do not

9. Approximately \$261.5 million in Afghan assets were unblocked and turned over to the Afghan Interim Authority between February and April 2002 as the Authority established control over Afghanistan following the U.S.-led military campaign. U.S. Department of the Treasury, Office of Foreign Assets Control, "Terrorist Assets Report, Sixteenth Annual Report to Congress on Assets in the United States of Terrorist Countries and International Terrorism Program Designees," 2007, <http://www.ustreas.gov/offices/enforcement/ofac/reports/tar2007.pdf>.

10. "2007 Terrorist Assets Report."

11. See Eric Rosand's critique of the moribund nature of the Al Qaeda listing process in article by Colum Lynch, "UN-U.S. Actions Sometimes at Odds with Afghan Policy," *Washington Post*, July 5, 2007.

Box 10.1

Authoritative Sources: Skepticism Warranted

Even the most authoritative numbers concerning frozen assets, those from respected sources such as the 1267 Committee's monitoring team, raise questions on closer examination. Although the 1267 Committee reports are among the most authoritative cited and available, there is cause to question some of the estimates contained in its early reports.

For example, the current monitoring team acknowledged problems with the group's first report regarding the number of countries that have a legal basis for freezing assets. The report stated that "legal basis for freezing assets related to Al-Qaida, the Taliban and associated groups and entities now (25 August 2004) exists in all but three Member States." On closer scrutiny and questioning, a member of the monitoring team noted:

I'm afraid the first report was wrong and in this respect not clearly worded. I think we revised our method of counting or of assessing what constituted a legal basis for freezing assets following our first report. Our latest published figures are in S/2005/761 Annex 1. In that we pointed out that 140 States had sent in a report under resolution 1455 (para 4) and that of these it appeared 117 had a "clearly identified" legal basis for freezing assets (para 20). I think what happened was that we reexamined what States claimed to be an adequate legal basis and found it wanting in several of them, despite their 1455 report. I am sorry to shake your faith in the accuracy of our reports, but it was the first one.¹

1. E-mail correspondence between one of the authors and 1267 Committee monitoring team member, September 2007.

even know the scope of the ongoing surveillance activities. Our lack of knowledge about the gray lists renders the defenses of claims about the intelligence value of the countering the financing of terrorism (CFT) regime virtually impossible to evaluate.

In addition, there is conflicting information within the same organizations' reports. Previously the 1267 Committee's monitoring team cited a figure of \$91.4 million in assets that remain frozen, but reduced it in the September 2007 report to \$85 million, due to a mistaken identity by one

state and the deduction of Taliban assets that were released to the Afghan government. The latter is based on reports from UN member states and does not include the cumulative figures reported by U.S. Treasury, hence its lower estimates. Such problems should make one skeptical about placing too much stock in even “official numbers.”¹²

Moreover, discrepancies between figures used by the U.S. government and those provided by the 1267 Committee’s monitoring team can be found, with the team consistently estimating lower amounts frozen worldwide. Notwithstanding these discrepancies and even acknowledging the limitations of these metrics, nearly every report between 2001 and 2008 by the monitoring team references the amount of assets frozen and/or number of designations as indicators in the fight against terrorist financing (see figure 10.1). Even so, according to the monitoring team, “Inevitably, the effect of the assets freeze is generally measured in terms of the amounts of assets frozen, but this overlooks the unquantifiable deterrent effect of the assets freeze on potential donors and its inhibiting effect on listed groups that have had to find alternative and perhaps more costly ways to move and store their money.”¹³

Perhaps the clearest acknowledgement of problems associated with terrorist financing metrics comes from former USG officials who admit that neither the number of assets frozen nor terrorists designated are very reliable or particularly useful:

[T]he metrics most often used to assess efforts against terrorism financing—the total amount of money seized and the overall number of designations—are both inadequate and misleading. . . . It is impossible to “dry the swamp” of funds available for illicit purposes, but, by targeting key nodes in the financing network, we can constrict the operating environment to the point that terrorists will not be able to get funds where and when they need them. The number of overall designations is also misleading. It is not uncommon for a potential designation target to remain unnamed due to diplomatic or intelligence issues, policy considerations, or ongoing investigations. What we are left with are trends and anecdotes—most of them classified—that point to success.¹⁴

12. UNSC Committee established pursuant to resolution 1267 (1999) concerning Al-Qaida and the Taliban and associated individuals and entities, “Seventh Report of the Analytical Support and Sanctions Monitoring Team appointed pursuant to resolutions 1526 (2004) and 1617 (2005),” November 29, 2007, <http://www.un.org/sc/committees/1267/monitoringteam.shtml>, 18.

13. *Ibid.*

14. Matthew Levitt, comment as reported by Jake Lipton, “Follow the Money: Challenges and Opportunities in the Campaign to Combat Terrorism Financing,” Washington Institute for Near East Policy, March 6, 2007, <http://www.washingtoninstitute.org/templateC05.php?CID=2576>; Matthew Levitt, “Finance as a Tool of National Security: Update on the

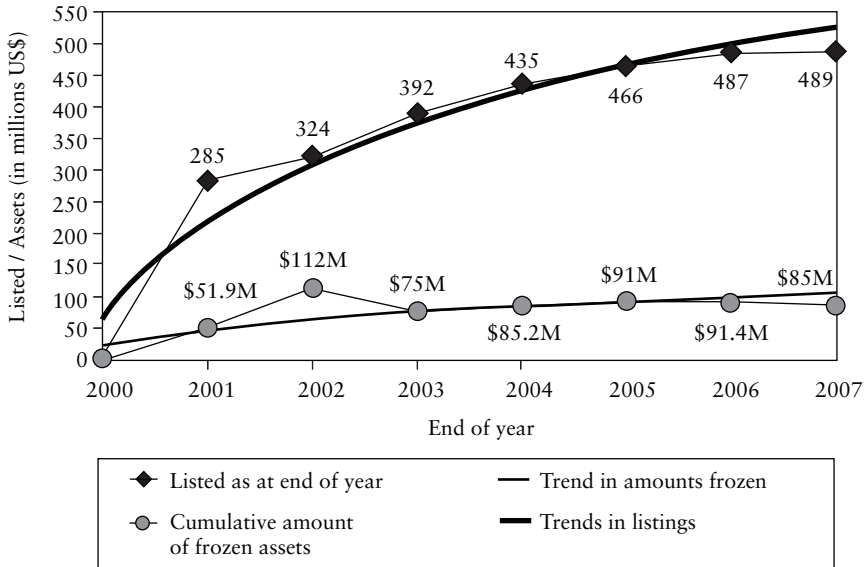


Figure 10.1. Impact of listings on the value of frozen assets
 Source: Annex III, Seventh Report of the 1267 Monitoring Team (UN)

Shift from Metrics to Objectives

By 2002, it was clear that quantity of assets frozen as a metric was of diminishing political utility. The “low hanging fruit” had been secured, and the amount of additional assets to be frozen would necessarily decline. Acknowledging this, Deputy Secretary of the Treasury Kenneth Dam noted in June 2002 that the first phase of the financial front of the war on terrorism had been dominated by public designations of terrorists and attempts to freeze their accounts. “To be sure, this was—and remains—an important aspect of the fight against terrorist financing” but the effort had entered second phase, *one not able to be quantified*, and in which “public designations and blockings will not dominate.”¹⁵ Though it is unclear whether this shift away from numeric metrics was deliberate, or merely a change in the rhetorical characterization of terrorist finance, the early

Effort to Combat Terrorist Financing,” Washington Institute for Near East Policy, November 29, 2007, <http://www.washingtoninstitute.org/print.php?template=CO7&CID=385>.

15. Kenneth Dam, “The Financial Front of the War on Terrorism: The Next Front,” Speech to the Council on Foreign Relations, June 8, 2002, http://www.cfr.org/publication/4608/financial_front_of_the_war_on_terrorism_the_next_phase.html.

indicators came to be replaced with less quantifiable and more amorphous policy objectives.

This progression is most evident in the discursive discussion of terrorist financing in U.S. policymakers' statements. Since 2001, four primary rationales have been articulated regarding the objectives of terrorist financing measures.

The first concerns the importance of financial information as a critical investigative and intelligence tool. It was financial information that helped law enforcement establish the first links between the hijackers and other conspirators after 9/11. As noted by Treasury General Counsel David Aufhauser, "money is the Achilles' heel of a terrorist that leaves a signature which once discovered has proven to be the best single means of identification, prevention, and capture."¹⁶

The second objective articulated by the Bush administration was to degrade terrorists' capabilities by disrupting financial support. "Degradation of finances translates into a degradation in operational capability... without funds, terrorists cannot move around as easily or as quickly."¹⁷

Perhaps in part due to the difficulty of measuring the impact of terrorist financing policies, Bush administration officials began to focus on the isolation of terrorists and how terrorists view the measures: "Ultimately, the most revealing indicator will be how the target itself sees our measures. Although such information can be fragmentary and highly classified, we have seen high-ranking officials within terrorist or criminal organizations or regimes subject to our sanctions programs struggling to manage the effects of our measures and worrying about what may be coming next."¹⁸

Finally, one of the most oft-cited objectives of terrorist financing measures concerns deterring would-be supporters of terrorists.¹⁹ Evidence exists that wealthy donors who previously supported charitable organizations with links to Al Qaeda have become more concerned about putting their financial

16. David D. Aufhauser, "Written Testimony before Senate Judiciary Committee on Terrorism, Technology and Homeland Security," June 26, 2003, http://www.kyl.senate.gov/legis_center/subdocs/sc062603_aufhaus.pdf.

17. Marshall Billingslea, Principal Deputy Assistant Secretary Of Defense For Special Operations/Low Intensity Conflict, Statement before the Subcommittee on Terrorism, Unconventional Threats and Capabilities, House Armed Services Committee, United States House of Representatives, April 2003, <http://armedservices.house.gov/comdocs/openingstatementsandpressreleases/108thcongress/03-04-01billingslea.html>.

18. Adam Szubin, Director, Office of Foreign Assets Control, Testimony before the House Committees on Foreign Affairs and Financial Services, April 18, 2007, <http://financialservices.house.gov/hearing110/ht041807.shtml>.

19. Matthew Levitt, comment as recorded by Drake Bennett, "Small Change: Why We Can't Fight Terrorist by Cutting Off Their Money," *Boston Globe*, January 20, 2008.

resources at risk and cut back on donations. The deterrent effect of terrorist financing policies continues to be one of the most powerful rationales.²⁰

Thus, after an initial focus on the quantifiable indicators of frozen assets and designations, U.S. officials shifted their discursive treatment of terrorist financing policies from showcasing quantitative indicators to discussion of broad objectives which, however important, are essentially unquantifiable:

But this is not a box score game. Only a small measure of success in the campaign is counted in the dollars of frozen accounts. The larger balance is found in the wariness, caution, and apprehension of donors; in the renunciation of any immunity for fiduciaries and financial intermediaries who seek refuge in notions of benign neglect and discretion, rather than vigilance; in pipelines that have gone dry; in the ability to focus our resources on those avenues of last resort; and in the gnawing awareness on the part of those who bank terror that the symmetry of borderless war means that there is no place to hide the capital that underwrites terror.²¹

(Mis)Perceptions of Success?

Despite many difficulties in verifying the accuracy of terrorist financing numbers, it is important to note how such measures have been broadly perceived as not only successful, but also among the *most* successful aspects of U.S. counterterrorism strategy. Administration officials' assertions of progress in terrorist financing have been taken largely at face value, with little questioning or critical scrutiny. Indeed, terrorist financing initiatives have enjoyed near universal support from across the political spectrum in the United States. Although the topic of terrorism is inherently political, it is not partisan. The only critique to be heard from the Congress concerns the need to do even more to sanction terrorists and proliferators such as Iran and North Korea, and to improve inter-agency coordination.

Such perceptions of success are particularly intriguing, given the fact that there has been no attempt to explain how the methodology behind the initial metrics (e.g., how the total amount of assets frozen was determined), or how conflicting numbers can be reconciled. The Bush administration neither volunteered such information on the public record (or in

20. The negative externalities associated with a reduction of charitable giving, however, should also be considered.

21. David D. Aufhauser, Written Testimony before the Senate Judiciary Committee Subcommittee on Terrorism, Technology and Homeland Security, June 26, 2003, http://www.au.af.mil/au/awc/awcgate/congress/terrorist_financing.htm.

classified form to the authors' knowledge), nor was it called by the Congress to account for claims of success. Such assertions remain unsubstantiated without the benefit of oversight and interrogation.

Moreover, authoritative sources such as the 9/11 Commission and its follow-up Public Discourse Project served to validate overall Administration claims. Without commenting on the effectiveness of terrorist financing initiatives, the 9/11 Commission recommended that tracking terrorist financing remain "front and center in U.S. counterterrorism efforts," while acknowledging that such efforts are not the primary weapon.²² The *9/11 Commission Report* noted:

While definitive intelligence is lacking, these efforts have had a significant impact on al Qaeda's ability to raise and move funds, on the willingness of donors to give money indiscriminately, and on the international community's understanding of and sensitivity to the issue. Moreover, the U.S. government has used the intelligence revealed through financial information to understand terrorist networks, search them out and disrupt their operations.

While a perfect end state—the total elimination of money flowing to al Qaeda—is virtually impossible, current government efforts to raise the costs and risks of gathering and moving money are necessary to limit al Qaeda's ability to plan and mount significant mass casualty attacks. We should understand, however, that success in these efforts will not of itself immunize us from future terrorist attacks.²³

The 9/11 Commission Public Discourse Project accorded its highest grade of A- for "*Vigorous effort against terrorist financing.*"²⁴ Although there is no explanation as to the basis for the grade, it appears that the overall effort to convince other countries to combat terrorist financing, as well as the importance of financial information for intelligence purposes generally were important considerations.²⁵ Without specifically endorsing the Bush administration's claims of effectiveness, the grade implied success of the overall terrorist financing policy, which government officials routinely cited.²⁶

22. National Commission on Terrorist Attacks Upon the United States, *9/11 Commission Report* (Washington: Government Printing Office: 2004), 382.

23. Staff Monograph, 16.

24. Thomas H. Kean et al., "Final Report on 9/11 Commission Recommendations," 9/11 Public Discourse Project, December 2005, http://www.9-11pdp.org/press/2005-12-05_report.pdf.

25. *Ibid.*

26. Stuart Levey, Under Secretary for Terrorism and Financial Intelligence, U.S. Department of the Treasury, Testimony before Senate Appropriations Subcommittee on Transportation, Treasury, the Judiciary Housing and Urban Development, and Related Agencies, April 6, 2006, <http://www.treas.gov/press/releases/js4163.htm>.

Beyond the validation provided by these groups, there is also considerable benefit-of-the-doubt accorded to any administration when it comes to security-related issues. There is a long tradition of deference to the Executive branch in security matters be it the U.S. courts, the Congress, or the public. This tendency to unquestionably accept statements and numbers from sources viewed as reliable has contributed to the lack of serious questioning or scrutiny of claims regarding success of terrorist financing policy. Given the unique position and overwhelming consideration accorded to security issues, there is reason to question if better information and more reliable quantitative metrics ultimately would make a decisive difference in these policy domains.²⁷

Evaluating Policy Effectiveness

There are inherent difficulties in quantifying and assessing measures designed to counter terrorist financing. This is not an uncommon problem in the security realm, and well recognized in attempting to assess counterterrorism measures more broadly.²⁸ Most significant is the fact that much of the underlying information upon which such an evaluation could be made is classified. In fact, secrecy is frequently invoked in dealing with terrorism, some would claim to the point of being overprotected, as evinced by the June 2006 disclosure by the *New York Times* that the United States obtained financial information from the SWIFT messaging service.²⁹ If the information is not publicly available and cannot be discussed in a transparent manner, there can be no critical questioning of the policy or the characterizations of its effectiveness. We are left with assurances of “trust us,” which former president Bush made clear would be the case in terrorist financing:

I want to assure the American people that in taking this action and publishing this list, we’re acting based on clear evidence, much of which is classified,

27. The circumstances surrounding terrorism and weapons of mass destruction are not unlike the cold war period, in which there was limited information about the true costs of export control policies. When efforts were made to understand and quantify the costs of regulatory policy, especially those borne by the private sector, ultimately such considerations were given little weight. No costs were compelling enough, when weighed against risks to national security. Perhaps this was due in part to the fact that the costs were essentially “free” for government, because industry bears the costs of regulatory policy.

28. Raphael Perl, “Combating Terrorism: The Challenge of Measuring Effectiveness,” Congressional Research Service Issue Brief RL 33160, updated March 12, 2007, <http://www.fas.org/sgp/crs/terror/RL33160.pdf>.

29. Comments by Victor Comras, “Reports of U.S. Monitoring of SWIFT Transactions Are Not New: The Practice Has Been Known by Terrorism Financing Experts for Some Time,” June 23, 2006, http://counterterrorismblog.org/2006/06/reports_of_us_monitoring_of_sw.php.

so it will not be disclosed. It's important as this war progresses that the American people understand we make decisions based upon classified information, and we will not jeopardize the sources; we will not make the war more difficult to win by publicly disclosing classified information.³⁰

In particular, the staunchest advocates and supporters of U.S. terrorist financing initiatives tend to be former Treasury officials who have had access to classified information while in office, but cannot comment on specifics other than indicating that there are plenty of success stories. "Perhaps most important, prosecutions and designations should not be mistaken for the sum total of the counter-terror finance efforts, when in fact they are only the most visible."³¹ We cannot assess what we do not know, leaving us with generic anecdotes of success, the veracity of which cannot be determined.

Even agreeing with former government officials that the total amount of money frozen or the number of people added to the list are inadequate measures of the effectiveness of efforts to counter the financing of terrorism, it remains extremely difficult to evaluate the degree of isolation and difficulty experienced by the targets. Exacerbating the problem of classified data is the more basic fact that there is simply no information available regarding the derivation of official numbers by the U.S. Treasury Department and even the 1267 Committee's monitoring team. There is a fundamental lack of concrete and verifiable data, making it impossible to measure success (or failure) on these criteria, impartially or objectively.

Assessing policy effectiveness also depends on how objectives are defined. If the criteria are so general as in the case of U.S. foreign policy export controls to "send signals," or so broad as to "make it more difficult for targets to use the international financial system," then claims of success cannot be disputed. Exactly what constitutes appropriate criteria to gauge effectiveness has not been debated. For example, according to Vice President Cheney the absence of terrorist attacks within the United States since 2001 is evidence of success, with the war in Iraq as "in part responsible" for the lack of further attacks.³² Academic skeptics claim, however, that the end of terrorism, or at least a steep decline in acts of terror, should be an appropriate measure of success: "But in the parallel universe of the financial war, rules and processes have taken on a life of their own, and the measure of success is no longer a reduction in the number of acts of terror,

30. "President Freezes Terrorist Assets."

31. Matthew Levitt, "Are We Winning the Financial War on Terror?" January 25, 2008, http://blogs.law.harvard.edu/mesh/2008/01/financial_war_on_terrorism/.

32. Richard Cheney, "Interview of the Vice President by Sean Hannity," June 15, 2006, <http://www.whitehouse.gov/news/releases/2006/06/20060615-13.html>.

but rather the multiplication of rules and the hyperactivity of process. The much touted ‘aggressiveness’ of the global effort to counter the financing of terrorism was seen as synonymous with effectiveness.”³³ Although a legitimate critique can be made that the Bush administration tended to conflate activity (be it the number of terrorist designations, amount of assets frozen, or suspicious activity reports filed by banks) with effectiveness, it is simply not credible to argue that success of counterterrorism measures should be defined by the end of terrorism. Neither of these extreme positions constitutes a reasonable criterion upon which to measure effectiveness of counterterrorist financing initiatives.

Are there more appropriate measures by which to gauge the effectiveness of terrorist financing policies? Perhaps we should begin by accepting that there are no definitive metrics by which success or effectiveness can be assessed, but rather a variety of information and indicators that can help paint an overall picture. For example, anecdotal information, including statements by terrorist groups, as well as the intelligence community’s claims regarding sources of funding or difficulty terrorists have financing operations are important.³⁴ More public information regarding how financial intelligence has helped to disrupt terrorist plans would be helpful in supporting claims of success. Greater clarity regarding how the Treasury Department derived early statistics regarding frozen assets would be useful. Perhaps most important, an enhanced public dialogue, especially with the Congress and including greater oversight of classified initiatives, would go some distance in addressing the natural skepticism that comes with a lack of verifiable metrics. In short, serious efforts to generate and scrutinize more information concerning terrorist financing policies are necessary. More detailed analysis of terrorist financing prosecutions and convictions could help shed light on ways terrorists view government efforts and attempt to circumvent them. Even a better understanding of how terrorists have utilized the formal financial sector in past transactions could reveal useful information as to appropriate guidance for financial institutions in the future. Greater analysis of the numerous suspicious activity reports filed with governments may assist in determining if there are better indicators available to help counter the financing of terrorism.

33. Ibrahim Warde, *The Price of Fear: The Truth behind the Financial War on Terror* (Los Angeles: University of California Press, 2007).

34. There have been increasing references to the difficulty Al Qaeda has had in raising funds. See Matthew Levitt and Michael Jacobson, “The Money Trail: Finding, Following, and Freezing Terrorist Finances,” Washington Institute for Near East Policy, November 2008, <http://www.washingtoninstitute.org/templateC04.php?CID=302>, 40–41.

Conclusion

We conclude with a self-reflective comment on the role of academics, even our own participation in knowledge production on this topic. We are not just consumers of these statistics and indicators, we are ourselves engaged in their use, their promulgation, and their production. In our previous research in this issue domain, we attempted to measure the implementation of counterterrorist financing policies with a qualitative assessment of the implementation of CFT policies in ten countries in the Islamic world for the Council on Foreign Relations Independent Task Force on Terrorist Financing.³⁵ We have also cooperated with the 1267 Committee's monitoring team in convening discussions about the challenges of implementation by global financial institutions. In addition, we have reviewed the relevant literature on terrorist financing, and either by including or omitting information in our own book, have engaged in an assessment of the credibility of such information.³⁶ Finally, our effort to illustrate changing financing patterns of Al Qaeda is an effort to interrogate the conventional wisdom about the wide variety of mechanisms available for the financing of terrorism and potentially to resist the political impulse to regulate everything associated with each new attack.

Our issue domain is relatively recent, its institutionalization globally is still very much in process (and capable of being reversed), and there are relatively few quantitative indicators and reliable sources of statistical information to analyze. It is important to try to devise additional metrics and to further investigate the discursive placement of these quantitative and qualitative indicators in speeches and texts of leading advocates, experts, and their critics; that is, to explore how leading policymakers, scholarly experts, and critics rhetorically place and use these indicators. An analysis of how the topic tends to be valorized linguistically and how numbers are utilized within public presentations might reveal further insights into the politics of numbers in the metaphorical "financial war on terrorism."

Ultimately, the metrics most commonly associated with terrorist financing initiatives—the total number of designations and the amount of money frozen—are inadequate and can be misleading. In our book, *Countering the Financing of Terrorism*, we recommended that a thorough analysis of the costs and benefits of the existing regime should be undertaken. As

35. Council on Foreign Relations Task Force on Terrorist Financing, "Update on the Global Campaign Against Terrorist Financing," June 2004, Appendix C: "A Comparative Assessment of Saudi Arabia with Other Countries of the Islamic World," prepared by the Watson Institute Project on Terrorist Financing, <http://www.cfr.org/publication.html?id=7111>.

36. Thomas J. Biersteker and Sue E. Eckert, *Countering the Financing of Terrorism* (New York: Routledge, 2007).

Box 10.2

Costs of Terrorists' Operations: Fact by Repetition?

As an example of the difficulty in determining the veracity of numbers, the following genealogy is provided as case in point as to the need for skepticism in relying on quantitative indicators. This is a good illustration of how little reliable information exists about the costs associated with terrorist attacks, as well as of how the relatively few seemingly authoritative estimates available can take on an unquestioned legitimacy.

In our *Countering the Financing of Terrorism*, we cited the Australian Commonwealth Director of Public Prosecutions, Damian Bugg, regarding the small percentage that operational costs of committing acts of terrorism represent compared to overall costs required to maintain a terrorist organization:

The direct operational costs are only part of the costs of running a terrorist organization. It is estimated that Al Qaida spends about 10% of its income on operational costs. The other 90% goes to the cost of administering and maintaining the organization, including the cost of operating training camps and maintaining an international network of cells. So called "sleepers" must also cost significant sums to establish and maintain.¹

It is unclear what the original source of his estimate is—the information may come from classified intelligence estimates or it may be the product of speculative judgments of those involved in the investigation and prosecution of terrorism cases. Though no specific reference was cited, it appeared an authoritative source that made intuitive sense and we included it in our introduction.

Upon further examination, however, we discovered that Bugg's statement appeared to rely on a report by Jean-Charles Brisard, titled "Terrorism Financing" Roots and Trends of Saudi Terrorism Financing" (December 19, 2002). Brisard (who refers to himself as "an international expert on terrorist financing," stated on the cover page of the document that it was a "Report prepared for the President of the Security Council, United Nations." Page 7 of the document contains

1. Damian Bugg, "The Reach of Terrorist Financing and Combating It: The Links between Terrorism and Ordinary Crime," Speech at the International Association of Prosecutors Conference, December 8, 2003.

the graphic, “Al-Qaida’s financial needs: Infrastructure (communication, networks, training facilities, protections) 90% and Operational (day to day money, terrorist attacks planning & execution) <10%.” No other data sourcing the information was found (and, in fact, the thirty-five-page “report” does not contain a single reference).

Subsequently, an article appeared, “French Investigator Tricked UN over Terror Report, says Al-Qadi Lawyers,” that contains a denial by the United Nations of any link to the report.² In addition, it came to light that Brisard is the object of a defamation case and is considered by some to be an unreliable source. Notwithstanding his discredited “Report for the UN,” a Congressional Research Service document heavily relies on the report’s claims, and even a Financial Action Task Force (FATF) document seems to refer to this same source.³

2. Abdul Wahab Bashir, “French Investigator Tricked UN over Terror Report, says Al-Qadi Lawyers,” *Arab News*, March 1, 2004, <http://www.arabnews.com/?page=17§ion=21&d=1&m=3&y=2004&mode=dynamic§ionlist=no&pix=interact.jpg&category=Interact>.

3. Alfred B. Prados and Christopher Blanchard, “Saudi Arabia: Terrorist Financing Issues,” Congressional Research Service Issue Brief RL32499, December 8, 2004, <http://www.fas.org/irp/crs/RL32499.pdf>.

difficult as such an endeavor would be, it is important to attempt to assess the numbers associated with terrorist financing. The consequences of failing to do so are the promulgation of inappropriate and potentially ineffective policies to thwart acts of terrorism. Policymakers and academics alike must insist on better and more transparent sources of information in order to understand and assess more thoroughly the politics of numbers in the realm of terrorist financing. Notwithstanding years of experience since September 11, 2001, it is humbling to conclude with the admission of how little we still know about the financing of acts of terrorism. Terrorist financing remains a little understood and inadequately researched topic.