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Dealing with terrorism

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Security: Creating a Safer World

Dealing with Terrorism

Summary

Over the past years there has been a dramatic increase in terrorism all over the world. At the same time, many governments are at a loss on how to combat terrorism. Despite massive counter-terrorist activities, terrorist attacks in weak states such as Afghanistan and Iraq have continued and the threat of attacks in developed countries remains strong.

Terrorism is often alleged to originate from religious and national grievances as well poverty and envy. But many poor people breed no terrorists and many terrorists are not poor. Moreover, many groups with grievances do not resort to terrorist activities. What then are the primary sources of terrorism and what can governments do to combat it? Should terrorism be fought aggressively at its sources or defensively? When are foreign aid, political compromise and military force likely to be appropriate? What role can businesses play in alleviating this threat? When should security be a public initiative and when a private business?



Proposed Solutions

Expert Opinion

The various manifestations of terrorism are as diverse as its causes. Some terror movements are rooted in nationalistic attempts to gain independence, while others are founded in religious fundamentalism. Still others see their goal in fighting political and/or economic elitists or supposed imperialists. However, one common denominator is evident: virtually all members of terrorist groups see themselves as unjustly treated outsiders of society. Coupled with a strong sense of personal pride, they refuse to seek reintegration into the society in which they live. This attitude is promoted within a terrorist group, which develops its own code of social conduct that is often in direct conflict with parallel societal structures.

Fear and terror among civilians are the major reward of terrorists. This is why prudence and deliberate discretion are of utmost importance in the fight against terrorism. Combating terrorists with force which leads to further civilian suffering does not weaken terrorist groups, but rather strengthens them.

Terrorist ideologies should be encountered by society with confident displays of own societal moral concepts and ideas. There is no way to win an ideological altercation with terrorism if a



society is uncertain of its own values and morals. Extreme 'religious correctness', which causes society to question its own values, is as unsuited for dealing with terrorism as is a politically-motivated special treatment of terrorist-committed crimes. Terrorists should thus be treated as criminals and not as freedom-fighters.

Terrorism is gaining global momentum, not only in targets, but also in logistics, which increasingly crosses borders and continents. This is why the fight against terrorism must be internationally coordinated. At present, the security and armed forces of many countries seem neither willing nor capable to fulfil this daunting task.

In the long run, success against terrorism depends largely on society's ability to dehydrate terrorist breeding-grounds; it seems critical to present potential terrorists with alternative perspectives for the future. A social policy that promotes equal opportunity and social participation can have more influence over terrorism in the long-run than a purely defensive approach against terror.

A counter-terror approach based on prudence, confident displays of own societal values, and social integration has great potential. Nevertheless, the world must face the fact that there is no turning back to a pre- September 11th world. Particularly international travel and large-scale spectacles and events must always include substantial provisions for counter-terror means – and will never be as safe as before. The risk of becoming a victim of a terrorist attack is evolving into just another hazard of life to which one must become accustomed to – ready or not.

Strategy Perspectives

GES Summary: Dealing with Terrorism Panel

Mathew J. Burrows

Counselor, National Intelligence Council

It is unclear whether we will ever know what is at the root of terrorism. There are many factors – political, social, cultural as well as psychological – involved in whether individuals or groups adopt terrorism as a tactic in pursuing their goals. It would probably be impossible to reduce the threat entirely and we may have to learn to live with that fact – however hard that is.

Nevertheless, drawing from the large number of studies, several actions stand out as medium to long term strategies which governments and societies can adopt to stem current levels and lessen the chance of future occurrences on a large scale.

- Reduce youth unemployment. Gainful employment gives hope for the future and allows the youth to begin to build for themselves a future. This won't necessarily undermine recruitment of the tiny number that usually constitute the core of most groups. It will help to lessen the appeal and resonance of terrorist groups to larger numbers who provide the social backing for terrorists' action. Opportunities for boosting employment and bolstering growth exist in some Middle East countries with declining youth bulges.
- Publicize the violence and impact on innocent civilians. In order to gain "dramatic" effect, terrorists almost always overdue and their attacks inevitably end up taking their toll on innocent victims. This is unpopular as we are seeing with the growing revulsion with al-Qa'ida's violent actions.



- Refrain from overreaction. Harder to say than do for most authorities, particularly in the throes of an immediate atrocity. Nevertheless, violence breeds violence and terrorists' thrive on a less-than-measured approach by authorities.
- Address the underlying grievances. Terrorists are only successful to the extent that they can create sympathy for the cause. Sympathizers are only attracted so long as the injustice continues to exist.

Big issue confronting us is how to prevent WMD from falling into hands of terrorists. Diffusion of technologies and scientific knowledge is placing some of the world's most dangerous capabilities within the reach of terrorists. Use by terrorists would make it hard to accomplish above since it would hard to avoid an overreaction and repercussions – depending on the seriousness of the attack – that may have long term impacts for economic growth, globalization, international cooperation, etc.

Responding to the Challenge of Global Terrorism?

Sean Cleary

Chairman, Strategic Concepts

In the aftermath of September 11, 2001 President Bush declared war on terrorism and sought to marshal a coalition in a “war against terror”. It was clear at the time that describing the campaign as a ‘war’ was ill-conceived. The task was too complex, the ‘enemy’ too diffuse and the time horizon too long to sustain co-ordinated commitment. Most importantly, the common values that would sustain a long struggle were not in place. Lamenting the failure to achieve the desired result, Robert Leiken wrote in 2005: ‘With a few exceptions, European authorities shrink from the relatively stout security measures adopted in the United States. They prefer criminal surveillance and traditional prosecutions to launching a US-style “war on terror” and mobilising the military, establishing detention centres, enhancing border security, requiring machine-readable passports, expelling hate preachers and lengthening notoriously light sentences for convicted terrorists. [This] suggests that the European public, outside of France and now perhaps the Netherlands, is not ready for a war on terrorism.’ (Following the tube and bus attacks in London in July 2005, Leiken would no doubt now add the United Kingdom to France and the Netherlands.) What must be done to mount an effective international response to the threat of global terrorism is defined by three types of engagement:

- **management responses** that address the quality of domestic and international intelligence and of investigation, prosecution and the enforcement of sentences handed down;
- **normative responses** that address the need to agree on the definition of terrorism, the basis on which terrorist acts will be proscribed and prosecuted, and the severity of the sentences the courts will apply; and
- **prophylactic** (or preventative) **approaches** that respond to the alienation that makes so many young Muslims (and others) candidates for terrorist training.

These three sets of responses are all necessary and must be co-ordinated if they are to be effective. The failure to reach agreement on the normative level has led to failure to co-operate in managing the threat. Leiken notes that ‘counterterrorism agencies remain reluctant to share sensitive information or cooperate on prosecutions’. He suggests that if one is to overcome this, policymakers on both sides of the Atlantic should ‘concentrate their minds on common dangers and solutions’ and that this ‘might come as a bittersweet relief to [both] .after their recent disagreements.’ Likewise, preventative action is needed if the threat is not to grow. All recent studies, by the United Nations Development Programme, the World Economic Forum, and others suggest that weak governance, inadequate education, poor



skills development and insufficient research and development, and weak growth are hampering economic and social advancement in the Arab region. The 2002 Arab Human Development Report pointed to three critical deficits:

- a knowledge deficit;
- a freedom deficit;
- a deficit in the empowerment of women.

In considering the knowledge deficit, the 2003 Arab Human Development Report noted that

- **higher education** in the Arab countries is characterised by falling quality and enrolment, and lower public spending;
- **scientific research** is hampered by weak basic research and the absence of advanced research in information technology and molecular biology, and by low R&D spending and too few research scientists and engineers;
- the regional **ICT infrastructure** is very weak, having only 20 per cent of the telephone density of the OECD countries and 25 per cent of the global average computer density. Only 1,6 per cent of Arabs had internet access, as against 68 per cent in the United Kingdom or 79 per cent in the USA.

Joint programmes to overcome these deficits are essential. Many agree that delivering superior, business-relevant education is central to a revival of economic activity in the Arab world and that this must be supported by six related initiatives if sustained growth, enhanced job creation and integration of the region into the global economy are to be achieved. These initiatives are:

- celebrating Arab heritage and civilisation, to deny the field to the religious zealots and rebuild cultural integrity and pride;
- integrating into global ICT networks to gain access to global best practices and to spark a growth industry in Arabisation and local content.
- Providing effective international banking access to lower the cost of capital and allow entrepreneurs access to funding;
- dismantling regional trade barriers to expand the size of markets, permit economies of scale and encourage entrepreneurship and investment;
- effecting deeper and better integrated capital (and bond) markets, to bring about transparency; transactional efficiency and easier access to capital for established companies, Arab individuals and institutions with large capital sums invested abroad, and entrepreneurs alike; and
- developing better political, macroeconomic and corporate governance, and more effective institutions, focused on facilitating, not controlling, legitimate activity.

Strategies that address integrated approaches to combating terror and facilitating an Arab Renaissance are being implemented in Arab gulf countries today.

There is no reason for a clash of Western and Islamic civilisations. Islam is an Abrahamic faith with Hellenistic roots, and was the prime source of the European Renaissance. Nor is pride in the cultural heritage of Islam, and the evident search for authenticity that one can observe in many Muslim societies, a problem. It can be a source of strength and an important element of global coexistence as long as the co-operative and competitive components between the cultures are balanced, and competition is not allowed to spill over into violent conflict. Hedley Bull reminds us that a global society must be premised on: 'a group of states, conscious of common interests and common values conceiv[ing] themselves to be bound by a common set of rules in their relations to one another.'



Perhaps the most important element in developing these common values is recognising the importance in all societies of an appropriate balance between individualism, which emphasises the atomistic and competitive elements of existence, and community responsibility, which stresses the collaborative and collegial. While leading Western societies, in the traditions of the Protestant Reformation and the Enlightenment, now emphasise the primacy of the individual; and most others, whose cultural histories have taken different paths, tend to focus more on community harmony; no successful society can ignore the need to balance the two.

It is worth noting, however, that over 80 per cent of the people in the world – about 5,5 billion – still live in societies that stress the importance of community over that of the individual. The population of the developed world is just 1,2 billion and some 200 million people there, in countries like Japan and Korea, are more communalist than individualist in orientation. Before the Industrial Revolution, an individual acting independently had little chance of survival, and harmony in the community was essential for success. Those societies, in Asia, the Arab world, Africa and many parts of Latin America that were bypassed by the European and North American experience of Christian reformation, Enlightenment and, in that context, early Industrial Revolution, did not develop the preoccupation with the welfare, excellence and protection of the individual that Western nations prize.

The Islamic notion of obligation to the community resonates more strongly in most of the world, than does the West's emphasis on individual rights. One has only to consider the importance of ubuntu – properly umuntu ngumuntu ngabantu (A person is a person through other people) – in Southern African tradition, to grasp this point. In the words of Constitutional Court Judge Yvonne Mokgoro: 'the individual's whole existence is relative to that of the group: this is manifested in anti-individualistic conduct towards the survival of the group if the individual is to survive. It is a basically humanistic orientation towards fellow beings.'

Individual interests are often at odds with those of society at large – the sense of responsibility that any one of us bears for the global commons is well captured by the familiar refrain of NIMBY – not in my back yard! Many wealthy people agree without hesitation that poor people living precariously in squatter camps ought to be relocated to efficiently planned, low-cost townships, as long as the township is nowhere close to where they live. But Samuel Huntington's Clash of Civilizations would be disastrous in the closely interconnected world of the 21st century. Indeed, it is not sufficient to avoid a catastrophic cultural clash: managing global risks, whose scale exceeds the grasp of any company, and indeed any government, requires that sense of common interests and common values that Hedley Bull notes are essential for the global society.

We will only achieve a global society if we abandon our desire to impose our cultural values by force, and cease to cloak the pursuit of our interests in moral garb. No ethical singularity is evident, or readily to hand. We need to re-examine some of our own premises and then work to craft the balance and the normative framework – a doctrine of limits for the behaviour of states (and indeed individuals) – without compromising our deeply held principles, or requiring others to do so. Coexistence demands compromise and a willingness to craft a détente does not imply surrender, only recognition that the sustained application of force in a particular situation is likely to be economically, socially and morally debilitating. With the benefit of hindsight, imperial overreach is never seen to have been prudent or moral.

Kofi Annan noted in 1999 that "... globalisation is a force for both integration and fragmentation ... which has brought ... obvious, though increasingly unequally distributed, benefits to the world's peoples." A few challenges in this regard should be singled out: the need to manage the growing economic disparities between societies when access to information and a sense of relative deprivation is near universal; the need to address the changing nature of threats to regional and global security, including climate change,



environmental degradation, refugee flows, and the pandemic spread of viral disease, as well as the proliferation of nuclear weapons technology and the risk of biological warfare by rogue states or non-state actors; the need to accommodate cultural diversity in a systemically connected world; and to learn how to apply the principles of individual freedom, popular sovereignty and the rule of law on a global scale. We have done poorly in all of these to date.

As we move forward in addressing these global challenges, the West will continue to play an important role and the values of the Enlightenment will continue to influence the way the future evolves. But we have passed the peak of the Western, post-Cartesian paradigm that has shaped the world since the end of the 18th century. The next hundred years will not be made solely in the Western image.

Stabilising the Middle East: A Comprehensive Approach to Peace

We also need to address the regional elements that lie at the core of the threat. The situation in Iraq, conflicts in the broader Middle East, especially between Israel, Hamas in Palestine and Hezbollah in Lebanon, and tensions between Western states and Iran have been grist to the mill of global terrorist groups, as well as a destructive source of regional turmoil. Efforts to pursue fragmentary agendas in resolving these conflicts have failed and attempts to exclude certain actors, notably Syria and Iran, have had perverse effects. The situation demands a comprehensive response. As always, proper appreciation of the threats and better understanding of the environments in which they have emerged, is necessary to identify solutions and develop strategies to achieve them.

The conflicts and in Afghanistan, Iraq, Israel-Palestine, Lebanon, Syria and Iran are now intimately related. Western powers are no longer able to impose their will on those who are pursuing paths that Western governments find undesirable. The futile clash of wills that has followed has led to misery and to the destruction of livelihoods and critical infrastructures. If a comprehensive peace is not crafted, more destruction will follow.

Many regional governments and parties are also acting in ways that do not serve the longer-term interests of the communities they represent. In part this is due to the intensity of the life-and-death struggles in Afghanistan, Iraq, Gaza and Lebanon, in which each participant focuses solely on what is needed to survive, seek revenge and secure advantage. In part, it is due to a loss of faith that co-existence is possible: several actors are now pursuing mutually-exclusive outcomes. It is also due to the fact that governments in the region have not had the experience of creating and maintaining mutual security regimes based on the belief that while national interests will differ, all have an overriding interest in averting war and sustaining peace.

The most urgent needs are:

- a comprehensive peace between Israel and all Arab states, premised on the birth of a politically and economically viable Palestinian state, restoration of the Golan Heights to Syria, recognition by all parties of Lebanon's independence and territorial integrity, and diplomatic recognition of the State of Israel by all Arab states in accordance with the Saudi Arabian proposal approved by the Arab League,
- stabilisation of the situation in Iraq, to allow for the withdrawal of the Occupation Forces and the transfer of full power and authority to a government representing all Iraqis,
- averting a nuclear arms race in the region and moving towards the goal of a nuclear free, broader Middle East,
- creating an effective Regional Security Regime, incorporating all the states of the Gulf and the Levant, and eventually extending to include Afghanistan.



The first step should be a joint initiative by the U.S., Russia, the EU and the UN – the Quartet responsible for the Middle East peace process – to convene a conference of Egypt, Jordan, Saudi Arabia, Iran and Syria to address the issues of Iraq, Lebanon, and Iran’s nuclear intentions. The governments of Iraq and Lebanon would, of course, be present in these talks. A parallel negotiation, involving the same five governments and including Israel and Lebanon, would address a comprehensive peace between Israel and Arab states. Success is possible if [and only if] the states of the region recognize and accept their responsibility for securing and maintaining peace and stability in the broader Middle East. If it proves impossible to secure peace, the threat of jihadist terrorism will surely continue and energy security will remain elusive. This will put further strain on public and private sector actors seeking to manage and mitigate these risks.

The Financial Risks of Terrorism: Balancing Public and Private Roles

The attacks on the Twin Towers and the Pentagon on September 11, 2001 led the US Congress to enact the Terrorism Risk Insurance Act of 2002 (TRIA) to protect consumers by maintaining ‘availability and affordability of . . . insurance for terrorism risk’ and to allow private markets time to adjust to the new risk environment. This was a significant step, prompted by fears that insurance markets had not priced in risks of this sort and that there was a real risk of market and industry failure. The Act introduced a federal Terrorism Insurance Program that guaranteed public compensation for insured losses resulting from acts of terrorism, to supplement the resources available from private pools. TRIA expired on December 31, 2005, but terrorist attacks have not ceased and U.S. and British intelligence agencies expect further attempts to inflict mass casualties and cause economic disruption.

After the private insurance industry had argued persuasively in hearings before the U.S. Congress in 2005 that the current circumstances did not allow them to assume the risk of insuring against damage caused by acts of terrorism without governmental support, President Bush signed the Terrorism Risk Insurance Extension Act into law on December 22, 2005, extending TRIA through December 31, 2007 and maintaining in place the temporary federal Terrorism Insurance Program.

The challenge we face here is to understand individual and organisational responses to low probability, high impact events, and to develop strategies to overcome the weaknesses of these responses and manage these risks. Insurance is clearly an element. A Wharton Risk Management Center study in 2005 suggested correctly that if homeland security is a top priority in the US, US policy-makers and citizens must decide how financial protection against terrorist attacks will be provided. The TRIA requires US insurers to offer coverage against foreign (although not domestic) terrorism, and the US government currently underwrites most of this risk. The reinsurance industry largely withdrew from such coverage after it had to absorb about \$30 billion of the \$40 billion in losses incurred in the September 11 attacks.

The US Treasury and the Congressional Budget Office argued in 2005 that private markets should have been able to adjust to the new environment over three years and that TRIA was meant to provide a bridge to allow them to do so. They expected the insurance industry to have found ways to offer insurance at reasonable rates while covering its risks. But the Wharton report correctly noted that this had not happened, and that some type of long-term private-public partnership is needed for terrorism insurance. It called on the US Congress to create a National Commission on Terrorism Risk Coverage to review the issues before a new law is passed.

Two factors prevent the private market from properly assessing and pricing terrorism risk.

- Terrorism is not like low-probability, high-impact events such as natural disasters. Although actuaries cannot estimate the risk of an earthquake or a tsunami with



precision, there is a wealth of scientific data available and quantitative models have been built that allow insurers to set premiums. But it is exceptionally difficult to estimate the probability and location of the next five terrorist attacks: Terrorists often respond to the actions of others. If certain buildings, aircraft, trains or utility plants are protected, other targets will be selected, or different courses of action planned. So insurers cannot use probability estimates in setting premiums for terrorism coverage.

- The legal requirement in TRIA that certain types of cover must be provided, means that insurers cannot decide what coverage to provide or decline. This exposes them to additional, involuntary risks that could cause their liquidation.

The Wharton team suggested that a range of strategies be studied in order to develop long-term solutions; some can be implemented by private firms, others will require governmental action or support. The idea is to develop an effective mix of options that distributes the risk and the cost. The approaches they proposed include retaining self-insurance for a large part of terrorism risk; underwriting potential losses affecting commercial property through higher interest charges on long-term debt financing to property developers; reducing insurers' and reinsurers' tax costs of holding capital so as to expand their capacity to insure terrorism losses; a TRIA-like program that would only provide government payments once losses exceeded a large aggregate threshold; the use of terrorism catastrophe bonds; mutual insurance pools in combination with a government backstop; a publicly administered mutual insurance scheme with each insurer choosing a level of protection through the pool and paying an estimated premium up front, to be adjusted at the end of agreed periods in the light of claims; and a federal reinsurance program with explicit premium charges levied in advance by the government.

Proposed Solutions from Louise Richardson

Louise Richardson

Executive Dean of the Radcliffe Institute for Advanced Study, Harvard University

As terrorism is a tactic employed by many different groups in many parts of the world in pursuit of many different objectives, it is a little misleading to think in terms of solutions per se. Terrorism, like other tactics, will continue to be employed as long as it succeeds in achieving the ends of those who deploy it. The solution then is to render the tactic ineffective.

This prompts the question, what is it that terrorists are trying to achieve? The most cursory look at the history of the tactic suggests that terrorists have been singularly unsuccessful in achieving the fundamental political change they often seek to effect: the return of the Caliphate, the abolition of capitalism, American and Israeli withdrawal from the Middle East, and so on. On the other hand if, as I believe, terrorists are also seeking more immediate motives, specifically, revenge for atrocities real and imagined; glory for themselves and their cause in order to redress the humiliation they perceive themselves as having suffered, and to provoke a reaction, preferably an over-reaction from the other, then the tactic of terrorism can be seen to have been quite effective.

I believe that an effective counterterrorism strategy is one that confines coercive measures exclusively to the perpetrators of the violence and that focuses on the communities from which terrorists derive their support and among whom they recruit. In short I think that the following six principles should guide our counter-terrorism strategy:

- **Have a defensible and achievable goal:** We cannot eliminate terror, or evil, or even solve terrorism. We can contain the threat from particular terrorists. We must educate our publics to the nature of terrorism and the nature of risk.



- **Know your enemy.** There is simply no substitute for good intelligence in counter-terrorism.
- **Live by your principles.** If we are to persuade others to join us in repudiating terrorists we must demonstrate how we are different from them by ensuring that our actions match our rhetoric.
- **Engage others with you in the campaign against terrorism.** By others I mean the international community, moderates in the countries that produce terrorists, and civil society.
- **Separate terrorists from the communities in which they operate and recruit.** In order to do this we must develop a counter-narrative that is more appealing and more persuasive than theirs.
- **Have patience and keep your perspective.** The asymmetry of power between those who deploy the tactic of terrorism and those who counter it is overwhelming. The main risk to the powerful is not the harm that terrorists can inflict on us but the harm we can do to ourselves by over-reacting to the threat they pose to us.