

On Target: The Financial Fight Against Terrorist Organizations.

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Targeting Terrorist Financing: International Cooperation and New Regimes is by Araninda Acharya (Routledge, 2009).

In the immediate aftermath of the September 11th terrorist attacks, the US government moved swiftly in an attempt to curtail terror financing. Less than two weeks after the attacks, one of Washington's first responses was to attack the financial foundations of al Qaeda through Executive Order 13224, blocking terrorist property and prohibiting transactions between active and suspected terrorists and their allies. Arabinda Acharya asserts in his new book, *Targeting Terrorist Financing: International Cooperation and New Regimes*, that this at first "initiated an unprecedented effort to identify, confiscate, and block the assets of terrorist groups and their associates." This was followed by the rapid creation of a global financial coalition with input from the United Nations, the European Union, the Asia Pacific Economic Cooperation Forum, the International Monetary Fund, the World Bank, G7, G8, G20, and the Egmont Group of financial intelligence unions. New international and domestic organizations such as the Financial Action Task Force (EATF) were created to target terror financing. The importance attached to fighting terror financing is underscored by the fact that President George Bush's announcement of EO 13224 predated most other US responses, including the use of military force in Afghanistan. The question, then, is what has happened since? Arabinda Acharya--Head of the Terrorist Financing Response Project at the International Center for Political Violence and Terrorism Research in the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore--has written a welcome addition to the growing body of scholarly terrorism studies. "Targeting Terrorist Financing adds thoroughly documented research to the important issue of terror finance. Acharya astutely examines the essential role money and fund-raising play to terrorist organizations, and assesses the progress since September 11th in the systematic attack on the ability of terrorists to use, raise, and move money. He deftly argues that it is not institutions that have come up short in the struggle to combat terror financing, but rather it is states that have thus far failed to comprehensively work with international institutions.

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Acharya observes that international efforts against terror financing have nearly ceased, despite the continued efforts of terrorist groups to seek new ways to raise and move funds. Early steps generated sizable gains: the value of assets seized in the immediate months after September 11th rose some 300 percent in just four months to over US\$300 million. Yet since that initial rise, the targeting of terrorist finances has lost its effectiveness. Acharya attributes this to less international cooperation, a lack of consensus of what works, an absence of ownership of the problem, and a failure of collective action. This inefficacy has been further augmented by the fact that the true dynamics of terror financing are rather poorly understood.

As he notes, at the beginning of what was once termed the global war on terror, US officials often

spoke of attacking terror finances as a way to cripple al Qaeda. The early focus on financial matters may have been a result of how al Qaeda was seen at the time--as an organization rather than a movement. Such assertions are less frequent these days, as al Qaeda and transnational terrorism are not the same as international drug cartels and other criminal networks. The financial war on terrorism is important, and it remains a key component in counter-terrorism today.

Acharya examines at length the international regimes created to focus on terror financing. Targeting Terrorist Financing is exacting in its assessments of these systems. It is noted that the ability of such organizations is limited by cooperation within the international system. Acharya concludes that some states have been extremely cooperative, while others have been nearly obstructive. This fact helps to explain the dramatic slowdown witnessed in terrorist asset seizures. Targeting Terrorist Financing argues for greater international cooperation, and cites the need for a framework to help states conceptualize the benefits of placing such cooperation ahead of domestic interests.

Acharya presents a clearly written exploration of both how and why money is so critical to terrorist organizations as well as how such groups raise, move, and transfer funds. As he notes early on, "one of the most important ways to weaken, though not destroy, the organization is to create an environment that makes it difficult for terrorists to make and move money easily." Plain and simple, finances are the lifeblood of today's transnational terrorism.

The book addresses a number of very important points. First and foremost, it offers a careful look at how terrorist groups use money. It is almost received wisdom that terrorism is a low cost endeavor. Numerous assessments have found just how little individual attacks have cost, from September 11th (approximately US\$500,000) to the July 7th, 2005 London Underground bombings (about US\$12,500) to the 2000 attack on the USS Cole in Aden, Yemen (roughly US\$10,000). However, as Acharya notes, terrorist groups often incur other considerable expenses, once support systems, safe havens logistics, training, travel, communication, and other factors are considered. Although individual operations may be low cost, the expenses that are required during preparation and training can be in fact much larger. Acharya illustrates that by factoring in only the specific costs associated with an individual terrorist attack, we may be underestimating the true amount that terrorist organizations must spend. This again serves to illustrate the value of attacking terror financing. Nonetheless, Acharya is always careful to caution readers that chasing the money is not a panacea, and that terrorist groups cannot be defeated by targeting their finances alone.

Other key issues assessed include the role of criminal networks, the so-called "crime-terror nexus," charitable giving, Islamic financial institutions, and the role of the informal value transfer system. The complexity of the subject is brought out through various discussions, including a look at how some Islamist extremists spend money to the size and complexity of the informal money movement systems known as hawalas. As recognition of the value of non-kinetic responses to terrorism increases, Arabinda Acharya has produced a very timely contribution to a growing field. As he readily points out, terror finance is a poorly understood topic. Targeting Terrorist Financing does much to address that fact by clearly presenting the issues involved and cogently examining what has worked thus far. Richly sourced and largely free from theory, Acharya's book identifies ways to improve the fight against terror financing as well as some limitations that will endure. In the end, this volume will prove to be an asset for researchers, officials, and practitioners alike.

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