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08

Are We Winning?

Measuring Progress in the Struggle
Against Violent Jihadism

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America needs a new national security vision for this new era and a dialogue at home that is as robust as it is realistic.

Mission

The American Security Project is organized around the belief that honest public discussion of national security requires a better-informed citizenry—one that understands the dangers and opportunities of the twenty-first century and the spectrum of available policy responses.

Security is a fundamental responsibility of government. In the new millennium, however, U.S. national security policy has not kept pace with rapidly changing threats to American interests. Globalization has quickened, but the United States has not built alliances or institutions to protect and advance American security. Terrorists have expanded their reach and lethality, but the moral authority of the United States is at an all-time low. Changes in the Earth's climate are more evident every day, but the United States has failed to act, alone or with allies, to avoid disaster.
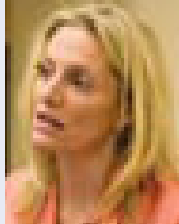
America needs a new national security vision for this new era and a dialogue at home that is as robust as it is realistic. Yet the quality of our discussion on national security has been diminished. Fear has trumped conversation. Artificial differences have been created and real differences have been left unexamined. The character of our national dialogue has grown increasingly shrill while the need for honest discussion has grown more urgent.

Only by developing real analysis and thoughtful answers can a genuine foreign policy consensus be rebuilt for a dangerous and decisive age. Only then will America again marshal all her resources—military, diplomatic, economic, and moral—to meet the challenges of a complex world.
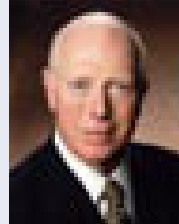
Board of Directors

Introduction

The "war on terror" has morphed from an imprecise, but comprehensible, concept into little more than a cudgel to be wielded in American domestic political debates by both the left and the right. What ought to be a policy debate over threats and consequences, risks and capabilities, ends and means is instead, too often, an opportunistic weapon used without reference to logic or facts in order to gain political advantage. The result is a dizzying set of changing assessments that encourage skepticism and cynicism instead of consistency and clarity.

Ultimately, any approach to the challenge posed by violent jihadists must acknowledge several basic propositions:

First, the threat is very real and likely to endure.

Second, any progress is likely to be incremental and will require years of prudence and consistency to institutionalize.

Third, our adversaries are strategically savvy and will continually adapt to our actions to achieve their goals. Complacency can quickly turn into catastrophe.

Our goal in the *Are We Winning?* series is to provide empirical data as the foundation of reasoned discussion and principled debate. To this end, the American Security Project has developed ten criteria to measure progress – or lack of progress – in the struggle against violent jihadism. These metrics are designed to be both reproducible and as objective as possible. They are intended to comprise a holistic approach, examining causes and processes associated with violent jihadism, in addition to outcomes.

Developments Since *Are We Winning 2007*

The findings in this report assess significant trends that influenced our key metrics over the past year, but may reflect developments that occurred as far back as 2006. Just as there are undoubtedly current developments whose significance is hard to discern, there were some trends whose importance was not fully evident at the time of last year's report.

4

Our report last year highlighted several troubling developments. In particular, the establishment of a safe haven for al Qaeda in Pakistan and the deep unpopularity of the Iraq war in the Muslim world undermined progress in encouraging state cooperation against terrorists. The increasing number of incidents of Islamist terror worldwide confirmed this pessimistic assessment.

This year, our findings remain cause for concern despite modest improvements. Jihadist violence seems to have stabilized, though at historically high levels. Illicit markets continue to provide substantial financial resources for use by criminal and terrorist organizations. While several terrorist organizations have been dramatically weakened through popular rejection—as in Iraq—and effective strikes against leadership targets—as in the Philippines and Indonesia—the terrorist safe haven in northwest Pakistan and the growing sophistication and productivity of the jihadist media apparatus are major sources of concern.

On balance, these metrics indicate the United States is not winning the "war on terror."

A Note About Terminology

There has been a great deal of debate over the appropriate use of various terms associated with the "war on terror," among government officials and policy experts alike. The American Security Project has chosen to continue to use the term "violent jihadism" to refer to the terrorist violence motivated by Islamism because we believe it provides the best balance between accuracy and clarity. For a comprehensive discussion of Islamism and its relation to terrorism, we invite the reader to refer to our earlier report, *The Causes of Violent Jihadism* (ASP, 2007). A few caveats are nonetheless important. "Jihad" is a term that is often used in Islam to refer to pious and peaceful struggles. Its use by terrorist organizations has offended many Muslims. Our report narrowly focuses on only those who engage in violent jihad, and only those terrorists who are inspired by a violent interpretation Islam. Also, while we refer to Islamist violence, we do not mean to imply that Islamism – that is, the political movement to organize and govern a society according to the tenets of Islam – is inherently violent.

Introduction

The metrics in this report are presented in order of importance. They are judged against this question:

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?

| NO | UNCERTAIN | YES |

Summary of **Findings**

I. Number of Terrorist Incidents

The number of attacks by Islamist terrorists remains at a historically high level. This is true even without counting Iraq and Afghanistan, which together account for half of the total Islamist violence.

II. State of the Jihadist Leadership

Several senior leaders of jihadist groups have been killed or captured over the past eighteen month. However, the top leaders of al Qaeda continue to evade capture while their ability to engage in aggressive outreach via the Internet has grown.

III. Al Qaeda-Affiliated Movements

The United States and its allies have made tremendous progress against al Qaeda-affiliated groups in Iraq and Southeast Asia, but the growth of jihadist groups in North and East Africa, as well as the strengthened position of the Taliban in Afghanistan, has offset the gains.

IV. State Sponsorship of Terrorism

State sponsorship of terrorism remains at historically low levels, although toleration of terrorist activities remains a significant concern globally.

V. Public Attitudes in the Muslim World

Despite success in delegitimizing terrorism as a tactic, the United States continues to lose ground in the battle of ideas because of the pervasive belief among Muslims that the United States seeks to weaken Islam and exert political dominance in the Muslim world.

VI. Public Attitudes in the United States

American public opinion in recent months has been more realistic about the extent of the terror threat. This development reflects a return to normalcy.

VII. Economic Prosperity and Political Freedom

Although poverty and political oppression persist at high levels throughout the Muslim world, trends in the data indicate improving conditions on both fronts. Large challenges remain, but progress is evident.

VIII. Ungoverned Spaces

The challenge of ungoverned spaces improved somewhat since last year. Between the success of the "surge" and Sunni Awakening in Iraq, and successful counter-insurgency activities in Southeast Asia, there are fewer areas of the world now vulnerable to terrorist penetration. However, the worsening of the situation in Pakistan and the explosion of Islamist violence in Somalia are significant negative developments.

IX. International Cooperation Against Terrorism

International cooperation against terrorism remains solid, bolstered in particular by developments in western Africa and Oceania. Elsewhere, however, developments have stalled due to concerns regarding civil liberties and the appropriate focus of counter-terror programs.

X. Terrorist Financing

The ability of terrorists to use the international financial system has been curtailed, but their ability to raise money through criminal activities and direct cash transfers is largely unimpeded.
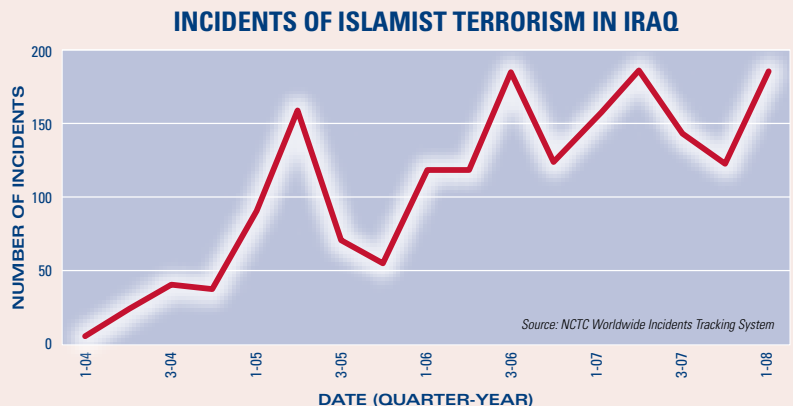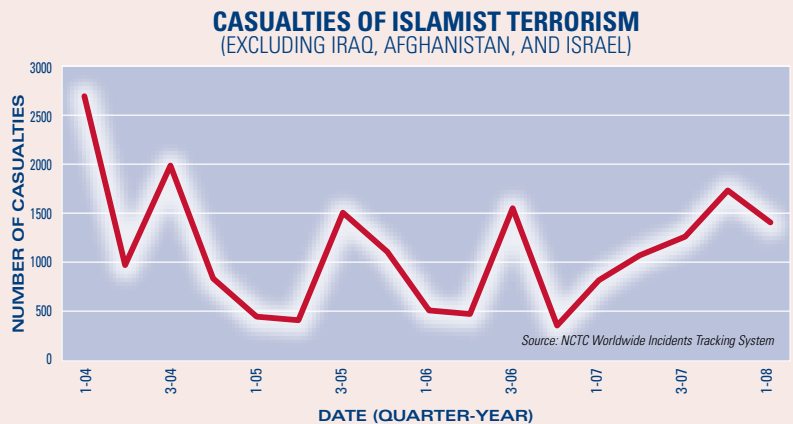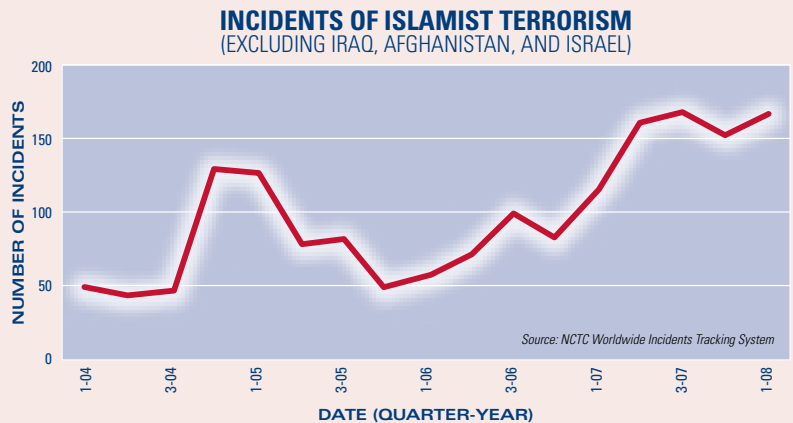
Findings

The number of attacks by Islamist terrorists remains at a historically high level. This is true even without counting Iraq and Afghanistan, which together account for half of the total Islamist violence.

I. Number of **Terrorist Incidents**

Incidents of Islamist terrorism around the world remain at an all time high, even without counting attacks in Iraq, Afghanistan, and Israel. According to data collected by the National Counterterrorism Center (NCTC), there were 271 such incidents in 2004, 342 in 2005, 311 in 2006, and 597 in 2007. If attacks in 2008 continue at the same rate as in the first quarter of this year, there will be 664 attacks in 2008. This is roughly ten times higher than the annual rate of the late 1990s, and is a clear sign that the jihadist threat is increasing.

The number of casualties caused by Islamist terrorism has shown some decline since 2004. However, a very small number of incidents account for a disproportionate percentage of the variation in trends, indicating a significant random element. In 2006 and 2007, according to the NCTC, there were 908 attacks by Islamist groups outside of Iraq, Afghanistan, and Israel. Of those, 491, or more than half, resulted in one or no casualties. These 908 attacks in total resulted in 7,929 casualties, but 1,099 of those were victims of a single attack in India on July 11, 2006. The 10 worst attacks alone resulted in 3,017 of the total casualties.

Overall, violence is down in Iraq, but it is not clear that the United States is making progress in defeating the Islamist threat there. While subjective analyses are virtually wholly in agreement that al Qaeda in Iraq has been marginalized, NCTC data on Islamist violence in Iraq has yet to show an unmistakable improvement in the situation. There is good reason to believe that progress has in fact occurred and the data is simply lagging, but this case bears further observation over the coming months.

INCIDENTS OF ISLAMIST TERRORISM
(EXCLUDING IRAQ, AFGHANISTAN, AND ISRAEL)

Source: NCTC Worldwide Incidents Tracking System

CASUALTIES OF ISLAMIST TERRORISM
(EXCLUDING IRAQ, AFGHANISTAN, AND ISRAEL)

Source: NCTC Worldwide Incidents Tracking System

INCIDENTS OF ISLAMIST TERRORISM IN IRAQ

Source: NCTC Worldwide Incidents Tracking System

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?

INCIDENTS OF ISLAMIST TERRORISM IN 2007

■ 0	■ 1-10	■ 11-20	■ 21-50	■ >50

Source: NCTC Worldwide Incidents Tracking System

CHANGE IN INCIDENTS OF ISLAMIST TERRORISM FROM 2006 TO 2007

■ NO RECORDED INCIDENTS	■ >50% DECREASE	■ 0-50% DECREASE	■ >0-50% INCREASE	■ >50% INCREASE
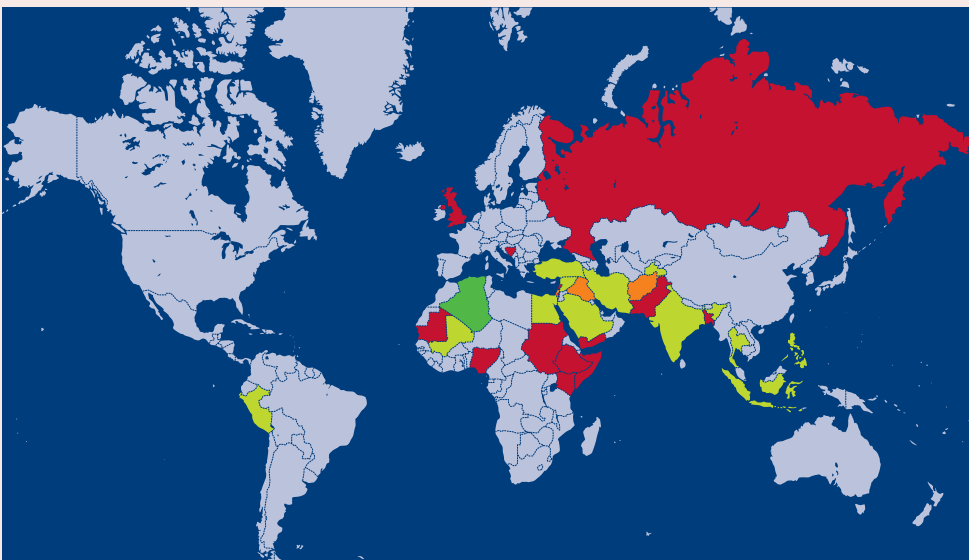
Source: NCTC Worldwide Incidents Tracking System

Over half of all terrorist incidents attributed to Islamist groups in 2007 occurred in Iraq and Afghanistan. Another one-fifth of the total occurred either in Israel or the Gaza strip. As in past years, the major areas of activity were thus quite geographically limited. Nonetheless, there were incidents in at least 24 countries and territories around the world. Other hot spots included Pakistan with 152 incidents, Somalia with 105, India with 50, and Algeria with 44.

There were some significant changes in the number of terrorist incidents in several key countries. On the positive side of the equation, the Philippines saw a 44% decline in Islamist terror incidents, confirming the subjective judgment of many terrorism experts of progress in that country. The Philippines highlights the decline of jihadist groups in the Southeast Asian region. India also saw a significant drop off of 62% in the number of incidents, but this may be the flip side of the story in Pakistan which saw incidents increase by over 533% from 24 to 152. Pakistan's success in exporting jihadist violence in the past seems to have ended, and the result is increased violence within that country. Another troubling development was the explosion of incidents in Somalia, from 3 reported in 2006 to 105 in 2007, a trend which also matches subjective assessments of the growing strength of jihadist groups in East Africa.

Terrorist Incidents

Several senior leaders of jihadist groups have been killed or captured over the past eighteen months. However, the top leaders of al Qaeda continue to evade capture while their ability to engage in aggressive outreach via the Internet has grown.

II. State of the **Jihadist Leadership**

There has been significant progress against jihadist organizations in Southeast Asia. An important reason for this success has been effective attacks against senior leadership targets. Khaddafy Janjalani, the leader of Abu Sayyaf Group (ASG) in the Philippines, was killed in clashes with government troops at the end of 2006. Though ASG remains active, and has continued to use kidnappings and other criminal activities for funding, its ability to launch significant terror attacks has diminished significantly.

Zarkasih, the leader of Jemaah Islamiah (JI), and Abu Dujana, the military commander of JI, were arrested in June 2007, capping a series of arrests and imprisonments of JI leaders. Effective targeting of leaders, as well as additional pressures in the form of asset seizures and police raids, seems to have weakened JI considerably. In addition, the pressure on the group has caused a schism, with some elements seeking to jettison terrorism in favor of legitimate political action.

There has also been some good news on the central front—Pakistan. Mullah Dadullah Akhund, the senior military commander of the Taliban, was killed in Afghanistan in May 2007. Abu Laith al-Libi, a senior al Qaeda leader, was killed by a U.S. airstrike in Pakistan in late January 2008. Unfortunately, these accomplishments have not offset the development of an increasingly secure base for al Qaeda and Taliban fighters on the Afghan-Pakistani border.

Osama bin Laden and Ayman al-Zawahiri remain at large, providing both inspiration and, in the case of Zawahiri, a public face to al Qaeda. Similarly, despite the death of Mullah Dadullah, the Taliban remains active and resilient, and has metastasized into two separate insurgencies, one in Afghanistan and one in Pakistan.

Osama bin Laden: He is the founder and leader of al Qaeda. Born in Saudi Arabia to an affluent family with more than 50 siblings, he first took an interest in violent Islamism when he became involved in the Muslim Brotherhood. He later fought with the Mujahideen in Afghanistan against the Soviets. After using Sudan as a base for training camps in the early 1990s, he fled counter-terrorist efforts there to settle in Afghanistan.

Ayman al-Zawahiri: He is al Qaeda's second in command, and has increasingly taken the helm as the face, voice, and inspiration of the organization. In his home country of Egypt, he began organizing violent Islamists at the age of 15. He met Osama bin Laden while working as a surgeon for the Red Crescent Society in 1980.
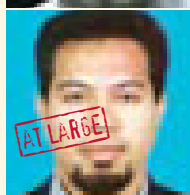
Mohamad Noordin Top: He is believed to be an important officer, recruiter, bombmaker, and trainer for Jemaah Islamiah, and linked to several bombings in Indonesia and Bali. In April 2006, police raided a house in Java on a tip that he was there. A confused report of the incident emerged as initially the press claimed Noordin was captured, but later the police said he was not there at the time of the raid.
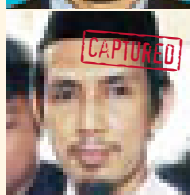
Abu Dujana: Arrested in June 2007, Dujana was the leader of Jemaah Islamiah. He has since been found guilty of helping terrorists and sentenced to 15 years in jail. It is believed he gained combat experience with the Mujahideen in Afghanistan in the 1980s and had connections to Osama bin Laden.

Mullah Dadullah Akhund: An ethnic Pashtun, he fought against the Soviet occupation with the Mujahideen, during which time he lost his leg in combat. He went on to become the senior military commander for the Taliban until he was killed in 2007 by coalition forces.

Khadaffy Janjalani: He is the younger brother of the founder of Abu Sayyaf, and took over as leader after his death. Janjalani's death is attributed to clashes with Philippine troops in September 2006, but a conclusive identification of his body was not made until January 2007.
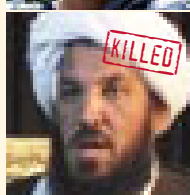
Abu Laith al-Libi: A senior al Qaeda leader killed by a CIA airstrike in Pakistan. Of Libyan descent, he was formerly a leader of the Libyan Islamic Fighting Group. Since then, he has become an important field commander for al Qaeda. Among attacks he is believe to be responsible for planning and executing are a bombing outside the U.S. office of training for the Saudi national guard in 1995 for which he was imprisoned and the bombing at Bagram Air Base during Vice President Cheney's visit in early 2007.

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?

ANNUAL AS-SAHAB PRODUCTION

YEAR	NUMBER OF MESSAGES
2002	6
2003	11
2004	13
2005	16
2006	58
2007	97

Source: IntelCenter

Ayman al-Zawahiri

In the year from May 2007 to April 2008, Ayman al-Zawahiri produced 16 audio and video messages with As-Sahab Media.

"Jihadi media has demolished – by the grace of Allah – the monopoly of the Western and governmental information outlets which we have been suffering from for decades, and has offered to the world the hidden facts which they used to seek to cover up."

Ayman al-Zawahiri in response to a question submitted online.

The institutional capacity of terrorist organizations is difficult to measure. Terrorist attacks are often quite opportunistic and recent actions do not always reflect institutional capacity. Nevertheless, the organizational capacity of al Qaeda is visible in its media presence which is growing in size and sophistication.

Al Qaeda's media wing, As-Sahab, has been producing high-quality videos for global distribution for several years. In 2002, it produced six videos. In 2007 the number was nearly 100. These videos are not the product of cave-dwelling fugitives, but rather of a sophisticated organization with access to production and editing facilities as well as secure distribution channels.

In addition to the videos, jihadist groups remain extremely active on the Internet, with a wide variety of websites devoted to recruiting, propaganda, and community building. In December 2007, al-Zawahiri offered to answer questions from journalists and jihadists posted online. In April 2008, he made good on his promise, addressing a wide variety of issues, including several questions critical of al Qaeda's priorities and the legitimacy of attacking civilians.

There have been some suggestions that recent criticism from within the jihadist community is a sign of the weakening of the movement. An alternative assessment would focus on the traditional importance of debate and public justification in jihadist circles. There is a rich and spirited debate happening on jihadist websites. This may demonstrate the vitality of the movement more so than its imminent collapse.

Jihadist Leadership

The United States and its allies have made tremendous progress against al Qaeda-affiliated groups in Iraq and Southeast Asia, but the growth of jihadist groups in North and East Africa, as well as the strengthened position of the Taliban in Afghanistan, has offset the gains.

III. Al Qaeda -**Affiliated Movements**
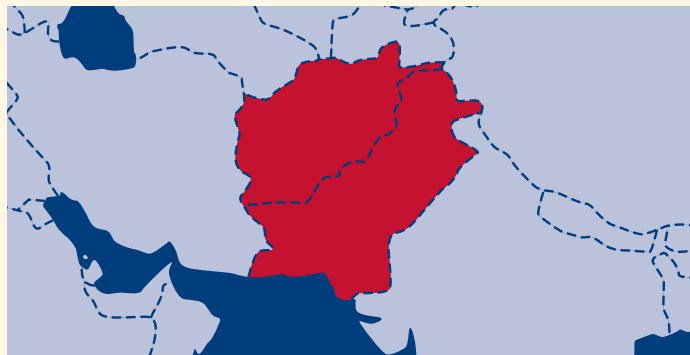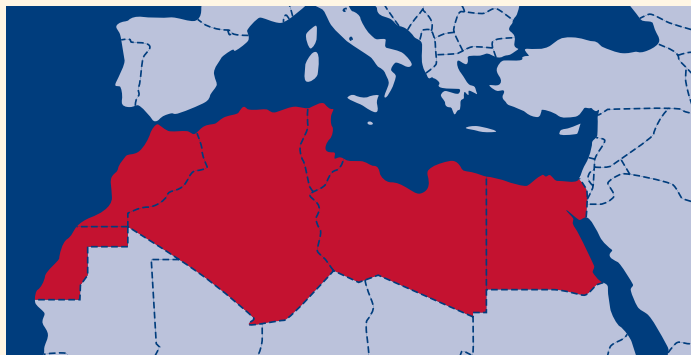
North Africa Ⓐ

Jihadist groups in North Africa are increasingly coordinating their actions and increasingly willing to function under the banner of al Qaeda. The impact of the Iraq War has turned a series of disjointed movements, each motivated by local grievances, into more globally-oriented groups. Part or all of the Libyan Islamic Fighting Group, the Moroccan Islamic Combat Group, and the Tunisian Combatant Group are now operating as al Qaeda affiliates. Aside from Saudi Arabia, North Africa has been the most significant source of foreign fighters in Iraq. Algeria, Morocco, and Tunisia, are now major recruiting centers for al Qaeda.

A MEMRI report argues:

> Never in the past has Al-Qaeda had such a solid territorial base in such proximity to Western states, and it has threatened to employ this base to attack Europe. The unification of the North African jihad groups under the banner of Al-Qaeda, the use of the Sahara for training and arms-smuggling, and the number of North African cells discovered in Europe in the past all indicate the magnitude of the threat.

Afghanistan-Pakistan Ⓑ

Over the past seven years, al Qaeda has established a secure base along the border between Afghanistan and Pakistan. The new Pakistani government of Prime Minister Yousaf Raza Gillani has been even less willing to pursue jihadist groups than its military predecessor. Instead, Pakistan is now more aggressively pursuing negotiations with extremists and autonomy agreements with tribal leaders in hopes of defusing the growing insurgency in Pakistan. Unfortunately, autonomy agreements have failed in the past, and despite the unpopularity of the jihadists in Pakistan, there is little reason to expect that new agreements will contain the threat any better. The increasing number of terrorist attacks in Pakistan and the growing tension between Pakistan and Afghanistan over cross-border incursions make it seem likely that, rather than abating, the threat in this part of the world is increasing.

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?
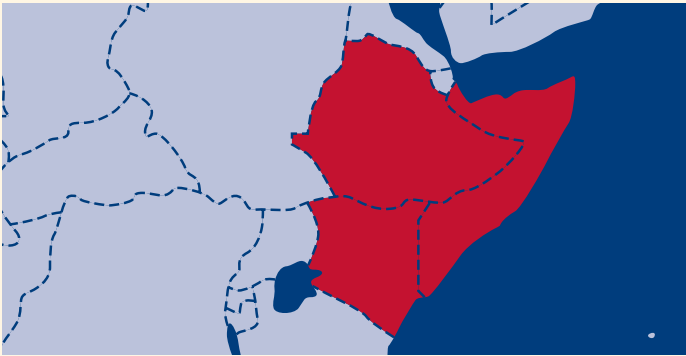
East Africa C

In 2006, an Islamist group, the Islamic Courts Union (ICU), seemed on the verge of establishing complete control over Somalia, potentially providing the country with a unified government for the first time in over a decade. In December of 2006, however, fighting between ICU and Ethiopian-backed Somali groups escalated into open warfare with Ethiopian troops ultimately driving the ICU from Mogadishu. Since then, the ICU has waged a guerilla campaign, largely under the banner of a group called the Shabab. The conflict has also provided additional legitimacy to several existing al Qaeda-affiliated groups in Somalia, most notably al-Itihaad al-Islaami (AIAI). The level of jihadist violence in Somalia has escalated dramatically over the past year and ought to be a major cause of concern for the future.

Southeast Asia D

Southeast Asia is a tremendously encouraging region in the global struggle against violent jihadism. The combination of effective government action, quiet U.S. support, and highly personalized (and thus vulnerable) jihadist movements has resulted in a significant diminution of the jihadist threat in the region. A few years ago, this region seemed like a hotbed of activity, but effective attacks on the leadership of Jemaah Islamiah and Abu Sayyaf Group have dramatically weakened those movements. The insurgency in southern Thailand became markedly more violent following the military coup of 2006, but its integration into the broader jihadist community remains ambiguous.

A

B

C

D

Affiliated Movements

13

State sponsorship of terrorism remains at historically low levels, although toleration of terrorist activities remains a significant concern globally.

IV. State Sponsorship of Terrorism

Active state sponsorship of terrorism remains at historically low levels. Even countries that demonstrably support terrorist organizations are mostly guilty of supporting groups that have attributes of quasi-statehood – particularly Hamas and Hezbollah. Support for purely terrorist organizations is less common, reflecting the established international consensus that terrorism is illegitimate. Iran is the only country that seems to support groups that actively target Americans. Pakistan's policies are also troubling. While it is possible that Pakistan's Inter-Services Intelligence (ISI) is a rogue element within the Pakistani government, it seems more likely that ISI's support for anti-Indian terrorism, and its ties to the Afghan Taliban, reflect a deliberate state policy of using terrorism in support of strategic objectives.

Five levels of state sponsorship and toleration of terrorist activity are identified below, in declining order of severity.

Active sponsors are countries that directly support terrorist organizations with funds, arms, and intelligence. They also provide political support to terrorist groups and largely refuse to cooperate with international efforts to reign in terrorism.

In the second category are states that negotiate **agreements with terrorists**. These agreements include offers of amnesty in return for unverified cooperation, as well as regional autonomy agreements that institutionalize ungoverned spaces.

States that **tolerate fundraising** knowingly allow agents of terrorist groups to operate on their soil and openly solicit funds for their activities abroad.

In the fourth category, there are states that **tolerate the presence** of known terrorists on their soil and fail to either arrest or extradite terrorist operatives.

Countries that have **failed to pass laws** and regulations to enforce their international obligations constitute the fifth category. This is distinct from countries that simply lack the capacity to implement their laws (a category of states addressed in the eighth metric of this report, which discusses ungoverned spaces).

Additionally, there are those states that formally cooperate with counter-terrorism efforts, but whose actions are actually at odds with the goals of the effort. These are states that use "counter-terrorism" as a shield for domestic repression. Though these states may be cooperative, their actions ultimately delegitimize counter-terrorism and ought to be condemned.

STATE SPONSORSHIP OF TERRORISM

ACTIVE SPONSORS   **AGREEMENTS WITH TERRORISTS**   **TOLERATE FUNDRAISING**   **TOLERATE PRESENCE**
FAILURE TO PROSECUTE/FAILURE TO PASS OR IMPLEMENT LAWS   **ABUSE OF COUNTER-TERRORISM FOR DOMESTIC REPRESSION**
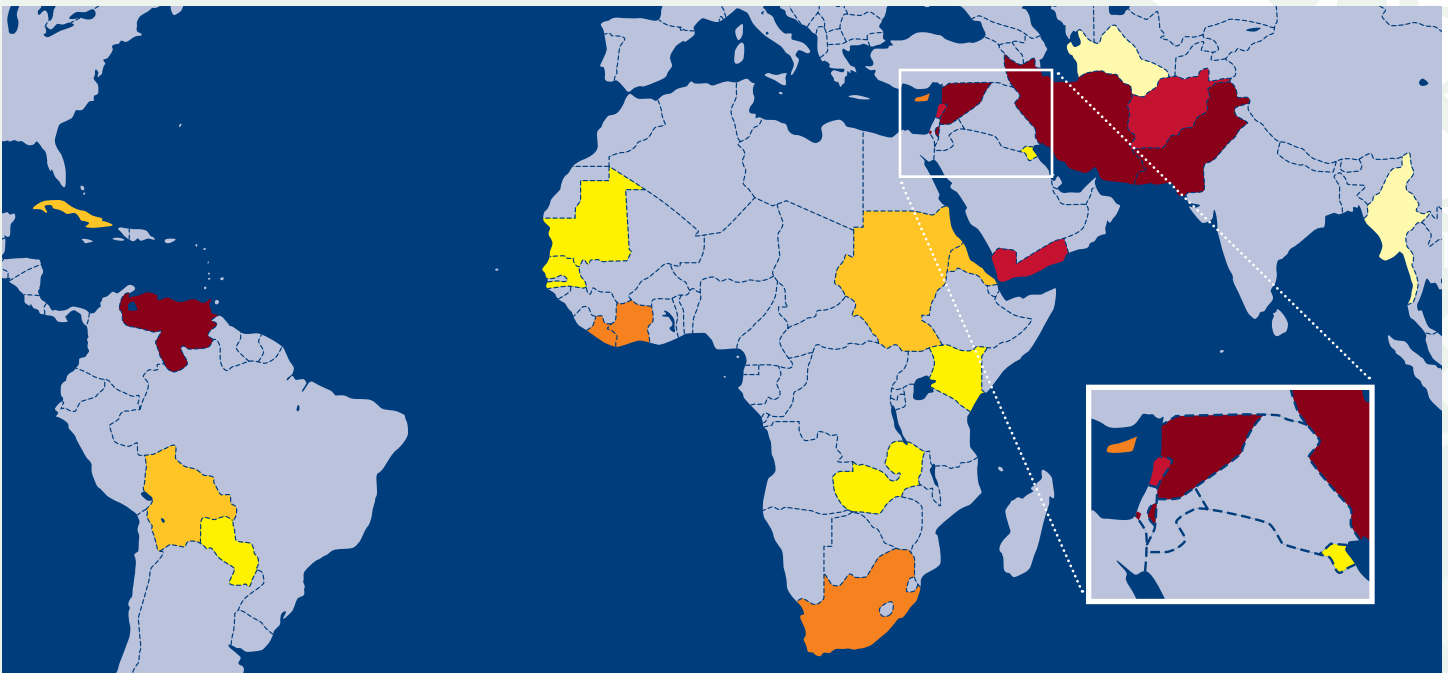
State Sponsorship and Political Symbolism

In June of this year, President Bush announced he intended to rescind North Korea's official status as a state sponsor of terrorism. The State Department's subsequent press release rightly described this decision as "largely symbolic." The same press release declared that North Korea had not been involved in an act of terrorism since 1987 but the decision to change its status was a response to its submission to full disclosure of its nuclear program.

Similarly, although Cuba continues to be labeled a state sponsor of terrorism, the State Department's report of its relevant activities focuses on its relationship with other unfriendly governments and failure to cooperate in the "war on terror." The United States has accused Cuba of harboring terrorists but not of supporting their activities. Certainly these charges are no more serious than those that have been made by policy experts against Pakistan.

This politicization of the official designation of state sponsors of terrorism makes it a poor instrument with which to assess the status of global terrorism.

State Sponsorship

15

Despite success in delegitimizing terrorism as a tactic, the United States continues to lose ground in the battle of ideas because of the pervasive belief among Muslims that the United States seeks to weaken Islam and exert political dominance in the Muslim world.

v. Public Attitudes in the **Muslim World**

The United States faces a tremendous public diplomacy challenge in the Muslim world. There are three core sets of attitudes that are relevant to the U.S. struggle against violent jihadism. The first is attitudes towards terrorism and jihadist groups. The second relates to comparative views of the United States and jihadists in general. The third focuses on the perception of American intentions.

Muslims virtually everywhere overwhelmingly reject terrorism. In most countries, less than twenty percent of the population considers suicide bombings and attacks on civilians at all justifiable, and the percentage that considers such attacks strongly justified or often justified is even lower. This rejection of terrorism in the abstract has translated into a lower opinion of Osama bin Laden and al Qaeda specifically and terrorist groups generally.

This finding is significant, though not a huge source of comfort. Analysts believe that there are fewer than 50,000 members of jihadist organizations worldwide, so the jihadist movement represents a tiny percentage of even those Muslims who consider violence justified. We may have reached the practical limits of rejection of terrorism among Muslim populations, and, even at these low numbers, terrorists are easily able to recruit new members.

Moreover, rejection of terrorism in the abstract has not reduced hostility toward the United States. The challenge for American policy is not the small number of extremists, but rather the generalized antipathy for the United States and skepticism of American motives that makes anti-Americanism not just legitimate, but popular.

There are few Muslim countries in the world where even half the population has a favorable view of the United States. In many countries – including Indonesia, Jordan, Pakistan, Turkey, Egypt, Malaysia, and Morocco – fewer than 30% of respondents expressed a favorable view of the United States. By contrast, in 2007 78% of Moroccans thought the goal of American policy around the world was to "weaken and divide Islam." 92% of Egyptians subscribed to this notion, as did 73% of Indonesians.

PERCENTAGE OF MUSLIMS WHO VIEW SUICIDE BOMBING AS JUSTIFIED OFTEN/SOMETIMES

COUNTRY	2002	2003	2004	2005	2006	2002-07 CHANGE
Lebannon	74	--	39	--	34	-40
Bangladesh	44	--	--	--	20	-24
Pakistan	33	41	25	14	9	-24
Jordan	43	--	57	29	23	-20
Indonesia	26	--	15	10	10	-16
Tanzania	18	--	--	--	11	-7
Nigeria	47	--	--	46	42	-5
Turkey	13	15	14	17	16	+3

Countries with available trends shown. Based on Muslim respondents.

Source: Pew Global Attitudes Project

SUPPORT FOR ATTACKS ON CIVILIANS
"How justified are attacks on civilians that are carried out in order to achieve political goals?"

COUNTRY	STRONGLY	JUSTIFIED	WEAKLY	NOT AT ALL
Morocco	2	6	19	57
Egypt	7	8	6	77
Pakistan	1	4	8	81
Indonesia	1	3	7	84

Source: Pew Global Attitudes Project

U.S. GOAL: WEAKEN AND DIVIDE ISLAM
Please tell me if you think the following are or are not U.S. goals: To weaken and divide the Islamic world.

■ DEFINITELY / PROBABLY   ■ DEFINITELY NOT / PROBABLY NOT

COUNTRY	RESULTS	
Morocco	78	11
Egypt	92	4
Pakistan	73	9
Indonesia	73	15

Source: WorldPublicOpinion.org

16

Polling data from Pakistan and Saudi Arabia illustrates the challenge. In these U.S.-allied countries, the United States is seen unfavorably by a majority of the population. Only 16.9% of Pakistanis hold a favorable opinion of the United States, while in Saudi Arabia 39.5% of respondents did. Al Qaeda is significantly more popular in Pakistan, with 32.2% of the population viewing the group favorably. In Saudi Arabia the news is much better, with only 9.5% having a favorable opinion of al Qaeda.

The collapse of support for al Qaeda in Saudi Arabia is mirrored by extremely high levels of support for combating terrorism within Saudi Arabia. The challenge in Pakistan is unfortunately much more complicated. Not only is the United States in a losing popularity contest with al Qaeda, there is deeper skepticism of American motives. 57.9% of Pakistanis consider the "real purpose" of the "war on terror" to be "to weaken and divide the
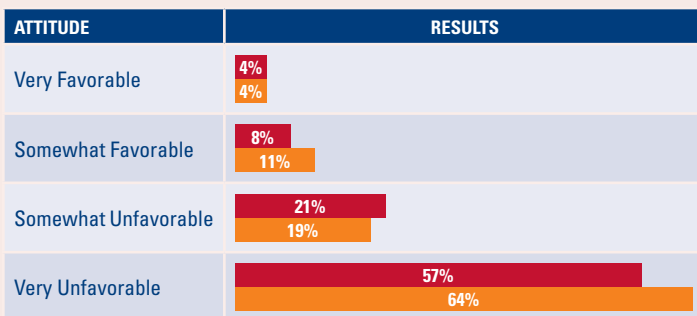
Islamic world," while 15.1% believe the goal is to "ensure American domination over Pakistan."

This skepticism explains why 69.1% of Pakistanis oppose having the U.S. military work with the Pakistani military "to pursue Taliban and al Qaeda fighters inside Pakistan." The implication is that, despite Pakistani opposition to the presence of al Qaeda fighters, and an overwhelming rejection of terrorism, many Pakistanis respect Osama bin Laden and al Qaeda for standing up to the West. This respect for al Qaeda is not borne of a desire to spread Islam or support for suicide bombing, but is rather a function of suspicion of American motives.

VIEWS OF THE U.S., 2006-2008
6-COUNTRY TOTAL
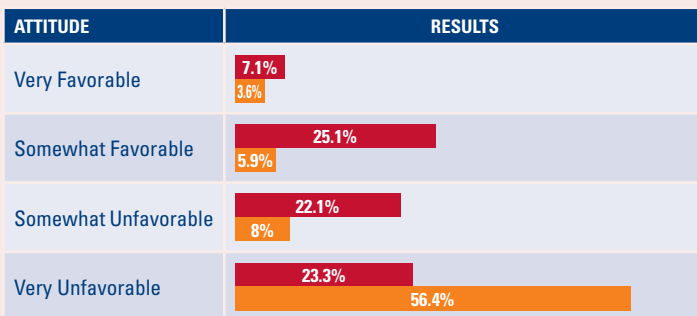Generally speaking, is your attitude towards the United States:

■ 2006   ■ 2008

ATTITUDE	RESULTS
Very Favorable	4% / 4%
Somewhat Favorable	8% / 11%
Somewhat Unfavorable	21% / 19%
Very Unfavorable	57% / 64%

Survey conducted March 2008 in Egypt, Jordan, Lebanon, Morocco, Saudi Arabia (KSA) and the UAE
Source: Shibley Telhami

VIEWS OF AL QAEDA
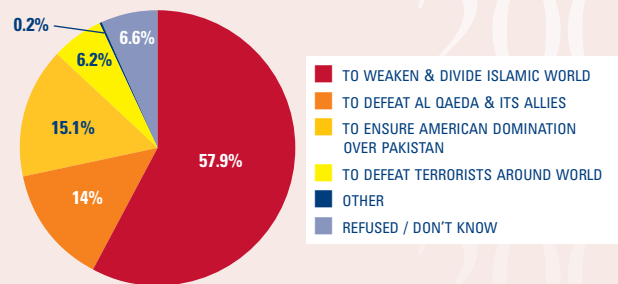■ PAKISTAN MAY/JUNE 2008   ■ SAUDI ARABIA DECEMBER 2007

ATTITUDE	RESULTS
Very Favorable	7.1% / 3.6%
Somewhat Favorable	25.1% / 5.9%
Somewhat Unfavorable	22.1% / 8%
Very Unfavorable	23.3% / 56.4%

Source: Terror Free Tomorrow

PAKISTAN MAY/JUNE 2008
What do you think is the real purpose of the US-led war on terror?

0.2% 6.2% 6.6% 15.1% 14% 57.9%

- TO WEAKEN & DIVIDE ISLAMIC WORLD
- TO DEFEAT AL QAEDA & ITS ALLIES
- TO ENSURE AMERICAN DOMINATION OVER PAKISTAN
- TO DEFEAT TERRORISTS AROUND WORLD
- OTHER
- REFUSED / DON'T KNOW

Do you support or oppose the Pakistani military pursuing Taliban and Al Qaeda fighters inside Pakistan?

18% 29% 20.6% 20.3% 12.1%

- STRONGLY SUPPORT
- SOMEWHAT SUPPORT
- SOMEWHAT OPPOSE
- STRONGLY OPPOSE
- REFUSED / DON'T KNOW
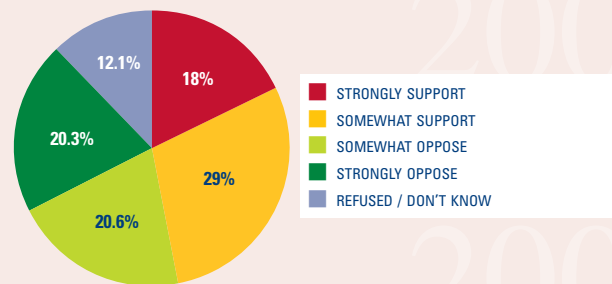
If you personally have a favorable opinion [of Osama bin Laden and al Qaeda], what would you say is the most important reason that you have a favorable opinion?

43.5% 20.9% 16.3% 13.3% 5.9%

- OSAMA BIN LADEN & AL QAEDA STAND UP TO AMERICA
- OSAMA BIN LADEN & AL QAEDA LEAD DEFENSIVE JIHAD AGAINST AMERICA
- OSAMA BIN LADEN AND AL QAEDA FIGHT AGAINST REPRESSIVE GOV'TS
- OSAMA BIN LADEN & AL QAEDA STAND UP FOR DIGNITY OF MUSLIMS WORLDWIDE
- REFUSED / DON'T KNOW
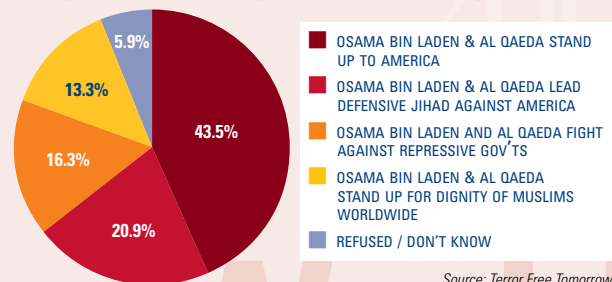
Source: Terror Free Tomorrow

American public opinion in recent months has been more realistic about the extent of the terror threat. This development reflects a return to normalcy.

VI. Public Attitudes in the United States

The effectiveness of terrorism can be measured, in part, by the reaction it prompts. Regardless of what terrorists do, they cannot be successful if their targets are not terrorized. Therefore, one method of assessing progress in the "war on terror" is to examine how threatened Americans feel. It appears that, in fact, the level of public concern about terrorism has declined significantly, and yet still reflects a level of anxiety inconsistent with the actual level of the threat.
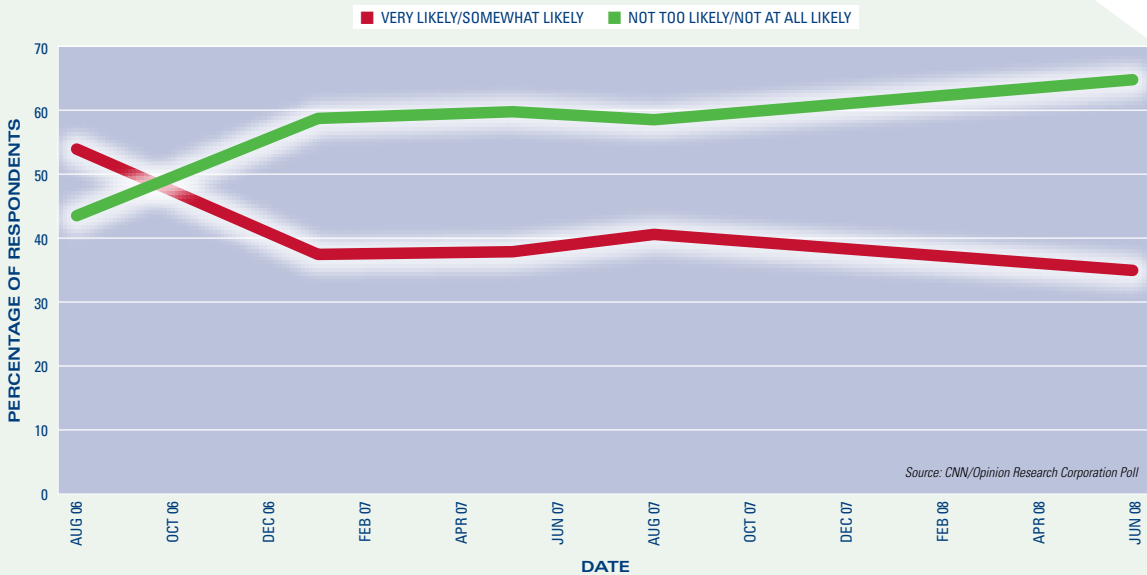
The "war on terror" remains an important political issue, but various developments are beginning to move it back into the realm of policy and out of the realm of politics. The troubles in the American economy, in particular, have pushed terrorism off the front pages. Furthermore, the stabilization of the situation in Iraq has stemmed some of the gloomier views of the jihadist threat. Only 7% of likely voters in a July 2008 poll identified terrorism as the most important issue in the presidential election, whereas polls from 2004 showed terrorism as the most important issue for closer to 20% of the American electorate.

This declining political relevance reflects increased public optimism on the subject of terrorism. Americans increasingly see the "war on terror" in positive terms, with only 20% seeing the terrorists "winning," while over 50% see the U.S. and its allies as gaining the upper hand. This is a dramatic reversal from the 2006 numbers, which showed the two about even. Finally, the expectation of a potential terrorist attack in the coming weeks has declined to its lowest levels since 9/11, with only 35% of the electorate considering such an attack likely or very likely.
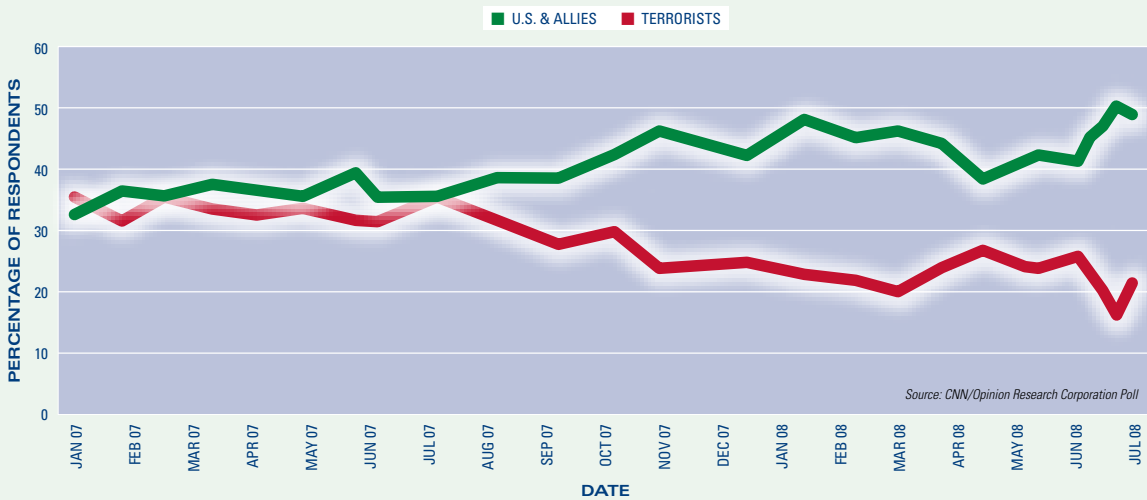
In reality, even these numbers reflect a dramatically inflated level of concern. Violent jihadists, though capable of inflicting significant suffering on American citizens, are not capable of defeating the United States in any plausible scenario. Given that there has not been an attack on U.S. soil since 9/11, the persistence of even a 35% perceived chance of an attack in the next several weeks overstates the threat by an order of magnitude. Fear of terrorism has decreased, and this is a positive development, but the memory of the 9/11 attacks clearly persists, and its distorting effect on American politics remains.

In addition to being worried about attacks, another way to assess how threatened the American public feels is by the measures it is willing to take to promote security. Although we still have not had a comprehensive debate on the tradeoff between security and civil liberties, Americans on the whole seem satisfied with the current balance between the two. This is somewhat surprising, however, because there appears to be cause for legitimate concern. As surveillance of the American public has increased, the number of prosecutions for terrorism-related crimes is actually declining. That this disconnect has not caused surveillance policy to be aggressively challenged seems to imply a continuing belief that Americans must "do whatever it takes" to curb the threat of terrorism.
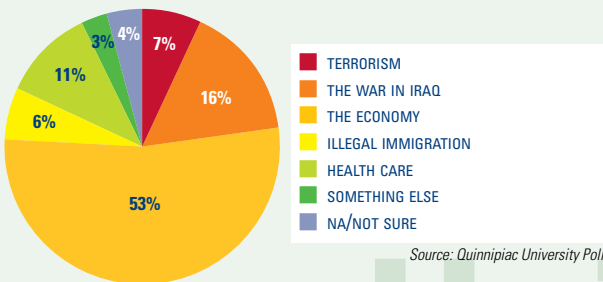
HOW LIKELY IS IT THAT THERE WILL BE FURTHER ACTS OF TERRORISM IN THE UNITED STATES OVER THE NEXT SEVERAL WEEKS?

■ VERY LIKELY/SOMEWHAT LIKELY   ■ NOT TOO LIKELY/NOT AT ALL LIKELY

Source: CNN/Opinion Research Corporation Poll

WHO IS WINNING THE WAR ON TERROR?

■ U.S. & ALLIES   ■ TERRORISTS

Source: CNN/Opinion Research Corporation Poll

Which of the following will be the single most important issue in your vote in the election for President this year?

- 7% ■ TERRORISM
- 16% ■ THE WAR IN IRAQ
- 53% ■ THE ECONOMY
- 6% ■ ILLEGAL IMMIGRATION
- 11% ■ HEALTH CARE
- 3% ■ SOMETHING ELSE
- 4% ■ NA/NOT SURE

Source: Quinnipiac University Poll

Does our legal system worry too much about protecting individual rights or worry too much about protecting national security?
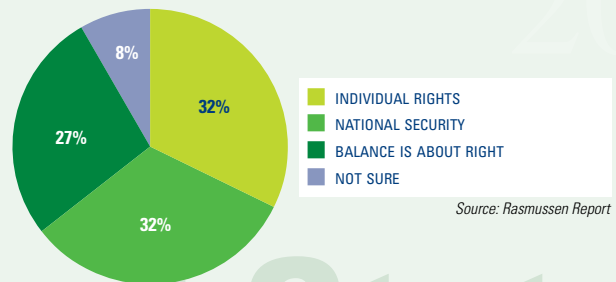
- 32% ■ INDIVIDUAL RIGHTS
- 32% ■ NATIONAL SECURITY
- 27% ■ BALANCE IS ABOUT RIGHT
- 8% ■ NOT SURE

Source: Rasmussen Report

SEP 08 REPORT 2008 2007 2006 2005 2004 2003 2002

United States

■ NO   ■ UNCERTAIN   ■ YES   S E P T E M B E R   2 0 0 8   R E P O R T

Although poverty and political oppression persist at high levels throughout the Muslim world, trends in the data indicate improving conditions on both fronts. Large challenges remain, but progress is evident.

VII. Economic **Prosperity** & Political **Freedom**
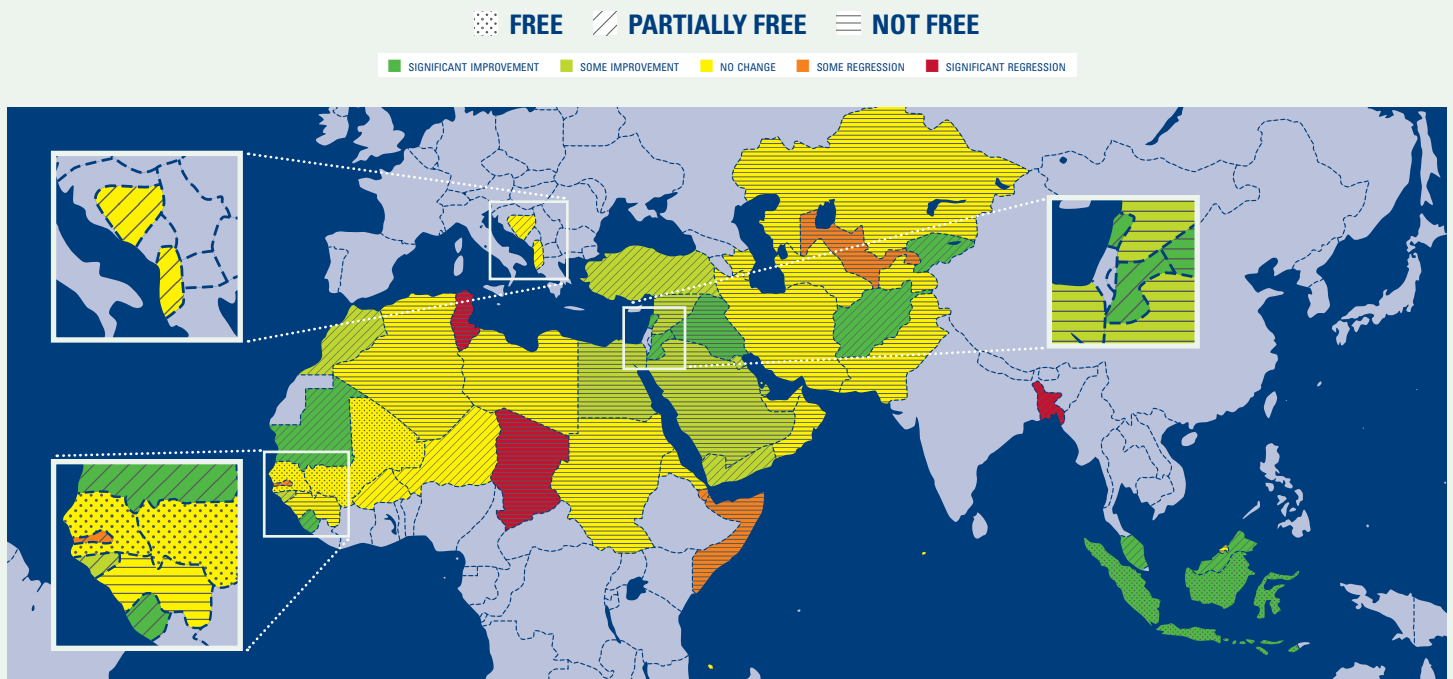
Political Freedom

Though the links between lack of political freedom and support for violent jihadism are difficult to discern precisely, it is clear that at least some of the support for jihadist groups is borne of frustration with authoritarian elites.

There is a pervasive lack of political freedom in the Muslim world. In 2008, Freedom House rated twenty-four majority-Muslim countries as "non-free," while twenty-one were rated as "partially free." Only three majority-Muslim countries were "free" in 2008. This leads to overly pessimistic conclusions, however.

Though freedom is lacking, encouraging trends can be identified. Examining changes in political freedom and civil liberties over the past five years, with a special emphasis on recent developments, there are nine countries in the Muslim world that have seen significant positive changes and another nine with smaller but still positive improvements in this area. Twenty-three Muslim nations have seen no change in their level of political freedom and only seven have seen any sort of decline. This reinforces an assessment of slow progress in the area of political freedom in the Muslim world.

The future remains tremendously uncertain. Several states that are making moves toward democracy, notably Iraq and Pakistan, remain extremely unpredictable and are currently wracked with political violence. There is a simmering undercurrent of dissent in countries like Saudi Arabia, Egypt, and Syria, and ethnic and sectarian divides could undermine progress in many countries.

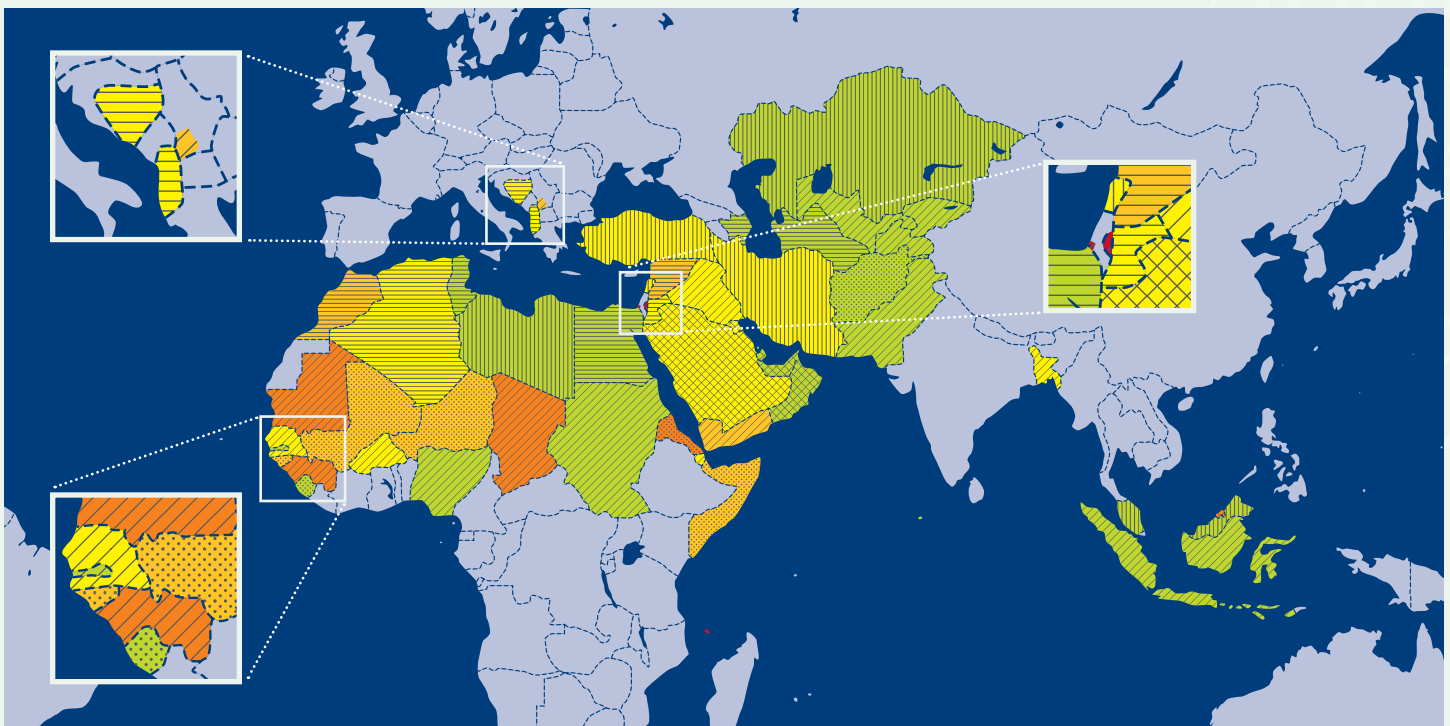FREE   PARTIALLY FREE   NOT FREE

SIGNIFICANT IMPROVEMENT   SOME IMPROVEMENT   NO CHANGE   SOME REGRESSION   SIGNIFICANT REGRESSION

Source: Freedom House

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?

Economic Progress

The Muslim world remains overwhelmingly poor. Twenty-eight Muslim-majority nations had a GDP per capita of less than $2,000 according to recent CIA Factbook data. Only seven Muslim states had per capita GDPs of over $20,000, and all of those were oil producing nations riding the wave of surging oil prices. Poverty in the Muslim world remains endemic, with many countries crippled by corruption, inefficient and bloated state sectors, and social policies that systematically devalue the potential contributions of women in the work force.

There are, however, some positive trends in the economic data as well. Twenty-three Muslim-majority nations saw their economies grow at a rate of 6% or greater, and another thirteen had growth rates exceeding 4% but less than 6%. If sustainable, these growth rates would go a long way to easing the challenges of unemployment that afflict many young men in Muslim countries and help create conditions for greater social stability.

One of the great challenges, however, is the existence of several countries where poverty is endemic and growth rates are lagging. Somalia, Mali, Chad, and the Palestinian territories seem to have few prospects in the near future. Also problematic are countries characterized by stagnation – Yemen, Morocco, and Syria – which have relatively low incomes and anemic growth rates.

LESS THAN $1,000 GDP PER CAPITA   **$1,000-$4,000 GDP PER CAPITA**   **$4,001-$10,000 GDP PER CAPITA**   **$10,001-$20,000 GDP PER CAPITA**   **GREATER THAN $20,000 GDP PER CAPITA**

LESS THAN 0% GDP GROWTH   0-2% GDP GROWTH   2-4% GDP GROWTH   4-6% GDP GROWTH   GREATER THAN 6% GDP GROWTH

Source: CIA World Factbook

Prosperity & Freedom

The challenge of ungoverned spaces improved somewhat since last year. Between the success of the "surge" and Sunni Awakening in Iraq, and successful counter-insurgency activities in Southeast Asia, there are fewer areas of the world now vulnerable to terrorist penetration. However, the worsening of the situation in Pakistan and the explosion of Islamist violence in Somalia are significant negative developments.

VIII. **Ungoverned** Spaces

The challenge of ungoverned spaces remains a core issue in the management of the threat posed by violent jihadism. Lack of government capacity allows these groups to find sanctuary. In some cases, the collapse of government authority creates an opening for extremist groups to gain legitimacy through the provision of public goods – minimally security, but in many cases services as well. The rise of the Taliban in Afghanistan in the 1990s and of the Islamic Courts Union in Somalia in 2006 are examples of the security element, while the success of Hezbollah in Lebanon and Hamas in Gaza are examples of success through the provision of services as well.

World Bank governance effectiveness indicators reflect minimal global improvements in government effectiveness since last year. These gains, in South America and Southeast Asia, do not change

the overall assessment of the challenge, which still highlights governmental weakness throughout Africa and the Middle East.

Poorly governed spaces have been a particularly challenging issue in the past, most notably in Somalia and the Northwest provinces of Pakistan. Pakistan's domestic instability, culminating in the marginalization of President Pervez Musharraf, the assassination of Benazir Bhutto, and the ultimate ascension of Yousaf Raza Gillani to the position of Prime Minister, ensured that restoring government authority to the Federally Administered Tribal Areas (FATA) was not a priority for Islamabad. Indeed, Gillani's government has sought to negotiate another round of agreements with local leaders that will likely replicate the failures of the 2006 agreement which effectively institutionalized the safe haven provided there to al Qaeda and Taliban fighters.

GOVERNMENT EFFECTIVENESS
(PERCENTILE RANKING)

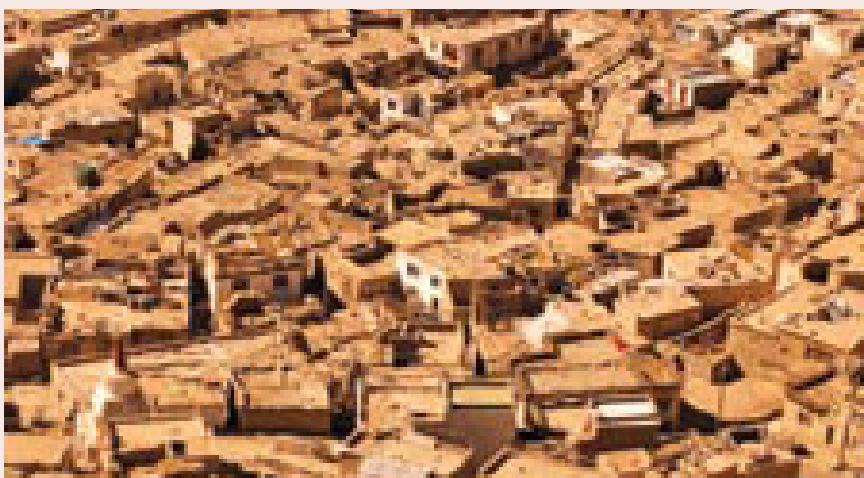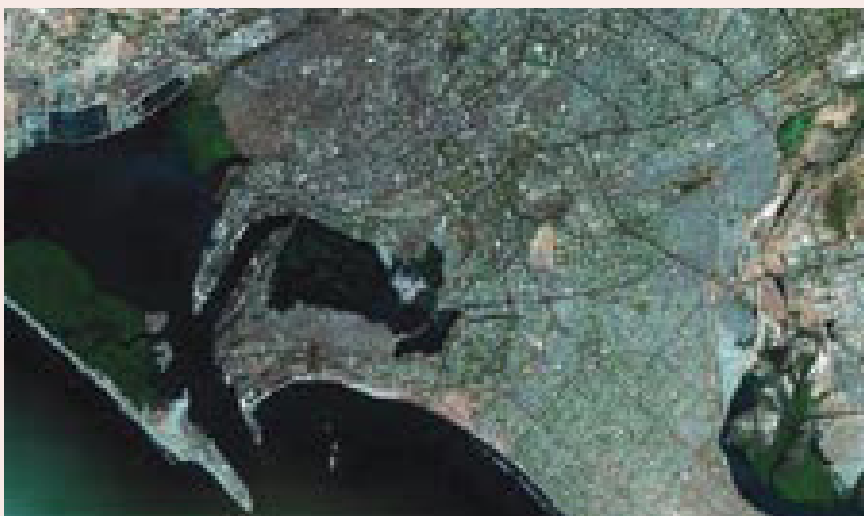| 0-10 | >10-25 | >25-20 | >50-75 | >75-90 | >90 |
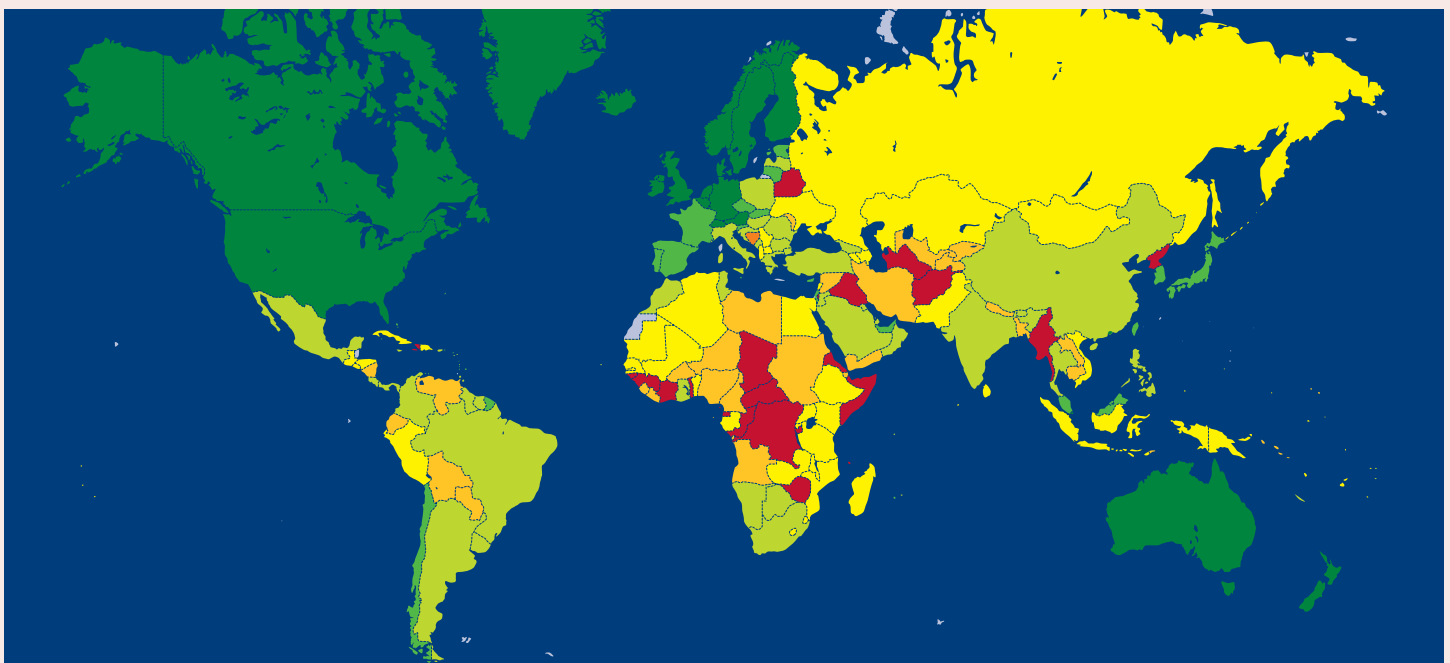
Source: World Bank

THE OLD UNGOVERNED SPACES: RURAL AND SPARSELY INHABITED

THE NEW UNGOVERNED SPACES: URBAN AND CROWDED

KARACHI, PAKISTAN

Ungoverned spaces are areas with limited government penetration. Often, these are remote areas, with few or no roads. They lack electricity and sewage systems. Though mobile phone penetration is quite impressive in much of the developing world, there are many areas where the only communication available is through expensive and unreliable satellite phones. These areas may offer safe havens, but their very remoteness also ensures that threats they foster are likely to be limited and localized.

While terrorists can hide in rural areas, they can also hide in urban centers. Urban populations around the world are growing at impressive rates. Dhaka, in Bangladesh, grew from a population of 3.3 million in 1980 to 13.4 million in 2007. In that same time, Jakarta expanded from 5.9 million to 9.1 million inhabitants, and Lahore went from a population of 2.8 million to 6.6 million. Overall, the urban population in the developing world grew from 995 million in 1980 to nearly 2.5 billion today, and is projected to grow to nearly 4 billion by 2030.

As this urbanization intensifies, so does the danger posed by urban ungoverned spaces, such as slums, which make particularly valuable staging areas for terrorist attacks. Karachi is an interesting case study. While Karachi's population has grown dramatically, from 5.0 million in 1980 to 12.3 million in 2007, government control has declined. Although tools like Google Earth are beginning to make inroads into the problem, there has not been an updated street map of Karachi produced since 1990.

International cooperation against terrorism remains solid, bolstered in particular by developments in western Africa and Oceania. Elsewhere, however, developments have stalled due to concerns regarding civil liberties and the appropriate focus of counter-terror programs.

IX. International Cooperation Against Terrorism

Bi-Lateral Cooperation A

According to State Department reports, virtually every country in the world is cooperating with the U.S. government's counter-terrorism efforts. The exceptions are the five countries – Iran, Syria, Cuba, Sudan, and, until recently, North Korea – designated as "state sponsors" of terrorism, as well as Venezuela which has been singled out for its less than fully cooperative behavior. In practice, however, the range of cooperation is vast and, as is detailed in the section of this report that addresses state sponsorship of terrorism, there are several states that tolerate the political presence and fundraising activities of terrorist groups. Furthermore, there are a large number of states whose compliance with counter-terrorism efforts is hampered by limited state capacity. As a result, the effective cooperation of states around the world is quite varied.

Unfortunately, official government reports are highly politicized as well as personalized. There are many jihadists radicalized in Saudi Arabia by videos produced by al Qaeda in Pakistan who travel to Iraq through Syria. In State Department reports, Syria is singled out in this chain of actions for special condemnation, though it is not at all clear that Syria's inability or unwillingness to control its borders is really the most significant issue. Venezuela is condemned for its political ties to Iran, but Iran's major trading partners are China, Germany, South Korea, Japan, France, Russia and Italy, and Iran works closely on the key issue of oil with such OPEC partners as Iraq, Saudi Arabia, Kuwait, Qatar, and Indonesia. Syria's support for terrorist groups in Lebanon and Venezuela's relations with the FARC have earned them legitimate condemnation, but some of the criticism of those regimes is inconsistent with the assessments of other countries.

A

International Community

At the level of the international system, progress in implementing a strategic approach to counter-terrorism has largely stalled. Though the United Nations has expressly called on all members to become parties to existing conventions dealing with terrorism, there has been no progress is addressing the key international legal challenges posed by transnational terrorism. Additional conventions are necessary to clarify problematic aspects of counter-terrorism, including the following:

★ The rights of suspected members of terrorist organizations captured by state agents;

★ The legal status of renditions; and

★ The obligations of states regarding the prevention of attacks emanating from their soil, and the reciprocal rights of states to act against threats abroad.

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?
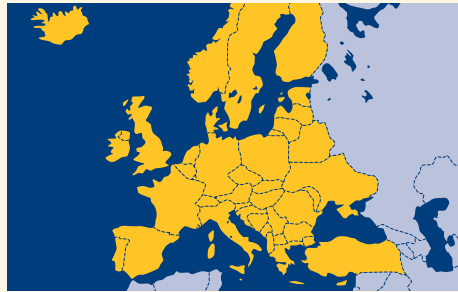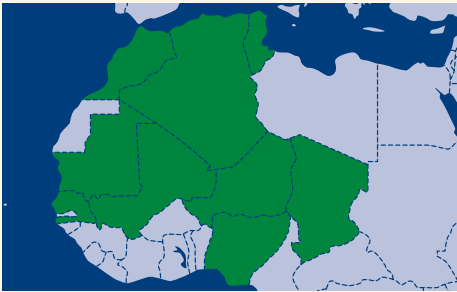
Regional Initiative B

The Trans-Sahara Counterterrorism Partnership (TSCTP) builds on the earlier Pan-Sahel Initiative implemented after 9/11. The TSCTP, begun in 2005 as an effort to increase partner capacity with Mauritania, Mali, Chad, Niger, Nigeria and Senegal, expanded its efforts in 2007 to help improve cooperation with Algeria, Morocco, and Tunisia. British and French liaisons have also been active in supporting the TSCTP, and the process has managed to gain significant interagency cooperation within the U.S. Government. The result has been a multifaceted integration of development assistance, military training, information sharing, and public diplomacy.

Regional Initiative C

In Europe, recent developments have been mixed. There have been effective efforts to share information, share and adopt best practices, and generate funds to support capacity building in several Eastern European countries. Nonetheless, a clear divide in counter-terrorism policy continued to develop over the past year as the U.S. focus on developing actionable intelligence against transnational terrorist groups and movements came into conflict with the growing European focus on the challenge of radicalization at home. In addition, the Bush Administration's weak commitment to transparency has stalled efforts to develop effective, high-level data exchanges, including on such issues as travel documents.

Regional Initiative D

Institutionalization of regional counter-terrorism initiatives has paid off most clearly in Oceania and Southeast Asia. Institutions promoted by the United States, Thailand, Indonesia, Malaysia, and Australia provided numerous forums to share information and best practices and to establish effective capacity building programs. This region shares American concerns about transnational actors, and the presence of committed regional partners to share the lead on developing counter-terrorism initiatives makes this region a model worth emulating in the development of international cooperation on the counter-terrorism front.

International Cooperation

The ability of terrorists to use the international financial system has been curtailed, but their ability to raise money through criminal activities and direct cash transfers is largely unimpeded.

x. Terrorist **Financing**

Estimated Cost of Major Terrorist Attacks

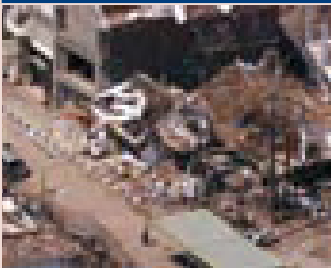### ATTACKS ON NEW YORK AND WASHINGTON

DATE: SEPTEMBER 11, 2001
COST: $500,000
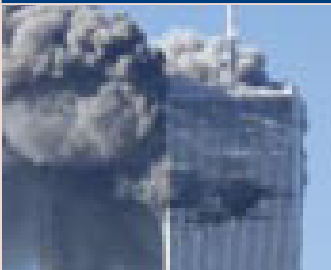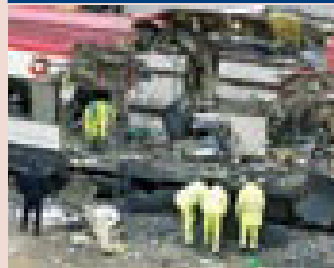

EAST AFRICA EMBASSY BOMBINGS

DATE: AUGUST 7, 1998
COST: $50,000

BALI NIGHTCLUB BOMBINGS

DATE: OCTOBER 12, 2002
COST: $50,000

MADRID TRAIN BOMBINGS

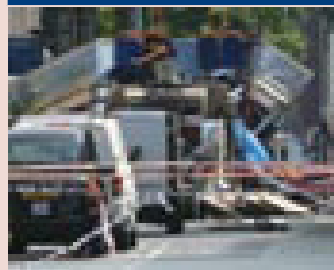**DATE: MARCH 11, 2004**
COST: $10,000

USS COLE ATTACK

DATE: OCTOBER 12, 2000
COST: $10,000

LONDON TRAIN AND BUS BOMBINGS

DATE: JULY 7, 2005
COST: $1,000-$10,000

INDIVIDUAL IED ATTACK IN IRAQ

DATE: NUMEROUS
COST: $100
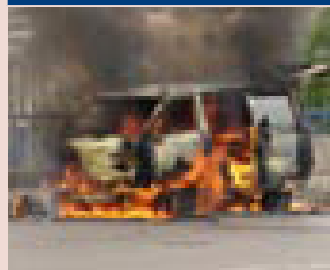
Methods of Terrorist Financing

Drug trafficking is one of the most significant and reliable sources of funding for terrorist organizations. The street value of illicit drugs globally is roughly $100 billion, or about the GDP of Kuwait. Terrorist organizations are active in various areas of the market. They provide protection to drug lords, extort taxes from farmers, and in some cases are actively involved in the production and distribution of illegal narcotics.

Do trends in this indicator demonstrate progress in the struggle against violent jihadism?

Several terrorist organizations are partially funded through hostage-taking. Since 1992, for instance, it is estimated that the Abu Sayyaf Group in the Philippines collected at least $31 million in ransom payments. Ransom payments are routinely underreported by governments who seek to hide their involvement in these payments and families that want to avoid retaliation from the hostage takers.

Since 2001, the international community has been much more effective in controlling and preventing the funding of terrorism by international charities, but the problem is not wholly resolved. The Palestinian Territories, for instance, continue to receive significant funds from both private foundations and international financial aid. Some of these funds, undeniably, help support terrorism by Hamas.
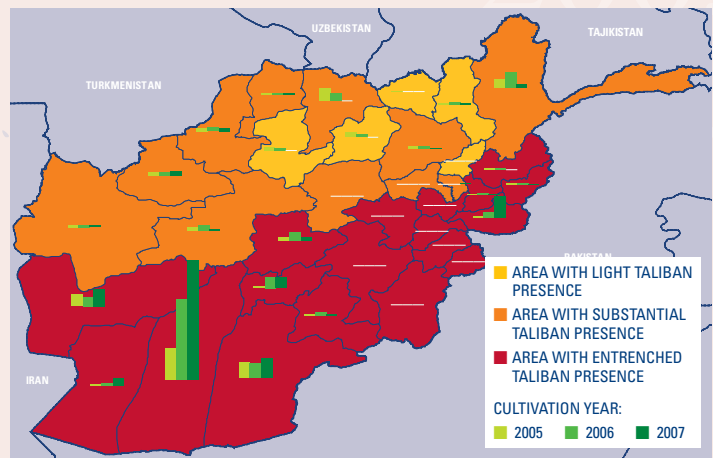
Afghanistan

Poppy production continues to grow in Afghanistan, particularly in Taliban-controlled areas. The value of Afghan Poppy exceeds $1 billion per year, and there is evidence that the Taliban is increasingly involved in trafficking refined heroine in addition to taxing a portion of the raw poppy production.

GRAPH OF CULTIVATION OF POPPY IN AFGHANISTAN IN HECTARES

YEAR	HECTARES (A UNIT OF AREA EQUAL TO 10,000 SQUARE METERS, EQUIVALENT TO 2.471 ACRES)
1994	71,000
1995	54,000
1996	57,000
1997	58,000
1998	64,000
1999	91,000
2000	82,000
2001	8,000
2002	74,000
2003	80,000
2004	131,000
2005	104,000
2006	165,000
2007	193,000

OPIUM POPPY CULTIVATION IN AFGHANISTAN
2005-2007

AREA WITH LIGHT TALIBAN PRESENCE
AREA WITH SUBSTANTIAL TALIBAN PRESENCE
AREA WITH ENTRENCHED TALIBAN PRESENCE

CULTIVATION YEAR:
2005   2006   2007

Source: Map combines elements taken from both the UNODC and the Senlis Council.

As the threat of independent radicals continues to grow, the challenge of stopping terrorism financing increases dramatically. These individuals self-finance attacks through a variety of low-grade criminal activities, including street crime, credit card fraud, and welfare abuse. Ultimately, a small terrorist operation is easily financed by an individual or small group.

Terrorist groups operating in ungoverned or poorly governed spaces often take on some of the functions of government. In these regions, terrorist groups are able to tax local populations, either in return for services or through protection schemes.

Financing

Recommendations

This section reproduces the recommendations from last year's report in *italics*, provides assessments of counter-terrorism policy over the past year, and provides updated recommendations for the following year.

I. Number of Terrorist Incidents

The United States must abandon the notion that victory on any central front will lead to an elimination of the jihadist threat. The challenge is global and growing, and policies based on an oversimplification of the threat are likely to produce unintended negative consequences that might actually strengthen the jihadist movement, as the war in Iraq has done.

ASSESSMENT:
Over the past year, the United States has moved further away from achieving this goal as made apparent in the current central front debate. Some analysts, notably those close to the Administration, have argued that Iraq was indeed the central front and that progress in Iraq is translating into victory in the "war on terror." Others are claiming that the "central front" has shifted eastward and that, now, containing Iran is the key to victory. Still other analysts, would like to shift the central front even further east, to Afghanistan. Each of these conceptual frameworks obscures the issue by trying to narrow a global challenge to a specific theater of conflict.

UPDATED RECOMMENDATION:
The United States must abandon the notion that victory on any central front – including Iraq, Afghanistan, or Iran – will eliminate the threat of violent jihadism. Addressing challenges posed by those countries is an important part of a broader strategy, but is not a substitute for a comprehensive strategy.

II. State of the Jihadist Leadership

The jihadist movement has two primary strengths – a dynamic ideology that is appealing to millions in the Muslim world, and iconic leaders whose defiance of the international

community makes them heroes to their supporters. A successful strategy in the struggle against violent jihadism will focus on these centers of gravity.*

ASSESSMENT:
The United States has again failed to bring to justice the iconic leadership of the jihadist movement. Worse, their visibility in public statements and Internet presence has increased. The ideology of jihad is as strong as ever, even though there is an emerging debate over tactics within the movement.

UPDATED RECOMMENDATION:
The United States must pursue the senior leaders of al Qaeda and undermine the jihadist rhetoric that blames the United States for all the ills of the Muslim world.

III. Al Qaeda-Affiliated Movements

To defeat violent jihadism, the United States must balance stability with justice by securing cooperation from leaders in the Muslim world while maintaining a distance from repressive regimes. Making allies of oppressive authoritarian regimes has the effect of pushing those governments' legitimate domestic opponents into the arms of the jihadist movement.

ASSESSMENT:
United States policy remained tied to President Musharraf for too long, and in Iraq American policy has become too bound up with the political fortunes of Nouri al-Maliki. Our apparent inability to distinguish American interests from the interests of local elites continues to open up the United States to the transformation of local grievances into anti-Americanism.

UPDATED RECOMMENDATION:
The United States should actively distinguish threats to the United States from threats to regional allies. While we cannot win this struggle without allies, we cannot succeed if we allow our interests to be defined by their needs and desires.

IV. State Sponsorship of Terrorism

The United States must apply the "state sponsor of terror" designation consistently in order to establish international standards of behavior. Keeping Cuba on the list of state sponsors of terrorism, while exempting ostensible allies in the "war on terror," delegitimizes the designation and undermines the development of consensus about permissible state behavior under international norms.

ASSESSMENT:
Keeping Cuba on the list of state sponsors, while shielding Pakistan makes a mockery of the entire concept of an official list of "state sponsors." The ambiguous situation of Sudan, which largely cooperates with counter-terror activities while remaining on the list because of actions in genocide highlights the confusion inherent in the list. The admission that the decision to take North Korea off the list of state sponsors was a response to their cooperation on nuclear issues confirms that the government is not committed to using relevant criteria for designation of state sponsors.

UPDATED RECOMMENDATION:
The United States should either rationalize the official list of state sponsors using objective criteria or simply retire the list altogether. There is utility in tying sanctions to state support for terrorism, but the effect of such an approach is contingent on the fair and rational application of objective criteria.

V. Public Attitudes in the Muslim World

American policy and public diplomacy must go hand-in-hand. Ritualistic denunciations of terrorism in the abstract must be joined by policies and public diplomacy that demonstrate a positive vision of the future across societies and faiths.

ASSESSMENT:
Anti-Americanism remains a powerful sentiment in the Muslim world, as does suspicion of American actions and motives.

UPDATED RECOMMENDATION:
The end of the Bush Administration represents a significant opportunity for the next president to establish a new image of the United States in the Muslim world. The next president should be prepared to engage the Muslim world with a thoughtful, comprehensive approach from day one. There will be no time to waste, and missing the opportunity early on would be a strategic disaster.

VI. Public Attitudes in the United States

American political leaders must stop using terrorism as an electoral wedge issue. Instead, they must engage in a serious discussion with the public over the real level of risk Americans face and the price the nation is willing to pay to combat the violent jihadist threat.

ASSESSMENT:
Despite the best efforts of many American politicians to continue to use terrorism as a wedge issue, the weakening U.S. economy has pushed terrorism off the center stage. The result has been a more reasoned debate about combating terrorism as well as a productive compromise over domestic surveillance in the FISA bill.

UPDATED RECOMMENDATION:
U.S. leaders should take advantage of the relatively low profile of the terrorism issue as well as the change in administration to revisit all the organizational and legal changes made in the name of homeland security over the past seven years. Both the creation of the Department of Homeland Security and the reorganization of the Intelligence Community were done with insufficient strategic planning. It may also be possible to increase the capabilities of domestic intelligence and law enforcement while better safeguarding civil liberties.

VII. Economic Prosperity and Political Freedom

The United States must lead the world in a transition away from oil-based economies to limit its stake in the internal affairs of the Middle East. It must also encourage oil-rich nations to move toward sustainable, post-oil economies.

ASSESSMENT:
Oil prices rose dramatically since last year's report, weakening any incentives towards developing post-oil economies for oil producing nations. The Bush Administration's response to increased oil prices has been to push for more oil exploration rather than pursuing alternative energy. In short, no progress has been made in this area.

UPDATE RECOMMENDATION:
The United States government should redouble its efforts to transition to a post-oil economy. The United States should also strongly encourage all oil producing nations to invest their windfall profits in infrastructure and education so they are ready for the period after the oil boom.

VIII. Ungoverned Spaces

The United States must lead the world in developing an international law for ungoverned spaces that clearly defines state responsibilities for establishing governance. This law must also create a set of rights and obligations for the international community to respond to threats to international peace and security that emanate from these areas of limited governance.

ASSESSMENT:
The United States has made minor progress in reducing ungoverned spaces through capacity-building programs, especially in Southeast Asia. Unfortunately, the international community is no closer to developing a law of ungoverned spaces that would normalize international behavior in those areas.

UPDATED RECOMMENDATION:
Capacity-building programs only work with willing partners. The United States must develop tools to meet the challenge of ungoverned spaces, especially in areas where there is no willing partner with whom to cooperate, leveraging the capacity of local elites, private business, the international community, and non-governmental organization.

IX. International Cooperation Against Terrorism

The United States must prioritize international cooperation and consensus above unilateralism and freedom of action in order to enhance its ability to counter violent jihadism most effectively.

ASSESSMENT:
International cooperation remains focused on the acquisition of actionable intelligence and on financial controls. The challenge of violent jihadism is much broader than the level of international cooperation reflects.

UPDATED RECOMMENDATION:
The United States must seek ways to broaden international cooperation, including by developing a law of ungoverned spaces, creating multinational approaches to public diplomacy, and coordinating economic assistance and trade promotion programs to support a counter-jihadism strategy.

X. Terrorist Financing

The illicit market created by the "war on drugs" is one source of funding for terrorists. Policy makers must create policies that effectively address this linkage.

ASSESSMENT:
Most analyses suggest that terrorist groups are increasingly funded by drug money.

UPDATED RECOMMENDATION:
The United States should adopt recommendations made by the Senlis Group to establish a "Poppy For Medicine" program in Afghanistan that would bring poppy production into the legitimate economy. It is virtually impossible to engage in systematic crop eradication even in areas of clear government control, and literally impossible to do so in the midst of an insurgency. The United States will lose in Afghanistan unless drug money can somehow be denied to the Taliban insurgency.

Recommendations

Sources

I. Number of Terrorist Incidents

The charts in the section were built on data drawn exclusively from the Worldwide Incidents Tracking System (WITS) maintained by the U.S. National Counter-Terrorism Center (NCTC) and reflects the dataset available on June 30, 2008. The WITS/NCTC data is available at http://wits.nctc.gov/. The WITS data is drawn from open sources and uses transparent coding criteria. While there are reasons to question the comprehensiveness of the data due to limitations inherent in open-source research (notably the reliance on media reports to generate incident data), WITS, on the whole, is the best and most balanced source providing up-to-date incident data to terrorism researchers. The conclusion that Islamist terrorism remains at historically high levels is documented in last year's iteration of this report (available at http://www.americansecurity-project.org/issues/reports/are_we_winning) and was drawn from data taken from the now-defunct Terrorism Knowledge Base dataset compiled and maintained jointly by the Memorial Institute for the Prevention of Terrorism and the RAND Corporation.

II. State of the Jihadist Leadership

The assessment of the state of the jihadist leadership is drawn from numerous sources. State Department Country Reports on Terrorism (available at http://www.state.gov/s/ct/rls/crt/) detail many of the developments. Also useful in tracking development are regular posts at Long War Journal (http://longwarjournal.org) and Counterterrorism Blog (http://counterterrorismblog.org). Bill Roggio's post "The State of Jihad: 2007," December 31, 2007, (http://www.longwarjournal.org/archives/2007/12/the_state_of_jihad_2.php) provides a useful summary of developments. Also of value are the articles, "The Rebellion Within" by Lawrence Wright (http://www.newyorker.com/reporting/2008/06/02/080602fa_fact_wright/) and "The Unravelling" by Peter Bergen and Paul Cruickshank (http://www.tnr.com/politics/story.html?id=702bf6d5-a37a-4e3e-a491-fd72bf6a9da1), found in *The New Yorker* and *The New Republic*, respectively. There remains a great deal of uncertainty in tracking senior jihadist leaders. Their use of multiple pseudonyms and lack of solid confirming evidence when they are reported killed leads to frequent mistakes. We also relied on several organizations that track jihadist media, including IntelCenter which produced the *al-Qaeda Messaging/Attacks Timeline 1992-2007* (Alexandria, VA: IntelCenter, 2008) which we used for the count of messages by bin Laden and al-Zawahiri. We supplemented this publication with online updates available at http://www.intelcenter.com/qaeda-timeline-v6-9.pdf. Other useful resources include the Middle East Media Research Institute (MEMRI) Islamist Website Monitor Project (http://www.memriiwmp.org/); the SITE Intelligence Group carries on many of the activities of the SITE Institute, though is less useful now because of its for-profit orientation (http://www.siteintelgroup.org/). See also, the Craig Whitlock, "Al-Qaeda's Growing Online Offensive" *Washington Post*, June 24, 2008, p. A01. Translations of Zawahiri's responses to online question is available at http://www.lauramansfield.com/OpenMeetingZawahiri_Part%201.pdf. Biographical information on terrorists is taken from a variety of sources, including the BBC World News Service, the Washington Post, and GlobalSecurity.org

III. Al Qaeda-Affiliated Movements

Information about al Qaeda-affiliated movements can be found from a number of sources. Of particular interest is Global Terrorist Analysis from the Jamestown Foundation (http://jamestown.org/terrorism/) and especially their regular *Terrorism Monitor* (http://jamestown.org/terrorism/AboutTM.php). We corroborated the analysis in these reports by doing country-by-country comparisons of attack data in the NCTC database. The quote in the North Africa section about al Qaeda is taken from "The Al-Qaeda Organization in the Islamic Maghreb: The Evolving Terrorist Presence in North Africa," by Daniel Lav, published by MEMRI in the Inquiry and Analysis Series, No. 332 on March 7, 2007 (http://memri.org/bin/articles.cgi?Page=archives&Area=ia&ID=IA33207).

IV. State Sponsorship of Terrorism

The data on state sponsorship of terrorism comes almost exclusively from a country-by-country analysis of the State Department's Country Reports on Terrorism. The country and regional briefings are highly detailed and provide much more nuance than the U.S. government's official designations of "State Sponsorship" and of states that are "not cooperating fully" (i.e. Venezuela) with counter-terrorism programs. See also, Daniel L. Byman, *Deadly Connections: States that Sponsor Terrorism* (Cambridge: Cambridge University Press, 2005); and Mark Mazzetti and Eric Schmitt, "Pakistanis Aided Attack in Kabul, U.S. Officials Say" *New York Times*, August 1, 2008. As a practical matter, the line between a state being unwilling and being unable to act against a terrorist has a subjective element to it. We tried to hold states only responsible for what we believe they could reasonably accomplish given resources constraints and other conditions. States may lack the capacity to control remote borders, but they ought to be able to pass laws. A failure to pass laws due to political divides is not a lack of capacity, but a lack of political will.

V. Public Attitudes in the Muslim World

The data on public opinion in the Muslim world comes from four surveys:

(1) Terror Free Tomorrow, "Results of a New Nationwide Public Opinion Survey of Pakistan before the June 2008 Pakistani By-Elections" (http://www.terrorfreetomorrow.org/upimagestft/PakistanPollReportJune08.pdf);

(2) Terror Free Tomorrow, "Results of a New Nationwide Public Opinion Survey of Saudi Arabia," (http://www.terrorfreetomorrow.org/upimagestft/TFT%20Saudi%20Arabia%20Survey.pdf);

(3) Terror Free Tomorrow, "Results of a New Nationwide Public Opinion Survey of Iran" (http://www.terrorfreetomorrow.org/upimagestft/TFT%20New%20Iran%20Survey%20Report%20March%202008.pdf); and

(4) Shibley Telhami, "2008 Annual Arab Public Opinion 2008 Annual Arab Public Opinion Poll" (http://www.brookings.edu/topics/~/media/Files/events/2008/0414_middle_east/0414_middle_east_telhami.pdf).

Www.Pewglobal.org and www.WorldPublicOpinion.org also have useful resources to measure public opinion in the Muslim world. See, in particular, the Pew poll published at National Interest Online: Andrew Kohut and Richard Wike, "All the World's a Stage," May 6, 2008 (http://www.nationalinterest.org/Article.aspx?id=17502). Basically, all polling data agrees on the major issues – support for terrorism is in decline, but concern over American intentions remains extremely high, and as a result the U.S. is viewed very unfavorably.

VI. Public Attitudes in the United States

The data on U.S. Public Opinion comes from three polls:

(1) Quinnipiac University Poll, July 8-13, 2008 (http://www.quinnipiac.edu/x1295.xml?ReleaseID=1192);

(2) Rasmussen Report, "Voters Okay with Status Quo on Wiretapping Friday, June 20, 2008," (http://www.rasmussenreports.com/public_content/politics/general_politics/voters_okay_with_status_quo_on_wiretapping); and

(3) CNN/Opinion Research Corporation Poll, June 26-29, 2008 (http://i2.cdn.turner.com/cnn/2008/images/07/01/july1noon.pdf). See also full polling data on terrorism at http://www.pollingreport.com/terror.htm.

One of the most interesting findings is that pollsters are including fewer questions in the United States about terrorism in their surveys. Some questions that were asked 5-6 times a year in 2002 – such as polling about whether people believe new terrorist attacks are imminent -- are now asked only once every other year.

VII. Economic Prosperity and Political Freedom

Data on political freedom comes from Freedom House (http://www.freedomhouse.org/uploads/FIWAllScores.xls). We created a weighted ranking of improvements or regression in political freedom by weighting recent changes (over the past year) as twice as significant as changes over the previous five. Data on economic prosperity came from the CIA World Factbook, most notably the

pages that rank countries by GDP (https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html) and by GDP growth (https://www.cia.gov/library/publications/the-world-factbook/rankorder/2003rank.html). Despite the dates in the URL, the data is updated through 2007. See also United Nations Development Program reports, notably the newest annual report at (http://www.undp.org/publications/annualreport2008/pdf/IAR2008_ENG_low.pdf).

VIII. Ungoverned Spaces

Data on ungoverned spaces came from three sources. Global data came from the World Bank's measures of government effectiveness (http://info.worldbank.org/governance/wgi/index.asp). We used their measures of government effectiveness as a surrogate for data on ungoverned spaces. A more detailed look at specific regions can be found at Angel Rabasa, et. al. "Ungoverned Territories: A Unique Front in the War on Terrorism" (Santa Monica: RAND, 2007) (http://www.rand.org/pubs/research_briefs/RB233/). Also useful were the State Department's Country Reports on Terrorism. On Karachi, please also see Roman Pryjomko, "ArcView GIS Supports Crime Analysis in Karachi, Pakistan" (http://pbosnia.kentlaw.edu/projects/warcrimes/gis/victor/articles/pakistan.html). On urbanization in general, please see data available from the UN Department of Economic and Social Affairs "World Urbanization Prospects: The 2007 Revision Population Database" (http://esa.un.org/unup/index.asp?panel=2).

IX. International Cooperation Against Terrorism

The data about international cooperation against terrorism comes from three major sources. We relied heavily on the State Department's Country Reports on Terrorism, the Treasury Department's Office of Terrorism and Financial Intelligence (http://treasury.gov/offices/enforcement/), the United Nations Counter-Terrorism Online Handbook (http://www.un.org/terrorism/), and the

Organization for Security and Cooperation in Europe, Action against Terrorism Unit (http://www.osce.org/atu/). Richard Thurston, "Europe just 'weeks' away from data sharing deal with FBI," *SC Magazine*, July 01, 2008 (http://www.scmagazineuk.com/Europe-just-weeks-away-from-data-sharing-deal-with-FBI/article/111987/). The U.S. and Europe have been negotiating for over a year on data sharing issues. These talks seem to be reaching a conclusion, but were not completed in time for us to report.

X. Terrorist Financing

Data on the cost of attacks came from numerous sources. Some of the most useful are Loretta Napoleoni, *Terror Incorporated* (New York: Seven Stories Press, 2005); Organization for Security and Cooperation in Europe, Financial Action Task Force report on Terrorist Financing (http://www.fatf-gafi.org/dataoecd/28/43/40285899.pdf); Michael Buchanan, "London Bombs Cost Just Hundreds," BBC News, January 3, 2006 (http://news.bbc.co.uk/1/hi/uk/4576346.stm); Andrew Scutro, "Metz: IEDs a 'strategic weapon'" Military Times, June 20, 2008 (http://www.militarytimes.com/news/2008/06/military_metz_ieds_061808/). Data on drug production comes from the United Nations Office on Drugs and Crime (http://www.unodc.org/), and particularly its report: *Afghanistan Opium Survey 2007* (http://www.unodc.org/pdf/research/Afghanistan_Opium_Survey_2007.pdf); and the Senlis Council's program "Poppy For Medicine" (http://www.senliscouncil.net/modules/P4M).

Sources

29

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