

Accounting for Terror:

Debunking the Paradigm of Inexpensive Terrorism

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Brief Analysis

An increasingly accepted argument holds that terrorism has become a cheap enterprise. Louise Richardson, executive dean of the Radcliff Institute for Advanced Study at Harvard University, made just that case while testifying before the Senate Committee on Banking, Housing, and Urban Affairs in 2003. "The crucial point to bear in mind about terrorism, of course, is that it is cheap," Richardson said. She went on to argue that although the September 11 attacks cost \$500,000, "It takes a great deal less to buy some fertilizer, rent a truck, and use them to bring down a building." If terrorism is cheap, as Richardson contends, then logic follows that financial counterterrorism measures are largely powerless to prevent terrorist attacks.

The image of inexpensive terrorism is often conveyed in the newsmedia. After the July 7, 2005, London transit bombings, ABC News aired photographs of bombs found in one terrorist's car; they were made from glass bottles packed with explosives and nails. The photos were terrifying -- bomb components made from seemingly ordinary household materials. The Economist wrote, "The young men who tried but failed to detonate homemade bombs on London's transport system on July 21 packed explosives into cheap plastic containers . . . the sort of things that housewives use to store leftover curry." The impression left was that suicide terror attacks are frighteningly simple operations using everyday items -- not the kind of operations that run up large expenses.

Pricing Terror Attacks

There are few reliable data on the cost of attempting terrorist attacks. One account from terrorists themselves is the Jordanian Islamic Action Front (IAF) statement that Hamas's July 31, 2002, bombing of Hebrew University cost \$50,000. An attempt to estimate the cost of major terrorist attacks was made in an August 2004 UN Monitoring Team Report on al-Qaeda and the Taliban. Consider its estimate for the costs of various terrorist attacks:

- Madrid train bombings, March 11, 2004: \$10,000
- Istanbul truck bomb attacks, November 15 and 20, 2003: \$40,000
- Jakarta JW Marriot Hotel bombing, August 5, 2003: \$30,000
- Bali bombings, October 12, 2002: \$50,000
- USS Cole attack, October 12, 2000: \$10,000
- East Africa embassy bombings, August 7, 1998: \$50,000

These UN estimates might be too low. Consider the East African embassy bombings, about which much evidence emerged in the trials of the perpetrators and in subsequent reports by the U.S. and British governments. That evidence suggests the bombings incurred a wide array of costs well in excess of \$ 50,000:

- setting up and maintaining al-Qaeda run businesses, such as Asma Limited and Tanzanite King, in Nairobi in 1993
- travel for senior al-Qaeda members (including Muhammad Atef and Ubaidah al-Banshiri) to Nairobi

- training East African al-Qaeda operatives in various skills, such as bombmaking, hijacking, kidnapping, assassination, and intelligence gathering, in al-Qaeda training camps, including sending operatives to Lebanon to train at Hizballah terrorist camps
- renting an upscale residential estate in Nairobi and turning it into a virtual bomb factory
- renting another estate in the Illah district of Dar es Salaam
- maintaining a communications network between Osama Bin Laden and East African terror cells, including using satellite phones costing \$80,000 each
- bribing local border officials
- purchasing electronic equipment including state-of-the-art video cameras from China and Germany for surveillance
- purchasing the Nissan and Toyota trucks used to bomb both embassies
- purchasing the TNT bombs used at both bombings

To bring home the point that the operation almost certainly cost more than \$50,000, consider that during the 2001 trial of al-Qaeda operatives involved in the embassy bombings, it came to light that one operative spent \$6,000 on high-explosives training in Afghanistan. According to a November 1998 FBI executive summary of the embassy bombing investigation, al-Qaeda cells in Nairobi and in Dar es Salaam included more than ten people. If several members of these two cells spent comparable amounts of money on their training to prepare for the attacks, the cost of training alone would form a substantial part of the \$50,000 cost estimated by the UN for the entire operation. All the operatives involved probably did not spend equal amounts of money on training, but the point should not be lost that it is expensive to train terrorists, and training is only one of many expensive elements that made the terrorist attack possible.

The Cost Infrastructure

Terrorist attacks incur costs besides operational expenses in the days and weeks before the attacks. Networks and infrastructure in place before the attack is planned are essential for a terrorist attack. Therefore the cost of establishing and maintaining that infrastructure has to be factored into any estimate of the cost of terror attacks. Consider that planning for the embassy bombings began "in the latter part of 1993," according to a dossier released shortly after September 11 by the British Prime Minister's Office, when "members of al-Qaeda in Kenya began to discuss the possibility of attacking Nairobi." Although data are unavailable on the cost of living incurred by the Nairobi and Dar es Salaam cells during the five-year period prior to the attacks, surely those expenses have to be included when totaling the cost of the attacks. That suggests that the UN figure of \$50,000 for the embassy bombings is low. Similarly, the UN estimate of \$10,000 for the Madrid bombings seems to exclude the cost of living and the cost of training for more than twenty people involved in perpetrating the attacks.

Terrorist infrastructure and networks play a crucial role in terrorist organizations other than al-Qaeda. In a 2002 interview Salah Shehadeh, the founder of Hamas's Qassam Brigades, claimed that a terrorist operation could cost \$3,500. A Hizballah member has noted that it cost between \$665 and \$1105 to conduct a terrorist attack. Other estimates for the cost of Palestinian terrorist attacks range from \$150 to \$50,000. But as Treasury Department under secretary for terrorism and financial crimes Stuart Levey noted in August 2004, "The cost of financing terrorist activity cannot be measured by the cost of a primitive destructive act. The maintenance of those terrorist networks, like al-Qaeda, which threaten our national security, is expensive . . . groups like al-Qaeda must spend money for many purposes -- to recruit, train, travel, plan operations, and bribe corrupt officials, for example." Taking into account the infrastructure on which groups like Hamas and Hizballah must spend money greatly increases the price tags of individual attacks.

Conclusion

Regardless of the actual cost of terrorist attacks, a certain amount of money will always be necessary to fund attacks. Whether an attack costs \$10,000 or \$500,000, terrorists still need money, and will therefore leave a financial trail behind them. And unlike human sources, which can intentionally deceive, Levey notes "The simple fact remains that the money trail generally does not lie." Stemming the flow of funds can delay or prevent attacks -- even when the costs of bullets and explosives remain relatively low.

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