



D815.5  
A375

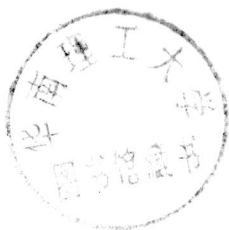
教育部高校国外  
赠书转运站赠书

# Business Confronts Terrorism

*Risks and Responses*



Dean C. Alexander



THE UNIVERSITY OF WISCONSIN PRESS  
TERRACE BOOKS



E2010000163

01213101  
11-2-2004

The University of Wisconsin Press  
1930 Monroe Street  
Madison, Wisconsin 53711

[www.wisc.edu/wisconsinpress/](http://www.wisc.edu/wisconsinpress/)

3 Henrietta Street  
London WC2E 8LU, England

Copyright © 2004  
Dean C. Alexander  
All rights reserved

1 3 5 4 2

Printed in the United States of America

Library of Congress Cataloging-in-Publication Data

Alexander, Dean C., 1965-

Business confronts terrorism : risks and responses / Dean C. Alexander.

p. cm.

Includes bibliographical references and index.

ISBN 0-299-18930-9 (hardcover : alk. paper)

1. Terrorism—Economic aspects. 2. Business—Effect of terrorism on.
3. Terrorism—United States—Prevention.
4. Industries—Security measures—United States.
5. Business enterprises—Security measures—United States.

I. Title.

HV6432.A433 2004

363.32—dc22 2004012635

Terrace Books, a division of the University of Wisconsin Press,  
takes its name from the Memorial Union Terrace, located at  
the University of Wisconsin-Madison. Since its inception in 1907,  
the Wisconsin Union has provided a venue for students, faculty, staff,  
and alumni to debate art, music, politics, and the issues of the day.  
It is a place where theater, music, drama, dance, outdoor activities, and  
major speakers are made available to the campus and the community.  
To learn more about the Union, visit [www.union.wisc.edu](http://www.union.wisc.edu)

## *Disclaimer*

The author expended extensive time and energy in preparing this book. He relied upon information, derived content, and incorporated materials that were perceived to be correct at the time. Nevertheless, the author cannot guarantee the completeness and accuracy of all the contents of this publication.

It is critical to underscore that the inclusion or omission of any companies or industries herein does not imply any endorsement nor judgment whatsoever as to the products, services, capabilities, and financial attributes of any firm; or in the case of an industry, the sector's viability or importance in the economy.

Moreover, the author does not intend the reader to undertake (or refrain from undertaking) any business, security, safety, health, nor any other decisions, actions, or activities based on any information contained in this book. Any matter discussed in this book should not be relied upon in substitution for the exercise of independent judgment by the reader or in consultation with an adviser.

Against this backdrop, the author cannot accept liability for any decisions, actions, or activities that may be taken by any person or entity based on anything contained in this publication.

# *Contents*

<i>Disclaimer</i>	vii
Introduction	3
1 Overview of Terror Threats	21
Selected Attacks by Foreign Terrorists against U.S. Targets	22
Selected Attacks by Domestic Terrorists against U.S. Targets	24
Selected Terror Attacks against Business Worldwide	25
Selected Terror Attacks against Nonbusiness Targets	30
Thwarted Terrorist Attacks	32
2 Contemporary and Future Terror Threats	35
Government Terror Warnings and Advisories	35
Terrorists' Modus Operandi	37
Prospective Terror Targets	42
3 Terrorists and Their Supporters Participate in the Economic System	50
Companies and Individuals Aid Terrorists	50
Products Used in Furtherance of Terrorism	52
Services Used in Furtherance of Terrorism	54
Criminal Activities of Terrorists and Their Abettors	56
4 Financing Terror	68
Traditional Financial Services	68
Hawalas and Other Informal Money Transfer Systems	69
Nonprofit Organizations	70
Commodities	73
Bogus Financial Instruments and Transactions	74
Currency Smuggling, Wire Transfers, and Money Laundering	74
Smuggling	77

	Securities Fraud	78
	Scams and Bank Robberies	79
	State-Sponsors of Terrorism	79
	U.S. Government Responses to Terrorism Financing	80
	International Responses to Terrorism Financing	82
5	Security	84
	Security Costs	85
	Too Much Money in One Place?	86
	Security Providers	87
	Information Security	89
	Risk and Vulnerability Assessments	90
	Risk Management and Disaster Planning	92
	Sector Responses	94
6	Public-Private Partnership in Combating Terrorism	104
	Government Assisting Industry in the War on Terrorism	104
	Industry Aiding Government in the War on Terrorism	112
	Sources of Tension in the Public-Partnership in Combating Terrorism	116
7	Terror's Effects on Labor and Management	124
	Terror Victimizes Labor	124
	Employer and Governmental Support in Crises	129
	Terror's Effects on Military Personnel	131
	Workforce Challenges and Opportunities	134
	Post-September 11 Employer Issues	141
8	Additional Perspectives on Terror's Impact on Business	145
	Initial Impact of Catastrophic Terrorism	145
	Subsequent Industry Responses	149
	Transcending Consequences of Terror on Business	163
	Conclusion	174
	<i>Bibliography</i>	189
	<i>Index</i>	233

# Business Confronts Terrorism





# Introduction

*Central banks and stock exchanges are bombed. Suicide bombers ravage cinemas, nightclubs, and theaters. Planes crash into skyscrapers and government buildings. Multiple bombs explode on commuter trains. Thousands of people are killed and injured while millions more are terrorized by these attacks.*

These scenarios could be part of a future Hollywood movie. Sadly, they are representative of previous terror attacks against industry and government interests worldwide. Moreover, they are harbingers of global terror threats.

In 1996, a suicide truck bomber rammed into the front of the Sri Lanka Central Bank in Colombo, killing 88 people and injuring 1,400. Four years later, a car bomb in the parking deck of the Jakarta Stock Exchange triggered subsequent explosions, leading to over 15 deaths and dozens of injuries.

Entertainment venues have been prime targets of terrorists during the past few years. In Bangladesh, 17 people were killed and nearly 300 people were wounded in bombings at four cinemas in 2002. That same year, several bombs exploded at two nightclubs in Bali, Indonesia, resulting in 202 deaths and hundreds of injuries. Nearly 120 theatergoers died during an attempted rescue at a Moscow theater sieged by terrorists in 2002.

On September 11, 2001, 19 hijackers commandeered four aircraft into the World Trade Center in New York, the Pentagon, and a field in Pennsylvania—not the intended target—leading to nearly 3,000 deaths, thousands of injuries, and hundreds of billions of dollars in direct and indirect damage. Widely referred to as 9/11, the attacks spurred

numerous political, military, intelligence, legal, social, and economic consequences.

From contributing to U.S. and allied military operations in Afghanistan and Iraq, sweeping legislation in matters of homeland security and law enforcement, to broad social and political transformation—such as the integration of nearly two dozen U.S. government agencies into the Department of Homeland Security (DHS)—the multi-dimensional implications of this horrific terrorist incident were profound.

Europe's own 9/11-like tragedy took place on March 11, 2004. More specifically, Spain's 3/11 occurred when ten bombs exploded on four commuter trains in Madrid. The well-coordinated attacks resulted in the deaths of 190 individuals and about 1,500 injuries. The incidents injected an uncomfortable sense of vulnerability within Western society. The 3/11 incidents also gave pause that future, large-scale terror tragedies could unfold both regionally and globally; and that, perhaps, the worst was yet to come.

While terror's effects span political, military, intelligence, legal, social, and economic realms, another paradigm—terrorism's implications on business—merits closer scrutiny given its relation to economic security. Terror metamorphoses business, causing firms to deal with current threats and craft plans to reduce future challenges. Terrorists weaken industry and society through their manipulation of economic system components—companies, nonprofits, labor, capital, and technology—against their targets.

Industry responses to such developments run the gamut from strengthening security measures and increasing public-private partnerships in combating terror, to redesigning labor-management interactions in light of the post-9/11 era. Other business reactions to terror include the expanded activities of homeland security firms as well as a reconsideration of customer relations, logistics, and other integral segments of business. Subsumed within this dynamic are issues such as counterterror costs, potential damage from political violence, risk mitigation, and reasonable responses within existing legal systems and political frameworks.

This book focuses on three key issues in the relationship between terrorism and business: (1) terror threats and the role that terrorists and their sympathizers play in the economic system; (2) business responses and public-private efforts to reduce such threats; and (3) terror's impact on business. In addressing these issues, this volume hopes to contribute

to a better understanding of the complex and ever-evolving tensions of industry's confrontations with terrorism.

## Threats

Whatever definitional approach to terrorism one takes, specialists on terrorism seem to be in agreement about key components of the activity: the *act* (e.g., unlawful), *perpetrators* (e.g., individuals, groups, states), *objectives* (e.g., political), *intended outcomes and motivations* (e.g., fear and frustrations), *targets* (e.g., individuals, business, government, and nongovernment), and *modus operandi* (e.g., hijackings).

By its very nature, the terrorist is victorious even when he causes no physical casualties. The threat of force, and its psychological impact, suffices. Also, minimal casualties resulting from an incident can aid the terrorist group in meeting its propaganda objectives. The 9/11 and 3/11 attacks instilled fear in millions of global citizenry.

The multifaceted and nefarious threats that terrorist groups represent worldwide encompass traditional challenges (e.g., bombings, hijackings, kidnappings, hostage-taking, and assassinations) and modern threats such as superterrorism (e.g., biological, chemical, radiological, and nuclear) and cyberterrorism.

Terrorist threats can be categorized in two principal ways: The first relates to threats based on the type of target that is involved. Terrorists have targeted: civilian and military interests; businesses and infrastructure sites; and government, religious, and civic facilities. The record demonstrates that no segment of the population has been immune from terrorism. Terrorists, unfortunately, do not view any target as off limits. Terrorists even justify killing innocent children in the name of their "higher cause."

A second type of targeting can be analyzed by studying the *modus operandi* used to undertake attacks. As indicated above, terrorists used traditional operations with hopes (and some limited success) of engaging in acts of superterrorism and cyberterrorism. The expanding terror trend includes resorting to suicide bombings, spectacular attacks, and simultaneous attacks. Threats are increasingly omnipresent and global. Terror attacks can occur anywhere and at anytime.

Terrorists have already carried out attacks against a multitude of targets by using several tactics simultaneously. While some modifications as to the *modus operandi* are inevitable—using explosives-laden

boats to attack highly populated locations (e.g., passenger cruise ships)—the future trend is towards eye-catching attacks with resulting mass casualties and mayhem. The relative ease and potential frequency of uncomplicated attacks (e.g., suicide bombers) may actually instill greater fear than larger-scale incidents.

The motivation of terrorist attacks is obviously relevant in planning what targets to attack. While the roots and objectives of terror are manifold, the emphasis of this book is to illustrate the vast array of business and nonbusiness sectors that have been victimized. This will contribute to a better understanding of how to protect future targets, both in the United States and overseas.

It is critical to view the use of terrorism in a strategic context rather than merely as an irritant or nuisance. The consequences to a nation of inadequately comprehending this distinction can lead to terrorism becoming a component of everyday life. In turn, basic government and business functions are undermined, with potential—at the extreme—to lead to near anarchy.

Terrorist sympathizers and abettors, individual terrorists, stand-alone groups, international terrorist networks, and state-sponsors of terrorism carry out political violence. Domestic and international groups have attacked national and foreign targets. The broader the cooperation among terrorist groups and their supporters worldwide, the more lethality they can inflict. In turn, the greater the difficulty faced by the potential victims of terrorism to prevent such threats. Collaboration between organized crime and terrorists further complicates the dynamic.

As the emphasis of this book relates to the ramifications of terrorism on business, a discussion of specific terrorist group “grievances and goals” is beyond the scope of the publication. Nevertheless, the underlying nature of these “grievances and goals” ranges from a variety of political, social, economic, religious, and/or single-subject issues.

Terrorists’ fascination with attacking business interests provides a premonition for future attacks. This is especially so in the transportation and tourism industries.

Principal targets of Palestinian suicide bombers have been buses. This mode of transportation is often attacked because: the targets are plentiful and often minimally protected; many targets exist in a small area; only one perpetrator is needed to undertake the attack (excluding the bomb-maker and other logistics operations); relatively inexpensive components are required; suicide bomb belts and vests are fairly easy to

hide, particularly during winter months; public transportation is easily accessible and inexpensive to enter; and a compact, combustible setting allows for maximum carnage.

Terrorists adjust their *modus operandi* in carrying out such attacks. For example, suicide bombers have sneaked (or pushed) onto buses and detonated themselves. When several security measures were established at the bus entrance, some attackers shifted to exploding themselves outside the bus, including at bus stops.

An alternative recently used by terrorists is to drive an explosives-laden car alongside of a bus and detonating the explosives. Such was the case in an October 2002 car bombing near a bus in Hadera, Israel. That incident resulted in 10 deaths and 40 injuries. Other means of attack against buses include a February 1990 incident during which a tourist bus near Ismailia, Egypt, was boarded by terrorists. There, the perpetrators opened fire with automatic weapons and grenades, killing 11 and injuring over 20 others.

Closer to home, in February 2003, Federal Bureau of Investigation (FBI) Director Robert Mueller spoke of other prospective threats, including poisoning food and water supplies. Even more ominous would be the widespread use of biological, chemical, or radiological terrorist tools against the populace. In March 2004, Director Mueller projected about terror attacks during the Republican and Democratic conventions in summer 2004 and during the fall 2004 elections.

The 9/11 incidents show that terrorists also choose some targets for their symbolic value, as was the case with the World Trade Center in New York (economic power) and the Pentagon (military power). Therefore, it was not surprising when in March 2003, the U.S. Park Service designated six sites—the White House, Washington Monument, Statue of Liberty, Liberty Bell Pavilion, St. Louis Gateway Arch, and Mount Rushmore—as likely terrorist targets because they symbolize American democracy. As terror groups, such as al Qaeda, have a tendency to return to sites previously targeted, future attempts to hit the White House, Capitol, and Central Intelligence Agency headquarters are expected.

Government, business, and individuals have taken numerous steps to be more cognizant of threats and garnered many successes at home and abroad in combating terrorism. However, challenges still exist. Also troubling is the fact that each terrorist operation—successful or otherwise—provides a terror group with additional information with which to refine its deadly craft.

Although society often improves its defenses, terrorists need to be “successful,” only once, while prevention and security needs to be at its peak at all times. As such, threats will continue to exist, and a determined terrorist organization may—at times—be able to undertake an operation to completion.

In Chapter 1, terrorist threats are addressed as follows: previous terrorist threats against U.S. and non-U.S. targets, and recent attacks against business and nonbusiness interests. Chapter 2 focuses on contemporary and future terrorist threats.

### Terrorists in the Economic System

Terrorists and their supporters take advantage of opportunities and loopholes within the economic system to further their murderous goals. Leveraging the fruits of the economic system enables terrorists to obtain financial, organizational, and operational assistance (e.g., arms, training, intelligence, and information).

Terrorists and their abettors utilize existing traditional frameworks—such as companies and nonprofit entities—to raise funds, receive support, and integrate themselves into the community. Traditional and nontraditional financial systems present in the economic systems are used as well.

Perpetrators of political violence also undertake a variety of criminal activities (e.g., counterfeiting currency, credit cards, and ATM cards; misappropriating and using credit card information; forging documents; identity theft; money laundering; drug trafficking; corruption; commercial espionage; and general criminal activities) in violation of permissible norms in an economic framework.

Prior to the 9/11 attacks, intelligence and law enforcement services had some difficulty recognizing characteristics and behavior of terrorists affiliated with distinct terrorist groups. Post–September 11, U.S. government analysts have generally tended, in relation to al Qaeda, to closely scrutinize young men from Islamic and Muslim countries who try to enter (or already reside in) the United States.

As a result, al Qaeda introduced some changes to their recruitment and operational tactics in the United States and abroad. Terror groups are recruiting individuals who may not—at first glance—trigger greater scrutiny by government officials. Also, al Qaeda has recruited converts to Islam in American and foreign jails.

Al Qaeda is using citizens from non-Arab countries (e.g., European countries) for their operations. This was the case with British citizen

Richard Reid, who tried to ignite a shoe bomb on a Paris-Miami flight in 2001. Palestinian-based terrorist groups also recruited two British citizens to undertake a suicide bombing in Tel Aviv in 2003.

By 2003, U.S. government officials publicly disclosed their apprehension that al Qaeda may use “Western-looking” individuals to undertake terrorist attacks. There has also been an increase in the use of women participating in terrorist incidents, particularly in suicide bombings, as exemplified by recent cases of Palestinian and Chechnyan women involvement in attacks.

It should be remembered that the use of proxies outside a particular terrorist group’s “ethnic” affiliation to undertake terrorist attacks in other parts of the world, as well as the participation of women, has occurred in the Irish Republican Army, Baader-Meinhof, and Asian organizations (e.g., Japanese Red Army). In the past, various women have carried out significant leadership and operational roles in terrorist groups, including: Baader-Meinhof (e.g., the co-founder was a women), Symbionese Liberation Organization (e.g., Patty Hearst was involved in a bank robbery), and Tamil Tigers (e.g., a woman suicide bomber killed Indian Prime Minister Rajeev Gandhi).

The recruitment of children by terror groups worldwide is particularly reprehensible. This trend is expanding as well. In March 2004, Israeli forces stopped a 14-year-old boy wearing a suicide bomb vest and an 11-year-old boy carrying explosives. From September 2000 through March 2004, Palestinian youths carried out nearly 30 suicide bombings.

These developments—among others—clearly demonstrate the moral bankruptcy of terror and the urgent need to explore non-violent means to pursue political goals. In fact, non-violent political efforts engender more concessions, faster from those in power than does terrorism—as long as such discourse is grounded within reasonable and achievable parameters.

Chapter 3 chronicles the various means by which governments, companies, nonprofits, and individuals assist terrorists—by omission or commission—to achieve their goals. This discussion will show that, at times, different segments of society directly and indirectly contribute to the proliferation of global terrorism.

## Financing Terror

Terrorist groups use a variety of means—from simple to complex—to secure funds for their activities. Terror funds are derived from both legal

(e.g., personal savings and legitimate business revenue) and illegal (e.g., criminal acts such as drug-trafficking and financial fraud) sources. Funds raised are distributed to various factions of terrorist groups through a number of methodologies.

The different tools that terrorist organizations employ to fund their deadly activities include: the use of traditional and alternative financial services entities (e.g., banks and hawalas [informal money transfer systems firmly established in Asia and the Middle East]); charities; trading in commodities (e.g., “conflict” diamonds and gold); bogus financial instruments; currency smuggling and wire transfers; drug-trafficking; extortion, money laundering; smuggling products; securities fraud; and scams.

In 2002, the U.S. Department of Treasury provided a number of examples of transactions and situations that might be indicative of terrorist financing. For instance, rogue firms might make significant cash withdrawals from business accounts that are out of the ordinary. Alternatively, a terror-linked company may use multiple bank accounts that forward money to several overseas beneficiaries.

State-sponsors of terrorism have always provided funds and other assistance to terrorists groups. The Soviet Union provided financial, training, and operational assistance to terrorist groups worldwide. North Korea was involved in undertaking a number of terrorist operations, including attacks against a South Korean delegation in Burma.

Syria and Libya provided the Popular Front for the Liberation of Palestine (PFLP) significant financial assistance. In 1993, Iran reportedly allocated \$15 million to Hamas to undertake attacks that would interfere with the peace treaty between Israel and the Palestinian Authority. Iran also provided substantial financial support to several Palestinian groups.

Former Iraqi President Saddam Hussein awarded up to \$30,000 to each family of a Palestinian suicide bomber. In March 2003, a Palestinian-based affiliate of the Iraqi Baath Party, the Arab Liberation Front, awarded \$10,000 to the family of a Hamas suicide bomber.

Terrorists with their own financial resources, such as Osama bin Laden, can fund newly organized groups as well as bankroll existing terrorist cells. Bin Laden’s wealth was estimated to be nearly \$300 million. A Paraguayan trading company, run by Assad Muhammad Barakat, is believed to have funneled about \$50 million to Hizballah during the past decade. Individuals with ample means can serve as pseudo “lenders-of-last resort,” should other funding sources run dry.



The costs of undertaking terrorist attacks range from virtually a few dollars to hundreds of thousands of dollars. In that sense, terrorism is sometimes referred to as “warfare on the cheap.” Obviously, depending on the size, sophistication of weaponry, training, and complexity of the operation, the costs can vary dramatically. The 9/11 attacks are estimated to have cost \$500,000 to put together. But, they resulted in direct and indirect economic damage in the hundreds of billions of dollars.

Some terrorist attacks can be relatively simple and inexpensive to initiate: a stabbing requires only a knife or sharp object as the weapon; an attack with a rock is cost-free. Along those lines, a Palestinian, who attempted to hijack an Israeli plane bound for Turkey, said that he chose the flight because it was inexpensive. Contrast that with Mohammed Haydar Zammar, suspected of belonging to an Islamic terrorist group in Europe, who had adequate funding to pay for 40 trips from Europe to Pakistan.

The costs of operating terrorist groups range from thousands of dollars to tens of millions of dollars if one includes funds for training, housing and general support, weaponry, human capital, and operational support. For instance, the annual operating expenses of terror group Basque Fatherland and Liberty (ETA) was estimated to be about \$10 million. Some intelligence agencies have estimated that al Qaeda’s annual budget runs in the tens of millions of dollars.

Money is the life-blood of terrorism. Companies, foundations, and individuals who knowingly and directly assist both subnational and state actor terrorists in carrying out their criminal actions are a component of the problem of terrorism, rather than, part of the solution.

All steps to prevent terrorists from obtaining funds are essential in coping with the challenge. By undermining their funding capabilities, terrorist organizations are harmed. Thereby, it is less likely that their deadly operations occur, or if they do, they will be less effectual than otherwise.

Chapter 4 delves into the numerous ways terrorist groups raise funds to finance their carnage. Various governmental and nongovernmental responses to terror finance are also addressed.

## Security

As highlighted above, terrorist threats against business are manifold. Terrorism is relatively easy and inexpensive to activate yet very difficult