local organizer in Florida. “Afraid Ashcroft will knock on their door and call them terrorist because they give to a Muslim charity.”^235

Internationally, the United States has placed considerable emphasis on ensuring that other countries comply with new guidelines, adopted in the wake of September 11th, aimed at denying terrorists access to the world financial system. For example, UN Security Council Resolution 1373 requires member states to report the actions they have taken to block terrorist finances to the United Nations. In addition, the Financial Action Task Force, a 29-member intergovernmental body established to combat international money laundering, expanded its mission in October 2001 to focus on restricting the international flow of terrorist funds.

The record on international cooperation in the financial war on terror, meanwhile, is mixed. Officially, the White House claims that it is pleased with the level of international cooperation, citing more than 160 countries with blocking orders freezing terrorist assets. Privately, however, senior US officials complain that many countries, including key European and Arab allies, could do more. Many US policymakers, especially those in Congress, continue to express particular concern over Saudi Arabia’s role, with some accusing the Saudis of playing a direct role in terrorist financing. While officials in Riyadh have angrily denied such charges, they concede that lax accounting practices may have led to the misappropriation of tens of millions of dollars in charitable funds over the years. In December 2002, Saudi officials announced new financial controls aimed at tracking the flow of funds in and out of the kingdom more effectively. Despite occasional criticisms by US policymakers, the Bush Administration maintains they are generally pleased with Saudi cooperation in the war on terror, a matter that is likely to remain highly politicized.^238

Meanwhile, America’s Arab and European allies continue to express serious reservations about expanding the fight against terrorist financing beyond Al-Qaeda and those responsible for the September 11th attacks. In many cases, foreign governments have requested additional proof from domestic law enforcement officials before acting against individuals and groups designated by the United States. Meanwhile, Arab states question Washington’s list of designated pro-Palestinian groups and humanitarian organizations. It is clear that the current terrorist threat to the US emanates from Al-Qaeda and not Palestinian groups. There is no evidence that Palestinian groups designated as terrorist organizations have any connections to Al-Qaeda. Yet the preoccupation with these groups raises the question as to whether targeting Palestinian groups serves true national security interests or is based on political considerations.

Moreover, European resistance to US pressure to designate groups such as Hizbullah and Hamas as “terrorist organizations,” a source of frustration for Administration officials, reflects

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^237 See “Charity and Terror: A fresh crackdown on Saudi money as Riyadh admits royal funds were misspent,” Newsweek, 3 December 2002.
^239 “Cash Combat,” Insight, April 1-8, 2002.
legal and political differences regarding who may appropriately be designated as terrorist. 240 European nations, like most other countries, Western or otherwise, prefer to distinguish between terrorist or criminal activities carried out by members of such groups and their broader political and social functions—a distinction US officials have steadfastly refused to make in the case of Palestinian groups. 241

In addition to the apparent unresponsiveness of foreign governments to move against US-designated groups, the financial war on terrorism is beset by structural and philosophical problems. Many government officials privately concede efforts to shut down terrorist financing are crippled by intense interagency rivalries, a lack of discipline, and a highly politicized internal culture. Some officials complained that the USA-PATRIOT Act’s new requirements on financial institutions were too burdensome and impractical to enforce. Disagreements over which agency ought to lead the war on terrorist financing resulted in significant breakdowns in cooperation between Justice and Treasury Department officials, particularly during the first six months after September 11th. 242

While Administration officials acknowledge such difficulties, they nevertheless maintain that new anti-terror financial measures “are disrupting [terrorists’] ability to plan, operate, and execute attacks.” 243 According to the Treasury Department, the government has blocked approximately $36.3 million in “assets of terrorist organizations,” while other countries have blocked another $98 million since September 11th. 244 Approximately $6.3 million of the $36.3 million is still blocked, of which, according to the Treasury Department, about $5.5 million is designated as belonging to “Hamas” and nearly $700,000 as “Al-Qaeda.” 245 While Treasury Department officials have not said from whom these assets were seized, the amounts listed correspond roughly to those seized from the Holy Land Foundation and the combined frozen assets of Benevolence International and Global Relief, respectively. If this is indeed the case, then more than 99 percent of all “terrorist assets” still blocked by the government have been seized from American Muslim charities. Treasury Department officials will not say what proportion of the total $36.3 million in frozen assets can be directly tied to terrorist activities or groups, as opposed to individuals/groups who “support or otherwise associate with” terrorists, as allowed by the president’s executive order. 246

241 By contrast, American administration have long recognized the distinction between the political and military wings of the Irish Republican Army’s (IRA) resistance movement by recognizing and dealing with Sinn Fein, the political wing of the IRA.
244 US Department of the Treasury, 12 April 2003. These figures refer only to assets seized from designated individuals and organizations (SDGTs, SDTs, and FTOs) and not those belonging to “state sponsors,” which total an additional $3.2 billion approximately.
246 Officials at the Department of the Treasury did not respond to repeated requests for clarification on the issue of the proportion of frozen assets that can be linked directly to the funding of Al-Qaeda activities.