

Heller, Regina

Working Paper

Notions of Insecurity and Security Policy within the EU: A Historical Perspective

Economics of Security Working Paper, No. 4

Provided in Cooperation with:

German Institute for Economic Research (DIW Berlin)

Suggested Citation: Heller, Regina (2009) : Notions of Insecurity and Security Policy within the EU: A Historical Perspective, Economics of Security Working Paper, No. 4, Deutsches Institut für Wirtschaftsforschung (DIW), Berlin

This Version is available at:

<https://hdl.handle.net/10419/119330>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

economics-of-security.eu

Regina Heller

Notions of Insecurity and Security Policy within the EU: A Historical Perspective

January 2009

Economics of Security Working Paper 4

This publication is an output of EUSECON, a research project supported by the European Commission's Seventh Framework Programme.



Economics of Security Working Paper Series

Correct citation: Heller, R. (2009). "Notions of Insecurity and Security Policy within the EU: A Historical Perspective". Economics of Security Working Paper 4, Berlin: Economics of Security.

First published in 2009

© Regina Heller 2009

ISSN: 1868-0488

For further information, please contact:

Economics of Security, c/o Department of International Economics, German Institute for Economic Research (DIW Berlin), Mohrenstr. 58, 10117 Berlin, Germany.

Tel: +49 (0)30 89 789-277

Email: neat@diw.de

Website: www.economics-of-security.eu

Economics of Security is an initiative managed by DIW Berlin

Notions of insecurity and security policy within the EU: A historical perspective

Regina Heller*

Institute for Peace Research and Security Policy at the University of Hamburg (IFSH)

Beim Schlump 83, 20144 Hamburg, Germany

This paper maps notions of insecurity and security policy within the European Union (EU), with a particular emphasis on terrorism and organised crime. The analysis reveals manifold and sometimes diverse dynamics with regard to threat perceptions and policy preferences of European political agents. Both notional changes and continuities are characteristic for the development of threat perceptions in Europe since the 1990s. Only recently, official statements have become informed by economic thinking. European counter-terrorism and anti-crime policies experienced a 'learning curve', significantly influenced and pushed by the creation of the European Area of Freedom, Security and Justice. Overall, a number of indicators can be extracted from the analysis that hint at underlying logics according to which notions of insecurity are shaped and which, more generally, guide the economics of security.

Key words: Costs of insecurity, European Union, human-induced insecurity, notions of insecurity, organised crime, public policy, security policy, terrorism

INTRODUCTION

What is guiding the economics of security? More precisely: What are the foundations and determinants of contemporary security policy choices? What is the rationale behind the construction of the one or the other notion of insecurity and the formulation of security policy? If we really want to understand the drivers of security policy choices in Europe, we also have to take a closer look at the definitions of (in)security provided by Europe's political agents and the way they evolve. Without any question, their perceptions and actions crucially co-determine the levels of realized security and insecurity in Europe.

This paper traces notions of insecurity and security policy within the European Union (EU) in a historical perspective. It conducts an empirical mapping of security-relevant documents issued by EU bodies in the field of terrorism and organised crime, as well as by selected EU Member States. An analysis of the notions of terrorism and organised crime as two human-induced sources of insecurity in these documents seems particularly instructive since the perceptions on their nature and consequences, as well as the preferred policy mixes against them have undergone a number of changes in Europe since the 1990s. These changes are reflected at the EU level and also in the EU Member States. The analysis is guided by the following research questions: How important are notions of insecurity (defined as threats of terrorism and organised crime) at the EU level and within the Member States? What are seen as the major causes of insecurity? How are the actors of insecurity characterised? What major consequences of insecurity are anticipated? Are the consequences and costs of policy responses against insecurity (including, but not limited to, economic ones) considered?

* heller@ifsh.de

The paper is divided into two analytical chapters. *Chapter 1* traces the changes and continuities in the European policy-makers' perceptions of terrorism and organised crime as sources of insecurity since the 1990s. It first looks at the perceived threat level over time, then turns to the assumptions on the patterns of terrorism and organised crime, before tracking down concepts about the motives and motivations of the actors of these insecurities. In *Chapter 2*, the paper addresses the question of whether and how political agents within the EU consider the costs and consequences of insecurity. The analysis is pursued on two levels: on a first level, the paper examines how European policy-makers calculate the costs of terrorism and organised crime when these insecurities materialise; on a second level, it is explored whether and to what extent officials anticipate and calculate the costs of their own anti-crime and counter-terrorism policies. The *Conclusions* summarise the most important insights from the historical mapping, and derive a number of criteria (logics) according to which prevalent notions of insecurity are (typically) shaped.

EUROPEAN PERCEPTIONS OF TERRORISM AND ORGANISED CRIME AS SOURCES OF INSECURITY

Since the last decade of the 20th century, European officials have been referring with increasing regularity to terrorism and organised crime as two major security concerns. Obviously, terrorism and organised crime have since become more important as sources of insecurity in the EU. What are, then, exactly the perceptions of terrorism and organised crime as 'threats' and causes of insecurity on the part of European political agents and how have these perceptions evolved over the years?

Estimating the threat level: relevance of terrorism and organised crime as sources of insecurity in Europe

Looking at the history of terrorism and organised crime, it has to be noted that the perceptions of these two phenomena as sources of insecurity in Europe and, subsequently, the role they played in European political cooperation have differed significantly among the EU Member States and over time. These divergences have certainly much to do with the different degrees to which the European countries were affected by terrorism and organised crime in the past. It was particularly terrorism that had played a role in European political cooperation already since the 1970s. Politically motivated separatism and left-wing extremism were virulent in various parts of Europe throughout the last third of the 20th century. Yet, terrorism continued to represent a major security priority in Europe even after terrorist organisations in Germany and Italy stopped their activities or ceased to exist by the late 1980s and 1990s. This explains how the issue found its way into the *Treaty of the European Union* (TEU) adopted in Maastricht in 1993, and was fixed as a priority objective among the matters of common interest.¹

However, trans-border criminal activity in general – which would have implied the inclusion of organised crime – was not explicitly mentioned in the Maastricht Treaty. The

¹ Treaty on the European Union signed in Maastricht on 7 February 1992, in: Official Journal of the European Communities C191, 29.07.1992, 1-112.

TEU makes only implicit reference to “cross-border crime”, namely in the context of the intended set-up of a European police agency (Europol) and the expressed need for closer police and judicial cooperation (Fijnaut and Paoli 2006: 629). This is mainly the result of a comparably low level of threat perception with regard to organised crime in most of Europe at that time. With the self-evident exception of Italy, where the traditional entanglement of criminal syndicates in politics and the economy has always been an area of high concern, none of the European countries perceived organised crime to be security-relevant. This attitude of ignoring and keeping the issue “in a box” (Hobbes 2006: 424) remained unchanged until the 1990s, although in the 1980s organised criminal activities with international outreach, in particular drug trafficking, had started to flourish across the European territory (Gomez-Cespedes and Stangeland 2006: 397; Kleemans 2006: 303).

This attitude changed somewhat in the course of the further European integration process. Following the creation of the Single European Market in 1992 and the removal of border controls within the EU, fears arose that the increase in flows of people, goods, services and capital across Europe might create new opportunities for cross- and trans-border criminality within the EU, including terrorism. The *La Gomera Declaration* on terrorism formulated at the 1995 European Council in Madrid (European Council 1995) amply demonstrates these fears: terrorism is for the first time directly linked with international organised crime, as it “is developing strategies and using methods” of the latter (ibid.).

After that, the Council only slowly became more alert and active on organised crime. Apart from publishing two reports in 1993 on the dangers of transnational organised crime for Europe, the issue only gained momentum in 1996, when the European Council at its summit in Dublin reacted to the murder of an Irish journalist – committed during the summit – who had regularly reported on organised criminality in Ireland (Fijnaut and Paoli 2006: 634). With the revision of the TEU in Amsterdam (1997), “the fight against organised crime – in all its various guises – [became] central to the Third Pillar” of the EU (Fijnaut and Paoli 2006: 629/630).² From that moment on, both terrorism *and* organised crime were regularly mentioned as “serious crimes”, “acts of violence against the life, physical integrity or liberty of a person” and “major threats” to European security (cf.: Council of the European Union 1998a: 22; Council of the European Union 1998c; Council of the European Union 1998d: 4).

In conjunction with this change in perception on the EU level, the notion of organised crime as a prime source of insecurity was quickly put high on the political agenda of nearly all EU Member States (Den Boer 2001: 259). In 1998, the Council issued a Joint Action making it a criminal offence to participate in a criminal organisation in the EU Member States, including also a definition of criminal organisations (Council of the European Union 1998c: 1). Alarming EU-wide situation reports had been regularly issued since 1997, pointing at an increase in organised crime activities in Europe, both in qualitative and quantitative terms (e.g. Europol 2000b: 11; (Europol 2001: 5). It was probably the increase in available information that, at the turn of the millennium, finally contributed to the formulation of the EU *Millennium Strategy on the prevention and control of organised crime* (European Union 2000).

While this comprehensive strategy paper gives an exhaustive overview of the perceived threat posed by organised crime to the EU, and identifies measures through which

² Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts - Declarations on Article K.7 of the Treaty on European Union as amended by the Treaty of Amsterdam, in: Official Journal of the European Communities C 340, 10.11.1997, 0308.

organised crime could be addressed, it lacks a clear-cut definition of what forms of crime the phenomenon concretely comprises. This lack of precision clearly reflects the lack of consensus among the Member States about the substance of organised crime at that time (cf.: Kinzig and Luczak 2006: 339; Levi 2006: 831; Lalam 2006: 358), ranging from money laundering, smuggling, forgery and fraud over arms and drug trafficking, trafficking in human beings to economic crime. With regard to the perceived threat level, the strategy reiterates the assessments made in earlier reports, and affirms that “the level of organised crime in the EU is increasing”, that organised crime is “infiltrating into many aspects of society throughout Europe”, and that it poses a “major threat” to the peoples of the EU, particularly to its “freedoms and legal rights”. Most alarming is the fact that organised crime is becoming increasingly international and “involved in the licit as well as in the illicit market, using non-criminal business specialists and structures to assist them in their criminal activities” (European Union 2000: 3).

All of a sudden, the terrorist attacks of 11 September 2001 in New York drew the attention of policy-makers and the public back to terrorism. Europe-wide surveys conducted shortly after 9/11 provide evidence that public awareness and fear of transnational terrorism increased dramatically, even in countries that had not had traumatic experiences with terrorism on their territory. The new alertness was mainly driven by the view that the ‘new’ threat represented by al-Qaeda and/or its affiliates had reached a new, global dimension. In its *Decision on Combating Terrorism*, issued in June 2002, the Council called terrorism “one of the most serious violations” of the principles “which are common to the Member States” (Council of the European Union 2002b: 3), and made a first attempt to characterize the ‘new’ threat and to assess its consequences for Europe. However, taking a closer look into the document, it becomes obvious that the EU is again confronted with the problem of clearly defining the threat. The EU’s definition basically builds on previous notions, the most important of which is the idea that terrorism is a criminal act and offence, and not – like in the U.S. – an act of war. But beyond that, international terrorism is defined in terms of potential consequences rather than in its substance (see also p. 12).

The new attention on international terrorism as a major source of insecurity is also reflected in the Council’s 2003 *Guidelines for a common approach to the fight against terrorism*, where it is stated that “terrorism is one of the most serious common challenges facing the international community” (Council of the European Union 2008: 3), and in the 2003 *European Security Strategy* (ESS), the EU’s conceptual framework for external action. Terrorism is called here a “strategic threat” to the EU’s interests, along with organised crime, proliferation and state failure (European Union 2003: 3). After the suicide bombings in Madrid (2004) and London (2005), the first two terrorist attacks perpetrated by international terrorists in Europe, the EU developed its threat assessment in particular around the notion of terrorism as a strategic threat. In its *Declaration on Terrorism*, issued on 24 March 2004 immediately after the attacks in Madrid, the Council called terrorism a “strategic threat to the whole of Europe” (European Council 2004: 1). And the 2005 EU *Counter-Terrorism Strategy* states:

“Terrorism is a threat to all States and to all peoples. It poses a serious threat to our security, to the values of our democratic societies [...]. Terrorism is criminal and unjustifiable under any circumstances” (Council of the European Union 2005: 6).

Today, international terrorism is perceived as “one of the most serious” security concerns to the EU (Council of the European Union 2006: 18; EU Counter-Terrorism Coordinator 2007: 11). While, for a long time, policy-makers in Europe proceeded on the

basis of the assumption that international terrorism basically threatened the EU Member States – in particular those perceived as enemies of Islam and designated as ‘legitimate’ targets due to their involvement in Iraq or Afghanistan” (Europol 2006a: 1), they increasingly perceive the EU threatened as an entity itself (Cornish, et al. 2008: 14). One of the most recent *EU Terrorism Situation and Trend Reports* (TE-SAT) states that the Union as “a political institution is increasingly being identified as a symbol and has already become threatened by terrorists” (Europol 2007: 36).

The EU also continues to closely watch the developments in organised crime in Europe. In 2007, Europol reported that the annual global profits made by trafficking of human beings are estimated by the United Nations at between \$ 7 and 10 billion. The EU assumes that “a fair proportion of this figure is generated in Europe” (Europol 2005: 15), and the European Commission expects the level of organised criminal activity in the EU even to rise in the future (Commission of the European Communities 2007c: 9; Europol 2007: 8-10). However, the traumatic experience caused by the major scale terrorist attacks of the last years both in and outside the EU has resulted in a situation where, currently, international terrorism is attracting far more attention as a source of insecurity than organised crime in the minds of most European political agents.

Unknown insecurities: assumptions on the patterns of terrorism and organised crime

EU officials and national policy-makers do not tire insisting that it is important to understand the patterns and concepts of international terrorism and transnational organised crime when considering measures to limit their impact. Already in the 1990s, EU Member States started to collect empirical information on both sources of insecurity. On this basis, the EU (after 2006 mainly through Europol) has compiled and issued EU-wide annual situation reports and threat assessments. However, European and Member States’ officials still face difficulties in grasping the patterns and concepts underlying the two phenomena. In various documents, the EU and its Member States refer to the high complexity of terrorism and organised crime and their causes, a diagnosis which speaks of a certain helplessness when it comes to understanding these sources of insecurity.

European policy-makers see a number of basic similarities with regard to the patterns of international terrorism and organised crime. *Firstly*, their perception is guided by the understanding that neither terrorism nor organised criminal groups are confined to national borders. Terrorism and organised crime are seen to have a global scope and to be able to act worldwide; to that end, they are perceived to be *transnational* in nature, with the EU being used as “a base and a target” for their activity (European Union 2003: 3). *Secondly*, the organisational patterns of international terrorism and contemporary organised crime are characterised by *network structures* rather than rigid organisational hierarchies. And *thirdly*, with their transnational structure and network configuration, and the use of new technical, communicational and other opportunities for their criminal conduct, both groups of actors display a *high level of flexibility* (European Commission 2003: 9; European Union 2000: 3-4).

Especially this last point reveals that, underneath these common characteristics and similarities, both phenomena tend to constantly change their faces, to give room for the emergence of new actors and to increasingly diversify themselves in terms of organisational structures and operational methods (cf.: Commission of the European Communities 2005a: 2; Commission of the European Communities 2005b: 8). Since the

1990s, European policy-makers have had varying conceptions with regard to the patterns of international terrorism and organised crime:

a. Patterns of international terrorism: Immediately after 9/11 and even after the bombings in Madrid and London, the overall view in the EU was that international terrorism in Europe was part of a “global jihad” led by al-Qaeda as a strategic and ideological centre (Cornish, et al. 2008: 3-4). This kind of globally operating terrorism was marked by an “ease of travel, transfer of money and communication” (Council of the European Union 2005: 8). Most surprisingly to the European authorities, the evidence from the investigations of the terrorist attacks in Madrid and London, as well as of other smaller-scale plots planned on the European territory, suggested that many of these plots or attacks had been planned and executed by regional terrorist groups “not necessarily linked to a global network” (Commission of the European Communities 2005c: 12). Moreover, many of the perpetrators of terrorist attacks in the EU turned out to be EU citizens, often stemming from immigrant families, or foreigners with diverse national backgrounds residing and living in the Member States with official permits (Europol 2006b: 1). Apparently, these amateurs (or often termed “home-grown” terrorists) were part of self-activated groups of radicalised young men (Kirby 2007: 418), not recruited or instructed by international terrorist networks, and able to conceive, plan, finance and execute their attacks autonomously (Stationery Office 2006). With this trend of amateurisation and the emergence of a ‘new generation’ of terrorists, European officials, in the recent past, started to concentrate more of their attention on the role of the Internet as a tool for dissemination of propaganda, the posting of instructions and online manuals intended for training or planning of attacks and addressing potential sympathisers (Commission of the European Communities 2005c: 4; and later in: Commission of the European Communities 2007b: 32).

b. Patterns of organised crime: These trends of decentralisation and regeneration observed in the field of terrorism also apply to the patterns of organised crime in Europe. Political agents see “the continuing development from rigid, monolithic structures to smaller, more flexible and loosely arranged networks” (Europol 2000a: 10). The contacts between genuinely ‘European’ (indigenous) and non-European (non-indigenous) organised criminals are getting closer, with an increase in foreigners involved in organised criminal groups in Europe (Europol 2000b: 7). Most recently, Europol has, moreover, identified some “assimilation” trends, and speaks of the emergence of “second generation” groups that consist of people of a non-indigenous ethnicity living permanently in, or having the nationality of, the EU country of activity, where, additionally, the middle or even top levels of the criminal organisation may also reside (Europol 2007: 8). Another trend is observed with regard to the specialization and diversification of organised criminal group activity (Commission of the European Communities 2001a: 8), as well as the mixing of low and high risk activities, for instance drug trafficking alongside cigarette smuggling (Europol 2001: 12). Most importantly, though, what worries European officials is the fact that organised criminal structures increasingly hide in legitimate business structures within the EU (European Union 2000: 34; Vitorino 2001; Commission of the European Communities 2005a: 4; Europol 2006a: 5; Europol 2007: 10). They tend to build in-house money laundering capabilities, reaching in some cases such high-level proficiency that money laundering becomes their principal, or only, criminal activity. This makes it most difficult to uncover such criminal activity.

These ‘new’ forms of organised crime and international terrorism are more and more perceived as being interconnected to a certain degree, which leads to a mutual reinforcement of the phenomena (Shelley, et al. 2005: 5). This has been acknowledged by

the EU in particular in the ESS (European Union 2003: 4), but also in other official documents. Speaking about potential links, these are usually connected with the financing of terrorism. Connections between terrorism and organised crime emerge when terrorists engage in organised criminality (i.e. using techniques like credit card fraud and extortion in order to raise funds for terrorist activities), or, *vice versa*, when criminals help to finance terrorism out of opportunistic reasons and, as a result, help terrorists to reach their goals (Council of Europe 2005: 5).

What drives the drivers? Speculating on the motivations of the actors of insecurity

While there are a number of similarities and links between international terrorism and organised crime with regard to organisational structures and methods, it has become a commonplace among European officials that with regard to the motivations “organised crime and terrorism are – a priori – distinct concepts” (Council of Europe 2005: 5). Even though the EU defines both groups of actors as “criminals” who pursue their interests “ruthlessly” (Serious Organised Crime Agency 2008: 1), using similar or sometimes even the same methods, international terrorists and organised criminals act out of different motives. Organised crime “is primarily aimed at obtaining financial or other material benefits”, whereas “terrorism relies on violence-induced fears to change established legal and constitutional orders and policies” (Council of Europe 2005: 5). The deliberate distinction between the two sources of insecurity made in this statement not only clearly defines international terrorism and organised crime as two differently motivated phenomena, but also speaks of differing attributions with regard to the level of rationality that underlies the pursuit of the one and of the other.

a. Motivations of organised criminality: In the EU, there has been a relatively established perception that the driving force behind organised criminal activity is profit-making (European Council 1996; Council of the European Union 1997b; Europol 2001: 13; European Union 2000; Commission of the European Communities 2001a: 8; Commission of the European Communities 2006a: 12), with profit being defined as “the accumulation of wealth” (Europol 2001: 13). This definition carries a very strong notion of an actor whose interests lie in its own economic and material well-being. Organised criminal organisations are basically described as entrepreneurial and business-like structures (European Union 2000: 3; United Kingdom Home Office 2004: 7). Accordingly, organised crime is regarded as a “criminal market activity”, its actors as “criminal market players” (Europol 2006a: 8).

From this interpretation it follows that organised criminals are highly rational, strategically operating and opportunistic actors, who carefully calculate the risks and profits of their operations (Europol 2001: 12). That is: they follow cost-benefit considerations by adhering to a high-profit low-risk approach and by seeking all forms of opportunities for criminal penetration and quick profit (Commission of the European Communities 2001a: 8). The underlying understanding of strategically operating organised criminals is also highlighted by the statement that organised crime “does not spread at random” (European Union 2000: 15). Motivations for criminal conduct rise in environmental settings with conducive opportunity structures, be they the advantages of the effects of globalisation (open borders and free travel and trade, communication) (Commission of the European Communities 2007c: 9), legal loopholes, or low sentences that are given in the event of a conviction (Europol 2005: 16). Under this perception, violence, or the threat of violence is merely used as a tool to enforce obligations and

maintain hegemony over rackets and enterprises such as extortion and narcotics smuggling; corruption is a means of reducing the criminals' own risk, maintaining control and making profit.

b. *Motivations of international terrorists*: Just as European officials are sure that material gain is the basic motivation for organised crime, they assume that the interests of internationally operating terrorists lie in the induction of violence and destruction-based intimidation and fear (Council of the European Union 2002b: 4; Commission of the European Communities 2006a: 12). When looking more closely at the reflections made by the EU about the driving forces behind terrorism, much is about *radical beliefs and attitudes*. Terrorists are characterised as “fanatics” and “extremists”, who have adopted a worldview that “brings individuals to consider and justify violence” (Council of the European Union 2005: 8) and who are “willing to use unlimited violence to cause mass casualties” (European Union 2003: 3). This accounts for traditional forms of terrorism in Europe, but even more for international terrorism, which is caused by “violent religious extremism” (European Union 2003: 3), to be more precise by an “abusive interpretation of Islam” (Commission of the European Communities 2005c: 2).

All these characterisations obviously imply a different level of rationality on the part of international terrorists compared to that assumed vis-à-vis organised criminals. One might even say that European policy-makers anticipate a lower level of rationality when speaking about international terrorists than was/is the case with traditional domestic terrorism. The commitment level of members, affiliates and sympathisers of al-Qaeda and other Islamist terrorist networks seems to be extremely high, and the loss of one's own life – usually the highest price one would think of – no obstacle for action. Accordingly, international terrorism has been termed by the EU as “arbitrary” and “irrational” in nature (Commission of the European Communities 2007a: 28).

From this it follows that central to the EU's reflections on the motivations of international terrorists is the question of how and *why* they become radical and turn to violence. As a rule, European policy-makers proceed on the assumption that the decision to turn to violent extremism is determined by the “conditions in society, which may create an environment in which individuals can become more easily radicalised” (Council of the European Union 2005: 9). The lack of *education and integration* in a society may substantially contribute to radicalisation, as this makes individuals vulnerable to simplistic thinking and intolerance (Commission of the European Communities 2005c: 11-12). The *lack of integration into a society* can lead to a feeling of exclusion, discrimination or alienation, a feeling not to be accepted and to be “left out of social and economic change” (Commission of the European Communities 2005c: 12-15). As is underlined in the ESS, such feelings of grievance and anger are *global* phenomena which arise in an environment where poverty, instability or conflicts persist (European Commission 2003: 10).

PAYING THE PRICE OF INSECURITY: WHAT DO TERRORISM AND ORGANISED CRIME COST US?

“Insecurity entails high costs” (Commission of the European Communities 2006b: 18): this firm statement given by the European Commission in 2006 demonstrates that European policy-makers in fact anticipate costs of insecurity. But, taking a closer look, the term ‘cost’ seems to be a real bottleneck: what *kind(s)* of costs are political agents in Europe actually talking about? And can these costs be measured by figures and in terms of money?

Costs and consequences caused by terrorism and organised crime

Officials from the EU and the Member States have been thinking about the consequences of actual terrorist attacks and organised criminal activity since the 1990s, although in the beginning on a rather general basis. It is not surprising that initial reflections on the potential consequences of terrorism and organised crime read quite similar, as both sources of insecurity are perceived at heart as ‘criminality’ and, hence, as similar in nature. In the 1996 *European Council conclusions on the Report of the High-level group on organised crime* it is noted that

“the activities of criminal organisations, in particular in the field of trafficking in drugs and human beings, corruption, money laundering and terrorism are affecting the integrity of the society as a whole” (European Council 1996).

On the EU level, officials started to formulate the consequences of organised crime and terrorism in more detail in two basic documents: the *Millennium Strategy on Organised Crime* and the *Council Framework Decision on Combating Terrorism*. These documents also include detailed analyses of the threat posed by organised crime (European Union 2000: 3) and terrorism (Council of the European Union 2002b: 4), and make extensive use of such dictions like “loss”, “harm”, “damage”, “destruction” and “instability”, in order to describe the potential impact and consequences that the two threats may have. Potential consequences of terrorism and organised crime are identified for a wide range of societal spheres:

- *Human/individual consequences* relate to immediate human victims, harm and restraints to personal life and life integrity caused by terrorism and organised crime. Such harm can have a short-term dimension (i.e. physical injuries) as well as a long-term dimension due to intimidation, fear and other physical and psychological repercussions (EU Counter-Terrorism Coordinator 2007: 11; Europol 2006a: 10).
- *Societal consequences* are understood as collective societal costs in terms of damages to, and undermining of, societal openness and tolerance (Council of the European Union 2002b: 4; European Commission 2003: 3; Europol 2006a: 10).
- *Political consequences* are, in the understanding of European policy-makers, closely linked to societal consequences, since anti-social behaviour subverts democracy (European Council 1995) and the values “on which the Union is founded” (Council of the European Union 2002b: 4; European Council 2004: 1; Commission of the European Communities 2005c: 1; Council of the European Union 2005: 6; Commission of the European Communities 2007e: 10) and, thus, may seriously destabilise its democratic political system and fundamental constitutional and political structures (European Commission 2003: 3).
- *Physical damages and destruction of buildings and infrastructure* are mainly envisaged in the context of terrorism and its consequences. Targets may include “government or public facilities, a transport system, an infrastructure facility, including an information system, a fixed platform located on the continental shelf, a public place or private property” (Council of the European Union 2002b: 4).
- *Economic consequences* are, in this early phase, mainly reflected in the context of organised crime. This might be due to a broad number of estimates and figures that have already been available in the Member States since the early 1990s, for instance on the scale of illicit revenues from fraud, smuggling and counterfeiting negatively

affecting the financial interests of the EU and its Member States, or on the economic value of seized and confiscated assets. With regard to terrorism, however, EU policy-makers obviously lacked, at that time, a more sophisticated understanding of how terrorism affects the economic realm. What is referred to are, more generally, damages in terms of wealth and prosperity and “major economic loss” in which terrorist attacks may result (European Council 1995). This may probably be due to the fact that only few information and figures on the actual economic damage caused by large-scale terrorist attacks were available; it might also be an evidence of a certain reluctance, or even inability, to apply economic thinking to this social phenomenon.

What can be noted is that, at this point, the term ‘cost’ is deliberately omitted, let alone that there are no attempts to measure or quantify the impact of these sources of insecurity. Only by 2005, a cognitive and methodological turn can be traced in the EU’s reflections on the consequences of terrorism and organised crime. Since then, the EU has introduced a cost-benefit perspective to its reflections on the consequences of insecurity, and has started to consider the broader socio-economic implications of large-scale terrorism and organised crime. It is also at this stage that the diction ‘cost’ appears more prominently in related national and EU documents. This new perspective has arisen out of the insight that EU’s economies are complex in structure, highly interdependent and vulnerable, and that large-scale terrorist attacks and ‘disguised’ organised criminal activity may inflict costs not only to the areas *directly* affected (*primary costs*), but also to the wider economic supply chains (*indirect or secondary costs*) (Commission of the European Communities 2006a: 9) and, thus, to the economy as a whole. Under this new perspective, however, the consequences have become more and more diffuse and difficult to grasp. That is why the EU started to consider more sophisticated ways of measuring and calculating the costs resulting from terrorist attacks and organised criminal activity. With regard to organised crime, in 2005 the EU Commission explicitly formulated a demand that a “further developing, testing and dissemination of a methodology for studies of economic sector’s vulnerability to O[rganised] C[rime] is [...] needed”, on the basis of which it will be possible to measure crime and victimisation (Commission of the European Communities 2005a: 3). By the same token, in 2006 the Council acknowledged that “without accurate cost data [...] it is very difficult to quantify the costs ensuing from potential terrorist attacks, natural disasters or other major occurrences” (Commission of the European Communities 2006a: 10).

A first example for an attempt to get more clarity about such direct and indirect costs and to more accurately measure them is a threat assessment on organised crime in the UK, issued by the British Home Office in 2004. The document stipulates that organised crime induces high secondary (indirect) costs to the whole licit sector in the UK, as it impoverishes citizens (through higher taxes and consumer costs) and reduces the amount of money available to key public financial services (United Kingdom Home Office 2004: 2). In a first step, the threat assessment develops criteria in order to measure ‘harm’, and, in a second step, translates these measures into costs. Types of harm are classified according to economic, individual and social criteria, and broadly correspond to what has been the state of the art in official documents so far. The assessment of the overall harm caused by organised crime in the UK follows three criteria (United Kingdom Home Office 2004: 8): firstly, the *direct economic and social costs* of organised crime, ranging from straightforward financial losses to health and crime harms; secondly, *more indirectly, the level of public concern* about organised crime and the problems it causes (availability of drugs, fear which organised crime can inflict on particular neighbourhoods); and, thirdly, also *indirectly, the size of the criminal market* involved.

Although no explicit calculation is presented in the document, it is stated that the “[p]reliminary results from this exercise suggest that the losses and harms caused by all forms of organised crime may be up to £ 40 billion a year” (United Kingdom Home Office 2004: 8). This figure, however, has been adjusted several times in the following years – not necessarily due to changes in the level of organised crime in the UK, but rather as a result of changes in methodology. As was also acknowledged by the British officials, ‘harm’ “remains difficult to define clearly and seize accurately” (Serious Organised Crime Agency 2008: 4). Most interestingly, the OCTA reports compiled by Europol merely analyse the situation and do not go into more detail in terms of costs. Rather, the EU, in its documents, refers to organised crime cost assessments compiled by other international institutions, such as, for instance, the International Monetary Fund (IMF). In 2006, the EU quoted an IMF assessment, according to which the profits from organised crime in Europe lie at between 2 and 5 per cent of Europe's total Gross Domestic Product (GDP) (Commission of the European Communities 2006b: 18).

In 2006, policy-makers at EU level started to model the impact of insecurity in more detail, with a special focus on large-scale terrorist attacks on critical infrastructure such as power stations, laboratories housing deadly viruses, or transport, energy and telecommunication networks (Commission of the European Communities 2006b: 18). The particular concern on critical infrastructure stemmed from the perceived high vulnerability and the “massive” macroeconomic consequences that such an attack might have for the European economies. According to the EU, the costs in the case of such incidents can quickly grow in size and impact, and extend to the business and the wider public, destabilizing the stock markets and affecting consumer and investor confidence. In short: a terrorist attack on critical infrastructure can affect “all European citizens, inhabitants of the European Union, the Member State governments and the European Union as a whole” (Commission of the European Communities 2006a: 9). In recent years, the EU has included bio-terrorism into the forms of large-scale terrorism that can cause equally complex and serious macroeconomic consequences (Commission of the European Communities 2007d).

The EU’s modelling takes the complexity of potential consequences in account, and proposes a categorisation of potential costs (impacts) in the case of a large-scale terrorist attack against a particular infrastructure asset, according to the following five criteria (Commission of the European Communities 2006a: 10-11):

- costs for the *owners/operators* that were the target of the attack;
- costs for *other actors located in the physical proximity* of the target;
- costs for *associated actors* (e.g. business partners);
- costs for *all other actors including the broader public*; and
- costs for *government’s* emergency response and reconstruction efforts.

In order to visualise the snowball effects that such large-scale terrorist attacks may cause in terms of macroeconomic costs (not only on critical infrastructure), the document adds a passage with quantitative evaluations of terrorist attacks from the past. According to this evaluation, the 9/11 terrorist attacks and the attacks on the U.S. embassies in Kenya and Tanzania in 1998, which killed altogether more than 3.000 people, cost a total of approximately \$ 2 trillion. The attacks in Istanbul in November 2003, where four suicide truck bombings hit four different targets and killed 62 people, also had a significant macroeconomic impact, as they reversed the country's economic recovery and caused a capital outflow by Western investors. In the case of the attacks in Madrid, Sharm el Sheikh and London, where 334 people were killed altogether, the “potential socio-economic

impact” (potential cost of lost business, reconstruction, insurance and security) was presumed to be high, although the damage to Spain and the UK in terms of GDP “appears to have been negligible” (Commission of the European Communities 2006a: 11). What is striking is the strong disproportionality between the costs incurred by the public as a result of the terrorist attacks, on the one hand, and the costs for the actual preparation of these attacks. Policy-makers, obviously, have to realise that “terrorist attacks themselves are increasingly inexpensive to conduct” (Commission of the European Communities 2006a: 10-11).

Costs and consequences of EU *action* against terrorism and organised crime

Given the perceived complexity and variegation of terrorism and organised crime, the question for European policy-makers is not only how insecurity can be reduced and Europe’s citizens best protected from these threats, but also at what price. Are there quantifiable benefits for the EU and its Member States, their societies and economies from the action taken against anticipated insecurity? The EU started to reflect about the economics of security only a few years ago. This might be mainly due to the fact that political agents in Europe had first of all to become aware of *how* to address these two sources of insecurity, particularly after the coming into force of the Amsterdam Treaty. While in the 1990s much of the action against terrorism and organised crime within Europe was based on the European tradition of combating them through control and penal measures, i.e. the enforcement of criminal law in the European national states, the creation of the European Area of Freedom, Security and Justice opened up new possibilities for strategy formulation and action through the EU structure.

Most of the early efforts were concerned with the question of how to tackle trans-border criminality *within* the EU “in all its aspects” (European Council 1996). Between 1996 and 1999, the EU started to introduce a whole range of activities directed at the coordination and harmonisation of national legislation as well as the strengthening of police and judicial cooperation in criminal matters among the Member States (European Council 1996; Council of the European Union 1998a; Council of the European Union 1998d; Council of the European Union and Commission of the European Communities 1998). These efforts triggered two processes: first, they led to the institutionalisation and mobilisation of supranational bodies for the fight against terrorism and organised crime (such as Europol and Eurojust) and, second, they triggered more efforts to reform national legislations and institutional structures in the Member States.

Starting with the late 1990s, policy-makers on the EU level were also occupied with strategy formulation. This refers to both a definition of security and security policy in general and strategies against organised crime and terrorism in Europe in particular. Two distinctive features dominant to the Union’s definition of security and security policy also characterise the EU’s strategic approach to combating organised crime and terrorism. The *first* assumption is that insecurity is multifaceted and that the causes of insecurity can have both a long-term (structural) and a short-term (proximate) dimension. As a consequence, responsive security strategies should be designed in an equally multifaceted, comprehensive way. The EU has developed a respective security response, which is guided by the idea of prevention and follows a holistic approach. The second assumption, put up at the 1999 Tampere Summit (European Council 1999) and since then a widely accepted principle in the EU, is that internal and external security are increasingly intertwined and that, therefore, responsive policies should regard the increasing interweavement of

domestic and international security as a core aspect (European Union 2003; European Council 2005).

These two principles have been – implicitly and explicitly – incorporated into the EU's response strategy to organised crime, which emerged in the late 1990s. Already in 1997, the EU adopted the *Action Plan on Organised Crime* (Council of the European Union 1997a) and in 2000 issued the *Millennium Strategy on Combating Organised Crime*. Both documents are informed by the idea of a comprehensive response, and advocate for enhancing anti-crime cooperation within the EU and globally (European Union 2000: 49, 51). Already in its Dublin conclusions (European Council 1996), as well as in a resolution from 1998 (Council of the European Union 1998b), the Council had considered intelligence-led *prevention* just as important as law enforcement and crime *control* in providing an effective response to organised crime, but the issue came to carry more weight only gradually, and finally appeared much more prominently in the *Millennium Strategy*. Prevention is here defined as a policy that aims at reducing crime opportunities and the opportunities to profit from crime, e.g. through the tracing, freezing, seizing and confiscating of criminal proceeds (European Union 2000: 8). A year later, the Commission specified what it meant by crime prevention, and introduced the concept of *situational prevention* (Commission of the European Communities 2001b: 7), an approach based on the assumption that organised criminals are highly rational actors who have to be deprived of immediate opportunities for criminal conduct. Situational prevention is intended to make criminal conduct more difficult and risky, less rewarding and excusable and, thus, is considered to have a direct and quick impact on the nature and level of organised crime in Europe (Commission of the European Communities 2001a: 10). However, under a situational preventive approach, addressing the root causes of crime (such as facilitating socio-economic structures) is – if at all – only of minor importance.

After the terrorist attacks in New York (2001), Madrid (2004) and London (2005), the political agents within the EU actively engaged in strategy formulation in the fight against terrorism and once again made the two principles a core element of counter-terrorism policies. First, the Union's objective was to strengthen the national law enforcement capabilities through the introduction of new legislative instruments as well as a harmonisation and better coordination of policies among the Member States. For this purpose, immediately after 9/11, the Council adopted a comprehensive counter-terrorism *Action Plan* (Council of the European Union 2001) and a *Road Map* for its implementation (European Council 2001). The 2002 *Council Framework Decision on Combating Terrorism* set additional objectives for legal approximation within the EU (Council of the European Union 2002b). The immediate terrorist threat, *secondly*, gave a push to the European Arrest Warrant, which was adopted in June 2002 (Council of the European Union 2002a). On the national levels, the Member States supplemented these efforts with a number of domestic institutional reforms, which, yet, due to national peculiarities, had a very individual character (Ek, et al. 2002). Finally, the considerations from the ESS and the *Hague Programme*, as well as the new experience of international terrorism targeting European capitals, were incorporated into the *EU Counter-Terrorism Strategy* (Council of the European Union 2005). Consistently with the demands made in the earlier documents, this strategy reflects a more mature policy response, as it, first, follows a proactive and comprehensive security approach, and, second, tries to better systematise the EU's

response. The *Counter-Terrorism Strategy*³ is structured along the following four areas (pillars) of action:

- *to prevent* people from turning to terrorism, by tackling the factors and structural (root) causes which can lead to radicalisation and recruitment;
- *to protect* citizens and infrastructure and reduce the EU's vulnerability to attacks, including through improved security of borders, transport and critical infrastructure;
- *to pursue* and investigate terrorists across EU borders and worldwide by enhancing the intelligence and law-enforcement systems as well as strengthening police and judicial cooperation across the EU and worldwide; and
- *to respond* to the consequences of terrorist attacks when they occur by way of improving the civilian and military capabilities for civil protection.

As can be gathered from the review of the emerging European policy against terrorism and organised crime, the range of possible fields of actions and measures under such a comprehensive responsive approach is broad and vast. This, consequently, also applies with regard to the costs. The costs that are incurred by European societies and economies can be classified into actions taken in order to (i) *mitigate the impact of insecurity* and (ii) *to minimise the risk of organised crime and terrorism to harm societies and economies*. The latter broadly aims at combating the structural or proximate causes of insecurity. As protective action is taken both at the (EU) national and the supranational level, one can assume that costs are generated to both. As would seem natural, the bulk of costs are incurred by the Member States, since law enforcement and crime prevention is mainly implemented by the EU Member States. The EU's role in this process is more one of coordinating the security action of the Member States through the issuing of directives and regulations, as well as of enhancing cooperation and information exchange. However, as will be seen, the EU also contributes financial resources from its budget to the fight against terrorism and organised crime.

What information about the spending for anti-crime and counter-terrorism activities in the EU can be traced, then? The figures available are often only fragmentary, or reflect more rough calculations. In fact, a comparison of figures across the EU is rather difficult. The reasons for this are manifold. First, the EU countries vary in size and level of affection, i.e. have very different policy priorities. Second, the institutional and organisational structures (services and instruments) in counter-terrorism and anti-crime policies vary significantly among the EU Member States. Third, the Member States use different financial reporting systems when indicating national public expenses for counter-terrorism and anti-crime policies. Finally, terrorism and organised crime are most often cross-cutting to traditional policy areas, involving multiple ministries and departments. Looking at the financial dimension of costs, the part of security costs that may be attributed to counter-terrorism or anti-crime is extremely difficult to identify (Commission of the European Communities 2006a: 13).

A certain degree of comparability is provided by Eurostat statistics on EU-wide public spending, which use the sum-up category 'public order and safety'⁴ in order to calculate national expenditures for internal security such as police services, fire protection services, law courts, prisons, and research and development. The data here are limited to relative

³ All in all, the most recent Action Plan published in March 2007 (Council of the European Union 2007d) lists more than 160 individual measures.

⁴ The category 'Public Order and Safety' is used within the United Nation's Classification of the Functions of Government (COFOG).

figures in the context of final expenditures within the national GDPs (Eurostat 2006: 3). A glance on absolute figures reveals that the total amounts of reported expenses for 'public order and safety' vary significantly in the Member States.⁵ The data indicate that the UK and Spain show the highest figures in spending, while, at the same time, the expenses for internal security/'public order and safety' have been continuously rising in all EU Member States since the early 1990s.

It is much easier to identify quantifiable costs of counter-terrorism and anti-crime policies on the EU level. Indicators can be found in the European Union's budget. In February 2007, the EU introduced more funding opportunities in the JHA area under the new Financial Perspectives 2007-2013. Out of the three established framework programmes, one, called '*Security and safeguarding Liberties*', is dedicated to the fight against organised crime and terrorism. This programme is endowed with a total budget of € 745 million (Council of the European Union 2007b; European Commission 2007: 2). Types of interventions under this heading include grants as well as public procurement contracts (Council of the European Union 2007c). Other JLS-relevant activities are pursued through the *First Pillar* and, thus, are also eligible to be funded from the Community budget. This refers to all activities connected with immigration and asylum matters as well as to regional development *within the EU* and assistance to *Third Countries*. Italy for instance receives anti-crime assistance from the EU's structural funds for four of its southern regions (La Spina 2006: 650). While diplomatic means and international coordination in JLS-relevant external activity require little or no money from the EU, financial resources for enhancing security worldwide are mainly needed for structural development (long-term prevention) and capacity-building programmes (short-term prevention), e.g. for law enforcement, customs and judiciary in partner countries. Such activities are financed through the Community's external assistance programmes and other specific Community budget lines, which altogether comprise a total of €7 billion per year. Around €400 million out of this total sum goes to specifically counter-terrorism-related external assistance (for 80 countries). In 2006, the EU established two additional JHA-related financial instruments: the *Instrument for Stability* and the *Civil Protection Financial Instrument*. *The first instrument* (European Parliament and Council of the European Union 2006) provides financial assistance (during 2007-2013) for EU immediate crisis response and the promotion of stability towards third countries – a precondition to containing the spread of transnational security threats such as terrorism and organised crime. It is budgeted with €2,06 billion, which correspond to five per cent of the total external relations budget of the Union. The *Civil Protection Financial Instrument* (Council of the European Union 2007a) provides €189,8 million (also during 2007-2013) for rapid response and preparedness actions of the Member States to major emergencies and disasters.

Finally, on what basis do European policy agents decide on the allocation of funds? Have policy-makers ever tried to calculate the quantifiable costs that can accrue for the protection against terrorism and organised crime? Do for instance standardized criteria exist according to which the costs and the effectiveness of specific policy choices are estimated in terms of costs and benefits? The official documents and respective literature suggest that cost-benefit calculations only slowly started to play a role in the definition of JLS-relevant policies, although the EU has always made use of such buzzwords like policy 'effectiveness' and 'efficiency' in its official statements (e.g. Commission of the European

⁵ A detailed analysis with regard to absolute figures can be found in: Ek, et al. 2002.

Communities 2001b: 8; Council of the European Union 2007d; European Council 2005: 2). However, none of the EU's documents give a clarification as to how 'effectiveness' and 'efficiency' should be understood, nor do they mention any measures or actions by which costs and benefits of certain decisions, regulations or programmes should be evaluated. Obviously, such demands were not (primarily) guided by economic thinking, but rather reflect the effort to establish common and harmonised standards among the Member States. In this sense, evaluations of JHA-relevant policies have until recently been reserved for peer evaluation processes, by which the compliance with, and implementation of, common legislative, administrative and technical arrangements in the Member States (for example in the area of counter-terrorism arrangements connected to the 2002 Framework Decision) have been assessed.

But the terrorist attacks in New York, Madrid and London altered the rationales underlying the choices of European political agents with regard to resource allocations in the JLSA domain. A cross-national comparison of counter-terrorism policies in Canada and selected EU Member States (France, Germany and the UK) conducted prior to September 11, 2001 revealed that national policy agents "because of limited resources [...] made funding decisions for programs to combat terrorism based on the likelihood of terrorist activity actually taking place, not the country's overall vulnerability to terrorist attack" (United States General Accounting Office 2000: 5). After 9/11, it became clear that societies, and particularly economies, are highly vulnerable to terrorist attacks, as such attacks can have a significant negative impact on economic processes and activities, and may also spill over to other sectors, causing immense secondary costs to a society. Consequently, reflecting about, and being able to estimate, the costs of policies and measures against sources of insecurity has become more and more important for European policy agents, particularly since 2005.

It appears not surprising that, of all potential scenarios, the Commission chose the field of critical infrastructure protection in 2006 in order to develop, for the first time, a single analytic framework for a cost assessment of counter-terrorism policy (Commission of the European Communities 2006a). Critical infrastructure is perceived to be highly vulnerable, and the negative economic consequences of a terrorist attack on such infrastructure can be particularly high. Two important insights should be pointed out here: *First*, the negative economic impact of a terrorist attack is determined by its nature and scale, both of which can display a high complexity, and therefore is not easy to be generalized. *Second*, the assumption goes that the higher the vulnerability of a target, the higher the assumable costs of protecting it. However, policy-makers are not free to spend as much resources on protective policies as they like, but must rely on the acceptance of their citizenry when the costs increase, particularly *the taxpayers*, as some security costs will have to be paid for out of taxation (e.g. border surveillance, law enforcement staff, armed response units on standby, security of government buildings and networks), and *private economic actors*, since security legislation might increase the costs for economic activity in general. A lack of acceptance on the part of the business community might have negative consequences, as it may push some business away from the EU to less security-conscious nations (Commission of the European Communities 2006a: 13).

In more recent documents, as for example the 2006 impact assessment, the Commission finally suggested to align costly security policy choices along three principles in order to avoid negative reactions: *effectiveness*, *cost-efficiency* and *proportionality*.

- *Effectiveness* means that the resources allocated to combating sources of insecurity in fact do have a deterrent effect and can prevent a security threat from materialising. An effective security policy is assumed to have a positive impact on

the European economy and generate significant quantifiable benefits: it would prevent losses from reduced trade flows and investment which undermine economic growth, and help to protect companies and jobs, contributing to enhancing internal and external competitiveness and speeding up economic growth in general (Commission of the European Communities 2006a: 18). However, it is acknowledged that it is nearly impossible to prove whether preventive security measures are effective, as it will be “virtually impossible to quantify the deterrent effect of any security measures, i.e. whether terrorists would have tried an attack if those measures were not in place” (Commission of the European Communities 2006a: 13).

- *Cost-efficiency* means that security measures must effectively pay for themselves. Here, too, some problems arise, in particular when comparing terrorism and organised crime. The Commission has underlined that there are “significant differences between the costing philosophy for measures to fight crime (i.e. criminal acts for monetary gain) and those to fight terrorism (i.e. criminal acts to cause destruction and fear).” This is ascribed to the fact that acts of crime are much more frequent than acts of terrorism. Counter-crime measures, therefore, could be regarded as effectively paying for themselves in terms of reduced financial losses. Commercial organisations, however, may allow a measure of loss due to criminal acts (e.g. fraud or theft) because measures to give absolute protection against these acts are seen as not cost-effective. Security against terrorism, on the other hand, could be regarded as a waste of money if an attack does not happen (Commission of the European Communities 2006a: 12).
- *Proportionality* means that policy measures must keep a balance between the expected costs and their potential effects. According to the EU, the principle of proportionality should prevail in those cases where the benefits of security policy are uncertain and could potentially be outweighed by the indirect costs they could induce (Commission of the European Communities 2007a: 28). Assessing the proportionality of the preferred policy option is seen as extremely difficult with regard to terrorism, as it can easily cause disproportionate consequences for (EU) citizens, reaching well beyond the direct costs like the loss of life, injury and property damage. Simultaneously, the reactions of security agencies can themselves induce massive costs and inconvenience on (EU) citizens. It has also been underlined that the principle of proportionality should not be limited to financial considerations, but also apply to the balance between security and liberty (Commission of the European Communities 2007b: 5-6; European Data Protection Supervisor 2008: 11).

The Union has only recently started to commission impact assessments of JHA-related activities with particular focus on progresses, effectiveness and cost-efficiency (European Commission 2006). With regard to (organised) crime, the EU (DG Justice, Freedom and Security) has commissioned *ex-post* evaluations of the Grotius II, Oisin II, STOP II, Falcone and Hippocrates Programmes as well as an *interim* evaluation of AGIS. Among others, evaluation criteria are ‘effectiveness’ and ‘efficiency and cost-effectiveness’. ‘Effectiveness’ refers to an assessment of the output, outcome and impact of the programmes, while ‘efficiency and cost-effectiveness’ include assessments of the economic conversion of the inputs, measuring the output and outcome of the programmes in relation to the human and financial resources invested as well as the appropriateness of the allocated budget and the financial assets invested (European Commission 2005). It has to be noted with certain constraints that the degree to which these results can be

generalized is limited, since the evaluation criteria are methodologically tailored to the specific needs of the various programmes. With special regard to terrorism, the Commission has issued a tender to evaluate the '*Pilot Project for Fighting Terrorism*' and the '*Preparatory Action on Victims of Terrorism*', the results of which are still due.

CONCLUSION

The historical mapping of notions of terrorism and organised crime and of respective security policies within the EU shows a very complex picture. The analysis reveals manifold and sometimes diverse dynamics with regard to threat perceptions and policy preferences of European political agents. The official documents do not account for a clear 'historical' (i.e. linear) evolvement of the perceived threat level, the patterns of terrorism and organised crime and the motivations of the actors of insecurity. Instead, the analysis discovers a number of changes and continuities which are characteristic for the development of threat perceptions in Europe since the 1990s. It seems evident that, due to broader historical experiences with terrorism, political agents in Europe accepted terrorism as a major source of insecurity more willingly than organised crime and were able to reconnect the older notions of insecurity with the 'new' terrorist threat after 9/11. This might also explain the ruptures in, and pushes to, threat perceptions as are manifested in the official documents following the terrorist attacks in New York (2001), and later in Madrid (2004) and London (2005). Changes in perceptions on organised crime as a security threat came much more smoothly and seamlessly. Another ambiguity can be traced with regard to the level of reflectivity represented in the documents. At many instances, considerations remain on a very general level and have a rather sporadic nature. The mantra-like reiteration that terrorism is a "major threat" to European security, for instance, often lacks substantive justifications. At other instances, documents exhibit a more mature and in-depth stage of reflection. The EU has for instance has tried to grasp the network character of 'new' terrorism and organised crime, and has made significant efforts to understand the reasons how and why people turn to radical violence and become terrorists.

The considerations about the costs and consequences of terrorism and organised crime on the part of European policy-makers show similar ambiguities, although a more 'linear' process is visible here. With regard to the perceived consequences of terrorism and organised crime, official documents, both at the EU level and in the Member States (as far as they exist), have become more and more sophisticated and, though only recently, are also informed by economic thinking, not least because of a growing awareness that, due to a high degree of interdependency, the European economies are highly vulnerable to terrorist attacks and organised crime. First attempts to measure 'harm' and calculate the costs deriving from insecurity have been made. However, it has been acknowledged that such endeavours are extremely difficult from a methodological point of view. Similarly, European counter-terrorism and anti-crime policies have been embedded in a sort of 'learning curve', significantly influenced and pushed by the creation of the European Area of Freedom, Security and Justice and, as a consequence, the emergence of the EU as an increasingly important actor in the formulation and coordination of European policies in the JHA domain. The EU had also a leading role in formulating a 'new' strategic vision of security policy, linking internal and external aspects of insecurity and putting an emphasis on a comprehensive (reactive and preventive) security policy. However, efforts to calculate the costs of such a comprehensive, multi-vector security policy are rare, and, taking into

account the rather limited resources available to political institutions, do not seem to have chances of success.

Overall, we can extract a number of indicators from the analysis that might hint at some underlying logics according to which notions of insecurity are shaped:

- *Path dependency*: under this logic, political agents basically follow, and stick to, established ideas and solutions, complementing them with new perceptions and activities against terrorism and organised crime. Terrorist attacks or evident cases of organised criminality merely serve as catalysts for plans to introduce measures which are already in place. Given the high complexity of the two sources of insecurity and the lack of competence and knowledge necessary to model reasonable and methodologically correct scenarios and cost calculations, policy-makers have, in many instances, stayed on familiar notional tracks throughout the years.
- *Reacting to the latest incident*: when new perceptions about terrorism and organised crime took root, or new measures against these sources of insecurity were introduced in Europe, this was most often a reaction to the latest major incident. We were able to trace such reactive logic primarily with regard to terrorism, where it was most obvious, but this observation also apply, to a certain extent, to organised crime.
- *Obsessions*: political agents seem at times fixated on particular threat scenarios, which are not necessarily triggered by a real and traceable threat. Thus, a number of popular scenarios – in particular with regard to terrorism – have become firmly established, the likelihood of which, however, remains unclear. The logic behind such a fixation might be the persistence of underlying, basically irrational projections about the intents of actors of insecurity, or traumatic experiences from the past leading to some kind of over-alertness and, thus, making fear a guiding principle for the formation of policy preferences and choices.
- *Institutional interests*: countering crime and terrorism in Europe is first of all a task of the EU Member States. However, the creation of the Area of Freedom, Security and Justice certainly opened up new perspectives on sources of insecurity as well as new possibilities for strategic action on the EU level. This has given way to a (partially) reshuffling of competences with regard to JHA on the European scene. The EU has tried to extend its competences and capacities in this field towards the supranational level. One field of action that has made particular career in this respect is civil protection. Nevertheless, the bulk of responsibility still remains at the level of Member State, as do the bulk of costs for counter-terrorism and anti-crime policies.
- *Importance of cost-benefit calculations*: although, in recent years, European policy-makers have started to consider the economic dimension of (in)security more thoroughly, a pure economic approach to the formation of policy preferences within the EU seems rather unrealistic. Political agents repeatedly underline that terrorism and organised crime induce not only material, but also a whole range of non-material costs, which are extremely difficult to quantify. A purely economically-driven logic, thus, seems politically not opportune, except for such cases where the persuasiveness of the (material) cost argument is high, for instance in the case of attacks on critical infrastructure or bio-terrorism, as well as in case of verifiable major economic losses as a result of organised criminal activity.

This preliminary set of criteria, derived from a distinctly European perspective, might serve as a starting point for further research on the underlying determinants of security policy choices and the mechanisms guiding the economics of security.

ACKNOWLEDGEMENTS

The author would particularly like to thank Martin Kahl for contributing intensive research, ideas and input to the paper, Michael Brzoska for his fruitful comments in the various stages of work, as well as Dennis Bangert for his careful inquiries.

REFERENCES

- Commission of the European Communities (2001a) *Commission Staff Working Paper - Joint report from Commission services and EUROPOL "Towards a European strategy to prevent organised crime"*; SEC(2001) 433. Brussels, 13.3.2001.
- Commission of the European Communities (2001b) *Green Paper on criminal-law protection of the financial interests of the Community and the establishment of a European Prosecutor*; COM (2001) 715 final. Brussels, 11.12.2001.
- Commission of the European Communities (2005a) *Communication from the Commission to the Council and the European Parliament "Developing a strategic concept on tackling organised crime"*, {SEC(2005) 724} COM(2005) 232 final. Brussels, 2.6.2005.
- Commission of the European Communities (2005b) *Communication from the Commission to the Council and the European Parliament on The Hague Programme: Ten priorities for the next five years. The Partnership for European renewal in the field of Freedom, Security and Justice*, COM(2005) 184 final. Brussels, 10.5.2005.
- Commission of the European Communities (2005c) *Communication from the Commission to the European Parliament and the Council concerning Terrorist recruitment: addressing the factors contributing to violent radicalisation*, COM(2005) 313 final. Brussels, 21.9.2005.
- Commission of the European Communities (2006a) *Commission Staff Working Document – Accompanying document to the Proposal for a Council Directive on the identification and designation of European Critical Infrastructure and the assessment of the need to improve their protection: Impact Assessment* {COM(2006) 787 final; SEC(2006) 1648}; SEC(2006) 1654. Brussels, 12.12.2006.
- Commission of the European Communities (2006b) *Commission Staff Working Document - Annex to the communication from the Commission to the Council and the European Parliament: Evaluation of EU Policies on Freedom, Security and Justice – Impact Assessment* {COM(2006) 332 final}; SEC(2006) 815. Brussels, 28.6.2006.
- Commission of the European Communities (2007a) *Commission Staff Working Document – Accompanying document to the communication from the Commission to the European Parliament and the Council on enhancing the security of explosives: Impact Assessment* {COM(2007) 651 final; SEC(2007) 1423}; SEC(2007) 1421. Brussels, 6.11.2007.
- Commission of the European Communities (2007b) *Commission Staff Working Document – Accompanying document to the Proposal for a Council Framework Decision amending Framework Decision 2002/475/JHA on combating terrorism: Impact Assessment* {COM(2007) 650 final; SEC(2007) 1425}; SEC(2007) 1424. Brussels, 6.11.2007.
- Commission of the European Communities (2007c) *Commission Staff Working Document – Accompanying document to the Proposal for a Council Framework Decision on the use of Passenger Name Record (PNR) for law enforcement purposes: Impact Assessment* {COM(2007) 654 final; SEC(2007) 1422}; SEC(2007) 1453. Brussels, 6.11.2007.
- Commission of the European Communities (2007d) *Green Paper on Bio-Preparedness*; COM(2007) 399 final. Brussels, 11.7.2007.
- Commission of the European Communities (2007e) *Proposal for a Council Framework Decision amending Framework Decision 2002/475/JHA on combating terrorism* {SEC(2007) 1424; SEC(2007) 1425}; COM(2007) 650 final, 2007/0236 (CNS). Brussels, 6.11.2007.
- Cornish, P., et al. (2008) *Homeland Security and the European Security Strategy. Linking the Internal and External Dimensions of EU Counter-terrorism Policy, ISIS Ad-hoc Study for the Policy Department External Policies of the European Parliament*. Brussels, April 2008.
- Council of Europe (2005) *Council of Europe – Organised crime situation report 2005: Focus on the threat of economic crime*. Strasbourg, December 2005.

- Council of the European Union (1997a) Action Plan to Combat Organised Crime. *Official Journal of the European Communities* C 251, 15.08.1997, 1-18.
- Council of the European Union (1997b) *Action Plan to Combat Organised Crime*, in: *Official Journal of the European Communities* C 251, 15.08.1997, 1-18.
- Council of the European Union (1998a) Council Decision of 3 December 1998 instructing Europol to deal with crimes committed or likely to be committed in the course of terrorist activities against life, limb, personal freedom and property (1999/C 26/06). *Official Journal of the European Communities* C 26. 30.1.1999, 22.
- Council of the European Union (1998b) Council Resolution on the Prevention of Organised Crime with Reference to the Establishment of a Comprehensive Strategy for Combating it. *Official Journal of the European Communities* C 408, 29.12.1998, 1-4.
- Council of the European Union (1998c) Joint Action of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union (98/733/JHA). *Official Journal of the European Communities* L 351, 29.12.98, 1-2.
- Council of the European Union (1998d) Joint Action of 29 June 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on the creation of a European Judicial Network" (98/428/JHA). *Official Journal of the European Communities* L 191, 7.7.1998, 4-6.
- Council of the European Union (2001) *Conclusions and Plan of Action of the Extraordinary European Council Meeting, SN 140/01*. Brussels, 21.9.2001.
- Council of the European Union (2002a) Council Framework Decision 2002/584/JHA of 13 June 2002 on the European arrest warrant and the surrender procedures between Member States. *Official Journal of the European Union* L 190, 18.07.2002, 3-18.
- Council of the European Union (2002b) Council Framework Decision of 13 June 2002 on combating terrorism (2002/475/JHA). *Official Journal of the European Communities* L 164, 22.6.2002, p. 3-7.
- Council of the European Union (2005) *The European Union Counter-Terrorism Strategy, 14469/4/05 REV 4*. Brussels, 30.11.2005.
- Council of the European Union (2006) *Council Document on the main aspects and basic choices of Common Foreign And Security Policy (CFSP) including the financial implications for the general budget of the European Communities presented to the European Parliament in application of point H (Paragraph 40) of the Interinstitutional Agreement of 6 May 1999 – 2005 – ; 10314/06 ANNEX*. Brussels, 8.6.2006.
- Council of the European Union (2007a) Council Decision of 5 March 2007 establishing a Civil Protection Financial Instrument (Text with EEA relevance) (2007/162/EC, Euratom). *Official Journal of the European Union* L 71, 10.3.2007, 9-17.
- Council of the European Union (2007b) Council Decision of 12 February 2007 establishing for the period 2007 to 2013, as part of the General Programme on Security and Safeguarding Liberties, the Specific Programme 'Prevention of and Fight against Crime'. *Official Journal of the European Union* L 58, 24.2.2007, 7-12.
- Council of the European Union (2007c) Council Decision of 12 February 2007 establishing for the period 2007 to 2013, as part of the General Programme on Security and Safeguarding Liberties, the Specific Programme 'Prevention, Preparedness and Consequence Management of Terrorism and other Security related risks' (2007/124/EC, Euratom). *Official Journal of the European Union* L 58, 24.2.2007, 1-6.
- Council of the European Union (2007d) *EU Action Plan on combating Terrorism, 7233/1/07 REV 1*. Brussels, 29.3.2007.
- Council of the European Union (2008) *Guidelines for a common approach to the fight against terrorism; 9864/03 EXT 1*. Brussels, 14.2.2008.

- Council of the European Union and Commission of the European Communities (1998) Action Plan of 3 December 1998 on how best to implement the provisions of the Treaty of Amsterdam on the Area of Freedom, Security and Justice. *Official Journal of the European Communities* C 19, 23.1.1999, 1-15.
- Den Boer, M. (2001) The fight against organised crime in Europe: A comparative perspective. *European Journal on Criminal Policy and Research* 9(3), 259-272.
- Ek, C., et al. (2002) *European Counterterrorist Efforts: Political Will and Diverse Responses in the First Year After September 11*. Washington D.C.: CRS, October 17, 2002.
- EU Counter-Terrorism Coordinator (2007) *Implementation of the EU Counter-terrorism strategy - Discussion paper*. Brussels, November 2007.
- European Commission (2003) *Research for a Secure Europe - Report of the Group of Personalities in the field of Security Research*. Luxembourg: Office for Official Publications of the European Communities.
- European Commission (2005) *Ex post evaluation of the Grotius II, Oisin II, STOP II, Falcone and Hippocrates Programmes and Interim Evaluation of the AGIS programme. Final Report, Ref. JAI/D4/2004/01*. Brussels: Directorate General Freedom, Security and Justice.
- European Commission (2006) *Invitation to tender. Framework contract for evaluation*. Brussels, without date specification.
- European Commission (2007) *Funding opportunities in the Justice, Freedom and Security policy areas, for the period 2007-2013, MEMO/07/60*. Brussels, 15.2.2007.
- European Council (1995) *Presidency Conclusions, Annex 3: Terrorism: La Gomera Declaration*. Madrid, 15./16. December 1995.
- European Council (1996) *Conclusions on the report of the High-level group on organised crime, in: EU-Bulletin 4-1997, chapter 5. Justice and home affairs cooperation*. Dublin, 28. April 1996.
- European Council (1999) *Presidency Conclusions*. Tampere, 15./16. October 1999.
- European Council (2001) *Anti-terrorism roadmap, SN 4019/01*. Brussels, 26 September 2001.
- European Council (2004) *Declaration on Combating Terrorism*. Brussels, 25 March 2005.
- European Council (2005) *The Hague Programme: Strengthening Freedom, Security and Justice in the European Union (2005/C 53/01). Official Journal of the European Union C 53, 3.3.2005, 1-14*.
- European Data Protection Supervisor (2008) *Opinion of the European Data Protection Supervisor on the draft Proposal for a Council Framework Decision on the use of Passenger Name Record (PNR) data for law enforcement purposes; 5913/08*. Brussels, 31.1.2008.
- European Parliament and Council of the European Union (2006) Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability. *Official of the European Union* L 327, 24.11.2006, 1-11.
- European Union (2000) *The Prevention and control of organised crime: A European Union strategy for the beginning of the new millennium (2000/C124/01). Official Journal of the European Communities* L 124, 3.05.2000, 1-33.
- European Union (2003) *A Secure Europe in a Better World. European Union Security Strategy*. Brussels, 12.12.2003.
- Europol (2000a) *1998 - EU Organised Crime Situation Report*. The Hague: Europol, 17.1.2000.
- Europol (2000b) *1999 EU Organised Crime Situation Report*. The Hague: Europol, 30.10.2000.
- Europol (2001) *2000 EU Organised Crime Situation Report*. The Hague: Europol, 31.10.2001.
- Europol (2005) *2005 EU Organised Crime Report – Public version*. The Hague: Europol, 25.10.2005.
- Europol (2006a) *OCTA. EU Organised Crime Threat Assessment 2006*. The Hague: Europol.
- Europol (2006b) *TE-SAT. Terrorist activity in the European Union: Situation and Trends Report, October 2004-October 2005*. The Hague: Europol, 2.5.2006.

- Europol (2007) *OCTA. EU Organised Crime Threat Assessment 2007*. The Hague: Europol, June 2007.
- Eurostat (2006) *Statistics in Focus. Economy and Finance: Trends in government expenditure by function, 2000-2004, 11/2006*. Brussels: Eurostat.
- Fijnaut, C. and Paoli, L. (2006) Introduction to Part III: The Initiatives of the European Union and the Council of Europe. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 625-640.
- Gomez-Cespedes and Stangeland, P. (2006) Spain: The Flourishing Illegal Drug Haven in Europe. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 387-410.
- Hobbes, D. (2006) The Nature and Representation of Organised Crime in the United Kingdom. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 413-434.
- Kinzig, J. and Luczak, A. (2006) Organised Crime in Germany: A Passe-Partout Definition Encompassing Different Phenomena. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 333-356.
- Kirby, A. (2007) The London Bombers as 'Self-Starters': A Case Study in Indigenous Radicalization and the Emergence of Autonomous Cliques. *Studies in Conflict & Terrorism* 30(5), 415-428.
- Kleemans, E. (2006) Crossing Borders: Organised Crime in the Netherlands. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 303-332.
- La Spina, A. (2006) The Paradox of Effectiveness: Growth, Institutionalisation and Evaluation of Anti-Mafia Policies in Italy. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 641-675.
- Lalam, N. (2006) How Organised is Organised Crime in France? In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Dordrecht: Springer, 357-387.
- Levi, M. (2006) The Making of the United Kingdom's Organised Crime Control Policies. In *Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond*, edited by C. Fijnaut and L. Paoli. Organised Crime in Europe, Concepts, Patterns and Control Policies in the European Union and Beyond, Dordrecht: Springer, 823-851.
- Serious Organised Crime Agency (2008) *The United Kingdom Threat Assessment of Serious Organised Crime 2008/2009*. London: Serious Organised Crime Agency.
- Shelley, L. I., et al. (2005) *Methods and Motives: Exploring Links between Transnational Organized Crime & International Terrorism*. Washington D.C.: U.S. Department of Justice.
- Stationery Office (2006) *Report of the Official Account of the Bombings in London on 7th July 2005*. London: House of Commons.
- United Kingdom Home Office (2004) *One Step Ahead. A 21st Century Strategy to Defeat Organised Crime, Presented to Parliament by the Secretary of state for the Home Department by Command of Her Majesty, London, March 2004*. London: UK Home Office.
- United States General Accounting Office (2000) *Combating Terrorism. How Five Foreign Countries Are Organized to Combat Terrorism, Report to Congressional Requesters, GAO/NSIAD-00-85*. Washington D.C.: GAO.

Vitorino, A. (2001) *Strategies of the EU and the US in combating transnational organised crime, speech held at the International Conference Gent, 24 January 2001 (Speech01/19)*.
Available at: http://ec.europa.eu/justice_home/doc_centre/crime/doc_crime_intro_en.htm,