United States Senate

WASHINGTON, DC 20510

July 28, 2003

Dr. John Poindexter, Director
Information Awareness Office
Defense Advanced Research Projects Agency
3701 N. Fairfax Drive
Arlington, Virginia 22203

Dear Dr. Poindexter:

We call on you to put an immediate end to a project being pursued by your office that would allow anyone – even terrorists – to profit by placing anonymous bets on future terrorist attacks. Online wagering through this project, the "Policy Analysis Market," is set to begin on October 1st. We think that this wasteful and absurd use of taxpayer dollars should be stopped. We will also advocate against appropriating the $8 million that your office has requested for the "Futures Markets Applied to Prediction" (FutureMAP) program that expands this scheme to promote betting on terrorism.

Your office's May 20, 2003 Report to Congress regarding the Terrorism Information Awareness Program describes the FutureMAP program and its predecessors. The stated goal of the program is to use "market-based techniques for avoiding surprise and predicting future events (report at page B-8)." We take issue with the way that you seek to achieve that goal: by allowing people to purchase "futures contracts" that will pay out when acts of terrorism occur.

The example that you provide in your report would let participants gamble on the question, "Will terrorists attack Israel with bioweapons in the next year?" Surely, such a threat should be met with intelligence gathering of the highest quality – not by putting the question to individuals betting on an Internet web site.

Spending taxpayer dollars to create terrorism betting parlors is as wasteful as it is repugnant. The American people want the Federal government to use its resources enhancing our security, not gambling on it.

We are further concerned with the lack of appropriate restrictions on who would take part in these terrorism "futures markets." Though you initially explain that FutureMAP will gather "contributions by experts (p. B-8)," you also state that some markets will be open to "a wide range of participants (p. B-9)." The program as it has been implemented so far in the Policy Analysis Market shows just how dangerously wide this range will be.

Funded by DARPA, the Policy Analysis Market was created by Net Exchange and was termed an ongoing FutureMAP effort in DARPA's December 18, 2002 solicitation notice (FBO #0383, Solicitation #MDA972-03-T-0001). The details of this $749,979 project are explained on its website, http://www.policyanalysismarket.org. According to this site, the program works as follows:

- Beginning August 1, anyone will be allowed to become a "trader" simply by agreeing to use the program as a prototype, selecting a username and password, and depositing funds into their account.

- Participants will be able to purchase "futures" on the listed "special events," which include the overthrow of the King of Jordan, a North Korea missile attack, and the assassination of the Yasser Arafat.

- The website clearly states that "DARPA will not have access to the identities or funds of PAM [Policy Analysis Market] traders." This appears to encourage terrorists to participate, either to profit from their terrorist activities or to bet against them in order to mislead U.S. intelligence authorities.

At a time when our country faces unprecedented tests, it is especially important to ensure that taxpayer dollars allocated for homeland security be used wisely. A program that creates office pools on atrocities does not meet this test. We ask that you shut down the Policy Analysis Market before it wastes any more taxpayer money.

Sincerely,

Ron Wyden
United States Senator

Byron L. Dorgan
United States Senator