

The Saudi Connection to Terror

Exclusive: While Official Washington devotes much sound and fury to demands for a wider war in Syria and the need to turn away Syrian refugees, Democrats and Republicans dodge the tougher question: how to confront Saudi Arabia about its covert funding for Islamic State and Al Qaeda terrorists, writes Daniel Lazare.

By Daniel Lazare

How does ISIS pay for its operations? This is the key question as the war against the terror organization advances to a new level in the wake of the Paris atrocities. But the mainstream's approved answer is part of the problem.

That approved answer, from many political leaders and assorted "terrorism experts," is that ISIS (also known as ISIL, Islamic State and Daesh) funds its operations through a variety of illicit activities such as illegal antiquity sales, kidnapping for ransom, holding up banks, and peddling crude from oil fields it controls in northern Syria and Iraq.

The line, dutifully parroted by news outlets from *The New York Times* to *The Wall Street Journal* and the *Guardian*, is nothing if not politically convenient. If ISIS is truly self-supporting, then it's essentially self-contained. If so, then all the Western powers have to do once they've sealed it off in its self-proclaimed caliphate is to send in the F-18's and Mirage 2000's to rain down smart bombs and blow it to smithereens.

This is the thinking behind President Barack Obama's unfortunate remarks on Nov. 12. When ABC *This Week* host George Stephanopoulos asked whether ISIS was gaining strength, Obama shot back that it was simply not the case:

"What is true is that from the start, our goal has been first to contain, and we have contained them. They have not gained ground in Iraq. And in Syria they'll come in, they'll leave. But you don't see this systematic march by ISIL across the terrain. What we have not yet been able to do is to completely decapitate their command-and-control structures. We've made some progress in trying to reduce the flow of foreign fighters."

Contain and decapitate this the essence of the U.S. strategy. Hence, the more the Obama administration tries to contain ISIS militarily, the more it puts out word that it is also self-sustaining economically.

But what if it isn't? In fact, there is every reason to be skeptical of the U.S. position and not only because American leaders have been claiming success for close to two decades in various struggles against Islamic terrorism even as it

has morphed from a few scattered cells to a vast movement stretching from Nigeria to Bangladesh.

Exaggerating the Sums

So let's start with antiquities. Last year, NBC News breathlessly reported that ISIS was tapping into a \$7 billion underground market in order to finance its operations. "Priceless pieces of history snatched from illicit diggings or swiped from museum cases have become one of the four most common commodities – next to drugs, weapons and human beings – to be trafficked by smugglers," it declared.

But the \$7 billion total is dubious considering that the contemporary art market, entirely above board of course, amounts to only \$2 billion. Black markets are all but impossible to measure for the simple reason that participants scatter like rats as soon as the lights go on.

ISIS's role, moreover, is doubly difficult since it operates under deep cover. But we do know a few things, one of which is that antiquities do not move as easily as, say, corn or wheat. To the contrary, buyers are relatively few and far between, appraisals are required, and haggling is standard. With so many police snooping around, buyers are especially wary of getting caught funneling money to ISIS. So the role of antiquities would seem to be no more than ancillary.

The same goes for bank heists. Although ISIS was widely credited with making off with \$400 million when it took Mosul, in northern Iraq, in July 2014, *The Financial Times* described the seizure as the biggest heist that "never happened."

"We speak to the banks there all the time," it quoted an Iraqi banking official as saying. "We have been informed that all are guarded from the outside by their own guards and that nothing has been removed from the premises of any banks, not even a piece of paper."

Kidnapping for ransom also seems less than lucrative in an economy inside ISIS-controlled territory that is going increasingly downhill. Ditto local taxation. While illicit oil sales may play an important role, they are also probably not as profitable as believed. Assuming they were filled to the brim, the 116 tanker trucks that U.S. planes destroyed on Monday may have contained a hundred barrels of crude each, oil that, at today's prices, ISIS would be lucky to sell for around \$30 a barrel. Thus, the damage to the Islamic State's "treasury" weighs in at a relatively minor \$350,000 or so.

Moreover, ISIS is by now a very large operation. Troop-size estimates start at

20,000 to 31,500 (figures put out by the C.I.A. in September 2014) and go as high as 200,000, although 100,000 seems more plausible. Fighters reportedly earn anywhere from \$350 a month to \$800 or more. These are very imprecise numbers, but at the very least they suggest an organization with a monthly budget in the tens of millions.

So the proceeds from a hundred-odd oil trucks doesn't explain how ISIS pays its bills. Nor does the speculation about ISIS's antiquity sales. So if Islamic State does not get the bulk of its funds from such sources, where does the money come from?

The Saudi Connection

The politically inconvenient answer is from the outside, i.e., from other parts of the Middle East where the oil fields are not marginal as they are in northern Syria and Iraq, but, rather, rich and productive; where refineries are state of the art, and where oil travels via pipeline instead of in trucks. It is also a market in which corruption is massive, financial controls are lax, and ideological sympathies for both ISIS and Al Qaeda run strong.

This means the Arab Gulf states of Kuwait, Qatar, the United Arab Emirates, and Saudi Arabia, countries with massive reserves of wealth despite a 50-percent plunge in oil prices. The Gulf states are politically autocratic, militantly Sunni, and, moreover, are caught in a painful ideological bind.

Worldwide, Sunnis outnumber Shi'ites by at least four to one. But among the eight nations ringing the Persian Gulf, the situation is reversed, with Shi'ites outnumbering Sunnis by nearly two to one. The more theocratic the world grows and theocracy is a trend not only in the Muslim world, but in India, Israel and even the U.S. if certain Republicans get their way the more sectarianism intensifies.

At its most basic, the Sunni-Shi'ite conflict is a war of succession among followers of Muhammad, who died in the Seventh Century. The more one side gains political control in the name of Islam, consequently, the more vulnerable it becomes to accusations from the other side that its claim to power is less than legitimate.

The Saudi royal family, which styles itself as the "custodian of the two holy mosques" of Mecca and Medina, is especially sensitive to such accusations, if only because its political position seems to be growing more and more precarious. This is why it has thrown itself into an anti-Shi'ite crusade from Yemen to Bahrain to Syria.

While the U.S., Britain and France condemn Bashar al-Assad as a dictator, that's

not why Sunni rebels are now fighting to overthrow him. They are doing so instead because, as an Alawite, a form of Shi'ism, he belongs to a branch of Islam that the petro-sheiks in Riyadh regard as a challenge to their very existence.

Civil war is rarely a moderating force, and as the struggle against Assad has intensified, power among the rebels has shifted to the most militant Sunni forces, up to and including Al Qaeda and its even more aggressive rival, ISIS.

In other words, the Islamic State is not homegrown and self-reliant, but a product and beneficiary of larger forces, essentially a proxy, paramilitary army of Gulf state sheiks. Evidence of broad regional support is abundant even if news outlets like *The New York Times* have done their best to ignore it. Some of the highlights of this money trail:

–In a 2009 diplomatic memo made public by Wikileaks, then-Secretary of State Hillary Clinton stated that “donors in Saudi Arabia constitute the most significant source of funding to Sunni terrorist groups worldwide.”

(On Thursday, in a hawkish speech to the Council on Foreign Relations, Clinton, now the frontrunner for the Democratic presidential nomination, focused on her plan for military escalation, including a U.S. invasion of Syria to “impose no-fly zones” and secure what she called a “safe area.” But she added a brief and exasperated reference to the financial reality, saying: “once and for all, the Saudis, the Qataris and others need to stop their citizens from directly funding extremist organizations as well as the schools and mosques around the world that have set too many young people on a path to radicalization.”)

–An August 2012 report by the Defense Intelligence Agency stating that Al Qaeda, Salafists, and the Muslim Brotherhood dominated the Syrian rebel movement and that their goal was to establish a “Salafist principality in eastern Syria” where Islamic State’s caliphate is now located.

–The *Times*’s own report two months earlier stating that the C.I.A. was working with the Muslim Brotherhood to channel Turkish-, Saudi- and Qatari-supplied arms to Sunni rebels in Syria.

–Vice President Joe Biden’s remarkable admission at Harvard’s Kennedy School in October 2014 that “the Saudis, the emirates, etc. were so determined to take down Assad and essentially have a proxy Sunni-Shia war [that] they poured hundreds of millions of dollars and tens of thousands of tons of military weapons into anyone who would fight against Assad except the people who were being supplied were Al Nusra and Al Qaeda.”

–A *Times* editorial just last month complaining that Saudis, Qataris and Kuwaitis

were continuing to channel donations to Islamic State.

–Finally, in a front-page article on Friday, the *Times* belatedly acknowledged the devastating DIA report, a mere six months after it was made public by the conservative watchdog group Judicial Watch. But even then, reporter Ian Fisher managed to leave out the most important part, which is that the Salafist stronghold that the Sunnis were seeking to establish is “exactly what the supporting powers to the opposition” i.e. the West, the Gulf states, and Turkey “want in order to isolate the Syrian regime.”

In asserting that there are “many strands of blame” in the ongoing debacle, Fisher managed to criticize everyone except his own paper.

Money Talks

Why is telling the truth so difficult? A big part of the answer is money. Because the U.S., France and other Western powers are dependent on the Gulf states for oil and see the Gulf states as an increasingly important market for high-tech weaponry.

Just last month, the Pentagon announced that it was selling to the Saudis up to four Littoral Combat Ships made by Lockheed for a total of \$11.25 billion, while last week it followed up with the news that it was selling the Saudis \$1.29 billion worth of smart bombs manufactured by Boeing and Raytheon to replace those the kingdom has dropped on Yemen as part of its crusade against the Shi'ite Houthis.

The U.S. thus supplies the Saudis with bombs with which to flatten Yemeni neighborhoods, generate more refugees and, in the process, strengthen “Al Qaeda in the Arabian Peninsula” so that the U.S. can then send in drones to take out a few Al Qaeda operatives.

Everyone makes out arms manufacturers, the Pentagon, Washington politicians like the Clintons who benefit from Saudi largesse, even Al Qaeda, which, while it may lose a few personnel, sees its power grow as a consequence.

Making too big a point about how money from Saudi Arabia and other Gulf states is flowing to groups responsible for the carnage in Paris would put at risk this mutual-benefit society. Jeopardizing this lucrative money cycle is something that Washington cannot bear to do, which is why the Obama administration prefers to make ISIS appear to be a self-supporting operation that can be crippled by such military actions as bombing a convoy of oil trucks.

While Europe explodes with xenophobia, the real issue is not the Arabs or Islam, but the “special” U.S.-Saudi relationship which may be even more sacrosanct than

the relationship with Israel. It is an alliance that demands of the U.S. that it see, hear and speak no evil about its major Arab partner. Hence, Washington must cover up the real cause of the horrors ranging from the World Trade Center to the Bataclan concert hall to the Syrian civil war.

As long as this U.S.-Saudi "special" relationship continues, the bodies will keep piling up.

Daniel Lazare is the author of several books including *The Frozen Republic: How the Constitution Is Paralyzing Democracy* (Harcourt Brace).
