



**DEFENSE FORUM FOUNDATION  
Defense and Foreign Policy Forum**

**“The Rising Threat to Democracy from Terrorist-  
Criminal Networks in South and Latin America and West  
Africa”**

**Welcome and Moderator:  
Suzanne Scholte,  
President,  
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**Speaker:  
Dr. Douglas Farah**

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## TRANSCRIPT

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SUZANNE SCHOLTE: Good afternoon, if I can have your attention. I'd like to welcome you to our Congressional Defense and Foreign Policy Forum. My name is Suzanne Scholte and I'm the president of the Defense Forum Foundation. And I want to acknowledge some of the special guests we have in the audience with us today. Dr. Jangwon Jo, Counsellor from the Embassy of the Republic of Korea; we also have Thomas Stoelzl, Counsellor from the Embassy of Austria; and then two people very dear and near to my heart, because they're on the Board of Directors of the Defense Forum Foundation – Ambassador Frank Ruddy; and our Vice-Chairman Ty McCoy.

And I also want to recognize from the Defense Forum Foundation staff, Henry Song – recording – and Mindy Kim our intern.

It's a very great honor for DFF to be hosting Dr. Douglas Farah today. And I know he was just testifying in Congress yesterday, so we're really glad to have him back here to be able to speak with us and also take questions about a very important topic.

He is an award-winning journalist who began his career as the UPI Bureau Chief in El Salvador, where he covered the civil war and the US-backed Contra rebels in Honduras. He won the Sigma Delta Chi Distinguished Service Award for Foreign Correspondents for the Washington Post series he did on right-wing death squads in El Salvador. In 1990 he moved to Bogota, Columbia to cover the exploding drug war in the Andean region as a Washington Post correspondent; working in Columbia, Venezuela, Ecuador and Bolivia, he chronicled the rise and fall of the Medellin cartel and its leader, Pablo Escobar. He also wrote extensively about the rise of the Cali cartel and the move by Columbian drug traffickers into heroine and the growing alliance between Columbian and Mexican drug mafias.

In 1992, the Washington Post hired him as a staff correspondent for Central America and the Caribbean, so he continued to cover the drug wars in Columbia, but also the 1994 U.S. occupation of Haiti, post-war Central America and the rise of drug trafficking and HIV/AIDS across the region. He travelled more than a dozen times to Cuba during that time to write about the changing revolution there. In 1995, he was awarded the Maria Moore Cabot Prize by Columbia University for outstanding coverage of Latin America. In 1997, he returned to Washington as an international investigative reporter covering the emergence of Russian organized crime groups in Latin America and the Caribbean, and the growth of Mexican drug cartels in the United States and drug related banks in the Caribbean. He was honored at that time, by another award from Johns Hopkins University for a Washington Post Magazine article on how the Cali cocaine cartel bought the 1994 presidential elections in Columbia.

In 2000, he became the West African Bureau Chief for the Washington Post and wrote extensively about the brutal civil wars in Sierra Leone and Liberia, and the interlocking networks of agents profiting from those conflicts and from the diamonds for weapons trade. He broke the story of al-Qaeda's ties to the diamond and weapons network, which is detailed in his book "Blood from Stones: The Secret Financial

Network of Terror”. These stories led to threats against his life and forced him and his family to be evacuated from West Africa. However, he continued to travel there and elsewhere in the world to report on the financial network of bin Laden. He also wrote with Stephen Braun, the book “The Merchant of Death”, about Russian arms dealer Victor Bout.

Currently, Dr. Farah is the president of IBI Consultants and the Senior Fellow at the International Assessment and Strategy Center. I can't imagine a more distinguished person with such an incredible background to address the topic that we're going to be discussing at this forum, the rising threat to democracy from these terrorist criminal links. Dr. Farah, it's a pleasure to introduce you, thank you.

DR. FARAH: Well thank you Suzanne and thanks to the Forum for having me today and thank you all today for coming. As you heard I spent a great deal of my time on the ground looking at things, and after I left the paper I've been fortunate to find work with the U.S. government and other private groups to continue that type of investigations. So what I'm going to talk about comes largely from field work and I'm not an academic by training, and I think one of the things we lack greatly in our world today and in how we approach and look at the multiple issues facing us is good field work. Newspapers certainly don't fund the type of reporting that I was able to do at the Washington Post for many years, and you see many other – our embassies and intelligence services are cut back greatly in these areas and I think simply understanding what's happening on the ground is one of the fundamental pieces we're often missing, particularly in areas that are not viewed as high priority as Latin America and West Africa – are currently not viewed now because we have certain other foreign policy issues going on that require a great deal of people's attention. And in that sort of situation many places get shunted aside because they're simply viewed as not important and I think we are now reaching the critical point, particularly in Latin America in the alliance of these different drug trafficking and terrorist organizations, in their differing alliances, the different type of alliances that should make us pause and wonder if we shouldn't begin to dedicate considerably more resources to looking at that phenomenon because it's very close to us and it's growing at an alarming rate.

One of the things and for those of you that work on the Hill and with the policy community, probably are aware of is that there are basically two camps at looking at what is happening in Latin America, particularly the Bolivarian revolution led by Hugo Chavez. There's one stream of thought that views it basically as an irritant, that the relationship with Iran is designed to sort of poke a finger in the eye of the United States, and nothing more, and then there's another strain of thought that essentially says they're building nukes in our backyard and we better wake up. I think there's sort of a third way, a little bit more complex and a little bit more multi-dimensional that points to a threat that is very real, very close, and not quite of the nature that we often hear about in dealing with this issue. I'd like to start by saying we need to sort of step back from what we traditionally see, and that is we all remember – and I'm sure certainly many people in this room who lived through the Cold War era and were deeply involved with some of those issues, when the world was a different place. You had the Soviet Union able to impose certain limits on its proxies, the United States was able to impose certain

limits on its proxies – in wars essentially revolved around ideology and where we and the Soviets wanted to be or not be and how we wanted to play that sort of global game out.

And the Cold War ended and we thought it would be a brave new world and we all talked about the democracy dividend and all of these wonderful things that were going to accrue in that era. And what immediately happened if you look across – well, two different things happened, one very good and one I think devastating. One was the rise of democracies in Latin America. You saw the surge of end of dictatorships, of true civil society taking root, freedom of the press blossoming, a whole host of activities taking place on the economic front that were unthinkable years before, and you see Latin America sort of taking off.

On the other side, particularly where I worked and where I can identify with is West Africa. We thought in the post-Cold War era that this would be a time of blossoming democracy and what we found there and in other parts of the world is that simply did not happen. We went from having wars based on ideology with superpowers and proxies that could control them to what became known in the academic literature as honey pot wars. If you could find the resource you could exploit, you can build a militia, you could control that resource, you could grow that militia and you could have a series of wars that could break out of the continent in ways that had not been seen before. What was different about these wars was that the level of cruelty, the level of violence, the level of extension of these wars was something that was not seen before because there was no longer an ‘or else’. If the United States wanted something to happen in West Africa, we could say to our allies ‘do this or else’. And the Soviets could say the same thing, ‘do this or else’. There is no ‘or else’ left anymore.

If you’re fighting over a diamond field as Charles Taylor and the Revolutionary United Front did in Sierra Leon, you embark on a campaign as he did on a systematic rape, amputation – which was their signature atrocity – the amputation of the arms, legs, ears, lips, of men, women and children, and you institute a rule of terror, there is no ‘or else’. Because you control the resource and there are people willing to deal with you for that resource. And as you control that resource you grow with that resource and it gives rise to people like the subject of my second book, Victor Bout, the Russian weapons trafficker who was able to deal with Charles Taylor in Liberia, both Mobuto and Kabila in the Democratic Republic of Congo, armed the UNITA rebels and the government of Angola, ultimately armed the Northern Alliance in Afghanistan, and then worked for the Taliban simultaneously, and when it all came crashing around our heads he flew great many missions for the United States and Afghanistan and Iraq, even though it was illegal to do so, because he had built an air fleet that made him indispensable to give the airlift that we needed in those particular areas.

So you see this sort of rapidly shifting world and if you look and one of the things that – as I was reading and living particularly in West Africa and reading the literature, there’s a lot of literature coming out on failed states, failed and failing states, ungovernable areas, and first I thought this is very interesting. And then as I was living through it on the ground I began to think this is essentially nonsense. There are -

Liberia was always at the head of the list of failed states. And I was going to Liberia a lot, Charles Taylor wanted to kill me so I had to leave. But I was spending a considerable amount of time there and it wasn't a failed state at all. It was state that did exactly what Charles Taylor wanted it to do. It didn't deliver the mail, it didn't build hospitals, it didn't pave roads, it didn't have a telephone system, it didn't have an electrical grid. Because Charles Taylor didn't care if it had that. It was very good at extracting diamonds, extracting gold, extracting timber, enriching him and his inner circle and controlling the environment around which those criminal activities had to take place, so he controlled the borders very well. So it wasn't a failed state at all, and I began thinking about all this talk about ungoverned spaces and the threat from ungoverned spaces. Any space I went to was governed. They were simply not governed by the government. There were many other alternative governing systems around the world and there are very few places in the world you could actually say are ungoverned. And this is one of the great misconceptions that have come out of the modern time looking at how we need to approach our national security, is that we are fixated on ungoverned spaces. And I think that they simply don't exist. We should be looking at how alternatively governed spaces work.

In that panorama what do you have happening now? What I've kept finding in working in West Africa and coming back to the region is that if you want to move 30 illegal Chinese immigrants, or 30 AK-47s, or 30 kilos of cocaine, you're going to go through essentially the same pipeline to get from point A across our border. If it's the Chinese, you will move to this border crossing in Columbia, and to Ecuador, across Central America. If you're moving AK-47s, they will move, following the same exact route. And if you're doing cocaine, it's the same exact route. You have a series of pipelines that can switch their operating environment or their geographical space when they need to, but essentially the same groups are relying on the same specific individuals and specific geographic areas to make things happen. And this is something that we don't really think about. We think that there are all these multiple organizations, and there are, and this is where it gets I think one of the problems we have in dealing with this – is it gets quite complex and you have to hold a sort of contradictory thoughts in your head at the same time which Alice in Wonderland said is a great thing to do.

You have both the ability of these groups to advance their agendas if they are either ideological groups like the Revolutionary Armed Forces of Columbia, the FARC started out as an ideological group, you have coming into that environment through the alliance with Iran with Venezuela with the Bolivar states, you have Iran and Hezbollah operating in that environment with a clear ideological and political agenda. And you have multiple criminal organizations like the Mexican drug trafficking organizations and many other small ones across the region. They're simply in it for the money. What do they have in common? They need each other for specific things to happen in specific places. And this is what I think is – if you look at particularly what's happening in Latin America, you have in 1998 the election of Hugo Chavez in Venezuela. Socialism for the 21<sup>st</sup> century. Nobody paid too much attention and he was off and running.

Unfortunately for the rest of the world, Chavez had access to one thing which was really important which was oil money. And as he began to find his way through his

governance period, he decided that one, he liked it, and wanted to stay as long as he could, and two – that he began to develop an ideology that was based seemingly contradictorily on an affinity for the Iranian Revolution. And one has to ask, where does this come from? How can you be a socialist of the 21<sup>st</sup> century enamored of the Iranian Revolution? And if you read what Chavez cites himself as his own best books, the books that most influenced him, you can trace this concept of the merging of radical Islamic thought with anti-globalization and the radical left, to Carlos the Jackal, the famous terrorist who's spending a life sentence in France for his activities, but he writes a fascinating series of books essentially saying we're all on the same side.

The United States is the enemy, and he writes a book in 2003 on bin Laden and 9/11, and essentially saying bin Laden finally figured out how to defeat the United States. Asymmetrical warfare of this type was not only valid, it was necessary. And he takes this and develops it, and it came out a few years ago, and Chavez then had to acknowledge it but he had been carrying on a series of correspondence, a warm, friendly correspondence, with Carlos the Jackal in prison. They write back and forth in seeing the future in each other's eyes, and it was published and acknowledged to be true. And then Chavez found another book, written by a Spanish ideologue who is not either Muslim or a military man, Jorge Verstrynge, 'La Guerra Periferica y Islam Revolucionaria' or "Peripheral Warfare and Revolutionary Islam: Origins, Rules and Ethics of Asymmetric Warfare". Little book that would have passed unnoticed into history, it's not very well written, it's kind of a mish-mash of many different things, largely based on Carlos the Jackal's writings and extrapolation from them. Except that Hugo Chavez found it, liked it, invited Mr. Verstrynge to Venezuela to give a series of international conferences on asymmetrical warfare, and eventually adopts this book as part of official Venezuelan military doctrine, has it printed as pocket-sized editions for his officers to carry around, not unlike Muamar Kaddafi's Green Book, they have to start memorizing it.

But the central thesis of the book is that the empire must be defeated, and that to do that we the oppressed nations of the world are entitled to weapons of mass destruction to do that. That's it in a nutshell, and the two heroes of the book are Carlos the Jackal for having conceptualized and merged racial Islam with Marxism, and the other hero is Osama bin Laden, for de-statizing terrorism, for showing that individual, small groups can do this, and also lauding Hezbollah, Hamas and other groups for the use of suicide bombers, which he calls the nuclear weapons of the poor, that this is a great thing – not that he would strap on a suicide vest himself, but it was a great thing because this is how you defeat the empire. So you have to take a little bit seriously the Bolivarian stated intention. And if you look at what Chavez did, he began funding other elected officials that were very closely allied to himself. Bolivia, you have Evo Morales elected. I used to interview him when he was the head of the Coca Farmer's Federation, because he was one of the key players; he has a deep dislike of the United States, views the DEA as sort of the embodiment of all things evil, and eventually throws the DEA out etc. In Ecuador he backed Rafael Correa, who is the current president, and in Nicaragua he funds very heavily the return of Daniel Ortega from the Sandinista era.

What all of these people have in common, what all these leaders have in common, is the desire to radically remake their countries. They view themselves as the avant-garde of the revolution, the cutting edge of the revolution coming to Latin America. All of which may be fine and good, because there's no question the traditional political structures had become incredibly corrupted in Latin America, there had been a series of multiple problems with the emerging of the neo liberal model, distribution of wealth, etc. And there was a lot of hope in the early days that the Bolivarian revolution would become something that would become an answer to this, a response to this, in a rational and responsible way. Instead what has happened over time, and you can read the testimony from yesterday and I know there are multiple publications I've written on this - you've had the rapid criminalization of these states. I don't think it's an ideological thing. I think it is purely a matter of criminal behavior and functioning criminal enterprise.

If you look at the closest people to Chavez, in his government now designated by our own Treasury Department for their criminal behavior - the three heads of intelligence, the head of the military, every major people could be designated, deeply involved in drug trafficking. Rafael Correa, there's now substantial evidence his campaign received hundreds of thousands of dollars from FARC, in ways that he knew about, and if you read closely in 2008, March 1<sup>st</sup>, the second in command of FARC was killed, the first major FARC commander, their secretariat, killed in 45 years of combat - a rather extraordinary event - and they found his computer and his hard drive and they've done extensive analysis and it's clear in there because they kept as good Marxists do, everything they wrote, all stashed away in a readable archive, there was extensive correspondence between the super minister of internal/external security in Ecuador, his deputy, and the FARC commander over how they were going to reorganize the border to make it more friendly to the FARC etc. etc. You have Chavez's deep involvement in this.

And then you have Evo Morales who comes out of the coca culture, growing coca for most of his life, he ran on a platform of essentially legalizing the cultivation of coca which is the raw material for cocaine, and if you look now just a few months ago, his head of counternarcotics police was arrested in a sting in Panama with several hundred kilos of cocaine he was bringing into the United States - the DEA set up a sting with the Chileans because they're not allowed to operate in Bolivia - he's now just cut a deal in Miami in federal court, plea-bargained out and will be cooperating extensively and the information he is providing on internal corruption of the Bolivian government, of the Morales administration is really astonishing. I think it goes to the degree more than any of us thought, even to those who thought of the worst case scenario.

Into all of this, what do you have? The other element you have on top of this that is new and different is the emergence of Iran. Iran has no cultural ties to the region, no business affinity, nothing that ties it to the region. And yet as I said earlier you have this interesting accommodation of socialism of the 21<sup>st</sup> century with radical Shia Islamism. Why? It goes back to conceptualization of the 1979 Iranian Revolution. They view that as a divine act of God, as a divine intervention to defeat the United States, and it's a religious, theological proposition for them. For the Bolivarians, it is simply a strategic model on how to defeat the empire. The Iranians did it well, and they can do it again

and then that's the blueprint, the model for defeating the United States. Iran wants multiple things out of the arrangement of course, primarily they want to have a series of countries that will recognize them and break their international isolation which they've been very successful in doing – they've opened 8 embassies in Latin America in the last three years – not a bad start. They want to have access to strategic minerals and I think they really want to be able to move themselves into a position to train people; they want to recruit people from Central America through Venezuela and then out to Iran for their special intelligence training. I've talked to numerous people from different countries and essentially Iran is positioning itself to be able to retaliate against the United States if Israel or the United States attacks their nuclear program. And if you look at how they're doing what they're doing, how they're operating, it's fairly clear it's something that's quite important to them. Iran doesn't have a whole lot of extra cash these days, Venezuela doesn't have a whole lot of extra cash these days and yet they are spending an enormous amount of resources on specific projects across the region.

If you look at Chavez' relationship with the FARC, it's very similar to Hezbollah's relationship with Iran. It's essentially a state proxy for state action they want to have done but they don't want to take themselves necessarily. And into this mix you have this book which is the ideal model for doing what they did as Hezbollah; for the first time six months ago Colombian forces found this book in FARC camps they raided showing that this concept is being passed onto the FARC. What recently retired FARC leaders told me when I was in Columbia not too long ago was that Marulanda, the traditional head, the commander in chief of FARC for the last 20 years, who died recently in 2008 had very much resisted this push by Chavez to make an alliance with Hezbollah; he viewed himself as a Marxist and didn't like this other extraneous influences coming in. He was a campesino, a peasant who had never left Columbia; he fought since 1964, 44 years of combat, and then died in the bush of a heart attack. The new generation, because they're getting creamed by the Colombian forces and because they're suffering a series of setbacks and because they have a different mindset, very much more open to this. So what you see now, we used to call it anecdotal evidence – there were stories here and there of different types of alliances being formed across the region. Nothing that you could say 'I know this to be true', you could suspect it, you could think of as probably true, but recently you see a whole series of now public cases being prosecuted in U.S. courts, that show very clearly that this alliance has already taken place, there's a series of deals that have been done, that are now public, and you can point now and you can say, 'in this particular case this is how it worked.' And it goes from Latin America to West Africa to Europe to the United States.

The main case I've been looking at a lot of, it remains classified because a part of it is on-going, - it's 'Operation Titan' - it was announced by the Columbians to the dismay of the United States because they thought they weren't going to announce anything but the Colombian Attorney-General got so excited and she couldn't help herself – they busted a whole network operation out of Bogota, where for the first time you had Hezbollah operatives buying FARC cocaine, directly in Columbia, and transferring the cocaine to West Africa to move up to Europe, and then from there the money was being funneled back through series of front companies to Hezbollah – a chunk of the money was going back to Hezbollah – being laundered through a series of



businesses in West Africa, mostly used-car businesses, which the Lebanese expatriate community controls a great deal of; other high-cash volume companies you could launder a lot of money through, and ending back in Lebanon. That was one of those really 'aha!' moments.

And then we've been worried, as West Africa goes through this transformation into a major transit route, because the European market is much more lucrative now than the U.S. market, and Chavez has essentially given up control of Venezuela to drug-trafficking organizations, every major drug shipment caught in West Africa have all originated in Venezuela. I doubt that that's coincidence myself.

But they did an operation in 2010 and the indictment was unsealed in July 2010, where the DEA had set up a sting operation with the help of the head of the Liberian National Security Forces who happens to be the son of the president. He was approached by drug traffickers who wanted to start routing stuff through Liberia. He went to the DEA and said 'what do I do?' and they said 'go with it'. So they were able to take the entire multiple transactions. And at the end of the day when they closed it down, they arrested a Columbian, a Russian, and three West Africans. There was one load of 4000 kilos that was supposed to leave Venezuela, and this guy was supposed to be paid off for allowing it to pass through, another one at 1500 kilos was coming through Panama, Venezuela, West Africa, and a third load of 500 kilos was supposed to come by ship, not by aircraft.

The DEA had set this up themselves, their informants were acting as if they were the FARC, and these people were perfectly happy to deal with the FARC, they did that because the FARC is already on the ground there along with the Sinaloa Cartel, and what they set up was to transport the drugs when they arrived through people who were representing al-Qaeda in the Islamic Maghreb, the AQIM, the resident al-Qaeda franchise in West Africa. Not a very big group, it's caused a lot of damage through kidnapping, primarily of western European citizens in the region, but their primary goal is to overthrow the Algerian government, but they have broader ambitions and they were going to charge \$2000 per kilo for moving this dope across the Sahel region to Europe for them. What the U.S. intelligence community traditionally estimated is that AQIM's operating budget annually is about \$8 million, as they get from kidnappings and from other multiple criminal activities they do, and the other support they get. Any one of these transactions going through would have doubled their operational budget for that year, or more. So, you're talking about suddenly orders of magnitude difference – that's chump change for the narcos. \$10 million is not much for narcos, but if you look at how small armed groups operate, sudden infusion doubling your financial capacity will radically transform your ability to operate. And they got paid off in 2008, a large kidnapping case – the Germans ended up paying them about \$3 million and immediately you saw their operation capacity explode and they began marrying into local Tuareg villages to become family members so they'd be protected by the village members etc. etc. – a whole series of things they were doing, building clinics, building hospitals, you can only imagine the doubling, the tripling, the quadrupling of their annual income – what that would do. But it showed clearly their willingness to work across borders.

We think in our minds that Marxists will deal with Marxists, Sunnis will deal with Sunnis, and Shia will deal with Shia, and never the multiple factors shall meet. And essentially, that's nonsense. One of the great misconceptions prior to 9/11 and that endures still, is that these groups all sort of tend to their own lane. But if you look at Hezbollah it has been more than willing through many years to work with Sunni groups; with al-Qaeda when they were in Sudan, they worked across the board.

One of my most illuminating correspondence was when I went to the Democratic Republic of Congo after 9/11 – I was looking at the Hezbollah diamond trade which they are very much involved in, I had written about al-Qaeda involvement in West Africa through Hezbollah operatives – and so I went to see – and you know, newspapers used to have old guys who've been there for 30 years, sort of your fixers, Post still had one – I said I want to talk to the main Hezbollah diamond guy, and he said 'okay' so he takes me to this little office and we go up and knock on the door, and the guy comes out and I said "I'd like to talk with you" and he said 'can you wait just a minute, I'm with someone else but I'd be glad to talk with you'. Sitting there eventually someone else emerges from his office and he sits down and starts talking to me in very heavily accented English, asking what I'm doing there. Finally I said 'look, I'm sorry but this is a terribly rude question, but I can't help but notice that you seem to have a very thick Israeli accent.' And he went very angry and he said 'what intelligence service do you work for' and I just said 'I'm just curious because I thought I was visiting the Hezbollah guy and you seem to be Israeli and I find that somewhat confusing.' And he said, 'look, you don't understand, the war's over there, business is here; don't ever ask anyone where they're buying their products from, or they will kill you.' And I said 'okay that's good to know, thank you very much sir'. [LAUGHTER] On to the next question!

And a similar case not too long after that, it was an eye-opening experience to how trans-national these groups had already become and we're already talking 2002, 2003. There was a series of weapons purchases being routed through Charles Taylor in West Africa which I had the documents on. I had the purchase orders and the faxes as they arrived. But they were coming from a Russian organization, a Russian weapons dealer in Guatemala, and then being passed through to Nicaragua, and they were buying a series of weapons that were never used before in West African wars. And so clearly the ultimate destination was not Liberia. And in all of this, one of the guys that emerged was one of my diamond guys. A Hezbollah operative by his own admission. Aziz Nasur. For some reason we always kept in touch and he always liked to talk to me no matter how mad he was at me. And I came across the fact that he was buying weapons from a guy named Simon Yelnick in Panama. So I said, 'look Aziz, I'm a little confused here because you're Hezbollah, and he's clearly a retired Israeli military, a lieutenant-colonel – what are you doing with Simon Yelnick?' And he says, 'Simon? What's the matter with that? You don't understand – when Mobuto was in power I did Mobuto's diamonds and Simon did his security so I know Simon. So people want weapons and I think who knows weapons? Ah, Simon knows weapons!'. So he goes and asks Simon for the weapons. To him there was no – we would think 'okay Hezbollah would never do that', right? – Or the Israeli, retired Israeli military would never do that – nonsense, absolute nonsense.

So the idea that FARC or Hezbollah won't deal with each other or that there's these huge ideological differences that matter to them on the ground, I think it's ultimately one of the most dangerous preconceptions we have going into looking at how the world operates.

So essentially you have this greatly expanded pipeline able to move multiple products across the region and they can get across our border tens of thousands of times every day. Their delivery record is probably better than UPS or Fed-Ex. You put the 30 AKs in Venezuela, they're going to come across our border. Or the 30 kilos of cocaine. That's just how good they are. So these different groups emerge and want to use that pipeline. We should become much more concerned about what that pipeline actually is and what's in it.

I see I've run out of time, so I'll be glad to take some questions and answers if you have any. Otherwise I can just keep talking. Yes sir.

Q: "You mentioned pipelines – are there competing pipelines, is there someone who dominates [unintelligible] or are there different pipelines for different commodities?"

DR. FARAH: I think both. I think there are sort of super pipelines and if you look at how particularly the Sinaloa Cartel and the FARC have worked out, essentially what helps a great deal is to have lived through the civil war experience of Central America because many of the players now are from the former armed groups of the revolution, they use the exact same routes for weapons smuggling as during the wars. Or document fraud during the wars. So there was a network that was never dismantled, and I think one of the main sort of historic misunderstanding is when the peace accords were signed in Central America that that would bring peace. There was no effort to get at the underlying structure. So yes, the FARC if you look at how they move with the Sinaloa Cartel they move through the Nicaraguan Sandinista structure that goes through El Salvador, to Guatemala and across into Mexico. So that's one of the super pipelines you can identify and know how it works. There are many other little feeder pipelines that get into this. And one of the things we need to think about or need to understand is to look at the level of violence that surrounds these pipelines. In many places Central America doesn't have much except for illegal immigrants that are put into the pipelines. They don't produce cocaine, they don't have a lot of stuff. And the violence you see is around that geographical space because that space is worth money. If you control that space you get paid. So a lot of the violence even though there's no product involved is over the physical control of that space.

Q: "A lot of people speak of the Cuban-ization of Latin America via Chavez, and you also said a lot of these people that have been brought to power by Chavez are already gangsters than ideologues. And [unintelligible] while those two theories have kind of been floating around, what difference if any will this illness that Chavez has, apparently has gotten a form of colon cancer I guess – but if he's no longer an actor, what difference if any will that make in what's going on in Latin America?"

DR. FARAH: I think the Cuban-ization is a function of utility in many cases. What's different in Bolivia and Ecuador is, they believe for years, they have cocaine dictatorships and all kinds of crazy people running the countries over time, and none of them could put together a decent internal security apparatus. What the Cubans have done is come in and say 'okay wait a minute, you want to control votes, we'll run your electoral registry for you which they do in those countries. You want internal intelligence and coherent strategy, we will do that for you so it's very useful to these people without an ideological component to have the Cubans doing certain specific tasks that they do. Chavez clearly views Fidel as his father, he said this many times, as his father figure.

One of the things I think Chavez has done incredibly well that's different now from what it was maybe three years ago, was realize that he had to become indispensable not in Venezuela but to the outside world. So you see a series of transactions particularly in oil with the Chinese, weapons with the Russians and other multiple activities with the Iranians. If these countries were to know that Chavez were to disappear, the next government will rip those contracts to shreds. He took 20 billion dollars to the Chinese that he will repay in oil over the next 10 years at an average price of \$18 per barrel. You think the next government is going to think that was a good deal? No. He has six or eight billion dollar line of credit with Russia to buy their weapons. They know that those contracts will be null and void if Chavez were to disappear. So I think one of the really interesting things that he's done is make the outside world – before three or four years ago the Chinese didn't care if he was there or not, it was all indifferent to them; whoever came, they could deal with. The Russians weren't vested in Chavez, now they are. You now have a different set of circumstances internationally where you have Chavez is almost too big to fail, and if he were to fail they would like to have a continuation of someone of his like for their own commercial purposes. Which is different from what it was not very long ago when nobody really – there were very few countries that really cared if that model carried on, as long as they could still do business with them. Yes Sir.

Q: "I read once that a British foreign minister [unintelligible] briefed them on some activity by Iran of missiles that had a few thousand miles range. Does Venezuela have sites to put missiles like that, and if so are we potentially looking at a Venezuelan missile crisis in six months, twelve months, eighteen months?"

DR. FARAH: The honest answer is I don't know – there are many reports that they do have missile sites – I don't have anyone that I know and trust telling me that's in fact true. On the other hand I think if you – one of the really interesting things – if you look at how Iran behaves, they'll go in a country and promise multiple things. They always promise a milk factory, they promise a bus factory, they promise a whole bunch of different things – they promise a cement factory, and they only do the same, they only complete a fraction and they're always the same venues that they focus on. One of the things they always ask for is a dedicated shipping line. So I have the memorandum of understanding between Ecuador and Iran to establish a line but there's no commerce that justify a dedicated shipping line; besides, you have to go through the Panama Canal – I mean, it's nonsense. But they have a dedicated shipping line with Venezuela and

they have those weekly flights that have become somewhat famous – they move all kinds of goods.

So I think the ability to move on a state-to-state level means that you can't rule out any possibility because when those ships and when those flights arrive weekly from Damascus via Tehran into Caracas, they're unloaded by diplomats at the airport, normal ground crews don't unload them, the people don't pass through immigration, there's no customs record of who comes and goes, and so it's essentially a great black hole. And ships are even bigger, right? There are three ships that go back and forth between Iranian ports and Caracas ports. If you look at one of the things I was doing in U.S. government job that I found very interesting – I was trying to look at what was anomalous about what they're saying. One of the things we found, Iran was supposedly importing vast quantities from one particular country, was banana pulp. And I thought, banana pulp, that's very interesting. What do you use banana pulp for? Well, essentially the main use for banana pulp is for pig feed. And what Iran doesn't have is a lot of pigs. And so you have to wonder what is in those banana pulp crates? But I don't think we have spent nearly enough time thinking of those things which means that essentially if you're going government-to-government and both governments agree there's no inspection and you know what's in there, it becomes essentially not illegal right? There's no risk factor and you can pretty much move anything. And I think that, with or without the specifics of what they're doing, the potential is there for a lot of things to happen that we are pretty much blind to. Yes sir.

Q: [unintelligible] taking into account this connection between Marxists and Islamic revolutions going with Chavez and [unintelligible] and if not how is this new framework [unintelligible].

DR. FARAH: Well I think they don't because it's very difficult to have time to sit down and read through the Jackal's wirings and read through Verstrynge's book and track them down and figure out what they say in common. And so I think basically that led to the flawed analysis that what Iran is doing there is to irritate the United States, that's our conception of the relationship – they both want to piss us off. So, they both mess around together and pretend to have a good time, but there's nothing of substance there. I think that the level of unwarranted activity in a strictly commercial sense, what legal activity is versus what they're actually shipping back and forth, the discrepancy's enormous, so you should think, 'okay why is that?' What is there? Why do the Iranians – why did the Economic Development Bank of Iran, sanctioned by the United States, offered a deposit of 120 million dollars in Ecuador's Central Bank? And why did Ecuador sign a memorandum of understanding saying that this would be a good thing, that they'd be happy for the money? Well, when it became public and there was a big debate, the head of the Central Bank said it was to foment commercial activity between the two countries. The maximum commercial activity – bilateral trade those two countries ever had was 1.2 million dollars once. Usually it's zero, one year it got up to \$500,000, one year it got up to 1.2 million – I guess there was a lot of banana pulp exported that year or something. So it's grossly disproportionate to what's out there.

So to understand it, if you look at it not as an attempt to irritate the United States, but as a strategic alliance fundamentally based on a shared understanding of how to defeat the United States with the express intention by both governments or by the Bolivarian governments writ large in conjunction and the Iranians to inflict great damage on the United States, I think it gives you a coherent framework to try to understand what they are doing, instead of – it's much more difficult to be dismissive of it if you read what they actually say and take them seriously. I keep thinking about the great CNN interview with Osama bin Laden in 1996 when he said 'we're going to come and attack you', and we said 'ha-ha that's great, come on down!' and that's basically our attitude toward Venezuela right now.

They say 'we are going to build a nuclear village with Iran and have a fully functional system within 5 years' and we say, 'yeah good luck buddy, what a moron, who would ever do that?'. The fact that they signed an agreement with the same Russian nuclear facility builder as the one building Iran's nuclear facility doesn't seem to matter to us. Ecuador has signed the same thing; they've sent 50 scientists to Russia to train them how to run these things. Now, will it be in 5 years? Probably not – they're not the best, brightest and the most efficient folks, but a few years ago Chavez said 'we're going to arm 500,000 person militia that will make it impossible to overthrow me.' And we were like, 'yeah right' – what does he have today? 700,000. He gets there, eventually.

So I think you have to take seriously what they say, and it has puzzled me until I started reading into this stuff: what was this sort of deep affinity – one of my Venezuelan friends told me a long time ago, don't worry about Iran and Venezuela; he said it won't last. And I said why, and he said, because when Iranian officials come into a ministry, a government building, not only do all the women in the office have to leave, all the women in the building have to leave, because they're not properly attired, and Chavez had accepted to throw all the women out and women exercise a great deal of power in Venezuela, and he said the women will kick their ass, they won't last very long, don't worry about it. Well that clearly did not happen; that's how culturally different they are, there's no affinity there, unless you get at that there's more than passing relationship of irritation to the United States.

All right, well thank you very much – one more final question.

Q: Do you get a sense the intelligence community is tracking this, trying to find out what's in the crates, creating charts that show what the relationships are, between different people on which ships, sort of map a roadmap of what's going on?

DR. FARRAH: I think our traditional intelligence capacity in Latin America has been woefully diminished because of the other commitments we have around; if you look at SOC SOUTH, half of their people are in Afghanistan, and I'm sure with the agencies and others it's the same. My sense is that we don't know, and because of the multiple other problems we have there's a very strong aversion to trying to identify another problem center. We don't want that. We really want to avoid having to do that. My sense is that, and I've done a fair amount of work on this for the US government – no, we don't know very much about it. But what's more worrisome is that we don't really seem to care that

we don't know much about it. If we decided we really wanted to do it, we could figure it out. If I can figure this out in bits and pieces through my own network, I'm sure we can do a lot more fairly easily and at relatively low cost. But we have not yet reached that point. And another thing is there's good reporting on Hezbollah and Paraguay. There's little bit of reporting on Hezbollah and Chile. There's nobody sitting back and saying 'if you look at all of these, wow, that's pretty alarming', or the Iranian activities – you say 'well okay, the Iranians offered this in Ecuador'. One little cable off by itself, and eventually all of these activities by the same actors doing the same thing maybe we should be worried and that's what we're not doing right now. Okay, thank you very much. [APPLAUSE]

SUZANNE SCHOLTE: That was a tremendous presentation, thank you very much, and thank you all for being here. We're sorting out a date for our next forum – the former President of Spain Jose Maria Aznar has agreed to speak at our next forum on the work to basically talk about the global fight over democratic values and we're looking for a date in September, October when Congress is in session and he's able to speak before the next forum. But thank you again for being here, thank you Dr. Farah, for the presentation today.

[END]