

Criminals Militias and Insurgents Organized Crime in Iraq

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Introduction

- Appreciation to SSI – Professor Douglas Lovelace and Dr. Steven Metz for the opportunity and support – encouraged an open academic approach
- Collegiality of SSI colleagues and GSPIA
- Thanks to the CLAI – Ray Marin
- Thanks to Dr William Rosenau and Dr John Picarelli

OVERVIEW

- Quiz
- The Rise of Organized Crime in Iraq
- Dimensions of Organized Crime in Iraq
- Criminal-Insurgent Cooperation
- The Slippery Criminal Slope
- Causes of Strategic Surprise in Iraq
- Intelligence and Military Contingencies

Fill in the blanks

- Organized crime in the “...” centers on drug trafficking and the related problem of gang violence and firearms use” (Janes)
- Feature of “...” organized crime is involvement of individuals with a paramilitary background.
- Younger criminals more violent

Fill in the blanks

- Organized crime in the **Republic of Ireland** centers on drug trafficking and the related problem of gang violence and firearms use”
- Feature of **Irish** organized crime is involvement of individuals with a paramilitary background.
- Younger criminals more violent

Fill in the blanks (2)

- Three kinds of criminal organizations operating in “...” have been identified as follows:
 - Hierarchical
 - Hermit crab like (front companies)
 - Networked organizations
- “...” is facing a massive upsurge of organized crime as a result of economic liberalization, urbanization and a huge migrant population

Fill in the blanks (2)

- Three kinds of criminal organizations operating in **China** have been identified as follows:
 - Hierarchical
 - Hermit crab like (front companies)
 - Networked organizations
- **China** is facing a massive upsurge of organized crime as a result of economic liberalization, urbanization and a huge migrant population

Fill in the blanks (3)

- Journal article in Europe-Asian Studies - The State Under Siege: The drug trade and organized crime in “...”
- “Organized crime has the potential to severely damage the “...” state’s legitimacy both domestically and in the international arena.”
- “Ties to drug trafficking are endemic in the state structures of “...”

Fill in the blanks (3)

- Journal article in Europe-Asian Studies - The State Under Siege: The drug trade and organized crime in **Tajikistan**
- “Organized crime has the potential to severely damage the **Tajik** state’s legitimacy both domestically and in the international arena.”
- “Ties to drug trafficking are endemic in the state structures of **Tajikistan**

Fill in the blanks (4)

- Organized crime in “.....” is characterized by:
 - Extensive use of kidnappings
 - Clashes among rival groups
 - Corruption in the oil industry
 - Bank robberies
 - Extortion
 - Heavily armed criminal organizations
- Government military clashes with criminals

Fill in the blanks (4)

- Organized crime in “Mexico” is characterized by:
 - Extensive use of kidnappings
 - Clashes among rival groups
 - Corruption in the oil industry
 - Bank robberies
 - Extortion
 - Heavily armed criminal organizations
- Government military clashes with criminals

Fill in the blanks (5)

- Organized crime in “...” is characterized by:
 - Extensive use of kidnappings
 - Clashes among rival groups
 - Corruption in the oil industry
 - Bank robberies
 - Extortion
 - Heavily armed criminal organizations
- Government military clashes with criminals

Fill in the blanks (5)

- Organized crime in “Iraq” is characterized by:
 - Extensive use of kidnappings
 - Clashes among rival groups
 - Corruption in the oil industry
 - Bank robberies
 - Extortion
 - Heavily armed criminal organizations
- Government military clashes with criminals

- Organized crime and corruption in Iraq are far from unique, they exist there in highly concentrated forms. - major impact on stability and reconstruction effort
- Conflict and crime dynamics remain little understood but increasingly connected
- Seen a variation on this in Afghanistan – substitute opium for oil

Iraq – similarities

- Parallels between Iraq and Albania – state collapse in 1997
- Parallels with Russia
- Parallels – Odessa and Basra
- Parallels – Niger Delta and Basra
- Overtones of organized crime in Chicago and gang warfare in Los Angeles
- Particularly virulent form

Rise of organized crime in Iraq

- Often a characteristic of dictatorships but controlled by political elite
- Saddam as the Godfather -becoming more brittle – Saddam used tribes
- Circumvention of sanctions
 - Protocols for oil smuggling – Jordan, Syria, Egypt and Turkey – earned \$10.99 billion
 - OFF program – kickbacks and surcharges

- Criminalizing impact of sanctions -Andreas
 - Developed collusive relations with smugglers
 - Elevated role of organized crime
 - Established regional criminal networks – transnational social capital
 - Expansion of underground economy (65%)
- Power of state dominated organized crime
- Then – state collapse

Collapse of the state

- Release of 100,000 prisoners by Saddam
- Power vacuum created opportunity space for organized crime
- Theft of copper from pylons
- Coalition forces allowed looting – (British in Basra) contributed to culture of lawlessness.
- UNODC report - Summer 2003 - prescient

Anomie, Looting, and Lawlessness

- Degeneration of norms/standards
- Failure to stop the looting
- a culture of lawlessness
- Pervasive corruption



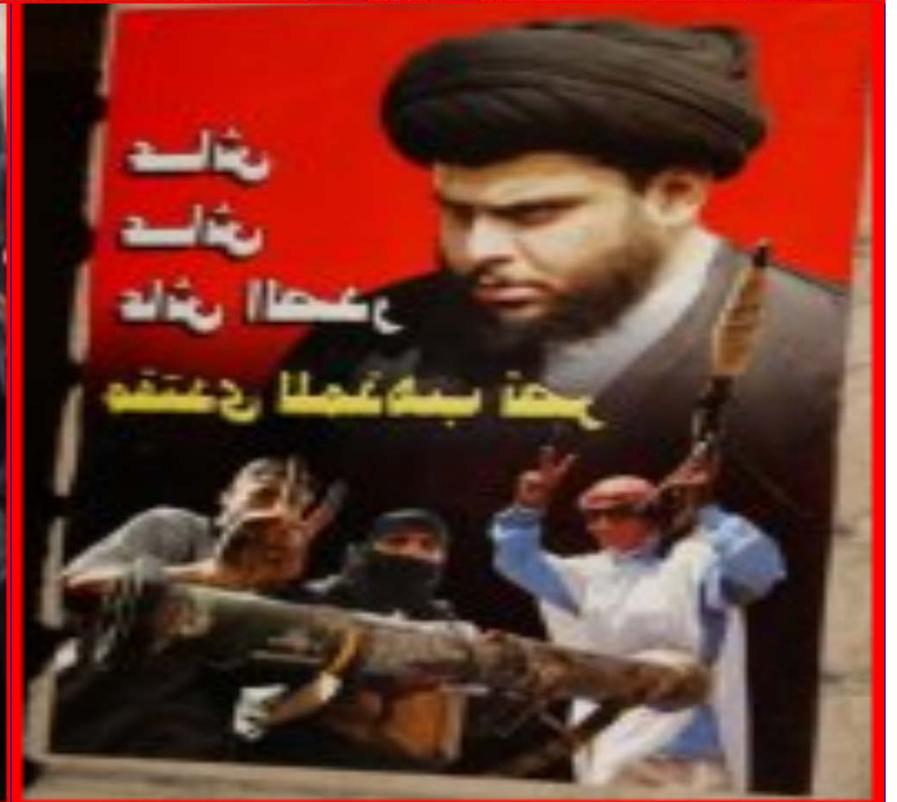
- High levels of unemployment
- Limited opportunities in legal economy – people migrate to the illegal
- Insurgents, AQI, and criminals operated in same space – overlap and intersect
- Insurgency funding: FREs then charities and couriers to self-financing through crime.

First Wave of Organized Crime in Iraq

- In fact many activities seen as about terror or insurgency had more to do with organized crime
- Major activities include
 - Eviction of Sunnis by Mahdi Army – financial
 - Kidnapping – extensive activity and targets
 - Oil Smuggling – some pipeline attacks designed to ensure tanker trucks operate

Second Wave of Organized Crime in Iraq

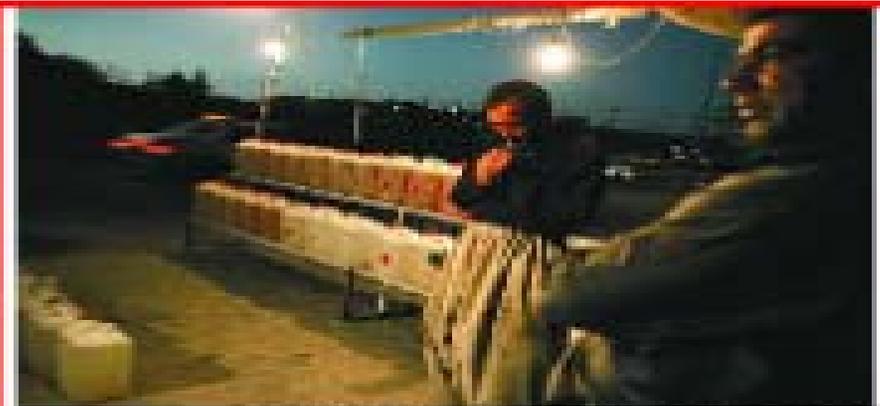
- All players in Iraq engaged in organized crime activities
- Appropriation of criminal methods for political-military fundraising
- Militias – Jaish-al-Mahdi
- AQI – all sorts of criminal activity (Madrid)
- Sunni Tribes – various opportunists



Price Check: Black-Market Cooking Fuel

October's Data Show National Disparities in Prices, Trends

11/01/2007 09:00 AM ET



CHERYL DIAZ MEYER/DMN

Fuad Hamad Rashid (left) and Assi Sediq sell gasoline, diesel and kerosene on a major route in Sulaymaniyah, Iraq. Vendors sell fuel that comes from as far as Turkmenistan and as close as 'teapot' refineries run by individuals.

Anbari Trucks, Mahdi Guns, & High-Volume Trade

Do Changes at Crucial Wholesale Market Point to a Deal with Feared Militia?

10/02/2007 09:00 AM ET



Dimensions of Organized Crime in Iraq

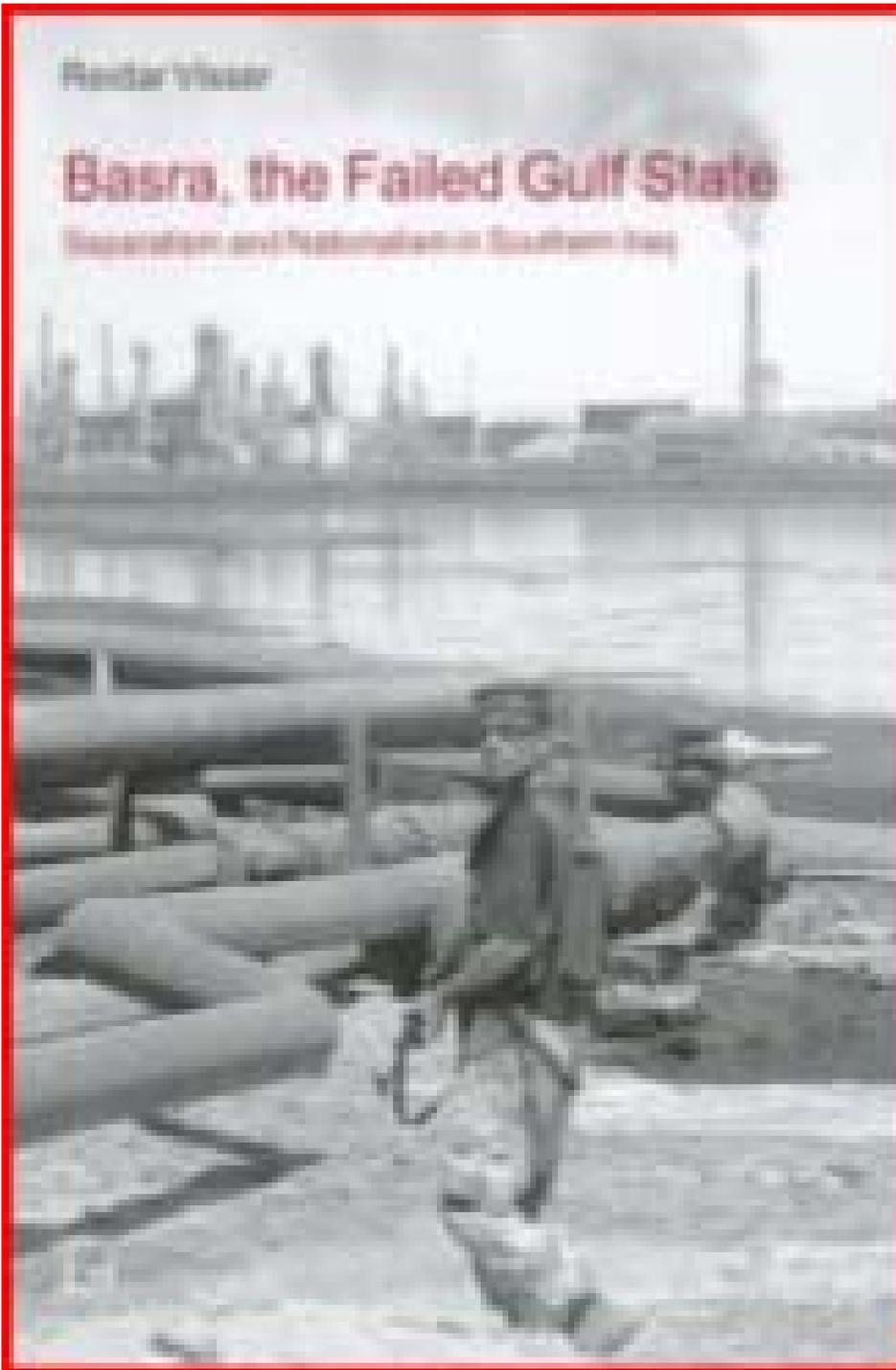
- 3 major activities:
 - Theft diversion and Smuggling of Oil
 - Kidnapping
 - Extortion
- Additional activities:
 - drug trafficking and bank robberies
 - antiquities, women, cars,
 - corruption schemes – close links between organized crime and political elites

Theft Diversion and Smuggling of Oil and Refined Products

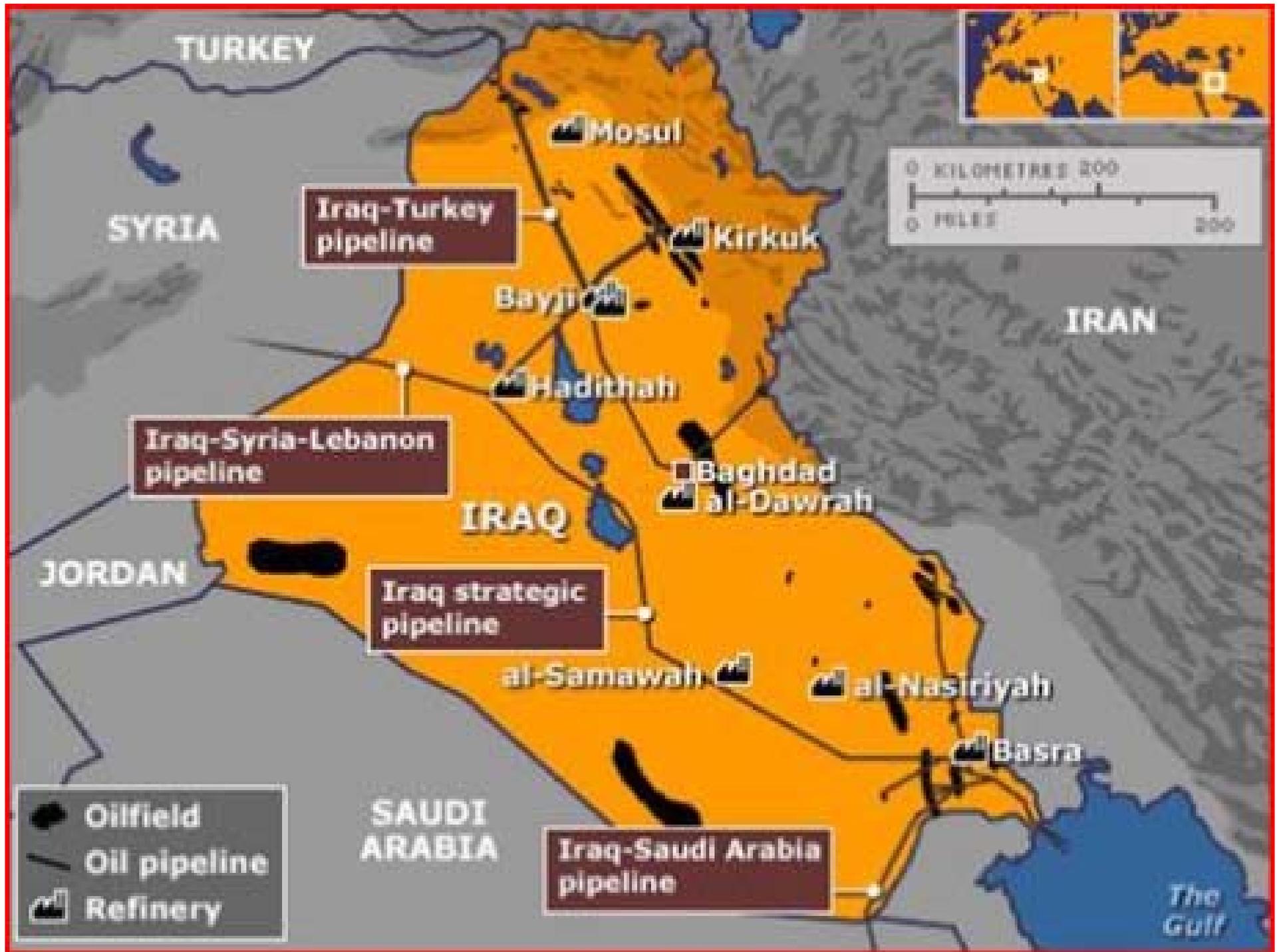
- Built on sanctions-busting 3 dimensions
- Crude oil production – official figures suggest that miss 100,000 to 300,000 barrels per day (\$5-15 Million)
- Theft and poor oversight at Bayji oil refinery
- Imported products diverted and sold on black market or re-exported







- Fight for control in Basra over oil
 - Fadhila Party
 - Badr Organization
 - Mahdi Army
- Fight for taxing of illegal oil revenues
- Similar to some of resource wars in Africa



Fuel truck staging at Habur border gate



Fuel truck staging at Habur border gate



- Problem of gauges and instruments for measurement
- Steal from pipelines – tapped
- Internal black market in gasoline – higher than official prices – so Mahdi Army presence at lots of gas stations
- Lots of smuggling from Basra
- Reduced by Charge of the Knights

Kidnapping

- Ideal crime
 - Generate fear and highlight inability of government to provide security,
 - High financial payoff - Iraq
 - Sow dissension in Coalition
- Sometimes crime dressed as politics
 - Philippine government
 - Kidnapping group video – increase ransom

Kidnapping

- Most economic kidnapping is about Iraqis
- Started with:
 - Children of upper middle class
 - Merchants
 - Doctors
 - Professors
- From outrageous demands to accept realistic payments (10%) - pragmatic

Iraq: Child kidnapping escalates

Thousands of child kidnapping incidents have been filed since 9 April, 2003. Kidnapping was a rarely committed crime in Iraq before the occupation.

The London based Iraqi newspaper Azzaman said Saturday that ten children including an infant had been kidnapped in the past two weeks, in the south eastern Iraqi city of al-Amara.

Kidnappers usually ask families of the kidnapped children for a ransom if they want to see their sons and daughters returned. The kidnapped children are regularly kept in deserted or half-built houses in the city's suburbs.



Kidnapped children may get killed after the ransom is paid

Incipient Genocide



*The Ethnic
Cleansing of
the Assyrians
of Iraq*



- High profile kidnapping of foreigners from April 2004 – some about message
- Kidnapping gangs sold victims to jihadis
- Profits were significant and beheadings were counter-productive
- Kidnappings linked to assassinations - bodies dropped where picked up
- Sometimes linked to stolen cars

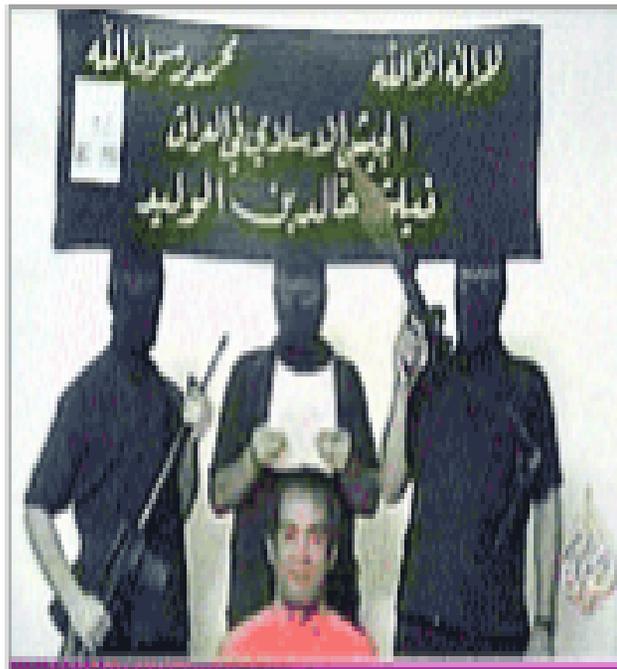
Stolen Cars Finance Militia Operations

Fenced Autos Fetch \$2,000 on the Black Market; Few Live to Complain

08/28/2007 2:00 PM ET



Filipino Angelo de la Cruz Taken Hostage: July 8, 2004



Angelo De la Cruz was taken captive on July 8, 2004. Shortly thereafter, a videotape circulated saying he would be released if Philippine troops were withdrawn from Iraq. After discussion within the Philippine government, President Gloria Macapagal Arroyo agreed. On July 18, 2004 all troops hurriedly left the country in an effort to save De la Cruz. The both the Iraqi government and the U.S. objected: "This in my view and the view of the Iraqi government has set a bad precedent and sends the wrong message

Terrorists won't be rewarded otherwise this will repeat itself," Iraqi Foreign



عمر كرامي يلوح بالاعتذار عن تشكيل الحكومة اللبنانية www.aljazeera.com



كتائب

The Profits

- Estimate of \$140 Million from Iraqis
- \$45 million from France, Italy, Germany
- Still difficulty of assessment – under-reported by Iraqis
- US hostage office only concerned with its own citizens or Iraqis who are important to the Coalition
- Allowed pervasive insecurity to continue

Extortion

- Extortion - based on territorial control
- Gives insurgency the quality of Mafia in the strict sense (Gambetta/Varese/Hill) – the business of private protection – purely predatory to real protection
- Taxing economic activity
 - Licit – cattle ranching
 - Illicit – smuggling

Extortion

- Target merchants and market stalls
- Militias and criminal organizations control the roads - used this to extort contractors who inflate the prices charged to the US accordingly. Some goes to “insurgency”
- Result is that US is supplying the money used by various factions.

Car Bomb Targets Official Registries?

Slogger's Sources Get the Word on the Street in Southwest Baghdad

10/12/2007 3:11 PM ET



Diyala Bank Heist Nets \$860,000

Thieves Seize Social Security Money Intended for Poor Families

5/18/2007 12:38 PM ET



Paula Bronstein/Getty Images



The Dominant Commodity

- Violence and crime center on dominant commodity – 3 kinds of players
 - For profit criminals
 - Those with a cause
 - Corrupt government officials after rents
- Drugs in Colombia and Afghanistan
- Oil in Iraq



SENSITIVE BUT UNCLASSIFIED

Currently, Iraq is not capable of even rudimentary enforcement of anticorruption laws.

Conditions for Criminal-Insurgent Cooperation

- Natural affinity and common culture – Chechnya
- Territorial co-location – common interest in limiting government and governance
- Co-location in opportunity space
 - Kidnapping groups in Iraq sold to jihadi groups
 - Sometimes supply driven
 - Sometimes demand driven
 - Sometimes explicit often tacit

- When insurgencies engage in do it yourself organized crime more likely that they cooperate with criminal organizations
 - Market relationships – suppliers and customers
 - Insurgents need “criminal service providers”
 - Sometimes one-off transactions
 - Some simple exploitation, some symbiotic
 - Some tactical alliances
 - A few strategic alliances – stability in relationship

The Slippery Criminal Slope

- Loss of cohesion – disputes over division of resources
- Loss of identity – back to Metz and the notion of spiritual and commercial insurgencies – relegation of the cause – Pentagon Gang
- Loss of legitimacy – JAM members criminal activities in Sadr City
- Opportunities for wedge-driving or coopting the insurgency – Burma and Anbar

- The paradoxical consequences of criminal activities for insurgencies – sustain and help perpetuate the insurgency but also danger of undermining it from within.
- The problem of imposed external labels – insurgents and criminals have own reality, imperatives and logic which are internally driven rather than externally imposed – same person can a greedy criminal AND a committed insurgent

Organized Crime in Iraq as Strategic Surprise

- Criminal enterprises became a major spoiler
- Insurgents, terrorists and militias appropriated criminal activities (car theft)
- Not new – Russia in the 1990s – Fritz Ermarth argued that neither intelligence nor policy-makers appreciated crime and corruption problem
- Mark Edmond Clark – Balkans as model
- UNODC report - indifference and resistance

Causes of Strategic Surprise

- Grooved thinking and labeling – organized crime simply law enforcement not military problem
- Poor use of analogies - organized crime in US seen as model – but more virulent in failed states
- Dominance of strategic perspective – Iraq as proliferation challenge not Iraq as criminalized state – “criminalization consequences of sanctions” not fully appreciated

- Wishful thinking – regime change without pain - expand order to the periphery – (dominant trend might be the other way)
- Ethnocentrism and corruption – western democracies are the anomaly – the state as the prize – politics is zero sum and patrimonial relationships are the norm

Intelligence and Military Contingencies

- Need organized crime impact statement – like old arms control impact statements
- Team Assessment – areas specialists, criminal analysts and methodologists
 - Current state of organized crime
 - Future development of organized crime – impact of intervention
 - Potential points of leverage

- Need to fuse law enforcement and national security intelligence
- Obstacles are real but growing military emphasis on rule of law is positive
- Need creation of multi-agency intelligence task force on post-conflict with mutual learning process facilitated by personnel exchanges to encourage cross-fertilization