

# THE LOGICAL CONSEQUENCE OF LOOTING IN LIBYA

Things for anti-Qaddafi forces in Libya have gone from difficult to worse. Yet even after Director of National Intelligence James Clapper made the mistake of telling the truth about Qaddafi's strength, there has been little discussion about this report from James Risen and Eric Lichtblau (one exception is Dan Drezner).

Here's part of what Clapper said (the White House has backed away from his comments and Lindsey Graham has called for his resignation for telling the truth).

"Over time I think the regime will prevail," acknowledged Clapper. "With respect to the rebels in Libya, and whether or not they will succeed or not, I think frankly they're in for a tough row."

Clapper added he did not believe Kadhafi, who has earned a reputation as a maverick, planned to step down after more than four decades in power.

"I don't think he has any intention of leaving," Clapper said. "From all evidence that we have, which I'd be prepared to discuss in closed session, he appears to be hunkering down for the duration."

[snip]

Libyan air defenses, including radar and surface-to-air missiles, are "quite substantial," Clapper explained.

"A very important consideration here for the regime is, by design, Kadhafi intentionally designed the military so

that those select units willed to him are the most luxuriously equipped and the best trained.”

With that assessment—which was echoed in testimony by the head of DIA—in mind, consider Risen and Lichtblau’s description of the way Qaddafi has prepared himself financially to weather a rebellion. They describe that he has hoarded away “tens of billions” in Libya which will make the financial sanctions we’re using against him pretty useless.

The money – in Libyan dinars, United States dollars and possibly other foreign currencies – allows Colonel Qaddafi to pay his troops, African mercenaries and political supporters in the face of a determined uprising, said the intelligence officials, speaking on the condition of anonymity.

The huge cash reserves have, at least temporarily, diminished the impact of economic sanctions on Colonel Qaddafi and his government. The possibility that he could resist the rebellion in his country for a sustained period could place greater pressure for action on the Obama administration and European leaders, who had hoped that the Libyan leader would be forced from power quickly.

In other words, in addition to the tens of billions in assets Europe and the US have frozen, Qaddafi has still more loot available within his country, inaccessible to international sanctions. And that is one thing (the superior Russian arms he has that Clapper mentioned are another) that will allow Qaddafi to wait out the rebels.

Take a step back and think about the implications of this.

According to the story, Qaddafi probably started

hoarding money in the 1990s. After the West lifted sanctions on Qaddafi in 2004, the process accelerated.

He has built up Libya's cash reserves in the years since the West began lifting economic sanctions on his government in 2004, following his decision to renounce unconventional weapons and cooperate with the United States in the fight against Al Qaeda. That led to a flood of Western investment in the Libyan oil and natural gas industries, and access to international oil and financial markets. Colonel Qaddafi, however, apparently feared that sanctions would someday be reimposed and secretly began setting aside cash in Tripoli that could not be seized by Western banks, according to the officials. He used the Libyan Central Bank, which he controls, and private banks in the city. He also directed that many government transactions, including some sales on the international oil spot market, be conducted in cash. "He learned to keep cash around," said the person with ties to Libyan government officials, who asked to remain anonymous for fear of putting them in jeopardy.

Then, in the weeks before the uprising broke out in Libya, Qaddafi continued to move money around to keep it accessible.

And with it, he is able to outfit and pay his elite troops, mercenaries from other countries, and loyal supporters. He can let oil just sit in the ground (as it did during the previous sanction period), because he doesn't need to sell oil immediately to get money.

Because Qaddafi managed to loot shrewdly, he is largely immune from our non-military efforts to prevent him from committing genocide against his own people. His looted riches make him the match of most of his country, even backed by the

international community.

And the thing is, we knew Qaddafi was doing this looting. Some of the State Department cables describe the shell games he used to get money out of the country, such as this one from 2006.

All of the Qadhafi children and favorites are supposed to have income streams from the National Oil Company and oil services subsidiaries. Saif is involved in oil services through One-Nine Petroleum and other Qadhafi family members and associates are believed to have large financial stakes in the Libyan Tamoil oil marketing company based in Europe and Oil Invest. AbdelMagid al-Mansuri, the former "director" of One-Nine Petroleum, was responsible for the ill-executed "U.S.-Libya Economic Forum" held at the Corinthia Hotel December 2004. The Forum was viewed as a blatant attempt to tie up lucrative percentage deals for Libyan elites looking for representative relationships with U.S. companies. During 2004, the internet-based publication Libya al-Yown distributed information tracing a large number of sweetheart deals to One-Nine's Oil and Gas division XXXXXXXXXXXX in Scotland, home to a well-connected Libyan expatriate community. It is believed that millions of dollars are distributed to politically connected Libyans and Libyan expatriates via the XXXXXXXXXXXX. XXXXXXXXXXXX

And per the NYT story, DOJ has documents tracking how Qaddafi and top officials stashed money in Switzerland.

Justice Department documents show that Libya had worked with Swiss banks to launder international banking transactions for years, with "hundreds" of senior Libyan officials allowed to

█ surreptitiously move money.

We watched as one man everyone knew to be brutally crazy stole his country's riches and put them aside for the moment when he would need them. Having watched him do so, we are now limited in the means by which we can pressure him.

Oops.

This is the logical consequence not just of Qaddafi's looting, but of the looting elites have been doing more generally. To the extent money buys arms and—particularly with the proliferation of mercenaries—armies, and to the extent our multinational system makes it easy for the elite to hide money yet keep it accessible, any member of the elite with the ability to steal this much money could do the same thing.

And yet our society continues to just sit there and wink as elites here, in Libya, and around the world prepare for the time when they need to pay an army to kill their own people.