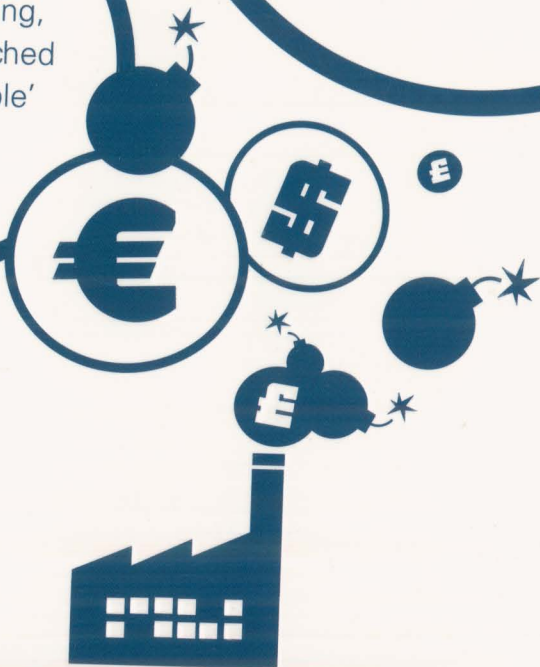


First published as *Modern Jihad*

**LORETTA
NAPOLEONI**

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THE INTERNATIONAL BESTSELLER

TERROR ING

TRACING THE MONEY BEHIND
GLOBAL TERRORISM

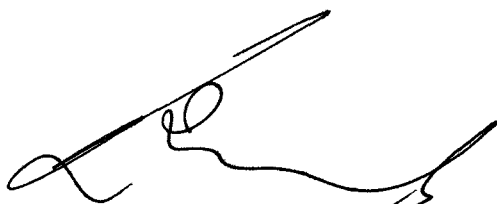


Terror Inc

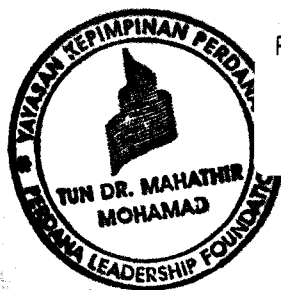
Tracing the Money Behind Global Terrorism

To YAB Tun Dr. al & Tun Dr. Siti
Hassan
LORETTA NAPOLEONI

For your insights
become ready.



Sarin Jusid
2/2/2005



PUSTAKA PERDANA



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Foreword

John K. Cooley

An allegorical lover in a couplet of the Persian poet Omar Khayám complains: 'There was a door for which I had no key/
There was a veil through which I could not see.' Loretta Napoleoni's book hands the reader a magic key, which is her grasp of a shadowy world of global covert and semi-covert finance. It opens wide a door of understanding which has remained largely veiled for us, despite the many studies of international organized crime and of terrorism by individuals, groups and states, published and otherwise.

Her exhaustive and careful research unearths and analyzes thousands of documentary and human sources. Napoleoni shows how great historical movements, such as the medieval Crusades and the twentieth-century Cold War between the United States and the former Soviet Union had economic roots and motivations, leading those concerned into outlaw patterns of violence, funded by rogue finance. 'Terrorism' or terror, as embodied in the horrendous attacks on the US of September 11, 2001, and as described by the presidents, dictators and commentators of our own age, especially violence masquerading or legitimizing itself in the eyes of its supporters as liberation or freedom movements, cannot thrive without a constant supply of ready cash. Part I of her book explains this.

Terror Inc. then shows us how such movements, from the successful anti-Soviet, CIA-managed campaign by Muslim zealots to expel the Red Army from Afghanistan in 1979-89 to the Algerian armed struggle to end 130 years of French colonial rule, newer Muslim insurgencies in Central Asia, the perennial Irish conflicts or the present bloodthirsty internecine wars in Africa, gain and keep essential financial support. This

Preface

Terrorism has become part of the fabric of modern life. It dominates newspaper headlines, parliamentary debates and dinner table conversations. Yet few people have a clear understanding of what constitutes 'terrorism', despite the many definitions of it available to the reader. History provides limited help. The word comes from the Reign of Terror which followed the French revolution, but one can find references to terrorism as far back as the Roman Empire. Politicians, the public, academics and members of armed groups variously employ a literal, propagandistic¹ or academic definition of what is in essence the same phenomenon.

Academics agree that any definition of terrorism must include its three main characteristics: its political nature, the targeting of civilians and the creation of a climate of extreme fear.² Yet libraries are bursting with books that focus exclusively on one or other of these elements. Members of armed organisations and politicians freely use the propagandistic definition of terrorism – what Chomsky summarised as 'violent acts committed by enemies against "us" or "our allies"'.³ When, in the early 1990s, I interviewed members of Italian left- and right-wing armed organisations, what struck me most was their consistent use of the word 'terrorist' to describe both each other and the state they attacked.

Political perception is the yardstick most people use to define terrorism. After 11 September 2001, I interviewed several Italians about their reactions to the attack on the World Trade Center. Many were sympathetic, but others were indifferent about the suffering of Americans. 'Why should I be supportive of the US?' one woman, a professional banker, challenged me. 'Have

we forgotten what the Americans have done in Serbia, when they bombed all the bridges of Belgrade, terrorising the population? No, I cannot empathise with a nation that has brought death and despair to the world. Now they know what it means to be the target of terrorist aggression.'

Governments' use of the word 'terrorism' is often dictated by foreign policy considerations. In 1998, following attacks by the Kosovo Liberation Army (KLA) against Serbian police and civilians, the US accused the KLA of being a terrorist organisation. The British followed suit. Then, in March 1999, foreign policy in the US and UK underwent a radical shift. Both governments condemned the Serbs. Suddenly, members of the KLA were no longer 'terrorists' but 'freedom fighters'. Their new status was short-lived. As soon as the KLA supported an Islamist insurgency against the government of Macedonia – a US ally – it was once again listed as a terrorist organisation by the US State Department.⁴

The truth is that terrorism is a political phenomenon and, as long as it remains in the domain of politics, no worldwide consensus will be reached as to its definition. This is the main limitation of the political analysis. To get around this obstacle and shed some light on what has become a global menace, I will conduct an economic analysis of what is commonly known as terrorism. To underscore that no tools belonging to the domain of politics have been used, and to avoid falling into the trap of political definitions, I have chosen to use the word 'terror' instead of 'terrorism' to describe the recourse to violence by armed groups to achieve political goals. I must stress that although this is the first attempt to approach political violence from a new angle – to describe the economics of terror – this is not an academic book. Rather, it has been written in the belief that the ideas behind it should be accessible to everybody. Terror threatens the man on the street as much as academics and politicians. Its causes and the methods of its deployment should be understood by all.

This book aims to show that, over the last 50 years, members of armed organisations have been hunted down like criminals at home by the same political forces that have fostered them abroad; the final aim being to serve the economic interests of the West and its allies, Muslim oligarchies and of the East, for example the former Soviet Union in the past and Russia at present. This duality provided terror organisations with the motives to strike back and the opportunity to build their own economy. I have defined this phenomenon as the New Economy of Terror, an international network linking the support and logistical systems of armed groups. Today the New Economy of Terror is a fast-growing international economic system, with a turnover of about \$1.5 trillion, twice the GDP of the United Kingdom, and is challenging Western hegemony. What we are facing today is the global clash between two economic systems, one dominant – Western capitalism – the other insurgent – the New Economy of Terror. As we shall see, this scenario is reminiscent of the Crusades, when Western Christendom rebelled against the domination of Islam. Behind the religious conflagration, economic forces initiated and sustained the Crusades, enabling the West to repel Islam and begin its march to dominance.

Over the last 50 years, the economic and political dominance of the West has hindered the expansion of emerging economic and financial forces in the Muslim world. These forces have forged alliances with Islamist armed groups and hard-line religious leaders in a campaign to rid Muslim countries of Western influence and domestic oligarchic rulers. As in the Crusades, religion is simply a recruitment tool; the real driving force is economics.

The New Economy of Terror has become an integral part of the global illegal economy, generating vast amounts of money. This river of cash flows into traditional economies, primarily to the US, where it is recycled. It has devastating effects on Western business ethics, but above all it cements the many links

and opens new ones between the New Economy of Terror and legal economies.

11 September was a rude awakening for the world. It has triggered a war against a phenomenal enemy, who will attack whenever possible. What the world has not realised is that this enemy is the product of policies of dominance adopted by Western governments and their allies – the oligarchic powers of the Middle East and Asia – and its monetary lifeline is deeply intertwined with our own economies. The essence of its being is the New Economy of Terror.