STATEMENT FOR THE RECORD

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Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to testify about the growing problem that transnational drug enterprises pose to U.S. national security and to the stability and security of the global community. It is appropriate that I join this panel with representatives from several key U.S. Government agencies. In effect, this panel represents the "whole-of-government" approach we are taking to counter transnational drug networks.

The global drug trade is the largest criminal industry in the world. It includes several integrated syndicates, or cartels, as well as a wide variety of more loosely associated gangs, which operate in almost every country in the world, including the United States. The expansive reach of drug criminals threatens U.S. national security, both directly and indirectly.

In our country, as well as internationally, we have seen the disruptive effect of illegal trafficking on health, public order, governance, social cohesion and national security. Unfortunately, governments, including ours, have historically compartmentalized threats into categories that fit our bureaucratic organizations: law enforcement, health, security, commerce and education. As a result, each bureaucratic arm addresses a threat according to its respective organization's perspective, without cross-cutting coordination. The predictable result has been a lack of uniformity and limited results.

The United States is addressing these shortcomings with a whole-of-government approach designed to dismantle bureaucratic barriers. This approach recognizes the interrelated and interdependent nature of these threats as well as the common denominator -- the illegal drug trade.

The Current Trend

Direct threats are the most obvious form of harm to the United States and our partners across the globe. Direct threats are typically confronted by militaries, law enforcement and justice agencies: defeating enemies; intercepting drug shipments; arresting drug dealers; and prosecuting violent criminals.

For today's discussion, I want to focus on the less obvious, "indirect" threat. When drug revenues are used to bribe public officials overseas the rule of law is undermined. The harm caused by the selective enforcement of laws, the rise of a privileged criminal class, and ensuing public cynicism may rupture the social fabric of a community. The corrosive nature of indirect threats is often invisible until it is too entrenched to overcome.

In some parts of the world, communities which have been weakened by the illegal drug industry become breeding grounds for other criminal activities, such as the trafficking of weapons, people and cash. Lawless environments may make inviting sanctuaries for religious zealots, political ideologues, insurgents, and/or terrorists. Such groups may or may not share strategic objectives, but they all seek to evade or neutralize the forces of order. Their common needs allow them to cohabit in an environment where the government is weak and the populace can be controlled by bribes, intimidation, or violence. Both profit-seeking criminals and ideologically-inspired extremists need to engage in clandestine operations such as the use of safe houses, aliases, and counter-surveillance techniques to move materials, people and information. Eventually, criminal and extremist organizations may be able to carve out safe havens in parts of the world, whether they cooperate with one another directly or only indirectly.

Despite the common interests shared by transnational drug enterprises and extremist groups, there are important differences between the two. First, drug enterprises primarily seek profit, while extremists generally see profit as a means of financing an ideological end. Second, drug enterprises and related criminal operations are parasitic and seek to undermine and exploit weak governments, while extremists are predatory and seek to destroy and replace government. These distinctions, however, are not always sharply drawn.

In some locations, we are seeing a breakdown in the differences between transnational drug enterprises and extremists, as greed trumps ideology. The Revolutionary Armed Forces of Colombia (FARC), originally a Marxist insurgency, has mutated through the decades into a drug trafficking organization as it has become more and more reliant on the illegal drug trade to finance itself. In Peru, remnants of the Shining Path use terrorism primarily to protect drug production, rather than using drug money to finance an ideological revolution. While there are differing views about the extent of Al-Qaida's involvement in drug trafficking, we know that some organizations associated with or inspired by Al-Qaida rely on drug money to finance their activities. The most notorious example is the 2005 Madrid train bombing, where the bombers financed their operation in part by selling hashish. In Afghanistan, the Taliban continues to tax, protect and smuggle opiates for profit and to finance its insurgency.

We also see mergers evolving from the opposite direction - where drug organizations adopt terrorist tactics or insurgent methods to protect the drug trade. Mexico, for example, does not face an insurgency or significant levels of terrorism. Mexican drug cartels, however, are now reacting to increased pressure from the Mexican

authorities with escalating levels of violence as they battle for territory and border crossing points. While this violence remains largely directed at other traffickers, as the pressure continues, traffickers have increased targeting of Mexican public security and other officials. The danger also exists that the drug cartels may target U.S. interests as anti-drug cooperation efforts become more widely publicized.

Like insurgencies, drug cartels sometimes seek to control local populations and dominate territory through propaganda and financial incentives. If these tactics fail, cartels resort to intimidation to co-opt competing institutions, and threaten or attack family members of non-compliant security personnel, government officials and opinion leaders such as journalists. Whether extremists are compromised by greed or transnational drug enterprises adopt terrorist or insurgent tactics, the result is proliferation and escalation of indirect threats to U.S. security interests.

We are seeing organizational changes as regional criminal organizations expand to become global criminal enterprises. Some organizations are shifting from hierarchical syndicates toward multipurpose, decentralized criminal franchises characterized by fluid alliances and varying degrees of specialization and influence within different countries. For example, on the Makran Coast of Pakistan, maritime smuggling groups are moving drugs, weapons, and, possibly, extremists. Another example is the growth in North America of networked, ethnically-based street and prison criminal gangs, including MS-13 and the 18th Street gangs. While these gangs present a significant law enforcement challenge in the United States, they can, in some parts of Central America, seriously threaten governability.

The Interagency Response

A coordinated interagency response is critical to suppressing the threats posed by transnational drug enterprises and the indirect threat posed by drug organizations' creating lawlessness which can be exploited by extremist groups. My office's principal role is to provide counternarcotics support to domestic law enforcement agencies and select foreign security forces. Key categories include: detection and monitoring of ground, maritime and air movements; training, equipping and sharing information; National Guard support to law enforcement within the United States; and numerous other activities. It is important to stress that everything DoD does in this area is in support to another U.S. or foreign partner, embodying the whole-of-government approach.

There is a critical link between transnational drug enterprises and instability in certain regions of the world. In these cases, the goal of the U.S. Government is to achieve stabilization, peace and security. Whole-of-government approaches are always required. Stabilization in this sense is defined as strengthening the ability of governments to extend effective authority over what has been described above as "undergoverned space" and provide adequate governance to under-served populations. In this paradigm, health, education, infrastructure, economic development and other activities, facilitated or implemented by government, is as important in eradicating criminal networks as military or police efforts. It is analogous to killing a disease by boosting the immune system.

While this stabilization approach is not entirely new in counternarcotics efforts, the current trend is to emphasize stabilization as the foundation upon which other counternarcotics activities must be built. Those would include: drug crop eradication; smuggling interdiction; criminal investigation, arrest and prosecution; and many others.

The point is not to replace longstanding efforts with stabilization, but to have all the efforts mesh under a stabilization paradigm. Some efforts in this direction are already underway, and will require a purposeful and clearly defined collaborative model to bring about cooperation between local, national and foreign law enforcement agencies, intelligence organizations, the banking industry, and other key sectors of societies. If we can make this model work for ourselves and our partners, we believe it will be as critical to ensuring our national security as military alliances have been in the past. The effects of cooperative efforts among governments and agencies can encompass a vast spectrum of activity, including but not limited to: equipment; training; information sharing; sea, air, and land domain awareness; combined operations; extraditions; asset forfeiture and many other activities.

One of the emerging challenges to interagency and international government cooperation, which has been a particular interest of mine, is strengthening the Department of Defense's supporting role in addressing threat finance as part of the Administration's larger efforts. "Follow the money" has long been a central tenant to counternarcotics. It is also one of our key strategies in counterterrorism, but it also has become one of our biggest challenges.

Terrorists and insurgents typically rely on irregular ways to fund their activities, including: organized crime; donations from non-governmental organizations; using front companies; various black market activities; and clandestine support from foreign governments. Only recently, with the 21st century explosion in information technology, have we had the weaponry available to locate and disrupt these financial supply lines.

We cannot over-emphasize that a successful effort of this nature cannot be accomplished without an interagency and international collaborative paradigm.

Consider the cases in Afghanistan and Iraq. At first, U.S. forces with a very light footprint enjoyed extraordinary success in enabling Afghan militias to rout the Taliban. However, simply removing the Taliban from power was insufficient to stabilize Afghanistan. This instability allowed the opium industry to flourish, which in turn, helped finance a resuscitated Taliban and enabled a major insurgency. In late 2008, the Department of Defense adjusted its rules of engagement to allow U.S. military forces to work more effectively with Coalition and Afghan law enforcement agencies. Further, the Department of Defense has trained and equipped the Afghan Counternarcotics Police, built border crossing points, trained and equipped border police, and assisted DEA's expansion in Afghanistan. The Department of Defense has also supported U.S. Government efforts to create Threat Finance Cells in Afghanistan and Iraq, which helped identify insurgent financiers and build cases against them. In Iraq, the Iraq Threat Finance Cell (ITFC) has yielded concrete results. The ITFC provided intelligence analysis that targeted key facilitators and financiers, which helped deny Al-Qaida in Iraq funding, contributing to a significant degradation in Al-Qaida in Iraq's capability. One of the key lessons of Iraq and Afghanistan is that combating insurgent funding streams and cover mechanisms is a key element to counter-insurgency.

I have outlined some of the destabilizing effects of transnational criminal enterprises and networked criminal organizations. I have also briefly outlined what the Department of Defense is doing to support a whole-of-government approach to addressing these challenges as well as the associated threats to U.S. national security.

The implication is that it is urgent that the United States and the global community facilitate integration of military, intelligence, law enforcement, economic development and other efforts with the goal of promoting stability in broken communities and lawless regions of the world. Using the whole-of-government approach as a blueprint and a tool, we will be able to disrupt and eventually suppress the direct and indirect threats to our country.

Future U.S. wars will probably resemble the current conflicts in Afghanistan and Iraq more than they will the first Gulf War. As governments continue to adapt to the changing realities of 21st Century threats and 21st Century wars, there will be a growing recognition and acceptance of the superiority of this partnering model as the best defense against terrorists, transnational drug enterprises and other extremists who threaten global stability and our national security.

Mr. Chairman, I look forward to answering the Committee's questions. Thank you.