BOMBS AND BANDWIDTH
THE EMERGING RELATIONSHIP BETWEEN INFORMATION TECHNOLOGY AND SECURITY

ROBERT LATHAM, EDITOR
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11. ICT AND THE WORLD OF SMUGGLING
CAROLYN NORDSTROM

THE XLEGAL

Perhaps no group has benefited as much from globalization and the advances in information-communication technology (ICT) as smugglers. Those who operate outside the law cannot "inscribe" in the classical sense designating progress in human society. The values, norms, and rules of behavior in the world of the extralegal cannot be published in texts, discussed in professional journals, taught in MBA programs, saved in libraries, shared in Lions Clubs and Chamber of Commerce meetings, and negotiated through unions. The very instrument of modernity—inscription—is the bane of the illegal.

Every extralegal—or, as I denote it, the xlegal—action depends on extensive information, requiring not only the same social, economic, and political knowledge upon which legal enterprises depend, but also facts on how not to get caught, arrested, double-crossed, or killed. For a legal businessperson, the failure to have or use information wisely results in, at worst, economic failure. For those working in the nonlegal universe, imprisonment, flight, and death can result from inadequate knowledge. The dilemma is strategic: business represents a set of institutions which endure over time and crises because they are codified in values, norms, and rules of behavior that are shared. The illicit, the informal, and the illegal are, in Latham's words, illegible: they are social and economic texts that are erased. How, then, does the uncodified flourish?

IN THE FIELD

When ICT was more primitive, traditional definitions depicted mafias, cartels, and triads as extended families and communities based on face-to-face interaction. In this view, the xlegal was comprised of close-knit groups that relied on hierarchy, fealty, and brutality to run their organizations. However realistic this may have been in the past, internationalization has redefined the illicit world to as great a degree as it has legitimate commerce. ICT has extended the "extended family" to global proportions: international networking, cross-global markets,
and sophisticated multigroup enterprises are now the norm in the illegal world. Smugglers today are more likely to be armed with a degree from a leading ICT/computer technology course than an assault rifle.

This point was brought home to me during eighteen months of fieldwork I conducted on illicit economies and globalization in 2001–2002. Following unrecorded trade flows, I started in the war-torn interior of Angola and followed critical resources (from diamonds and oil to food and equipment) in and out of the country, through southern Africa, along international trade channels, and out to cosmopolitan centers in Europe. During Easter of 2002, I traveled to a legal border post in southern Africa that I will leave unnamed given the sensitivity of the story that follows. The site was located on a regional set of trade routes that link through both urban zones and impoverished war-torn areas. It is a corridor where smuggled pharmaceuticals can bring as much profit as the unrecorded diamonds and gold that pay for them.

The post is located in a remote, cinder-block and zinc-sheeted town stretching along a single roadway that connects two countries. Hundreds of kilometers from any capital city or commercial port, the town looks like the quintessential African community on the margins of modernity. I was told there is a post office but could never find it. Barefoot children heading to school casually crossed the dirt road and single wire marking the international border. When I’d visited the town five years before, no hotel existed. Now a single one was open for business, barely visible across a muddy field, and a clump of trucks parked in front, populated by drivers waiting to negotiate deals, buy goods, and cross the border.

Entering the hotel, I was told that the hotel manager spoke no English, only the language of the country across the border. So in this language I told him only that my name was Carolyn and that I would like a room for some nights. He asked for no documentation or further information. It was ten o’clock at night, so after getting a key I went for dinner. Around midnight I stopped in the hotel’s lobby—a pool hall. The hotel manager came up to me and handed me a refreshment—and, speaking in perfect English, said:

“I was born in the town of Sleeping Rock. In fact, I was the first person born in the hospital that was just built then.” I had just come from Sleeping Rock and wondered at the irony: the town is now desperately war-ravaged; only the barest handful of people travel there. But with his next sentence, I questioned if this was irony.

“I was born in the same year you were, Carolyn.”

His intention was not to threaten me but to let me know he had checked on me. I assumed, since we were having a relaxed conversation, that I checked out all right.
"You know, not everyone believes you are who you say you are," he said. That made me laugh: I imagined it was hard to believe that a professor from the University of Notre Dame would be in a truck-stop pool hall in a hot and dusty outpost on one of the continent's established illicit transit corridors asking truckers and businesspeople not for gems or a cut of some lucrative trade, but merely for their stories, for monetarily impoverished information.

"I run a business, and gems too," he said easily. He had apparently decided I was safe to talk to.

People from cosmopolitan urban centers tend to assume that the remote outposts of industrial humanity are equally remote from state-of-the-art technology and information. As this man had just demonstrated, this is no longer true. Logically there was no way he could have known my birth date, yet he had acquired it. Information, quite literally, is survival, and nowhere is information more critical than on the borders of legality and illegality, in dusty rural border outposts like this.

Commerce into this town crossed all lines of il/legality and numerous national borders, encompassed scores of languages and a vast spectrum of military, political, and business contacts. The traders came not only from all parts of the continent but from all continents. I spoke with merchants from Asia, South Asia, Europe, and the Americas. They told me they operated across myriad political and legal domains and through environments that varied from urban cosmopolitan to war-ravaged regions devoid of functioning services.

The day I left I went to pay the bill. The manager took me to his office in back, smiling as he unlocked and opened the door. In this backwater mud-and-cinderblock town stood an office that might rival a NASA command center.

"Need to e-mail? Phone?" he asked as he waved me over to the latest in information and communication technologies. "Oh, I've a sat-link if you need it. Anything else before you go? I'm going to send you to a friend of mine down the road about eight hours"—he named an infamous nonlegal border post. Picking up his cell phone, he punched in some numbers and told the person on the other end that I'd be in that night. He then handed me a map to the place, and gave me a pat on the back.

I wondered then if he had gotten online and read any of my work, as the information he gave me and the introduction to nonsanctioned border crossing was exactly what I was looking for.

After a hot eight-hour drive along potholed roads, I arrived at the town the manager had recommended and was graciously greeted by his friend. It was, if possible, more remote and basic than the town I had just left. After several days
and a number of conversations with the businessman, he took a call while we were talking. A convoy of trucks was coming down an unmarked border road carrying a consignment of commodities for him, and one of the trucks had disappeared. I did not ask if this meant the truck driver had tried to abscond with a truckload of goods, if he was running from bandits or border guards, or if he had just had a blowout and was off the radar screen; he did not offer an explanation. But he did explain why it was important: the truck carried over $60,000 worth of merchandise, wholesale (unrecorded) price, guaranteeing a much larger street value. His response was immediate. He contacted an international group of associates by cell phone or sat-com (satellite-communication) gear. He pulled up his computer to check transit, flow, and routing channels, and swore as he found a glitch. His son, he explained, had a degree from a leading university in the U.K. and kept him in the latest technology and upgraded software programs—creatively tailored to suit his needs. But his son was out of town. Juggling his state-of-the-art computer, sat-com gear, cell phones, and a sheath of printouts, he called his son and had him walk him through a computer repair, simultaneously sending an e-mail to his lawyer in a major urban city, and to his “financial consultant.” If the trucker thought he could just disappear with a fortune of commodities on a lonely stretch of outback savanna, he was, the businessman let me know, seriously out of date. ICT has changed all the equations. Taking a moment to relax, the businessman smiled and told me he was born in the same year I was. These men and their “offices” are a window on how unregulated economies have grown into a multitrillion-dollar global phenomenon.

GLOBAL NETWORKING AND THE WORLD OF SMUGGLING

There is a misperception that extralegal enterprises constitute a small fraction of the global economy. Trillions of dollars now circulate the world outside of legal channels, in operations involving millions of people. These enterprises range from small groups profiting from local resources to complex international networks that can command more economic and political clout than many small countries; the more successful have the power to shape emergent governments.\(^3\) While I have never found a formal figure estimating the world’s gross extralegal products, the sheer magnitude of the xlegal world can be indicated by a few figures. In this discussion, it is useful to keep in mind that the world’s combined GNP (which considers only legal phenomena) is estimated at over $30 trillion per year.

The UN estimates that illicit drug earnings amount to $500 billion per year.\(^4\) The illicit arms industry is estimated to be of comparable size. Human traffick-
ing, considered to be the third-largest illicit activity after arms and drugs, brings in hundreds of billions of unregulated dollars a year. Of comparable size is the empire of gain from the unregulated sex trade and pornography industries.

At another level, in the United States alone, estimates of the costs of only three categories of corporate crime—consumer fraud, corporate tax fraud, and corporate financial crime—range between $247 billion and $715 billion annually. The black economy in India was estimated in the early 1980s to amount to more than $60 billion, and has grown since then. In Peru, 48% of the economically active population works in the informal sector. In Kenya the figure rises to 58%. Statistics place Italy’s extrastate economy at up to 50% of gross domestic product. In the United States estimates range from 10–30%; one-third of Canada’s population participates in informal economic activities; and some 60% of Russia’s economy falls outside formal purview. As much as 20% of the world’s financial deposits reside in unrecorded banks and offshore locations.

Though trafficking in illegal narcotics and weapons gets most of the media’s attention, unrecorded sales of more mundane commodities like electronic goods, computers, software, communications technology, pharmaceuticals, industrial supplies, precious gems, minerals, art masterpieces, and vehicles can rival profits from illegal narcotics and weapons. The items that fall into unrecorded trade are extensive.

Instead of tight-knit crime families, these networks are more likely to be loose associations of skilled specialists—computer literate and well versed in international trade policy and flows, people more likely to rely on techno-information than on violence. Such technical sophistication characterizes xlegal activity carried out not only in large developed population centers like Amsterdam, Shanghai, and Los Angeles but also in the interior of Angola, the outback of Australia, and the mountain passes of the Himalayas. With long stretches of unguarded borders, thousands of miles of sparsely populated territory, and sometimes vast resource deposits, these more remote sections of the globe have long been fertile ground for potential xlegal activity. Advances in information and communication technologies have greatly expanded the ability of criminal networks to exploit that potential.

FOLLOWING THE FLOW

During the final years of war in Angola (from the 1990s through 2002), the country provided an ideal locale to begin charting these complex economies: it is rich in resources central to urban and industrial life and thus links to the global economy. The country is home to rich deposits of oil, diamonds, minerals, hard-
woods, fish, and agricultural products. During this time, the UN estimated that some 90% of the economy took place outside the formal legal economy.

The world campaign against “blood diamonds”—diamonds used by militaries to purchase arms in wars where civilian populations are decimated—was launched in Angola and Sierra Leone. This one example helps illuminate the deep complexities of extralegal trade and its links to ICT: diamonds do not travel alone, they are wed in a cycle of (il)licit commerce where diamonds travel with arms . . . and as well with smuggled electronics, narcotics and pharmaceuticals, industrial equipment, food, and a veritable supermarket of unrecorded goods and services. By the time the campaign gained world force in the mid 1990s, the rebel forces in Angola alone were acquiring an estimated $500 million a year from these gems. Both legal and unrecorded diamonds also traveled out of the government-held zones.

Bringing an unrecorded diamond out of a mine in Angola (or gold out of the Amazon, or hardwoods or drugs out of Southeast Asia) is not a simple buy-sell transaction—it involves an extensive network of people. Start with the miner who extracts the gems; add in the toolmaker who makes the miner’s tools, the cook who feeds him or her, the teachers who tutor the miner’s children. The miners may be working independently, following their own commercial networks to broker the gems they find, or they may choose, or be forced, to work for a military. Militaries use resources like diamonds to raise foreign currency to buy arms and supplies, but they also set in motion an extensive “barter” system that taps into global commodity exchanges—“barter,” of course, avoids regulations and taxation, the classic foundations of legality. As the London-based organization Global Witness writes:

In cash terms diamonds are cheaper in Angola at approximately US$100 upwards per carat, although UNITA seems keen to encourage barter for medicine, clothes, electrical equipment and other supplies. Again rates given for barter vary widely from a couple of pairs of trousers for a small diamond or a 'Sharp' cassette player for a larger stone from an individual seller, to the agreement of orders in advance with UNITA officials for quantities to be brought in by four-wheel drive vehicle, whilst placing a counter order for diamonds at the same time.  

An entire economy is set up to mine, to support the miners, and to transport the gems to profit; and this economy does not run on kwanza (Angolan currency) but on dollars, resources, and international commodities. Photo exposés on diamond mining may lead general audiences to think of tired men in tattered clothing braving hostile and primitive working conditions. This is part of the story, but the exposé seldom also depicts the unlicensed on-site diamond buyer who
wields a laptop or net-linked cell phone to monitor global commodity prices, exchange rates, and market dynamics.

Diamonds do not exist in isolation any more than the miners do: both circulate, and gain worth, in a world of complex commodity flows with values that change in relationship to each other and global markets almost instantaneously. A miner does not sell a diamond for some arbitrary set price, but for its ability to be laundered into a formal economy where it will garnish a set amount of buying power in relationship to gold, to exchange rates, to other commodities, and to financial market relationships. The best illustration of this involves currency valuations. If the power of the xlegal remains in question, one need only consider currency exchange rates. The World Bank has shown time and again that currency exchange “street rates” are often more accurate than formal bank rates, and has recommended to a number of struggling governments that they take the street rates as the truer economic indices for their country. But who sets these street rates? They are set by businesspeople. In countries like Angola where some 90% of the economy takes place outside formal legal channels, or in Kenya, Russia, Peru, or Italy where some 50% of the economy is nonformal, this in large part means those who work outside formal reckoning. Of course, to work the street markets at all is technically illegal. The xlegal world is thus a major player in setting the currency exchange rates undergirding an entire country’s economy.

When diamond merchants purchase a gem near the mines in the remote outback of a country, they must have access to the global factors that set “street rates” and commodity prices if they are to be successful in business. The diamond buyer sitting next to the tired miner in tattered shorts is likely to be checking financial indices in Antwerp on a sat-linked palm pilot (that was counterfeit in a factory half a world away and never saw a payment of tariffs or taxes). This merchant is not the only tech-literate specialist in the area. Miners require services: international trade circuits cross such mining zones to drop off food, clothing, drugs, alcohol, cigarettes, medicines, vehicles, industrial supplies, videos and the machines to play them, ad infinitum. Each merchant as well deals not merely in a commodity but in a transnational market and set of currencies, in transport timetables, in meetings and negotiated exchanges. The woman with untaxed clothing and medicines hopping an unrecorded flight on a private plane with less-than-regulated flight plans who will make sales stops at mining camps before crossing the border (without clearing customs or immigration) into the next country to use the diamonds and dollars she just made in the mining camps for new commodities may well take a cup of coffee at an Internet café run on a generator in a dusty town with zinc roofs covering cinder-block buildings—check-
ing market prices, currency exchange rates, transport routings, and her e-mail. She may well share her ride with a sanction-breaking arms dealer who got his order over the Net.

To fully understand these associations and the role ICT plays in these exchanges, consider a few players along the lines:

- Leo, a businessman, is well aware of the international laws he “circumvents” but insists, with apparent sincerity, “I am helping my country. We all try to work amidst endless strangleholds. Ruined infrastructure, corruption, excessive taxes, contradictory regulations, slow and inefficient bureaucracy, loaded and slanted international trade policies, patronage—you name it, we struggle with it. Without development, this country dies; the people starve. We make things work, we’re bringing goods, industry, employment into the country.”
- The pilots who fly humanitarian runs, and who also find themselves asked to fly contraband, do not consider themselves “smugglers”—though there is no doubt in their minds that they are ferrying goods across both legal and international borders. “We’re paid to fly a plane,” said one pilot. “From start to finish, we don’t make the decisions—not what cargo to carry, not where to ferry it. You don’t like something, you don’t fly, you don’t get paid. It’s as easy as that. We fly in here where no one else in their right mind comes, and we keep people alive. That’s what we take home at the end of a long day.”
- A man who works for an international nongovernmental organization unofficially runs gems. He knows the laws and the penalties for breaking them, but war and money are greater forces in his life. “I was thrown into prison for being on the ‘wrong side’ of the war. And while they break us down, the rich ones become richer, profiting on war and politics. Why should they, and not I? I lost everything by joining the wrong side. I watch my friends on the ‘right side’ send their children to good schools, travel in nice cars, wear expensive clothes. And I watch my children go to a school that doesn’t have enough chairs, not to mention teachers. I do what I have to do to survive and to provide for my family.”
- A military official “raises money” through unrecorded trade and cross-border exchange and profits personally by controlling access to resource-rich areas. “What I do I do for the good of this country,” he says. “We’ve been fighting a war. To do that, we need resources, supplies, infrastructure. My control over access to prime ‘business’ locations? You can’t let just anyone have access to setting up business and industry—the wrong people can take their gain
and turn it to those who fight us. We oversee these things in the interests of keeping the country stable."

These people are all professionals. As likely as not, they trained at leading universities. They use cutting-edge technology to do their jobs. Given their international networks and their skills in unrecorded trade, they can get most anything they need from anywhere in the world; they can advertise on the Net for an ITC specialist, and their ad will travel worldwide. It will travel only slightly faster than the diamonds or other smuggled goods that pay the bills and salaries of everyone involved.

And consider those who grease the wheels of this business:

- The forger, who scans or downloads customs declarations, bills of lading, transit papers, preshipping inspections, and a host of other legal documents, then "manages" the information, and finally uploads it back to render the illegal "legal," at least on paper.
- The shipping agents who use high-tech shipping tracking systems to monitor transit and commodity patterns to look for the best avenues to insert undeclared goods into transit. (The flight from South Asia makes stops in Dubai, Amsterdam, and New York; the morning flight is the busiest time for X airport, and a large quantity of Y cargo will be coming in at the same time that will tie up the customs officials, so our chances of being detected are lowest here. . . . Several Panama ships carrying 6,000 containers of Z product are scheduled for the following ports; we can use our contacts to arrange some of our containers for these ships that will be highly unlikely to be monitored.)
- The lawyer, whose state-of-the-art ICT systems help keep him or her in twenty-four-hour accessible contact with the diamond buyers at the mines, the businesspeople in dusty border posts, and the shippers who broach a few laws and sanctions.

Finally, in following the circulation of unrecorded goods from source to international cosmopolitan centers, a further network of people must be in place to smuggle the goods across controlled borders with maximum profit and minimum penalty. Cars, trucks, planes, drivers, pilots, mechanics, fuel, loaders—all these and more are needed to see the gems safely from a mine to, say, the diamond trading center of Antwerp, Belgium. Specialist consultants make a living advising smugglers on how to transport illicit goods. There are also worldwide "businesses" that make illegal but fully reliable insurance available to protect
against the seizure or loss of contraband goods. If the gems are to be sold on the open market, they must be “laundered” to legitimacy, and a further chain of players must link buyers with black-marketeers, to create legality from illegality in formal economic and political institutions. In the more successful cases, stocks, banks, airlines, and franchises will be purchased in the act of laundering as well. A chart of these associations would produce a map with linkages that move from the interior of Africa out into the world’s major trade routes and cosmopolitan centers, channels that transect both legal and illegal business. A cell phone, a laptop, and a sat-link are all that are needed today to coordinate all these levels of activity—to coordinate what was previously restricted more to the face-to-face relationships that extended out from close-knit maﬁas, gangs, cartels, groups, or triads.

ILLEGALITY AND INVISIBILITY

The only way to get goods and services, legal or otherwise, from production to consumption and proﬁt is to insert them into the world’s commodity ﬂows. The best way to move illegal goods in many cases is not to look for remote borders and unmanned crossings (as popular lore would have it), but to add your contraband to commodity ﬂows so large they will be overlooked in the sheer magnitude of volume. Instantaneous access to information, afforded by computers and the Net, has enabled criminals to monitor crucial variables like transport arrivals and departures, customs and police inspections, and commodity ﬂows, improving their odds for success. But the odds are overwhelmingly in their favor to start with.

“Look what we are fighting now—cell phones,” said the head of an elite anti-crime police unit during a conversation about smuggling. “We plan a bust, and the gangs have a lookout. In days gone by, we might make it to the drop site before the lookout. Now the lookout spots us, and they just call their mates on a cell phone, and everyone simply melts into the night.

“A ship with illegal cargo only has to call other ships when it is in open waters in order to arrange a rendezvous to transfer cargo illegally, and then they sail off without ever coming into port. The land crew arranges pickups with the smaller vessels and then sets up cross-country transport. It’s professional, it’s smooth, it’s almost impossible to stop, and it’s based in the explosion in communications technology.”

Consider Rotterdam, the world’s largest port in terms of volume and among the largest in size; it covers 26,000 acres. In 2001, some 30,000 seagoing vessels and 133,000 inland ships visited this port-world. They carried 313,700,000 met-
ric tons of cargo throughput, and over 6 million containers (twenty-foot by twenty-foot sealed metal shipping containers measured as TEUs). The port’s managers boast that most of Europe is accessible within twenty-four hours. Simple math demonstrates that on an average day, eighty-two seagoing vessels and 364 inland vessels visit Rotterdam carrying 859,452 metric tons of cargo and 16,438 containers (TEUs). The port has developed portable, state-of-the-art scanning machines, but it takes several hours and a team of at least six people to scan a single container as it must be off-loaded, transported to the scanner, monitored by the appropriate authorities, and potentially unpacked and then reloaded. A single ship may hold 6,000 containers. Even a customs staff of tens of thousands could not inspect all the cargo entering the country, and no city in the world can maintain a custom’s staff anywhere near such numbers. The problem is compounded, as an official of the Netherlands’s Chamber of Commerce explained:

If we want to stay the number-one port, we have to deliver. Businesses now plan to the day, and sometimes the hour, when they need critical supplies and when the shipments they require need to arrive. The calculations are straightforward: the ship arrives, the cargo is off-loaded onto inland road, rail, or sea transport, and it arrives at their door within, usually, twenty-four hours. So what happens if we hold up these shipments for inspection? Of course, security is a top concern. But so is staying competitive. If we hold up crucial cargo, then the business just moves to a port in the next country.

In addition 26,000 commercial flights take place each day in Europe (by comparison, 48,000 flights are handled by air-traffic control daily in the United States).

“What we’ve said holds doubly for air transport and cargo,” the Netherlands Chamber of Commerce official added. “Air transport is obviously more expensive, so the goods that are carried tend to be the more valuable. They are not only valuable in cost, but in importance—they are needed immediately. Perishables. Crucial industrial parts. Sophisticated electronic equipment. Essentials. You fly them in, get them onto transport, and get them to where they are going with no delay. Inspections are delay.”

Consider that the ten largest ports in the world handled 1.6 billion tons of seaborne cargo and eighty million containers (TEUs) in 2000. The top four rapid mail-delivery services (e.g., Federal Express, DHL) move twenty million packages a day. Anywhere in the world, the waiting times are short, the efficiency high, and the costs moderate—if cargo is not held up in inspections. It is this massive flow that provides the invisibility xlegal merchants seek. The additional resources of ICT make judging the best times and places to move illicit goods a science, not a shot in the dark.

ICT also has eased the paperwork of xlegal enterprise. Moving illicit goods through licit channels requires inspection papers, bills of lading, customs
stamps, financial statements, transit schedules and authorization, and a host of other "legalities." Providing these requires expertise. The Net has made it a profession.

"You move 'stuff' around the world, you need certificates," said the smuggler. "Diamonds, stolen cars, weapons systems, the latest Hollywood releases—you name it. A good forger is worth his or her weight in gold, literally. It is a profession. A person gets a reputation, and people seek him or her out for their work. A master forger commands a great deal of respect. And money. The good ones now advertise on their websites."

During this fieldwork, I became curious as to whether powerful players in unrecorded trade might acquire and use their own satellites. Sat-phones and sat-net can be used from the most urban to the most remote locales, and ownership might allow control over communications. I spoke with a successful entrepreneur in this field, asking him if there was a way to use communications satellites to avoid government regulations, monitoring and control.

It is not that you would want to set up your own satellite outside of governmental control—that would be most difficult. You just embed a message in the vast, incomprehensible vast, amount of information circulating at any time. Why buy a multibillion-dollar satellite and go to extreme lengths to try to avoid governmental detection when you can just buy a bit of airtime and send one of several million messages going out at any given time that says "pick it up at 7 p.m."

A review of the legal world of ICT alone gives a sense of the possibilities that rest in the explosion of information communication technology. As of June 2001, there were 118 million wireless subscribers in the United States and 1.39 million mobile cellular legal subscribers globally. They generated 135 billion international telephone traffic minutes annually. Some 605 million personal computers and 665 million Internet users span the globe. In the United States the average Internet user spends three hours per week online at home and five and a half hours at work. The magnitude of these sales and uses allows for a large industry in illicit ICT. Computers are counterfeited in unregistered factories; they are smuggled; they are stolen and resold; they break sanction after sanction as they move across borders of contention and war. Fifty percent of the software computers depend on in South Africa is illicit, and 98% is illicit in Vietnam and China; the computer industry would be satisfied if these countries could achieve the "success rate" of the United States with only 30% illicit software. Cell phones, sat-com gear, global positioning system units, hardware, and the latest jacked-up programs are common to "street markets."

Amid this massive communication spectrum, a secret signal like "Sunday, 3 p.m., lot 5" is likely to escape all detection. No security force in the world has the
human resources to monitor even a meaningful fraction of this intercommunication, much less the intelligence services to follow up or field agents to act on it.

SECURITY

Current notions of security are fiction, pure and simple. The fiction that borders can be “secured” continues to function among governments and security agencies because most of what moves invisibly across borders is not a threat to national security. From interviews I conducted with police and customs officials in America, Europe, and Africa, a picture emerged of the most actively and profitably smuggled goods in the world today: technology, electronics, entertainment commodities, computing soft/hardware, clothing, food, endangered and restricted species, industrial equipment, precious metals and gems, vehicles, alcohol, and cigarettes. At the end of a discussion with Detective Richard Flynn of Scotland Yard, I asked what among all the nonlegal commodities and services found in the U.K. he considered to be the most serious, the most dangerous. Without a pause, he responded:

Cigarettes. That simple everyday packet of tobacco that you see in about 40% of the population’s pockets. Because they flow in from everywhere—on the ferry from France, in the car from Holland, in the container from Bulgaria, on the plane from India or the States. They sell them out of car boots. Take a walk in the local street markets, guys line the streets with cartons of every brand name. They sell them from under the counters of the local corner store. They are absolutely everywhere, in the middle of everything. They show up every porous hole in our borders, our customs, our laws, and our ability to enforce the laws. And it’s not just the cigarettes, it’s what they move with—the routes of cigarettes, their flow into just about every conceivable corner of a country—just about every dangerous commodity moves along these same channels, with cigarettes. And at the end of the day, millions in taxes are lost yearly to cigarette smuggling.

Few effective means exist to manage true threats to national security—bombs, terrorists, chemicals—buried in a shipment of cigarettes on a cargo ship with 6,000 containers arriving at a port with ten other ships of the same size with a twenty-four-hour delivery promise. If security forces rely on profiling and rapid transmission of information, the smugglers are even more adept at using these very ICT systems to embed their products invisibly in global transit networks. Logging on to a port site to get information useful to smuggling is child’s play; hacking into security work schedules, profiling records, timetables, and strategic plans is a skill a number of teenagers can manage—the skills for smuggling have come prepackaged in the information era.

The threats, however, do not all involve direct or military violence. Contrary to much traditional economic analysis, extrastate economics are not marginal to
the world's economies and politics, they are central. The trillions of dollars of unrecorded monies that circulate the world every year represent economic power capable of shaping international markets; of moving in and out of banking systems to configure financial institutions, of entering into legal enterprise and governing structures to affect econ-political process. Larger successful xlegal networks can, in the more advanced scenarios, topple governments.

The ability of xlegal networks to internationalize has allowed them to gain economic and political sophistication that in some ways is analogous to transnational corporations and sovereign states. As Manuel Castells and Susan Strange write, these organizations now operate much like multinational corporations and political organizations. They exchange resources, forge trade agreements, draft foreign policies, create monopolies or service empires, shape political processes. Xlegal networks span cultural groups, languages, continents, and areas of specialization. They employ lawyers, accountants, trade specialists, financial advisers, bankers, transport specialists, and information and communication experts. And do it all without benefit of formalized information resources.

While the illegal world must, by definition, remain unincorporated, it can still create empires of profit and power based on communication and exchange. The interlinkages of different criminal groups across continents, the forging of international foreign and trade policies, and the increasing reliance on legal, commodity, and financial experts are developments redefining not only illegality, but governance in the twenty-first century. Yet such systems must bypass the formal institutions that governments and legal businesses rely on.

In a curious development, both xlegal exchange and ICT are defined as easily interlinking sets of flexible, nonterritorial network systems that mirror one another. These very characteristics that allow the xlegal to succeed in a state-dominated territorial world of international law are the characteristics that have led to the exponential boom in ICT in the twenty-first century. It is not a far reach to question whether the dominance of the nation-state model is facing a challenge in the most fundamental sense from these new associations of exchange and power.

Consider one final example in the analysis of the unrecorded commodity movements from the remote interior of countries like Angola to the world's cosmopolitan centers. Unrecorded monies are worth only the papers they are printed on until they are "laundered." Michel Camdessus, former managing director of the International Monetary Fund, estimates that $600 million is laundered annually in the world. That figure represented between 2% and 5% of the world's gross domestic product in 2001, yet it is considered by most experts to be a vast understatement. This is because, by convention, the figures used are
gathered from the dramatic and large-scale “illegal” mafia, cartel, and triad-generated monies from the arms, drugs, sex, and human-trafficking industries. Informal (unrecorded but not illegal) trade, illegal trade in legal commodities like pharmaceuticals and electronics, mundane trade (as in food and clothing), and white-collar crime are seldom factored in.

Laundering has become quite sophisticated today: launderers move illicit earnings through a series of legal business ventures and through investments and stock markets in a multiple-step process of cleaning the money. Banks looking for large and unexplained investments from questionable sources rarely notice monies laundered in this multistep process. But in the information era, banks and legal financial institutions may be bypassed altogether. Unrecorded “banks” move unrecorded money worldwide with a trunk line and a modem. A person can walk into a “store-front bank” in Asia and a “banker” with a cell phone and a laptop can move the client’s money to the United States in the time it takes to transmit an electronic message. Launderers with a good computer and decent stock portfolio software can move ill-begotten gains through stock markets with ease.

Consider security in this context: a coalition of people with access to unrecorded monies can manipulate markets. The sheer ease of instantaneous communication and information technology wed to illicit profits and the process of laundering can wreak dire consequences for economies, especially in emergent markets.

Unchecked, money laundering can erode the integrity of a nation’s financial institutions. Due to the high integration of capital markets, money laundering can also adversely affect currencies and interest rates. Ultimately, laundered money flows into global financial systems, where it can undermine national economies and currencies. In some emerging market countries, these illicit proceeds may dwarf government budgets, resulting in a loss of control of economic policy by governments. Indeed, in some cases, the sheer magnitude of the accumulated asset base of laundered proceeds can be used to corner markets—or even small economies. It is ironic that many of the advances in technology heralded as enhancing security in the world have benefited those who violate laws and security even more. In a world where legal networks are globalizing in a framework of power that can rival smaller countries and where terrorism can cause havoc with the foundations of economic and political processes, security is a chimera. Smuggling antibiotics into Angola may violate international law, but the benefits of such an act do not make this a serious security issue. But dangerous items follow these same routes, utilizing the same mechanisms of invisibility: imagine the transfer of one bomb among hundreds of thousands of shipping containers and millions of packages arriving in a larger country any given day. The best that today’s security
personnel can hope is that spot checks will discourage some portion of the illicit traffic and that they will occasionally net one of the bigger fish. As for participants in illegal activities, they can rest reasonably assured in their ability to hide in plain sight within the massive universe of trade and extant ICT operations.