Trillions of dollars move through the world’s markets illegally, and millions of people work in extra-state activities. They move everything from the dangerous (narcotics, toxic wastes, arms) through the luxurious (diamonds and art) to the necessary and the mundane (food, clothing, and electronics). Not only are fortunes made on these profits—empires are built. Empires that are, for various reasons, largely invisible. Illegal transactions are generally embedded in networks that span the globe. The most successful of these networks control finances and resources larger than many of the world’s countries. They can quite literally develop or cripple national emergent economies. These networks are not states, nor are they competing to become states. They thrive precisely because they constitute a different order of politics and economics than formal legal states (Nordstrom 2001). Illegal networks continuously intersect with states as they launder money into legality, move goods across the borders of ill/legality, and turn corruption into politics by another name. But it is the tension between state and extra-state that gives both their power.

Perhaps as important as uncovering the dynamics of extra-legal networks is asking the question why so little data or discussion of the extra-state exists. Most people assume these data are available. But such assumptions are easy to challenge: How many university courses and texts address extra-state economies and their impact on global economies and politics? How can you calculate the impact of illicit gem and weapons flows on European stock markets; or of money laundering on inflation? What economic indices are available to predict—based on the intersections of formal and extra-legal transactions—where economic crashes such as that faced in Asia in the late 1990s and in the West after the September 11 attacks in the U.S. will occur? How can one calculate the entire economy of a country—a GDP that encompasses and delineates both the legal and extra-legal—and how this shapes a country’s relations with other states? In short, why does a vast sweep of international economic work ignore a vast sweep of international economic reality?

There are several answers to this: from the machinations of power to the life of academics, and the ways these variously intersect. To begin with the life of academics: scholars, for the most part, are enmeshed in the world of the state.
They work in institutions that are state-recognized, they receive legal wages with formal taxes taken out, they live in officially authorized housing, and buy lawful commodities. They do not tend to travel with six passports, run illegal commodities and laundering scams, do research with powerful people running extra-legal industries, buy hot vehicles, deal drugs, or act as kingpins (or even littlepins) of successful mafias. If they did, research on the state and its power might be different.

Academics’ embeddedness in the state, however laudable, means that the state is, quite literally, the paramount site of power and privilege as they live these; and in turn, academics privilege the state. It becomes the focal, the definitive point, of research. Academics are as invested in the state as it is in them. A ‘state’ is a conceptual category and not an objective entity—it exists only by virtue of the fact that people believe in the laws, geographical designations and imagined communities that designate the flow and flux of humanity and space into discrete parts. A state is an abstract notion that is given substance by virtue of being recognized as substantive. A state needs academics to theorize it into being.

From the vantage point of a state-centered perspective, anything outside the state is less substantive, less powerful, less dynamic. The state is posited as controlling non-state forces, and as the latter do not appear to dominate politics and economics, it would seem the state is successful, and therefore paramount.

But if academics move to a different vantage point, one that does not privilege the state in primary research definitions, how do power, profit, and politics emerge? To answer this question, I conducted two years of field research on extra-legal economies and extra-state power in 2001—2002. In following the international connections that gird the extra-state, I began in one of the more remote locales: the front of the war in central Angola. From there, I followed the actors, goods, services, exchange routes, markets, and power politics that moved out from this locale through national to international unregulated economies (Nordstrom 2004). This took me from the frontlines to the political, economic, and military power brokers of Angola, to the borders and the smugglers that ply these routes, out to the larger African ports that bring goods from all continents, and finally to Europe and to Rotterdam, the world’s largest port. Along the way, I spoke with those who break laws, and those who seek to enforce them.

During these two years in the field, I realized the state is not the preeminent contender for political, economic and social power in the world. To demonstrate this point, consider the flow of goods to and from the center of Angola to the global economy. Angola suffered a war that decimated the country’s infrastructure. At the end of the war in 2002, the United Nations and the country’s economists estimated that 90 percent of Angola’s economy took place along extra-state lines. The state is dwarfed by the non-state. Some of this is informal subsistence trade, but Angola’s considerable resource wealth—from diamonds and minerals through timber and seafood to oil—has produced financial and political empires (Hodges 2001). These are complex politico-financial systems that challenge all divisions of il/legality and morality. Some have grown rich
and some have wrested power by exploiting resources for the hard currency to purchase military supplies internationally. Some merely seek to build up their own industrial bases and exploit all avenues, legal and otherwise, to profit. Some are dedicated to developing their countries, and exploit the extra-legal to bring core necessities to the population that are not available through legal channels. In this context, it is important to realize that in war-devastated economies, the means of getting even the most basic supplies—food, medicines, industrial supplies, energy sources—are often not legally available. Almost everyone in such conditions works with international networks moving goods across both national and legal borders.

Research at national borders shows a world of extra-state commerce of global proportions. Billions of dollars worth of commodities and services from all corners of the globe move in largely unregulated (extra-legal) ways across Angola’s borders. In interviews with those who make up this world of cross-border trade at several of Angola’s border posts (both legal and unmarked)—commodity brokers, transport experts, warehousers, military, and the like—virtually all said the system works, and it works outside a fully legal arena. For example, commodity wholesale and transport groups from Angola cannot buy with local currency, which is not recognized in international markets. Dollars, diamonds—these are the recognized international currencies. No one trusts moving these through formal banks. Transactions worth many millions at a time are conducted outside of regulated channels. This is business as normal. Technically, it is smuggling. The people in charge of these commercial networks are at the top of the economic pyramid in their country. They generally run legitimate businesses, and do so successfully by careful negotiation of the illegality divides in the world. The most successful have an international financial standing. Their children go to Oxford, they vacation on the Riviera, they sit on the boards of multinationals in Shanghai and New York. They can translate financial prowess into political power: standing for mayor, running for political office, sitting on policy councils, holding a seat with a UN body. Amidst all of this, they are unlikely to abandon their access to unregulated activities; it is one of the cornerstones upon which such businesspeople are able to succeed.

Angola may stand out in considerations of the extra-state with an economy so dependent on the nonlegal. But it is not an aberration. I have noted that Angola’s economy is 90 percent extra-state. But industrialized states and countries at peace do not overcome extra-legal realities: one-half of Mozambique’s economy, 58 percent of Kenya’s, over half of Russia’s, 50 percent of Italy’s, 48 percent of Peru’s, and up to 30 percent of the U.S.’s economies are extra-state (Ayers 1996; Greif 1996). This takes us to the next level of my fieldwork: moving from the international borders of Angola to the large ports of the world, we find the extra-legal is as institutionalized as it is in the open frontiers of war-torn landscapes (Findlay 1999; Florentini and Peltzman 1995). Interviews from Africa to Europe with customs officials, police and intelligence agencies, harbor masters, and shipping companies that ‘work’ both sides of the law turned up the same high indices: anywhere from one-third to over two-thirds of shipments
inspected break the law in some way. The head of International Assistance in Her Majesty's Customs and Excise in the U.K. reflected a common sentiment when answering my question: "How many legal enterprises break the law in some way?" His answer: "100 percent, no question. Everyone somewhere somehow moves around what seem onerous taxes, duties, tariffs, shipping laws, sanctions, profit declaring, legalities." Business as usual.

For the (hundreds of) people I spoke with for this research, the state is 'somewhat' important. They look out on a world of state bodies and extra-state networks—variously disparate and intersecting as need dictates. Borders are unregulated opportunities as much as, and perhaps more than, regulated national institutions. The seas are a broad expanse of profit outside of sovereign rule. Transport routes are arteries of commodity flow; legality is a secondary consideration as the most controlled ports can inspect a maximum of five percent of the goods they are responsible for. Taxes and tariffs are obstacles, not obligations.

My interviews consistently demonstrated that the vast majority of those who participate in the extra-legal do not think of themselves as criminals, as smugglers, as 'really' breaking the law. In their perspective, states, being only 'somewhat' important, are only somewhat noticed, somewhat respected. Vast extra-state economic networks are equally, and sometimes more, important. Multiple nodes of power. Multiple constructs of privilege. Each balancing the hegemony of the other in global realities. Yet in academic circles, the state is visible, and the extra-state less so. Why?

Common wisdom holds that two things cannot exist in one place, and this myth is central to making the processes and profits of the extra-state invisible. This 'wisdom' supports the convictions that the state is the predominate form of sociopolitical and economic relations defining the modern world. If the state reigns, it reigns supreme; if it falls, it will be replaced by something else (anarchy, to most theorists). Any other competing set of economic and political associations are by definition marginal.

In fact, multiple competing regimes of power and accumulation exist, variously hindering and assisting one another (Hardt and Negri 2000; Heyman 1999; Strange 1996; Tilly 1985). The vast network of extra-state alliances represents not merely an 'outlaw' offshoot of the state, but a competing set of organized systems of accumulation, control, and action (Nordstrom 2000). These may at times benefit state structures and authorities; they may at times outcompete them. Should these extra-state networks become more adept at controlling resource extraction, capital accumulation, and a justification of violence than the state, they will supplant the latter in primary authority; if they prove less adept, they will wither and be supplanted by new and emergent forms of political and economic relations.2

A great deal of effort has gone into producing the idea that the state is the fulcrum of power and authority in the modern world (Enloe 2000). Yet the state too is just another invention, to echo Margaret Mead's classic words on warfare. Just a more successful invention at a given point in history. So while crafting invisibilities around the unregulated hides some of the immense profits that
people, industries, social groups, and states make from extra-state means, the invisibilities also hide the fact that the state is not the ultimate, the supreme, the unchallenged governing authority in the modern world. The sheer power carried in extra-state systems—the power to shape global economic and political realities—demonstrates the partial nature of state authority. And this demonstrates the state’s power is not preeminent, but a carefully crafted illusion that exists only because a population chooses to grant it believability.

Perhaps, then, the illegal and the illicit are too important to discuss. Perhaps ignoring them is not a simple oversight, but the product of the governments, industries, and people who build empires through less than legal means. As Castells (1998: 178) notes, there is a “thin line between criminal traffic and government-inspired trade.” In this transitional era of globalization, who will be most effective at mobilizing economies and the force to protect them is as yet an unanswered question. Perhaps when people say it is too dangerous, or too difficult, to study the illicit, the more basic question is “dangerous to whom?” In truth, the divisions between non/formal and extra/state are far less distinct than classical theory and popular discourse would have. The danger might thus be to our very conceptions of power and economy; to our theories so carefully crafted about the nature of the relationship between state, individual, and authority.

NOTES

1. For a similar discussion for the Democratic Republic of Congo, see MacGaffey and Bazanguissa-Ganga (2000).
2. Reading Henrietta Moore’s work on the anthropology of governance (1996: 10–14) raised a new set of considerations for me, ones not directly addressed by Moore, but implicit in her ideas. She explores the place a “neo-Foucauldian” approach would have in contemporary anthropology, placing at its center the ways—the arts—by which practices of government control populations. Crucially, while this is a means to analyze the state, it is not state-centered. This notion of “governmentality,” says Moore, indicates “a certain mentality, a particular way of thinking about the sort of problems which can and should be addressed by particular authorities and through particular strategies” (1996: 12). The critical analysis of these forms of rationality, concludes Moore, would certainly be central to a modern anthropology. My explorations of the ways in which state and non-state actors alike benefit from the created invisibilities of extra-state networks touchs on these issues of governmentality, and the systems of knowledge as power that undergird these.

REFERENCES

Carolyn Nordstrom


