

The Washington Post

October 30, 2005, Sunday, Book World, page T06

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The Shadow World: A network of bandits and pirates threatens the fabric of society yet is deeply part of the weave

Review of *ILLICIT: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy*, By Moises Naim, Doubleday. 340 pp. \$26.

For as long as the world has had borders, and the taxes and surveillance that come with them, humans have had an incentive to sneak across them. So the existence of global smugglers, traffickers, and counterfeiters is not exactly news. Nor is it clear that these activities are always criminal. Gunrunning, for instance, can be downright dashing, not to mention patriotic, depending on which side of a particular war you are on. Illegal immigrants who walk hundreds of miles and brave rivers, mountains and deserts to work abroad and send money home are often heroes in their home countries. And copying ideas or goods can look very different from the perspective of desperately poor nations pressed up against the glass of a far richer world.

Why, then, write a book about global smuggling, trafficking and counterfeiting networks? In *Illicit*, Moises Naim, editor of *Foreign Policy* and former minister of industry and trade for Venezuela, realizes what he's up against. He knows that collecting stories, as fascinating and frightening as they are, about such activities is not enough to convince his readers that they are reading about a new world of new problems that demand their attention. But he also knows that illicit trade is undermining whole economies, corrupting entire governments, and diverting the benefits of globalization itself. He offers three major arguments as to why illicit trade today is a far greater threat than ever before -- in degree and also in kind.

For one thing, illicit trade is trade first and crime second. It thrives on all the trends and innovations that have led licit trade to flourish -- the leveling of tariffs, the ability of technology and transport to create the most far-flung communications and distribution networks, the opening of economies to at least semi-equal participation by foreigners and citizens. Indeed, structurally and organizationally, illicit trade is an unavoidable consequence of globalization. Even more important, the economic power in illicit trade flows not from specialization in a particular product -- drugs or arms or antiquities -- but, as an FBI deputy director told Naim, from "the network itself, and its ability to procure, transport, and deliver illegal merchandise across countries. What the merchandise was became almost irrelevant."

Second, the economic power created from illicit trade is rapidly becoming political power, resulting in the "criminalization of the national interest." In a striking recent example, when former Peruvian president Alberto Fujimori was forced out of office in 2000, the power of Vladimiro Montesinos, head of the national intelligence services, was revealed. According to a former Peruvian prime minister, "Peru's national interest and important foreign policy decisions were often unilaterally defined or greatly shaped by Montesinos' interests" -- interests that, as

Naim comments, “were often criminal,” including running “a large network that trafficked drugs and weapons and laundered money all over the world.” Naim points out that the “problems of West Africa, central Asia, or the Balkans -- to name just a few -- cannot be understood without considering the immense weight that traffickers have in their political and economic life.” Even more worrisome, he asks whether we will really be able to analyze Indian and Chinese behavior without taking into account the “enormous influence” on those countries’ decision making of profits from counterfeiting, intellectual piracy and, particularly in the case of China, trafficking in illegal immigrants.

Third, the moral calculus in combating illicit trade is very complicated indeed. How, Naim asks, “do you describe a woman who manages to provide some material well-being to her destitute family in Albania or Nigeria by entering another country illegally and working the streets as a prostitute or as a peddler of counterfeited goods? What about bankers in Manhattan or London who take home big year-end bonuses as a reward for having stocked their bank’s vaults with the deposits of ‘high-net worth individuals’ whose only known job has been with a government in another country?” Or, he suggests, consider the sharp contrast between the ability of American teenagers to procure marijuana as easily as cigarettes, with little risk of prosecution, and the many honest Colombian judges and police officers who have risked and lost their lives trying to battle the cartels profiting handsomely from supplying those same teenagers.

Chapter after chapter of *Illicit* documents a world of criminal networks flourishing just as corporate networks do -- side by side and often intertwined. Naim has gathered and sifted an astonishing range of information, from Russian financing of Liberian rebels to a \$12 billion market in fake (and often dangerous) car parts. Through it all, Naim continually reminds his readers that this is not some distant “underworld,” a dark hidden realm unto itself. It is more like the veins of mold running through Roquefort, not only visible, but indispensable for making the cheese what it is. The suburbanites who occasionally enjoy a joint (and whose sons and daughters often seek harder stuff); the man seeking a paid escort on a business trip; the professional couples desperate to hire a loving and responsible nanny, legal or illegal; society ladies happy to pick up a fake Louis Vuitton on New York’s Canal Street just for knocking around town -- we are all the ultimate buyers fueling the demand that illicit networks of producers, brokers, agents, distributors, shippers, foot-soldiers and sidewalk salesmen serve. And tackling the networks that make illicit trade possible would often mean attacking the very laws, technology and professional and personal connections that fuel globalization itself.

Naim convinces his readers that many seemingly disparate trends and pieces of evidence add up to one very big problem, but then offers only a grab bag of incremental measures in response. New technology for tracking criminals will help. So, too, will burgeoning networks of government officials working together across borders, such as the G-7’s Financial Action Task Force against money-laundering. Reorganization of many existing domestic agencies into one big agency tasked with addressing all aspects of illicit trade would help, although Naim recognizes that no amount of reorganization would make any difference without the necessary political will to provide the sustained funding and attention to tackle a problem like this over time. More cooperation with important civil society groups monitoring illicit trade and more

awareness on the part of ordinary citizens would help, as would legalization of drugs and migrant workers.

Naim's resistance to the temptation of proposing a silver bullet at the end of his book reflects commendable pragmatism. Yet to mobilize political will on the scale he describes, we need integrated strategies flowing from one big idea rather than a lot of little ones. In the Cold War, communism was the threat, containment the response. That was a big idea with many sub-parts, but it could be communicated simply and powerfully enough to mobilize publics and their representatives. What is that big idea today? A networked world? A Global Neighborhood Watch? Managed globalization? How do we capture and communicate the threat in a way that offers not only policymakers but also voters a way to think about and support an integrated response? Preaching the dangers of illicit trade is unlikely to do it.

Nevertheless, *Illicit* is important reading for anyone struggling with the inadequacies of the "war on terror." If or when the networks that allowed Pakistani scientist A.Q. Khan to sell designs and parts for nuclear weapons around the world intersect the networks of terrorists themselves, America's greatest nightmare could result. Even winning the war in Iraq and democratizing the entire Middle East would have little effect on these networks. On the contrary, as Naim shows, after the fall of the Berlin Wall, democracy in formerly repressive countries opened their borders not only to trade and tourism but also to trafficking.

Naim argues persuasively that current illicit trade patterns threaten "the fabric of society" itself. So what's our plan?