

What We Choose Not to See

Corruption has been working its way to the top of the global agenda ever since former World Bank President James Wolfensohn publicly condemned the practice at the bank's 1996 annual meeting. But there is more going on besides the bribes and side deals reported in the news. There is an entire network of illegal traders—ironically growing and advancing daily thanks to the effects of globalization—that is only beginning to reach the surface of the public eye. Here, **Moisés Naím**, author of *Illicit: How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy* (Doubleday, 2005), talks to **Angie Drakulich** about the organized crime that is, in many ways, taking over the world and what we can do to stop it in its tracks.

*In your book, **Illicit**, you suggest that the fight against terrorism is overshadowing what you call the “five wars of globalization”—specifically the illicit trade in arms, drugs, human beings, intellectual property and money. Why is it important for nations—especially the United States—to reverse this trend?*

The number of people touched directly by terrorism pales in comparison to the number touched by illicit trade. I'm talking about people whose lives have been transformed by drugs, weapons—especially small arms that are fueling civil wars throughout world, trafficking in people and so on. This is by no means an attempt to minimize the threat of terrorism, especially suicidal terrorism. The point is that centering all our efforts, attention and conversations on terrorism is distracting from what I perceive to be a threat that is just as important.

The primary point of your book is to explain that the seemingly positive changes brought about by globalization in the 1990s in politics, economics and technology, are the same changes that have allowed illicit trade to grow and thrive as never before. In this sense, do you think globalization was a bad thing?

No, I am a big fan of globalization. I think it has opened opportunities for billions of people around the world and I am convinced that its positive effects outweigh the negative. Having said that, it's also important that we understand some of the costs. Critics of globalization normally center on its impact

on inequality or its crushing consequences for local cultures. Those are important effects and there is much discussion about them, but I think they are relatively less important than the consequences of the boom in illicit trade and the effects these criminal networks are having on democracy, development, security and entire industries and nations.

Asked about the World Bank's current focus on corruption at the national level, Naím said corruption and illicit international trade, while not unrelated, need to be addressed differently.

There are obvious ties between them. The massive scale and scope of illicit trade would be impossible without the active complicity of many governments at the highest level and in a systematic way. Calling corruption what literally hundreds of thousands in China do when they counterfeit products—[a business] which accounts for about 8 percent of the Chinese economy—is a truncated part of the reality. It is corruption but just calling it that limits our understanding of what is going on. For example, take a Guatemalan woman who leaves her family and risks her life to come to the United States to work as a maid and sends back money that puts food on the table of her children. According to the laws in place, she is a



Naím, unearthing a network.

criminal. But we don't normally use such harsh words when we talk of the couple that employs her. We don't call criminals the private bankers in prestigious money-center banks who gladly accept deposits of millions of dollars from high net-worth individuals who happen to be government officials who have never worked in the private sector. There are many cases when our double standards and the

blind spots in our reasoning muddle our thinking and actions...

I am convinced that the war on corruption has been corrupted. It is a war that is being essentially fought on the basis of moral denunciations and criminal persecutions. The emphasis is often placed in the search for the proverbial honest leader who is going to keep his hands and those of his cronies out of the public's money.

I am not suggesting that we need to surrender and just tolerate corruption. All I am saying is that we need to fight a more effective war on corruption—one that starts by taking into account some of the new phenomena that are discussed in my book. We are no longer just talking about an official taking a bribe. We are talking about entire segments of the public sector of some countries—including some developed countries—being an integral part of an illicit global trade that is growing faster than the legal economy.

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Many failed states have become havens for these networks, and this makes rebuilding nations very difficult. At what point do these systems become deterrents to development?

Let me clarify that illicit trade thrives not only in failed states. A 2004 editorial in the *Financial Times* noted that one of the best havens for money laundering is the city of London. Spain or the US/Mexican border are also examples of havens for all kinds of illicit trafficking. Three of the most dangerous assumptions in our current thinking are that 1) crime has always been part of the human experience and therefore there is nothing new under the sun; 2) crime needs to be fought mostly by police officers and the judicial system; and 3) crime is essentially a local or national affair.

Moreover, current networks have nothing in common with our traditional assumptions about organized crime; they are completely different and constitute a new phenomenon that is profoundly altering world affairs... It is wrongheaded to just assume that crime is a problem for police officers and judges. It is a national security issue that requires a different set of skills, including economics because we're talking about massive global markets at work. When you buy a fake Rolex watch or a counterfeit Gucci bag from a vendor on the street, you are buying it from someone who is often as illicit as the goods he is selling—he is probably himself a victim of human traffickers. At that very moment, you are touching the final link of a huge and complex global network whose activities are having profound consequences for the way the world works.

Clearly we need an integrated, global approach to this problem. What role do you see for the United Nations?

The UN has had major influence in passing indispensable new treaties and conventions, and it is also a bully pulpit and an accelerator in terms of spurring action at the national level. The UN is the moral voice that can point to what ought to be at the top of the global agenda. Global problems cannot be tackled by any country acting alone even if that country is the largest superpower in the world.... Whatever action one takes, it has an indispensable requirement to be of multilateral nature.

[Having said that,] the conversation doesn't start at the UN—it starts at the dinner tables of voters, especially those in advanced democracies. Without the political will to recognize and tackle these problems—and their drivers—it will be impossible for government agencies and multilateral organizations to become effective. Looking frankly at the drivers of the illicit economy means that we also need to look at the demand side of these trades. When we do that, we discover the culprits are not just some unknown, shady foreign criminals—they are also our own neighbors and perhaps even our own family members who happily create the huge demand that fuels the supply of illegal workers, knockoffs or drugs for example. The drug problem exists as much in US college campuses and country clubs as it exists in the jungles of Colombia.

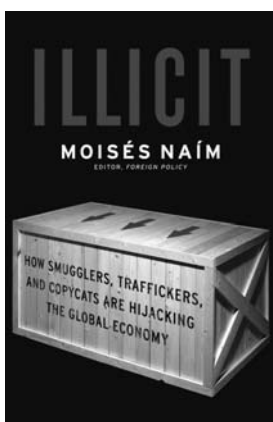
Your book has been out just over a year now. There is a new UN conven-

tion against corruption, which the US has ratified, and both governments and the media seem to be paying more attention not only to the issue of corruption, but also to the underlying illegal trade networks you discuss in your book. In this sense, do you see light at the end of the tunnel?

Hardly a day goes by without front-page news of world changing events that are driven by illicit trade. Recent examples are North Korea's nuclear bomb, Iran's nuclear ambitions and program, the funding of Iraq's insurgency, and energy and gas trading between Russia and Eastern Europe, or what is going on in Africa or China or Latin America. None of these major international situations or crises can be fully understood without factoring in the role that the illicit economy and its beneficiaries—who work in the streets, in large corporations and in presidential suites—are having.

[Still,] I have to confess to having been surprised by the impact of my book. It has had uniformly enthusiastic reviews, is coming out in more than 18 countries in different languages and is being made into a two hour National Geographic documentary that will be released for worldwide distribution next fall. In every country where I have gone, the book is creating conversations in the media, public and among politicians and policy makers. The reason I do what I do is because I am a true believer in the power of ideas and the conversations that drive ideas forward. Conversations do change the world. My hope in writing the book was to start a conversation. It looks like it is happening. ■

—Ms. Drakulich is editor of The InterDependent. Dr. Naím, author of Illicit: How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy (Doubleday, 2005), is also the editor of Foreign Policy.



Opening a new dialogue.