

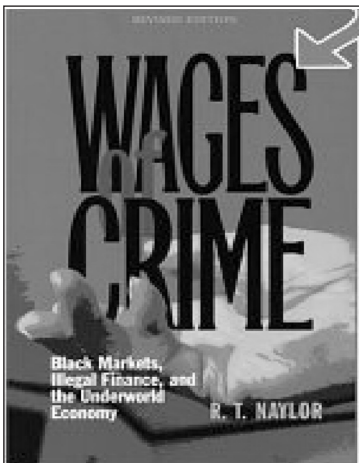
BOOK REVIEWS

WAGES OF CRIME

*Black markets, illegal finance,
and the underworld economy*

R T NAYLOR

Cornell University Press, USA, 2002



The title *Stereotypes and realities in organised economic crime* would have been just as appropriate for Naylor's interesting and very readable book. At the onset, Naylor reveals the history of the book, which took the form of lectures, seminars and seemingly interminable debate. The quality of the ultimate product, which comprises six chapters and a seventh that is somewhat unassumingly titled 'Afterword: Satanic purses', probably owes much to the way that the book was put together.

The author's central argument, crystallised in the Introduction, is that measures that are premised on the assumption that market-based crime can be eliminated by combating its supply side are unlikely to work. The evidence all points to the conclusion that "supply-side

controls act to encourage production and increase profits. At best a few intermediaries get knocked out of business. But as long as demand persists, the market is served more or less as before". Yet the escalating regime of laws, encouraged by regional and international protocols and conventions, seems to be embedded in this paradigm. Naylor then sounds an ominous warning that "failure to 'win the war' [against crime] (has) become a pretext for increasing police budgets, expanding law enforcement powers, and pouring more money into the voracious maw of the prison-industrial complex".

The themes around which Naylor has woven *Wages of crime* are relevant and interesting to legal systems in developing and developed countries. Developing countries undergoing transition processes of various dimensions will find the book particularly instructive. For instance, the nations of East and Southern Africa are characterised by transition in the political and economic spheres. To a greater or lesser degree, they all have fragile economies and political systems. As a result, their legal frameworks and the complementary institutions to support state structures and capacitate the state to supplement other states are also weak. This in turn makes them vulnerable to both predatory and market-based crime. The parameters of the formal sectors of the economy are not well demarcated, and political elites straddle the formal and informal sectors.

The tendency of these elites to abuse administrative power tends to increase public distrust and make it difficult for states to design effective anti-crime regimes.

Naylor demonstrates an impressive familiarity with many of the assumptions frequently recited in policy formulation and law enforcement circles to justify measures that impact on rights to liberty, property and privacy. *Wages of crime* examines stereotypes and theories in some of the major activity areas in

which organised crime is encountered in the world today. These include drug trafficking, arms trafficking, smuggling and marketing of precious minerals and marine resources, and commercial fraud. For that reason, I would commend *Wages of crime* to policymakers and law enforcement agencies in Africa.

Notwithstanding the emphasis by the United Nations Security Council's Resolution 1373 (2001) on what it calls a close connection between organised crime and terrorism, the evidence to demonstrate this is scanty. What is known is the involvement of terrorist groups in occasional acts of organised crime and money laundering in order to fund their continued existence and some of their activities. To effectively combat terrorist funding requires an accurate profiling of the modes of support. An overview of the typologies of support in turn entails an understanding of the constituent elements of the terrorist budget. What items account for the cost of carrying out activities regarded as terrorism in international law? Jyoti Trehan (2002) contends that, on average, the costs of terrorism comprise:

- recruitment, which may include an initial financial payment to each recruit
- monthly stipends
- accommodation
- food
- weapons
- training expenses
- administrative expenses (running the organisation)
- medical costs
- media expenses
- *ex gratia* payments to kith and kin of deceased members
- expenses incurred in gaining the goodwill of the local population, or key sections of it

Even a cursory survey of the budget items shows that some of the support required is indirect, while some is direct, in the form of cash or tangible commodities. The concept of funding envisages all forms of support.

Naylor presents a useful exposition which traces the multi-phased evolution of insurgencies. Depending on the fate of the particular

group involved, a terrorist group may go through three phases in the development of its strategy against the state, noting that:

Like the formally constituted governments they challenge, insurgent groups have political programs, even if simplistic; they have control over armed forces, even if sometimes makeshift; and they directly compete with the state for territory, population and resources. An insurgent group, unlike a criminal one, but like the government it combats, undertakes a wide range of expenditures on everything from warfare to welfare, while striving to prevent financial corruption among militants and to overcome fiscal resistance from the general population.

He then traces the evolution of the aspirations of an insurgent group through various stages, distinguishable by the type of activity dominant in each. Phase 1 is the initial contention stage – in which the group operates in highly contested zones. At this stage the preoccupation of the terrorist group is to politically discredit government by carrying out assassinations, hit and run operations, and attacks on state establishments, such as police and military barracks.

In the second phase, which Naylor calls the stage of territorial expansion, the aim is to destroy infrastructure, thereby disrupt industry and commerce, and precipitate a shrinking of investment. This is soon followed, if not preceded by capital flight, and a general fall in production, which increases inflation and unemployment. Tourism is also a common target in this phase of an insurgency.

The final phase is the territorial control phase. In this phase a parallel economy takes shape, under the rule of the insurgent group. The group increasingly funds its activities by levying taxes on the host population, and even engages in a certain level of social redistribution of income. It can be argued that this had occurred in certain parts of the Democratic Republic of the Congo (DRC) in 2001–2003.

Naylor's analysis is important to a region that, since the mid-seventies, has encountered terrorist organisations that took a commercial

interest in extractive resources regarded as precious on account of their high intrinsic value and potential for anonymous exchange. Lebanese groups have been active in diamond exploitation and the extortion of proceeds from diamond sales in Liberia, Sierra Leone and Côte d'Ivoire. Several studies by Global Witness have linked Al-Qa'eda with the trade in gold and diamonds from the DRC, Tanzania and South Africa.

A significant proportion of financial transactions occurs in the informal commodities and currency markets in Southern Africa. The informal economy is a prominent, and probably essential feature of many countries in the region. The relative proportion of the economy handled in the informal sector remains undetermined. The magnitude of financial transactions conducted in that sec-

tor is yet to be determined, but it would be important in designing an effective response to money laundering and terrorist funding out of or through it. In existing circumstances the volume of financial transactions occurring in any economy in which there is a substantial informal economy cannot be accurately determined. It follows that the relationship between the scale of such transactions and the size of the economy is an unknown factor. Detection of suspicious financial transactions remains problematic. In some countries, the authorities perform a virtually passive role, and often have to rely on anonymous 'whistleblowers', which compromises their capacity.

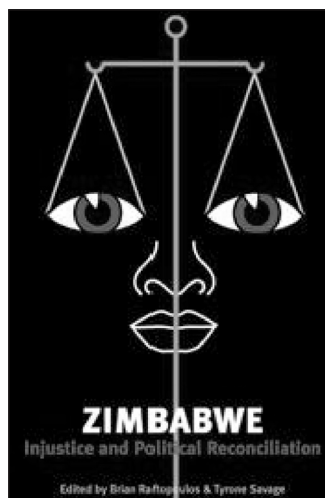
Charles Goredema

ZIMBABWE

Injustice and political reconciliation

BRIAN RAFTOPOLOUS AND
TYRONE SAVAGE

Institute for Justice and Reconciliation,
Cape Town, 2004



The publication of this text is a timely, refreshing scholarly intervention into the debate on Zimbabwe. It is the product of Zimbabwean scholars, activists and analysts, who, through the platform created by the Institute for Justice and Reconciliation (IJR), held a series of intellectual discussions on the nature of the challenges facing the country and explorations on how to move the process of reconciliation forward.

The book is a collection of 16 chapters covering a broad spectrum of issues: nationalism, race and ethnicity, land reform, truth and reconciliation, reintegration of ex-combatants, the military, the judiciary, the media and South African diplomacy. The strength of the book is in its mapping out of the discourses that have informed nation-building in Zimbabwe and the tropes currently employed to legitimate state practices.

Zimbabwe's post-colonial transition was at first held up as a model for racial reconciliation in the Southern African region. However, as the analyses in these chapters and subsequent events indicate, the methods of reconciliation and narratives for nation-building were not

sufficiently broad and deep enough to hold such a fractious community together. Part of the reason for this is located in the inequalities inherited from the colonial regime, but a large part is traced to the practices of the ruling party. Raftopolous argues that "while the ruling party used the language of reconciliation to structure its relations with the white elite and international capital, it deployed the discourse of unity to control and subordinate the major opposition party and the incipient civic forces" (p xi). Furthermore, beneath the veneer of unity, political tribalism was the basis of state consolidation. Eppel continues this discussion in his depiction of the Gukurahundi in Matabeleland.

Barnes illustrates that the focus of the nationalist discourse was on building a unity between the former oppressed communities rather than on inter-racial unity and that this was achieved at "the direct expense of reconciliation". This is a common theme throughout the text, that is, that Zimbabwe's nationalism was exclusionary. It excluded racial minorities, descendants of immigrants and homosexuals. Alexander's chapter highlights the constructions of white identity and argues that whites "are in essence 'orphans of the empire'; while they live in and love Zimbabwe, they do not feel that they are considered native" (pp 195–196). Much of the onus, she argues, rests on whites to reconstruct their sense of being within Zimbabwe. They need to shift from a portrayal of Zimbabwe as multi-racial to that of a non-racial nation. Muzondidya looks at 'invisible subject minorities' (descendants of immigrants from Malawi, Zambia and Mozambique and the coloureds) and argues that "in the post colonial ideologies of majoritarianism and nativism ... subject minorities continued to be seen as outsiders" (p 221).

The two chapters by Raftopolous frame the text's larger interpretation of the root problems that generated the crisis in Zimbabwe. Broadly speaking, the narrow conflation of race with nation and the emergence of an 'authoritarian nationalism' exacerbated the 'unreconciled differences'. Within this context, the rights of citizens are violated, while the state legitimates its authoritarian and patrimonial relations through

a discourse of a narrow African nationalism. This discourse resonates in other African states, hence the support President Mugabe appears to continue to enjoy in the region. The call of the text is then for democratisation, non-racialism, social justice and reconciliation to prevail.

The problem with Zimbabwe is not a disagreement that those are the necessary antibiotics to resolve the crisis: it is the substance of what these entail. Some emphasise the formal elements of democratisation, others focus on the substantive; non-racialism to some

implies that we do not take race into account; for others racial inequities need to be redressed before that can transpire. Reconciliation is a tenuous concept, for differences are rarely reconciled, they are managed through structures and processes. Zimbabweans need to arrive at consensus on these structures and processes. The contribution of the 'other' voices in Zimbabwe would have addressed the debates and made this a far more engaging text.

Cheryl Hendricks

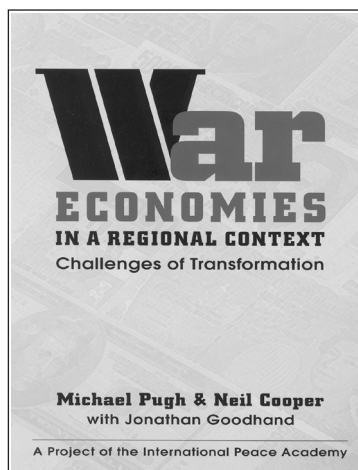
WAR ECONOMIES IN A REGIONAL CONTEXT

Challenges of transformation

MICHAEL PUGH, NEIL COOPER AND

JONATHAN GOODHAND

Lynne Rienner, Boulder, Colorado, 2004



Much has been written in recent years about the factors that drive approaches to contemporary civil wars – prompted by the dominance of internal wars as opposed to inter-state wars in the post-Cold War era. As the three authors to this volume point out, of the 57 major armed conflicts that occurred between 1990 and 2001, all but three were internal.

This medium-sized volume of seven chapters emphasises the role of economic factors in the conditions that lead to state collapse, give rise to and sustain conflict, and complicate peace-building. In doing so the authors ambitiously aim to “redress the current deficiencies in the existing research on war economies” (p 4). For them these deficits include a fixation on factors occurring within conflict-prone states, whether economic or not. They argue that this overlooks two vital dimensions: first, that the existing state-level focus tends to ignore the role of regional linkages in permitting and sustaining conflict and as being obstacles to transformation; and, second, that the focus on the dynamics of conflict in states of the developing world tends to artificially distance the outside, predominantly ‘Western’ world from the genesis and evolution of the

conflict – treating these wars as if they were exclusively driven by indigenous factors rather than, as the authors contend, a systemic feature of contemporary patterns of globalisation. The subsequent three case studies, Afghanistan in central Asia (Chapter 3), Sierra Leone in West Africa (Chapter 4) and Bosnia and Herzegovina in south-east Europe (Chapter 5), focus on how conflict trade depends on some combination of regional kinship or communal ties, and/or transnational business or political linkages. These case studies represent the larger part of the book and the choice is as good a representative sample as one could make.

Afghanistan, Sierra Leone, and Bosnia and Herzegovina are deliberately selected from different continents, each with a distinct cultural context, and are predicated on specific resources: drugs and cross-border smuggling in Afghanistan, diamonds in Sierra Leone, and a diversified war economy in Bosnia and Herzegovina. Of course no book that dedicates a chapter to a war can claim to be authoritative or exhaustive. Hundreds of volumes have been written on each of the conflicts examined by the authors and the level of analysis – and the conclusions – presented in each chapter is therefore necessarily open to wide interpretation. The limited space for case study analysis is a necessity and does not detract from the central thrust of the study – contentious as the detail relating to each war may be to individual scholars.

Prior to the three case studies, the second chapter of the volume presents a very useful overview of the dominant approaches to explaining contemporary internal conflicts as background to and motivation for the subsequent choice of the three wars.

Seen from the perspective of the First World, generally sunken into self-satisfying complacency about the end of history and the arrival of a self-serving global consensus on democracy, governance and economic development, the conclusions that the authors draw from their analysis make for disturbing reading. The penultimate chapter “provides an analysis of the control agenda that is emerging as the dominant approach for dealing with conflict trade as well as with the wider political economy of armed conflict. We argue that this control agenda has been part of a broader set of strategies designed both

to foster liberal peace in the developing world and to prevent transmissions of the ‘virus of disorder’ to the developed world. These strategies encompass governance initiatives, prophylactic controls, and control-lite measures” (p 13). These approaches are, the authors contend, at best ineffective, and at worst counter-productive, since they fail to address the structure of a neoliberal economic system that creates the permissive conditions for the networked violence of contemporary war economies. Seen from the perspective of Washington and its neo-conservatives, these are heretical arguments, arguing against the pre-Iraqi zeal of imposing democracy and liberty, US-style, across infidel lands. Seen from the perspective of the South, the research findings feed into a wide river of accepted knowledge and mainstream analysis. In brief the authors argue that for regions where conflict is endemic or peace is fragile, the neoliberal economic precepts, generally referred to as the ‘Washington consensus’ (fiscal discipline and monetarism, export-led

growth and trade liberalisation, open access to foreign direct investment and global market integration, market deregulation, and diminution of the state as an economic actor) constitute an approach that increases vulnerability to poverty, crime and persistent social unrest.

The concluding chapter presents what the authors ambitiously term a ‘new agenda for transforming war economies’, consisting of a series of major lessons from the three case studies, followed by nine key recommendations for the kinds of alternative policy that might be pursued. Little of this is new, but it is perhaps the origins of this study, the International Peace Academy, that could help feed this type of sensible analysis into mainstream academic and policy discourse in the US and elsewhere. A useful and timely book that adds to our current knowledge base on regional conflict and the factors that cause, sustain and perpetuate instability and underdevelopment.

Jakkie Cilliers