Illicit Tobacco and the Threat to National Security: How Black Market Tobacco is Driving Organized Crime, Drugs and Terrorism

TRANSCRIPT

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- Gretchen Peters, Executive Director, The Center on Illicit Networks and Transnational Organized Crime (CINTOC)
- Dr. Christopher Corpora, Director of Strategy & Research, IN2 Communications
- Dr. Aparna Pande (Moderator), Research Fellow and Director, Initiatives on the Future of India and South Asia, Hudson Institute

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Aparna Pande:

Good afternoon, and welcome to Hudson Institute's panel on illicit tobacco and the threat to national security. I'm Aparna Pande, director of Hudson's Initiative on the future of India and South Asia. Around the globe, illicit economies operate a staggering scale. According to a report by the United Nations Office on Drugs and Crime, proceeds from illicit economies amount to around 3.6% of global GDP, which equates to over 2.1 trillion US dollars. The scale of this illicit trade has brought national security implications. These illicit networks upset international stability through operations such as trafficking of drugs and humans, migrant smuggling, toxic waste dumping, fraudulent medicine, and the looting of natural resources.

From a national security perspective, illicit tobacco, the topic of our discussion today, is part of the broader use of contraband to fund transnational terror groups, organized crime, and drug cartels around the world. A 2017 report of the United States Department of State labeled illicit tobacco trade as a threat to national security. The state department report noted that illicit tobacco trade subsidizes other forms of illicit trade including arms, drugs, human trafficking, by strengthening illicit economies. To discuss this critical issue, we have with us two experts who have worked in the field of illicit networks and transnational organized crime for decades, and we are fortunate to have them on our panel today.

Ms. Gretchen Peters is a leading authority on the intersection of crime and terrorism, money laundering, and transnational crime. She's executive director of the Center on Illicit Networks and Transnational Organized Crime, a strategic intelligence organization that finds hidden criminal networks. She's a well-known author of Seeds of Terror, a groundbreaking book that traced the role opium trade played in the decades of conflict in Afghanistan. Dr. Christopher Corpora is director for strategy and research for IN2 Communications, and a regarded expert on global illicit trafficking, transnational organized crime, corruption and violent extremism. Most recently, he served as chief of party for support to the Syrian opposition with the US Department of States Bureau for Conflict and Stabilization Operations. Dr. Corpora is an adjunct professor, Schar School of Policy and Government, George Mason University.

Thank you both of you. I would like to request each of you to offer your opening remarks. Ms. Peters, if I may start with you.

Gretchen Peters:

Sure, and thank you so much for having me here today. I admit that these days most of my work is focused on organized crime that exists on the internet and in particular on social media, so this is an interesting journey into my past work so I hope you'll forgive me if I have to remember things. I studied and tracked Taliban's relationship to organized crime activities for many, many years that I spent living and working in Afghanistan and Pakistan. It's important to note from the start that there are many different Talibans, and each faction has a somewhat different relationship with organized crime. But what we can say broadly speaking is that every faction of the Taliban that I observed became more criminalized over time. They effectively traveled along a spectrum and within each faction, there were units and there were commanders that were more criminalized, and there were others that were less criminalized, so it's important to make some of these distinctions.

We would see Taliban factions in the early days of the existence of the movement, taxing criminal activity that went on in their area of operations. Say, they would tax drug shipments that moved through, or they would tax illegal timber shipments that moved through, or cigarettes that were being smuggled that moved through their region. Over time, the commanders generally, and sometimes the overarching faction of the Taliban would become more criminalized and would engage in more ways to profit off of whatever the illicit activity was. Whether it was illegal mining, or kidnapping, you name it.
There were groups that were involved in it. And so this transition to become more and more criminalized eventually overtook whatever ideological affiliations the group once had.

Some Taliban factions, especially on the Pakistani side of the border, the Pakistani Taliban transitioned particularly in places like the Swat Valley, into a full fledged criminal organization, providing very little in the way of governance or anything that could be described as support for the public. And in doing so and as a result of that, they lost public support. And in fact, the Swat Valley is an excellent example of a place where the incredibly violent and predaceous behavior of the Taliban swiftly turned the populace against them and locals aligned with the Pakistan military and rose up in their own militia to help drive them out.

What I also observed was that many of the commanders in certain factions, and particularly the Haqqani network, one of the most violent and brutal factions of the Afghan Taliban based in Pakistan, was particularly adept at diversifying their economic activities and their illicit activities. When I studied the Haqqanis most closely in around 2010 and 2011, I did a study with the Combating Terrorism Center at West Point, and we found their organization to be involved in everything from illegal mining operations, to laundering money through import and export schemes, they were involved not in drug trafficking so much as importing the precursor chemicals for producing narcotics, and then they had a widespread extortion campaign that was probably one of their main sources of funding, as well as a particularly, I would say, well run... This is a strange thing to say, but well-run kidnapping program.

They were highly efficient at kidnapping both people from local well-to-do and notable families, but also at every opportunity they could, kidnapping foreigners, in particular Americans who were in the region whether they were in some cases, journalists, in some cases contractors. In fact, there's still an American contractor today being held hostage by the Haqqanis. All of these activities were undertaken in order to make money. And I want to make a very important point with the Haqqanis in particular. The Taliban, writ large, like to portray themselves as an organization or a movement of devoted Muslims that lived a pious life that were trying to return Afghanistan to a traditional or Islamic culture that was based on Sharia law. But behind the scenes, none of the commanders were behaving like pious Muslims.

First of all, trafficking drugs is Haram in Islam, and there's no excuse, there's no pass for it in the Koran or in the Hadith. But in addition, I've always thought that the various factions of the Taliban had a very, very slick marketing campaign of portraying themselves as these pious simpletons who lived in caves. And there was a great story when the New York Times reporter, David Rohde was kidnapped by the Haqqanis. And he's just one of many examples of someone who was kidnapped by them and held in a fairly middle-class neighborhood in Miran Shah in a house that had air conditioning and electricity. When they went to film a proof of life video, they put him in the car, drove him up into the mountains and put him in a cave.

They want us to think that they live in caves, but the reality is, and this was an experience I found over and over and over again as I researched their economic activities and the way that the commanders lived in particular, the way they lived in Pakistan and Dubai or their residences outside of Afghanistan, was very different from the image that they portrayed, and very much tied into a wide range of money-making opportunities, most of them illegal, or at least gray market.

Aparna Pande:
Thank you, Ms. Peters. Dr. Corpora?

Dr. Christopher Corpora:
Thank you, Dr. Pande, and thanks for having me join you today. It's a great conversation, unfortunately one that's just gone on for a long time, but important that we continue to discuss it especially as new
ideas emerge and new contexts or thought up to try to have us get a better handle on what these problems are and how they affect the societies that we observe as well as that we live in. Even though the type of criminal activity we’re talking about here in this type of illicit tobacco trade or illicit tobacco smuggling is focused on conflict regions and at risk populations, ungoverned or slightly or poorly governed spaces, fact of matter remains that it’s happening all throughout the United States and the first world as well.

And we only look at some of the reports that have come out of the UK over the last 10, 15 years as they’ve tried to understand their own problems with illicit tobacco and the route that’s taken very circuitously to be at sometimes up to 50% of the cigarette market in the UK being illicit. Packs in the back of the pub as opposed to from the [inaudible 00:11:51]. Looking at Afghanistan and the region that we’ve decided to focus in on, I will stay in that space of conflict or post-conflict regions, and these spaces that our are lightly governed if governed at all. The idea that the spaces are ungoverned is really a fallacy. Power comes in some form or another, and often in these types of places, it’s just not formal power or the legitimate power is so corrupted that itself is part of the problem.

I’ll walk you through a few cases as we discuss this certainly. But something again just to keep in mind as we try to frame out what we’re discussing here. We’re also talking about economies that are undermined both in terms of from political corruption to competing ideas of who should have power, contestations over power, and a lot of this takes place in that economic sphere. For example, the Pakistani and Afghan border situation, a lot of it’s born out of agreements that far predates even the Soviet invasion. The instantiation of it and the lack of Afghanistan having access to a port. And what comes out of this is a whole new set of informal economic behaviors that seek to benefit from these arrangements. And I think those are the seeds of what we see in Pakistan. The Taliban being one of the newer groups to come on board even though they’ve been with us for a while now, newer in the sense of this type of the institutionalization of this type of problem in the region.

Cigarettes and tobacco are a great opportunity for power brokers or those who are brokering for power in certain areas. And matter of fact, anything really in the gray and black market that you can put your own tax on and protect or shield the proprietors from any sort of scrutiny from officials creates a great opportunity to raise funds, as well as, again, reinforce that position. That’s part of the logic of organized crime. We see this everywhere from New Jersey to Maputo, this type of behavior and this logic of organized crime and outcomes to be. Also, the actors in here aren’t just these few that we’ve talked about. It’s also a whole series of the economy that we really need to look at closely. And I would say I’d venture to the political economy. Everything from aspirational, corrupted, local officials, not just elected officials, but the technocracy. Underpaid oftentimes, but public officials especially. We see this in the police services where taking a $100 bribe can double their income for the month easily in many of these places.

That bribe may just require walking away from the border and getting a cup of tea for a half hour while six or seven trucks cross the border, all the way to people that control the legitimizing authorities within a state. Those stamps and those paperwork of approval that allow any kind of cargo to transit a country and go through checkpoints and whatnot. So those falsified paper paperwork is essential in this. And again, a big part of when we think about the supply chain of illicit goods, it’s very much the same or the same kinds of concepts that we need to consider when we think of any supply chain. These different services and activities that need to occur along the way. But we have to keep in mind those folks, as well as, especially in the cases of conflict regions and under govern spaces, what we see is oftentimes high levels of unemployment, especially in 18 to 25 year olds.

And in particular, especially in more traditional societies, 18 to 25 year old males that can really create a lot of opportunities for some, and problems for others. And this is something that’s often a sociological fact that just isn't really well understood. So all of this coming together creates a space where much of
this activity isn't just easy to do, but the way or one of the ways to actually get by to provide for your family to and to survive in what's otherwise a fairly chaotic situation. One of the things that I wanted to point out also too when we're talking about this with regard to illicit tobacco, is there's a couple of different reasons why tobacco and other vice commodities are important. These tend to be very highly taxed goods, so there's a way to make money on both sides of this.

Also, tobacco can be rendered fairly easily into either counterfeit cigarettes, or can be worked through the, as they call them, the illicit white networks through the famous fifth or sixth shifts at the tobacco plant, which is something that we've seen throughout the developing world and in many other commodities. The funds are the sourcing of these illicit goods that come out. Everything from handbags to shoes to cigarettes. So in this case, the opportunity to make money is that much higher. It's also largely seen as a victimless type of crime generally. There's a public health issue certainly, but it's not fully taken on board across the world in the way that one would hope it would be. It's certainly not in the same way as something like heroin or cocaine, even though arguably just as bad for public health.

So the sentences and the way that especially local authorities would deal with this when they're brought to them, the situation is very different than they would deal with weapons or something more, at least, locally nefarious and problematic. I think it's important to focus on something like illicit tobacco in this space, because it does provide us a good opportunity to look at how some of these things come together. But this is very much the space of what's oftentimes being called hybrid threats or hybrid warfare these days. I think the security experts like to rebrand these things over time. But it's a maturing of our understanding really of what's at stake in it, and then taking into account new technologies and new ways that these, in some regards, ancient traditions, smuggling is not a new thing, are used to enable more modern types of behavior.

And again, political violence isn't necessarily a modern behavior either. Certainly insurgency or terrorism. These are old practices that have occurred around the world from its beginning. That resistance to power. But keeping that in mind and seeing how in these spaces how these things all come together, this damaged political economy or certainly lopsided political economy that we find in some of these spaces, everything comes together into a bit of a perfect storm and allows for those who may be more ideologically inclined, so having some political violence agenda, terrorist agenda, to benefit from that because they need money. They need to have ways to actually support themselves and to prop up their claims to power. It's a perfect opportunity for them to benefit from this.

From the very beginning of looking at this, when I first came to look at this back in the '90s as a young soldier in Bosnia, I saw how complicated this is and confusing it can be. And oftentimes, our expert lanes that we developed actually create more problems for us in understanding what's empirically going on on the ground. We can look at a lot of different cases that show us that a Marlboro Man in West Africa, is he a terrorist, was he a criminal? The answer was yes. And that's the case with a lot of these people. They're opportunists, they're entrepreneurs, they're very intelligent, and as Gretchen alluded to, oftentimes very sophisticated in the way that they can operate. They have all the best lawyers and all the best accountants working for them as well.

So we do ourselves a disservice at accepting their information operation of just coming across as a foolhardy, because they're not. They're very serious and they're very good at what they do, or they wouldn't be doing to the extent that they're doing it and taking advantage of these spaces and these people and these governments. But not just taking advantage of them, actually, they are them. They're part of it. It's hard to differentiate between a terrorist, a mayor, and a family man because they're the same person oftentimes. They're wearing those same hats. So it's a complex situation. Thank you.

Aparna Pande:
Thank you both for providing. There’s a lot which I’d like to unpack. What I’d like to start off with is, if you look at what you said, there’s a combination or a collaboration between the... Either they’re alleged to mid government or the government has legitimately or deliberately seeded par in a region or an area with the criminal or other networks, there’s a political economy. Could both of you offer some example? You’ve worked in the region. Ms. Peters offered the example about the Taliban in the beginning, but if you could elaborate a little further on how have you seen this play out? This combination between the legitimate government, the entity they have seeded par to or allowed it to take over the terrorist or the criminal network, and how it has played out over the years?

And Dr. Corpora, if you could, after that, also give an example from regions that you focused on, it'll give an example to an audience of what you have just laid out clearly. Sometimes it's also good to see how is this happening in reality and how does it affect people. Ms. Peters?

**Gretchen Peters:**

Well, I wanted to touch on a couple of things that Chris said in his conversation that answer what you’re asking me. One point that he made that I wanted to agree with and just make a second comment on is that engaging in organized crime for insurgent and terror groups was not just a way of making money in the war zone. I came to see it as a key aspect of their asymmetric warfare really in their strategic plan, because it not only undermined the legitimate economy, it scared off regular investors who might come in and do commercial business in the region, it spread fear and uncertainty, it spread the perception that the government was weak and inefficient and most of all corrupt, which was also accurate. And so all in all, it undermined the emergence of a legitimate illicit state functions and institutions, as well as the emergence of a commercial economy that was in any way viable both in Afghanistan and in parts of Northwest Pakistan and the frontier. I also want to make a point or to touch on something else that Chris said, which is that we often separate within both the academic community, but also certainly our law enforcement and our security services, separate out how we pay attention to things based on both our categorization of the illicit actor, whether they’re a terrorist or a criminal, and also according to the commodity that they're smuggling. Just to use the US government as an example, the ATF, what worries about cigarettes and firearms, the DEA worries about drugs, Fish and Wildlife worries about animals, Commerce worries about other products including counterfeit products.

So we essentially have this 19th century bureaucracy that’s fighting against 21st century criminals. And I understand the origins of the authorities that limit certain law enforcement agencies to looking at specific issues such as drugs or human trafficking of timber trafficking. But the reality today is that those authorities also limit the capacity of our law enforcement agencies to effectively counter these organizations that are engaging in a wide range of activities. Just to circle back to something I want to say in response to your question is that... And again, Chris mentioned his work in the Balkans. One of the hardest things for me to get my head around as I started studying the Taliban in Afghanistan was the extent to which there would be battlefield commanders, people who are fighting and killing each other by day, whose troops were fighting and killing each other by day on the government side and the insurgent side, but by night they were collaborating to smuggle drugs or timber or something else.

And I was actually reading about that same phenomenon in the siege of Sarajevo that helped me to get my head around the fact that... It took me a long time to understand that people that were actually killing each other would nonetheless find a way... Essentially, that the almighty dollar trumped whatever other concerns they had, and they could put their differences aside in order to collaborate on smuggling and trafficking. And I think it has been also interesting to watch, within the peace process that’s going on now, there have been a few leaks about negotiations both in past and in the current negotiations about
some secret conversations between the powers that be within the Taliban and the Afghan government to make sure that the proceeds from trade will be shared.

The Afghans do you understand that that's a critical issue that they look at and they consider much more... For them, the political economy of finding peace is incredibly important, and I think that peace negotiators from the United States and from the NATO Alliance have been more or less blind to the importance of trade to the regional parties, and I think that that's unfortunate. We have to take into account the fact that Afghanistan is a nation that has always been a place that goods cross through, and the country has always made the bulk of its income off of that transnational trade of goods, and that's still happening today. Ignoring that as we try and reach a peace settlement for that country is a crazy way to go about trying to make a peace settlement.

Aparna Pande:
Thank you very much, Dr. Corpora.

Gretchen Peters:
Absolutely, Gretchen. Really good points. A couple things that just stood out to me, and I'll give you an example, I promise, from what Gretchen was talking about there. There's a reputational side to this as well. The ability to provide is in the culture of many of the of these places, and certainly in the greater Pashto understanding. It's a very gracious culture and there's an expectation of provision from their leaders, and there's an expectation of an exercise of power. If someone were able to do something in an area that you supposedly controlled or had remit over without you knowing about it, that would be an offense. It wouldn't necessarily require a violent reaction, but it could depending on the situation. And I think this, as Gretchen was talking, made me think a little bit about how we sometimes overvalue the role of violence in organized crime and in some of these kinds of activities.

I'm not saying it's not violent, it's oftentimes very, very violent, but violence is used as a means to exact, not so much retribution always. That's what we see on TV a lot. It's really for control. And it tends to be often, not always, but often ceremonial. It's an example. A bit like the way the Romans used the crucifixions in their time. They didn't crucify every robber on the road. They just took a couple of them, and they made sure they put them up there and there was a sign that said this is what happens when you steal on a Roman road, and people thought twice before they stole because it was pretty horrendous. Now, of course we can look at a lot of places especially where you have turf wars between different gangs and organizations where things are much more organized, but in a stable environment for organized crime, that's a place where they have leverage over the government, they have control over their territory as understood within informal discussions, and everything is good there.

Those tend to be less violent, again, as long as you're paying and as long as you're respectful to their authority. That's another part of this that I think is really important that I think we forget about when we make it too much just about money. Just listening to Gretchen talk about things, from my own experiences in Afghanistan albeit from a very different position and perch, one of the things that really stood out to me, just like she said, as I saw in the Balkans and again in Afghanistan and really in any place that I've been over the last 35 years, is that these traditional conflicts and these binomial oppositions that we, especially outsiders, tend to see as universal laws are not necessarily so universal or law like.

And we forget, even in the case of Bosnia or in the case of Afghanistan, people from different places or different ethnic backgrounds or different religious persuasions have been at peace longer than they've been at war with one another. But when they go to war, it can be incredibly brutal because those differences are used by some to reinforce that binomial opposition that doesn't necessarily exist
certainly in day-to-day life, certainly in the course of economics and trade. It's funny because you reminded me, Gretchen, a joke in Bosnia was the three sides hate each other by day, but at night they're all pulling into the zone of separation trading things out of their cars and drinking beers and asking after each other's families. It's only to shake hands, give big hugs, go back, and the next day start fighting again.

It seems illogical to us or maybe irrational in some ways, but actually it's the way that we see a lot of these things happen. And arguably, probably not too terribly different than even the US civil war was at times. But anyhow, the example I wanted to give you after those three points was just looking at Syria and ISIS, maybe updating it a little bit. And of course ISIS is an issue in Afghanistan as well, and many other places. The BuzzFeed News reporter, Mike Giglio, did several really good articles on this issue, on how ISIS was using cigarette smuggling to fund its operations. But not just to fund its operations, but to establish its authority. And these were really interesting and excellent articles because it also showed us the trouble with the border with Turkey and the trouble with the border with Iraq.

Some of the activities that were going on, you had Turkish lorry drivers transporting these things. They didn't know what was in the back of their truck necessarily and they didn't care. As long as they were given a packet, they drove across the border and whatever was on there, they made their stops, they got their signatures, everything was official as far as they were concerned. They never even opened up the back of their trucks because these were all pre-arranged activities. And this is the other part of, I think, the sophistication of what we're talking about here oftentimes, is that the interesting thing about the supply chain here is that it's a very unaware of supply chain. There're only certain choke points, that I would call, in these supply chains, where there are people that have more knowledge and awareness of what's going on then. Any member of it.

And that may be true actually for other supply chains. Does the truck driver really know what's in the back of his truck other than what's on the bill of lading? But a great case, a really very well-documented. But we could see that involvement as well... And these were in regions obviously ISIS would come and took over and the regime had essentially walked away from. But it was in the interest, actually, of the regime to allow ISIS to have a short amount of success. They came to find that there were actually a cigarettes coming from Syria proper, from regime controlled areas of Syria as well, and cigarettes going from ISIS controlled areas into regime controlled areas. And part of the reason the regime wanted this to happen was because it would allow them to say, "Look at what all this Western meddling has gotten us into. You've got this ISIS thing now, and look at all the bad stuff that they're doing. We're not the bad guys."

It was this continued attempt and maybe looking more and more successful, unfortunately, to rehabilitate, at least in some ways... Not really rehabilitate, but certainly allow for the survival of that regime at least up to this point. So I think that's it's a really good case to show how this goes into geopolitics in a really interesting way. It's not just an economic activity the way that criminologists tend to look at organized crime and illicit trade. It has much broader impact and these things can be leveraged by different players with different agendas, for periods of time where maybe there's a convenience here for cooperation or collusion. But then it can separate just as easily just like our friends in the zone of separation and go back and start shooting at each other the next day.

Aparna Pande:

Thank you to both of you. My next question is going to be the main question and maybe the last one. But the reason I'm going to make it slightly broad is, Dr. Corpora, towards the end you said it's not just an economic issue. And both of you have emphasized that it's a broader issue of political economy, the nation or the country, not just in conflict zone, but conflict creates situations, terrorists and criminal networks, and in some levels local level government officials and even border guards are part of this
entire system. So I guess the question I have for both of you is, you have advised governments, you have advised businesses, you have advised international organizations. We are two months into a US administration here which is planning its policy review of Afghanistan, but also of many other countries. So the question is, considering the fact that Ms. Peters said we are using 19th century apparatus to deal with a 21st century, maybe a 22nd century problem and groups which are using technology maybe better than we are. What would each of you suggest to the US government and to the Afghanistan Pakistan governments on some things or some policies they should keep in mind, or maybe some things they should avoid doing if they want to tackle this problem? Ms. Peters?

Gretchen Peters:

That's a big question. I guess I would start by saying with regard to Afghanistan and the peace process, I want to be upfront about the fact that it's not something that I keep across in a day-to-day basis, and I am personally very anti Taliban and do not think that Taliban should be given an opportunity to come back into power. I do not think the United States or the elected government of Afghanistan should be negotiating with a group that doesn't let girls go to school, that doesn't let women have healthcare, and that traffic's in dangerous narcotics among other crimes, and kidnapping schemes as well. I'm not saying that the Afghan government doesn't have its fair share of officials who also engage in these activities, but officially anyway that they're at least illegal and they're not encouraged by the leadership.

I think for me, one of the tragedies of the peace process, and not just the current one, but over the past 20, 30 years, is that the same actors who have shown themselves to be singularly incapable of governing Afghanistan or turning it into a country that even has functioning sewage and electrical systems continue to be offered opportunities to get back into power. My experience living in both Afghanistan and Pakistan is that both countries are majority moderate countries. I don't understand why we're not talking to Afghanistan's moderate majority instead of these warlords and drug traffickers who have been making the place a mess for decades and decades. That would be, I guess, one comment that I would make.

Second of all, in terms of the US government and our own approach to crime, I think as with many of our institutions, they need to be almost completely dismantled and recreated. If I were given a magic wand, I would recreate the federal structure that we have for both examining and responding to organized crime. Not exactly, but something more along the lines of the way the UK has a serious crimes agency that can deal with all serious organized crime, as opposed to dividing it up by whatever commodity is in the box. My experience in every single criminal organization that I have studied, whether independently or as an advisor or consultant to a government, every single criminal organization I have looked at has been smuggling multiple commodities. And almost every single investigation I've been part of has been laser focused on just one of those commodities, and has therefore left other opportunities to prosecute that criminal network on the table, even though the evidence is sitting there.

I think also that we need to revise the laws that we have governing organized crime to take into account many contemporary conditions as Chris has said, and I agree with him a hundred percent. A lot of the things that we're dealing with are not new, but there are multiple features of the global underworld that are unique today thanks to communications, the internet, the reduction in costs in communications and global transport. We also have a phenomenon today where criminals will disperse or place their various activities precisely across... Sorry. They will place their activities across a transnational sphere of operations precisely because it makes it harder both for authorities to track them, and it creates all sorts of jurisdictional issues.
Lastly, I would say the world needs more institutions that can support global or multinational cooperation in law enforcement. This is incredibly challenging because of corruption and trust issues, and in my experience working just within the United States government, there's often incredible rivalries between different law enforcement and security agencies within the United States government. And so then when you start bringing a multinational group it becomes even more complicated. But it's been my experience also that the smaller teams that get to know each other faster can often get past those positions of distrust relatively quickly, and that if we can task relatively small units, I'm talking about no more than a few dozen people to go after big networks, we can have a lot more impact against global crime.

And that brings me to my last point, which is that our efforts to combat smuggling, whether it's cigarette smuggling, or timber, or wildlife, or drugs should be network focused, not commodity focused. And if we start to focus on the networks, we will often find that they are far smaller than we think from the outside. A very small group of criminals can cause incredible harm to a city, to a region, sometimes to a whole part of the world. A relatively small network. But it is important to look at that network as opposed to a geographical region.

Aparna Pande:
Thank you so much, Ms. Peters. Dr. Corpora.

Dr. Christopher Corpora:
That's beautiful. Absolutely, Gretchen, I agree with everything that you just said. And just to, probably more than anything, emphasize a few things and maybe have a couple of different things ideas but definitely in the spirit of what Gretchen laid out there, absolutely, institutional reform is necessary. She's absolutely correct that we are trying to take on a fight with people that are far more enabled than our older institutions are, and our older practices are. And the internal rivalries are legend and increasingly undermining the fabric of this global liberal democratic experiment. And it's going to be just an experiment, really, if it isn't bolstered and rethought, and we have to be more innovative in the way that we think about institutions and fashioning those.

And that includes, again, those legal regimes that help this. It's an unfortunate fact that you could be waiting for years to get a memorandum of understanding in place with another country for a specific investigation. And in the meantime, all those activities just continued to go on. You can see it, you can observe it, you know it's happening, you can prove it, but you can't do anything about it. And that's going to require some really creative thinking. But those who are charged with countering these activities and engaging with these activities have to be enabled. And so those institutional reforms and a new set of legal regimes are absolutely essential, and multinational is certainly the case. Because this is in the context of the dark side of globalization. Wonderful things about cheaper travel. I love it. I like to travel. But this could be taken advantage of the same way. And cheap internet. Our ability to just do what we're doing. This is the same way that other organizations can come together to discuss illicit tobacco in a very different context, though. Planning for it and it's movement. So I think importantly though, what I'll focus on, because I don't want to hit on all those same points again. I agree absolutely. But from an operational level, one of the things that we need to do, we've said this already, is we got to, and Gretchen said it really well, is we have to stop thinking about commodities and geographies, and we have to start looking at networks. And an old but still really important book that I don't think people really read enough, and it's free through RAND, is Arquilla and Ronfeldt's Networks and Netwars.

Aparna Pande:
Thank you so much, Ms. Peters. Dr. Corpora.

Dr. Christopher Corpora:
That's beautiful. Absolutely, Gretchen, I agree with everything that you just said. And just to, probably more than anything, emphasize a few things and maybe have a couple of different things ideas but definitely in the spirit of what Gretchen laid out there, absolutely, institutional reform is necessary. She's absolutely correct that we are trying to take on a fight with people that are far more enabled than our older institutions are, and our older practices are. And the internal rivalries are legend and increasingly undermining the fabric of this global liberal democratic experiment. And it's going to be just an experiment, really, if it isn't bolstered and rethought, and we have to be more innovative in the way that we think about institutions and fashioning those.

And that includes, again, those legal regimes that help this. It's an unfortunate fact that you could be waiting for years to get a memorandum of understanding in place with another country for a specific investigation. And in the meantime, all those activities just continued to go on. You can see it, you can observe it, you know it's happening, you can prove it, but you can't do anything about it. And that's going to require some really creative thinking. But those who are charged with countering these activities and engaging with these activities have to be enabled. And so those institutional reforms and a new set of legal regimes are absolutely essential, and multinational is certainly the case. Because this is in the context of the dark side of globalization. Wonderful things about cheaper travel.

I love it. I like to travel. But this could be taken advantage of the same way. And cheap internet. Our ability to just do what we're doing. This is the same way that other organizations can come together to discuss illicit tobacco in a very different context, though. Planning for it and it's movement. So I think importantly though, what I'll focus on, because I don't want to hit on all those same points again. I agree absolutely. But from an operational level, one of the things that we need to do, we've said this already, is we got to, and Gretchen said it really well, is we have to stop thinking about commodities and geographies, and we have to start looking at networks. And an old but still really important book that I don't think people really read enough, and it's free through RAND, is Arquilla and Ronfeldt's Networks and Netwars.
And in particular, that case study of Chiapas. Again, it's an old case study, but it's really telling. And they definitely make probably one of the most powerful arguments for exactly what Gretchen just described there, and we should really try to enable that more network approach to things. But it's one thing to say we're going to be more networked, and it's another thing to be able to do it. And that's really the problem that we continue to have, is that even law enforcement is talking about networks but they don't have network tools. They have hierarchical and jurisdictional inhibitions, and the adversary knows this. They take advantage of it. They purposely take advantage of it just as Gretchen described, using these jurisdictions as impediments to slow and to manage their own, because they're doing their own risk assessment. They are a business as well.

This is another thing that we forget. These are not unenlightened people that don't have good educations in many cases or certainly good entrepreneurial experiences. They know how to do business, and they know how to manage their risks and they've really done their homework. So to that end, I think we have to recognize that interdiction in conflict zones, or post-conflict zones, or less governed spaces is very difficult. Oftentimes the host country, if they have the capability to do something about it, they're not taking those actions for reason. And it's probably because they have a stake in the perpetuation of that problem. We can look at a few places and we can say that that's maybe what's going on. But one of the problems that I think that certainly the US government has taken is this approach into building institutions in our likeness and image in these places to try to get them to do good things. But that hasn't always worked out. As a matter of fact, it's rarely worked out especially if and when they make the mistake of arresting the wrong person. We saw that in Afghanistan in spectacular form with almost the near collapse of the... Oh God, what was it? Their serious crimes entity that was a vetted unit by the US and UK, and with one wrong arrest, the entire apparatus was taken down. I can get you back the name of the... Gretchen, you may remember the name of that organization. I just blanked on it. What we need to do is go to the people. We need to enable the people. That moderate space, those people aren't necessarily empowered or have opportunities of power. We have to empower those people. Really putting longerterm and much larger amounts of money into civil society and helping organize and educate local population so that they become part of the solution. That they're not just victims, but they can become part of the solution. And there are some additional benefits that can come from those kinds of injections. And then you need to cordon off the area. The way to address some of these issues that you can watch from the outside, you have to find a place that you can actually take some sort of judicial action or some sort of law enforcement action, and that takes a lot more creativity because you're thinking about third and fourth and fifth countries if we're thinking geographically, but other places to make certain things happen. And certainly, the anti money laundering folks have done good work or make good progress in this space, but there's plenty more to do where that comes from, and especially as we move into a money-laundering scenario that is no longer really based on the traditional financial system.

It's really in that trade based money laundering space and in real estate and some of these other markets. That's where the real money is being laundered at this point. Because game's up. FATF's done its job largely. But it doesn't stop the activity. It just forces them to be creative and to find new ways to secure their profits. And we need to be just as nimble in our approach.

Aparna Pande:
Thank you. Any last thoughts that either of you have? Otherwise, what I would like to say is I'd like to thank both of you for taking out time from your busy schedule. I must say that I have learned a lot today which I did not know earlier, so I'd like to thank both of you for that. Any final thoughts before we end this program today?
Gretchen Peters:
I just wanted to say that I believe it was in 2019 the US government department of justice sentenced a major Pakistani drug trafficker, Shahbaz Khan, and I believe his son, Sherbaz Khan, was also sentenced in the same year. They were two traffickers that I recall from my time studying the drug trade in Afghanistan who were also deeply involved in smuggling cigarettes throughout the region. They were one of the groups that I really learned about the intersection between these black market and gray market trades that were going on. It was interesting to see it took the US about a decade after I learned about them to finally get through the process and prosecute them, get them extradited, and I believe they're now both serving in federal penitentiaries here. But it was a real eye-opener to me to see how those two trades intersected.

Aparna Pande:
Thank you so much. Dr. Corpora?

Dr. Christopher Corpora:
I think that's a really good case to look at and there are others like it. But short of the prosecution, there are so many things that can be done by powerful states that are focused and organized and are willing to take the step forward. And I think this is one of the things that certainly in the most recent past we've seen the US shrinking away from, is holding accountable these people, these bad actors, especially publicly exposed persons that can be held accountable. And it's amazing what happens even for those who aren't publicly exposed but pretty sure we know who they are. When you start to turn off the ability to travel and certain credit cards and different things like this, it makes people sad. And sometimes the best way to get to a criminal is to make sure his daughter can't go to London on a shopping spree or attend Harvard.

Aparna Pande:
Thank you so much. I'd like to, once again, thank both of you and thank our audience for listening.