

Illicit international political economy: the clandestine side of globalization

Peter Andreas

Political Science and International Studies, Brown University

- Dietrich Jung (ed.) (2003) *Shadow Globalization, Ethnic Conflicts and New Wars: A Political Economy of Intra-State War*, London: Routledge, 196 pp.
John Kerry (1998) *The New War: The Web of Crime That Threatens America's Security*, New York: Touchstone, 224 pp.
R.T. Naylor (2002) *Wages of Crime: Black Markets, Illegal Finance, and the Underground Economy*, Ithaca: Cornell University Press, 336 pp.

ILLICIT INTERNATIONAL POLITICAL ECONOMY: BRINGING THE ILLICIT INTO IPE

Illicit transnational flows of goods, money, information, and people – the clandestine side of globalization – have become a growing source of tension and conflict in world politics. Nevertheless, the illicit dimensions of the global economy are largely overlooked in the international political economy (IPE) literature.¹ This is evident by surveying the major textbooks, readers, and journals in the field. Another indicator of such oversight is the limited coverage of illicit economy-related issues on IPE syllabi and reading lists in graduate and undergraduate courses.² In this essay I emphasize the utility of bringing the illicit more centrally into IPE,³ and review three books that help to highlight some of the core themes and issues at stake. More focused attention in this area of study – what could be called Illicit International Political Economy (IIPE) – can also help to bridge the traditionally sharp divide between IPE and security studies in the international relations (IR) literature. The intersection between political economy, security, and crime promises to be a fruitful area of work for IR scholars in general and IPE scholars in particular.

LOCATING THE STUDY OF IIPE

IPE scholars have arrived late to the study of IIPE, largely ceding this research domain to criminologists, criminal justice specialists, economists, and investigative journalists. But IIPE has not fit comfortably in any one discipline. For example, criminologists working on cross-border crime issues often feel marginalized by the overwhelming domestic (and often local) focus of criminological inquiry. The relatively few economists working on illegal international markets are often more at home in public policy schools and applied research institutes rather than in economics departments. There is a substantial literature in economic sociology on the informal economy, but this literature is least developed in the more criminalized and transnationalized sectors of the informal economy.⁴ Thus, to a significant extent, IIPE has fallen through the disciplinary cracks of the social sciences.

R.T. Naylor, the author of *Wages of Crime*, seems to enjoy living between these disciplinary cracks by discarding disciplinary sensitivities: he is an economist who writes like a journalist and is probably best known by criminologists. Much of *Wages of Crime* is based on articles previously published in specialized criminological journals (such as *Crime, Law, and Social Change* and *Transnational Organized Crime*). Naylor reaches a larger and more diverse audience by updating and expanding these materials and integrating them into a book. Considering that much of the book was written not with a book in mind, it holds together remarkably well. One of Naylor's main ambitions is to challenge and debunk many popular myths about the scale, scope, and nature of transnational criminal activities, and in this regard *Wages of Crime* largely succeeds. As discussed below, the book provides a healthy antidote to hyperbolic political rhetoric and sensationalized media reporting about transnational crime. This is especially important in the post-9-11 world, in which heightened fears and anxieties about transnational crime and terrorism have melded in policy discourse and the public consciousness.

IIPE DEFINITIONS, DIMENSIONS, MYTHS, AND MISCONCEPTIONS

Just as IPE is often conventionally defined as the relationship between states and international markets, IIPE can be defined as the relationship between states and illegal international markets. Through its monopoly on the power to criminalize certain economic sectors, the state defines the boundaries of illegal market activities. For our purposes here, we are primarily concerned with cross-border economic activities that are not authorized by the sending and/or receiving state. This can include the illegal movement of legal commodities to evade tariffs, or the illegal movement of

banned commodities to avoid the enforcement of state prohibitions. Market liberalization has substantially loosened state controls on legal economic flows in recent decades, but at the same time there has continued to be selective and intensive market criminalization. Thus, even as the global economy has become more integrated and interdependent, states have built up barriers against 'undesirable' cross-border economic exchange. This has become particularly evident in efforts to control illegal migration, prohibited drugs, and illicit finance.

There is a tendency in much of the popular and criminological literature to categorize these clandestine cross-border flows as 'transnational organized crime'. This is a frustratingly broad, vague, and fuzzy term, and is too often used as a poorly defined and all-encompassing umbrella category under which all sorts of perceived 'transnational threats' are placed. It also tends to focus attention on large mafia-like organizations (often mislabeled as 'cartels') and mafia-like leaders (often colorfully described as 'kingpins' and 'drug lords') rather than on particular market sectors and activities. For the most part, how transnational, organized, and criminal a market activity is depends largely on the commodity involved and the associated legal and financial risks. At base, most 'transnational organized crime' involves some form of profit-driven smuggling across borders. And smuggling, of course, is as old as efforts to control borders. 'Transnational organized crime', in other words, is in some respects simply a new and flashier (but less clear) term for a long-established clandestine transnational economic practice. Those who use it tend to emphasize the newness of the phenomenon and the growing nature of the threat.

One extreme example of this is the book by US Senator (and 2004 Democratic presidential nominee) John Kerry, *The New War: the Web of Crime that Threatens America's Security*. Kerry points to a 'global criminal axis composed of five principal powers': the Italian mafia, the Russian mobs, the Chinese triads, the Japanese Yakuza, and the Colombian cartels (p. 21), that coordinate their operations with smaller highly organized gangs across the planet. These crime groups, Kerry argues, represent a clear and present danger, and 'America must lead an international crusade' (p. 32) to stamp them out. Thus, Kerry, like George W. Bush, does not shy away from 'axis of evil' style of rhetoric, but in Kerry's case he means transnational threats rather than interstate threats. Kerry's bold and ambitious solution is to fully internationalize law and law enforcement and to overhaul and expand state policing powers. The book, in short, is a kind of anti-organized crime manifesto ('police of the world unite!'). Kerry does acknowledge that there is a demand side of these problems that must be addressed – including a seemingly insatiable demand for psychoactive substances and cheap migrant labor in affluent countries such as the United States – but the book is overwhelmingly devoted to the external sources and global nature of a new and growing crime threat.

In one sense, ironically, Kerry actually understates the nature of the problem: if global crime were in fact so centrally coordinated (as an alliance of five big crime groups implies), the problem would be much easier to deal with. While still a formidable challenge, targeting a handful of clearly identifiable crime groups with a known leadership is far easier to confront than highly dispersed, decentralized, and loosely coordinated informal cross-border crime networks. The more that global crime is centralized and hierarchically organized, the easier it is for law enforcement to identify and decapitate. In reality, however, decapitation strategies can simply lead to more heads popping up in more places. Indeed, it is partly in response to intensified law enforcement pressure that criminal organizations have flattened out, dispersed, and become more network-oriented, making them more difficult to penetrate and dismantle.

IIPE AND IPE: SIMILARITIES AND DIFFERENCES

IPE and IIPE are not separate worlds empirically even though they have traditionally been separate worlds of study. Indeed, as emphasized by Naylor, legal and illegal economic activities are very much intertwined: every sector of the licit economy has its illicit counterpart; global transportation and communications networks facilitate both licit and illicit economic exchange; global companies often engage in both licit and illicit business transactions; licit and illicit funds flow through the same global banking system and are sheltered in the same off-shore financial havens; the internet is a tool and site for both legitimate and illegitimate commerce ('cybercrimes' or 'cybersmuggling'); interdependence can have both a licit and illicit side (for example, the United States and Mexico are formally tied together through NAFTA, but also through illegal labor migration and drug trafficking, which are unofficially two of Mexico's top exports⁵).

Many of the major questions in IPE debates about globalization are equally relevant to (and are echoed in) IIPE debates. For example, is state power declining in the face of global (illicit) market forces? How autonomous is the state from the interests of (illicit) capital, and what explains variation in state autonomy across place and (illicit) markets? What is the role of the state in facilitating and regulating (illicit) global markets? What is the relationship between (illicit) trade and conflict? What is the role of the state in fostering (illicit) market competitiveness? What is new about (illicit) globalization? Is it 'out of control'? How much do borders matter in (illicit) cross-border business decisions? Why are some states more interventionist in (illicit) markets more than others, and why are some (illicit) markets subjected to tighter controls than others?

Just as there is no single theory for addressing research questions in IPE, there is not (and should not be) a single theory for IIPE. How useful a particular theoretical approach is depends on what one is trying to explain.

For example, a social constructivist analysis may be most appropriate in explaining how and why certain activities once considered 'normal' are re-defined as 'deviant' and become criminalized, and can also help us to better understand and take into account the expressive, symbolic function and appeal of prohibitions and their enforcement (regardless of their instrumental effectiveness). Realist and other statist perspectives, on the other hand, can help us to understand how state structures shape the transnational world (including the illicit transnational world) and how power politics influences international law enforcement practices. And radical approaches can help to explain the underlying economic inequalities that partly define a global division of labor in many illegal markets. Sometimes it may be most appropriate to engage in eclectic theorizing, combining insights from various theoretical traditions. For instance, liberal institutionalist and constructivist theories are both highly relevant in explaining the degree and nature of international cooperation in adopting and enforcing prohibitions.

The utility of multiple theoretical perspectives can be illustrated in the case of illegal drugs and anti-drug policies. For example, sharp variations in state responses to global drug trafficking (contrast, for example, the highly punitive US approach to the more public health approach of many west European states) cannot be explained without incorporating the role of culture (stressed by social constructivists). The creation and maintenance of a global drug prohibition regime cannot be explained without taking into account the backing of the most powerful states in the international system (stressed by realists), but also cannot be explained without recognizing the role of nonstate actors, including organized societal groups of 'transnational moral entrepreneurs' (stressed by both liberals and constructivists).⁶ The fact that some poor countries depend on illegal drug exports to generate foreign exchange and employment can be seen as part of the broader historical pattern of dependence on 'boom and bust' primary export commodities (stressed by Marxists and other radicals in the dependency theory tradition). Viewed from the economic perspective of comparative advantage (as stressed by neoliberal economics), such reliance on illegal drug crops can be interpreted as rational specialization based on a country's competitiveness in a global market niche (thus, Afghan poppy growers and Bolivian coca farmers are, in a sense, taking the advice of western liberal economic advisors literally by growing high-demand export crops in which they have a competitive advantage and that offers them the highest international market returns).

But while the theoretical approaches in IPE can be extended to IIPE, the differences between IPE and IIPE are also strikingly evident. For example while IPE has been substantially focused in recent years on questions related to the retreat of the regulatory state and the liberalization of the world economy (free trade agreements, financial deregulation, privatization, and

so on), IIPE has been more focused on questions about the reassertion of the state through policing and the selective criminalization of the world economy (tightening controls on illegal trade, money laundering, and so on). The practice and politics of market liberalization contrasts sharply with the practice and politics of market criminalization, though the two can affect each other in unintended ways. Indeed, they can undermine and get in the way of each other: Efforts to open borders to legal trade, for example, can make it harder to keep borders closed to illegal trade, and efforts to secure borders and enforce prohibitions can similarly interrupt the smooth-flow of legitimate trade and travel across borders. This tension between facilitation and enforcement has become particularly pronounced in the post-9-11 security environment.⁷

One critical difference between IPE and IIPE is that while there is fairly reliable data on the legal dimensions of the global economy, the same obviously cannot be said for the illegal dimensions. These are often 'guesstimates', at best, and are particularly susceptible to exaggeration, distortion, and manipulation. Indeed, sometimes the numbers are simply invented. For example, in *Wages of Crime*, Naylor recounts pushing a United Nations (UN) official to explain how he came up with the \$500 billion figure for the estimated size of the global drug trade, and the remarkably candid response was that while this number might be problematic it was effective for grabbing public attention. Once this number was announced by the UN, it spread and was used over and over again in media reports, and came to be accepted as 'fact'. (It should be noted that a much lower estimate, such as \$100 billion, would still make the illegal drug trade one of the leading sectors of the global economy.) The lack of reliable data on illegal markets is the Achilles heel of IIPE research, forcing one to rely on anecdotal information, questionable official estimates, and imperfect methodologies. This requires a heavy dose of skepticism of official data and a high sensitivity to and tolerance for the limitations of quantification. This is not meant to imply that measurement is impossible, but rather to emphasize its inherently problematic nature. Economists have developed various creative ways, direct and indirect, of measuring the illicit economy.⁸

IIPE AND THE ROLE OF THE STATE

Illicit cross-border economic activities would seem to be a particularly glaring example of lack of state control and a direct challenge to state authority. Certainly Kerry's view in *The New War*, is that the state is increasingly bypassed, besieged, bullied, and in some cases, bought off by highly organized, transnational criminal actors. In a sense, this perspective is simply a more alarmist and simplified variant of 'sovereignty at bay' type of arguments that are familiar in IPE debates over transnational relations, interdependence, and globalization. Thus, for example, instead of global

corporations increasingly ignoring borders and moving beyond the reach of the regulatory reach of the state, we have global criminal organizations increasingly defying border controls and moving beyond the law enforcement reach of the state. Anxieties over the retreat of the state in the face of global market forces are mirrored in anxieties over the apparent impotence of the state in the face of illicit global market forces (but with more sinister sources and intentions).

But while it is certainly important to acknowledge the limits of the state in a global era, writing obituaries is premature – including in the realm of the illicit economy. After all, it is the state that defines what market activities are illicit in the first place (with considerable variation over time). For example, drugs such as heroin and cocaine were legally traded commodities a century ago, but are now the subject of a global prohibition regime.⁹ Most laws against money laundering and trading in endangered animals and wildlife are of relatively recent origin. While not always terribly effective, it is the very existence and enforcement of state controls that necessitate that smuggling groups devise such creative and elaborate evasion schemes. Thus, for example, as states have tightened entry restrictions, migrants have increasingly turned to professional smugglers (in other words, as states make their front doors less accessible, migrants turn to smugglers to help them gain clandestine entry via the back door). Although high levels of corruption are often pointed to as evidence of state impotence and the deeply corrosive effects of illegal markets, corruption can in one sense be interpreted as evidence of state power: criminal groups have to bribe and pay off the state because they cannot entirely bully and bypass it to stay in business. Moreover, to say that the state has 'lost control' falsely implies that it was ever truly 'in control'. Borders have always been far more permeable than the Westphalian ideal would indicate.

Furthermore, rather than simply retreating in the face of ever more intensive and expansive illicit market forces, in many places the state is being reasserted in the form of more intensive, expansive, and technologically innovative international policing and surveillance efforts. In global finance, for example, there has been a form of selective re-regulation targeting illicit financial flows (which has been sharply accelerated in the global effort to target terrorist financing).¹⁰ Naylor is deeply skeptical of the escalating global law enforcement campaigns, and points to their often perverse and unintended negative consequences. And in some cases, he emphasizes, overzealous law enforcement can become predatory and self-serving, most evident in sweeping asset forfeiture laws (especially in the United States). There is simply no historical case, Naylor argues, where a black market was defeated on the supply-side. This is an important warning and reminder of the limits of the law. But the point should not be overstated or taken too far. The British Navy's suppression of the transatlantic slave trade

in the nineteenth century, for example, is a notable historical success story (significantly aided, of course, by the fact that the 'commodity' being traded could actively resist); some rare species today would probably now be extinct if there were no global prohibitions on their trade; many more nations would now likely possess nuclear weapons if there were no supply-side prohibitions in place (however weak and imperfect these prohibitions have proven to be – as we have recently found out); and Naylor, who teaches at McGill University in Montreal, surely benefits from Canada's more prohibitionist gun laws rather than the loosely regulated US approach (and indeed Canadians can rightly argue that a threat to their security is the lack of stringent supply-side gun control efforts south of their border). Thus, rather than simply judging supply-side controls on illegal markets to be failures, it may be more analytically useful to identify degrees of failure and success. The effectiveness of such controls can significantly depend on the nature of the commodity, the ease of production, concealment and transport, the availability of legal substitutes, and the nature and levels of consumer demand.

Some readers of *Wages of Crime* will no doubt consider some of Naylor's criticisms of anti-crime initiatives as overly polemical and dismissive (throwing out the law enforcement baby with the bath water) while offering too little in terms of concrete alternative policy recommendations. But it would be a mistake to then simply respond by dismissing what is a deeply penetrating and extraordinarily wide-ranging analysis. Some impatient readers may find that the analytical insights at times are buried within tales of shadowy arms deals gone awry or creative money laundering schemes that unraveled. But these stories provide texture and give a real-world feel for otherwise rather mysterious and abstract terms such as 'underworld economies' and 'black markets'. One particularly useful aspect of such storytelling is that it effectively conveys the extraordinary diversity of individual players, large and small, involved across the globe in the clandestine world of transnational law evasion. The unavoidable sampling bias, of course, is that we overwhelmingly hear about those who are caught – after all, this is usually how we even know about them in the first place. And those who are swept up in the law enforcement net, of course, tend to be the least skilled and least sophisticated law evaders.

Wages of Crime comes close – perhaps uncomfortably close at times – to reading like a 'how to' guide for getting around state controls. This is particularly true of the chapters on money laundering, which includes a detailed, step-by-step description and analysis of how to turn dirty money into clean money (which may make some readers wonder about who is buying the book and utilizing Naylor's knowledge. I once asked him at a conference whether he was ever tempted to use his considerable understanding of illegal markets to 'supplement' his income, and he jokingly

replied that while he may have the mind of a criminal he didn't have the backbone of a criminal).

IIPE AND ARMED CONFLICT

A particularly important and promising area of IIPE research is the relationship between illicit transnational economic activity and armed conflict. While IR scholars have long called for bridging the traditional gap between IPE and security studies, this has in practice largely meant greater focus on such topics as the role of economic coercion in statecraft, the relationship between economic interdependence and conflict, and the military industrial base.¹¹ Issues such as arms smuggling, use of illicit commodities to fund conflict, theft and diversion of humanitarian aid by warring parties, and embargo busting have not been central areas of research for IR scholars working at the intersection of IPE and security.

There is an important and growing interdisciplinary literature on 'war economies', focusing on the political economy of contemporary conflicts.¹² But until recently this has primarily come out of other fields, such as development studies and comparative politics. An exception is the volume edited by Dietrich Jung, *Shadow Globalization, Ethnic Conflicts and New Wars: A Political Economy of Intra-State Wars*, which attempts to bring war economy issues into IR debates and bridge the IPE-security divide. Perhaps not surprisingly, all but one of the contributors is based in Europe, where the boundaries of IR – and therefore the boundaries of IPE and security studies – are broader, more flexible, and more permeable. Although, like most edited collections, the quality of the individual chapters is somewhat uneven, they hold together better than many and represent a timely contribution (though it is unfortunate that the publisher priced the volume well beyond the reach of anyone but libraries).

Jung and his collaborators engage a number of major contemporary debates, including the transformation of war, the changing relationship between war-making and state-making (see, particularly, the chapter by Schlichte), and the influence of the global economy on local conflicts and post-conflict reconstruction processes. Jung's introduction and conclusion usefully links the central issues in the volume to broader ongoing debates in IR over globalization, conflict, and North-South relations (though such explicit theoretical linkages are not followed up by many of the other contributors). Jung emphasizes that while there is an apparent sharp separation between 'zones of peace' in the developed world and 'zones of conflict' in the developing world, these separate zones are in fact closely connected through both formal and informal linkages. Although the book's subtitle includes the term 'intra-state wars', the book's contributors make it clear that this is in some respects a misnomer. Local war economies, whether in the former Yugoslavia, Somalia, or Lebanon, are highly internationalized,

not just through UN monitoring and diplomatic initiatives but also through clandestine trading and informal financial networks. Military success on the battlefield can significantly depend on entrepreneurial success in the illicit economy – while also enriching war profiteers who can subsequently emerge from conflict as a *nouveau riche* elite.

Jung and his colleagues rightly draw our attention to the multiple and often overlooked connections between illicit economies and armed conflict, but at the same time we should be careful not to overstate or misinterpret these connections. There is a selection bias in only looking at conflicts that have a substantial criminalized economic dimension. There can be significant variation in how and how much a conflict is criminalized. Moreover, while conflict can be profitable for black marketeers, peace can also be profitable. Criminal entrepreneurs can be peace spoilers, but also peace maintainers if they are amongst the leading beneficiaries of the post-conflict reconstruction process (as Pugh's chapter suggests has been the case in Bosnia-Herzegovina).¹³ Indeed, it is important to point out that some major transnational illegal market activities can be undermined and disrupted by armed conflict – as was evident with the traditional 'Balkan route' for heroin transshipment during the violent disintegration of Yugoslavia in the 1990s (discussed in the chapter by Strazzari). As armed conflicts have subsided and some semblance of peace and stability restored in the region, drug trafficking (as well as migrant smuggling and sex trafficking) has substantially increased. Thus, just like legal markets, many illegal markets prefer a more stable and predictable business climate.

High levels of illegal cross-border economic activity need not include high levels of conflict. For example, while drug production and armed conflict are typically viewed as interlinked – as evident in cases such as Colombia and Afghanistan – there are as many or more cases where there is little or no connection between the two. Bolivia has been one of the world's largest coca producers, yet it has so far avoided the kind of organized armed violence that has defined its other drug-exporting neighbors. Mexico, which has been a major marijuana and heroin producer and the most important transshipment point for cocaine entering the United States, has had a limited insurgency in Chiapas – but this conflict has so far not involved any substantial linkage to the drug trade. Morocco, which has been the leading hashish supplier to Europe, has nevertheless remained relatively stable. Thus, while it is important for IPE and security scholars to be more aware of the linkages between armed conflict and illicit markets, it is equally important to identify and explain the conditions under which conflict and economic criminality are most and least likely to go together. Much greater attention to explaining the non-events – cases where there is a lack of a strong conflict-crime connection – is essential in this regard. In some contexts, the revenue and employment generated by the illegal economy can even help to stabilize a volatile situation – as the US seems to

be quietly and awkwardly recognizing by its less than aggressive efforts to curb the boom in opium production in post-Taliban Afghanistan.

Moreover, even when there is apparently a close linkage between illicit economic activities and armed conflict, the relationship is often much more complex and ambiguous than it may at first appear. In Colombia, for example, the so-called 'narco-guerilla connection' has provided the political rationale for an influx of US military aid and advisors and a blurring of counterinsurgency and counter-narcotics missions (making Colombia one of the leading recipients of US military assistance in the world). Few deny that the drug trade has facilitated insurgency (helping to provide the material basis for its persistence) but this is very different from being the cause of insurgency. After all, Colombia's decades-old guerilla wars began long before the country became a leading drug exporter. Naylor and others point out the distinct and competing objectives of drug traffickers and insurgents: the first are inherently conservative, usually wishing to simply bypass and be left alone by the state, while the latter tend to want to overthrow the state and transform the social order. The failure to distinguish between them results in sloppy analysis and poor policy. They may, under particular circumstances, form uneasy alliances of convenience, but can spend as much time shooting at each other as doing business with each other. Naylor's chapter on the black market operations of guerilla organizations is highly relevant here, usefully dissecting the multiple ways in which insurgencies around the world have funded their efforts through illicit economic activities (and how this changes at each stage of insurgent maturation and growth). Whether and to what degree insurgents are not only politically motivated but also profit-driven through engagement in the black market can vary significantly across time, place, and even within different units of the same guerilla group. This is part of a larger ongoing debate over the relative weight of 'greed' vs. 'grievance' as motivations for rebellion, with some observers suggesting that a sharp distinction between the two may present a false and misleading dichotomy.¹⁴

CONCLUSION

For IR scholars in general and IPE scholars in particular, continuing to largely overlook IPE means bracketing a crucial dimension of the relationship between states and global markets. This perpetuates an overly narrow and distorted view of the global economy, missing much of the most important and interesting action. It also misses a timely opportunity to build a new bridge across the traditional IPE-security studies divide (a divide that has become particularly difficult to justify and sustain in a post-9-11 security context). Behaving as if only the licit side of IPE exists because it is the easiest to measure and quantify is the equivalent of the drunkard saying that the reason he is stumbling around looking for his

keys under the streetlight is because it is the only place where he can see. What we need are better flashlights so that we can also look for our keys down the dark alleys of the global economy.

NOTES

- 1 Notable exceptions include Ethan Nadelmann (1990) 'Global Prohibition Regimes: The Evolution of Norms in International Society', *International Organization*, 44(4): 479–526; H. Richard Friman and Peter Andreas (eds) (1999). *The Illicit Global Economy and State Power*, Lanham, MD: Rowman & Littlefield; and Phil Williams (2003), 'Transnational Organized Crime and the State', in Rodney Bruce Hall and Thomas J. Biersteker (eds) *The Emergence of Private Authority in Global Governance*, Cambridge: Cambridge University Press. Susan Strange (1996) also devotes a chapter to analyzing organized crime in *The Retreat of the State*, Cambridge: Cambridge University Press; as does James Mittleman (2000) in *The Globalization Syndrome*, Princeton: Princeton University Press.
- 2 This observation is based on examining several dozen IPE course syllabi rather than a systematic review.
- 3 Also see Friman and Andreas (1999).
- 4 See, for example, Alejandro Portes *et al.* (eds) (1989) *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore: Johns Hopkins University Press. Anthropologists have done some of the most interesting work in this area, generally focusing at the local level. Important anthropological work with a transnational focus includes, Josiah Heyman (ed.) (1999) *States and Illegal Practices*, Oxford: Berg; and Janet MacGaffey and Remy Bazenguissa-Ganga (2000) *Congo-Paris: Transnational Traders on the Margins of the Law*, Bloomington: Indiana University Press.
- 5 Peter Andreas (2000) *Border Games: Policing the US – Mexico Divide*, Ithaca: Cornell University Press.
- 6 Nadelmann (1990).
- 7 See Peter Andreas (2003) 'Redrawing the Line: Borders and Security in the 21st Century', *International Security* 28(2): 78–111.
- 8 Vito Tanzi (ed.) (1992) *The Underground Economy in the United States and Abroad*, Lexington Books; *Measuring the Non-Observed Economy: A Handbook*, OECD, 2002; and Susan Pozo (ed.) (1996) *Exploring the Underground Economy: Studies of Illegal and Unreported Activity*, Kalamazoo MI: Upjohn Institute.
- 9 See Nadelmann (1990).
- 10 Thomas J. Biersteker with Peter Romaniuk, 'The Return of the State? Financial Reregulation in the Pursuit of National Security After September 11' in John Tirman (ed.) (2004) *Maze of fear*, New York: The New Press.
- 11 For a review, see, for example, Michael Mastanduno (1998) 'Economics and Security in Statecraft and Scholarship', *International Organization* 54(4): 825–54.
- 12 See, for example, Mark Duffield (2001) *Global Governance and New Wars*, London: Zed Books; William Reno (1998) *Warlord Politics and African States*, Boulder: Lynn Rienner; Mats Berdal and David M. Malone (eds) (2000) *Greed and Grievance: Economic Agendas in Civil Wars*, Boulder: Lynn Rienner; and Karen Ballentine and Jake Sherman (eds) (2003) *The Political Economy of Armed Conflict: Beyond Greed and Grievance*, Boulder: Lynn Rienner.
- 13 Also see Peter Andreas (2004), 'The Clandestine Political Economy of War and Peace in Bosnia', *International Studies Quarterly* 48(1): 29–52.
- 14 See, Ballentine and Sherman (2003); and Berdal and Malone (2000).