

THE UNDERGROUND ECONOMY NOW ABOVE BOARD:
ILLCIT RELATIONSHIPS THAT PERPETUATE SLAVERY

By
Alice Browning

Submitted in partial fulfillment of the requirements for Major Honors in Department

Houghton College, Houghton, NY
May 2013

Honor's Committee

Chair Name: Dr. Ron Oakerson	Signature: _____
Professor Name: Dr. Ndunge Kiiti	Signature: _____
Professor Name: Dr. Jon Case	Signature: _____

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INTRODUCTION

There are more slaves today than any other period in history. The phenomenon of trafficking in persons has exploded due to socio-economic and political circumstances that have occurred with globalization.

Trafficking in persons is a form of abuse, a human right's violation, and the world's second most lucrative illegal industry. It incorporates men, women, and children from every country and every status of wealth, and worst of all it is a growing phenomenon. The sale and purchase of human beings is the world's fastest growing illegal trade. This phenomenon is provides the impetus for this research into the systems and relationships—legal, illegal, and illicit—that perpetuate all forms of modern-day slavery.

An exploration of the process of globalization and its effects embeds the dilemma of trafficking in persons in a broader discussion of world trends. These trends include an open global economy, resulting in an exploding international market without the hindrance of closed borders; heightened forms of communication and transportation due to the technological and digital revolutions; and the widening inequality between developed and developing nations. Following this discussion is a description of the underbelly of globalization, the opportunities that criminal master minds and fragmented terrorist groups have to trade and profit in an open economy. Although it is impossible to

number the trafficked people in the world, as this trade grows, traffickers continue to amass economic and political power.

A human rights' violation is committed against individuals or people-groups, but trafficking in persons is not simply about abusing people; it is about using them for economic gain. Obviously, the poor, the uneducated, the displaced, the uninformed, the disconnected, and the younger generations are exploited world-wide simply because they are accessible and vulnerable. Trafficking in persons is not merely about discrimination; it is about making money. The normalization of exploitation, because it is profit-driven, encourages the average person to ignore the problem, empowers criminals, and erodes legitimate authority. It is changing the social fabric of cultures all over the world.

In Part One of this paper, understanding the phenomenon of human trafficking from a macro-perspective provides an explanation for its expansion with globalization. The ability to network in the 21st century, due to improved technology and transportation, affords criminals, terrorists, and even the average citizen to mobilize goods, information, and cash in the blink of an eye. Understanding how the nature of criminal relationships and illegal business structures has evolved with an open economy explains why they work so efficiently. In-depth research is needed in order to analyze how trafficking in persons works. In Part Two, a micro-perspective illuminates how criminal relationships multiply informally through networking. An analysis of the dynamics of informal networking and the development of social capital among criminals will explain how trafficking in persons is able to explode in the 21st century.

ILLIICT RELATIONS BETWEEN LEGAL AND ILLEGAL INDUSTRIES
PERPETUATE SLAVERY

Introduction:

Legal and illegal industries build the global economy; they are connected. Legal products and services made in illegal ways perpetuate exploitative methods of production, while illegal products and services sold for profit filter dirty money into the legal sector of the economy. These illegally made profits then become legitimate and legally protected investments. The overlap between legal and illegal industries fosters an illicit relationship that further entangles these industries and their supply chains.

Legal industries involved in illegal supply chains and profits from illegal industries transferred into legal sectors of the economy perpetuate slavery. This happens because outsourced suppliers are often lacking accountability and transparency in their methods of production and exploitation goes unnoticed. In turn, banks harbor profits of illegal industries, thereby protecting the investments of criminals and supporting their activities. People are perpetually impoverished in societies where criminal influence infiltrates and supersedes governmental structures and authority. These people are continually vulnerable to extortion. Modern day slavery is defined as “controlling someone through violence for economic exploitation and paying them nothing.”¹

Likewise, trafficked persons are often coerced into slave-like conditions because they had

¹ Kevin Bales, *Disposable People: New Slavery in the Global Economy* (Berkeley, CA: University of California, 1999).

to choose between starvation and indentured servitude, which is really no choice at all. Trafficking in persons is only one aspect of slavery. The deplorable circumstances of millions of modern slaves is becoming fixed—a norm—as their position becomes necessary to the functioning of supply chains in the current global economy.

Unless banks, multi-national corporations, local and national businesses, governments, non-governmental organizations (NGOs), and other influential, international actors focus on separating legal and illegal industries, the two will become inseparable. Eventually there will be no difference between legal and illegal sectors of the economy. In turn, economic disparities will continue to grow, criminal influence will be secured, people will be dehumanized and commodified, and through the global market these trends will be perpetuated beyond any nation-state's control.

In order to address the phenomenon of modern-day slavery, positive models of development must be implemented. Positive models of development represent access to opportunities and the ability to change one's situation for the better. All people require opportunities to improve themselves—to mobilize the resources that they have, collectively and individually, in order to gain a vestige of control, dignity, and security over their lives.

Simultaneously, broken chains of enforcement must be addressed. Criminal networks are able to amass economic and political power partly because of a lack of legal responses operating at the ground level. There is a need for an international definition of human trafficking and consistent international prosecution of traffickers country to country. Intergovernmental efforts are needed in order to coordinate effective anti-human trafficking investigations across borders. Appropriate police responses require more in-

depth analysis of the market forces that allow slavery to occur. In short, the positive growth relationship between legal and illegal industries must be weakened.

Terms and Definitions: Legal, Illegal, and Illicit Sectors and Industries

The economy is a complex system of organizations and institutions by which people use their own or others' endowments of scarce resources in order to produce, distribute, and consume goods and services. The legal sector of the economy refers to industries and supply chains that function according to the rule of law within a nation or according to international agreements. Legal industries are for the most part incorporated within the formal economy and are regulated by government policy. The illegal sector of the economy refers to industries and supply chains that do not recognize or follow the rule of law. These industries function in opposition to the law and oftentimes thrive within the informal, unregulated economy.

In reality, there is little separation between formal and informal sectors of the economy. Overlap between these two sectors occurs on a continuum.² The informal sector of the economy is not regulated, but does respond directly to the market forces of supply and demand. Like the difficulties inherent to navigating the overlap between the informal and formal sectors of the economy, it is also difficult to distinguish and therefore delineate between legal and illegal industries. Both legal and illegal industries can be described as sub-systems incorporated in the global economy.

There are varying degrees of overlap between the legal and illegal sectors. The illegal sector may be referred to as a separate economy or as a black market, but it is still related to the legal economy, which is essential for its survival and success. In the same

² Basudeb Guha-Khasnobis, Ravi Kanbur, and Elinor Ostrom, *Linking the Formal and Informal Economy: Concepts and Policies* (Oxford: Oxford UP, 2006), p. 3.

way, the legal sector displays varying degrees of integrity and accountability over its economic supply chains. The illicit relationship between the legal and illegal sectors both within a supply chain and between different industries highlights how scarce resources are produced, distributed, and consumed in both legal and illegal ways. The more efficiently legal and illegal industries are able to work together, the tighter the illicit relationship becomes, and the more difficult it is to separate these sectors of the economy. The interpenetration of legal and illegal supply chains and the mixing of legal and illegal profits will eventually become so complete that separate legal and illegal sectors of the economy will not be recognizable.

The illicit sector is more ambiguous than other industries. Products and services supplied in the illicit sector can be both legal and illegal. The illegalities in the illicit sector are difficult to define, therefore difficult to prosecute; so it has become increasingly easier to get away with the crime, whatever the activity. This applies to the average teenager downloading pirated films, a tourist buying counterfeited souvenirs from a street vendor, the shrewd accountant paying only some of his or her taxes, or a waitlisted patient buying a kidney from a friend of a friend. All of these illicit exchanges diminish economic value in the legal sector. The illicit sector occupies a grey area between fully legal and fully illegal industries. Arguably, the normalization of the illicit sector will eventually relate every sale in the legal sector to the illegal sector, thereby stabilizing illegal methods at someone else's expense. And, "so long as all countries have not one labor market but in practice two—one legal or tolerated, another underground and unregulated—certain kinds of labor such as garment manufacturing, domestic work,

and sex will keep producing huge profits for human smugglers and traffickers.”³ Products made through illegal methods are generally cheaper or easier to obtain, but the total cost is not absorbed by the producer. Someone always pays for the costs; unfortunately, it is the abused who pay in sweat, blood, tears, and, in many cases, with life.

Two Concurrent Events: Globalization and Trafficking in Persons

Regardless of whether globalization is judged a positive or negative world development, its effects on international trade have transformed the world’s economy. Moises Naim has written extensively concerning international economics and global politics, and the unintended economic consequences of globalization.⁴ Naim describes globalization in terms of a “revolution in politics that is as thorough and transformational as the technological revolution. Still, the reforms of the 1990s all pointed in a common general direction, toward what economists call an open economy.”⁵ The open economy, by opening trade, will supposedly lead to an interdependent, global economy. According to this view, “barriers to trade or investment should be as few and as low as possible; rules are known in advance, transparent, coherent, and uniformly enforced; and government interventions are bounded, meaning that few or no prices are set by the government and the economic weight of the state is reduced thanks to balanced budgets and the shedding of state-owned enterprises.”⁶ This also means that government regulation or interference is limited, making personal self-interest the sole consideration

³Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 107.

⁴ Moises Naim, previously the editor of *Foreign Policy*, author of *Illicit: How Smugglers Traffickers and Copycats are Hijacking the Global Economy*, and currently a Senior Associate in the International Economics program at the Carnegie Endowment for International Peace.

⁵ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 17-18.

⁶ *Ibid.*

in every transaction. International trade has become more efficient and lucrative for legal and illegal industries alike.

One of the illegal industries that has exploded, in part due to globalization, is trafficking in persons, which is “the act of recruitment, transportation, transfer, harboring, or receipt of persons by means of the threat or use of force, coercion, abduction, fraud, deception, abuse of power or vulnerability, or giving payments or benefits to a person in control of the victim.”⁷ Trafficking in persons is a profitable industry due to several factors. First, globalization has boosted not only international trade but also the outsourcing of labor, therefore reducing accountability over supply chains. Second, modes of transportation and traditional criminal routes also help illegal trade move quickly and undetected. Third, the permeability of borders in a globalized economy makes it easier to move persons between countries. Fourth, the technological revolution enables fast-paced business transactions and affords just as many, if not more, benefits to crime syndicates or average entrepreneurs interested in illegal industries as to legal businesses. For example, the increase in accessibility to sexual services via the internet means that both profitability and the specialization of services increase exponentially.

The commodification of people normalizes violence against them by buyer or pimp. Poverty and gender-based discrimination perpetuates the number of migrants looking for jobs where there are no safe, constructive opportunities. Prejudice and racism are forms of dehumanization still used to commodify people. These attitudes make it

⁷ UN General Assembly, *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention against Transnational Organized Crime*, 15 November 2000, available at: <http://www.refworld.org/docid/4720706c0.html> [accessed April 2012]

possible to sell people without piquing society's conscience or altering mass consumer practices.

It is imperative to know how trafficking works in its movement of people and profits in order to understand how to approach solutions. Three attributes of trafficking are listed as follows:

1. Crime is local, and the solutions to crime fighting or displacing crime are also local.
2. Trafficking is regional and as a result involves higher levels of authority.
3. Money is global.⁸

Money made from illegal industries must be processed through the legal sector of the economy through some formal venue, whether it is done through money laundering or any number of money washing schemes.

The crux of trafficking in persons meets in two realities: criminal activities are growing in both wealth and influence, and underprivileged people are subjected to their authority. The cyclical nature of impoverishment means that even as opportunities are provided to impoverished communities, they are misdirected by corrupt officials and used for criminal activities. As a result of this destructive cycle, there is little or no opportunity for positive change or protection. People in developing countries where these criminals carry the most economic and political clout remain impoverished and vulnerable to exploitation. If there is no regulation, it is a simple matter to connect goods and services made in illegal ways to legal supply chains. Daily consumer choices in developed countries perpetuate this exploitation, given that there is a lack of oversight of business supply chains in a free market economy.

⁸ Author's interview with Christine Dolan. June, 2012.

Criminal Activities and “Dirty Money”

“Dirty money” refers to profits of illegal industries or money pilfered from within legal industries using illegal methods. According to Raymond Baker, author of *Capitalism’s Achilles Heel: Dirty Money and How to Renew the Free Market System*, there are three forms of dirty money that cross borders: criminal, commercial, and corrupt.⁹ These three forms of dirty money are often created in conjunction with each other. For an example of criminal, corrupt, and commercial money cross-over, money misdirected from the public health portion of the national budget could easily fund an illegal trade of drugs in and out of the country, and the profits from that industry could be used to fund a legal chain of restaurants that cleverly evade their taxes. Although a hypothetical situation, this is how the creation of dirty money occurs.

1. Criminal dirty money is created through such activities as: “racketeering, trafficking in counterfeit and contraband goods, alien smuggling, slave trading, embezzlement, forgery, securities fraud, credit fraud, burglary, sexual exploitation, prostitution, and more...”¹⁰ However, the only criminal dirty money that is tracked across borders are illegal profits from trafficking drugs, bank fraud, and certain actions of violence including terrorism.¹¹

⁹ Raymond Baker is the director both of Global Financial Integrity, a research and advocacy organization in Washington, DC, and the Task Force on Financial Integrity and Economic Development, an international private-public coalition of civil society groups and governments working on the issue of illicit financial flows.

¹⁰ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 23.

¹¹ Ibid.

The methods and structures used to harbor profits legally are also available to criminals whose activities go unmonitored. It is so simple that Baker offers guidance on the process. If you have a lot of dirty cash on hand,

there are office buildings full of bankers and lawyers and accountants here and abroad ready to help you, whether you are a crook or a CEO or just a run-of-the-mill tax evader. Most of these professionals can do the dirty work for you, or structure deals to keep you out of trouble, or tell you where laws are particularly lenient, or help you stay ahead of authorities where laws are stronger, or defend you if in that extremely rare circumstance you should get caught, or impart to you sage counsel on how to place your criminal or corrupt or commercially tax-evading money in secure and profitable investments. The whole process of dealing with dirty money is routine and well-honed and functions effectively every day for people just like you.¹²

This quote, although sarcastic, provides an example of how legal and illegal industries and their illicit cash flow is so enmeshed that business, whether legal or illegal, functions smoothly using the same procedures. The overlap between criminals and the average lawyer, businessman, or banker is a reflection of the direct relationship between the legal and illicit sectors of the economy.

2. Commercial dirty money flows are essentially illegal money transfers. The dirty money it is usually tax evading and the record of the money transfer simply disappears in the originating country.¹³ Commercial dirty money comes out of legal business structures where individuals work with other individuals in other companies to embezzle, pilfer, or misdirect money into their pockets. This is easily done: “(1) [P]ick your own price in international transactions, (2) use dummy corporations to shield your activities, (3) fake transactions to make it look like something is happening when it really

¹²Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 47.

¹³ *Ibid.*, p. 23-24.

isn't, and (4) take advantage of a grab bag of tricks to handle special opportunities.”¹⁴

This process of diverting money can be done within almost any business structure.

Basically, legal transfers are recorded as expenses, deposits, or investments and remain on the company's books and the individual(s) take the money and place it elsewhere. If the transfer goes undetected and is relocated in an indiscreet place, then the steal is made successfully.

There are generally four ways in which dirty money is created and washed so that it can enter the legal sector of the economy unnoticed. Creating dirty money is done through “falsifying prices, passing money through dummy entities, faking transactions, or using a few specialized devices as needed.”¹⁵ From Baker's perspective, the outcome is the “legitimization of illegitimacy.”¹⁶ It is the “combination of mispricing, transfer pricing, tax havens, dummy corporations, shielded foundations, secrecy jurisdictions, flee clauses, the whole gamut of techniques and structures that support dirty money, affords a quasi-legal veneer over a system.”¹⁷ When it becomes more profitable for the business community to service illegal transactions, as well as legal ones, people are incentivized to look the other way.

3. Referring to the third form of dirty money that Baker identifies, corruption creates many negative by-products. Furthermore, the people who profit from illegal transactions often do not experience the consequences of their actions; someone else does. Forms of public corruption include: “theft of money and property from the public

¹⁴ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 23-24.

¹⁵ *Ibid.*

¹⁶ *Ibid.*, p. 136.

¹⁷ *Ibid.*

treasury; award of licenses or concessions to personal, family, or associated interests; improperly obtaining intangibles such as office, prestige, or power; affording opportunities for future enrichment; and buying votes to rig elections.”¹⁸ Corruption not only misdirects money illegally; it also blocks any individual from seeking recourse, for the very institutions that were supposed to bring security are, perversely, used to extort its citizens. Bribery is the most common form of public corruption.¹⁹ This is often seen within developing countries where government positions are awarded to family members or close friends. It is a form of patrimonialism, which “involves redistributing national resources as marks of personal favor to followers who respond with loyalty to the leader rather than to the institution the leader represents.”²⁰ This nepotism creates an oligarchy with personal or familial interests at its core.

The many negative externalities caused by bribery at all levels of government weakens trust and creates a culture of dishonesty. Bribery and corruption within government or any association “worsen poverty and inequality, limit government tax revenues, curtail health and education expenditures, reduce economic growth, discourage foreign direct investment, [and] slow creation of new enterprises.”²¹ Corruption creates inequality by channeling “public money into defense and infrastructure, where kickbacks are highly typical, [increasing] debt burdens on poorer countries....”²² These negative externalities are recurring symptoms of corrupt governments. These countries are not trusted as legitimate trading partners in legal international trade; as a result, their cash

¹⁸ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 136.

¹⁹Ibid., p. 50.

²⁰ Ibid., p. 35.

²¹ Ibid., p. 50.

²² Ibid.

inflow is supplemented or entirely taken over by illegal international trade. Incoming money is then received by criminals, who spur corruption in order to manipulate government power.

It is difficult to reform such corrupted systems; systemized abuse allows the powerful few to act continually in their private interest at the expense of others. The Heritage Foundation uses the concept of *economic freedom* to measure the ability of a country to free its economy for healthy growth. Heritage identified ten dimensions of economic freedom: “property rights, freedom from corruption, business freedom, labor freedom, monetary freedom, government spending, fiscal freedom, trade freedom, investment freedom, and financial freedom.”²³ Summarized, economic freedom assures every person control over his or her labor and property. Individuals should be free to work, produce, consume, and invest without interference from the government. At the same time, if production is interrupted by criminal activities, government must intervene. It is naïve to assume that limited government automatically ensures a free market system that guarantees an honest day’s pay for an honest day’s work.

Criminal Networks, Terrorist Networks, and the New Frontier of Global Crime

Criminal networkers are ahead of the curve in the use of contemporary business practices and counterstrategies when governments try to dismantle their networks. As Naim highlights, “[S]ince the early 1990s, global illicit trade has embarked on a great mutation. It is the same mutation as that of international terrorist organizations like al-

²³ Terry Miller, Kim Holmes, and Edwin Feulner, *2013 Index of Economic Freedom: Promoting Economic Opportunity and Prosperity* (New York: The Heritage Foundation and The Wall Street Journal, 2013).

Qaeda or Islamic Jihad.”²⁴ Today’s crime networks have “all have moved away from fixed hierarchies and toward decentralized networks; away from controlling leaders and toward multiple, loosely linked, dispersed agents and cells; away from rigid lines of control and exchange and toward constantly shifting transactions as opportunities dictate.”²⁵ Such networks are formed from autonomous agents motivated and able to trade through lateral business relationships rather than a vertical chain of authority and power. This allows business to be flexible and dynamic in reaction to market forces and external circumstances. Transaction costs are low, and profits are high.

Naim contradicts a commonly held illusion concerning crime-fighting methods in the 21st century when he warns that “networks of stateless traders in illicit goods are changing the world as much as terrorists are—probably more. But a world obsessed with terrorists has not yet taken notice.”²⁶ Illicit trade is not organized by multi-national crime syndicates; its flows respond to the demands of individuals in the market.

Just as they resemble one another in organization, criminal and terrorist networks are analogous in function. There is no way to disband their organization, for “the networked, decentralized structure of their transactions leaves any number of key players at large even when a major arrest is made.”²⁷ It is important to realize that it is no longer sufficient to prosecute individual criminals. Taking out key criminals is a short term solution; restructuring an environment that allows criminals and terrorists to flourish must be a long-term goal. Criminals and terrorists are plentiful and empowered.

²⁴ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 7.

²⁵ *Ibid.*

²⁶ *Ibid.*, p. 6.

²⁷ *Ibid.*, p. 7.

Sierra Leone: Charles Taylor, Al-Qaeda, Blood Diamonds, and Terrorist Networks

Sierra Leone is rich in resources, timber, rutile and other minerals, and particularly diamonds. Paul Collier, author of *The Bottom Billion*, explains how natural resources can function as a “trap.” This “trap” affects developing countries that are rich in resources as ensuing competition for the resources insites conflict between factions. Sierra Leone’s inability to develop or sell such resources according to a rule of law or in a manner that benefits the national economy meant that their resources would be manipulated by the most powerful faction. Resources can also fuel the incentive for rebellion; when the government is controlled, the resources are controlled.

The Sierra Leone civil war began in 1991 and was declared over in 2002. The former army corporal, Foday Sankoh, and his Revolutionary United Front (RUF) were a rebel group encouraged and funded by Charles Taylor, who was the President of Liberia from 1997 to 2003. The RUF had political motivations; in order to control the diamond trade, they had to control Sierra Leone’s government. David Keen writes that “diamonds eventually became a kind of one-word summary of the war. For example, Sierra Leone’s Permanent Representative to the UN, Ibrahim Karamara, told the UN Security Council in July 2000: ‘the root of the conflict is and remain diamonds, diamonds and diamonds’.”²⁸ Diamonds, like anything of value, can be traded either in ways that are mutually beneficially or exploitative in empowering criminals, rebel groups, and terrorists. In this case, there had never been a legitimate supply chain to sell diamonds on the international market. There were “frustrations arising from the highly unequal benefits accruing from diamond extraction. A second connection between the diamond sector and the conflict was the low tax revenue which the government was able to secure from diamond mining,

²⁸ David Keen, *Conflict & Collusion in Sierra Leone* (Oxford, England: James Currey, 2005), p. 51.

where smuggling and undervaluation of exports were rife. A third connection was that diamonds helped to fund the violence.”²⁹ Also, if the government is unable to tax exports, they are unable to fund public programs. There is a high demand for diamonds on the international market, especially the kind found in Sierra Leone. If institutional checks and balances are not in place, that demand will be met in illegal and violent ways.

There is an illustrative connection to be made between how the RUF took over Sierra Leone and how terrorist groups function in general. Due to the nature of a post-cold war, globalized world, conflicts have taken on a different nature. During Sierra Leone’s civil war, the RUF committed such atrocities as chopping off limbs, using rape as a weapon of war, and employing a number of fear-mongering civilian targeted tactics. This was not simply African savagery; the “accounts of terrorized victims of violence do not constitute evidence of the irrationality of violence. Rather they show the opposite—that the tactics have been fully effective in disorientating, traumatizing and demoralizing victims of violence. In short, they are devilishly well-calculated.”³⁰ In a world where modern media relegates such atrocities to the distant, developed world, it is crucial to realize that terrorists are neither primitive nor distant.

The developed and developing worlds are connected through international trade, both legal and illegal. The developing world is directly affected by Western foreign policy, and although power dynamics between these two worlds is unequal, their problems do eventually become our problems. It is also incorrect to assume that such methods of barbarism are either new or outdated:

²⁹ David Keen, *Conflict & Collusion in Sierra Leone* (Oxford, England: James Currey, 2005), p. 51.

³⁰Ibid.

[for]the violence of the Sierra Leone conflict is shown to be moored, culturally, in the hybrid Atlantic world of international commerce in which, over many years, Europeans and Americans have played a prominent and often violent part. Although a small and highly localized conflict, the war has a global range of symbolic and dramaturgical reference. It deserves to be regarded as one of the world's first truly post-Cold War conflicts, since it owes little if anything to Super Power rivalry, and everything to the media flows and cultural hybridizations that make up globalized modernity (cf. Waters 1995). The challenge is to understand that 'we' and 'they' have made this bungled world of Atlantic-edge rain-forest-cloaked violence together. In a world of globalization disengagement from Africa's violence is no longer an option.³¹

In the same way, allowing legal and illegal industries to overlap makes it more and more difficult to separate the average businessman, who may get away with a little embezzlement now and then, from the criminal running an international prostitution ring and a chain of laundromats. It also becomes difficult to separate criminal activities from terrorist activities; Sierra Leone's diamond trap affords one such example.

Put together a corrupted government, one of the bloodiest and barbaric revolutions in the past decade, an illegal trade in diamonds as well as weapons, and the funding of one of the world's most dangerous terrorist networks, and one result is an illegal supply chain. Doug Farah, previously West African correspondent for the Washington Post, author of *Blood from Stones a Secret Financial Network of Terror*, documented this illegal supply chain. Farah's investigation into the sale of blood diamonds from various parts of Africa to Lebanese traders has been highlighted by both Baker and Naim as a legitimate and insightful testimony.

According to Farah, "high-quality diamonds, preferred for engagement rings and abundant in parts of West Africa, are an integral part of Al Qaeda's finances."³² There has been a shift in demand concerning diamonds in the past couple of decades. Buying

³¹Paul Richards, *Fighting for the Rain Forest: War, Youth & Resources in Sierra Leone* (Portsmouth, NH: Heinemann, 1996), p. xvii.

³²Douglas Farah, *Blood from Stones: The Secret Financial Network of Terror* (New York: Broadway, 2004), p. 4.

diamonds has become less popular due to awareness campaigns and films like *Blood Diamonds*, a fast-paced action film that depicts the fascinating gore of Sierra Leone's exploitative diamond trade. Previously, the average diamond purchaser or fiancé would not have considered that he or she might be buying diamonds mined through extortion, but, then again, he or she also probably did not realize that he or she was supporting a terrorist network intent on the demise of America either. Calculated by Farah, "West Africa's diamonds make up less than 10 percent of the world's \$7 billion diamond trade. Altogether, blood diamonds amount to about 4 percent of the global diamond trade. Al Qaeda's investment in the West African trade was most likely less than \$50 million, a fraction of the world trade but an enormous windfall to terrorists."³³ But the damage goes both ways; Al Qaeda finds financial security in assets that are difficult to trace, freeze, and will not lose their value and, as a result, the RUF has access to cash and weapons.

This supply chain as described by Baker involves a few more international players and is shockingly simple. Baker quotes Farah when he names the demand as coming from Al Qaeda, Hezbollah, and a number of other terrorist groups, who bought diamonds from Charles Taylor in Liberia, Foday Sankoh in Sierra Leone, and others that sold rough diamonds to Muslim terrorists, South African mercenaries, and U.S. profiteers. Taylor and Sankoh in turn purchased guns and munitions from Russian arms merchant Victor Bout.³⁴ Bout is no ordinary dealer. He has been a major illegal arms trafficker since the early 1990s. He owns "dozens of companies, 40 to 60 aircraft, up to 300 employees,

³³ Douglas Farah, *Blood from Stones: The Secret Financial Network of Terror* (New York: Broadway, 2004), p. 4.

³⁴ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 127.

headquartered at various times in UAE and Russia.”³⁵Naim also goes on to list the arms that the RUF purchased from Leonid Minin, Ukrainian international arms trafficker, as well as, “two shipments of missiles, M93 grenade launchers and rockets and at least five million rounds of ammunition.”³⁶ Disguised as simple business transactions, these weapons were destined for RUF violence and control over both Sierra Leone’s government and international trade.

Considering the global market that allowed and perpetuated an illegal diamond trade, “De Beers maintain[ed] a global buying operation that monopoliz[ed] supplies [of diamonds] and artificially boost[ed] world prices. At a national level [in Sierra Leone], diamond buying [was] largely in the hands of about 30 main licensed dealers (mainly Lebanese) and 15-20 major unlicensed dealers (mainly of Guinean extraction).”³⁷ De Beers, founded in 1888, is now a family of companies that oversees the entire process of diamond mining, production, and sale throughout the world. It was their advertising campaigns that made diamonds the choice stone for weddings. They are a legal and legitimate business, but they were willing to work with criminals in order to increase their sale in diamonds.

There have been extensive reforms within the diamond industry in order to ensure that blood diamonds do not get incorporated into international trade. In 2000, the Kimberly Process was started when a number of Southern African states met together in Kimberley South Africa to discuss ways to stop the flow of blood diamonds into the

³⁵Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 108.

³⁶ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 46.

³⁷ Paul Richards, *Fighting for the Rain Forest: War, Youth & Resources in Sierra Leone* (Portsmouth, NH: Heinemann, 1996), p. 50.

international market and to ensure that rebel movements were not being financed by the diamond trade. In December 2000, the United Nations General Assembly adopted the Kimberly Process supporting the creation of an international certification scheme for rough diamonds. It was a collaborative scheme between governments, the international diamond industry, and civil society organizations, which resulted in a document with the requirements for controlling rough diamond production and trade.³⁸ This is an encouraging example that highlights the potential effectiveness of multi-organizational efforts.

Complicity between legal companies and criminals has irreparable consequences. The results of all these business transactions led to such events as the 9/11 attack on the twin towers, by far the most devastating, surprise attack on American soil. Such cooperation between legal companies and criminals resulted in a supply of weapons that the RUF used to wreak havoc on the Sierra Leonean people. For Sierra Leone it resulted in tragedy as “a country of c. 4 million, an estimated 15,000 civilians have been killed and more than 40 per cent of the total population displaced during five years of war.”³⁹ This is in part due to the ease with which illegal and legal industries connect and fund multi-national, monopolizing diamond producers as well as criminals, and terrorists.

Salient responses are dependent on accurate data and insightful understanding. It is necessary to understand how networks operate before creating an effective response. Networking is a phenomenon that has naturally evolved according to socio-economic and political changes due to globalization. All businesses and associations have applied

³⁸ The Kimberly Process Certification Scheme. GA Res. 55/56, UN GAOR, 55th Sess. Supp. 175. U.N. Doc. A/RES/55/56 (2000), available at: <<http://www.kimberleyprocess.com/web/kimberley-process/kp-basics>>.[accessed 16 Apr. 2013]

³⁹David Keen, *Conflict & Collusion in Sierra Leone* (Oxford, England: James Currey, 2005), p. xix.

networking methods, not just criminals and terrorists. The rise of a network society can be seen through the transformation of how business and associations operate.

At some point, the risk of being illegal simply becomes a cost, if prosecutions are far and few between. Baker provides another example of how legal and illegal industries service each other: “Al Taqwa, Trade, Property and Industry Company Limited, set up in the late 1980s, operating in tax havens and secrecy jurisdictions with dirty money and disguised accounts, did not invent any new ways of moving laundered proceeds for Al Qaeda or other terrorist groups.”⁴⁰ Al Taqwa did not need to, for there was no one with the incentive, responsibility, or ability to monitor their actions; as long as the client pays them the market value, they do not care how that money was generated. Instead, Al Taqwa simply took advantage of “the structure that is used every day by criminals, corrupt government officials, and commercial tax evaders, the structure that also well serves terrorists in spreading mayhem and death.”⁴¹ If a rule of law is not adequately enforced, then it is illegal in name only. The driving force is profit; if legal businesses like Al Taqwa want dirty money, no one is there to stop such dealings.

Terrorist organizations have found a niche in the present world order, growing their activities exponentially. Since terrorist organizations have the means to obtain funding, their networking relationships continue to develop with like-minded organizations. Baker has generated a list of thirteen terrorist organizations numbering 1,000 operatives or more with their origins, which covered the Middle East, Asia, Africa, Europe as well as North and South America. Baker included a second list of terrorist

⁴⁰Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 126.

⁴¹ Ibid.

organizations numbering in the hundreds of operatives, and again they were based on almost every continent.⁴² Note all of the different countries that host these terrorist organizations. These organizations have cells all over the world; they work separately, simultaneously motivated toward accomplishing the goals of their organization.

It is difficult to define the enemy in the 21st century—to identify members of a terrorist group, their accomplices and supporters. It becomes increasingly difficult to understand how to fight such an enemy. Due to the events of 9/11, the “world now knows that small groups of highly motivated individuals can successfully overcome governmental attempts to constrain, eliminate, or neutralize them. Government forces, and particularly armies, are designed to confront other armies, not stateless, decentralized, civilian networks with military training that move freely and stealthily across national borders.”⁴³ First of all, it is disconcerting that a small number of individuals can cause such havoc for a powerful nation-state like the U.S.. Secondly, governments have been frustrated because of their inability to disconnect these networks or stop their growth, much less mirror their tactics. What is even more discouraging is that terrorist networks are not the greatest threat to national security; it is the environment that allows them to flourish, resurface, and never quite end their activities. This is hard to imagine as the “spotlight on Al Qaeda and religious, particularly Islamic, terrorism, has obscured the fact that the war on terrorism is just part of all the five global wars where governments are pitted against international networks of stateless civilians.”⁴⁴

Burgeoning terrorist networks and illegal industry revenue are symptoms of greater

⁴²Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 121-2.

⁴³Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 1-2.

⁴⁴ Ibid.

problems. As Naim understands it, within the context of the five wars against drugs, arms trafficking, illegal trade of intellectual property, trafficking people, and money laundering, governments have been ill prepared and still have little experience curbing illegal international trade.

Baker offers a critique of capitalism, not because he is ideologically opposed to it, but because he believes in the free market system enough to know that it must be reclaimed according to its core principles. People will naturally take advantage of situations when they are not likely to get caught. Naim quotes Adam Smith, “Not many people are scrupulous about smuggling when, without perjury, they can find any safe and easy opportunity of doing so. To pretend to have any scruple about buying smuggled goods...would in most countries be regarded as one of those pedantic pieces of hypocrisy...”⁴⁵ The capitalism at work in the world today is double-sided, as it fosters inequalities while protecting the cash flow of criminal syndicates and terrorists. Markets based solely on supply and demand are not required to be moral or fair; it is just a matter of who gets their hands on the supply and how much consumers are willing to pay for it.

Due to an abuse of the capitalism “enormous disparity, both economic and political, characterizes our shared world, and disparity, however caused or perceived, promotes among some powerful feelings of alienation and fatality.”⁴⁶ Capitalism empowers criminals through a warped, unethical system that “maintains the structure of tax havens, secrecy jurisdictions, dummy corporations, distorted pricing, fake

⁴⁵ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 281.

⁴⁶ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 119.

transactions, and more, which terrorists utilize in the same way as criminal syndicates.”⁴⁷ It has become an unchecked, unbalanced system of exchange in a globalized economy where illegal trade flourishes and legal industries adapt.

Responses to the Global Mobilization and Integration of Dirty Money

It imperative for anti-terrorist strategists to realize that “part of the responsibility for 9/11, Madrid, Bali, Nairobi, Dar es Salaam, and many other terrorist attacks rests with the global system that shields and facilitates flows of dirty money.”⁴⁸ Concerning money laundering tactics used by drug trafficking networks, “the director of the U.S. Drug Enforcement Administration, Karen Tandy, said, ‘The American drug consumer is the single largest funder of terrorism . . .’ And let me repeat for the third time Osama bin Laden’s own words: ‘These are the very flaws in the western financial system that are becoming a noose for it.’”⁴⁹ Osama bin Laden’s daunting prediction, as well as Tandy’s knowledgeable warning, should not be taken lightly. Criminal networks and the illegal industries that they employ are directly connected to terrorist activities and those profits that filter into legal industries through money laundering schemes to support terrorist activities. A response must be holistic in nature; otherwise the network will simply move one node, industry, or agent, to another location and continue their business. It requires transnational, multi-faceted initiatives.

One such constructive and cooperative response is the Financial Action Task Force (FATF), established as an intergovernmental body by the G-7 Summit that was held in Paris in 1989. The FATF currently comprises 34 member jurisdictions and 2

⁴⁷Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 119.

⁴⁸Ibid., p. 203.

⁴⁹Ibid.

regional organizations, representing most major financial centers in all parts of the globe. They are represented in Asia, Australia, Europe, North and South America.⁵⁰ Their efficacy lies in the fact that they are a transnational, collaborative effort with government bases worldwide, united in their mission to investigate money-laundering trends allowing them to reduce corruption and track methods of terrorist financing.

In 1990, the FATF drew up *Forty Recommendations*, which were intended to provide a comprehensive plan of action needed to fight against money laundering. While the FATF cannot impose conditions on members or nonmembers, these recommendations are accepted as international standards. In 2001, the FATF issued the *Eight Special Recommendations*, which specifically focus on the issue of terrorist financing, and in 2004, the FATF added a Ninth Recommendation. In 2012 the FATF presented a revision of all Forty-Nine recommendations to understand and disseminate money-laundering schemes as well as terrorist financing.⁵¹ They have drawn the connection between criminal financing and terrorism, and their work is vital to interrupting money laundering developments that overlap legal and illegal industries.

FATF is a relevant example of an initiative that addresses money laundering in practical ways. At the same, no cooperative effort is perfect, and players with more political and economic sway can direct movements of such programs as well as decide when to participate or abstain from such standards. Baker believes the FATF to have an appropriate organizational strategy. But Baker shows how FATF caters to power when he writes, “taking its cues from the United States, FATF focused its early efforts almost exclusively on the proceeds of drug trafficking, tiptoeing around corrupt money and

⁵⁰Financial Action Task Force, “History of the FATF - Financial Action Task Force (FATF),” available at: <<http://www.fatf-gafi.org/pages/aboutus/historyofthefatf/>> [accessed 28 March 2013]

⁵¹ Ibid.

burying consideration of tax-evading money....The United States, with a narrow definition of money laundering, hardly meets FATF expectations.”⁵² Every nation-state must have the incentive to uphold the standards that are agreed upon; otherwise, free riders are able to take advantage of such understandings and bend the rules as they wish. Without full cooperation this organization’s ability to fight the creation and prolongation of dirty money is incomplete. Dirty money flows are still allowed to further illicit relationships as legal and illegal industries grow in tandem.

The creation of such international standards is the first step, but evaluation is necessary in order to understand whether strategies countering money laundering schemes are effective. Evaluation should measure the levels of accountability and transparency within multi-national business supply chains. Baker has documented a number of responses and assessed not only what they have accomplished but also to what extent criminal and terrorist networks as well as legitimate businesses and governments have gotten away with illicit practices anyway. For example,

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances came into force in 1990. Requires states to establish as criminal offenses the cultivation, manufacture, transport, sale, and possession of narcotics.
- International Convention for the Suppression of the Financing of Terrorism came into force in 2002. Requires all states to take steps for the identification, freezing, and forfeiture of terrorists’ funds.
- UN Convention against Transnational Organized Crime. Came into force in 2003. Requires states to adopt laws tackling international criminal syndicates, money laundering, corruption, and obstruction of justice.
- UN Convention against Corruption. Signed in 2003, with ratification continuing through 2005. Requires states to adopt laws barring bribery, embezzlement, laundering of public funds, and procurement fraud.
- Anti-Bribery Convention of the OECD. Came into force in 1999. Requires signatory countries to make bribery of foreign public officials a criminal offense.

⁵²Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 176-177.

- OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. First addressed by the OECD in 1979 and updated in 1984, 1987, 1993, 1995, and 1997. Urges adoption of arms-length pricing between associated companies.
- OECD Guidelines for Multinational Enterprises. Revised in 2000. Nonbinding recommendations for corporations to avoid "practices that are deceptive, misleading, fraudulent, or unfair" and to comply with "tax laws and regulations in all countries" and "to act in accordance with both the letter and the spirit of those laws and regulations."
- OECD Principles of Corporate Governance. Revised draft text released in 2004. A guide for investors, corporations, and stock exchanges, primarily applicable to publicly traded companies, focusing on shareholder rights, board responsibilities, and financial disclosure.
- The Wolfsberg Group. Formed in 2000 and now comprising 12 international private banks pledging to adopt a rather limited code of conduct in dealing with wealthy clients.
- The Egmont Group of Financial Intelligence Units. Set up in 1995 and now including nearly 60 members, aimed at coordinating the work of financial intelligence groups, such as the U.S.'s FinCEN, globally.
- International Money Laundering Information Network (IMoLIN), part of an anti-money laundering program in the UN's Office of Drugs and Crime in Vienna. IMoLIN probably has the best country-by-country money-laundering database available.⁵³

The point of highlighting these international initiatives is to realize that as evaluation is made, illegalities are becoming apparent. But are they effectively addressing the problem? All of the activities involved in obtaining dirty money are illegal. In spite of these international standards, illegal industries are expanding when they should be diminishing. It might be complicated to prosecute certain illegal activities, but all of the tools are readily available.

Similarly, Baker highlights sections and requirements of *The International Money Laundering Abatement and Anti-Terrorist Financing Act*, Title III of the *USA Patriot Act* passed by the U.S. Congress in 2001 as a response to the September 11, 2001 attacks.

The title's sections primarily amend portions of the *Money Laundering Control Act* of

⁵³Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 176.

1986 and the *Bank Secrecy Act* of 1970 in order to grant the U.S. government greater surveillance of bank activity. *The International Money Laundering Abatement and Anti-Terrorist Financing Act*:

- Requires all U.S. financial institutions to establish anti-money laundering programs, not only banks but also securities dealers, insurance companies, credit card companies, investment companies and money transmitters. (Sec. 352)
- Requires securities brokers and dealers to submit suspicious activity reports and authorizes the Treasury Department to extend this provision to other types of financial service businesses. (Sec. 350)
- Requires U.S. financial institutions to establish procedures for “verifying the identity of any person seeking to open an account,” but gives the Secretary of the Treasury authority to allow exemptions from this provision. (Sec. 326)
- Requires “enhanced due diligence” when opening and operating accounts for wealthy foreign private bank clients, including “enhanced scrutiny” of accounts for foreign political figures and their families. (Sec. 312)
- Authorizes the Treasury Department to take actions against any foreign country, financial institution, or other entity deemed to be of “primary money laundering concern,” including prohibiting U.S. banks from doing business with named offenders. (Sec. 311)
- Allows the U.S. government to seize from a U.S. correspondent bank account an amount equivalent to terrorist or criminal funds deposited in a foreign bank account. (Sec. 319)
- Bars banks and securities firms operating in the United States from providing U.S. correspondent accounts to serve foreign shell banks, that is, a “foreign bank that does not have a physical presence in any country.” (Sec. 313)
- Authorizes the Treasury Department to “prohibit financial institutions from allowing clients to direct transactions . . . through . . . concentration accounts,” as were used to route Raul Salinas’s millions out of Mexico. (Sec. 325)
- Makes “the act of smuggling bulk cash,” above \$10,000, a criminal offense. (Sec. 371)
- Criminalizes handling the proceeds of foreign “bribery of a public official, or the misappropriation, theft, or embezzlement of public funds” for the benefit of a public official. (Sec. 315)
- Makes it a criminal offense to operate an “unlicensed money transmitting business.” At last report, some 18,000 money service businesses and hawaladars have since registered in the United States. (Sec. 373)
- Criminalizes “smuggling or export control violations” of munitions and firearms. (Sec. 315)
- Broadens anti-terrorism statutes to include biological, chemical, nuclear, and cyber- attacks against persons or properties, public or private. (Sec.808)
Criminalizes conspiring with, supporting, harboring, and concealing terrorists. (Secs. 803 and 811) Identifies terrorists’ assets as “all assets, foreign or domestic .

. . . acquired or maintained by any person with the intent. . . of supporting, planning, conducting or concealing an act of domestic or international terrorism.” (Sec. 806)⁵⁴

These sections highlight the players necessary to successfully launder money and enter investments into legal industries. Title III places a responsibility upon bankers, securities dealers, insurance companies, credit card companies, investment companies and money transmitters to know whose money they are working with, where it came from, and how it is going to be spent. Financial institutions have ample incentives not to question their wealthy clients, so they can plead ignorance in case that dirty money is ever found by legal authorities. These financial institutions have no legal right to do so according to the clear provisions of Title III. They are accountable for the part they play in cleaning dirty money so that it is usable in every context, not just in underground transactions.

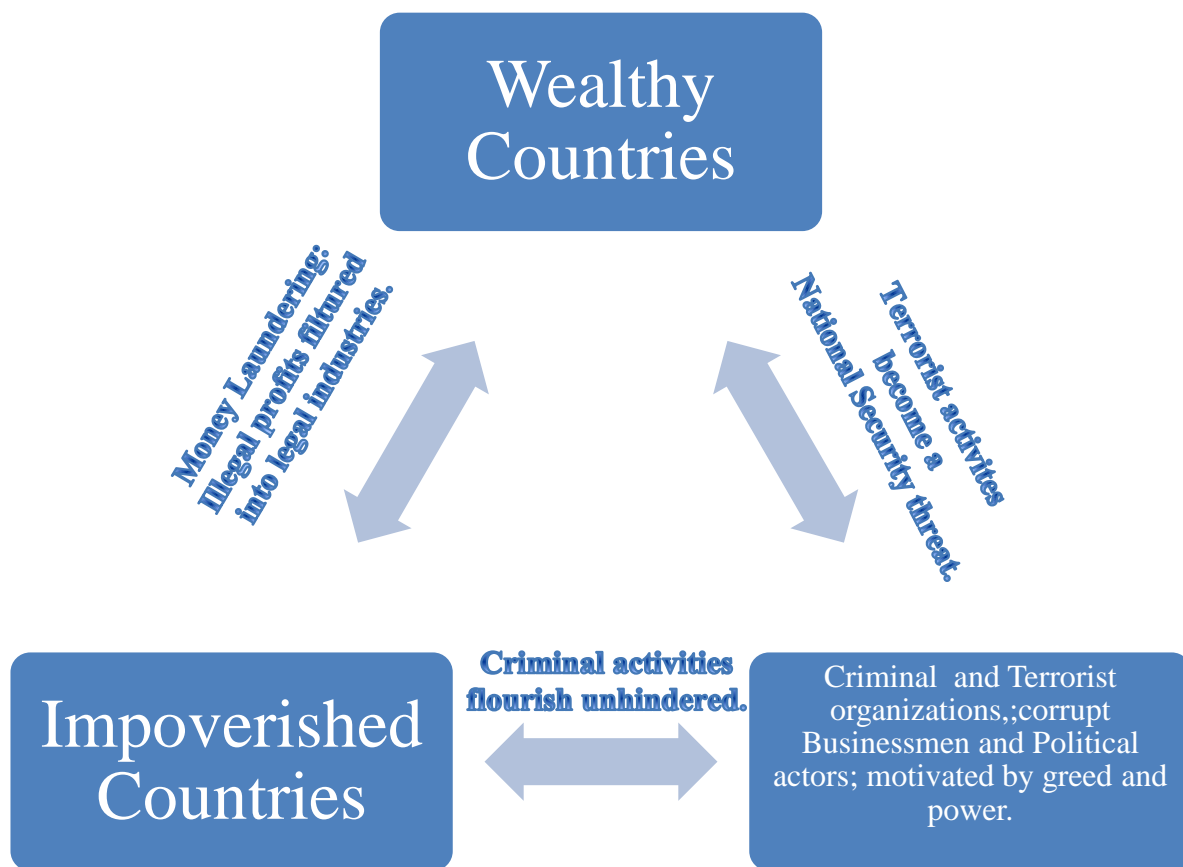
The expansion of criminal activities not only involves terrorists seeking to finance their activities in illegal ways but indirectly rests upon impoverishing others. This is due to an “intervening link that connects the two: global crime. Terrorists resort to crime—drug smuggling, counterfeiting, arms trading, piracy, fraud, and more—to finance their activities.”⁵⁵ The diagram below seeks to explain the following relationships: criminal activities go unhindered and unmonitored; they have the most economic power in impoverished contexts. Illegal profits are turned by criminals and are often laundered by industries, currency exchanges, finance transmitters, and others in wealthy countries; terrorist and criminal networks overlap as do their activities and finances, and terrorists

⁵⁴Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 176.

⁵⁵*Ibid.*, p. 233-234.

pose a national security threat to wealthy countries, not to mention creating situations of political terror in impoverished countries.

Figure 1: Relationships Facilitating Global Crime



Baker puts the connection succinctly for “crime flourishes in weak states, those that have millions in poverty, often accompanied with vast inequality. Poverty fosters crime, and crime is in business with terrorism. Terrorism feeds off crime and poverty. It is the middle link in this chain—crime—that unites poverty and terrorism, a linkage that needs to be well understood.”⁵⁶ Prosecution is an inadequate response when poverty and inequality allow for corrupt governments that foster criminal activities. Poverty eradication must be holistic including development efforts as well as prosecution.

⁵⁶Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 233-234.

Impoverished nations and their citizens remain perpetually underprivileged directly because of various forms of coercion and exploitation and indirectly because their economic opportunities are so limited. Their economies have been drained.

For example, Baker estimates global cross-border dirty money to be well over \$1 trillion dollars annually and the flow out of developing and transitional economies at approximately \$500 billion annually. In contrast, economic aid from Western countries is about \$50 billion annually, though it has been increasing in recent years. As Baker puts it, “Think of the comparison: \$50 billion aid in, \$500 billion dirty money out. For every \$1 of foreign aid generously handed across the top of the table, we take back some \$10 in dirty money under the table.”⁵⁷ How are developing nations supposed to improve when billions of dollars are being taken out of their economies? Developing nations house the impoverished, the most vulnerable to being trafficked. Consequently, in the end, dirty money goes into advancing Western economies and benefiting criminals. Moreover, vulnerable people become more and more like commodities and less like people because their access to rights is limited and their value goes unrecognized.

Failed Responses to Crime and Terrorist Networking

Naim offers an analysis of governments’ failing strategies to address the illicit relationships between legal and illegal industries. The structure and budgeting of governments limit their defense against crime and terrorist networking. Governments have certain political and legal limits as well as border controls they must adhere to. In short, governments have to play by the rules, while criminals and terrorists do not.

⁵⁷ Ibid., p.248.

Government bureaucracies are structured from the top-down. A vertical chain of command disables communication and collaboration between departments that may need to share information. The greatest difficulty for governments will be “synchronizing the activities of hundreds of different agencies involved in the fight against illicit trade.”⁵⁸ This was “unanimously singled out as a fundamental obstacle to progress,” by the experts Naim interviewed. In fact, most of them thought such interagency coordination to be impossible. But this is exactly what must happen if bureaucracies are to respond effectively to trade systems that have exceeded their scope of control.

Governments also need funding specifically oriented toward disseminating terrorist and crime networking groups, which is costly. Each mission is costly and may or may not lead to an apprehension—perhaps only to another piece in the network. Therefore, as Naim puts it, “many officials are highly driven by their mission. But paying attention to the external environment may be futile if they first do not secure an adequate chunk of the public budget.”⁵⁹ Since the methods of crime fighting in the 21st century must be holistic, many different actors must be supportive from citizen, to senator, to FBI agent; all are involved in dismantling crime networks. If they continue to grow, life will change for everyone.

Government is a matrix of checks and balances, which facilitates accountability. Accountability requires certain political and legal limitations. It is important to know that no one government can address transnational, multi-operative networks, “and not even the most politically insulated government bureaucracies are immune to the distortions of

⁵⁸Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 231.

⁵⁹ Ibid.

politicization and patronage in their decision about staffing or the procurement and allocation of scarce resources.”⁶⁰ The people with the information, vision, or drive are not always the ones to make the decisions. Governments must act within their laws as well as stay within their charters, which often do not change as quickly as their environments. Structurally, governments are not able to adapt as quickly as circumstantial shifts deem necessary.

Finally, a tangible limit on government control is borders. Borders tend to be respected by nation-states for reasons of state sovereignty. This is why trans-national, governmental agreements are so imperative to the crime-fighting process. If governments coordinate their crime fighting operatives across borders, then criminals have nowhere to escape. The more crime fighting agencies are notified, the less likely it is that the criminal will get away. Then, international travel is no longer a form of escape for a criminal fugitive, but rather like jumping from the kettle to the fire.

Again, in order to generate an effective response and actually shut down networks, not just suspend them, it is necessary to understand not only how they work but also why they work the way they do. Illicit trade, as Naim defines it, functions efficiently for a number of reasons. Naim offers some descriptions and deconstructs a number of illusions. Illicit trade is driven by high profits, not low morals. Remember that “supply and demand, risk and return, are trafficking’s primary motivators.”⁶¹ Illicit trade is a political phenomenon; simply put, “illicit traders cannot prosper without help from

⁶⁰ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 232.

⁶¹ *Ibid.*, p. 239.

governments or accomplices in key public offices.”⁶² That includes all governments, not just weak or failed nation-states.

Illicit trade is more about transactions than products. Criminals do not specialize in product lines. Their main focus is to meet a demand and turn a profit; they do not care what they trade. This should define how illegal industries are viewed: “instead of distinguishing between traffickers, smugglers, pirates, coyotes, snakeheads, mules, and smurfs, we would do better to think of illicit traders in the roles they truly perform: investors, bankers, entrepreneurs, brokers, transporters, warehousemen, wholesalers, logistics managers, distributors, and more.”⁶³ Illegal industries function according to the same market principles as legal industries, except that individuals specialize not in developing specific products but in certain roles of the marketing process.

Likewise, illicit trade cannot exist without licit trade, but with every useful invention there comes a responsibility to protect it from misuse. International legal trade is a very beneficial process; however, as it has exploded, illicit trade has followed. Huge illegal profits require legal industries such as “banks, airlines, shipping companies, freight forwarders, truckers, courier companies, jewelers, art galleries, doctors, lawyers, pharmaceutical and chemical manufacturers, international money transmitting companies, and myriad others that provide the infrastructure that enables illicit trading to operate swiftly, efficiently, and stealthily.”⁶⁴ These legal industries benefit from the money they are paid, regardless of how it was made, but in turn help illegal industries to grow.

⁶² Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 239.

⁶³ *Ibid.*

⁶⁴ *Ibid.*, p. 241.

Naim's final insight may be hard to swallow, for illicit trade involves everyone because everyone stimulates the demand. It will take everyone's active involvement to renew trading systems. This too goes back to market forces: "We will never make progress if all our attention is placed on the suppliers of illicit goods and not the upright citizens whose appetite for them creates the incentives that make it all possible."⁶⁵ Certainly drug dealers who use slave labor to work in their opium fields deserve a greater punishment than the college kid who buys the drug; but the college kid is also involved in the exploitation. We are all involved, and therefore we all must play a part in holding supply chains accountable if we wish to ensure that what we buy is both legal and non-exploitative.

NGOs have also failed to recognize these essential characteristics of illicit trade, and their responses have been varied. NGO responses to illicit trade have sometimes been helpful, harmful, or just irrelevant. Naim points to two major set-backs that prevent NGOs, structurally, from interacting with global crime. The funding of NGOs often directs their missions rather than affording them the freedom to react to illegal activities as they arise. This creates tunnel vision, where NGOs are created to address one particular problem. Unless NGOs network their efforts are only superficial. For example, the World Bank and the International Monetary Fund (IMF), two premiere global financial institutions, have not made dirty money flows analysis a primary aspect of their mission. Even though "the damage done by international flows of dirty money—worsening poverty, advancing crime, facilitating terrorism, curtailing trade, limiting investment, generating massive tax evasion, upsetting banking systems, causing financial

⁶⁵ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 241.

instability, promoting failing states, spawning conflict—these institutions will not point a finger at western complicity in the process.”⁶⁶ The World Bank and IMF are funded to address different aspects of poverty, but their efforts are like trying to fill a bathtub when the drain is open. Providing capital to countries through loans without paying attention to capital flight is self-defeating. The World Bank and IMF have contributed to many countries’ development, but their achievement is truncated because they are only allowed to look at one side of the problem.

At the same time, NGOs do not have the same restraints as governments. NGOs are often welcome across borders. Although they do not have access to the coercive powers of governments, they can network in other ways. In fact, “[I]nternational advocacy resembles...international crime. After all, the same new politics and technologies that help criminal networks work abroad also help civic-minded network to do the same....NGOs are able to work across borders without the need for tedious diplomatic negotiations.”⁶⁷ Civic-minded networks are necessary in order not only to track and prosecute criminals but also to raise an awareness that drives them out of business.

Moral indignation, which arises from advocates using sensationalism as a part of an awareness-raising strategy, is not enough. Depicting modern slavery as something that happens in developing countries alone is deceptive. Trafficking in persons is a business, and it relates to how much we pay for a t-shirt or a cup of coffee. It relates to the children involved in delivering drugs down the street. Disgust with horrific accounts of

⁶⁶Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 253.

⁶⁷ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 203.

domination and abuse will not change the situation; “yet over time we have allowed moral exhortations to substitute for honest analysis of the problem, and that is a dangerous tendency. It breeds complacency toward solutions that don’t work and increases the risks and obstacles for politicians and citizens who seek to innovate.”⁶⁸

Taking ownership of these problems at every level of organization, whether it is within the family, the neighborhood, various associations, state, federal, or international governing entities, is how individuals will begin to make trafficking in persons a risky business for traffickers. Consumers should demand slave-free products, and influence their representatives in government to fund anti-human trafficking research and initiatives.

Civic interest and culture change throughout the world is necessary to combat the interpenetration of legal and illegal industries. In *Democracy in America*, Alexis De Tocqueville stresses the power that individuals have through association.⁶⁹ If there are enough citizens concerned with the current dilemma of conflating legal and illegal industries, they will make a difference. As Tocqueville observes, “Thus the most democratic country on the face of the earth is that in which men have, in our time, carried to the highest perfection the art of pursuing in common the object of their common desires and have applied this new science to the greatest number of purposes.”⁷⁰ This will be crucial “if developing countries are to have a chance. And because traffickers know no borders, success in poor countries is essential to success in rich countries and vice

⁶⁸ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 238.

⁶⁹ Alexis De Tocqueville, “Of the Use Which the Americans Make of Public Associations in Civil Life.”

⁷⁰ Elinor Ostrom and T.K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. 4.

versa.”⁷¹ Success at separating legal and illegal industries would mean that criminals no longer have business opportunities anywhere they want.

But separating the two will be difficult. It will take a brave realization “to understand the nature of the threat...[T]he public has little way of visualizing what exactly these networks are, how prevalent they can be, and how far into daily life they can reach.”⁷² No one prefers to think of oneself as a criminal and “dwelling on the interconnectedness of minor foibles like downloading a copyright-protected song and major horrors like child slavery and African civil wars is bound to make us uncomfortable.”⁷³ But this may be necessary to see the causal relationships between consumer habits and another’s suffering.

Understanding these causal relationships requires measurement, for example, “measuring the social harm that illicit trade activity causes and comparing ways to fight it by the extent that they lower this harm.”⁷⁴ Measurement allows us to pursue “value reduction: drive out the value from an economic activity, and its prevalence will diminish accordingly.”⁷⁵ People get involved with criminal activities every day; it has become normalized, and there is no possible way to punish every person accordingly. The greatest shock to illegal industries would be a holistic approach of consistently enforced regulations to slacken their illegal income. It would increase their risk of getting caught while decreasing the profit value of their illegal goods and services.

⁷¹ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 252.

⁷² *Ibid.*, p. 259-260.

⁷³ *Ibid.*

⁷⁴ *Ibid.* 251-252.

⁷⁵ *Ibid.*...

Civil society has all of the necessary tools to fight global crime; in fact, they have the same tools as criminals. Just like traffickers, citizens have access to “horizontal organization, irrelevance of borders, decentralized communication and leadership, viral propagation of ideas, creative freedom to exchange using new technologies—groups formed in the public interest and simply concerned citizens have an enormous contribution to make.”⁷⁶ This includes citizens from impoverished contexts as well as wealthy ones; collective action can occur anywhere when the members of the affected community are invested in solving the problem.

Globalization and the Evolution of Capitalism

It is difficult to define a phenomenon like globalization; it really can only be understood by its effects. Globalization as defined by Joseph Stiglitz, a Nobel Prize-winning economist, is the “closer integration of the countries and peoples of the world which has been brought about by the enormous reduction costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.”⁷⁷ The effects of globalization are due largely to the technological revolution. Information is global, accessible by anyone with a connection to the internet and the knowledge of how to navigate it. While this closer integration has increased transportation and communication across the globe, it has further divided people with access to information (and the knowledge of how to use it) from people without access.

⁷⁶ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 260.

⁷⁷ Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

Siddharth Kara is an author, activist and one of the world's foremost experts on modern-day slavery and human trafficking.⁷⁸ Kara understands that globalization has brought many benefits to the global community, but he also realizes that its “corresponding ills resulted in a rapid increase in global slavery by deepening rural poverty, widening the chasm between rich and poor, promoting social instability, and eroding real human freedoms, all of which compromised the very democratic transitions that enabled the transformation in the first place.”⁷⁹ Due to the technological revolution and diminished barriers between countries, worldwide communication has increased dramatically. This has brought people of unequal status into closer proximity. The skewed power relationship means some people are very vulnerable to being exploited, and it means that some people have so much power that it has a corrupting influence over them. Substantial, comparative amounts of power tend to corrupt even the most upright citizens, resulting in the diminished freedom of millions.

A closer integration of people with access to information and those without creates social and economic exclusion, where some people have the ability to create value and others do not.⁸⁰ This inequality of access to information means that globalization “essentially manifested a singular dynamic: the net transfer of wealth, raw materials, commodities, and other assets from newly opened, developing nations into richer,

⁷⁸Kara is best known for his award-winning book, *Sex Trafficking: Inside the Business of Modern Slavery*, which is based on his personal investigations and the interviews he gathered from various parts of the world, where trafficking in persons is a rampant and lucrative trade.

⁷⁹Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

⁸⁰ Refer to the following for an explanation of the digital divide as an example of information inequality. Aleph Molinari, "TEDxSanMigueldeAllende - Bridging the Digital Divide" (YouTube, 16 Oct. 2011), available at: <http://www.youtube.com/watch?v=kaxCRnZ_CLg>.

developed ones.”⁸¹ It cannot be called a free market exchange when the players are not on a level playing field. This inequality results in “strife and economic collapse, coupled with the same advances that promoted the freer exchange of goods, services, capital, knowledge, and people, catalyzed the ascent of human trafficking and contemporary slavery.”⁸² People without bargaining power are little more than pawns; they have no trading security. This is one reason people who are trafficked recruit others to join them. They gain power through controlling and exploiting others.

Manuel Castells has authored twenty-three books including the trilogy *The Information Age: Economy, Society, and Culture* which has been translated into 22 languages.⁸³ In his explanation of an evolved system of capitalism Castells points to the end of Soviet communism and the hurried adaptation of Chinese communism to global capitalism that ushered in a leaner, meaner global form of capitalism. The time period from the “1970s to the 1990s showed the versatility of [capitalism’s] operating rules, and its capacity to use efficiently the networking logic of the Information Age to induce a dramatic leap forward in productive forces and economic growth.”⁸⁴ At the same time, “it also displayed its exclusionary logic, as millions of people and large areas of the planet

⁸¹Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

⁸²Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

⁸³Among other accomplishments, Manuel Castells is the Professor Emeritus of Sociology and Planning at the University of California, Berkeley Distinguished Visiting Professor of Technology and Society at M.I.T., and Distinguished Visiting Professor of Internet Studies at Oxford University. He has received 16 honorary doctorates from universities around the world, and has been knighted by five countries.

⁸⁴Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 2.

are being excluded from the benefits of informationalism, both in the developed and developing worlds.”⁸⁵ The effects of such exclusion make people highly vulnerable.

Castells labels such effects the “Black Holes of Informational Capitalism.” He argues that informationalism “creates a sharp divide between valuable and non-valuable people and locales. Globalization proceeds selectively, including and excluding segments of economies and societies in and out of the networks of information, wealth, and power that characterize the new, dominant system.”⁸⁶ Slavery is not a new phenomenon; people have been dominating each other since the beginning of time. In the 21st century trafficking in persons clearly illustrates the difference between value and non-valuable people.

Kara draws a direct connection between the effects of globalization and trafficking in persons, for “globalization helped make present-day slaves easy to procure, easy to transport, and easy to exploit in an increasing number of industries.... Acquisition costs are low because there are hundreds of millions of poor, disenfranchised, and vulnerable individuals who are desperate to find a better life. The cost of transportation is also at historic lows.”⁸⁷ Trafficking in persons is also lucrative, because people are reusable resources. Vulnerable people are easily found and manipulated, meaning that “slaves have stopped being capital purchase items and are now disposable inputs in

⁸⁵ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 2.

⁸⁶Ibid., p. 167.

⁸⁷ Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

economic processes.”⁸⁸ Like any product, it makes sense to take people to where demand is highest.

In the presence of the rule of law, political integration, institutional stability, and domestic accord, the free market is a highly useful and beneficial system. But in the absence of these institutions, the free market leads to capital flight, which becomes a reality for weak nation-states. For example, international financial deregulation “can bring money in and take money out with amazing speed, both what belongs to citizens and to foreigners. When the money goes out of a country in a banking crisis, such as has been experienced in Mexico, Thailand, Russia, Argentina, and elsewhere, it usually leaves the poor holding the bag, worsening income distribution, as even the World Bank admits.”⁸⁹ There is little opportunity for economic development when capital simply exits the economy.

Amartya Kumar Sen, the Indian economist awarded the 1998 Nobel Memorial Prize in Economic Sciences for his contributions to welfare economics and social choice theory, speaks of “the general process of globalization, from which there is no escape and no great reason to seek escape.”⁹⁰ Instead, according to Sen, “[W]hat is needed is a fairer distribution of the fruits of globalization. The central issue is inequality. The principal challenge relates to inequality—between as well as within nations.”⁹¹ Inequality can refer to many different disparities, but in a globalized world inequality of information is a clear danger to those in impoverished nations. People find themselves in irreversible

⁸⁸ Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

⁸⁹ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 232-233.

⁹⁰ *Ibid.*, p. 239.

⁹¹ *Ibid.*

situations—traps—just because they need a job, and the risk is worth taking because they have no other options.

Trafficking in Persons, a Global Phenomenon

In order to understand the underground nature of slavery, it is important to consider it as an industry. Slavery was once a highly lucrative and legitimate business. Although it is now illegal, it is still very lucrative, and there are more slaves in the world today than at any other time in history.⁹² Slavery depends on a supply chain that starts with a large pool of vulnerable people and ends with selling them for various forms of labor, commercial sex, and even human organs. Millions of people in the world are treated as property to be owned, used, and discarded. It is difficult to find consistent measures to assess the number of people trafficked, their points of origin, and their final destinations, but it is obvious that human trafficking is a booming international business.

The basic definition of trafficking is the “buying and selling of some commodity often of an illegal nature.”⁹³ Human trafficking is the illegal sale and purchase of human beings. Demand for labor and sex are two of the most common reasons that people are trafficked. Although sex is a service, it is not considered labor. Each is stimulated by a separate demand. For example, labor trafficking includes selling people for domestic service or to work in sweat shops/factories, a begging network, agriculture, mining, brick kilns, military, or fishing boats (specifically in SE Asia). The fate of those working on the fishing boats is especially horrific as slave labor comes so cheaply that a survey of

⁹²Kevin Bales, *Disposable People: New Slavery in the Global Economy*. Berkeley (CA: University of California, 1999).

⁹³Dictionary.com., “Traffic,” Dictionary.com available at: <
<http://dictionary.reference.com/browse/traffic>> [accessed 24 March 2012]

Burmese fishermen by UNIAP found that “59 percent have witnessed their Thai boat captains murdering one of their colleagues.”⁹⁴ It is more efficient to dispose of the enslaved fisherman than it is to keep them until the next fishing season.

People are sold into sex-trafficking for the purposes of prostitution, pornography, stripping, lap dancing, a live-sex show, mail-orders brides, child brides, and numerous other commercial sex acts. A commercial sex act is “any sex act on account of which anything of value is given or received by any person.”⁹⁵ Often, those who are trafficked for sex are also forced to perform labor, and it is not uncommon for people who are trafficked for labor to be sexually exploited. The nature of their work lies in the demand.

Figure 2: Components of Modern-Day Slavery



⁹⁴ U.S. Department of State, 2011 *Trafficking in Persons Report - United States of America*, 27 June 2011, available at: <http://www.refworld.org/docid/4e12ee393c.html> [accessed 01 May 2012]

⁹⁵ *Victims of Trafficking and Violence Protection Act of 2000* [United States of America], Public Law 106-386 [H.R. 3244], 28 October 2000, available at: <http://www.refworld.org/docid/3ae6b6104.html> [accessed 29 April 2013]

The definitions provided by Kara incorporate criteria outlined by the *U.N. Protocol to Prevent, Suppress and Punish Trafficking in Persons* as well as Bales' conceptual explanation of economic exploitation. From Kara's perspective "slave trading can be defined as the process of acquiring, recruiting, harboring, receiving, or transporting an individual, through any means and for any distance, into a condition of slavery or slave-like exploitation."⁹⁶ Kara goes on to describe slavery as the "process of coercing labor or other services from a captive individual, through any means, including exploitation of bodies or body parts."⁹⁷ This is an important distinction because, as shocking and gory as it is, trafficking in human body parts is a thriving illegal industry.

According to Kara, the "acquisition of slaves primarily occurs in one of five ways: deceit, sale by family, abduction, seduction or romance, or recruitment by former slaves."⁹⁸ And, according to Bales, most trafficked people are simply seeking a job, some form of income.⁹⁹ Many people who are trafficked are only looking for an honest day's wage and decide that the risk is worth it. Displaced people are some of the most vulnerable to being trafficked, and "tragically enough, it is a very basic aspiration—the human desire to find for oneself and one's children a better life. Economists and sociologists have concluded that what drives migration is not absolute deprivation, or poverty, but relative deprivation—the sense that one would be better off in some other

⁹⁶Siddharth Kara, *Sex Trafficking: Inside the Business of Modern Slavery* (New York: Columbia UP, 2009).

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ Kevin Bales, "Kevin Bales: How to Combat Modern Slavery," TED: Ideas worth Spreading, available at: <http://www.ted.com/talks/kevin_bales_how_to_combat_modern_slavery.html>.

place.”¹⁰⁰ It will not be enough to educate people about the risks, people must also be provided with opportunities.

Trafficking in persons results from extreme inequalities, and almost always leads to some form of abuse. Aside from the sale of illegal narcotics, the most lucrative illegal industry is “human trafficking across borders and sexual exploitation in destination countries. This is the fastest growing form of cross-border crime and the ugliest aspect of globalization.”¹⁰¹ Taking away a person’s freedom is a form of abuse. Trafficking in persons is about buying and selling opportunities to deplete people; it is a business model of abuse.

Illegal Industries: Drugs, Persons, and Weapons

Illegal industries function outside of the rule of law concerning production, trade, sale, and consumption of goods and services. Trafficking in illegal drugs has far and away been and continues to be the most profitable illegal industry. According to Naim’s *Five Wars of Globalization*, a lecture given in 2002, “retail sales of illicit drugs are about \$150 billion a year....The U.S., for example, spends between \$35 to 40 billion each year on the war on drugs, most of it on interdiction and intelligence.”¹⁰² Drug trafficking networks are difficult to curtail because, even as leaders of cartels are penalized, another rival drug industry quickly fills their place in the supply chain, just like any rival business would in a legitimate market.

¹⁰⁰ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 107.

¹⁰¹ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 100.

¹⁰² Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 3.

Naim's estimates are conservative in comparison to some current assessments of drug revenues worldwide. The Russian News Agency (RIA) relied on The United Nations Office on Drugs and Crime (UNODC) and the International Monetary Fund (IMF) to "estimate profits derived from illicit drug trafficking worldwide at about \$600 billion, or 7.6% of global trade. Up to 1.5 trillion dollars in drug money are laundered through legal enterprises, accounting for 5% of global GDP. Currently, criminal organizations get 70% of their revenue from illicit drug trafficking."¹⁰³ Showing the positive growth relationship between legal and illegal enterprises, 5% of the global GDP is money laundered from the illegal sale of drugs. Numbers continue to range throughout the last decade regardless any businessman could surmise that the sale in illegal narcotics is successful.

Along the same lines the United Nations Office on Drugs and Crime (UNODC) assesses drug use, growth, societal impact, as well as illicit profit flows from drug industries. According to the UNODC World Drug Report 2012 there are approximately 230 million drug users worldwide, which is about 5% of the world population. Out of this number, there are some 27 million drug *abusers* in the world, about .6% of the world's population. Drug abusers are the most consistent customers and keep the drug industry up and running. In 2009 abusers spent approximately \$85 billion on the retail market for cocaine alone, \$68 billion on the opiate market, and the overall value of the illicit drug market was estimated at about \$320 billion for the year 2003. That is equivalent to 0.9% of 2003 global GDP.¹⁰⁴

¹⁰³ "Drug-trafficking Profits," *RIANOVOSTI*, 30 May 2010, (Web. 02 Apr. 2013), available at: <<http://en.rian.ru/world/20100530/159275376.html>>.

¹⁰⁴ UNODC, *World Drug Report 2012* (United Nations publication, Sales No. E.12.XI.1), available at: <<http://www.unodc.org/unodc/en/drug-trafficking/index.html>>.

Even more alarming than the massive revenues from the retail value of illegal drugs is the economic return on the sale of drugs. According to UNODC, “the profit margin for drug dealing ranges from 300% to 2,000%. Transnational and local criminal organizations get involved in the drug trade to obtain the maximum possible profits in the shortest possible time.”¹⁰⁵ This is why the production and sale of illegal drugs is becoming more and more normalized. If drugs are easily bought, then they are easily sold. More and more people are getting involved with the illegal supply chain in drugs; they want a piece of the large and growing illegal pie.

The worldwide trade in illegal drugs is no longer monopolized by cartels, mafia, and the like, but is incorporated into everyday legal transactions. Whether it is the occasional trucker who smuggles drugs across the border along with his legitimate cargo or the local businessman who gets in on the same deal and has all of the truckers smuggle drugs, such people are not primary suspects. As Naim succinctly puts it, “in a world of increasing sources of supply and product destinations, a great many drug transactions are simply that—transaction.”¹⁰⁶ Crime-fighting initiatives are still looking for the leaders who make drug trafficking their main source of income when, as in every other supply chain, the production and sale of drugs is being outsourced.

The second most lucrative illegal industry in the world and, according to the UN, the fastest expanding, is the sale of human beings. Human trafficking is a part of the larger conversation of illegal trades in arms and drugs. All three are trafficked in conjunction, by the same people or the same kinds of people. It is also true that the

¹⁰⁵ UNODC, *World Drug Report 2012* (United Nations publication, Sales No. E.12.XI.1), available at: <<http://www.unodc.org/unodc/en/drug-trafficking/index.html>>.

¹⁰⁶ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 73.

“international distribution of counterfeited merchandise is also closely related to the international trafficking of people.” A man or woman selling contraband goods or imitations were probably brought by a “network of traffickers in humans that [had] a strategic alliance with another network that specializes in the worldwide and illegal copy, manufacturing, and distribution of high-end banded products.”¹⁰⁷ This cross networking between commodities only adds to the efficiency of trading in illegal and illicit products and services.

According to the U.S. State Department there are a number of forms of enslavement defining modern slaves. They include: forced labor, sex trafficking, bonded labor, debt bondage among migrant laborers, involuntary domestic servitude, forced child labor, child soldiers, and child sex trafficking. These labels cover a range of human rights abuses that consequently make a lot of money. Also relevant to the list are illegal adoptions and the sale of human organs and skin.

There are various estimates as to how many people are being trafficked, but any estimate is extremely rough at best. There is a no universal legal term, even though this is an international as well as national problem. There is a range of definitions from country to country. So, without knowing exactly who is a trafficked person, it becomes impossible to know how many victims there are. Without this information, it is difficult to know whether the problem is increasing or decreasing. Likewise, profits from such industries, which include trafficking in persons, are very difficult to calculate. The United Nation’s Global Initiative to Fight Human Trafficking (UN GIFT) estimated in 2005 a profit margin of \$31.6 billion a year, but the growth in profitability is unknown.

¹⁰⁷ Moisés Naim, “The Fourth Annual Grotius Lecture: Five Wars of Globalization,” *American University International Law Review* 18.1 (2002), p. 9.

Finally, trafficking in illegal arms is the third most lucrative illegal industry in the world. The nuclear arms race mentality of the Cold War should be far gone by now. Opposing sides are no longer threatening to obliterate one other, but smaller, informal groups are promising to do as much damage to their enemies as they possibly can. This industry fuels violence, often in order to dominate, oppress, and/or kill vulnerable people.

Again, Naim shows that these industries are effectively intertwined, particularly trafficking in drugs and illegal arms. And this is no small industry—“according to the UN, small arms fueled forty-six of the forty-nine largest world conflicts of the last decade and the UN also estimates that about half of all these weapons are from illegal sources.”¹⁰⁸ The U.S. is one of the largest producers of illegally sold weapons. Historically the U.S. and the Soviet Union “created the main supply of war weaponry in the world providing it generously to various warring parties to influence them in their geopolitical games.”¹⁰⁹ It was after the end of the “Cold War that weapons were left in often unreliable hands, which used their stocks to feed the market. Other deals originate in semi-legal exports from arm-producing countries, such as France, the UK, China, the Czech Republic, Spain, or Israel.”¹¹⁰ When weapons were no longer needed by the U.S. or the Soviet Union, they were found useful elsewhere for dubious purposes.

This is why legal producers of small arms need to realize where, how, and why their weapons are being used. “[O]f the 550 million small arms and light weapons in circulation today, only eighteen million [about three percent] are used by government,

¹⁰⁸Moisés Naim, "The Fourth Annual Grotius Lecture: Five Wars of Globalization." *American University International Law Review* 18.1 (2002), p. 5.

¹⁰⁹ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 179-180.

¹¹⁰ *Ibid.*

military, or police forces.”¹¹¹ Likewise, “the US State Department reckons that about forty aircraft have been struck by portable missiles since the 1970s. While 500,000 to 750,000 of these weapons were estimated to exist in the world’s inventory in 2004 according to the authoritative Small Arms Survey, 100,000 fully operation units of this weapons are unaccounted for....”¹¹² They are unaccounted for, but the violence that they instigate through the power dynamics of the powerful against the powerless becomes obvious in conflicts over time. These are a few of the illegal industries that fuel and incentivize illegal crime networks through the business they create. As has already been shown, the profits from these industries must enter the legal sector of the economy somehow, until perhaps those sectors become indistinguishable.

Legal Industries using Illegal Methods

Consumers have a responsibility to know who is affected by what they consume. If the world’s current economic system is dependent on producing goods at the expense of others, then consumers have a great deal of power and a moral obligation to demand slave-free supply chains. There have been changes in the market already with a higher demand for fair-trade and ethically made products, which at least try to guarantee that suppliers and employees received fair compensation for their work.

A quick overview of the following products shows how easily legal and illegal industries connect, or rather how difficult it is to ensure that otherwise legal supply chains are free of forced labor. Julie Clawson, author of *Everyday Justice*, tries to educate the average-income consumer to distinguish the products that are tainted by exploitation

¹¹¹ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 179-180.

¹¹² Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 53.

from those that were made in mutually beneficial ways. We live in a world of interdependent economies, and we cannot pretend that what we buy and sell does not affect other people, even if only indirectly. Coffee is one such product. Multi-national corporations like, “the five companies (Nestle, Krat, Procter & Gamble, Sara Lee and the German Tchibo) control 50 percent of the global coffee market, set the demand, and determine the prices.”¹¹³ A free market price truly reflects market demand for a product, but “in 2001, the international market for green coffee hit an all-time low, devastating the lives of coffee growers around the world. While the farmers struggled to survive, consumers in 2001 didn’t see a drop in price of their lattes. Instead, the coffee processing companies saw a huge increase in their profits.”¹¹⁴ Although not an example of enforced servitude and not necessarily illegal, these actions are at least unethical.

Chocolate has received attention over the last decade as a product derived from cocoa, which is often harvested in illegal ways. According to the film, *Slavery: A Global Investigation*, which aired on British television, 90% of the cocoa plantations in the Ivory Coast employed slavery as a method of production. Kevin Bales, author of *Disposable People* and the founder of *Free the Slaves*, assisted Congress along with other human-rights groups and businesses in designing the Cocoa Protocol. The Protocol called for “research to determine the size of the slavery problem. Setting up a foundation to do the work needed to get slavery out of cocoa. Setting up a system to inspect and certify that cocoa is slave-free, and when there are cases of slavery found, that the slaves are freed

¹¹³ Julie Clawson, *Everyday Justice: The Global Impact of Our Daily Choices* (Downers Grove, IL: IVP, 2009).

¹¹⁴ *Ibid.*

and are helped to rebuild their lives.”¹¹⁵ Unfortunately, the Protocol has never been fully enforced.

For example, Clawson mentions that “many of the major chocolate companies wouldn’t legally qualify for a ‘no slave labor’ label to be put on their product and weren’t happy about legislation instating they had to.”¹¹⁶ Instead, the chocolate companies were able to work out a “compromise that avoided mandatory legislation but had them agree to the ‘Harkin-Engel Protocol,’ which said they would voluntarily put an end to forced child labor on cocoa farms by July 2005. That deadline passed with no change, and the companies then received an extension until July 2008 to comply.”¹¹⁷ The legislation has not been amended or enforced since that time.

The Democratic Republic of Congo (DRC) provides other examples of modern-day slavery in the extraction of tin, tungsten, tantalum, and gold. These are known as “conflict minerals” for their role in fueling the DRC’s ongoing violence. After mining, “these tainted minerals enter a complex supply chain that stretches around the world. Most of these minerals leave the DRC illegally and are then sold to smelters in Asia and Europe.”¹¹⁸ After that process the “conflict minerals” are “incorporated into components such as capacitors, resistors or solder, to be used in the assembly of a range of products from portable consumer electronics to medical devices and advanced aeronautics.”¹¹⁹ At the end of this supply chain are the consumers of cell phones, cars, and light bulbs. These products are sold almost exclusively to the developed world.

¹¹⁵ “Free the Slaves - Research and Documents,” *Free the Slaves - Research and Documents*, available at: <<https://www.freetheslaves.net/SSLPage.aspx?pid=362>>. [accessed 2 April 2013]

¹¹⁶ Julie Clawson, *Everyday Justice: The Global Impact of Our Daily Choices* (Downers Grove, IL: IVP, 2009).

¹¹⁷ Ibid.

¹¹⁸ “Free the Slaves - Research and Documents,” *Free the Slaves - Research and Documents*, available at: <<https://www.freetheslaves.net/SSLPage.aspx?pid=362>>. [accessed 2 April 2013]

¹¹⁹ Ibid.

Clawson encourages customers to buy fair-trade, to ask their local stores to carry fairly traded items, to write to chocolate companies, to use their purchasing power as a consumer, and of course to raise awareness. These are but a handful of examples of legal products whose supply chains are corrupted by illegal methods, because of a lack of oversight and accountability. And these are only a few of the known products; there may be many supply chains that incorporate types of modern slavery that have never been detected.

Illicit Relationships Erode Legitimate Authority

Those of us in the Western world must realize that an unchecked illicit trade is making the world less safe. Illicit trade “empowers those who reject or care little for governance and social norms. It provides an economic shelter for rebels, crooks, and terrorists. It stimulates corruption, impairs economic development, and renders more vulnerable the rest of us, who obey the laws and rely on them for protection. This is no longer about crime rates. It is about global instability.”¹²⁰ In the end, everyone will be affected. If millions of people live in daily fear, dominated by others, and we do nothing, we are more likely to find ourselves in a similar position someday. In the words of Marcus Tullius Cicero, author of the *De Officiis* in 44 B.C., “For nothing can be expedient which is not at the same time morally right; neither can a thing be morally right just because it is expedient, but it is expedient because it is morally right.”¹²¹ This follows the same maxim as the golden rule, ‘treat others the way you would like to be treated,’ not only to be altruistic but also because it actually creates and ensures a safer

¹²⁰ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 265-6.

¹²¹ Marcus Tullius Cicero, *De Officiis: The Conflict between the Right and the Expedient*, (45 B.C.), available at: <www.constitution.org/rom/de_officiis.htm>

society. What goes around does truly come around. If immorality becomes justified by expediency and efficiency, eventually it is no longer expedient or efficient. What is right is also in the end expedient. Using slave labor may seem cost-effective in the short term, but in the long term criminals ultimately become powerful, and everyone will suffer for it.

Naim expresses the danger to state sovereignty:

Illicit trade in arms, drugs, human beings, counterfeits, money laundering, organs, animals, toxic waste, and all the rest—to say nothing of international terrorism—points to the driving force that international networks exercise in eroding the authority of states, corrupting legitimate businesses and government and hijacking their institutions and even their purpose.¹²²

It is not only a matter of advocating for the oppressed and impoverished, but realizing that turning a blind eye to illicit transactions and the fuse of illegal and legal industries will put all law-abiding persons in danger. What is in the best interest of developing nations, especially in a socio-economically globalized world, is almost certainly beneficial to the developed world.

Conclusion: The U. S.—Change Must Start Here

The U. S. must be held accountable for its part in the conflation of legal and illegal industries and the facilitation of their illicit relationships. The U.S. government's spending decisions as well as business ventures of American-based multinational corporations have a powerful impact on how legal and illegal industries develop. The danger of isolating problems like trafficking in narcotics from terrorism or cybercrime is that it creates misinformed tunnel vision. The overall structures that allow and perpetuate the funding and expansion of such industries are woven into illicit or legal transactions

¹²²Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 277.

that narrowly focused crime-fighting initiatives have not the time or incentive to monitor. In past circumstances it has been simpler for the U.S. to displace political responsibility for such problems, making solutions dependent upon fixing another country's economy, government, or trading policies, when reform with the greatest impact would begin within American borders.

The benefits of quick and easy profits will not last. Robert Kuttner concluded that “conservatives and liberals alike ought to favor consistent tax enforcement. For every dollar owed but not collected by the IRS, either taxes must rise or budget deficits must widen, sending interest rates higher and placing a heavy burden on our children to pay down the debt.”¹²³ On a much smaller scale tax evasion is another example of value-stolen that another person must cover. It seems reasonable to predict that “given worries about terrorists’ laundering money, that the Administration would welcome closer international information sharing among banking and tax authorities. But evidently tax favoritism for corporations and high-bracket individuals trumps even antiterrorism.” Tax evasion and money laundering scandals are integral cogs in the running of illegal industries, and the short-term benefits of favoritism will not last. Unequal and inconsistent application of the law will disempower all efforts of reform.

The U.S., like every nation-state, is involved in the three most lucrative illegal industries: drugs, persons, and weapons. First of all, as shocking as it is, to echo Karen Tandy, director of the U.S. Drug Enforcement Administration, “‘The American drug consumer is the single largest funder of terrorism . . .’ And let me repeat for the third time

¹²³Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 137-138.

Osama bin Laden’s own words: ‘These are the very flaws in the western financial system that are becoming a noose for it.’”¹²⁴ Even more uncomfortable than this ominous prediction is the reality that the “United States remains the single largest consumer country for illegal drugs.”¹²⁵ The U.S. supports the illegal trade in narcotics more than any other country. With one of the richest economies in the world, the U.S. fuels illegal industries that are traced back to drug lords, gang violence, and terrorism.

The accessibility that the average American has to a wide variety of drugs is disturbing. Drug usage is not only accepted; it is normalized. For example, in Washington DC, “[F]ifty kilograms of cocaine and thirty four kilograms of heroin were seized in the District in 2004.”¹²⁶ Within Washington DC, there are “sixty open-air drug markets— There are products for every taste and budget from high-end sniffables for the rich kids and bankers to vials of crack cocaine and cheap heroin blends suitable only for injection and destined for the hard addicts.”¹²⁷ Drugs are luxury items that Americans can afford. And Americans buy plenty for “nearly one Washingtonian in two above the age of twelve admits to having used an illicit drug.”¹²⁸ According to Naim’s data, 50% of all Washingtonian adults have tried an illicit drug; that is definitely an indicator of accessibility and normalized usage.

Castells takes such a serious view of the repercussions of a growing illegal drug trade that he pushes for the legalization and regulation of drug sales. His reasoning raises

¹²⁴ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System* (Hoboken, NJ: John Wiley & Sons, 2005), p. 119.

¹²⁵ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 71.

¹²⁶ *Ibid.*, p. 68.

¹²⁷ *Ibid.*

¹²⁸ *Ibid.*

a legitimate question: “Drug traffic is the paramount business, to the point that the legalization of drugs is probably the greatest threat that organized crime would have to confront. But they can rely on the political blindness, and misplaced morality, of societies that do not come to terms with the bottom line of the problem: demand drives supply.”¹²⁹ This perspective questions the prevailing U.S. approach and its efficacy in relation to global supply chains. When it is easier for an underage, Washington teenager to purchase a joint than a cigarette, we know that at “center of the war on drugs, a stronger force is winning: the market.”¹³⁰ Regulate the demand and know where the supply comes from and how much it is valued on the market. Take the industry as well as the profits out of the hands of criminals.

The U.S. approach to fighting the trade in illegal drugs has not focused on American consumption, the demand-side, but on the source of supply in various countries, like the opium fields of Afghanistan. This has been U.S. foreign policy for some time now; “for more than three decades, the United States has made overseas source control explicit and central part of its foreign policy....Meanwhile ‘source control’ and an emphasis on repression have simply added value to the drugs that make it into the market.”¹³¹ Regardless of whether restricted access and consumption in the U.S. directly affected the supply, it would restrict the number of American dollars that go into this illegal industry. It is important that the U.S. address consumption of illegal drugs in the U.S. *before* deploying its political or military might beyond its borders in order pursue drug control.

¹²⁹ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 178-179.

¹³⁰ Moisés Naím, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), p. 69.

¹³¹ *Ibid.*

The U.S. has received trafficked persons for illegal markets in labor as well as sex, but labor is almost certainly the larger market for foreign nationals. Within the U.S. domestic victims are most likely trafficked for sex. In an undercover investigation called “Stormy Night” the Oklahoma City Division of the FBI conducted a large-scale child prostitution investigation focused on the interstate prostitution of children at truck stops and through call services nationwide. After the sting, the case “identified a total of 48 pimps, 24 of whom exploited juveniles. Sixteen juveniles were recovered as a result of this case. The people used in prostitution were recruited from Oklahoma City, Oklahoma and traveled to truck stops and known prostitution areas in Denver, Colorado; Miami, Florida; and Houston and Dallas, Texas.”¹³² Domestic victims are often more difficult to identify and rescue because their exploitative situation is not displaced. There are also few if any federally funded programs for the rehabilitation or protection of domestic victims of trafficking.¹³³ Any government funded services for domestic victims of trafficking occur on a state to state basis or victims are referred to existing services through humanitarian organizations.

Concerning the status of internationally trafficked persons into the U.S., the *Trafficking Victim’s Protection Act* created the T visa, a nonimmigrant status that allows a foreign victim of human trafficking to remain in the U.S. for up to four years. The law also allows certain members of a T visa holder’s family to apply for derivative T visa status. There are several benefits to a T visa, including the following: “Employment Authorization (EAD); Possibility of adjusting status to Lawful Permanent Resident; and

¹³² Federal Bureau of Investigation, “FBI — Exploiting Americans on American Soil: Domestic Trafficking Exposed,” *FBI* available at: <<http://www.fbi.gov/news/testimony/exploiting-americans-on-american-soil-domestic-trafficking-exposed>>.

¹³³ Author’s interview with Bonnie Zello. June 2012.

Ability of certain family members to obtain nonimmigrant status as T visa derivatives.”¹³⁴ At the same time it is also very difficult to assess whether someone was trafficked into the country versus being smuggled or is an illegal immigrant now in a forced labor situation. Illegal immigrants are also displaced people in a way, but there is a difference between choosing to come to a country and then being exploited and being displaced against one’s will.

Labor trafficking into the U.S. can take any number of forms. CNN’s Freedom Project published a piece in 2011 concerning tomato farmers in Florida who found themselves in forced labor situations. According to Amanda Kloer, editor of Change.org and anti-human trafficking activist, there have been number of trafficked persons from Mexico illegally involved in tomato farming in Florida. It has not been determined whether all of these people chose to come looking for work or whether they were deceived into coming, but “these slaves often work for 10-12 hours a day, seven days a week. They are kept in cramped and dirty trailers, constantly monitored, and have wages garnished to pay a debt invented by the trafficker to keep victims enslaved. Many victims face threats to themselves or their families, regular beatings, sexual harassment and rape. They can’t leave, can’t seek help. They are in every way trapped.” This story was uncovered, because “over the last decade, the Coalition of Immokalee Workers, an award-winning farmworker advocacy organization, has identified more than 1,200 victims of human trafficking picking produce in Florida’s fields.”¹³⁵ This organization

¹³⁴Office of Refugee Resettlement, “FACT SHEET: VICTIM ASSISTANCE (English),” (U.S. Department of Health & Human Services: Web. 03 Apr. 2013), <<http://www.acf.hhs.gov/programs/orr/resource/fact-sheet-victim-assistance-english>>.

¹³⁵ Amanda Kloer, “Your Tomato’s Possible Ties to Slavery,” (*The CNN Freedom Project Ending ModernDay Slavery*: Web. 03 Apr. 2013), <<http://thecnnfreedomproject.blogs.cnn.com/2011/04/21/your-tomato-possible-ties-to-slavery/>>.

was able to seek recourse and resettlement for victims who had no ability to speak out even though they were within the U.S., land of the free and home of the brave.

The U.S. has also instigated situations of labor trafficking abroad. Sam W. McCahon J.D., LL.M. has uncovered and documented an alarming situation of labor trafficking through contractors for the U.S. military during their occupation of Iraq. McCahon has testified before Congress concerning these allegations and in an article, published by *Fraud Magazine* in 2011, McCahon defines the entire covert process that the traffickers used and the benefits they personally reaped. According to McCahon, “The people most likely to become victims of human labor trafficking are nationals of the poorest countries working in unskilled and semi-skilled positions on military bases in Iraq and Afghanistan.”¹³⁶ These victims are “commonly referred to as Third Country nationals (TCNs), [they] come from India, Nepal, Pakistan, Bangladesh, Sri Lanka and the Philippines.”¹³⁷ These TCNs “provide what the military calls ‘base support’ operations. At the height of the U.S. troop deployment to Iraq, TCNs working base support functions numbered more than 100,000 men.”¹³⁸ In March 20, 2007, a memorandum report issued by the Office of the Inspector General at the U.S. Department of State, a military re-inspection of a company using laborers in support of the construction of the U.S. embassy in Baghdad showed that several of the workers were the victims of deceptive hiring practices. The report concluded that, “A large majority of workers from the Indian subcontinent incurred recruiting fees up to one year’s

¹³⁶ Samuel W. McCahon and Sindhu P. Kavinnamanni, “In the Name of Progress: Illegal Human Trafficking in Government Contracts,” *Fraud Magazine* 25.3 (May/June 2011): available at <<http://mccahonlaw.com/in-the-name-of-progress-illegal-human-trafficking-in-government-contracts/>>.

¹³⁷ *Ibid.*

¹³⁸ *Ibid.*

salary....Recruiting fees from approximately \$2,000 to \$3,000 are normal.”¹³⁹ This was anything but normal—to take out a year’s salary in advance in order to find laborers for the military base support operations.

Not only did recruiters use deceptive hiring practices to find workers, but they exploited the laborers outright: “all of the approximately 700 workers surveyed providing base support in Iraq had paid a fee to their recruiters.”¹⁴⁰ This constitutes an “illegal commission under U.S. trafficking in persons statutes as well as the laws of the nations from which they were recruited.”¹⁴¹ The U.S. military not only outsourced responsibility for their labor supply chain through contractors and sub-contractors, but they wasted money in doing so as “contractors providing base support in Iraq typically experience an annual employee turnover rate of approximately 20 percent.”¹⁴² Multiplying that turnover rate “to our survey’s results, the [U.S. Department of Defense] (DOD) contractors and their subcontractors in Iraq have victimized more than 250,000 men.”¹⁴³ This means that, because of the demand that the U.S. military had for laborers and the unchecked supply chain that it instigated, it resulted in displacing and enslaving a quarter of a million laborers.

The recruiters, or more appropriately the traffickers, made quite a killing. According to McCahon’s calculations, “using the low side of the amount of illegal commissions charged by recruiters, 250,000 labor-trafficking victims x \$2,500 paid to

¹³⁹ Samuel W. McCahon and Sindhu P. Kavinnamanni, “In the Name of Progress: Illegal Human Trafficking in Government Contracts,” *Fraud Magazine* 25.3 (May/June 2011): available at <<http://mccahonlaw.com/in-the-name-of-progress-illegal-human-trafficking-in-government-contracts/>>.

¹⁴⁰ *Ibid.*

¹⁴¹ *Ibid.*

¹⁴² *Ibid.*

¹⁴³ *Ibid.*

each recruiter = \$625 million paid to recruiters in support of DOD work in Iraq.”¹⁴⁴ The U.S. budget for the American military based in Iraq paid \$625 million to corrupt recruiters who trafficked laborers into servitude. True, those recruiters used some of that money to procure laborers. The traffickers still made small fortunes, since they did not have to pay the laborers and also extracted fees from them.

If the developed world does not make the effort to hold legal supply chains accountable and regulate the investments of legitimate banking systems, cycles of poverty will continue, and exploitive methods will increase. Criminals and terrorist networks will gain in power and affluence. Their illegal, but mutually beneficial schemes, will decrease the quality of life for developing as well as developed countries and societies.

¹⁴⁴ Samuel W. McCahon and Sindhu P. Kavinnamanni, “In the Name of Progress: Illegal Human Trafficking in Government Contracts,” *Fraud Magazine* 25.3 (May/June 2011): available at <<http://mccahonlaw.com/in-the-name-of-progress-illegal-human-trafficking-in-government-contracts/>>.

CRIME NETWORKS AND THE DEVELOPMENT OF SOCIAL CAPITAL

Overview

A deeper understanding of why illegal industries are exploding in the 21st century will highlight how criminals go about their business. While a macro-perspective can describe and explain the coalescing structure of legal and illegal industries, a micro-perspective on the dynamic of criminal networking help to explain the broken chains of law enforcement that in turn allow criminal activities. Three elements offer an explanation as to why illegal industries have not simply grown with legal industries but even surpassed legal, international trade. These three elements point to the *Rise of a Network Society*,¹ a phenomenon caused by the influence of globalization in conjunction with the technological revolution, by which criminals' ability to network within the informal sector of the economy produces social capital.

The pace at which criminals are able to network in the 21st century is fast and furious. The three primary illegal industries—in drugs, people, and weapons—proliferate with alarming speed and alacrity; the result is billions of dollars in annual profit. One of the factors that account for how criminal networks are so resourceful is the creation of social capital through networking. Mutual benefits, obligations, and expectations can foster trust within an informal setting. The development of social capital, due to the nature of criminal dealings, can provide an, explanation as to how they function so

¹ Manuel Castells, *The Rise of the Network Society: Rise of the Network Society* (Oxford: Blackwell, 2000).

efficiently. Understanding such a connection can also provide a better understanding of how to mirror their networks in an effort to dismantle them.

A brief discussion of social capital, especially within social networking and business arrangements, accompanied by a discussion of networks and how they function, will point to the nature of criminal social exchanges, highlighting their development dynamics. A number of short case studies concerning the effects of tolerated criminal relationships that lead to the abuse of less powerful people will emphasize the need for the demobilization of criminal networks. These examples point to children's vulnerability and their exploitation at the hands of criminals in the 21st century. Whether the illegal trade is in child pornographic images or the merciless induction of child soldiers, it is because criminals are able to network so well that children are exploited on a massive scale without interference.

A Networking Society and the Nature of Social Capital

Manuel Castells is perhaps the leading expert on the theory and ramifications of networks in the 21st century. In his book, *The Rise of the Network Society*, Castells writes, "Networks constitute the new social morphology of our societies, and the diffusion of networking logic substantially modifies the operation and outcomes in processes of production, experience, power, and culture."² The universal assimilation of social networking certainly includes informal as well as formal associations, both legal and illegal, ethical and unethical. The technological revolution has changed the nature of social and economic exchanges as well. An analysis of criminal networking within illegal

² Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 469.

industries should show how social capital is developed specifically due to the informal nature of their transactions.

Like any type of capital, social capital signifies something of value. What makes it valuable distinguishes it from other forms of capital. Value can be developed in many different ways: it can be tangible like physical capital, such as a school building; or intangible like human capital, such as the intelligence, skills, or credentials that signify the usefulness of an individual (like accomplished, accredited teachers within a schooling system). While human capital refers to characteristics that make an individual valuable to others, social capital is different still. One economist differentiated social capital as follows: “If physical capital is wholly tangible, being embodied in observable material form, and human capital is less tangible, being embodied in the skills and knowledge acquired by an individual, social capital is less tangible yet, for it exists in the relations among persons.”³ Social capital is created by investment in a relationship between two or more people. Investments are characterized by levels of trust, reciprocity, obligations and expectations, communication channels, and social norms that define certain types of relationships. Social capital is the assistance derived from those relationships.

The best single indicator of social capital is trust. Although it is possible to measure trust, its measurement will vary in different situations. An analysis of social capital in business transactions is relevant because it can show how transactions are more efficient due to the levels of trust in place. Trust is an indicator of social capital within informal business relationships as well and provides an explanation of why illegal industries work efficiently through fluid business structures connected by networks.

³ James S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 (1988): 99-100.

Obligations & Expectations, Social Norms, and Information

James S. Coleman, an American sociologist, was one of the first scholars to use the concept of social capital. He explores three sources of social capital in: obligations and expectations, social norms, and information channels.

In the first case, Coleman provides a theoretical example to illustrate how obligations and expectations are formed. For example, “If A does something for B and trusts B to reciprocate in the future, this establishes an expectation in A and an obligation on the part of B. This obligation can be conceived as a credit slip held by A for performance by B.”⁴ This is a simple enough model that can be applied to any transaction. If there is not an adequate level of trust between A and B, a third party enforcer will have to be included in the agreement, but if B is trustworthy, then the agreement is implemented smoothly, and everyone benefits without an impartial adjudicator.

The power of obligations and expectations to create social capital depends on “two elements: trustworthiness of the social environment, which means that obligations will be repaid, and the actual extent of obligations held.”⁵ Criminal syndicates or networks surrounding a productive (though illegal) industry create a culture of complicity and cooperation. If someone free-rides within the system or otherwise takes advantage of it, the group has incentive to punish the free-rider. Free-riders, those who break trust, are blackballed; no one wants to do business with them, and in the informal economy reputation directs who will get to participate in the supply chain.

⁴ James S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 (1988): 99-100.

⁵Ibid.

Second, in Coleman's framework, criminals' ideas of trust may stem from ethnic, familial, cultural norms that ensure a high level of reciprocity. The group has created social norms that clearly delineate acceptable and unacceptable behavior and make it known. Informal transactions stipulate certain incentives that motivate players to be trustworthy. Criminal activities include the risk of getting caught by legal authorities. If one criminal within a network or transaction is apprehended, then the likelihood that other business partners get apprehended increases. Therefore, all criminals participating in the same project do not want anyone to get caught, and have the motivation to help one another. There are also mutual benefits and fewer costs when all players act in a trustworthy manner. For example, "a group within which there is extensive trustworthiness and extensive trust is able to accomplish much more than a comparable group without that trustworthiness and trust."⁶ Expectations and obligations are taken very seriously within informal transactions because the use of violent coercion as a sanction is much simpler than taking a business partner to court.

Third, Coleman highlights information channels as a source of social capital. In the 21st century, one aspect of informal and often illegal transactions is the exchange of information. Those with information in a globalized world are inherently more powerful than those without access to information. As Coleman pointed out in 1988, "An important form of social capital is the potential for information that inheres in social relations. Information is important in providing a basis for action....One means by which information can be acquired is by use of social relations that are maintained for other

⁶ James S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94 (1988): 100-101.

purposes.”⁷ Networks are composed of loosely connected, autonomous agents who are motivated by personal interest to accomplish a certain task. They receive the direct benefits of their work. This means that a number of people with varying amounts of power, from the bouncer on the street, to the border guard, to the corrupt governor or the head of the mafia are all connected. All of these people have different types of information, which operate on different levels; everything from place-based information at the street level to confidential information shared only among government officials plays a role. Such information can become even more useful if shared to complete a supply chain.

Information Channels and Drug Trafficking

The complex networks that are formed by individuals with the right information and the incentive to share it result in creative, cooperative relationships. Castells offers a case study of drug trafficking networks formed throughout Latin America, Colombia, the Tamaulipas, Tijuana, Mexico, and “similar groups in almost every Latin American country, [who] organized a network of production, management, and distribution activities that linked up agricultural production areas, chemical laboratories, storage facilities, and transportation systems for export to affluent markets.”⁸ His study is, therefore, concerned with a multi-national network that incorporates all the necessary links of a supply chain, from growing and harvesting to selling drugs on an international market. Through networking, these syndicates are able to run an illegal industry covertly and efficiently.

⁷ James S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 (1988): 104.

⁸ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 178.

The more expansive the network, the more accessible information becomes; the more diverse the network, the more specific the information shared. Access to information is key to growing networks: “Global competition is greatly helped by “on the spot information” from each market...Information coming from specific time and space is the crucial factor. Information technology allows simultaneously for the decentralized retrieval of such information and for its integration into a flexible system of strategy-making.”⁹ For example, these cartels “also favored penetration of the police, the army, judicial and political systems, in a vast network of influence and corruption that changed Latin American politics, and will exercise its influence for years to come.”¹⁰ A mix of agents from within governments and other formal, legal organizations create a more expansive network, where the goods and profits flow, uninterrupted. There are no tariffs or taxes, and the necessary bribes only increase good-will, expanding the network further.

Information affords traffickers the knowledge of where to go next and how to multiply their businesses. The cartels based in Latin America implemented “strategies [that] were, in fact, a peculiar adaptation of IMF-inspired export-oriented, growth policies toward the actual ability of some Latin American regions to compete in the high-technology environment of the new global economy.”¹¹ Eventually, the drug traffickers “linked up with national/local crime organizations in America and Europe to distribute their merchandise.”¹² Producing and selling drugs is only one side of the equation. These

⁹ Manuel Castells, *The Rise of the Network Society: Rise of the Network Society* (Oxford: Blackwell, 2000), p. 166.

¹⁰ Ibid.

¹¹ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 178.

¹² Ibid.

same networks also funded other legitimate businesses in order to clean their dirty money. The cartels set up a “vast financial and commercial empire of money-laundering operations that, more than any other criminal organization, deeply penetrated the global financial system.”¹³ Markets multiply and facilitate opportunities for beneficial exchange, developing social capital. Crossing the line into the realm of legitimate business expands and diversifies the power available to individuals or cartels willing to network with each other.

Networked Agents Directing a Supply Chain of Trafficked Persons

The following example focuses on the supply of illegally trafficked persons in order to highlight the rewards of the agents who facilitated the supply chain. In this case, the women’s stories were similar enough that the researchers were able to identify key players in the supply chain.¹⁴

The recruiters went into villages where they had contacts. They obviously had place-based knowledge, knew the language, and seemed trustworthy. They told the women about the many opportunities they would encounter by working as prostitutes in Japan. Through the recruiters, “an agent selected girls and women to work in Japan and organized their travel. These steps involved a [diverse] range of contacts, including the police, immigration officers and agents in several different countries.”¹⁵ Recruiters and agents may be men or women. The agents either arranged and paid for escorts to accompany the women to Japan or acted as escorts themselves. Neither the agent nor the

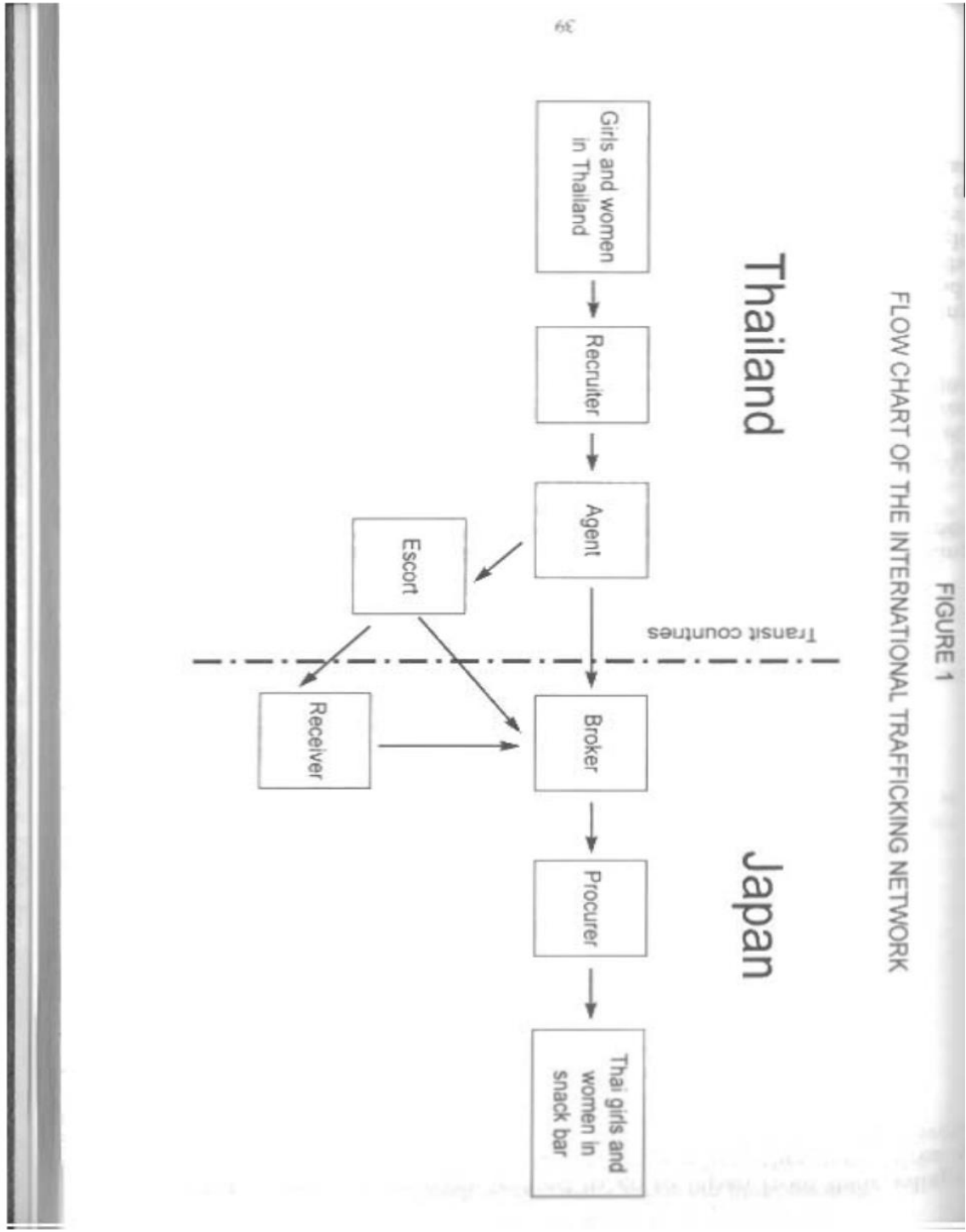
¹³ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 178.

¹⁴ The report, “To Japan and Back: Thai Women Recount Their Experiences,” was written by a research team out of the Development and Education Program for Daughters and Communities (DEPDC) and supported by the International Organization for Migration (IOM) in 1999, in order to document the story of thirty women from Northern Thailand who had been used as prostitutes in Japan.

¹⁵ Therese M. Caouette and Saito Yuriko, *To Japan and Back: Thai Women Recount Their Experiences* (Geneva, Switzerland: IOM, International Organization for Migration, 1999).

escort received payment until the women were turned over to brokers in Japan. Agents and escorts were only willing to recruit and prepare the women because they trusted that they would receive their share of the profits. It is a win-win situation for all of the individuals enmeshed in the supply chain, if everyone is trustworthy and upholds their part of the chain.

Figure 3: “Flow Chart of the International Trafficking Network”¹⁶



¹⁶ Therese M. Caouette and Saito Yuriko, *To Japan and Back: Thai Women Recount Their Experiences* (Geneva, Switzerland: IOM, International Organization for Migration, 1999).

Once the women arrived in Japan, the broker acted as a middle man, scoping out places for the girls to work. According to one of the women interviewed, “The broker, or the broker’s representative, collected the girls or women at the airport and took them to an apartment. The broker made contact with potential procurers (either the owners or mamas of the snack bars). The procurers then decided whether they wanted to buy the girls or women available.”¹⁷ The procurers in Japan, for this supply chain, were the final destination. These women were displaced, had no connections, no way to communicate with their families, did not know the language, and were uneducated concerning their rights in a different country leaving them entirely dependent on the procurer. The procurer was generally either the owner or the “mama san” of the bar or brothel. These women were no longer in control of their lives, as “the owner and mama were the ones who made sure that the women paid back their debts and any other expenses or fines incurred. They controlled the work and living environment and took possession of the girls’ or women’s passports, if they had one.”¹⁸

Distributors function as enablers, which include all those who indirectly benefit from the slave trade or sex trafficking and do nothing to stop it. Enablers do not have to be active agents in illegal supply chains in order to perpetuate such criminal activities. In an interview, Jamie Houston, volunteer with DEPDC from 2010-2012, described a model representation of human trafficking called the Blood Sucker Cycle. This model is adaptable to many different contexts. Houston gave two examples of how the cycle might be initiated. In one circumstance, a professional trafficker, connected to a network of

¹⁷ Therese M. Caouette and Saito Yuriko, *To Japan and Back: Thai Women Recount Their Experiences* (Geneva, Switzerland: IOM, International Organization for Migration, 1999), p. 44.

¹⁸ *Ibid.*, p. 45.

brothels, the Thai mafia, or a greater international crime network, will identify a family in a risky situation. The trafficker might approach a respectable person in the community in order to gain an introduction with the family to offer a job to one of their children. The trafficker may then offer a job to their daughter in the city as a maid or waitress—not in a brothel—and give the family a lump sum of money an expression of good faith. The girl will later find herself trapped, working as a slave in a brothel. In other circumstances, families knowingly sell their children into sex trafficking. Children are expected to help care for the family. No one should have to make that choice, least of all a child.¹⁹

Any person who benefits from an illegal supply chain is complicit in illicit dealings. For example, DEPDC calculated that taxi drivers receive 10% of the sale for bringing customers to a brothel, tour guides receive 30% of the sale per customer, doctors from local clinics are paid to check for STDs, banks provide loans to brothels, beauty salons provide services for sex workers, and tourist companies run expensive sex tours and receive large profits. None of these individuals or legitimate businesses directly traffick people for sex, but they benefit from the sex industry and are actively perpetuating it.

“The Power of Flows Take Precedence over the Flows of Power”²⁰

Criminal activities and networks are incorporated into the changes of greater social phenomena due to the technological revolution. The technological revolution has been viewed as a second phase of the industrial revolution in the second half of the 19th century. The digital revolution, also known as the third revolution, refers to the change

¹⁹ Author’s interview with Jamie Houston. 9 Apr. 2012.

²⁰ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 436.

from analog mechanical and electronic technology to digital technology that took place in the 1980's and continues to the present day. The term "technological revolution," within this paper, is an explanation of the morphing of social exchanges that incorporates both the changes brought on by the technological as well as digital revolutions. Castells points to the effects of the technological revolution on social interactions by describing networking trends throughout society. This transformation is widespread; even though the "networking form of social organization has existed in other times and spaces, the new information technology paradigm provides the material basis for its pervasive expansion throughout the entire social structure."²¹ Castells' insight into the ramifications of such an expansion includes the following: "This networking logic induces a social determination of a higher level than that of the specific social interest expressed through the networks: *the power of flows take precedence over the flows of power.*"²² This could easily be applied to a globalized, free-market economy: the power of market forces within a networking society creates a foundation for collective action to occur between individuals whose power is derived from access to information. Market flows create networks of such individuals and take precedence over the power relationships of formal institutions, as well as informal institutions whose structures have had to adapt in order to benefit from the network.

According to Partha Dasgupta, three questions must be asked in relation to developing an operational network. First, "[H]ow have the members of the group come to

²¹ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 436.

²² Ibid. emphasis added.

know one another?”²³ Often, criminal networks are made through place-based connections, ethnic or familial commonalities, or simply through the commonly felt draw of the market. Individuals with certain talents, such as forgery or abduction, are drawn into illegal industries, where they can profit from their skills. Second, “[A]s there probably were many other courses of action also available, why did they settle on this particular one?”²⁴ The answer will always be: “follow the money.”²⁵ The course of action that ensures the most profit in the shortest amount of time will almost always be the chosen method of action. There is a difference between disproportionate profits for the most powerful individuals versus profits that are evenly divided among players. Notwithstanding this difference, the money-making incentive creates a healthy level of tension because everyone is ultimately acting in their own self-interest. Third, “[H]ow can the parties feel secure that the agreement will be kept?”²⁶ Parties feel secure for all of the reasons previously mentioned.

The three motivations influence parties to keep their agreements: the threat of external enforcements, the notion that people are honorable and honestly try to keep their agreements, and recourse to mutual enforcement available to all parties involved in a successful transaction.²⁷ Players within a supply chain must have some semblance of power in order to obtain enforcement. Not just one side of a transaction, but both sides, need to be held accountable.

²³ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 337.

²⁴ *Ibid.*

²⁵ Author’s interview with Christine Dolan. 10 June 2012.

²⁶ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 337.

²⁷ *Ibid.*

The Development and Insurance of Trust

In order to understand how to create trust in relationships and explore the security it brings to transactions, it is necessary to understand it as a collateral element of the development of social capital. Diego Gambetta, Italian—born social scientist, has made important analytical contributions to the concept of trust through concepts relating to game theory and signaling theory. In his essay “Can We Trust Trust?,” Gambetta provides a definition of trust that is helpful in understanding social capital:

trust (or, symmetrically, distrust) is a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action, both before he can monitor such action (or independently of his capacity ever to be able to monitor it) and in a context in which it affects his own actions.²⁸

In layman’s terms, the cooperation of one party is contingent on the probability that the other party will perform an action that is beneficial or at least not detrimental to the first party’s ambitions.²⁹ A higher probability of such actions being fulfilled indicates a higher level of trust in the relationship. Trust is a form of capital that is not depleted through use, but rather cultivated through use. Trust is often a by-product and a self-reinforcing arrangement.³⁰

Gambetta assumes that a coerced transaction is always more costly than one built on trust. Corporations or societies that rely on coercion “are likely to be less efficient, more costly, and more unpleasant than those where trust is maintained by other means. In the former, resources tend to be diverted away from economic undertakings and spent on coercion, surveillance, and information gathering, and less incentive is found to engage in

²⁸ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 227.

²⁹ *Ibid.*

³⁰ Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. 281.

cooperative activities.”³¹ Trust between partners creates opportunities, and distrust limits and lessens new business prospects. If the use of coercion can be avoided, then costs are reduced and profits increased. Moreover, between partners, “contracts and promises represent weaker forms of pre-commitment, which do not altogether rule out certain actions, but simply make them more costly.”³² A sense of weaker pre-commitment indicates a lower level of confidence and trust lowering the chances of a successful exchange.

The development of social capital is directly related to the degree of trust in a relationship. Trust is important to criminal networks because its presence or absence can have a bearing on what traffickers choose to do, and, in many cases, what they are able to do. The following ten principles describing trust and trustworthiness identify the necessary conditions for social capital to flourish.³³

The first principle stipulates, “If there were no suitable punishment for breaking agreements or contracts, people would not have the appropriate incentives to fulfill them.”³⁴ Within the informal sector, punishment is decided either through a collective decision or the word of the most powerful individual involved. Punishment can range from exclusion from a supply chain to murder. If the stakes are high, there are ample incentives for individuals to hold up their end of the bargain. The second principle closely follows the first: “[T]he threat of punishment for errant behavior must be credible,

³¹ Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. 279.

³² Ibid.

³³ These principles were outlined in the article “Economic Progress and the Idea of Social Capital” by Partha Dasgupta, included in the book *Social Capital a Multifaceted Perspective*. This book contains a number of papers presented at a workshop organized by the World Bank in 1997 on the theme of “Social Capital: Integrating the Economist's and the Sociologist's Perspectives.”

³⁴ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 331-334.

or else the threat would be no threat.”³⁵ This simply means that, just as agreements must be upheld in order for trust to develop, so must punishments. Trust is formed between two parties, and if that trust is broken, the consequences used in the context of unregulated supply chains can be drastic and violent. There is a great incentive to deliver the goods when the benefits are high, but also if the punishments are real and extreme.

The third principle provides an example applicable for business models: the “injured party can, for example, punish the errant party by ceasing to transact with him.”³⁶ Revoking access to the information that comes through networking can be detrimental. Access to information often divides the exploited from the exploiters. Without access to information trade does not occur. This bargaining power is maintained, because there is a market for specific information. Autonomous individuals have the ability to offer or revoke their information, and the information goes to the highest bidder.

Fourthly, trust presupposes an expected outcome. Trust is not simply hope that the odds will end in your favor. Trust always involves taking a risk, but it is a risk based on evidence of the other party’s trustworthiness. The basis for trusting another party is “knowing what you know of his disposition, his available options and the consequences of his various possible actions, his knowledge base, ability, and so forth, you expect that he will choose to do it. In short, his promise must be credible.”³⁷ Criminals do not trust each other at their word. They trust that the other party knows what is good for them due to benefits they will receive or the enforcements in place. One party trusts that the

³⁵ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 331-334.

³⁶ *Ibid.*

³⁷ *Ibid.*

mutually beneficially outcomes, which are contingent on cooperation, will provide the motivation for each party to do its part. Gauging the other party's incentive to cooperate must be a carefully calculated assessment.

In contrast, people looking for work when they have no collateral can do nothing but hope; because the power relationship is so unequal, they have no negotiating power. This imbalance often results in situations of involuntary servitude induced by means of “any scheme, plan, or pattern intended to cause a person to believe that, if the person did not enter into or continue in such a condition, that person or another person would suffer serious harm or physical restraint; or the abuse or threatened abuse of the legal process.”³⁸ This servitude is perpetuated through threats and fear, which makes a slave immobile and powerless. Involuntary servitude incorporates a high level of fraud and deception. People who were trafficked did *trust* a trafficker; rather, they simply *hoped* that the opportunities being advertised were true. Once displaced and exploited, slaves can only hope for intervention or an opportunity to direct the supply chain instead of being exploited by it.

The fifth point reiterates the necessity of looking at the agreement from the perspective of the receiving party. It is important to understand what motivations the other party has to cooperate or alternatively to take advantage of the situation. Criminals network because they need expansive and diversified information in order to complete their transactions, but what they choose to bargain away is always based on a cost-benefit analysis. What there is to be gained and what are the possible losses of this transaction if

³⁸ *Victims of Trafficking and Violence Protection Act of 2000* [United States of America], Public Law 106-386 [H.R. 3244], 28 October 2000, available at: <http://www.refworld.org/docid/3ae6b6104.html> [accessed 29 April 2013]

the other party is not trustworthy—these are the considerations of risk that inform a personal calculation.

The more traffickers connect, the more aware they become of each other's business. The sixth principle explains that “trust and confidence among persons and agencies are interconnected....It is this interconnectedness that makes trust such a fragile commodity. If it erodes in any part of the mosaic, it can bring an awful lot down with it.”³⁹ One is more liable to take greater risks if confidence is high, which is reliant on trust and/or the level of ready enforcement available. Confidence within business dealings is a reflection of social capital in that relationship. Social capital is formed through consistency. For example, if the same two dealers work within the same supply chain, they will begin to trust each other simply by association and familiarity.

Seventh, the prevalence of networks “does not make trust a public good; rather, it involves what economists call ‘network externalities’ (she trusts you, now you trust me, so she now trusts me, and so forth; Farrell and Saloner 1985; Katz and Shapiro 1985).”⁴⁰ This is how reputations are formed within informal transactions: by word of mouth. Such networking demands that the party impart truthful knowledge. The eighth principle, already noted, is that trust “is based on reputation, and reputation is acquired on the basis of observed behavior over time. Reputation is an asset, so people invest in it, in that they forego immediate gains for the purpose of enjoying benefits later.”⁴¹ Reputation may be the greatest asset an individual has on the illegal job market, because a person with the correct reputation is the one most likely to be invited into an illicit project or supply

³⁹ Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 331-334.

⁴⁰ Ibid.

⁴¹ Ibid.

chain. Mercenaries, drug traffickers, and experts at tax evasion do not go to the unemployment office to find work; they rely on networking.

Ninth, monitoring is often necessary in order to facilitate trust, and monitoring depends on how observable a party's transactions and actions are. So, it is not just whether the party is trustworthy, but how well informed they are about each other, for the "efficiency of an institution depends, among other things, on the ease with which chosen actions can be monitored by interested parties. The ability to impose effective sanctions depends on the extent to which breaches of agreement are observable."⁴² Access to information within a network also means sharing information, which keeps parties accountable.

Tenth and last, "[E]ven though there is no natural system of units in which trust, or a reputation for being trustworthy, can be measured, it does not matter in principle, because in any given context you can measure their worth by the extent to which mutual benefits can be realized."⁴³ Essentially the question is whether the potential gain is worth the risk. Often, criminal networks and their illegal dealings are high-profit, low-risk. This is, in part, because of the relationships they have formed. Like access to information, "trust and a reputation for trustworthiness are rather like knowledge; they are valuable both intrinsically and instrumentally."⁴⁴ It does not matter what products a criminal network transfer; the depth of trust in their business relationships finalizes their ability to run a profitable supply chain.

⁴²Partha Dasgupta and Serageldin Ismail, *Social Capital: A Multifaceted Perspective* (Washington, D.C.: World Bank, 2000), p. 331-334.

⁴³ Ibid.

⁴⁴ Ibid.

In summary, illicit trade only occurs when there is a certain level of trust; if there is not an adequate amount of trust, then external enforcements are required to secure that the exchange will be made fairly. External enforcement quickly becomes expensive. Trust affords convenience because, in the absence of relational ties, “elaborate and expensive bonding and insurance devices would be necessary—or else transactions could not take place.”⁴⁵ The informal sector, like the formal sector, is driven by market forces. Individuals make up supply chains, and they decide whom to include in business dealings. Coleman speculated that “one can see the market as consisting of a set of individual merchants, each having an extensive body of social capital on which to draw through the relationships of the market.”⁴⁶ This describes illegal supply chains very well, as individual criminals are not tied to certain products but to their position in the supply chain. Every active link in the supply chain is a person who chooses to extend that chain through their relationships on the market.

Trustworthiness, Network Capacity, and Informal Norms

Trust has already been highlighted as a primary element of social capital. Networks are a systematic mode that formulates relationships where social capital is developed and flourishes within informal sectors of the economy. Elinor Ostrom edited a compilation of articles entitled *Foundations of Social Capital*.⁴⁷ In her introduction, Ostrom outlines three broad forms of social capital as a framework for the articles that

⁴⁵ James S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 (1988): 99.

⁴⁶ *Ibid.*, p.100.

⁴⁷ Elinor Ostrom was awarded the 2009 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, which she shared with Oliver E. Williamson for her analysis of economic governance, especially the commons.

follow. Social capital is fostered through trustworthiness, the capacity of networks, and formal and informal rules or institutions.⁴⁸

First in Ostrom's outline, the development of social capital becomes observable when "the establishment and maintenance of such social relationships depends on the trustworthiness of people that cannot be explained away by the incentives provided by the structure."⁴⁹ Criminals have to work with each other in order to complete their supply chains, and they have to be trustworthy in order to minimize the costs of their transactions and maximize profits.

Second in the outline, Ostrom points to networks as a form of social capital. Networks are not just the means by which self-interested individuals cooperate with one another. They are forms of social exchange that are necessary in developing the societal norm of generalized reciprocity. Ostrom forms her point around individualized interactions: "When trustworthy individuals who are willing to cooperate with others constitute only a small minority of a society's whole population, one condition for them to survive, prosper, and spread is to establish a network among them."⁵⁰ Fortunately, organized crime is a minority of the world's population; networking is, however, making it convenient for social exchange to occur between well-connected criminals. Through their dense social networks, criminals "encourage the development of reciprocity norm through the transmission of information across individuals about how are trustworthy and who are not."⁵¹ They have a common interest in sharing information concerning who is trustworthy and who is not. Within illegal industries bribery and blackmail are familiar

⁴⁸Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital*, (Cheltenham, UK: Edward Elgar Pub., 2003), p. xvi.

⁴⁹ *Ibid.*, p. xx.

⁵⁰ *Ibid.*, p. xxi-xxii.

⁵¹ *Ibid.*

methods of exchange. There is a greater incentive not to go to third party enforcement, instead relying on other ways to resolve disagreements, or simply to be, trustworthy and only work with parties who have proven themselves to be trustworthy. Taking part in an illegal supply chain nonetheless presents risks to all parties involved.

Cooperative ventures, by definition, require trust. As Kenneth Arrow (1972:357), a Nobel Prize-winning economist, commented, “[V]irtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can be plausibly argued that much of economic backwardness in the world can be explained by a lack of mutual confidence.”⁵² The greater the trust between parties, the higher the level of confidence they have in making business decisions; and, if those transactions are successful, the greater are the returns. Networks are all examples of cooperative ventures. Cooperative ventures incorporate “a group of people who have identified a mutually advantageous course of actions. We imagine that they have reached agreement on the allocation of rights and obligations.”⁵³ Each individual finds his or her niche in the supply chain. A person specializes in order to define and execute his or her part so as to receive appropriate benefits and returns.

Third and last in Ostrom’s outline: reciprocity can be formulated as a characteristic aspect of social capital. Reciprocity is an internalized moral norm as well as a pattern of social exchange. Honesty is innately valued to both parties in a relationship. As Ostrom depicts it, reciprocity is foundational to collective action. This observation is unnerving

⁵² Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. xxi.

⁵³ *Ibid.*, p. 334.

when we realize that crime syndicates, as well as terrorists, have developed foundational relationships that allow them to act collectively on a grand scale.

Reciprocity can be used as an indicator of trust. Ostrom specifies four descriptors of reciprocity: “1. an assessment of the likelihood that others are conditional cooperators; 2. a decision to cooperate initially with others if others are trusted to be conditional cooperators; 3. a refusal to cooperate with those who do not reciprocate; 4. punishment of those who betray trust.”⁵⁴ The difficulty comes in trying to assess levels of trust and reciprocity within relationships.

Social norms demarcate what is or is not acceptable within an institution or association, formal or informal. As Coleman elucidates, social norms come into “being to allow the actors affected by externalities to gain an appropriate level of partial control of the action, the result is a socially efficient outcome, in the sense that the level and direction of action is governed by all its consequences.”⁵⁵ Agreements defined within informal norms do not have to be exhaustively defined because the nature of relations ascribes a certain behavior to each individual. In these examples each individual, particularly someone in an illegal supply chain, knows the nature of their relationship to the network. Everyone knows his or her job, what is expected, and what the consequences will be in the event of failure. Transactions costs have been diminished for illegal as well as legal international trade, and there has been a great deal too much cooperation between the formal political sphere and criminals who network within informal institutions. Associations formed by criminals network at every level of society

⁵⁴ Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. xxi-xxii.

and transfer information at lightning speed; as a result, flows of information define the routes of trade and ensuing business relationships.

The Expansive Strength of Weak Ties

There are many ways to characterize the types of relationships that form networks. As a network becomes more expansive and far reaching, the weaker the connecting relationships become. Mark Granovetter, Stanford sociologist, is well-known for his work in social network theory and economic sociology, particularly his theory on the spread of information in social networks through “The Strength of Weak Ties.”⁵⁶ Granovetter’s theory may be helpful in explaining the efficiency and fluidity characterizing criminal networks. In his essay, “The Strength of Weak Ties: A Network Theory Revisited,” Granovetter postulates that “our acquaintances (weak ties) are less likely to be socially involved with one another than are our close friends (strong ties).”⁵⁷ The importance of this claim lies in recognizing that strong ties form closely knit groups of individuals with high rates of reciprocity, while weak ties between like-minded individuals form loosely knit but expansive networks. Let us assume that reciprocity indicates the strength of a tie. Although weak ties do not have high levels of reciprocity, they can function as bridging ties. Weak ties represent pivotal connections that allow networks to grow, while strong ties are similar to closed structures.

Information is a valuable commodity that can be bought and sold in the 21st century. As Granovetter explains, “[I]ndividuals with few weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial

⁵⁵Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003), p. 156.

⁵⁶ Mark Granovetter, “The Strength of Weak Ties: A Network Theory Revisited,” *Sociological Theory* 1 (1983): 201-33, available at: JSTOR. Wiley, <<http://www.jstor.org/stable/202051>>.[accessed 3 Jan. 2013].

⁵⁷ *Ibid.*, p. 201.

news and views of their close friends.”⁵⁸ Furthermore, this “deprivation will not only insulate them from the latest ideas and fashions but may put them in a disadvantaged position in the labor market, where advancement can depend...on knowing about appropriate job opening at just the right time.”⁵⁹ Strong ties provide security while weak ties connect people to other timely opportunities, whether on the job market, within educational institutions, or within other situations of social networking. Two observations follow concerning a lack of weak ties: people most vulnerable to being trafficked are unable to find steady methods of income, and they also have low access to information. Individuals with many weak, bridging ties have access to information that gives them value and connects them to various groups of tightly knit individuals interested in exchanging information. This is a suggestive idea of how criminals network today.

Granovetter refers to Peter Blau’s arguments when he writes, “Intimate relations tend to be confined to small and closed social circles...they fragment society into small groups. The integration of these groups into the larger society depends on people’s weak ties, not their strong ones, because weak social ties extend beyond intimate circles.”⁶⁰ Weak ties may signify how well a fragment of society is able to globalize. Cliques afford security, but if people are unable to integrate into a globalized society they will be excluded from information and its value: “an individual’s access to opportunities and resources can only be fully exploited if he or she is linked with others in diverse positions furnishing different information, but strong ties tend to involve closed circles that limit

⁵⁸ Mark Granovetter, “The Strength of Weak Ties: A Network Theory Revisited,” *Sociological Theory* 1 (1983): 202, available at: JSTOR. Wiley, <<http://www.jstor.org/stable/202051>>. [accessed 3 Jan. 2013]

⁵⁹ Ibid.

⁶⁰ Ibid., p. 222.

such access.”⁶¹ If this theory, advanced some thirty years ago, is placed in the context of a globalized, cross-cultural society within interdependent economies, weak ties become even more important to the integration of society. Otherwise, individuals become isolated within their cliques and are excluded from opportunities associated with world markets.

Granovetter’s theory helps to explain the formation of criminal networks by self-interested individuals who are loosely connected in order to attain common goals. Because their supply chains have to be extended through various networks, an illegal business model “contains both the coordinative leverage of weak ties and the cliquishness of strong ties; national cooperation among most firms as well as competitive antagonism between clusters; unity and conflict simultaneously.”⁶² Informal institutions of organized crime might afford some strong ties, but it is their weak ties with place-based, well-informed individuals that allow them to direct multi-national business ventures of an illegal nature productively.

Granovetter’s points are supported by Ostrom’s conceptualization in social capital of networks. As Granovetter’s theory of weak ties stipulates, Ostrom writes, “The potential of modern, market economies and democratic political orders makes it imperative for individuals to deal with others beyond the confines of intimate relations and close networks.”⁶³ Individuals in a free market economy have learned to do this well, especially with a lack of regulation or oversight. For instance, Naim documents examples of illegal goods sold on a very mobile market: “ivory from the tusks of elephants illegally

⁶¹ Mark Granovetter, “The Strength of Weak Ties: A Network Theory Revisited,” *Sociological Theory* 1 (1983): 222. available at: JSTOR. Wiley, <<http://www.jstor.org/stable/202051>>. [accessed 3 Jan. 2013].

⁶² *Ibid.*, p. 227.

⁶³ Elinor Ostrom and T. K. Ahn, *Foundations of Social Capital* (Cheltenham, UK: Edward Elgar Pub., 2003). p. xx.

culled in South Africa and Zimbabwe, openly sold in Guangzhou, China. Human kidneys from live sellers ferried from Brazil to South Africa and transplanted into German customers recruited online by Israeli brokers.”⁶⁴ These are the individuals who have broadened their networks and adapted to the realities of globalization. Ultimately, the motivation behind weakly tied networks is money. When profits are large enough, individuals find it worthwhile to be trustworthy in order to create a lucrative source of income. These are not one time scandals, but working supply chains with individuals continuously looking to buy and sell.

Analyzing Networks

Emilie M. Hafner-Burton, Miles Kahler, and Alexander H. Montgomery, provide a basic definition of a network in their *Network Analysis for International Relations*⁶⁵. Simply put, “networks are sets of relations that form structures, which in turn may constrain and enable agents.”⁶⁶ International criminal and terrorist networks are referred to as “dark” networks. The analysis of networks “aims to identify patterns of relationships, such as hubs, cliques, or brokers, and to link those relations with outcomes of interest.”⁶⁷ The technical definition of a network as provided by Castells is a “set of interconnected nodes. A node is the point at which a curve intersects itself. What a node is, concretely speaking, depends on the kind of concrete networks of which we speak.”⁶⁸ Both of these definitions can be applied to how criminals function in the 21st century. The purpose of networks, sociologically speaking, is to constrain or enable. Complex

⁶⁴ Moisés Naim, *Illicit: How Smugglers, Traffickers and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005).

⁶⁵ Emilie M. Hafner-Burton, Kahler Miles, and Alexander H. Montgomery, “Network Analysis for International Relations,” *International Organization* 63.03 (2009): p.560.

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*, p. 561.

⁶⁸ Manuel Castells, *The Rise of the Network Society: Rise of the Network Society* (Oxford: Blackwell, 2000), p. 470.

networks do not follow pre-organized patterns; networks are dynamic and reactionary. Technically speaking, nodes cross paths and form relations that eventually take on a pattern as the curve continues to intersect.

For example, all of the following patterns of relationships, hubs, cliques, or brokers illustrate different forms of networks and their various purposes:

[Networks] are stock exchange markets, and their ancillary advanced services centers, in the network of global financial flows. They are national councils of ministers and European Commissioners in the political network that governs the European Union. They are cocoa fields and poppy fields, clandestine laboratories, secret landing strips, street gangs, and money-laundering financial institutions, in the network of drug traffic that penetrates economies, societies, and states throughout the world. They are television systems, entertainment studies, computer graphic milieu, new streams and mobile devices generating, transmitting, and receiving signals, in the global networking of the new media at the roots of cultural expression and public opinion in the information age.⁶⁹

Networking is the method by which illegal and legal industries connect. They create the pathways for illicit goods and cash flows. People now have the ability to connect around the world, whether by word of mouth, cyberspace, or travel. The ramifications of people's increased ability to connect are incalculable.

Predicting what, where, or how a node will connect next is highly complex and must be analyzed within the context of a concrete network. This is because "networks are open structures, able to expand without limits, integrating new nodes as long as they are able to communicate within the network, that is, as long as they share the same communication codes."⁷⁰ There are fields of research becoming more and more adept at analyzing networks, and tools are being created that are able to predict the move of the next node accurately. For example, in their essay "Criminal Network Analysis and Visualization," Jennifer Xu and Hsingchun Chen review various methods of analysis

⁶⁹ Manuel Castells, *The Rise of the Network Society: Rise of the Network Society* (Oxford: Blackwell, 2000), p. 470.

⁷⁰ *Ibid.*, p. 471.

available for crime fighting efforts. The latest data mining tools based on social networking analysis (SNA) are able to gather useful knowledge about the structure and organization of criminal networks. The SNA perspective tries to define patterns of interaction between actors, detecting subgroups and central individuals, as well as the overall structure of organization.

For example, the Social Network Analysis (SNA) approach has helped investigators to compress voluminous data of social interactions into concise diagrams and metric scores. Two major investigations of internal child trafficking in the U.K. offered a number of findings and implications from the SNA approach. The three metrics measured included degree, closeness, and betweenness. Degree notes the size of the network, closeness refers to the shortest path between one entity to another, and betweenness identifies individuals who cross over to other entities. These individuals could be labeled as gate-keepers. The findings and implications of this analysis have helped design counter-actions through frontline policing, strategic policing, prosecution of traffickers, and policy and research of trafficking networks in the U.K.⁷¹ In order to dismantle a criminal network, crime fighting initiatives need to learn to replicate criminal networking ability at the same rapid pace.

Child Abuse

Children are the most vulnerable to exploitation in a globalized economy. They are easily displaced and have limited access to information. They are often the least educated and experienced. In a networking society that directs capital flows, children

⁷¹ Helen Brayley, Eleanor Cockbain, and Gloria Laycock, "Exploring Internal Child Sex Trafficking Networks Using Social Network Analysis," *Policing* 5.2 (2011): 144-57.

have little say in how those networks are formed or directed. It is obvious that more and more children are being exploited worldwide.

According to Castells, the rise in child labor is due to globalization and the deepening of poverty.⁷² Families that survive on subsistence incomes do not have the resources to send their children to school; many children are forced to the streets to beg a living, and in extreme situations children are sold into forms of bonded labor. A family might sacrifice one child's freedom in order to feed the rest of their children, or children may choose an illicit line of work on their own. For example, in Thai culture many children knowingly sell themselves into some form of indentured servitude in order to pay off the enormous debt they owe to their parents. Children, especially girls, are expected to help care for the family.⁷³

From a trafficking perspective children are the most defenseless victims. From a business perspective children are high return and low cost for their labor. In the developing world children are easily attainable and exploitable; they are paid little if anything and often work in atrocious conditions. Castells cites the International Labor Organization (ILO) explanation of the rise in children labor: “[C]hildren are less aware of their rights, less troublesome and more willing to take orders and to do monotonous work without complaining, more trustworthy, less likely to steal, and less likely to be absent from work.”⁷⁴ Children provide ready-to-use, disposable labor.

According to the report released by the ILO in November 1996,

⁷² Manuel Castells, *The Information Age: Economy, Society and Culture*, (Massachusetts (Mass.): Blackwell, 1997), p. 158.

⁷³ Author's interview with Jamie Houston. 9 Apr. 2012.

⁷⁴ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 159.

about 250 million children between ages of 5-14 were working pay in developing countries, of which 120 million were working full time. These estimates, based on an improved methodology—and counting children aged 5-10 for the first time—doubled previous estimates. Some 153 million of these child works were in Asia, 80 million in Africa, 17.5 million in Latin America.⁷⁵

Children can be used by traffickers in any number of ways according to the demand for them. Children are involved in moving drugs from sellers to buyers. If they are caught, they cannot be prosecuted, and often they do not have any information that will put traffickers at risk. Children are easily involved in petty thefts as well as organized begging networks.⁷⁶

Particularly disturbing is the worldwide sexual exploitation of children. Sexual exploitation of children has only increased with the secrecy and anonymity that the internet affords pedophile rings in their search for pornographic images of children as well as sites for child prostitutes. Ernie Allen CEO, International Centre for Missing & Exploited Children, estimated that child pornography is an annual \$20-\$30 million dollar industry and could more accurately be referred to as a “multi-million” dollar industry.⁷⁷ Even more uncomfortable than the outrageous amount of money made from abusing children is the fact that it is a growing industry. There seems to be a causal relationship between the increased accessibility to child pornography via the web and child sexual abuse. The 1996 World Congress document stated that “media interest in child pornography and prostitution can unintentionally fuel demand, and the ease of access of

⁷⁵ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 154.

⁷⁶ *Ibid.*, p. 155.

⁷⁷ Allen, Ernie, CEO, International Centre for Missing & Exploited Children. "CHILDREN IN SLAVERY TASK FORCE." A Dialogue on the Practical Solutions to End Human Trafficking. McDonough School of Business-Georgetown University, Washington D.C. 13 Nov. 2012. Lecture.

information both opens up supply routes and increases demand.”⁷⁸ Pornography can be understood as a gateway drug. The virtual sexual objectification of a person leads to the physical sexual objectification of a person. Considering how this applies to children helps to explain the rise in pedophile networking, but it is also horrifying in its implications. As Castells warns us, “Thus, the network society devours itself, as it consumes/destroys enough of its own children to lose the sense of continuity of life across generations, so denying the future of humans as a humane species.”⁷⁹

Conclusion:

Understanding globalization and its effect on networking is key to understanding criminal transactions in the 21st century. Fighting these illegal world trends is on behalf of the weakest and most vulnerable members of society, children. It is impossible to turn the tides of socio-economic forces that have changed the nature of international trade, but it is possible to reflect criminal networking methods in order to create social norms that prohibit such practices.

The creation of social capital through networking provides an explanation for the efficiency in criminal networks, but it also provides an illustration of how social capital can be developed by individuals including active citizens and concerned communities. Communities that are invested in its members, particularly children, have just as many networking capabilities as criminals directed by differing motivations. Protecting, upholding, and creating opportunities for children should provide that motivation.

⁷⁸ Manuel Castells, *The Information Age: Economy, Society and Culture* (Massachusetts (Mass.): Blackwell, 1997), p. 161.

⁷⁹ *Ibid.*

CONCLUSION

After analyzing the globalized context for legal industries that incorporate illegal methods within their supply chains and how illegal profits are filtered into the legal sector of the economy, it is imperative that appropriate policy responses try to separate these industries. This is necessary for the sake of easily exploitable, impoverished populations, as well as for the sake of law-abiding citizens everywhere. A threat to freedom anywhere may be a threat to freedom everywhere, but especially when structures of social and economic exchange normalize the devastation of millions of people. When illegal industries create more profits than legal industries, when criminals accrue wealth and political influence, when terrorist networks find financial security within illegal industries, and when the commodification and sale of human beings becomes common place—freedom diminishes worldwide. Without the freedom to make choices, it becomes impossible to improve one's situation. A global social movement is necessary to diminish the trade in human beings. All people have the chance to organize themselves when they have a common motivator in place. There is no one formal organization that can address root causes of trafficking in persons. A diversified effort of governments, NGOs, FBOs, multi-national corporations, as well as neighborhoods, schools, local businesses, and police forces must collaborate in order to stop trafficking in the 21st century. All of these associations and individuals must learn to network and replicate the fluid structure of communication that criminals and terrorists practice.

Networking strategies offer typical 21st century business models for criminals and businessmen alike. Criminal and terrorist supply chains have created a foundation for collective action through the connections they have made. These connections are driven by supply and demand, and result in highly profitable relationships. Founded on mutual benefits, these relationships create trust and build social capital within criminal supply chains. Reciprocity among criminals increases, not due to competition, but through the cooperative efforts of the few to exploit the many. Criminals are conveniently able to assist one another in their transactions because everyone exploiting the supply chain wins. The intricacies of criminal relationships and their capacity to work cooperatively within the informal sector of the economy is a significant aspect of trafficking in persons. It directly relates what consumers buy to the abuse of men, women, and children. These networks connect pedophiles to impoverished families willing to sell their children. It continues to connect and perpetuate connections that represent the greatest abhorrence of the 21st century, the dehumanization of people to mere units of labor, sex, or anatomical organs.

From gaining both a macro and a micro perspective on the global economic context for trafficking in persons, as well as a theoretical explanation of criminal business relationships, suggestions emerge for ways to counteract the dynamics of trafficking. At the root of this problem is the ability and willingness of individuals to exploit people for profit; in response, there must be a cultural shift that makes this trend absolutely unacceptable to societies all over the world. If it became culturally unacceptable to purchase a minor for sex or buy a carpet made by child slaves, then illegal profits would decrease. The cultural shift must occur at every level of organization, from the home, to

the neighborhood, town, city, state, country, and international arena. These counteractions must be holistic in nature. Prosecution-driven strategies are important, but not as important as extending opportunities for livelihood, education, and health to the impoverished. Positive models of development empower people to become agents of culture change in a world that desperately needs as many knowledgeable and dedicated agents as possible.

All of these suggestions require further research, particularly in the following areas:

- The use of social capital in criminal networks helps them to run efficiently. If the development of social capital were a focus in preventative models of development, then the high-profit low-risk paradigm would be reversed. As vulnerable people gain skills and become empowered, they are more difficult to exploit, and the vested interest of their surrounding community and networks makes exploitation a much more risky enterprise.
- Implementing development models that focus not only on economic growth but also on poverty reduction, while partnering with anti-corruption initiatives. While it is low-impact to offer relief without assistance that fosters sustainable economic growth, it is also less effective to foster growth without poverty reduction. Such changes cannot be made within the context of corrupt governments that allow and foster the exploitation of their citizens.
- Conducting further analysis of cybercrime and the ability of criminal networking via cyberspace in relation to the development of cyber programs that empower the average citizen to report illegal advertisements and transactions found on the web.

- Intergovernmental dialogue on legal definitions of a trafficked person as well as multi-faceted initiatives that focus not on the products being trafficked, but the overlap between products and the strategies in place that move said goods and services.
- Interreligious dialogue as a catalyst for culture change offering moral arguments concerning the humanity of abused people and how they are viewed within every religion and therefore every culture.

None of this will happen without a worldwide focus on the scourge of human trafficking and the ease with which it has exploded

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