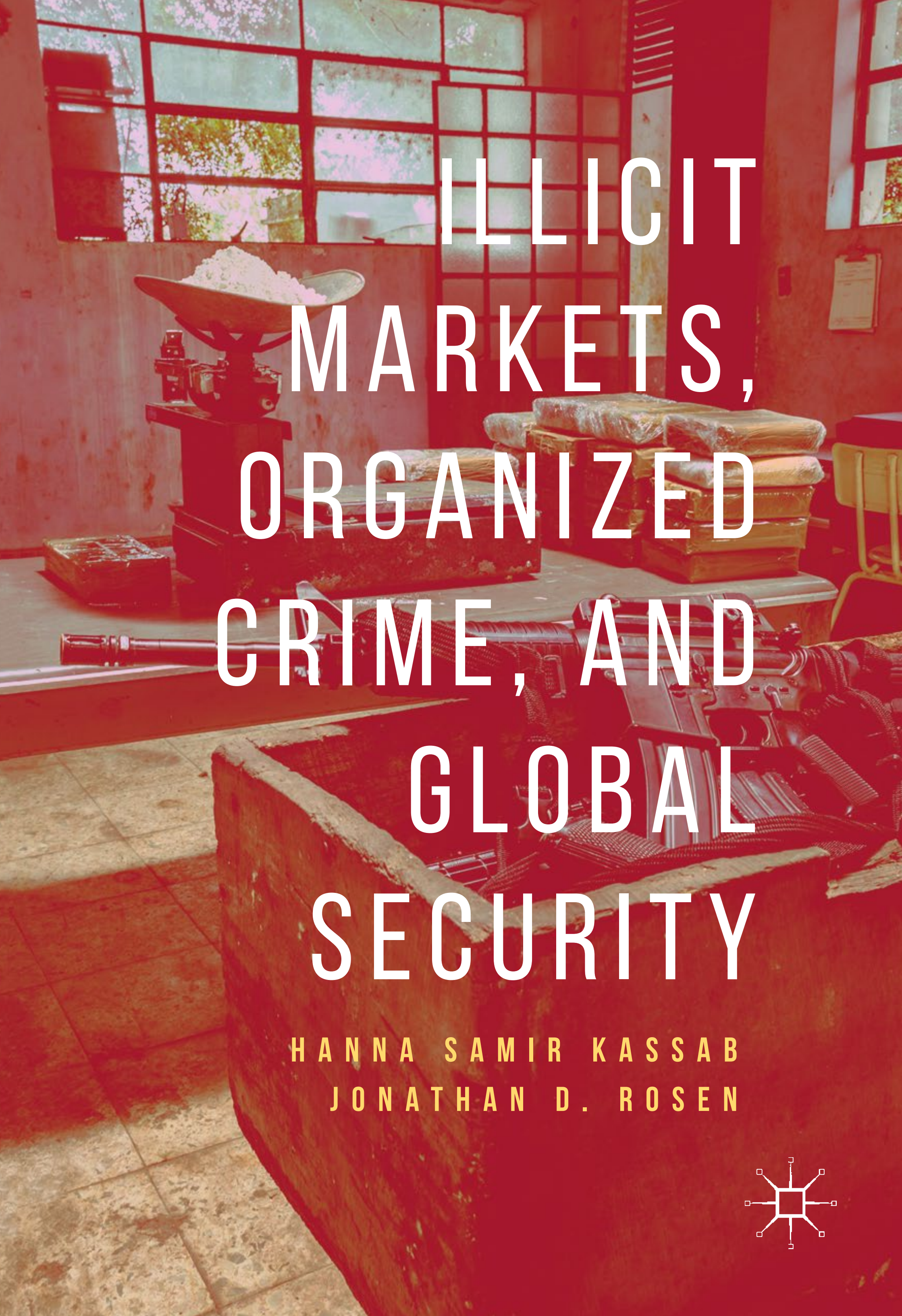

ILLICIT MARKETS, ORGANIZED CRIME, AND GLOBAL SECURITY

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Illicit Markets, Organized Crime, and Global Security

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To our wonderful parents:
Samire and Hanane
Jeffrey and Deborah

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CHAPTER 1

Introduction

Throughout history, laws of prohibition have existed to protect people alongside a legitimate, free market; yet illicit markets have developed and flourished. This book examines historical attempts at prohibition throughout human history and, relatively more recently, prohibition of alcohol at the beginning of the twentieth century. With prohibition, many took to their bathtubs, brewing up concoctions, while others developed sophisticated supply chains through Canada. While prohibition was designed to curtail consumption of alcohol to encourage a purer, righteous society, the result was the reverse. Organized criminal networks increased in strength, eventually challenging the authority of the state and its institutions through corruption and violence. Criminal networks became wealthy because, like good entrepreneurs, they took a risk, invested money, developed product lines, and expanded the business once challenges, and challengers, arose. Business quickly spread into other illegal areas such as prostitution, gambling, extortion, and small arms. The Thompson submachine gun was the weapon of choice for any up-and-coming gangster. Weapons were of course necessary to protect your way of life—and life. If one had a complaint, one could not go to the police; you had to be the police. Enforcement through violence quickly became the norm and militias, most notably the soldiers of the Cosa Nostra effectively "ran" the city usurping the authority of the state.

Many in the United States during the 1920s soon realized that prohibition had to be repealed to curtail the wealth of criminal networks.

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Such an attempt was of course futile given that they already developed product lines to replace alcohol. Like any good business owner, the criminals recognized the warning sign. Thus, criminal networks did not disappear, but rather they were just getting started. By the 1970s and 1980s, criminal networks like the Cosa Nostra expanded their business into drugs of all sorts: cocaine, heroin, and marijuana, among others. Going beyond geographic neighbors into South America and Afghanistan, supply chains took on a new form reflecting any contemporary business under conditions of globalization. Globalization was "the process through which an ever-expanding free flow of ideas, people, goods, services and capital leads to further integration of economies and societies worldwide."[1] Globalization also facilitated illegal enterprise. As wealth exploded for those trafficking drugs, similar supply chains emerged and crime became global in scale. Weak states in the international system were hijacked by drug traffickers to create a safe haven, or infrastructure, for production and banking, as well as a hub for transport. This was done through corruption and sometimes through force. Once this was achieved, the international system became unstable as a great power like the United States tried to eradicate organized crime and provide some stability and security. Once authorities cracked down in one area, criminal networks simply moved their operations to other states and other commodities. This book thus places in context the progress of illicit networks from the twentieth century to the twenty-first century.

A major marker of the twenty-first century is the reliance on the Internet. Criminal networks now organize under such cyber-infrastructure, organizing under what we call the *Deep* or *Dark Web*. The Dark Web is the unindexed part of the web which cannot be found via Google or other such browsers—a particular browser that cannot be traced or tracked. This, coupled with the use of bitcoin, an untraceable unit of electronic currency, allows people to buy commodities, both legal and illegal. This innovation has allowed individuals to buy and sell goods such as drugs, weapons, child pornography, and violent videos, as well as services like prostitution, hitmen, and other questionable and harmful amenities.

Furthermore, other sophisticated supply chains exist, to facilitate not only drug trafficking but also human and organ trafficking, as also of small arms and even weapons of mass destruction (WMDs). Since there is serious demand for these commodities, there are ready suppliers doing whatever needed to extract exorbitant profits regardless of penalties.

Markets are simply a meeting place for buyers and sellers. Profits and product are major motivators that allow paths to cross.

While states try to stop these forces from meeting, any effort thus far has remained futile. Due to the anarchical nature of the international system (i.e., the absence of an overarching order) attempts at coordination of governmental policies have been difficult. Weak states are predisposed to corruption due to already weak governmental institutions. Further, economic underdevelopment endemic to weak states makes the production and export of illicit commodities even more profitable when compared to the alternative of working in the field or in a factory.

The Dark Side of Globalization: The Economics Behind Illicit Markets

Globalization can be understood as "a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions—assessed in terms of their extensity, intensity, velocity and impact—generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power."[2] This concept describes increased interconnection between people and businesses. This offers investors an incredible opportunity: access to markets across borders. For instance, while Coca Cola performed well within the United States, it enjoyed greater success once it opened in the rest of the world. Produce like banana, saffron, chocolate, and coffee that grow in warmer climates have been consumed in colder regions of the world. Vast networks and infrastructure, both private and public, help facilitate these legitimate trades. Governments allow legitimate container ships to travel along certain quays, locks, canals, and across the open seas. Shipping and receiving companies take these goods into port and deliver them to shops and warehouses all over the world. Clearing houses and international banks also ensure the money goes to the right people. The effort to establish a globalized network of international production, trade, exchange, and finance has brought the world to us.

In this sense, forces of globalization bring buyers and sellers together to achieve their goals of profit and enjoyment. Many have praised this system for bringing the fruits of the world to our doorstep. However, there have been negative effects and outcomes that remain outside the control of the state. This book will concentrate on the attributes that make up illicit markets, that is, product suppliers, consumers, and the infrastructure that brings them together. In doing so, we can analyze the individual elements to understand how they work with the other parts that make up the whole.

Suppliers

Alongside the global licit market of bananas and chocolate, exists a parallel and powerful illicit market. Out of our global culture of disembedded liberalism came the idea that the more money you made, the better off you would become. Karl Polanyi postulates:

> in regard to labor, land … such a postulate cannot be upheld. To allow the market mechanism to be sole director of the fate of human beings and their natural environment indeed …. would result in the demolition of society … robbed of the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as victims of acute social dislocation through vice, perversion, crime and starvation. Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed.[3]

In other words, the market mechanism, that is the forces of supply and demand to retrieve both profit and product, has the potential to destroy society. People all over the world are under extreme pressure to make ends meet under this capitalist system. Some may choose a life of crime for quick returns over other, more legitimate means. A telling interview with an organ trafficker personifies this. The man once worked as security at a pub and now finds vulnerable people who are willing to sell their body parts for cash: Syrian refugees. The organ trafficker, named Abu Jafaar, was interviewed and justified his position contending, "What can they do? They are desperate and they have no other means to survive but to sell their organs."[4] In three years, he has helped facilitate over 30 organ sales, typically kidneys, which are bought by donors for \$8,000[5] and fetch a exorbitant \$160,000 in the United States.[6] The markup on one kidney is thus far more attractive than working as security at a pub. More tragic is the realization that such is also rational for the victim, as having little alternative:

> "I'm exploiting them," he says, "and they're benefitting … I know that what I am doing is illegal but I am helping people," "That's how I perceive it." The client is using the money to seek a better life for himself and his family. "He's able to buy a car and work as a taxi driver or even travel to another country." [In fact, he says, it's the law that lets many refugees down by restricting access to work and aid.] "I am not forcing anyone to undertake the operation," he says. "I am only facilitating based on someone's request."[7]

Since people must make a way for themselves, some may turn to illegitimate and criminal endeavors to do so. This is because it is altogether rational to do so. Since it is riskier to be involved in illicit trades, there will be more profit for those individuals who take on the risk. For instance, it is more profitable to traffic in cocaine as opposed to marijuana because cocaine carries a longer prison sentence.[8] Here are some examples of typical gains from trafficking cocaine into the United States from the supplier's office in Colombia to the street:

- A transporter charged the office $1,500 per kg.
- Office charged the people who wanted to ship it $2,000 to use their name and landing strip.
- A boat captain was paid $250,000 to drive a boat from the Bahamas to Florida.
- A transporter's manager charged $2,000 per kg.
- A transporter paid a couple million dollars to move 3,000 kg in a compartment of a commercial freighter.
- A captain paid $1 million to move 400 kg in the compartment of a sailboat
- An offloader was paid $150,000 to unload 2,200 kg.
- Pilots were paid $3,000 per kg.
- An accountant helping to organize a load made $40,000.[9]

The minimum wage in the United States during the 1980s increased by 0.70 cents, from $3.10 to $3.80[10]; gross domestic product (GDP) per capita in that period grew from $12,000 to $23,000.[11] The accountant above made double that; the boat captain made 45 times that. If a load is 3000 kg, pilots stand to make $9 million a load. Even the farmers of coca, the leaf that produces cocaine as its final product, stood to gain significantly. One drug trafficker noted: "A guy, a peasant in Colombia, if he grows oranges, he can't sell the oranges because they rot … but if somebody comes and asks him … 'Can you grow some coca leaves for us, and we pay you for whatever you produce,' well the guy is going to do it. So why don't you pay $5 for each orange …? He doesn't care what it is, what he's growing."[12] Said differently, economists argue prohibition of any material creates risk. Risk acts as a method of taxation, which, like any tax, increases the price of the good and reduces supply.[13] While it is often said by law enforcement that there are only two ways out of the drug business (death or prison [sometimes both]), people within such trades tend to think only in the short term. The challenge is not getting caught, and no one really expects to get caught as one trafficker remarked: "of course you do [think about the sentence]. But when you're making money, your mind sometimes—you think you're indestructible."[14]

These two factors, risk and the power to set prices, come together to shape the operating culture of the supply side of the illicit markets. While the trade is incredibly risky, the risk is worth the return; it is the reason people get into the field as opposed to staying out and forms the quintessential contradiction of deterrence within illicit markets. Hence, prohibition sets the conditions that make supplying illicit materials so lucrative. Those who select that life, or are seduced into it, have the choice to do so. The same cannot be said about the demand side.

The other force of the market, the consumers, is what gives the suppliers their reason for existence. Gangster Al Capone, the boss of the Chicago Outfit, said it best in reference to demand for alcohol during prohibition: "somebody had to throw some liquor on that thirst!"[15] People have certain tastes for things, for ice cream, for video games, and so on. It is up to the suppliers to fill that demand. Prohibition does very little to curb such behavior; prohibition has no impact on an individual's tastes for illegal products. Drugs are known for their addictive quality, for instance. Small arms are necessary to annihilate ancient enemies. Organs are required to live, while slaves increase economic power and social prestige. Therefore, prohibition in its desire to dishearten demand, reduces supply which, because of market forces, drives up the price of illicit goods. This automatically makes illicit commodities profitable and the perfect incentive for suppliers.[16]

The necessity of these goods makes them inelastic. Price elasticity of demand "measures how much the quantity demanded responds to a change in price. Demand for a good is said to be elastic if the quantity demanded responds substantially to changes in the price. Demand is said to be inelastic if the quantity demanded responds only slightly to changes in the price."[17] It matters little what the price is for illicit goods; consumers are going to need it. What makes illicit goods inelastic is, for one, the lack of substitutes. If one is addicted to a specific drug, you want that drug or any other drug that could give you a similar feeling. If you need a replacement organ to save your life, you may find yourself turning to the black market.

Demand for illicit goods depends on the type of good; it is not limited to any one geographical space, income or development level or culture. Drug-consuming countries tend to be the well-developed, more advanced, richer countries in North America and Europe, where people have more disposable income.[18] More recently, however, producing countries have started to demand drugs as well.[19]

Within market capitalism, then, exists the temptation for those seeking wealth to "cut corners" and do things marked illegal by the state and by society. Illicit materials of any variety, whether drugs, human beings, or weapons, have serious potential to destroy lives but drive huge profits. Governments, quite naturally, seek to protect their citizens from unlawful materials. Consider war-on-drugs advocate James Q. Wilson:

> Human character is formed by society; indeed, human character is inconceivable without society, and good character is less likely in a bad society. Will we, in the name of an abstract doctrine of radical individualism [decriminalization], and with the false comfort of suspect predictions, decide to take the chance that somehow individual decency can survive amid a more general level of degradation? I think not. … But if Americans today are less wise than I suppose, then Americans at some future time will look back on us now and wonder, what kind of people were they that they could have done such a thing?[20]

The fact is that being illicit, these articles offer very real prospects for huge profit. In effect, while prohibition of all these articles is well intentioned, designed to protect people, their welfare, and their property, the opposite occurred. Well noted are the constitutional violations done in the name of fulfilling the law:

> Every friend of freedom … must be as revolted as I am by the prospect of turning the United States into an armed camp, by the vision of jails filled with casual drug users and of an army of enforcers empowered to invade the liberty of citizens on slight evidence. A country in which shooting down

> unidentified planes "on suspicion" can be seriously considered as a drug-war tactic is not the kind of United States that either you [answering to William J. Bennett, a supporter of prohibition] or I want to hand on to future generations.[21]

Demand exists because of the conditions or the structures in which the users find themselves. Those who demand hard drugs do so against their own welfare; those who demand organs, or sell their organs, do so due to the lack of proper health-care facilities to begin with; and those who demand small arms are those preparing for conflict due to marginalization, manipulation, or insecurity. The existence of illicit markets is due to the demand for illicit goods. This demand is brought on by injustice and underdevelopment.

Illicit Infrastructure

Infrastructure, in the legitimate realm, are all the institutions and organizational mechanisms and structures that help facilitate transactions between buyers and sellers. Laws, rules, regulations, roads, international shipping treaties, and language all play an important role in encouraging transactions between businesses within a state and between states. Without infrastructure, it would be incredibly difficult to bring products to market (e.g. Japanese video games to an American market). States must develop these institutions to increase the confidence of investors. Daron Acemoglu and James A. Robinson submit that institutions, especially inclusive political institutions, are important to development because they produce infrastructure that encourage investment and reinvestment.[22] Similarly, lack of good governance mechanisms results in the manufacture of another type of infrastructure that may encourage investment of the illicit variety. Once these institutions are replaced by those prone to inclusivity, illicit markets may be forced to abandon operations. Drug sellers and drug trafficking production centers tend to move from one place to another if a place, or country, becomes "too hot" because of law enforcement. The global South sometimes serves as the epicenter of production, moving from state to state, taking advantage of weak governments and their already corrupt or young institutions, and their people. Seeking opportunity and a better life under conditions of overpopulation, environmental degradation, underdevelopment, and domestic political instability, many turn to illegal trafficking.[23] The push down/pop up theory holds predictive power: if you cut off their income, they will search for other methods to conduct business.

The issue here is that without good governance, illicit markets spring up. Illicit markets develop their own laws, regulations, and infrastructure. This is because of the risk factor. Due to the enormous risk, suppliers often try to set prices to make the endeavor worth it. In states with inclusive political institutions, monopolies and cartels are broken up in favor of price equilibrium. This is not so with illicit markets. They tend to gravitate toward the opposite. We often speak of traffickers of illegal goods as "cartels" because they work together to protect their wealth by extracting as much return as possible. Cartels come together to extract as much wealth from transactions. The Organization of Petroleum Exporting Countries (OPEC), a classic example of a cartel, sets production limits to manage the price of oil for the enrichment of its member-states.[24] The reason for this may be obvious: people want to get as rich as possible. However, this is simply not the case. Illicit businesses have enormous overheads, such as coercion and consent costs. Coercion costs involve enforcement and protection, because, after all, the business is a bloody one. Every now and then, people are murdered because of cheating, stealing or, on some occasions, to set an example. Consent costs amount to money paid to government officials, police officers, or anyone who knows about the business but has agreed to remain quiet. Both expenditures, coercion and consent costs, can be summarized in the practice of *plata o plomo*, which means silver or lead. This phrase forces upon people the choice between taking a bribe or a bullet. Corruption finds itself wherever the drug trade is, whether you are a former president or mayor in an illicit supplier country or a dirty cop in New York City. In either circumstance, a rational choice is made: either be paid a weekly income to keep silent or suffer death.

The practice of *plata o plomo* has resulted in an overabundance of other linkage industries that grow around, and connect to, the drug trade. The wealth and sophistication of the illicit market usually creates a number of other businesses, whether legitimate or illegitimate, that take on a life of their own regardless of prohibition or not. The prohibition period in the United States in the early part of the twentieth century is positive proof of such a postulation. In an edited volume published in 1934, one author noted that "the repeal of prohibition in December 1933, proved far from settling the pressing problems of liquor control in the United States. Rather it opened the way to a multitude of new ones."[25] The book goes on to discuss specific linkage industries, all the while connecting them to the problem of violence and corruption (coercion and consent). The author contends that prohibition was impotent to stop this and encouraged the creation of the entire network.

Like any profitable industry, it is common that linkage industries develop as products and times change. This will only lead to increased power of non-state actors in producer and trafficker enterprises. For these illicit businesses to remain open, these actors must infiltrate and corrupt whatever governing institutions they can. This, then, is the reason for corruption. In essence, if traffickers want to keep importing, they must effectively penetrate a weaker state. Weak states are those that are prone to external and internal competitors to sovereignty and autonomy.[26] Once a weak state has been infiltrated, traffickers can expedite business and meet the demand in consumer countries. Consumer countries like the United States, in their war against drugs, then take on the responsibility to restore order.[27] As a result of globalization then, trafficking of illicit materials is just another negative externality that is distributed across states. In order for globalization to survive and thrive, several elements must be understood within the context of illicit markets across states:

- The existence of a global economy, meaning: (a) global interdependency of financial markets; (b) internationalization of production, management, and distribution of goods and services around a core of multinational corporations and their ancillary networks; (c) largely as a result of (b), international trade … a key component of economic growth;
- Internationalization of science, technology, and know-how at the source of productivity and competitiveness for firms, regions, and countries;
- Segmented internationalization of the labor force, with the formation of a demand-driven global labor market for the high end of talent and a supply-driven international migration of labor for all levels of skill;
- A global media system … at the heart of the emergence of a globally diffused, locally appropriated cultural processes;
- The management of the environment as a planetary issue characterized by the irreversible damage caused by unsustainable development, and the need to counter this deterioration with a global, long-term conservation strategy;

- The globalization of human rights and the emergence of the issue of social justice for the planet at large; and
- Global security as a shared problem, for example, proliferation of weapons of mass destruction, global terrorism, and the practice of the politics of fear under the pretext of fighting terrorism.[28]

Thus, for globalization to continue, great powers must address the problems of weaker states, which means assisting them in the development of strong, inclusive political institutions and, as a result, facilitating economic development.

The ultimate prescription here is the formation of effective states across the international system. States must be able to protect their people by formulating strong governance mechanisms and pursuing sustainable development. Together, it is this system of self-reliance that must be brought under control. The creation of a global society that takes into consideration all members, including the poor, will help protect people from the illicit trade through the provision of legitimate economic opportunity, proper and universal education and health care, and a democratic political system to reduce the potential for violence. If people had a stake in the legitimate world, they would not supply illicit goods. If people had access to proper health care to curtail their need for drugs, the supply of drugs could be reduced. With proper education, people may understand the power of drugs in ruining lives as well. President Richard Nixon was the first to declare a war on drugs, but he focused more on the symptoms than the cure.[29] In 1973, he argued, "No single law-enforcement problem has occupied more time, effort and money in the past four years than that of the drug abuse and drug addiction. We have regarded drugs as 'public enemy number one,' destroying the most precious resource we have—our young people—and breeding lawlessness, violence and death."[30] The important question here is would illicit markets suddenly disappear if they lost their business? If the drug traffickers do indeed lose their business, they will turn to other modes of acquiring wealth that support their way of living. Ultimately, it is this desire to keep wealth and power that drives cartels, and policymakers should be cognizant of this. Legislation may help but is not the ultimate answer: countries must invest in education and sound economies and to make sure that their citizens are aware of their potential to develop themselves in a way that does not harm other people.

Policymakers must keep this in mind and attempt to reduce attraction to this lifestyle and create alternatives. Thus, this debate is not a question of saving a society from drugs and violence but conserving the health and welfare of future generations as one drug trafficker admits: "so the problem is not cocaine, the problem is not heroin or crack, the problem is the education of the American youth and the American people not to do drugs, which is proven that can be done."[31]

Significance of This Study

The goal of this work is to explain the existence of illicit markets and provide recommendations to governments. First, this book describes how illicit markets come together and how their practices and creative infrastructures are used to facilitate transactions. Suppliers and consumers, with their diverse and immutable motivations, must be understood in order to pursue competent policy recommendations. This framework adopts a holistic approach by linking economic factors with the political necessity to shut down these businesses. Globalization has brought increased interconnectedness with all facets of society, including the more nefarious variety. This has only grown in sophistication with the development of advanced means of communication as well as other techniques of evasion from trial and error. This work also analyzes market transformation, infrastructure, banking, and electronic manifestations as well. Indeed, this book will attempt to cover major criminal networks in existence today. Moises Naim wants an "ending to prohibition to think," and this book hopes to achieve this.[32]

Second, a comprehensive study of illicit markets helps shed light on two important fields of study: international security and economic development. In terms of international security, it is important to underscore significance of illicit markets with regard to corruption, injustice, and the formulation of weak and fragile states in the international system. Groups enriching themselves from illicit markets are destabilizing forces for these states. They sometimes operate alongside legitimate governments and, at times, are powerful enough to set the agenda. Terrorist organizations like Hamas, and Hezbollah—among others, derive significant funds from illicit markets and, as a result, are able to acquire military capabilities. Furthermore, while weak and fragile states tend to suffer the most from these groups, stronger, more effective states become targets. Such actors influence the system as they force the hands of states to intervene, spending vast amounts of money to solve such problems.

Third, regarding economic development, some experts contend that prohibition does nothing than create incentive for those involved in the sale of illegal goods and services. This incentive motivates people in poorer countries to produce and traffic illegal substances. It also encourages poorer people in developed countries to do the same. The result is that human resources that could have been engaged in more legitimate enterprises now rely on such supply chains for their way of life. This unfortunate outcome means that other, more legitimate forms of business are crowded out. Economies that are driven by such criminality will suffer considerably as absence of possible alternative continues to force people into short-term and unsustainable development and insecurity. A more serious problem is reorienting mono-illicit economies, with all their criminal linkages developed from illicit markets to more legitimate forms of business.

Fourth, this work also examines the human cost to illicit markets. Relying on illegal substances to make a living can only be for the short term. Rules on the street dictate blood in, blood out; while law enforcement of one's own country among others seeks to destroy supply chains. Those victimized from human and organ trafficking are self-explanatory. Governments are still ill equipped in the effort to neutralize such networks and provide the services needed to reintroduce victims into society.

Chapter Outline

This book analyzes the operation of a variety of illicit markets. This work seeks to accomplish two goals, the first being an illustration of the mechanisms of twenty-first-century illicit markets, and the second, an application of such mechanisms looking at contemporary real-world examples. The book concludes by putting forward potential policy solutions.

Chapter 2 provides a short historical summary of illicit markets. The chapter begins with an analysis of the nature of illicit markets and organized crime. It offers a thorough examination of the illicit markets in the twentieth century, beginning with a discussion of prohibition in the United States and the role of gangsters during this period. The various mafia families operating during this time sought to control this lucrative industry in the United States and other parts of the world. The chapter also examines the responses of the US government, focusing on different laws, such as the Racketeer Influenced and Corrupt Organizations statute, known as the RICO statute. The chapter then explores the launching of the war on drugs by Richard Nixon in 1971 as well as the "modern phase" of the war on drugs during the Ronald Reagan administration. The consequences of such policies, which are explored in this chapter, have led to a proliferation in incarceration rates, particularly during the "crack epidemic" plaguing inner cities during the 1980s.

Chapter 3 examines illicit superstructures, focusing on bankers, middlemen, and individuals involved in the transport of illicit commodities. The chapter begins with the analysis of illicit supply chains, highlighting the intricacies of illicit markets, such as concealment costs. The chapter highlights the role of corruption and the strategies employed by criminals to intimidate rivals and evade the authorities. It focuses on the role of weak states, which are defined by high levels of corruption, impunity, and institutional weakness. Weak states serve as ideal destinations for criminal activity. The chapter then explores the role of hubs and transportation in the supply chain of illicit markets. Finally, it explores the role of banking, focusing particularly on shell companies and their role in money laundering.

Chapter 4 examines drug trafficking and organized crime in the Americas. The United States has invested billions of dollars on various counter-narcotics programs to combat the production, transportation, and trafficking of drugs. The chapter focuses on Colombia, which has been at the center of the US-led war on drugs. It examines the strategies used to combat the major drug cartels operating in Colombia as well as the consequence of the toppling of the major drug kingpins, such as Pablo Escobar. This section analyzes Plan Colombia, a multibillion-dollar program that sought to combat drug trafficking and organized crime. The chapter then turns to drug trafficking and organized crime in Mexico, focusing on the war on drugs launched by the Felipe Calderón administration (2006–2012). The US government supported Mexico through the Mérida Initiative. This chapter highlights the evolution of organized crime and drug trafficking in Mexico as a result of such counter-narcotics policies. It focuses on the interconnectedness between the United States and Mexico because of the nearly 2,000 mile border between the two countries. The recent opioid epidemic has elevated the issue of drug trafficking and border security on the national security agenda of the United States.

Chapter 5 addresses drug trafficking and organized crime on a global scale, focusing on the evolution of criminal activities. It begins with an examination of the nature of transnational organized crime. The chapter then turns to the issue of global demand for drugs, focusing on the consumption trends of drugs such as marijuana, cocaine, heroin, and methamphetamine—among other substances. It also highlights the differences in drug policies between the Obama and Trump administrations. The chapter then focuses on trends in drug trafficking and organized crime in the Middle East, Asia, and Africa.

Chapter 6 examines human trafficking, which has become known as the modern-day form of slavery. The chapter begins with a profile of some basic characteristics of victims, focusing on gender, countries of origin, and types of trafficking. It then turns to the issue of the Internet and human trafficking, which has evolved over time and is more complicated with the evolution of technology. The chapter also examines human trafficking in the United States, which plays a major role in the supply chain of this illicit market. It also analyzes human trafficking in Latin America and Europe. The final sections of the chapter focus on organ trafficking, highlighting the general trends as well as the evolution of this profitable business.

Chapter 7 addresses the issue of arms trafficking, focusing on small arms and WMDs. It begins with an overview of the firearms manufacturing industry in the United States and an examination of the major exporters and importers of arms around the world. After analyzing global arms seizures, the chapter focuses on the US-Mexico arms connection, which has become a hotly debated issue in both countries. The chapter concludes with an examination of arms trafficking in Central America and Europe as well as the security threat of nuclear weapons sales to rogue agents, such as terrorists.

Chapter 8 discusses the importance of a new development in human history: the cyber world. The Internet provides ease of communication and transaction for goods and services making time and space irrelevant. The same can be said for illicit markets. The Internet, specifically the Dark Web, has shaped the trade of illicit goods around the world. The Dark Web has made it easier for the purchase of weapons, drugs and drug paraphernalia, fake passports, and child pornography, as well as services like hitmen and prostitution. The Silk Road is one site that has proved quite resilient in the face of crackdowns. The Dark Web makes communication easier and faster, bringing suppliers and consumers together efficiently. This presents a real challenge to law enforcement as the Dark Web's infrastructure is totally anonymous. This chapter will discuss this new development and describe efforts to control such activities.

The conclusion chapter provides policy recommendations to law enforcement and government given the ineffectiveness of current policies. Curbing such networks depends on curtailing demand through economic and human development. Creating alternatives to such destructive lifestyles and the provision of proper democratic (rather than corrupt) political institutions may be a more long-term and sustainable solution than what governments are currently doing.

Final Words

This book hopes to provide some insight into global illicit markets and their impact on international society. As long as governments ban certain commodities, we can expect the existence of refined and well-developed supply chains functioning solely to fill the demand. While demand may be discouraged through the provision of health-care services and the development of proper and transparent international governance, the supply for such materials may not suddenly disappear. One must also realize that the legalization of any illegal commodity, for instance marijuana, will simply shift resources to other illicit areas. This occurred after prohibition: with its repeal came gambling, racketeering, prostitution, and soon drug trafficking.

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CHAPTER 2

Illicit Markets: A Short Historical Summary

As long as certain commodities and services are deemed illegal by the state, illicit markets will exist if there is significant demand for them. Prohibition gives illicit materials a higher price, as risk-takers form cartels and indulge in criminal operations to make as much money as possible. This has been true throughout history in most corners of the world. This chapter will discuss moments in history when the state tried to ban certain goods for the purpose of morality. Most of the time, the result has been the formation of black markets to supply the good.

In an effort to make sense of our contemporary world's illicit market system, and suggest policy to discourage development, it is important to appreciate the factors that drive prohibition, resulting in illicit markets. This chapter analyzes prohibition since the nineteenth century. Special attention will be given to the prohibition of alcohol and then drugs, but we will seek to understand the attempt to stop the opium trade, which occurred earlier, in the 1800s. In each of these cases, we note benevolent intentions to limit such commodities hoped to deter both supply and demand. Regardless of the intention, the opposite happened, creating wealth for criminals and making it easier to corrupt law enforcement. Further studying intentions, repealing prohibition of alcohol hoped to curtail the wealth of criminal networks. However, these networks only shifted their focus to other illegal activities such as gambling, white-collar crime, other narcotics, prostitution and pornography, cargo theft, and other forms of obscenity.[1] The end result, then, is that increased prohibition

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leads to increased law enforcement and the creation of a larger, more complicated governmental bureaucracy that drives up government spending and eventually taxation. In summary, prohibition is an attempt by authorities to create a moral and just society. This remains a common theme in history and may influence our modern-day thinking. While seeking to protect society from dangers, such policies have also caused collateral damage. This chapter illustrates the socio-political context governing decision-making.

The Nature of Illicit Markets and Organized Crime

While it is very difficult to find information regarding illicit markets in the past, it is important to illustrate prohibitionist practices that existed in history. This section identifies factors that led to the formation of illicit markets. These factors include lawful definitions of morality, profit-seeking behavior which result from such definitions of morality, and vacuums in state power due to corruption. Illicit markets consist of people pursuing wealth and power. There is a power structure, whether ranked or as a network of coequal nodes, that permits for simplicity of exchange across markets. Illicit markets require some coherent composition and a set of normative or moral code to defend prosperity. Defense of prosperity necessitates some sort of enforcement instrument to reprimand cheaters and traitors but also to corrupt the state. When law enforcement does crack down, illicit markets can close down and re-form in other locations while also expanding such business.

The first documented law, the Code of Hammurabi, marks the beginning of the use of a written law to manufacture a righteous society. In this legal document, Hammurabi submits that given the Gods' selection of him to the leadership of ancient Babylon, he himself was to be the bringer of the law. The law, once obeyed, would bring a good and righteous community. His code opens with a preamble describing the morality and the law in the formulation of a good citizen; he notes the significance of his lot and his law:

> When Anu the Sublime, King of the Anunaki, and Bel, the lord of Heaven and earth, who decreed the fate of the land, assigned to Marduk, the overruling son of Ea, God of righteousness, dominion over earthly man, and made him great among the Igigi, they called Babylon by his illustrious name, made it great on earth, and founded an everlasting kingdom in it,

> whose foundations are laid so solidly as those of heaven and earth; then Anu and Bel called by name me, Hammurabi, the exalted prince, who feared God, to bring about the rule of righteousness in the land, to destroy the wicked and the evil-doers; so that the strong should not harm the weak; so that I should rule over the black-headed people like Shamash, and enlighten the land, to further the well-being of mankind.[2]

As a perfect case for Rousseau's *general will*, the authority of the law as defined by the authority will create the good life for the people who follow the law. This is similar to more contemporary features of prohibitionist principles, in that the framers see themselves as doing God's work, and, in doing so, should not be questioned. This common practice will be discussed in later sections, but, it is important to note resemblances.

In the case of Hammurabi's code, the law describes illegality alongside punishment for breaking the said law. Within this law are regulations on contracts, inheritance, divorce, trade, property, and other requirements that defined economic transactions within ancient Babylon. One did not have to read far to find a law that outlawed certain types of commodities. Article 6 demonstrates one illicit market, the trafficking of stolen goods, during those times[3]: "[6] If any one steal the property of a temple or of the court, he shall be put to death, and also the one who receives the stolen thing from him shall be put to death."[4] This means that even then, there was an illicit market for stolen goods. As long as there was a demand for another person's property, there would be people seeking to fill that demand for profit. From Hammurabi's code, then, we can determine that there was indeed demand for stolen goods and that this law was meant to deter such activities. Moises Naim in his book *Illicit: How Smugglers, Traffickers, and Copycats are Hijacking the Global Economy* underscores the timelessness of illegal black markets: "an age old, continuous facet and side effect of market economies or of commerce in general."[5] In centuries past, these were called "thieves markets." In order to deter the practice, the punishment for such practices was death. Such a deterrence sought to decrease supply of such a practice but also its demand.

A clearer picture of historical organized criminal networks is seen during the Han Dynasty (206 BCE–202 CE), when members of the business class went through black markets to acquire resources essential for production.[6] In both cases, during Hammurabi and the Han Dynasty, stolen goods formed the backbone of illegal enterprise. As more things became illegal, the more likely other illicit markets would spring up to meet the demand, if there was a demand to be filled.

Given the structure of this format, that is combining potential profit with risk, it soon became obvious that in order to survive, criminals must come together to create a governance framework that could compete with existing laws. It is within this atmosphere that illicit markets needed organization, management, and direction. It was here that organized criminal networks arose to challenge the state and its laws and norms (i.e. the authority of the state). Organized crime can be defined as:

> the product of a self-perpetuating criminal conspiracy to wring exorbitant profits from our society by any means—fair or foul, legal and illegal. It survives on fear and corruption. By other means, it obtains a high degree of immunity from the law. It is totalitarian in organization. A way of life, it imposes rigid discipline on underlings who do the dirty work while the top men of organized crime are generally insulated from the criminal act and the consequent danger of prosecution.[7]

More contemporarily, The Federal Bureau of Investigation (FBI) defines organized crime as "a self-perpetuating, structured and disciplined association of individuals or groups, combined together for the purpose of obtaining monetary or commercial gains or profits, wholly or in part by illegal means, while protecting their activities through a pattern of graft and corruption."[8]

Organized crime as we know it has its origins in the United States in the twentieth century (and special attention will be given to the time period below). However, it is important to note that organized crime has existed for many centuries, as far back as the thirteenth century. The Italian Mafia, also known as the Cosa Nostra (Our Thing in Italian), has its origins in 1282 in Sicily.[9] This network began as a fighting force that defended Sicily from the French. They were paid protection money for such protection and for favors. This evolved into extortion, protection against physical violence, or kidnapping. We can thus think of the mafia, in this sense, as a state within a state, carrying out the duties of the state because of the political vacuum or void. Another example which harkens back to the thirteenth century is the Chinese Tongs.[10]

Little is known about the Italian Mafia and the Chinese Tongs over the centuries, as they were both *secret societies*.[11] However, the codes of these two groups are known. Interestingly, the Italian Mafia and the Chinese Tongs have and practice similar codes or rules.[12] In both instances, loyalty over all (including wives, families, and governments) is the top priority without which members would die.[13] To illustrate, the mafia codes demands the following: "(1) to put the organization above wife, children, country or religion; (2) to follow orders from the captain without question, even to include murder; (3) to furnish no information or help to law enforcement agency."[14] The Tongs code contends that "the organization is a state within a state and the only organization to which the members owe any real loyalty. The member must obey the chief implicitly and is not allowed to act against any member … he must always protect a fellow member against the government … he is forbidden … to inform anyone about the existence of the society; or to sell information to the police."[15] Further, in both cases, adultery with members' wives is punishable by death; all these codes, for that matter, had to be followed under the penalty of death.

The necessity of laws and codes are not obvious; why would a criminal network, one that derives its existence from breaking laws, themselves need law? The answer is to establish trust among members. Trust is necessary to do business. Since the main characteristic of illicit markets is that they are illegal, one cannot go to the police or hire a lawyer if someone violates these principles. Since organized crime depends on conspiracy, "hierarchal coordination of a number of persons in the planning and execution of illegal acts … [and] continual commitment by key members,"[16] enforcement is necessary as well as the laws which define norms and expected practices.

Once a code of law is established, there needs to be a body of people to protect that law. This is the reason why crime increases under prohibition. For instance, there is a correlation between activities such as rum running and drug trafficking and money laundering, or murder and corruption. This is obvious on the supply side while on the demand side, theft, murder, and assault for the purpose of purchase are related.[17] Regardless, violence is used by organized criminal networks to survive and thrive, although overusing violence hurts business. Indeed, these actors can be thought of as states within states as they compete with states and their role as monopolies on the use of violence.

Many organized criminal networks must have an enforcement mechanism, one that doles out punishment for the violation of the codes. Organized criminal networks depend on "just" enforcement in the form of a hierarchical structure to ensure smooth functioning of highly complex and technical supply chains. More recently, however, given law enforcement's use of moles, some illegal enterprises have moved away from hierarchical structures to embrace a smaller sized node with connections with other smaller nodes. As will be discussed in more detail in the chapter on drug trafficking and organized crime, cartels have broken up into smaller units. For instance, some Colombian supplier and trafficker networks have fragmented into more decentralized, less organized groupings. This is because of the crackdown by law enforcement from the United States and Colombia (not to mention paramilitary groups like Los Pepes). The incarceration and assassination of top figures have made the crown weigh too heavily on the head of criminal networks.[18] A former smuggler reflects on this transition: "It's more spread out now. Ever since all those major groups had either been arrested or turned themselves in or retired … they say when the Ochoas went in to turn themselves in, all those employees that worked for them, they knew what they were doing … they had the gift of all these connections. So what happened? It all spread around"[19] In essence, law enforcement helped crack down on the size and scale of the business. The supply and trafficking of drugs lacked the economies of scale it once enjoyed; yet, it still existed just in a smaller, less trackable form.

To summarize, illicit markets are composed of people who pursue wealth and power through illegitimate means. This holds true for many states, including the United States. Peter Andreas understands "the history of America as a battle over smuggling of goods and people … illicit flows—and the campaigns to police them—defined and shaped the nation."[20] In the case of the United States, or any state for that matter, prohibition creates demand for a commodity if there are certain laws a state imposes on society barring that commodity. There is a clear structure, whether hierarchical or a loose collaboration, that allows for ease of transactions across these networks. Illicit markets need such organization to protect wealth. Protection of wealth requires that there be certain enforcement mechanisms to punish defectors but also to corrupt government officials. Most of these structures have codes that build trust among affiliates. When law enforcement does crack down, illicit markets can close down and re-form in other locations while also expanding such business. The following sections analyze the history of prohibition in the nineteenth century in an attempt to underscore these described factors.

Illicit Markets in the Twentieth Century

In the case of prohibition in the twentieth century, it is not possible to separate the two illicit markets: alcohol and drugs. While separate, these two commodities are indeed intertwined. Legalization is not a magic solution that will end organized crime. Gangsters and gang-related violence does not simply disappear once the good or service which made them rich disappears. In theory, any attempt at legalization may reduce the wealth of traffickers and suppliers. To maintain wealth and power, these actors must change their business model and enter into new illegal businesses. Thus, while the Cosa Nostra made millions in rum running, they made significant amounts in prostitution, gambling, and then, billions in the trafficking of drugs. The industries that were created and enriched during and after prohibition nullified and rendered void the foundations of such a movement; indeed, crime rates rose during this time yielding a new era of lawlessness that necessitated the FBI.

This section will document this transition from alcohol to drugs to shed light on the case of drug trafficking and organized crime in preparation for the following chapter. The prohibition movement began in the early 1800s with attempts by the British to reduce the trafficking of liquor to Native American populations on the northwest coast of what is now Washington State in the continental United States.[21] These natives regarded liquor as poison that degraded the individual. This belief was especially held by those in leadership positions, yet other members of the tribe took part in drunkenness.[22] This led to the beginning of the Temperance Movement. Led by religious figures all over the United States, alcohol was seen as a plague on society. Drunkards wreaking havoc caused all the evil in the world. Thus, prohibition of alcohol was couched in moral and religious terms beginning as early as 1820.

As time went on, many more pastors took to the pulpit to warn against the horrors of alcohol. One pastor, Reverend Mark A. Matthews, was recorded saying the following:

> The liquor traffic is the most fiendist, corrupt and hell-soaked institution that ever crawled out of the slime of the eternal pit. It is the open sore of this land … it takes the kind, loving husband and father, smothers every spark of love in his bosom, and transforms him into a heartless wretch, and makes him steal the shoes from his starving babe's feet to find the price of a glass of liquor. It takes your sweet, innocent daughter and robs her of her virtue and transforms her into a brazen, wanton harlot … the open saloon as an institution has its origins in hell, and its manufacturing subjects to be sent back to hell.[23]

Thus, many prohibitionists in the community concluded that prohibition was the answer to society's many problems. Good laws would create a more pious, God-fearing society. There were also fanatics that adopted a "by any means necessary" stance, as one prohibitionist said: "there is one thing greater than democracy—the will of God."[24] Thus, debating the matter was a question between right and wrong and simply could not be conducted.

There were of course those against prohibition. Hon. Richard Bartholdt, a member of Congress from Missouri was one of those critics. Speaking in 1908, the Congressman correctly anticipated several problems that would eventually face law enforcement given the existence of demand: that people will consume prohibited material, that it would make criminals of people who would not be otherwise, and ultimately cost the country financially:

> I myself would be in favor of such a course if it did not involve an unwarranted restriction of personal liberty. It may be argued that an enormous police force will be necessary to watch violations. … And, certainly, it will take a police apparatus of no smaller proportions to watch and search every railroad train, every boat, every farmer's wagon and the basket of every man and woman as they are crossing the boundary line of a State. … The man who wants to indulge and cannot do so because there is a policeman around the corner, will do it clandestinely, and as long as people are not satisfied that to drink is injurious and wrong just so long will your laws against indulgence of this kind be ineffective. … Prohibition is a failure wherever it has been tried. … Either the State is not exhausting its powers to that end, or the natural human desire for liquor cannot be suppressed—i.e., its satisfaction prevented by law. In either case there is not the shadow of an excuse for interference by Congress. … Therefore, I say to you, my prohibition friends, your movement is doomed to defeat, because you build on a foundation of sand, on a perverted principle, namely, the idea that you can promote sobriety from without instead of from within, by law instead of by moral suasion.[25]

After years of debate, in 1917, the Constitution was amended to protect society from the ills of alcohol regardless of demand.

By 1920, all alcohol was illegal; prohibition was now the law of the land.[26] The problem, however, was that people still wanted to consume alcohol. Prohibition, combined with demand, gave rise to an industry that was worth millions. Bootleggers, rumrunners, and speakeasies sprang up all over the country. Instead of curtailing drinking, prohibition created conditions for the growth of illicit markets. This was made worse by unseen circumstances: the influx of new Americans seeking the American Dream.

Prohibition occurred simultaneously with an influx of people from Europe: the poor and hungry from countries like Italy, Ireland, and people from all over Eastern Europe, specifically Jewish persons. They came to the United States to seek a better life. They came with very little money and skills, some hoping to work their way up the social ladder, to live the American Dream they had heard so much about. Others also came to escape persecution by the state. The Irish at that time were escaping persecution from the British. The Irish were fighting a war for independence during that time and had earlier experienced subjugation and humiliation, which had led to the war. The European Jews were also escaping persecution. The pogroms of Eastern Europe, riots against the Jewish people and their business, occurred several times since 1821. In the Russian Civil War after the 1917 revolution, all sides committed heinous acts against the Jewish people. The Italians were undergoing huge social dislocations and violence stemming from open confrontations between the communists, socialists, and new-on-the-scene fascists. When Benito Mussolini took power in 1922, many people seeking to escape the totalitarian regime came to the United States. Mussolini cracked down on a great many people who were deemed unfit for the new regime: socialists and communists were among them but also the Italian mafia.[27]

According to Mussolini, the mafia was a challenger to the state, its rules, and its identity. On many occasions, Mussolini complained that he could not walk throughout Sicily without some arrangement with the mafia. If Italy was truly fascist with the slogan "Everything within the state. Nothing against the state. Nothing Outside the State," then the mafia had to end. Mussolini was determined to bring down the mafia saying, "When will the struggle against the mafia come to an end? It will come to an end not just when there are no longer any Mafiosi, but when Sicilians can no longer even remember the mafia."[28] He proved this on multiple occasions most notably the 1928 arrest of 10,000 suspected mafia members.[29] Many members of the mafia left Italy because of this persecution. They found the United States a better place to operate because of its limited government. The influx of the mafia into the United States during prohibition was a once-in-a-lifetime opportunity. Of course, not all Italians were part of the mafia, and certainly not the case for all newly immigrated peoples of Ireland, Italy, and Eastern Europe. Many people preferred to follow the law and live honest lives. However, given the hard circumstances people found themselves in the 1920s, out of the new Americans, many turned to a life of crime. Some Irish, Italians, and Jewish immigrants to the United States began to engage in the illicit lifestyle. Many already had experience with petty crime such as theft, illegal gambling, and other activities. The prohibition of alcohol, however, brought about a once-in-a-lifetime opportunity for those inclined to make a living from crime. Some of these new immigrants, given the socio-economic difficulties faced at the time, would try to make as much money as they could from prohibition.

Prohibition was so lucrative because there was still a demand for liquor. The Temperance Movement, for all its good intentions, was not what many people wanted. Many people enjoyed drinks in moderation and, after the horror of World War I, people naturally wanted to have a little fun and relax. A critic of prohibition, Will Rogers (comedian and actor) underscores the divisive climate of the time: "Why don't they pass a constitutional amendment prohibiting anybody from learning anything? If it works as well as prohibition did, in five years Americans would be the smartest race of people on Earth." In other words, prohibition of alcohol was simply not working the way it intended to.

Prohibition in the United States brought in an estimated $2 billion. It made more than the usual criminal activity. However, bringing in alcohol by significant amounts would need planning. You had to find a supplier, transport the material, have storehouses, and then deliver the commodity to customers, all without getting caught. A Jewish man by the name of Arnold Rothstein was the first to lay down plans on such a scale. Profits rose quickly and the industries quickly spread. As profits rose, so did competition. People wanted to get into the action regardless of the cost to the lives of others. Bootleggers began to hire people to protect their supply chains as hijacking cars and trucks quickly became the norm. Al Capone and others even used extortion to guarantee that certain speakeasies and people would buy their product. If they did not comply, they would be killed or their place of business would be bombed.

By 1920, the Thompson "Tommy" submachine gun was introduced. This of course shocked society but gang violence was just beginning. The Valentines' Day Massacre was of course the most notable episode of gangland violence during the prohibition period. Seven men were pumped full of lead, 90 rounds by submachine guns, pistols, and shotguns.[30] There were many more instances of killings and assassinations as ambitious entrepreneurs clamored for the top. As Al Capone and other gangsters became wealthier and more powerful, they began to expand their business. By 1929, they had already acquired control of several unions, achieving this through intimidation. Strikes became common. Even after prohibition, the mafia used its power to influence New Deal agencies.[31] Soon enough, the mafia would control illegal services ranging from bookmaking to loan-sharking, murder for hire, drug trafficking, and breaking into the legitimate world to cover their tracks through money laundering. It soon became clear that prohibition was not creating the moral and righteous society imagined by God-fearing people of the nineteenth century. Rather, it gave the mafia its start in a global, multibillion-dollar business model.

Many presidents throughout the 1920s either supported prohibition or kept silent. Franklin D. Roosevelt and other Democrats had enough of this failed experiment. They ran a campaign in part promising to repeal prohibition. By 1933, they successfully accomplished that goal. The Constitution repealed Amendment 18, replacing it with Amendment 21. John D. Rockefeller Jr., a prominent supporter of prohibition admitted defeat:

> When Prohibition was introduced, I hoped that it would be widely supported by public opinion and the day would soon come when the evil effects of alcohol would be recognized. I have slowly and reluctantly come to believe that this has not been the result. Instead, drinking has generally increased; the speakeasy has replaced the saloon; a vast army of lawbreakers has appeared; many of our best citizens have openly ignored Prohibition; respect for the law has been greatly lessened; and crime has increased to a level never seen before.[32]

Most people naturally thought that gang violence, corruption as well as the Cosa Nostra would simply disappear. This, of course, simply did not happen; they were just getting started. The Italian Mafia (and of course there was the Irish Mafia and Jewish Mafia, all who competed but also did business together), like any business organization when faced with changes in the market, had to evolve. Many moved business on to other profitable commodities like drug trafficking and prostitution. Those groups that did not died out or were absorbed by families that were more intelligent. It was around this time that the Cosa Nostra bolstered their position in the United States. To survive, they needed to expand their business by creating spheres of influence from which to operate, uninhibited by the other families. In retrospect, prohibition contributed to the creation of the modern-day mafia we see today. Not only did people make huge profits from the sale of illegal goods but also developed supply chains to do so. Prohibition made murder for hire a skill. The profits that were made encouraged people to expand business into other areas. Corruption of police and government officials became the norm. Prohibition made the mafia what it is today: a global enterprise.

To avoid violence, a commission was set up to carve out the United States. The different mafia families set out to dominate the United States and the world and did so without stepping on the toes of others. This was the beginning of an illegal cartel that would only become stronger given the power and potency of cocaine, heroin, and other hard drugs. Unfortunately for the New York Mafia, they could not develop a resilient, strong supply chain like other organized criminal networks. While the mafia did indeed have their own routes, from South Asia through Sicily, other networks, like those based in South America or Asia (Chinese and Vietnamese), could import directly from their supply base; straight from the source.[33] As a result, the Italian Mafia experienced a threat greater than law enforcement: competition.

Asian criminal networks enjoyed several advantages over their Italian competitors. They imported from the source enabling them to buy in bulk, benefitting from economies of scale. Further, law enforcement lacked the ability to deal with these Asian networks. At that time, many in the FBI could not speak the languages. This provided excellent cover.[34] There was also a Colombian mafia importing cocaine from their country. By the 1950s and 1960s, the United States had a drug consumption problem.

The Racketeer Influenced and Corrupt Organizations (RICO) statute, or Title 18 of the United States Code, Section 1961(4), delineates organized crime enterprise as "any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity." The FBI designates the following crimes under the RICO statute. The following crimes under Title 18 of the United States Code, Section 1961 (1), were all part of the business model of organized crime. By that year, it was obvious that organized crime had new lines of products and services. What started out with alcohol also expanded to include:

- bribery
- sports bribery
- counterfeiting
- embezzlement of Union funds
- mail fraud
- wire fraud
- money laundering

- obstruction of justice
- murder for hire
- drug trafficking
- prostitution
- sexual exploitation of children
- alien smuggling
- trafficking in counterfeit goods
- theft from interstate shipment
- interstate transportation of stolen property
- kidnapping
- gambling
- arson
- robbery
- extortion

RICO is designed to not only stop the flow of illegal goods and services but also turn those caught into what criminals call snitches or rats. While the intention of RICO was to neutralize criminal networks in this manner, it automatically placed a tax on these goods and services. It became profitable and worth the risk. As a result, the United States experienced a surge of illegal goods so much so it forced a president to do something about it.

In 1971, President Nixon declared the "war on drugs."[35] Similar to prohibition in the 1920s, he hoped to decrease levels of crime from supply and demand.[36] In Nixon's own words:

> To more effectively meet the narcotic and dangerous drug problems at the Federal level, the Attorney General is forwarding to the Congress a comprehensive legislative proposal to control these drugs. This measure will place in a single statute, a revised and modern plan for control. Current laws in this field are inadequate and outdated. I consider the legislative proposal a fair, rational and necessary approach to the total drug problem. It will tighten the regulatory controls and protect the public against illicit diversion of many of these drugs from legitimate channels. It will insure greater accountability and better record-keeping. It will give law enforcement stronger and better tools that are sorely needed so that those charged with enforcing these laws can do so more effectively. Further, this proposal creates a more flexible mechanism which will allow quicker control of new dangerous drugs before their misuse and abuse reach epidemic proportions. I urge the Congress to take favorable action on this bill.[37]

Nixon, however, recognized that combating drug trafficking requires not only addressing the supply of drugs but also the demand. In other words, drug traffickers will continue to have a market as long as there is demand for such substances.

President Ronald Reagan's wife Nancy began the "Just Say No" campaign in an effort to educate youth about the need to reject drugs. President Reagan elevated the war on drugs on the US national security agenda and began the "modern phase" of the drug war, focusing on combating the supply and incarcerating the users. The United States Congress passed the Anti-Drug Abuse Act of 1986, which created mandatory minimum sentences for cocaine: individuals who had 5 g of crack cocaine, a cheaper derivative of cocaine, would receive a minimum sentence of five years in federal prison. However, disparities existed with regard to powder cocaine, which is much more expensive and tended to be used as a party drug by upper- and middle-class professionals. In fact, a person possessing 500 g of powder cocaine would be sentenced to five years. According to the American Civil Liberties Union, "In 1986, before the enactment of federal mandatory minimum sentencing for crack cocaine offenses, the average federal drug sentence for African Americans was 11% higher than for whites. Four years later, the average federal drug sentence for African Americans was 49% higher."[38] Racial disparities have continued to plague the criminal justice system: one out of every ten African American males in his 30s is either in jail or in prison in the United States on any given day.[39] The incarceration rate for African Americans is 1,408 per 100,000 inhabitants compared to 378 per 100,000 people for Hispanics and 275 per 100,000 people for Caucasians.[40]

Since then, drug trafficking and organized crime have been priorities on the security agenda of many countries. The United States has had a more than hundred-year war on drugs since the announcement of the Harrison Act of 1914, which placed a tax on all individuals who either produce, manufacture, import, dispense, sell, or distribute coca leaves and opium as well as derivatives of these substances. As a result of the US' drug policies, the prison population has proliferated over the past four decades. The United States jails and imprisons 2.2 million people, which is more than any other country in the world.[41] Some experts contend that drug policies in the United States have not focused on treatment and rehabilitation but rather mass incarceration. As a result of the arrest of millions of individuals in the United States, these policies have created levels of mistrust among certain communities that have been unevenly impacted by these drug laws.[42] Half of all individuals who are in federal prison are incarcerated for drug-related crimes. The number of individuals imprisoned in state prisons for drug offenses has also proliferated. In fact, the number of people who are in state prisons for drug charges is more than ten times the number of individuals incarcerated in 1980.[43] In 1980, for instance, state prisons, federal prisons, and jails incarcerated 19,000, 4,900, and 17,200 people, respectively, for drug-related offenses. By 2003, the number of individuals in state prisons for drug offenses spiked to 250,900. Federal prisons and jails also experienced dramatic increases in the number of inmates behind bars for drug offenses. In 2003, for instance, federal prisons had 87,000 people in prison for drug offenses while jails had 155,900 people.[44]

Regardless of Nixon's good intentions, by the 1970s, illegal drugs were pouring into the country even worse than before. It was an expensive commodity given it was an illegal substance. However, instead of discouraging it, people began using it because it was expensive. Cocaine became a luxury only a few people could afford. Movie and music stars, wealthy lawyers, and doctors were the main consumers. Eventually, by the 1980s, there was an increase in the supply of cocaine. There were two interconnected reasons for this. The first was that there was more profit to be made from importing cocaine because it was riskier than marijuana. As a result, more cocaine was brought in, which increased its supply and eventually led to the decrease in price. The drop in the price moved cocaine from a luxury to one enjoyed by the blue-collar workers. Eventually, people began to realize that if you mixed cocaine with baking soda, you could make an even more potent drug: crack cocaine. It was an innovation which marked a revolution in drug affairs.

Crack cocaine made its first appearance between 1984 and 1985 in poor African American and Latino neighborhoods.[45] Crack was marketed toward the poor because it was inexpensive. It was also a great way for them to make quick money. People were attracted to selling drugs because it offered an escape from working an entry-level or service job.[46] Gangs controlled certain neighborhoods in an effort to control the supply and hence the price of drugs. Cities like New York, Chicago, Los Angeles, Miami, and Washington, D.C. saw gang-related killing reach several hundred each year.[47] Miami suffered greatly in particular due to its geopolitical position as a transit hub during the 1980s. On her first day as a journalist, Edna Buchanan reported on a story on the morgue renting out a Burger King refrigerated trailer to store dead bodies.[48] Crime increased most significantly during this period as a result. There was also increased spread of diseases that correlated with drug use. Sharing needles and selling one's body for crack would result in an increased rate of HIV/AIDS (from sharing heroin needles) in the United States. Already suffering neighborhoods were worse off by this epidemic; it seemed as if certain people, specifically minorities, were destined to remain poor in a country experiencing boom times (1980s). Matters were also getting worse by the 1990s:

> Between 1992 and 1999, rate of current drug use—defined as using once a month or more—increased by 15%. Rates of marijuana use increase 11%. The situation was far worse among our children: lifetime use of illegal drugs increased 37% among eighth-graders and 55% among tenth-graders. We have reached a point where more than one-quarter of all high school seniors are current users of illegal drugs; indeed, rates of monthly drug use among high school seniors increased 86% between 1992 and 1999.[49]

Much of these problems remain. As of June 23, 2017, the war on drugs has cost the United States $19,618,790,737; this figure is up since 2010 by almost a third.[50] There have been 800,862 arrests since the war on drugs were declared with prison populations growing by 43,266 per year.[51]

One can make the argument that legalization will solve many of our socio-economic problems, but crime associated with illicit markets will not simply disappear given the historical narrative analyzed above. Suppliers and traffickers will shift their attention to other illegal goods and services. This was the case after prohibition. After rumrunners made their money, some, specifically the Cosa Nostra, took that money and invested it in other illegal enterprises. This is what happened with the move from alcohol to drugs. Historically then, legalization solves little in terms of crime. Once criminal networks commence, they will continue to exist regardless of the law. Anything illegal, even the goods and services under the RICO act, is fair game for criminal networks. Risk-takers will enjoy this opportunity for quick profit if demand exists. While prohibitionists, including Richard Nixon, had similar motivations in that they were trying to help society, they instead helped foster the drug problem we have today.

Conclusion: Repeated Patterns of Prohibition Throughout History

The historical narrative presents a few interesting lessons that we should apply to future public policies regarding the control of illicit substances. Interestingly, the first common theme in each historical period is the fact that those in authority try to create a better society by barring certain practices through enforcement of severe penalties. The problem with this is that criminalizing anything makes its sale profitable. Jean Jacques Rousseau explains a generalized belief, in that good laws create good people. Yet as we have seen, laws never create "goodness." Laws, regardless of their well-intentioned purpose, may have unintended consequences. The prohibition of alcohol sought to build a more righteous and moral society by ridding the world of what was perceived as the cause of crime. This was attempted by Nixon with drugs.

Connected to this is the increase in crime and corruption due to prohibition. In order to profit from illicit markets, risk-takers need to develop organized criminal networks. These networks may start out small enough but, as they gain wealth and power, will eventually become too large to control. Peter Lupsha argues that there are three stages of organized crime: predatory, parasitical, and symbiotic. The predatory stage describes "the criminal gang is the servant of the political and economic sectors and can easily be disciplined by them and their agencies of law and order."[52] As criminal groups become wealthier, they will seek to protect their interests. The next stage is the parasitical stage, where "organized crime extends its influence over entire cities and regions and becomes an equal of, rather than servant to, the state."[53] This was reflected in Chicago and New York City at the height of prohibition. In the final stage, the symbiotic stage, "the traditional tools of the state to enforce law will no longer work, for organized crime has become a part of the state, a state within the state."[54] From this point, the state has become so corrupt that law enforcement faces major challenges combating criminal networks. This happened in Colombia in the 1990s and can be seen in Mexico today.

Connected to this is the challenge to law enforcement and the taxpayers. Bruce Bagley and other scholars have argued that it is very difficult to neutralize organized criminal networks operating transnationally.[55] If law enforcement increases its presence in a region, then smart groups will simply close down shop and move to other locations. This is known as the "cockroach effect" in that networks will move away from policed areas. The result is that other local areas, states, and entire regions become corrupted by the presence of criminal networks. Connected to this then is the balloon effect,[56] referring to the shift of criminal networks from one city, state, or region to another. Criminal networks therefore can freely move and operate as long as they escape law enforcement. Once they move, they can operate free from the looming eyes of law enforcement.[57] The tax payer is a major victim in all this as money is being spent on an increasingly lucrative business. In 2008, head of the White House Office of National Drug

Control Policy, John Walters said that "the U.S. government is seeking additional resources to prosecute traffickers of marijuana, which now earns cartels about $8.5 billion or about 61 percent of their annual estimated income of $13.8 billion. On the other hand, cocaine sales earn the cartels about $3.9 billion, and methamphetamine about $1 billion, he said."[58]

One can then argue that if drugs were legalized, then these criminal networks would also disappear. Not so. After the prohibition period, the mafia moved their operations to other illegal goods: drugs, prostitution, illegal gambling, extortion, and so on (anything under RICO). Lupsha argues that "transnational organized crime groups are not limited to one enterprise, such as drug trafficking, as their only market or business. Whatever makes a profit they will engage in, for they are at heart career criminals."[59] The Head of the National Commission of Security, Monte Alejandro Rubido agrees with this argument contending that "as long as you hit organized crime in its financial capacity, they migrate to other crimes like kidnappings."[60] Consequently then, we see a spillover in crime stemming from prohibition. Prohibition creates the environment where crime, in general, pays "while the criminal organizations that are a threat to both of our countries make a lot of money off of heroin and cocaine and methamphetamine, the vast majority of their money to buy guns, bribe, corrupt and destroy lives is from marijuana."[61]

Of course, while many people made millions, many lost their lives. While common sense says "[b]lood does not get along with business,"[62] the fact remains that there is a correlation between illicit markets and increased murder rates. During the prohibition period, there were mass killings not only by guns but also from bombs. In some instances, in Mexico, murder has become a serious problem. One gang member is known for killing 800 people during his tenure; a figure he says he stopped counting long ago.[63]

Among other people hurt or killed by illegal goods are those consuming the substances. We must also not forget the many people blinded by contaminated alcohol. Many people lost their lives from bad batches. By 1926, it was estimated that 750 people died from contamination since prohibition. One Christmas morning in 1926, five people died from poisoned rum. On New Year's Day, 1927, 41 people died in one day from tainted liquor. By the end of that year, a government report noted that almost all of the 480,000 gallons of liquor captured by law enforcement contained some poison.[64] All this made life very difficult for people forced to party underground. With lack of regulation comes another set of health worries similar to blindness during prohibition. Today, marijuana could be laced with drugs like Phencyclidine (PCP).[65] Other drugs like heroin, methamphetamine, and crack cocaine have ruined countless lives across the globe.

Considering the future, it is quite easy to imagine the legalization of marijuana or the decriminalization of other, harder drugs, but, it is even harder to make the same arguments for the legalization of human and organ trafficking. States and governments exist to protect people from harm and this includes having one's organs taken or from being preyed upon for organs. If the government cannot provide this function, or if laws are no longer respected, then the government will may have to compete with other, non-state actors. This was seen during the Los Pepes era in Colombia during the fight against the Medellín cartel, which was led by Pablo Escobar.[66]

One hundred years after the introduction of prohibition, Arthur Benavie in his book asks the question: "has the war been worth it?"[67] Crimes have become transnational in nature, in that these involve more than one state in the international system.[68] The next chapters will discuss types of international illicit markets in operation today. Drugs, human beings, organs, and weapons trafficking are the goods that influence government policy today.

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CHAPTER 3

Illicit Superstructures: Banking, Middlemen, and Transport

How does Colombian cocaine end up as crack cocaine in a New Yorker's body? How about a Syrian child's kidney in someone else's body halfway across the world? Furthermore, how do guns circulate around the world? In other words, how does supply actually meet demand? In our complicated world, we must begin to dissect the manner in which illicit goods make their way around the globe. We must also try to understand how these groups manage to hide/wash their money from law enforcement and the government. It is important to understand why, after more than 40 years since Nixon declared the war on drugs, drugs still manage to find their way into the United States not to mention other consumer countries around the world.

This chapter will discuss features of the international system that allow for the proliferation of illicit goods around the globe. Some scholars contend[1] that the result of systemic vulnerabilities of weak countries is the problem of greater, more developed powers in the international system. As a result, illicit trafficking that hinders the development of weak states, compounded by the problem of corruption, will find its way to developed, great powers like the United States. Hence, Cambodia as a "narcotics-related corruption reportedly involving some in the government, military, and police; limited methamphetamine production; vulnerable to money laundering due to its cash-based economy and porous borders"[2] is the problem of great powers that find Cambodia's drugs within their borders.

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For supply to meet demand, supply chains must be developed to move illicit materials from producing countries to consuming countries. Since supply countries are usually in the global South, and demand countries in the global North, formulating a global supply chain is essential for the business to be profitable for all parties. The safe transportation of illicit goods of all varieties, whether by foot, boat, submarine, catapult, car, or plane, is essential to accomplish these goals. Middlemen, traffickers, and safe houses are necessary to ensure free flow of the supply chains. For all this to happen, and happen smoothly (without law enforcement catching on), complex infrastructure must be in place. This chapter will discuss the creation and operation of illicit supply chains. It will analyze the formulation of illicit supply chains, the motivations of people operating within these supply chains, and understand the infrastructure which govern these supply chains, specifically banking, middlemen (storehouses and warehouses), and transportation.

Illicit Supply Chains

Illicit supply chains may be defined as "activities such as the procurement, production, transportation, sales, and distribution of prohibited commodities, as well as specialized processes of transnational smuggling, money laundering, and corrupting government officials are central to the global flow of illegal goods and services. The transactional nature of the illicit trade involves a complex set of economic actors, exchange dynamics, and governance structures, which form the basis for illicit supply chains."[3] It describes the complicated, yet profitable, process by which illegal goods, for instance small arms, travel from Russia to the Congo. People seeking wealth or an escape from poverty perform such activity under certain socio-economic and institutional conditions. These conditions rely on setting up criminal-like public goods to encourage actors to cooperate in circumventing law enforcement at all levels (domestically and internationally) to create the confidence necessary to continue in the illicit business in the long term.

Illicit supply chains act as public goods in the sense that they provide the infrastructure around which illicit activity can prosper. This involves a number of expenses but given potential profit, expenditures are worth it. There are several, very different types of expenditures that go into the creation of illicit supply chains. These expenses can be grouped into the category that economists call transaction costs. Transaction costs are "the costs of political activity, bargaining, legal action, and so on involved in deliberate efforts to create new rules, the costs of inefficiency resulting from commitment problems and other forms of political transaction costs, as well as all the costs involved in setting up, maintaining and changing the structure of rules and organizations, and monitoring the actions of the agents governed by those rules."[4] In other words, it is the cost of doing business. For criminals, there are several types of transaction costs necessary to establish a long-lasting illicit supply chain. These are concealment costs, evasion costs, and corruption costs.[5]

Concealment costs are necessary to ensure product arrives at its destination and is not intercepted by law enforcement, rival gangs, or the curious. The World Customs Organization[6] has documented the many ways in which contraband of all varieties, including humans, have been concealed for transport. One must conceal drugs in special containers like suitcases with special compartments or inside body cavities of humans or animals.[7] In the case of hiding illicit goods in human cavities (any part of the digestive system), one has to pay for the transportation of the person across borders. According to research, those being trafficked into countries are coached to give specific reasons why they visit consumer countries.[8] In other occasions, humans are trafficked in crates and even within machinery, in the seats of cars while other times women are tricked, convinced they were hired by a legitimate company (who sent them plane tickets for travel), and come into the country to be kidnapped and sexually exploited. All this goes into concealment costs. The concealment costs for illegal organ trade is remarkably less as those in need usually find themselves in the supply country. For instance, Chinese organs are in ready supply in China. Wealthy people in need travel from their homes abroad specifically for the operation. While law enforcement in China has condemned the practice, there is still serious concealment costs in terms of place of the harvest and transplant procedures.[9]

Evasion costs are transaction costs that cover avoiding arrest, paying for lawyers if arrested, as well as avoiding paying taxes. Outrunning the cops means fast cars. During prohibition, rum-runners fixed your standard car so that the engine had enough power to beat police cars. This marked the beginning of car races like NASCAR. Fast boats are necessary to do the same on water. If caught though, a good lawyer becomes essential. Combined with jury intimidation and bribery, one can potentially have a case thrown out. John Gotti, the boss of the Gambino crime family, was infamous in this regard. Paying off judges to turn a blind eye then bleeds into the final transaction cost important for illicit supply chains: corruption costs.

Corruption costs is a transaction cost because it is an essential cost to do business illicitly. Corruption is defined as the ability "to corrupt government and law enforcement officials can be seen as a form of competitive advantage for illicit traders, as certain criminal organizations can facilitate their own illicit trade, while protect their territorial integrity and use of key transportation routes against competition, through bribing government authorities."[10] It is the most important transaction cost and key feature of illicit supply chains. Corruption is an essential part of the previous two transaction costs, namely concealment and evasion. For instance, corrupt government officials or police officers may help criminals conceal illegal products or evade other police officers. In the famous documentary, *Cocaine Cowboys*, one of the major figures explains how concealment and evasion works through corruption:

> Although Miami has changed, I still believe that all had a price. … You could begin with Noriega in Panama and to lower until the administrators of the city, to the police. If they stopped somebody and they had 50 kilos, they were offered a tip … with 20 dollars or with 50 or 100, but there were hundred of thousands of dollars. Tell them that in one hour you will have [everything] that they want cash. Half million, three million rooms. But you should leave with the coca. He/she almost always gave result. He/she knew a lieutenant that Bay worked in North Village. I came closer one day and I told him/her: "I want to discharge some boats behind police's department? do you believe that there will be problems?" And he/she said: "look, we will use two patrol [cars]. Put it in the cajuelas [car trunk/boot], and llevaremos [go] to where you want."[11]

Without corruption, illicit markets would be significantly less resilient as suppliers and traffickers would be unable to move their products and services in the long term.

In terms of corruption, the world of drug dealing posits that everyone has a price. While one person may not take $1,000, he or she may certainly take $10,000. When that fails, the drug trafficker can always kill. *Plata o plomo* is the major tool for drug traffickers as they seek to protect their business. This strategy was popularized by Pablo Escobar, the leader of the Medellín cartel, to protect his billion-dollar cocaine business. *Plata o plomo* can be thought of as an essential tool of diplomacy for those navigating their way through the illicit landscape. States use carrots and sticks to ensure outcomes go their way—so do suppliers and traffickers of illicit materials. As Al Capone once said: "You can get much farther with a kind word and a gun than you can with a kind word alone." This practice, murder-for-hire, is applied to all refusing to act as expected by illicit actors.

Murder-for-hire is a significant linkage industry that sprung up during prohibition. It continues to be an important part of enforcement in a world where there is no legal system. A mafia boss cannot turn to the police if someone refuses to pay. Hitmen like Tommy DeSimone (famous for his depiction in the movie *Goodfellas*), Salvatore *Sammy the Bull* Gravano, and Richard Kuklinski are examples of mafia hitmen. If people had no money to pay, they would pay with their kneecaps, their property, or their lives. Richard Kuklinski, known as the "iceman," was renowned for his efficiency in the killing of mafia enemies. He was the hitman for the Jersey mob and the New York Commission of the Five Families. He used a number of techniques that hid the evidence. He left little to no evidence with his use of cyanide but also with how he disposed of bodies. He would freeze the body for a year or two and then thaw the body out and dump it. Law enforcement could not place the time of death given that the person was reported missing. As a result, Kuklinski was a successful hitman. He had the job of taking out a person who managed to evade a number of another hitman. Kuklinski discusses one murder in an interview:

Kuklinski:	There was … people, dancing and whatever, and no one was paying them no mind whatsoever, they were walking anywhere. … So, I went to the extreme of farfetched. I got the loudest costume you ever want to see … I got this canary yellow sweater and these bright pants and these elevator shoes. … I'm doing this dancing bit, and I get up to the stage. … So I'm trying to get close to this guy … and I bump into this guy [target] but everyone's bumping into everybody and he had a heart attack because I had a hypo-thermic needle. When I bumped into him, I popped him with the needle.
Interviewer:	what was in the needle?
Kuklinski:	In his case, a heart attack.[12]

Griselda Blanco of the Medellín cartel brutally used violence to demonstrate she was not a woman with whom to trifle. Communicating violence is essential to ensure respect and payment for goods. One of her associates described her policy:

> … they murdered to the whole family
> then there they would think:
> … "How will I recover the money?" …
> Not it is for the money,
> but to send a message.
> "Don't swindle me, don't enter with me,"
> "because I will kill you or I will make them to kill you."[13]

However, the use of violence goes beyond the enforcement of contracts. It may also be used if corruption does not work. If states and governments refuse the wishes of traffickers, then traffickers may respond with murder. When Pablo Escobar attacked the Palace of Justice, the Colombian Supreme Court, in 1985,[14] he, along with the terrorist group M-19, attacked the court because they were about to pass a law that approved extradition. The reason for this law was due to the parasitical state[15] of corruption in Colombia; the country was no longer able to dispense justice that was buck-passed to the United States. This is just one example of many attacks carried out by Escobar on members of government in Colombia because of the country's fight against illicit markets.

There is a deep connection between successful illicit markets, corruption, and violence. Back in the days of prohibition, police officers and government officials were "on the take." Research has found that "the higher the level of corruption, the higher the number of connections through which heroin enters the country."[16] Similarly, the more corrupt the country, the more likely illicit goods can exit the country cheaply. Corruption allows people the luxury of producing without having to worry about law enforcement. This allows countries to produce seemingly limitless number of illicit goods for export. Corruption is simply a transaction cost meant to protect illicit supply chains. In the case of Mexico, the increased presence of organized criminal networks brought with it increased corruption. According to Transparency International's Corruption Perceptions Index (CPI), Mexico slid from 57 to the 106 in the ranking (the higher the number, the more corrupt the country) between 2000 and 2015. Organized criminal networks actually took advantage of Mexico as it went through democratic reform during this period.[17] When Mexico decided to fight back against organized criminal networks, the result was mass murders never before seen in the country. President Felipe Calderón (2006–2012) promised to capture and contain drug traffickers in the country.[18] The George W. Bush administration

(2001–2009) pledged its support through the Mérida Initiative. This plan sought to combat organized crime networks by force. The result was extreme violence against civilians as well as all levels of government. There have been about 100,000 related homicides in Mexico between 2006 and 2012.[19] Included in this figure are government officials, police officers, and soldiers of the Mexican army. Mexican cartel groups increased. As a Mexican Attorney General estimates: "I would calculate between 60 and 80 [groups], including medium and small ones."[20]

Therefore, it can be concluded that the work that goes into illicit supply chains is expensive. Transaction costs covering evasion, concealment, and corruption must be completed to ensure consumers get their product. While initially expensive, once set up, their costs decrease as time goes on relative to increasing profit. States which suffer from high levels of corruption lack governmental transparency and accountability. This then creates ripe conditions for drug traffickers and organized crime groups. These actors thrive in such an environment, penetrating the state apparatus until distinction can no longer be made. This occurred in Panama in the 1980s with the presidency of Manuel Noriega. The OECD highlights this relationship: "Powerful groups emerging from criminal backgrounds are often well connected across international borders. Illegal narcotics trading and smuggling into rich country markets generate high profits and rents, with particularly corrupting effects on police and politicians in trans-shipment areas."[21] Connected to prohibition of certain materials then is the destruction of state institutions as well as the strengthening of criminal elements.

Hijacking Weak States: Corruption, Coercion, and Infiltration

For supply chains to survive, they need a guarantor of government. For instance, if Walmart desires to continue its business, it needs the government to provide certain public goods such as protection of private property and law and order. Without such mechanisms, Walmart would not be able to exist. Inclusive political institutions are those that "must feature secure private property, an unbiased system of law, and a provision of public services that provides a level playing field in which people can exchange and contract; it also must permit the entry of new businesses and allow people to choose their careers."[22] These features thus help facilitate development as people and businesses are confident enough to invest knowing they will eventually receive a return. Extractive political institutions, on the other hand, are "extractive because such institutions are designed to extract incomes and wealth from one subset of society to benefit a different subset."[23] Such institutions are accountable to no one, especially the people. Since the state is controlled by a minority, corruption is all the easier. Panama under Noriega presented an ideal example of such a state.

Scholars note that "drug production helps weaken states, fuel civil conflicts; drug revenues support insurgents, other armed non-state actors, and corrupt officials."[24] Success for owners of the means of illicit production depends on the provision of security for actors. While licit economic development is predicated on inclusive political institutions, illicit or black-market development requires exclusive and corrupt political institutions. Weak states in the international system find themselves within this category. Indeed, weak states are defined by underdevelopment. According to Hanna Samir Kassab, weak states are those independent actors that are systemically vulnerable to outside forces. These units have little autonomy to neutralize, or be resilient to, external and internal shock.[25] He borrows from Christopher Easter who describes examples of these exogenous shocks, which include "economic, environmental, political and social shocks."[26] Systemically weak and underdeveloped states are prone to corruption given their institutions.

There is a reciprocal relationship between corruption and economic development. Jonathan D. Rosen and Hanna S. Kassab contend "economic underdevelopment … promotes fragility due to a lack of democratic political instability from corruption."[27] They illustrate the constitutive relationship between underdevelopment, corruption, and the trafficking and production of illegal substances:

> Economic underdevelopment is a major factor that promotes fragility due to lack of democratic political institutions from corruption. Fragile [or weak] states can then be understood to be states with significant inability to act in a coherent, productive and sustainable manner to generate resilience against internal and external issues. Fragility not only conveys the fact that these states cannot defend against security issues or threats. Fragile states are not simply those that suffer from drug trafficking, civil violence and poverty. Fragility conveys much more than that because it takes into consideration inherent weaknesses that block a state from developing the right tools and infrastructure to rendering threats harmless or ineffective. The concept of fragility denotes then a downward spiral: fragility undermines the sovereignty and autonomy of the state, and, as a result, deems it incapable and ineffective as a unit of governance and representation of peoples within an anarchical international system.[28]

In cases that will be explained later in this chapter, chronic underdevelopment (at times) forces people to make difficult decisions. For example, people living in poverty sometimes find themselves selling their organs, or their bodies, or trafficking drugs or small arms.

Corruption keeps states weak, underdeveloped, and prone to illicit market production and trafficking. Corruption costs are part and parcel of drug production, trafficking, and transport, and, in an effort to keep costs low, such activities tend to center in countries plagued with serious corruption issues. Conversely, countries with lower levels of corruption will have higher markups. Consequently, it is easy to understand why illicit goods and services are so profitable given that transaction costs are lower than maybe opening a legitimate business in the developing world. In other words, "drugs have enabled a range of powerful actors who have become, to use a phrase coined by … Gen. H.R. McMaster, stakeholders in state weakness—people who are part of the state, or benefit from the state, but who actively wish that state to be weak, in order to maximize their own power base and revenue-earning capabilities."[29]

Illicit markets can overpower and coerce states and governments to allow them to operate freely. This force is similar to the phenomenon described by the race-to-the-bottom literature. This literature underscores the ability of multinational corporations (MNCs) in their effort to reduce economic, environmental, and labor regulations, as well as social welfare systems in order to lower costs and maximize profit. Some MNCs produce more than the GDPs of some countries. MNCs are thus needed by these states to promote the economic growth and development of their people. Many MNCs dictate terms that determine their tenure, tax holidays, and threaten that they will abandon operations in the country if the governments increased taxes.[30] The same goes for illicit "companies" in that they may enter the country and pressure the government through either bribery or threat of force to ensure certain public goods are present. These transaction costs, as noted earlier, are cheaper in these weak states because they are, in general, easier to penetrate than other, greater, more developed countries with stronger and more inclusive political institutions.

To conclude this section, we must begin to understand and appreciate the systemic problem of weak and fragile states as they relate to illicit markets. Illicit markets thrive in weak states because of their inherent weakness and systemic vulnerability. However, the problem is worse given their proclivity toward corruption. Such corruption is not just because states are underdeveloped and vulnerable but because of the already weak political institutions endemic to most weak states. When one throws the force of the free markets into the mix, it is easy to conclude that weak states are easy prey for those seeking to consolidate and protect illicit supply chains as well as their openness to markets. While many comparative and international scholars like Susan Strange illustrate the power of multinational corporations over weak and developing states, it is important not to ignore the power of illicit actors as they use their own tools to protect their wealth and power. She writes that legitimate corporations "are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong … the declining authority of states is reflected in a growing diffusion of authority to other institutions and associations, and to local and regional bodies."[31] Combining this approach to the state and power of illicit markets are systemic forces similar to that of the multinational corporation.

While business may be booming for owners of the factors of production of illicit markets, the same cannot be said for the health and welfare of entire countries suffering from such malady. What is worse is that countries that experience corruption in such a manner attract violent non-state actors such as terrorist groups or sponsors of terrorism. In Afghanistan, for example, the Taliban continue to grow poppy for the production of heroin. The same is true with Hezbollah in Lebanon with poppy. The following section will describe the lives of people as they operate as middlemen and as mules; it will explore the very real result of corruption and underdevelopment as they relate to the resilience of illicit markets.

Middlemen, Hubs, and Transportation

Once transaction costs are paid off, that is the infrastructure is established, how then do drugs make their way from producer-nations through to consumer-nations? The answer is simple on the surface, through people. Real people traffic illicit items, sometimes by walking, from place to place to final delivery. This section will discuss some of the major methods of transport, including the use of hubs and warehouses (middlemen) up to final delivery.

Illicit networks exist outside of states and state intervention as well, taken on my private non-state actors willing to take significant risks for profit. Sometimes, they work with corrupt states to move illicit products from state to state; other times they are less fortunate, having to think up ways to cross heavily policed borders. In the developing world, these borders are porous and not patrolled. One avenue in particular, the tri-border area linking three countries in South America—Argentina, Brazil, and Paraguay—is an important trafficking point.[32] The approximately 2,000 mile border between the United States and Mexico remains porous regardless of the effort by law enforcement to curb drug and human trafficking.[33] With proper papers, one can travel freely throughout much of Europe. In the states of Africa, a Congolese can freely walk to Angola to sell her tomatoes. Hidden in her wares could be an assault rifle, ten pounds of finest Afghan poppy, or even a child slave.[34] This leads us to the method of delivery.

A common practice is simply by foot. In the commodities studied in this volume, goods are walked to their delivery point.[35] In 2001, a man attempted to walk his uranium made in 1984 into India through Bangladesh. In another anecdotal story, a man makes his way from Syria to Turkey to meet another individual who will then take it to its final destination somewhere in Europe.[36] One can also take products on or inside bodies, of animals such as donkeys, horses, and cows, as well as humans. Other, more sophisticated methods include vehicles that cover land, air, and sea. The US Department of Justice describes the key vehicles. The first is land:

> Mexican DTOs dominate the transportation of illicit drugs across the Southwest Border. They typically use commercial trucks and private and rental vehicles to smuggle cocaine, marijuana, methamphetamine, and heroin through the 25 land POEs [point of entries] as well as through vast areas of desert and mountainous terrain between POEs.
>
> Asian traffickers … transport significant quantities of high-potency marijuana and MDMA into the United States across the U.S.-Canada border. They use commercial trucks and private and rental vehicles to transport these drugs through more than 100 land POEs. They also use all-terrain vehicles (ATVs), aircraft, maritime vessels, and couriers on foot to smuggle drugs through vast areas between POEs.[37]

By sea:

> Various DTOs—most notably Colombian but also Dominican, Jamaican, Puerto Rican, and Venezuelan—transport cocaine and lesser amounts of heroin and marijuana to the United States using … container ships, cruise ships, commercial fishing vessels, recreation vessels, and go-fast boats.
>
> The drugs are typically concealed in hidden compartments, commingled with legitimate goods, or couriered by passenger or crewmembers on maritime vessels. Traffickers also have increasingly used self-propelled semisubmersibles (SPSSs) to transport cocaine from South America to Mexico.[38]

Illicit goods can be smuggled with cargo, and sometimes in cargo. They can be disguised with licit packaging or even inside dead bodies within their coffins.

Goods are also trafficked by air, similar to the above, alongside legitimate goods and parcels although in a reduced way "by couriers and in cargo aboard commercial aircraft."[39] All types of illicit goods can enter the United States given the demand. In similar fashion, organs, humans, and arms are trafficked. Considering transshipment points, all major countries residing between major producer and consumer states serve as hubs that break down shipments into smaller parcels for individual delivery.[40] Once goods arrive from their international port of departure, stash managers, responsible for warehouse management, safeguard commodities and keep inventory prior to sale to a retailer, who then sells it to the consumer.[41] Illicit logistics, then, are remarkably similar to the licit world. Sometimes, these two worlds intersect due to corruption. In some cases, the state takes part to ensure that illicit goods are properly transported, not just indirectly.[42] The state, not non-state actors, creates and bolsters illicit markets. States like North Korea, China, and Pakistan may actually create these networks.[43] For instance, North Korea manufactures goods like methamphetamine, heroin, and counterfeit currency, and these are meant for global consumption if there are buyers. China does this as well with organs. China harvests up to 11,000 organs from political prisoners alone.[44] Pakistan, with Libya and Iraq, buys and sells materials and information about weapons of mass destruction, as well as small arms to people fighting ethnic conflicts.[45] States also tolerate certain illicit goods and practices when there are some benefits: China's state bureaucracy and people benefit by intellectual piracy. States like Libya and Panama also allow ships to use their flag in an effort to smuggle drugs. Here, we see the state as instrumental in the trafficking of illicit goods. States also rent themselves out as hubs, where large quantities of illicit goods are broken up for several other locations.[46] Such was the case of Panama under Noriega where video footage showed him (Noriega) unloading drugs from a plane. This is ideal to conceal shipment up to their final destination. In some cases, certain free trade ports are created to ensure that illicit goods can pass through untaxed, whereas licit goods are taxed.[47]

In terms of arms, both small and large, states seeking to secure themselves are the consumers. In this case, networks are developed to satisfy their own self-interest. This is how Iraq was able to purchase chemical, biological, and nuclear materials in the 1980s.[48] Consequently, there are major advantages and benefits to states in the development of their own illicit networks. States are wealthier and more powerful than non-state criminal networks. Thus, they are able to extort local populations through taxation and finance armies to conceal and protect illicit goods and services from competitors and international law enforcement.

To summarize, illicit goods are produced, refined, transported, sold to a wholesaler, sold to a retailer, and then taken to their final destination.[49] Illicit transaction costs are paid to facilitate the trafficking of illicit materials. Corruption is especially important as it bolsters the evasion and concealment of illicit goods. When illicit supply chains are developed, money flows in and the problem becomes how best to protect your wealth. The next step, then, is money laundering.

Banking: Shell Companies and Money Laundering

Illegal businesses present many challenges; one of them is having so much money that one simply does not know what to do with it. In 1927, the Supreme Court of the United States ruled that all income, including illegally made money, had to be taxed. The government incarcerated Al Capone because he failed to report his complete income. Money laundering is thus a key feature of illicit supply chains. Without it, criminals can be targeted by law enforcement, not for trafficking illegal goods, but because they did not pay their taxes. This section will focus on money laundering and tax evasion as essential parts of illicit supply chain infrastructure.

The American Criminal Law Review defines a money launderer as anyone who "conceals the existence, illegal source, or illegal application of income, and then disguises that income to make it appear legitimate." (2) Laundering criminally derived proceeds can be a lucrative and complicated business, (3) and it is an indispensable part of organized criminal undertakings (4).[50] There are three steps to money laundering according to the cited review: "(i) placement: the criminally derived money is placed into a legitimate enterprise; (ii) layering: the funds are layered through various transactions to obscure the original source; and (iii) integration: the newly laundered funds are integrated into the legitimate financial world 'in the form of bank notes, loans, letters of credit, or any number of recognizable financial instruments'" (7).[51] Money laundering is easier today when compared to the past. Deregulation of financial markets allows money flow without any governmental approval. For instance, because states no longer possess exchange rate controls, there is no need for government regulation in the conversion of currency. There are several ways criminals can launder money:

- Cash smuggling: cash can be transported over the legal limit of $10,000 without reporting, accomplished by any cross-border travel via person, mail, shipping container, and so on.
- Casinos: buy chips to gamble (or not) and a third party redeems them for cash.
- Lotteries/horseracing: buy a winning ticket for a price; then redeem the ticket.
- Smurfing: several people deposit cash under $10,000 in several banks.
- *Hawalas* or informal value transfer systems: hand cash in country A to buy currency (or other commodities such as gold) in country B.
- Through legitimate businesses: add cash to the till with appropriate, yet fake, paperwork.
- Purchasing commodities: real estate, gold, and so on.
- Shell companies (explained below).[52]

The US State Department also isolates certain practices that correlate with money laundering. The following is a list that is not complete but always growing:

- Financial activity not commensurate with stated occupation;
- Use of multiple accounts at a single bank for no apparent legitimate purpose;
- Importation of high dollar currency and traveler's checks not commensurate with stated occupation;
- Significant and even dollar deposits to personal accounts over a short period;
- Structuring of deposits at multiple bank branches to avoid Bank Secrecy Act requirements;
- Refusal by any party conducting transactions to provide identification;
- Apparent use of personal account for business purposes;
- Abrupt change in account activity;
- Use of multiple personal and business accounts to collect and then funnel funds to a small number of foreign beneficiaries;

- Deposits followed within a short period of time by wire transfers of funds;
- Deposits of a combination of monetary instruments atypical of legitimate business activity.
- Movement of funds through countries that are on the Financial Action Task Force (FATF) list of NCCTs.[53]

In a global environment that encourages little to no government regulation on financial exchange, organized criminal networks can freely transfer money from state to state. An example we would like to explore is through shell companies.[54]

Shell companies or corporations are useful to launder money as well as evade tax. Tax evasion takes advantage of a host country's tax law loopholes to avoid paying taxes and reporting the income earned. Obviously, the latter is a necessary part for anyone on the supply or trafficking side of illicit markets. Shell corporations are used to avoid paying taxes, legally, using loopholes. Shell corporations are companies in name only. There is no active business; that is, no good or service is provided for profit. Forming shell companies satisfies the need to protect illegal wealth. Anyone can form a shell company; you can do it online at home.[55] All a person needs are the following data: company name, name of person filing, number of shares (if a corporation), and the name and addresses of affiliated people. There is, of course, a filing fee of $292.[56] In this example, the Shell company has a US address in the state of Delaware. In the developing world, additional loopholes may be accessed through "offshore." Offshore takes advantage of the other country's lax monitoring and regulation. Host countries do benefit from allowing criminals these facilities through licensing fees in return for turning a blind eye to the money's source.[57] These activities helped start an industry of lawyers that assist in the creation of these shell companies. Countries like the Bahamas, Bahrain, the Cayman Islands, Cyprus, Grenada, Antigua, and so on, are all infamous locations for shell companies. More recently, the issue of the Panama papers shocked the world about the extent of the problem.

In 2016, Mossack Fonseca, a law firm which helps set up shell companies, found itself under serious global scrutiny over the Panama Papers incident.[58] Drug traffickers, corrupt politicians, terrorist groups, and rogue states (most notably Iran and North Korea), all have accounts with Mossack Fonseca. The law firm had been instrumental in funneling money through approximately 214,000 shell companies. While "most of the services the offshore industry provides are legal if used by the law abiding … the documents show that banks, law firms and other offshore players have often failed to follow legal requirements that they make sure their clients are not involved in criminal enterprises, tax dodging or political corruption … offshore middlemen have protected themselves and their clients by concealing suspect transactions or manipulating official records."[59] Tax evasion of this magnitude illustrates the depth of the problem. President Vladimir Putin himself is a major beneficiary, transferring around $2 billion, in an effort to hide probable corrupt practices.[60]

Tax evasion and money laundering present a very real threat to fighting illicit markets. States and governments do try to slow illegal flows, but the process is difficult. Efforts to monitor dirty money flows began as early as 1920.[61] Beginning in 1988, global efforts took the form of United Nations' conventions. The first, the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention), set codes of conduct, or regulations, for banks to follow "comprehensive measures against drug trafficking, including provisions against money laundering and the diversion of precursor chemicals. It provides for international cooperation through, for example, extradition of drug traffickers, controlled deliveries and transfer of proceedings."[62] After the Vienna Convention came the Global Programme against Money-Laundering, Proceeds of Crime and the Financing of Terrorism (1997). This global regime seeks to encourage countries to "develop policies to counter money-laundering and the financing of terrorism, monitors and analyses related problems and responses, raises public awareness about money-laundering and the financing of terrorism, and acts as a coordinator of initiatives carried out jointly by the United Nations and other international organizations."[63] Hence, states are trying to harmonize laws and accepted practices in a concerted effort to stop money laundering. If banks simply reported suspicious funds, criminals would be unable to wash or hide their money. This would then assist law enforcement in tracking and capturing illicit traffickers. The challenge of deregulation remains as states race to the bottom to attract as much financial capital to their shores as possible. Attempts at international cooperation have hindered the present feature of cheating. Again, corruption is a major feature that reduces the effectiveness of these international regimes. At the core, then, we must return to the systemic nature of illicit networks and their power to infiltrate and subvert states as well as international efforts.

Conclusion

Illicit markets possess resilient supply chains backed up by public goods paid for by those who benefit from the sale of illicit goods. Transaction costs of concealment, evasion, and corruption are the main features that promote this strength. While law enforcement plays whack-a-mole with criminals, incentives and these public goods remain enabled by corrupt governments and weak states around the world leaving much work to be done. Transportation and warehouse developments, shipping networks, and money laundering remain significant. Increasing surveillance and law enforcement in troubled areas may present a quick fix, yet the problem remains. The concluding chapter of this book will try to address the structural problems presented here, with the main issue being rampant and systemic political corruption.

While this chapter discussed global supply chains, it left out a very important transformation in the management of illicit markets: the cyber world. Chapter 8 will discuss the Dark Web as a major innovation in the trafficking of illicit materials. The Dark Web makes ordering illicit materials such as drugs, weapons, child pornography, or services, hitmen, or snuff porn more efficient. Its infrastructure is electronic and considerably more difficult to track and neutralize. Unlike physical supply chains discussed in this chapter, the cyber realm is completely invisible depending only on the transmission of information over the Internet. This presents a new challenge to governments and citizens all over the world. Such an innovation needs new strategies in order to make the world safe from the encroachment of the illicit world.

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CHAPTER 4

Organized Crime and Drug Trafficking in the Americas: Trends and Challenges

It is not possible to examine trends in organized crime and drug trafficking without exploring the changing dynamics in the Latin American drug trade. The US government has spent billions of dollars on counter-narcotics initiatives, such as Plan Colombia and the Mérida Initiative,[1] to combat the supply and trafficking of drugs entering the United States from Latin America. This chapter examines the major trends in organized crime and drug trafficking in the region. It also focuses on the connection between Latin American countries and the United States, which is the number one drug-consuming country in the world. This chapter analyzes the evolution of organized crime over time. The result of counter-drug policies has been a splintering of organized criminal groups into smaller organizations that are harder to combat.

The Drug War in Latin America

The United States has sought to combat drug trafficking and organized crime abroad. Various countries in Latin America have been at the epicenter of the US-led drug war. Three countries in the world produce coca: Peru, Bolivia, and Colombia. In the 1980s, the United States sought to combat coca cultivation, drug trafficking, and organized crime. Peru cultivated nearly 65 percent of the coca in the world in 1985. On the other hand, Colombia and Bolivia cultivated 10 percent and 25 percent, respectively, of the world's coca supply.[2] In 1982, President Reagan created the South

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Florida Task force, which sought to combat routes passing through the Caribbean created and utilized by the two major drug trafficking organizations in Colombia, the Medellín and Cali cartels, in the 1970s and 1980s. Some scholars contend that US military operations and law enforcement stopped such clandestine trafficking routes used by these drug cartels. However, criminal organizations adapted to the increase in the counter-narcotic activities implemented in the 1980s and 1990s and explored new routes through various locations (e.g. Panama, Central America, and the Gulf of Mexico), to transit drugs from Mexico to the United States.[3]

The US government sought to combat drug trafficking and organized crime in Colombia, which is located in a strategic position in the region. Colombia borders various countries and is a several-hour flight from Miami. Thus, lax security in Colombia could impact not only regional security but also US national security. The US government provided the Colombian government with nearly $1 billion in funding aimed to combat drug production and trafficking over the 1990s.[4] The United States also helped the Colombian government topple the Medellín and Cali cartels. All the Medellín cartel leaders had been incarcerated or killed by the end of 1991. Despite the successes against the leaders of the Medellín cartel, the Cali cartel expanded into the cocaine industry and dominated the trafficking of this substance.[5] The escape of Escobar from the prison that he built in July 1992 represented an international scandal for the Colombian government.[6] The death of Pablo Escobar in 1993 resulted in the demise of the Medellin cartel. The Cali cartel initially rose in power but later was dismantled. Bruce Bagley, an expert on organized crime, argues: "By 1994, after the 1993 death of Pablo Escobar in a rooftop gun battle in Medellin, the Medellin cartel had been largely dismantled. Similarly, in 1995–1996 the government of Ernesto Samper Pizano (1994–1998) went after and effectively dismantled most of the Cali cartel."[7] The killing of the major capo and the collapse of the two powerful drug cartels that wreaked havoc on society did not result in the discontinuation of drug trafficking and organized crime in the country. Instead, the collapse of the major drug trafficking organizations resulted in a vacuum as well as the fragmentation of the criminal operations. Approximately 300 smaller cartels moved in to fill the void in the drug trade left by the Medellín and Cali cartels. In sum, the death of Escobar did not result in the end of drug trafficking and organized crime. Instead, Colombia witnessed a fragmentation of organized crime into smaller organizations, which moved in to fill the space left by the demise of the major cartels.[8]

Colombia experienced not only an economic crisis during the late 1990s but also high levels of insecurity after a failed peace negotiation with the largest guerilla organization, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia—FARC),[9] who also participated in a variety of illicit activities, such as drug trafficking and organized crime. Some US government officials felt that Colombia was on the verge of collapse as insecurity appeared to be spiraling out of control. Michael Shifter, a Latin American expert, asserts that policymakers in the United States paid special attention to Colombia because of the democratic challenges present as a result of organized crime, drug trafficking, and insurgency. The former drug czar, Gen. Barry McCaffrey, visited Colombia in 1999, and the situation that he witnessed in the country led him to argue that Colombia faced a state of emergency, which demonstrated the high levels of preoccupation that senior-level US policymakers had about the security situation in Colombia and the potential impact on not only regional security but also the United States' security.[10]

The Clinton administration supported Colombia through Plan Colombia, a multibillion-dollar counter-narcotics initiative that began in 2000. Plan Colombia sought to decrease drug production and trafficking of drugs in Colombia. The US government provided the Colombian government with \$10 billion from 2000 to 2015. Plan Colombia allocated equipment and training to the police and military as well as resources for aerial eradication programs—the spraying of herbicides to combat the cultivation of coca.[11]

Plan Colombia helped increase levels of security in the country. For instance, the number of homicides declined from 28,837 in 2002 to 12,673 in 2015. In addition, the number of kidnappings decreased from 2,882 in 2002 to 210 in 2015.[12] The increases in security, particularly in rural areas, occurred in part due to the efforts of the Colombian government to increase the presence of the state. Experts contend that Plan Colombia made it safer for individuals to travel in rural parts of Colombia. For example, farmers could travel from their land to various other places in the countryside. In sum, some experts have argued that Plan Colombia has been very successful as a result of the increase in security in the country, and, therefore, could be used as a model for other countries facing similar security problems. Other scholars and policy analysts have been more skeptical of Plan Colombia, particularly in terms of human rights and its results—or lack thereof—in terms of combating drug trafficking.[13]

The results of Plan Colombia in terms of decreasing drug trafficking and organized crime have been more questionable. Some scholars have criticized such drug policies. The aerial spraying programs have been criticized because of the environmental and health consequences of spraying herbicides, which are reported to cause cancer and have other health effects (e.g. respiratory problems and skin rashes). Moreover, coca farmers can plant coca with other legal crops to make it more difficult for pilots to locate coca crops from aircraft. Adam Isacson, a Colombia expert at the Washington Office on Latin America (WOLA), argues that violence indicators in the country had improved in many parts of Colombia, but he highlights the high levels of impunity and corruption as well as the production of drugs. Plan Colombia focused on strengthening security institutions, but non-military institutions had high levels of weaknesses.[14]

While Colombia has witnessed decline in coca production from 2007 to 2012, recent years have shown a rise in production. Coca cultivation increased by 40 percent from 2014 to 2015.[15] Colombia saw further spikes in cultivation from 159,000 hectares in 2015 to 180,000 hectares in 2016 (see Fig. 4.1). Coca production proliferated in Colombia in part as a result of the government's decision to decrease manual eradication efforts. Coca farmers have adapted to conditions and have planted coca in

Fig. 4.1 Colombia's total coca production (hectares). Source: Created by authors with data from UNODC, *Colombia: Coca Cultivation Survey 2014* (UNODC: New York, NY, 2015)

areas that are harder to locate.[16] The Drug Enforcement Administration (DEA) contends that Colombia provides the vast majority of the cocaine—90 percent—that arrives to North America.[17]

The Colombian government has had some "partial victories"[18] as seen by the seizure of cocaine by Colombian security forces. In 2002, for example, the Colombian forces seized 95 tons of cocaine. The volume of cocaine seized increased to 172 tons by 2005, and in 2006, the Colombian security forces seized 206 tons of cocaine. The amount seized remained steady from 2010 to 2014 with 157 tons and 148 tons, respectively. In 2015, the Colombian government seized 252 tons of cocaine (see Fig. 4.2). While seizures of cocaine by law enforcement can signal to the population that the government is winning the drug war, it is important to analyze this victory in a more nuanced manner. First, these victories can represent winning some battles but losing the overall war. Colombian traffickers continue to produce cocaine, and the interdiction of a certain quantity of tons does not deter trafficking groups from continuing to engage in such illicit activities. Seizures also can represent false positives and a skewed sense of victory. The increases in the number of seizures could signal that the government is winning against the drug traffickers. However, it could also mean that drug traffickers are producing and shipping more products. Given the illegal nature of the business, it is not possible to know the number of shipments that drug traffickers produce and traffic each year. In other words, what percentage of the total quantity of drugs shipped do drug seizures represent? On the other hand, if the

Fig. 4.2 Cocaine seized by Colombian forces (in tons). Source: Created by authors with data from 15th Anniversary of Plan Colombia: Learning from Its Successes and Failures; Ministry of Defense of Colombia

government had a major victory, some scholars[19] contend that the decrease in the amount of cocaine on the street (i.e. the supply) could mean that the price of the commodity could increase because of the reduction in supply. In sum, drug traffickers will continue to produce the commodity as long as the demand exists.

Drug trafficking and organized crime have continued as a result of the demand for drugs. Despite the billions of dollars spent on Plan Colombia to combat drug trafficking, the price of a gram of cocaine on US streets has remained steady over the past decade. The price of a gram of cocaine in the US in 2001 was $211. The price dropped slightly to $140 in 2006. However, the price continued to increase over time: by 2009, the price of a gram was $195. In 2011, the price fell, albeit slightly, to $177 (see Fig. 4.3).

Mexico

The Felipe Calderón administration (2006–2012) launched a war on drugs to combat the powerful drug cartels operating in Mexico.[20] President Calderón attempted to combat the kingpins of the drug cartels in Mexico. The Mexican government, however, had the support of the US government. The George W. Bush administration helped the Mexican government through "Plan Mexico." However, the name of this plan was later changed to the Mérida Initiative. The US government announced the Mérida Initiative[21] in October 2007, but it went into effect in 2008. This

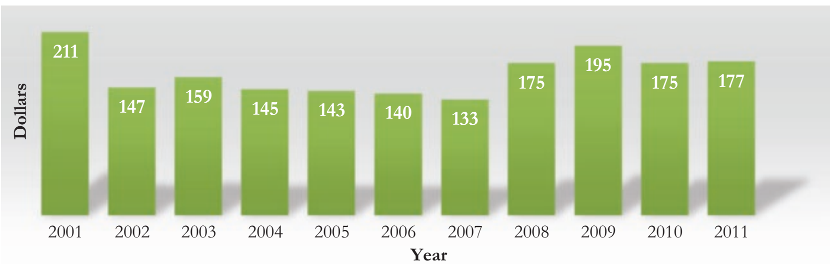

Fig. 4.3 Price of a gram of cocaine on the streets of the United States (Adjusted for Inflation and Purity). Source: Created by authors with data from 15th Anniversary of Plan Colombia: Learning from Its Successes and Failures; see also UNODC, *World Drug Report 2013* (UNODC: New York, NY, 2013)

plan revolved around four pillars: (1) disrupting organized crime; (2) institutionalizing the rule of law; (3) creating a twenty-first-century border; and (4) "building strong and resilient communities." The total funding for the Mérida Initiative increased during the Bush administration but later declined during the Obama administration. In FY 2008, for instance, the United States provided Mexico with $400 million. The amount of funding continued to increase from $460 million in FY 2009 to $639.2 in FY 2010. Yet Mérida funding declined in subsequent years from the 2010 levels: $143 million in FY 2011; $281.8 million in FY 2012; and $222.2 million in FY 2013. By FY 2015, the funding declined to $143.6 million.[22]

The Mérida Initiative focused on pillar one during the Bush administration. With the support of the US government, Calderón sought to combat organized crime in the country. He used the military as he did not have high levels of confidence in the Mexican police forces, which are laden with corruption and are perceived to be less efficient than the military.[23] The United States provided the Mexican military and law enforcement with equipment and training to help them combat organized crime and drug trafficking. As of November 2016, the US government has provided Mexican law enforcement with $1.6 billion in technical assistance as well as equipment and training.

President Calderón's war on drugs had some "successes," such as the capture of major kingpins. The Calderón government marketed these victories to the public in an effort to demonstrate that they were winning the war on drugs. The efforts to capture the leaders of the drug trafficking organizations have resulted in a fragmentation of the major cartels. In 2006, for instance, Mexico had six major drug cartels: the Pacific cartel, Milenio cartel, La Familia Michoacana, Gulf cartel, Tijuana cartel, and the Juárez cartel. However, the number of organizations increased to eight between 2007 and 2009. By 2010, Mexico had 12 major drug cartels, according to some experts.[24] In 2012, Jesus Murillo Karam, the Attorney General of Mexico contended that the country had as many as 80 cartels.[25] In sum, Mexico, like Colombia, has experienced a fragmentation in the major drug trafficking organizations. As drug trafficking organizations have splintered off into different cartels over time, the organized crime landscape has evolved and become more fragmented. Various new actors have emerged that present challenges to the security threats.

One of the major cartels that has emerged onto the scene has been the Jalisco New Generation cartel (Cártel de Jalisco Nueva Generación—CJNG). This cartel emerged as a result of fighting between rival cartels and consisted of former defectors from the Milenio cartel, which no longer exists. The cartel began in 2010 after the death of one of the major players in the Sinaloa cartel, Ignacio Coronel. The leader of the CJNG is Nemesio Oseguera Ramos. This organization has been known for its high levels of violence. The number of murders has increased in Jalisco, a major state in Mexico, as a result of the ruthless tactics of the cartel.[26] The cartel has been a key player in drug trafficking, particularly methamphetamine and cocaine. The cartel operates in an estimated 14 states in Mexico.[27]

Drug trafficking organizations also have linkages with US-based gangs. Gangs assist with the smuggling of drugs as well as the distribution of the products in cities. In Chicago, for example, Mexican transnational criminal organizations work with more than 100,000 gangs in a variety of criminal enterprises.[28] Some estimates indicate that Joaquín "El Chapo" Guzmán's Sinaloa cartel controlled 80 percent of the drug market in Chicago. This city became a prime target of Guzmán due to its location, which serves as the center for drugs to be transported to other parts of the country. While various cartels operate in Chicago, the Sinaloa cartel cornered the market on the industry and dominated the very lucrative trade.[29] The power of El Chapo in Chicago as a result of the reach of his drug cartel led to him being labeled as the city's public enemy number one. Retired Chicago detective Art Bilek argued: "Guzman has hurt everyone—the users in the city and the suburbs, the innocent bystanders, the kids who get wrapped up in gangs."[30] Fighting for control of the trafficking of drugs has contributed to gang-related violence in the city.

Another major consequence of the drug war launched by Felipe Calderón has been high levels of violence. An estimated 100,000 drug-related deaths occurred during the six years of the Calderón government. Some estimates indicate that the Calderón administration experienced more than 20,000 deaths per year during his government, which translated into more than two people dying every hour.[31] The Calderón administration, in particular, witnessed high levels of violence after 2008 and violence peaked in 2011. In 2011, the city of Ciudad Júarez, located in the northern state of Chihuahua, recorded 1,460 homicides, translating into a homicide rate of 100 per 100,000, followed by Acapulco, which had 1,008 homicides and a rate of 145 per 100,000. In 2015, Acapulco ranked as the most violent city with 902 homicides and a rate of 107 per 100,000. The second most violent city that year was Tijuana with 612 homicides, which was a rate of 36 per 100,000.[32]

Violence has impacted government officials as well as journalists. For example, the number of mayors and former mayors killed in Mexico has risen from two in 2006 to 17 in 2010. The years 2012 and 2013 each recorded the death of 12 active and former mayors killed. By 2015, the number declined to five. Furthermore, the number of journalists and media support workers killed in Mexico increased from 12 in 2006 to 17 in 2011. The years 2014 and 2015 also saw 15 media support workers and journalists murdered each year.[33] Working as a journalist is quite dangerous as drug cartels and organized criminals do not want individuals to know about the operations of their organizations. People who attempt to write investigative stories on the corrupt practices and the structure of the cartels face serious security threats. In sum, violence has impacted many individuals living in Mexico, including journalists and government officials.

Connected by the Hip: United States and Mexico's Interconnectedness

The United States and Mexico share an approximately 2000 mile border. Mexico, historically, has been a transit country and not a major producer of drugs. The location of Mexico and the trafficking of drugs from Mexico to the United States have been a source of concern for the United States. According to Ray Walser, a Latin American expert, "An estimated 90 percent of the cocaine consumed in the U.S. enters via Mexico. This means that between 300 metric tons (MTs) and 460 MTs of cocaine is smuggled into the U.S. annually. … The cartels use Mexico as a safe haven for large shipments from Colombia, which are then broken down and smuggled in smaller lots into the U.S. In addition, the U.S. consumes an average of 19 MTs of export-quality heroin and 9400 MTs of marijuana that is grown and refined in Mexico."[34] The United States and Mexico have become more interconnected because of globalization as well as more than 20 years of the North American Free Trade Agreement (NAFTA), which is a free trade agreement between Canada, Mexico, and the United States that President Bill Clinton signed into law in 1993. Thousands of trucks pass from Mexico to the United States every day. Drug trafficking organizations have also taken advantage of globalization and interconnectedness. Random inspections of cars as well as container ships passing through highways and ports of entry present major challenges for law enforcement and border security in trying to stop the flow of drugs, weapons, and other illicit commodities.

Drug traffickers have become more creative regarding the methods used to transport drugs across the border. One of the methods that has been used by drug cartels is the building of tunnels along the US-Mexico border.[35] The first tunnel discovered by authorities was in 1990. Law enforcement discovered a tunnel in Arizona, and concerned Bush administration officials had a hunch that organized crime groups could have built other tunnels across the border to smuggle drugs into the United States.[36] The number of tunnels used by drug traffickers and organized crime groups spiked over time. Since the discovery of the first tunnel in 1990, law enforcement officials have found more than 180 tunnel attempts, demonstrating the proliferation of tunnels that has occurred as drug traffickers have become more innovative and entrepreneurial in the mechanisms available to transport drugs to the world's largest market.[37] In sum, drug traffickers have become more sophisticated in the construction of tunnels. The most notorious drug trafficker who is famous for the building of tunnels is Joaquín "El Chapo" Guzmán, the former leader of the Sinaloa cartel. In July 2015, this ruthless leader of the Sinaloa cartel broke out of a maximum-security prison merely 16 months after being captured by the Mexican authorities.[38] Mexican authorities recaptured Guzmán in January 2016.[39] In January 2017, Mexico extradited El Chapo to the United States.[40]

In addition to tunnels, drug traffickers have used other technologies, such as catapults, cannons, ultralight aircraft, and drones to transport drugs from Mexico to the United States. Ultralight aircraft do not fly high in the sky but close to the ground, which makes it difficult to detect such objects. Moreover, such aircraft are not difficult to build and are not very expensive. Individuals can also learn how to operate such equipment without much training. Such equipment also has the capacity to transport very large quantities of drugs—hundreds of pounds—making it highly probable that these machines will be used more often by drug traffickers as viable and affordable means of transportation.[41] Furthermore, drones have been used to fly drugs across the border. In sum, drug trafficking organizations are creative and continue to evolve in order to evade authorities while trafficking illicit commodities.

Mexican Cartels and the Heroin Epidemic in the United States

Mexican cartels have participated in the production and trafficking of heroin. According to the DEA, Mexican drug trafficking organizations have moved in to play an important part in the supply chain of the heroin market in the United States. Colombian criminal networks had previously supplied heroin to the states on the east coast over the past 20 years, but the Mexican cartels have improved their infrastructure to diversify and expand operations in the heroin trade.[42] Mexico has witnessed a spike in the cultivation of opium, which is the key ingredient used to make heroin. In 2015, Jack Riley, the Acting Deputy Administrator of the DEA, stated:

> DEA has also seen a 50 percent increase in poppy cultivation in Mexico primarily in the State of Guerrero and the Mexican "Golden Triangle" which includes the states of Chihuahua, Sinaloa, and Durango. The increased cultivation results in a corresponding increase in heroin production and trafficking from Mexico to the United States, and impacts both of our nations, by supporting the escalation of heroin use in the United States, as well as the instability and violence growing throughout areas in Mexico.[43]

The spike in heroin production is based on what some experts refer to as a three-pillar strategy: increasing production, expanding into new markets in an effort to increase market share and revenue, and improving production techniques in order to compete with rival organized crime groups, particularly in Colombia, that produce heroin.[44]

One of the states in Mexico that has seen a rise in production is Guerrero, which is located in Southwestern Mexico. One Mexican military official contended in 2016 that at least 1,287 communities in Guerrero depend on the cultivation of poppy for their well-being. Criminal organizations request that individuals who live in the area cultivate marijuana and poppy. Organized crime groups provide the individuals with a guaranteed income as they will purchase the products from the farmers.[45] One hectare of poppy produces 8 kg of what is known as opium gum, which yields approximately 1 kg of heroin that can be trafficked for a hefty sum. In fact, some estimates show that heroin that is fully refined has an estimated value of nearly $87,000, demonstrating the high profits that can be earned from the heroin trade.[46] There is an underlying developmental issue as poor farmers living in Guerrero cultivate the illicit substance that is much more lucrative than other licit products. Moreover, the high demand for poppy means that people cultivating it do not have to search for a market. Instead, individuals involved in the supply chain of drug production will come to them. The head of the UNODC in Mexico, Antonio Mazzitelli, contends that it is important to note that production does not result in underdevelopment but rather underdevelopment causes individuals to partake in the cultivation of opium.[47]

Heroin production in this state has been facilitated by structural problems in Guerrero, which is a poor state that is plagued by high levels of corruption. The 2014 killing of the 43 students from the Ayotzinapa Rural Teachers' College resulted in an international scandal. Police forces allegedly killed the students in the town of Iguala and gave their bodies to Guerreros Unidos, a local gang. Thus, Guerrero has had major problems with the rule of law and the lack of state presence, which has contributed to the production of poppy. In addition, the poor infrastructure and roads in Guerrero make it difficult for farmers to transport poppy to market. Criminal groups easily resolve the infrastructure problem for the farmers as they can buy the products from the communities, alleviating the burden of the farmers having to traverse the poor roads.[48]

The increase of heroin is in part due to the vast usage of heroin in the United States. Jack Riley contends that "[t]he cartels have a pretty good handle on the appetite in the U.S." He has argued that they comprehend the nature of the addiction in this country: "They understand the prescription drug issue here, and that is one of the major reasons why you are seeing the expansion of poppy production."[49] Opium production rose in Mexico in 2014 by 50 percent.[50] The number of heroin deaths due to overdose has increased over time. According to the Center for Disease Control (CDC), the past decade has witnessed heroin usage spike by more than twofold in individuals between the ages of 18 and 25.[51] The number of heroin-related deaths jumped by 39 percent from 2012 to 2013.[52] The number of drug poisoning deaths from heroin increased by 248 percent between 2010 and 2014, with 10,574 heroin-related deaths recorded in the latter year.[53] Moreover, research indicates that nine out of every ten heroin users also use other substances. In addition, nearly half (45 percent) of heroin addicts are addicted to other opioid-based painkillers.[54]

In terms of the demographic breakdown, 90 percent of heroin users in the United States are Caucasian. The CDC contends that there have been increases in heroin usage among certain populations that do not have a history of using this substance. For instance, spikes in usage have occurred among individuals with higher incomes, who also have insurance. There are also more women using this drug. Furthermore, it is important to highlight that the disparity in usage between individuals who have lower and higher incomes as well as men and women have shrunk over the past ten years.[55]

Certain states in the United States have been impacted more by heroin as well as fentanyl. Most states experienced a spike in the number of heroin-related deaths in 2015 compared to 2014. For example, Mississippi recorded that the percentage of deaths during this period increased by 65.2 percent. The number of heroin-related deaths increased by 64.8 percent from 2014 to 2015 in Florida. Other states that witnessed spikes in the percentage of heroin-related deaths over this period include Alaska (48); North Carolina (47.7); Idaho (45.5); and Georgia (45.1).[56] A mapping of the number of heroin deaths paints a grim picture and suggests that the situation could worsen over time.

Fentanyl, which is an extremely dangerous drug, is also present where heroin is present.[57] The number of fentanyl-related deaths spiked between 2014 and 2015, particularly east of the Mississippi River. Michigan, for instance, witnessed the number of fentanyl-related deaths increase by 156.7 percent between 2014 and 2015. Other states with high percentage increases in the number of deaths related to this substance include New York (127.2) Connecticut (124.5); Illinois (118.9) New Jersey (118.9); and Pennsylvania (97.7). Fentanyl and heroin are a deadly combination that present public health challenges.[58]

The US government has been combating the trafficking of heroin as demonstrated by the surge in heroin seizures in recent years. In 2010, for instance, law enforcement seized 2,763 kg of heroin. The number of seizures continued to increase from 3,733 in 2011 to 4,391 by 2012. By 2014, 6,321 kg of heroin were confiscated. Furthermore, in 2015, law enforcement reported 6,722 kg of heroin interdicted in the United States.[59] The rise in the number of seizures demonstrates the power of the drug trade. However, analysts should not be too quick to claim victory against heroin traffickers as drug traffickers will continue to supply the market in the United States if the demand exists.

The United States and Border Security

Border security has become an issue of increasing importance on the United States' security agenda. The events of September 11, 2001 changed the priorities of the US government as the George W. Bush administration launched a global "war on terror." After 9/11, the Bush government created the Department of Homeland Security (DHS) in an effort to consolidate and better coordinate US security. The creation of DHS led to the consolidation of 22 agencies in the US government with a diverse security portfolio.[60] This organization focuses on three main areas: combating criminal networks, stopping the flow of unauthorized migrants from entering the country, and preventing terrorists from entering the United States. The DHS has been involved in the deportation of illegal immigrants. The number of deportations during the Bush administration spiked over time. In 2001, for example, the United States deported a total of 189,000 people, of whom 116,000 were non-criminals compared with 73,000 criminals. The number of deportations continued to increase. By 2006, the United States had deported 980,000 criminals and 182,000 non-criminals, which added up to a total of 281,000 people. By 2008, the US government deported a total of 360,000 individuals—105,000 criminals versus 255,000 non-criminals.[61]

The number of deportations continued during the Obama administration. Some individuals labeled Obama as the "deporter in chief." Journalist Jorge Ramos, for example, criticized President Obama for his deportation policies. During a 2014 interview with President Obama, Ramos contended, "If you, as you're saying, always had the legal authority to stop deportations, then why did you deport 2 million people?"[62] Obama stressed that his government could not halt deportations, some of which had been previously authorized. Obama also highlighted the political and bureaucratic process in an effort to argue that it is not possible to simply stop deportations. He contended, "When you present it in that way, it does a disservice because it makes the assumption that the political process is one that can easily be moved around depending on the will of one person, and that's not how things work."[63]

In 2009, the US government deported 391,000 people, of whom 260,000 were non-criminals compared with 132,000 criminals. The number of deportations spiked to 435,000 in 2013. The total number of non-criminals deported continued to outnumber that of criminals deported by authorities. In 2013, for example, the US government deported 237,000 non-criminals compared with 199,000 criminals. The increasing number of deportations can be understood as a result of the shift in priorities of the administrations. Muzaffar Chishti, Sarah Pierce, and Jessica Bolter argue: "The enforcement priorities and policies, which evolved over the years, represented a significant departure from those of the Bush and Clinton administrations … the Obama-era policies represented the culmination of a gradual but consistent effort to narrow its enforcement focus to two key groups: The deportation of criminals and recent unauthorized border crossers."[64] However, the number of total deportations declined from 2014 to 2015 from 414,000 to 333,000 total deportations, respectively (see Figs. 4.4 and 4.5).[65]

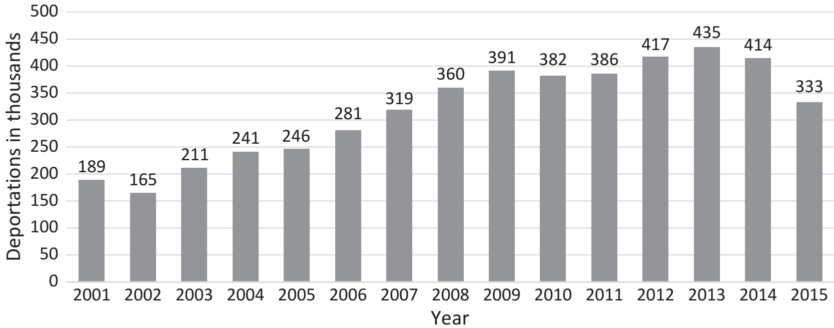

Fig. 4.4 Deportations of immigrants, by total number (2001–2015). Source: Created by authors with data from Ana Gonzalez-Barrera and Mark Hugo Lopez, "U.S. immigrant deportations fall to lowest level since 2007," *Pew Research*, December 16, 2016; data comes from U.S. Department of Homeland Security, *Yearbook of Immigration Statistics: 2010*

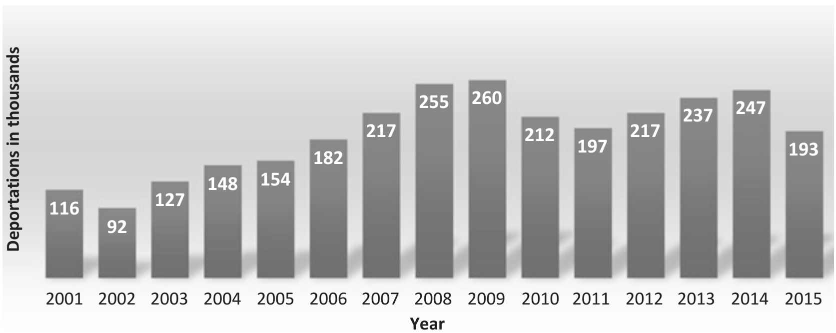

Fig. 4.5 Deportations of non-criminal immigrants (2001–2015). Source: Created by authors with data from Ana Gonzalez-Barrera and Mark Hugo Lopez, "U.S. immigrant deportations fall to lowest level since 2007," *Pew Research*, December 16, 2016; data comes from U.S. Department of Homeland Security, *Yearbook of Immigration Statistics: 2010*

President Trump has sought to elevate border security on the national security agenda of the United States. Candidate Trump ran on a platform of law and order. He argued countless times that the US border is like Swiss cheese in an effort to highlight the perceived porousness of the border. During his campaign, Trump argued that criminals arrive in the United States from Mexico. He also wants to build a wall to stop the flow of drugs and illegal immigrants. Trump's platform of law and order appealed to his political base as demonstrated by the "build that wall" chants that occurred at the rallies during the campaign. During one of the 2016 presidential debates, Trump contended, "We have some bad hombres here and we're going to get them out."[66]

Experts have criticized the wall for a variety of reasons. A wall does not address the 11 million illegal immigrants who are living in the United States. Many of these individuals have entered the United States in search of economic opportunities. It is highly unlikely that illegal immigration will end until some countries solve some of their underlying problems, such as high levels of violence and lack of economic opportunities. Latin America is facing endemic levels of violence and individuals will continue to flee their home countries not only as a result of violence but also in search of economic opportunities. Latin America is home to 23 out of the 25 cities with the most murders and 44 out of the top 50 countries with the most murders. In fact, the regional average is 22 homicides per 100,000 inhabitants, demonstrating the high levels of violence. In terms of the most violent cities, San Salvador, El Salvador, ranked as the most violent city in the world with a homicide rate of 136.70 per 100,000, followed by Acapulco, Mexico, with a rate of 108.10 per 100,000 inhabitants. San Pedro Sula, Honduras, ranked third with a homicide rate of 104.30 per 100,000 inhabitants.[67] As mentioned in the previous sections, organized criminal groups are quite creative and find ways to traffic drugs despite a wall. There are tunnels across the border, and individuals and technological devices, such as drones, can fly over a wall. The wall, which is estimated to cost more than $20 billion, will not be effective. The wall could result in high levels of insecurity along the border. Smugglers, or coyotes, could increase the costs of their services to smuggle migrants across the border. Moreover, the Mexican cartels can move into this illicit market in an effort to diversify their revenue sources. David McAdams, a professor at Duke University, contends: "Trump's aim is to raise those barriers. But, as any econ or MBA student knows, higher barriers to entry can actually be good for business. That's true especially for the deep-pocketed firms—here, the

Mexican cartels—that are able to invest sufficiently to overcome them. A border wall could thus create an opportunity for the cartels to monopolize the business of undocumented immigration, padding their pockets while also tightening their grip over the border regions."[68] In sum, the wall will not only be costly, but it is highly unlikely to deter criminal activity along the border and decrease levels of insecurity.

Conclusion

The United States has invested billions of dollars in combating drug trafficking in the region, particularly the Andean countries and Mexico. The fragmentation of organized crime due to such strategies creates various challenges for law enforcement as the smaller organizations are harder to combat. The other consequence of the counter-narcotics policies in the United States is that drug trafficking organizations can shift their operations. The shifting routes, known as the balloon effect,[69] are quite common as drug traffickers must adapt to evade law enforcement and continue to survive in this clandestine world. Finally, a concerning trend in some countries in the region is the rising levels of consumption of drugs, particularly cocaine. This means that drug cartels will have a more diverse market of consumers.

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CHAPTER 5

General Trends in Drug Trafficking and Organized Crime on a Global Scale

Drug trafficking and organized crime are lucrative industries for many different actors, from drug cartels to gangs as well as a variety of other criminal organizations.[1] According to the United Nations Office on Drugs and Crime (UNODC), the global value of organized crime is an estimated $870 billion per year. Organized crime accounts for 1.5 percent of the global GDP. In terms of organized crime, drug trafficking is the most lucrative endeavor: the yearly profits from drug trafficking are estimated to be worth $320 billion. Organized crime groups earn profits from a variety of illicit enterprises: human trafficking, organ trafficking, and money laundering, among others. For instance, global revenue from counterfeiting is estimated to be worth $250 billion per year.[2] This chapter examines the trends in drug trafficking and organized crime, focusing on the evolution of organized crime. While some of the actors have changed and the world has evolved, there are some trends across time, particularly in the policy realm in terms of which policies have been effective and which have been less effective. Moreover, drug trafficking organizations (DTOs) present challenges not only for state security but also for regional security as a result of the violent tactics that some organizations employ.

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Understanding the Nature of Transnational Organized Crime Groups

Transnational organized crime groups can range from drug cartels to gangs. For instance, the United States classified the Mara Salvatrucha (MS-13) gang as a transnational criminal organization in 2012. A gang consists of three or more people and engages in a variety of criminal activities. The Department of Homeland Security's Immigration and Customs Enforcement (ICE) notes that gangs consist of a group of members who adopt an identity "which they use to create an atmosphere of fear or intimidation, frequently by employing one or more of the following: a common name, slogan, identifying sign, symbol, tattoo or other physical marking, style or color of clothing, hairstyle, hand sign or graffiti."[3] Gangs participate in a variety of illegal activities from drug trafficking to extortion.

On the other hand, DTOs are organizations that are complex and often have intricate structures that help them participate in not only the distribution and transportation of illicit drugs but also the production of such substances.[4] Drug traffickers have different objectives than terrorist organizations. Drug traffickers desire to make money through illicit activities, but they do not seek to destroy the state like terrorist organizations such as Al Qaeda do. Instead, drug cartels need to operate within the state and are not interested in destroying the state apparatus. DTOs seek to infiltrate the state apparatus through corrupt acts (e.g. bribing judges, government officials, and law enforcement). While terrorists, such as the Islamic State of Iraq and Syria (ISIS), participate in criminal activities, such as selling oil on the black market and human trafficking, terrorist organizations have political objectives and participate in organized crime to finance their operations.

Security experts and policy analysts have examined potential linkages between drug traffickers and terrorist organizations. During a March 2015 testimony before the Senate Foreign Relations Subcommittee for the Western Hemisphere, Douglas Farah, a security expert, argued: "In December 2011, U.S. officials charged Ayman Joumaa, an accused Lebanese drug kingpin and Hezbollah financier, of smuggling tons of U.S.-bound cocaine and laundering hundreds of millions of dollars with the Zetas cartel of Mexico, while operating in Panama, Colombia, the DRC and elsewhere."[5] Other experts contend that the linkages between DTOs and terrorist organizations such as Hezbollah are overblown and do not present a real threat.[6] Furthermore, there is little evidence that terrorist organizations such as Hezbollah have a large presence in Latin

America. The linkage often can be overexaggerated in some security communities as government agencies fight for resources. Some areas of responsibility (AORs) are less of a priority than other regions, and security and defense officials who can highlight the potential threats and linkages between terrorist organizations and drug cartels can potentially receive more government funding to combat such threats.

Global Drug Demand: Statistics

The argument often made by academics, policy analysts, and policymakers is that drug traffickers traffic drugs because there is a global demand for such products. Globally there are 182.5 million users of cannabis. In addition, there are 18.3 million cocaine users. The global production of cocaine is an estimated 746 tons to 943 tons of pure cocaine. Moreover, 2014 recorded a global opium production of 4,770 tons. There were 19.4 million "ecstasy" users and 35.7 million users of amphetamines and prescription stimulants in 2014. In addition, 12 million people worldwide consumed drugs through injection.[7] In sum, it is important to note that this is a demand-driven market.

The United States leads the world in drug consumption. According to the National Survey on Drug Use and Health, nearly 1 in every 12 adults had a Substance Use Disorder (SUD) in the past 12 months, which translates into 20.3 million people living in the United States who have a SUD. Furthermore, 22.4 million—one in every ten—had used an illicit drug in the past 30 days.[8] Moreover, 5.41 percent of Americans between the ages of 15 and 64 years used opioids in 2014.[9] In the same year, 1.96 percent of the population living in the United States between the ages of 15 and 64 used amphetamines, while 2.1 percent of individuals between the ages of 15 and 64 years used cocaine. The percentage of ecstasy users for the same population was 1.1 percent. Despite these trends, it is important to note that the United States has seen improvements in drug consumption. For example, between 2000 and 2010, both consumption as well as spending for cocaine decreased by 50 percent.[10]

Many countries in Latin America have contended that they would not have issues with drug trafficking and organized crime if Americans did not consume such large amounts of drugs. However, drug trafficking experts like Bruce Bagley argue that there has been a globalization of consumption.[11] Brazil is the second leading cocaine-consuming country in the world. An estimated 1.75 percent of Brazilians use cocaine, but the number of consumers has increased in recent years. Since 2005, cocaine usage among Brazilians has increased by more than twofold. In 2005, only 0.7 percent of the population consumed cocaine.[12] Some experts contend that cocaine usage in Brazil has spiked as a result of increasing levels of disposable income, which has enabled individuals to produce this often-pricey drug.

Argentina is one of the largest cocaine-consuming country in the world. In 2010, the UNODC numbers reveal that 0.9 percent of the adults in the country consumed cocaine, which constituted a threefold increase since 2004.[13] According to a 2015 study, the percentage of individuals living in Buenos Aires and the Greater Buenos Aires area who knew an individual impacted by drug abuse has proliferated from 28 percent in 1989 to 60 percent in 2015. In addition, the percentage of people living in the Buenos Aires and Greater Buenos Aires region who knew where to buy drugs also proliferated over time from 6 percent in 1989 to 27 percent in 2000. By 2015, the percentage spiked to 31 percent.[14]

Cocaine consumption has also increased in other parts of the world. For example, in 2014, Africa recorded three million users, which is an increase from the one million in 1998.[15] Europe has also seen growth in drug consumption. Based on 2013 data, Europe had an estimated 17.1 million lifetime cocaine users between the ages of 15 and 64 years and 8.3 million between 15 and 34 years old. Cocaine represented 24 percent of the total share of the illegal drug market in the EU. Moreover, the EU had an estimated 1.3 million heroin users between the ages of 15 and 64 years.[16] In 2014, Cecilia Malmström, the European Commissioner for Home Affairs, talked about the troubling patterns in drug consumption in Europe, stating: "I am deeply concerned that the drugs consumed in Europe today may be even more damaging to users' health than in the past. There are signs that the ecstasy and cannabis sold on the street are getting stronger. I also note that the EU Early Warning System, our first line of defence against emerging drugs, is coming under growing pressure as the number and diversity of substances continue to rise sharply."[17] According to the European Monitoring Centre for Drugs and Drug Addiction, cocaine prevalence among people between the ages of 15 and 64 years in the past year was two percent in Spain, two percent in the United Kingdom, one percent in France, one percent in Italy, and one percent in Germany. Moreover, amphetamine consumption among the same population was as follows: Spain (one percent); United Kingdom (one percent); Germany (one percent); Austria (one percent); and Finland (one percent).

On the global scale, drug trafficking and drug consumption continue to flourish. One mechanism for measuring the amount of drug trafficking is the number of seizures. In terms of global seizures, 526 tons of opium were seized in 2014. The same year 81 tons of heroin and 21 tons of morphine seizures were recorded. The percentage of morphine confiscated dropped by 46 percent in 2014, while opium declined by 17 percent. However, the percentage of heroin seized in 2014 increased by five percent compared to the percentage apprehended in the previous year (see Fig. 5.1).[18]

Drug Policies in the United States: The Obama Administration and Drug Policy

In 2009, the Obama administration ended the "war on drugs." Director Gil Kerlikowske, the head of the Office of National Drug Control Policy, asserted that the United States should no longer use the phrase "war on drugs."[19] He continued that the term war on drugs is viewed as a war on people and stressed that the Obama administration did not want individuals to view this as a war on people.[20] However, some critics have argued

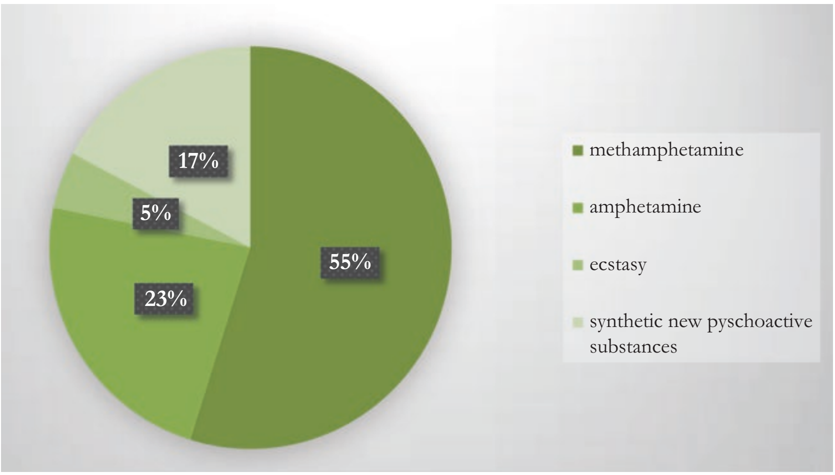

Fig. 5.1 Global seizures in 2014 (in tons). Source: Created by authors with data from UNODC, *World Drug Report 2016* (UNODC: New York, NY, 2016)

that this only reflected a shift in rhetoric as some of the policies did not change. Some analysts have contended that the federal drug control budget for the Obama administration has been quite similar to spending during the Bush administration. In 2005, for example, 57 percent of the Bush administration's drug budget was allocated for supply reduction, while 43 percent went toward demand reduction. In 2015, Obama's drug budget had a 1 percent decrease in the percentage allocated to supply reduction (56 percent) and a 1 percent increase in the amount allocated toward demand reduction (44 percent).[21]

President Obama emphasized the need for prevention as opposed to incarceration. In addition, the Obama administration stressed the need for intervention prior to the development of addiction as well as increasing access to individuals to treatment. According to the White House's drug strategy, titled "A drug policy for the twenty-first century," the Obama government has increased access as well as resources for treatment and rehabilitation: "Recognizing this, the Obama Administration has taken unprecedented action to expand access to treatment for millions of Americans. Through the Affordable Care Act, insurance companies will be required to cover treatment for addiction just as they would cover any other chronic disease."[22] President Obama proposed a 2017 budget that would have had more resources allocated for demand reduction than supply reduction. The director of the National Drug Control Policy Office, Michael Botticelli, underscored that the 2017 budget emphasized treatment and prevention. In fact, the budget proposed the largest amount of money in history to be spent on prevention and treatment for substance abuse.[23] Yet some critics contended that the Obama administration should have invested more on demand reduction as supply side strategies have not been effective. Bill Piper of the Drug Policy Alliance asserted that drugs must be treated as a public health issue and argued that the government continues to invest money in initiatives designed to combat the supply of drugs despite the fact that such programs have not worked[24] even though the United States has spent more than $1 trillion over the past 40 years on the war on drugs.[25]

The Trump Administration's Drug Policy

Donald Trump announced his presidential run in June 2015 and spoke about the security threat that Mexico presents for the United States. He contended: "When Mexico sends its people, they're not sending their best. They're not sending you. They're not sending you. They're sending people that have lots of problems, and they're bringing those problems with us. They're bringing drugs. They're bringing crime. They're rapists. And some, I assume, are good people."[26] President Trump has contended that the wall will help stop the flow of heroin entering the country. During the primaries in New Hampshire, Donald Trump told the audience that the United States needs to resolve this problem. According to Trump, the country needs to enforce its borders.[27] Yet many heroin traffickers traffic smaller amounts of the drug numerous times, making it more difficult to stop.[28]

In May 2017, the Trump administration announced that it would decrease the 2018 budget of the Office of National Control Policy from $388 million to $24 million, which is a 95 percent cut. The result of this budget cut would mean that as many as 33 people could lose their jobs. The cuts would end two programs: the drug-free communities support program as well as the high intensity drug trafficking areas program. Regarding the cuts to the budget, the acting leader of the organization, Rich Baum, contended: "The drastic proposed cuts are frankly heartbreaking, and if carried out, would cause us to lose many good people who contribute greatly to O.N.D.C.P's mission and core activities."[29] Others have echoed such concerns regarding the cut to the budget. Senator Rob Portman (R-Ohio), stated: "We have a heroin and prescription drug crisis in this country and we should be supporting efforts to reverse this tide, not proposing drastic cuts to those who serve on the front lines of this epidemic."[30]

Officials in the Trump administration have also elaborated more on the need to combat insecurity at the United States' southern border. Gen. John Kelly, the secretary of Homeland Security and the former commander of the US Southern Command, has talked about drug trafficking from Mexico. He contended: "It's three things. Methamphetamine. Almost all produced in Mexico. Heroin. Virtually all produced in Mexico. And cocaine that comes up from further south. Those three drugs result in the death of I think in '15, I think, of 52,000 people to include opiates. It's a massive problem. 52,000 Americans dead. You can't put a price on human misery. The cost to the United States is over $250 billion a year." However, Kelly stressed that the emphasis should be on reducing the demand for drugs. He argued on *Meet the Press* in April 2017 that the United States must decrease its demand for drugs as the problem cannot be addressed only by incarcerating drug users.[31]

President Trump's statements suggest that the United States is going to increase the hardline approach to combating drug trafficking and organized crime. In other words, President Trump's tough-on-crime approach mirrors the *mano dura* (iron fist) policies that have been implemented in places like Central America. Furthermore, some experts have criticized President Trump's selection of Rep. Tom Marino for the top position in drug enforcement. Bill Piper, for example, stated that the United States cannot focus on incarcerating large numbers of individuals for drug usage, but instead must view the problem as a public health issue, which requires drug treatment.[32] Thus, there appears to be a clear shift between the Obama and Trump administrations with regard to drug policy. President Obama's 2017 budget demonstrated that his government sought to focus more resources for combating the demand for drugs. However, the Trump administration appears to be reversing this trend and focusing on law and order, which some critics of the drug war disapprove of as they argue that more money needs to be invested to address the demand issue.

Drug Trafficking and Organized Crime in the Middle East

While the United States has been the epicenter of the war on drugs, other regions around the world play an important role in the supply chain of drug production and trafficking. The Middle East, for instance, plays a major role in drug production. There are some challenges in measuring drug trafficking in this region as data in many countries in the Middle East are quite poor as a result of the fact that some states do not publish findings. Moreover, some countries do not gather data on trends in drug production and trafficking. While there are problems with lack of data, it appears that the prevalence of the drugs has increased in North Africa and the Middle East. Some experts contend that there is a vulnerable population, often unemployed young individuals who have experienced the side effects of war and suffered from the high levels of violence. Drugs can offer individuals living in such dire circumstances a "temporary escape."[33]

One of the drugs that has been taking the Middle East by storm is Captagon, which is one of various names for a drug that is made from fenethylline hydrochloride. Captagon, which is a synthetic drug, is similar chemically to epinephrine and dopamine. When someone consumes the drug, "their metabolism breaks the drug down to amphetamine itself, as well as to theophylline, a molecule that naturally occurs in small amounts in tea and that also has cardiac stimulating activity."[34] This drug is taken by various groups, such as the rebel forces in Syria. The drug provides individuals with energy and makes them unable to sleep.[35] Countries have experienced spikes in the seizure of amphetamines and Captagon. Bulgarian law enforcement, for example, saw the number of seizures of amphetamines spike from 208.19 kg in 2002 to 1,456.22 kg in 2004. The number of seizures declined from 1,119.69 kg in 2005 to 209.30 kg in 2007. By 2014, law enforcement seizures declined to 182 kg. On the other hand, Turkey[36] reported 122,732 pieces of Captagon seized in 2002—5,000 pills make 1 kg. By 2006, the number of seizures skyrocketed to 19,971,625 but later declined to 144,121 pieces in 2012. Yet there has been a proliferation in the number of seizures in recent years. In 2015, for example, Turkey seized 13,834,136 pieces of Captagon.[37]

In addition to Captagon, some Middle Eastern countries are highly involved in opium production. Afghanistan is the most important player in the region in opium trade. Opium production in the country has spiked over the past 15 years. In 2001, the country recorded 8,000 hectares of opium under cultivation. Opium poppy cultivation climbed to 131,000 in 2004. By 2007, the country recorded 193,000 hectares under cultivation. The country experienced decreases in hectares under cultivation from 2007 to 2010. However, cultivation spiked from 2010 to 2014 from 123,000 hectares to 224,000 hectares.[38] Afghanistan experienced an increase in the cultivation of opium poppy after eradication from 183,000 hectares in 2015 to 201,000 hectares in 2016. The potential production of opium also skyrocketed from 3,300 tons in 2015 to 4,800 in 2016 (see Figs. 5.2, 5.3, and 5.4).[39]

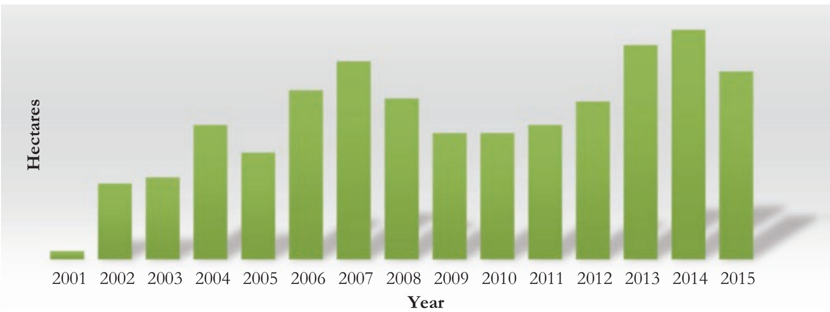

Fig. 5.2 Cultivation of opium poppy in Afghanistan (hectares). Source: Created by authors with data from UNODC, *Afghanistan Opium Survey 2015 Cultivation and Production* (UNODC: New York, NY, 2015); see also UNODC and MCN/UNODC, Opium Survey 1994–2015. Note: The data from 2009 to 2015 also has a range of highs and lows. This graph, however, does not reflect that range

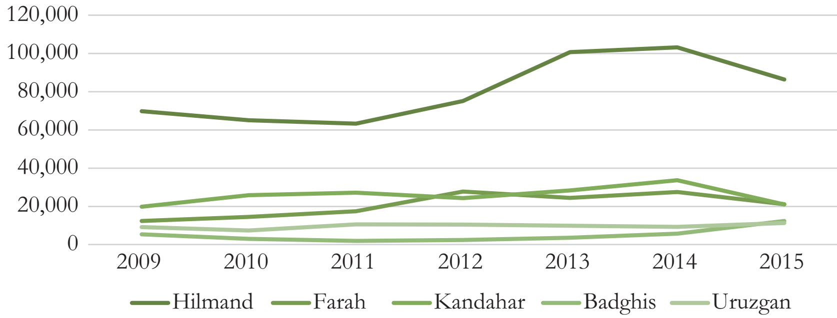

Fig. 5.3 Afghanistan's main opium poppy cultivating provinces (hectares). Source: Created by authors with data from UNODC, *Afghanistan Opium Survey 2015 Cultivation and Production* (UNODC: New York, NY, 2015)

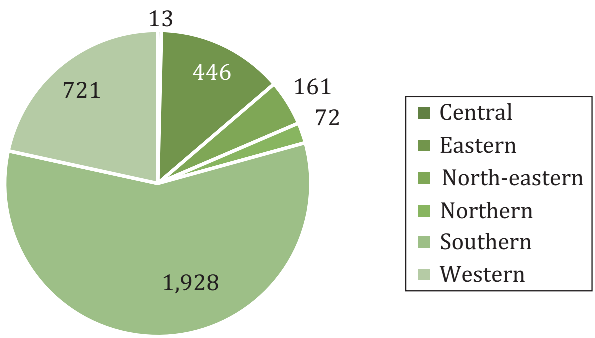

Fig. 5.4 Afghanistan's potential opium production in 2015 (by region and in tons). Source: Created by authors with data from UNODC, *Afghanistan Opium Survey 2015 Cultivation and Production* (UNODC: New York, NY, 2015)

Opium cultivation in Afghanistan presents various challenges in terms of alternative development policies. According to 2013 data, farmers earned $143 per kg for "fresh opium" compared to $172 for a kg of "dry opium."[40] The United States has attempted to address the plethora of alternative development obstacles through various mechanisms. Liana Rosen and Kenneth Katzman, specialists in narcotics from the Middle East, argue that Afghanistan experiences the highest level of cultivation in regions of the country where individuals do not receive agricultural assistance. Cultivation occurs in areas that have high levels of insecurity. The United States has invested in programs that seek to promote the shift to the cultivation of licit substances.[41] This has presented quite a challenge as the cultivation of opium is quite lucrative, and there are various security issues that are present if people refuse to cultivate opium.

Some individuals have criticized rural development programs for being ineffective. Some scholars contend that the arrival of alternative development programs was very slow from 2000 to 2009 and created tensions among the populations. In addition, poor security in the country, especially due to insurgency attacks, limited the implementation and effectiveness of the program.[42] According to data from the Chicago Project on Security and Threats, the number of suicide attacks increased from one in 2001 to 20 in 2005. The number of suicide attacks continued to rise from 105 in 2006 to 140 in 2007. In 2009, Afghanistan had 99 suicide attacks that led to the death of 512 people and wounded 1,267 individuals (see Fig. 5.5).[43]

In terms of the funding breakdown for the Afghan War, known as Operation Enduring Freedom (OEF), between FY 2001 and FY 2015, the Department of Defense received $700.7 billion, while the State Department/USAID received $36.2 billion. From FY 2001 to FY 2016, the US government allocated $783 billion to Afghanistan.[44] The request for FY 2017 was $43.7 billion for Afghanistan.[45] Thus, the US government has invested significant resources in alternative development. However, the security context as well as the fact that individuals can make

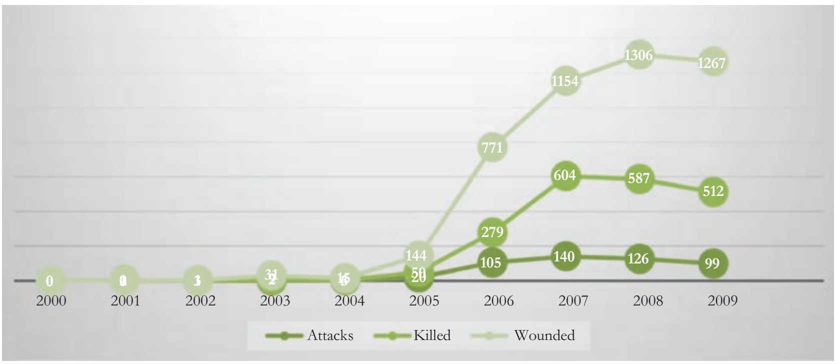

Fig. 5.5 Suicide attacks and casualties (Afghanistan [2000–2009]). Source: created by authors with data from Chicago Project on Security & Threats

more money cultivating opium presents major challenges when attempting to have individuals shift to growing licit crops.

Various organizations, including extremist groups, are involved in drug trafficking in the Middle East. The ISIS is one organization that participates in a variety of organized criminal activities. The history of a Sunni terrorist organization dates back to 2003 and the invasion of Iraq by the United States. Abu Musab al-Zarqawi and his Jama'at al-Tawhid w'al-Jihad formed an alliance with Al Qaeda in Iraq (AQI). However, the death of Zarqawi in 2006 led to the evolution of this organization that became known as ISIS. This organization has channeled the discrimination that Sunnis had suffered in Syria as well as Iraq. The US invasion of Iraq led to the political system being reformed. The elections enabled the Shia, who are the majority in the country, to come to power, which left the Sunnis feeling excluded and marginalized from the political process.[46]

Debates exist regarding ISIS's role in drug trafficking as some analysts argue that it is not clear whether or not ISIS is a net exporter of drugs or even permits trafficking. Some experts argue that it is likely that ISIS fighters use substances, such as synthetic opiates, as a sedative.[47] ISIS participates in a diverse form of criminal activities to finance its operations. Oil sales is a major revenue generator for this organization. In fact, estimates place the revenue from selling oil on the black market at $750 million to $1 billion per year. The organization earns $850 million for human trafficking, taxes, and seizures. Other sources of income include ransom, which is estimated to net the group between $20 and $45 million per year. Finally, the trading of antiquities generated an estimated $1 million per year.[48]

Drug Trafficking and Organized Crime in Asia: The Case of China

Countries in Asia play important roles in drug trafficking and organized crime. China, for instance, is involved in a variety of illicit endeavors. The nature of organized crime in China is different from other countries.[49] The Communist Party of China (CPC) has maintained tight control over organized crime groups. The authoritarian Chinese government has demonstrated its ability to combat other movements (e.g. political or religious) through repressive tactics. The strategy of the authoritarian leadership in the country has prevented organized crime groups from operating on a national level. Instead, organized crime in China is a local issue.

The Chinese government has been battling drug trafficking and organized crime in the country. The number of annual drug seizures of methamphetamine has increased from 4.82 metric tons in 2001 to 6.62 metric tons in 2007. China has seen a rise in the amount of methamphetamine seized in recent years. In 2010, the number of seizures of this product increased to 9.90 metric tons. By 2013, seizures spiked to 19.52 metric tons. Seizures of ketamine have also increased from 1.76 metric tons in 2003 to 5.30 metric tons in 2009. Seizures rose from 4.70 metric tons in 2012 to 9.69 metric tons in 2013. On the other hand, opium seizures have remained fairly consistent over time: about 1.22 metric tons of opium was confiscated in 2002. In 2013, authorities seized 1.46 metric tons. On the other hand, heroin seizures have declined from 9.29 metric tons in 2002 to 8.55 metric tons in 2013.[50]

China has also experienced challenges with drug consumption. For instance, the total number of heroin addicts in the country has increased over time. In 2001, China had 745,000 total heroin addicts. The number of addicts increased to 1,065,000 in 2010 and 1,326,000 in 2013. While the number of addicts has spiked over the years, China has experienced a decline in the number of heroin-using addicts.[51] The Chinese government faces a serious public health crisis in terms of heroin addiction as a large quantity of pure heroin is available at cheap rates. Moreover, people in the rural areas have limited access to programs that are designed to treat drug addiction.[52]

The Chinese government has taken drastic measures to deter drug trafficking and drug usage. The police in China have to register any drug users that they come in contact with, demonstrating the government's policies designed to combat not only drug trafficking but also drug usage.[53] Furthermore, people convicted of drug-related crimes have been sentenced to death in China.[54] The number of executions for drug offenses in China has increased from at least 96 in 2008 to at least 172 in 2009. By 2010, China executed an estimated 590 individuals for drug offenses.[55]

As a result of the internal dynamics in China, organized crime groups have moved into other countries (e.g. Latin American countries and the United States) to expand their operations and profits.[56] As the Chinese continue to expand criminal activities in areas throughout the world, there is the possibility that organized crime will also spike. For instance, some Chinese criminal organizations are involved in the trafficking of synthetic drugs and cocaine from Panama and Peru to other countries in both Asia and Europe. Reports have surfaced that indicate that Chinese organizations that operate in Mexico have participated in the trafficking of the chemicals that are required to produce methamphetamine, which is a very lucrative business.[57]

Drug Trafficking in Africa

Africa, particularly West Africa,[58] has become a transit country for drugs being shipped to Europe. Cocaine originating in South America is valued between $2700 and $4000 per kg. However, the value of the product increases as it is transported to Europe. In the Atlantic coast of Africa, cocaine is valued at more than $13,000 per kg. However, the price in the capitals of the Sahel increases to $16,000 and between $24,000 and $27,000 per kg in the cities of North Africa. The estimated price per kg in Europe is between $40,000 and $60,000. Moreover, the markup for heroin from the "farm gate" price to the consumer is 16,800 percent.[59]

The number of seizures of cocaine has proliferated over time. In 2006, law enforcement seized 14,579 kg of cocaine compared with 273 kg of cocaine in 2001. The increase in drug trafficking is a result of the growing ties between producers in Latin America and networks in Africa.[60] Cocaine that is transported from Brazil to Africa has a final destination in the lucrative European drug markets, not only as a result of the price paid per kg of cocaine but also due to the high levels of demand. The demand for drugs in Africa has also increased.[61] In 2012, for example, Mali recorded seizing 413.3 kg of cannabis, 2,949 kg of cocaine, 56 cocaine capsules, and 16 kg of methamphetamine—among other drugs.[62] In 2016, law enforcement seized 2.7 tons of cannabis, a record number, demonstrating the increasing challenges that the country is facing with regard to drug trafficking.[63]

Countries in Africa have ripe conditions for drug trafficking and organized crime. Many states have weak institutional structures, high levels of corruption, and impunity. In addition to rule of law problems, countries in Africa are plagued by poverty, and the large revenues that can be earned from the drug trade make this illicit business attractive for some citizens. Some countries in the region, such as Guinea-Bissau, have experienced major issues with drug trafficking in addition to a plethora of other challenges (e.g. coups, political instability, and violence). Drug trafficking could undermine the already weak institutional apparatuses present in many countries throughout the region.[64] These fears are exemplified by the fact that some have referred to Guinea-Bissau as a narco-state[65] as drugs flow from South American countries through Africa to Europe.[66]

While some countries could be classified as narco-states, scholars have identified other countries as developing narco-states, which present major security threats for state as well as regional security. Paul Rexton Kan, a drug trafficking expert, contends that a country that is a developing narco-state has high-level officials in the country who also participate in drug trafficking and organized crime. Moreover, "[t]he judicial system, along with other portions of security institutions, facilitates the illicit trade occurring within their jurisdictions. The drug economy also begins to take root where the benefits of drug profits begin to spread into the licit economy of a nation."[67] Senegal, for instance, fits the classification of a developing narco-state.[68] The country has become more involved in the drug trade and has served as a transshipment country for drugs that are being transported from South America to the lucrative European market. Due to its location in West Africa, Senegal is strategically positioned to ship drugs to Europe. The country has the necessary infrastructure required to transport goods as well as weak institutions that permit drug traffickers to penetrate the state apparatus. Senegal has also experienced high levels of corruption among not only police but also judges and prosecutors.[69]

Some experts contend that drug trafficking in West Africa presents a threat to security for countries in the region. Olusegun Obasanjo argues: "We can continue business as usual and see our institutions undermined by drug money and corruption, increased violence on our streets, our young exposed to diseases and epidemics and decades of development efforts compromised. Or, we can take a new approach that requires better targeted enforcement and for the impact of drugs to be seen as a health as well as a justice issue within and beyond our countries."[70] Countries in West Africa face many challenges like high levels of corruption, weak institutions, and profits from the drug industry suggest that the problem will not disappear in the near future. Drug traffickers will continue to seek to penetrate the state apparatus by bribing judges, politicians, and police officers in order to traffic drugs from South America to countries in the European Union.

The Future of Drug Trafficking: The Dark Web

Markets for drugs and other illicit activities have evolved in terms of complexity. Questions have emerged about the possibilities that the sale of drugs could occur entirely online in the future as opposed to requiring drug dealers to peddle drugs on street corners. One individual and his complicated network of illicit trade conducted via the Internet has caused law enforcement, government officials, and policy analysts to think about the possibilities—and realities—of the drug trade via the World Wide Web.

In May 2017, a Judge sentenced Ross Ulbricht, the creator of the Silk Road, to life in prison in a New York court telling the defendant, "[w]hat you did was unprecedented."[71] He used Silk Road to facilitate the buying and selling of illegal goods, such as drugs. The website, which began in January 2011, began to evolve over time into a criminal network that drug dealers used to distribute their products, including cannabis, opioids, precursors, prescription psychedelics, stimulants, ecstasy, and a variety of other products, to over 100,000 buyers. Manhattan Attorney Preet Bharara described Ross and the crimes that he committed, stating, "Make no mistake: Ulbricht was a drug dealer and criminal profiteer who exploited people's addictions and contributed to the deaths of at least six young people. Ulbricht went from hiding his cybercrime identity to becoming the face of cybercrime and as today's sentence proves, no one is above the law."[72]

The Ulbricht case raises various important questions for policymakers and law enforcement. The use of the Internet for trafficking drugs and other illicit commodities will continue to evolve. It is possible that Silk Road could be the first of a variety of spin-off websites that are used by criminal networks to buy and sell illegal commodities and launder money via the Internet. As technology advances, criminal networks could continue to use such platforms to operate their illicit businesses. However, other experts disagree and the case of Silk Road shows that individuals seeking to operate drug rings and criminal networks on the Dark Web will be pursued by law enforcement. Andy Greenberg contends: "Not so long ago, the Silk Road was not only a bustling black market for drugs but a living representation of every cryptoanarchist's dream: a trusted trading ground on the Internet where neither the government's laws nor the Drug War they've spawned could reach. Today, that illicit narco-utopia is long gone."[73] The FBI has stepped up its efforts to combat the Dark Web. In 2014, the FBI seized more than 400 Tor .onion addresses (See Chap. 8). Assistant Attorney General Caldwell argues: "It is a plain fact that criminals use advanced technology to commit their crimes and conceal evidence—and they hide behind international borders so they can stymie law enforcement." However, law enforcement has adopted and has the technological know-how to combat illicit activities occurring on the Dark Web. Caldwell states: "But the global law enforcement community has innovated and collaborated to disrupt these 'dark market' websites, no matter how sophisticated or far-flung they have become."[74]

Conclusion

The nature of drug trafficking and organized crime has evolved over time as criminal groups have become more sophisticated. Organized crime and drug trafficking are a transnational phenomenon that impact countries around the world. The nature of the industry is truly global and countries participate in different parts of the supply chain. Unlike terrorist organizations, drug cartels seek to make money and need to penetrate the state apparatus to survive. Drug traffickers bribe judges, government officials, and law enforcement to erode—or further erode—institutions within a country. The major challenge with drug trafficking is that it is often accompanied with violence as drug cartels fight among each other for control of territory. Moreover, hardline government strategies can lead to increases in violence as governments implement the war on drugs.

The US government has been at the epicenter of the drug war. The US government launched the war on drugs in the 1970s and has sought to combat the supply of drugs from entering the country by combating drug production and trafficking in other countries around the globe. The United States has assisted countries in Latin America with multibillion-dollar counter-narcotics strategies. With the support of the United States, for example, governments in Colombia and Mexico have sought to capture the kingpins of the major cartels. The result of the kingpin strategy has been a fragmentation of organized crime. The lesson of the war on drugs is that DTOs will continue to adapt to changing circumstances. Drug traffickers and organized crime groups must stay ahead of law enforcement to survive in this clandestine industry. This requires organized crime groups to diversify their activities and move into different industries (e.g. money laundering, human trafficking, and stealing oil—among others).

This chapter also demonstrated that drug trafficking and organized crime can increase as well as decrease in importance on the security agenda of a country depending on an administration. The Obama government, for example, ended the war on drugs, yet the discourse of the Trump administration has been to reintroduce a hardline strategy to combat drug trafficking and organized crime. Candidate Trump linked organized crime to border security and vowed for the importance of building a border wall. Trump's law and order policy platform will elevate the threat of drug trafficking on the security agenda of the United States. While Trump has discussed the need to combat the heroin epidemic, as of July 2017, it is not clear the steps that the administration has taken to address this issue.

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CHAPTER 6

Human and Organ Trafficking

Human trafficking is the modern-day version of slavery. According to a 2014 International Labour Organization (ILO) report, there are approximately 21 million victims who live in modern "slave-like" conditions.[1] Countless stories have emerged of sexual exploitation around the world. It, however, is incorrect to assume that all victims of human trafficking are trafficked for sexual exploitation. There are many different types of exploitation of individuals that amount to grave human rights abuses, such as forced marriages, selling children, organ removal for sale on the black market, force labor, child soldiers, and forced begging.[2] Criminals and organized crime groups participating in human trafficking are motivated by the large profits that can be earned from such endeavors. Human trafficking is a $150 billion annual business. Sexual exploitation is the most profitable, accounting for $99 billion of the profits of the total annual business.[3] This chapter examines the major trends in human trafficking and the challenges as criminal groups continue to move into this lucrative business in an effort to diversify their activities.

Characteristics of Victims

Human trafficking is something that impacts people around the globe. Between 2012 and 2014, there were 63,251 victims of trafficking in 106 countries, demonstrating the severe nature of this problem. Females

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constituted just over half—51 percent—of the trafficking victims detected in 85 countries while men represented 21 percent, girls 20 percent, and boys 8 percent. The percentage of female trafficking victims has decreased from 74 percent in 2004 to 51 percent in 2014. However, these trends represent a troubling phenomenon as the percentage of girls has increased over time among detected trafficking victims. In 2004, for example, girls accounted for 10 percent of detected victims, yet by 2009, the percentage spiked to 17 percent. As of 2014, 20 percent of all detected victims of trafficking were girls.[4] Yet the trend has been the opposite for boys and men. The percentage of men among detected victims increased from 13 percent in 2004 to 21 percent in 2014. On the contrary, the percentage of boy victims increased from 3 percent in 2004 to 13 percent in 2011. However, the percentage declined to eight percent in 2014.

The majority of males are trafficked for forced labor. According to data from detected trafficking victims, 85.7 percent of victims were trafficked for forced labor. The percentage of males trafficked for sexual exploitation was 6.8 percent. Furthermore, the results reveal that only one percent of victims were trafficked for organ removal. The United States' Victims of Trafficking and Violence Protection Act of 2000 defines forced labor as harboring, transportation, recruitment, or acquiring a person to work in forced labor either through coercion or through fraud against their free will. This can include subjecting individuals to slavery, debt bondage, or peonage.[5] The model known as the A-M-P (Actions, Means, and Purpose) can be used to differentiate forced labor from other types of trafficking. Traffickers can use a variety of actions (e.g. recruiting and harboring) to force or coerce individuals to participate in forced labor.[6]

On the other hand, the majority of women are victims of sex trafficking: trafficking for the purpose of sexual exploitation accounted for 72 percent of all the women trafficked in 2014. People who become victims of sex trafficking are forced to partake in a variety of different types of sexual exploitation. It is important to highlight that sex trafficking does not necessarily equate to prostitution. Instead, prostitution is one form, among a variety of forms, of sexual exploitation.[7] The second highest form of exploitation is forced labor, which constituted 20 percent of detected female trafficking victims in 2014. For females, trafficking for organ removal is lower than males: 0.1 percent.

In terms of the breakdown of countries and the type of exploitation, Central and Southeastern Europe recorded 65 percent of victims as individuals trafficked for sexual exploitation, while 13 countries in Western and Southern Europe had 66 percent of victims being exploited for the same type of trafficking, according to data from 2012 to 2014. Other regions with high percentages of detected victims of trafficking for sexual exploitation include East Asia and the Pacific (61 percent), South America (57 percent), and Central America and the Caribbean (57 percent).[8]

The Internet and Human Trafficking

The Internet has revolutionized the way in which people live. However, the marvels of the Internet have also been used by criminals for a variety of illicit activities. Some victims of human trafficking have been contacted through social media platforms such as Facebook. Often individuals are promised various things, such as becoming famous, and are lured by criminals into human trafficking. Some victims receive calls for various jobs (e.g., modeling roles) and someone is deceived and forced to participate in human trafficking. For instance, a 19-year-old in Illinois responded to advertisements on the Internet about modeling. This individual received instructions to meet someone in a hotel room. The offender in the case sought to exploit this person and force her to work in the sex trade. However, a sting operation with an undercover police officer posing as the client helped rescue the young victim.[9] Other examples include the promotion of advertisements for dancers, waitresses, and nannies on websites in Lithuania and Latvia for work in Denmark.

There are many websites that are used for prostitution and illicit acts. Judge Herbert B. Dixon, Jr. notes that organizations designed to combat human trafficking as well as law enforcement entities have found that organized crime groups use the Internet as a tool to partake in human trafficking. There are a variety of online sites that have been used to promote sexual services, such as Craigslist.com, demonstrating that the Internet is flooded with websites that enable potential clients, or "Johns," to shop for women.[10] The golden age of the Internet presents various obstacles for law enforcement who are attempting to combat sex trafficking. The Internet has made it easy for individuals to find women through the plethora of websites. However, it becomes more difficult for authorities to trace the culprits and find the victims. As technology and the Internet continue to evolve, law enforcement must adapt to the changes. Experts note that such websites make it difficult for law enforcement professionals to determine if individuals are being forced to partake in such acts or work as prostitutes out of their own free will.[11]

The number of hits that one can find on articles regarding the commercial sex industry is overwhelming and demonstrates the high levels of activity in this illicit market. Researchers found 18,429 posts by searching one website with key words related to the sex industry in the Los Angeles area. In addition, the same research shows that these websites also had thousands of telephone numbers that are linked to the website.[12] The researchers found 4,753 unique phone numbers listed within the more than 18,000 posts. In addition, they found 2,050 unique phone numbers associated with only one post and 2,703 phone numbers associated with multiple posts. Moreover, 107 phone numbers accounted for 25 percent of all the 18,429 posts.[13]

Human Trafficking in the United States

The number of human trafficking cases and calls to the national human trafficking hotline has proliferated, demonstrating the evolving nature of this complex problem. In 2012, the hotline recorded 3,279 human trafficking cases and 13,325 calls. By 2014, the number of cases spiked to 5042, while the calls mushroomed to 21,431. By 2016, the hotline recorded 7,572 cases and 26,727 calls. According to the National Human Trafficking Resource Center (NHTRC), California had the most calls in 2015, followed by Texas, Florida, Ohio, and New York. The data also show that the community leaders accounted for the most number of calls (5,833) followed by the victims of trafficking (3,506) and non-governmental organization (NGO) representatives (2,293).[14] Regarding the industry of potential trafficking, 2015 recorded 4,136 calls while labor accounted for 721 cases.[15] There are a variety of venues for sex trafficking, as demonstrated by the figures below: online ads, escort services, brothels, strip clubs, and at various other places (see Figs. 6.1 and 6.2).

According to data from Polaris, an organization designed to combat human trafficking, the number of human trafficking cases in the United States has proliferated. In addition, certain groups have a higher tendency of being victims than others. In 2012, hotlines run by Polaris received 3,409 calls about human trafficking. By 2014, the number of calls spiked to 5,382. In 2016, the number of calls increased to 8,042 from 5,961 in 2015. Among the 8,542 individuals identified as survivors, 5,297 are adults and 2,297 are minors. The number of female victims—7,128—substantially

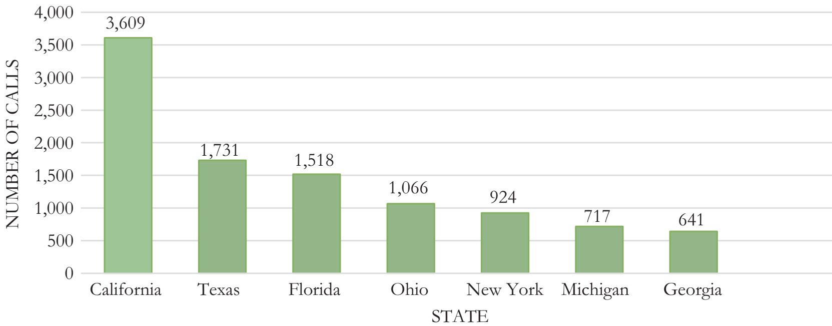

Fig. 6.1 States with the most number of calls to NHTRC (2015). Source: Created by authors with data from NHTRC

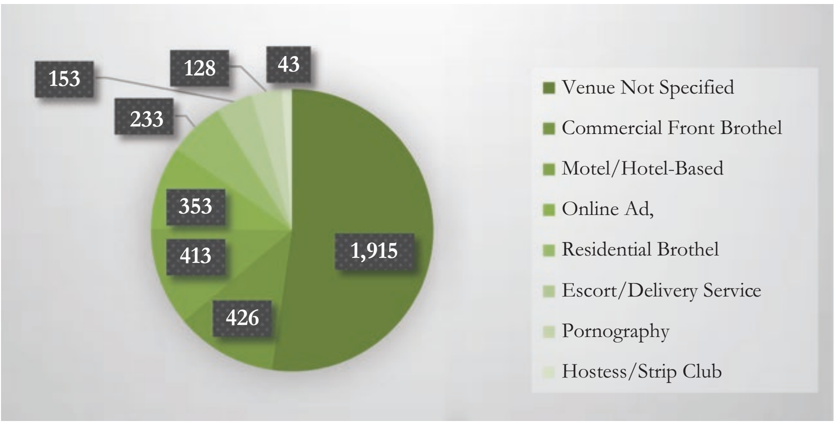

Fig. 6.2 Number of Cases based on Industry/Venue of Potential Sex Trafficking (2015). Source: Created by authors with data from NHTRC

outnumbered the number of male victims, 1,115. According to data on 3,116 survivors, 1,040 individuals are Latino, 715 Asian, 577 White, 533 are African, African American, or Black, and 139 are multiracial. In sum, the number of trafficking cases has increased over time and presents some alarming trends. The data clearly show that minority groups have been victims in higher numbers than Caucasians.[16]

The Polaris data also reveal some alarming trends about the age of the victims being trafficked for sex trafficking and labor trafficking and shed light on the various recruitment methods employed by traffickers. According to data from 1,164 survivors of sex trafficking and 238 survivors of forced labor, 10 percent of sex trafficking and forced labor victims reported being younger than 11 years at the time that the trafficking began. A higher percentage of sex trafficking survivors—49 percent—compared to labor trafficking victims—36 percent—were between the ages of 12 and 17 when the trafficking began. The average age of victims of sex trafficking in the sample was 18 compared to 23 for survivors of labor trafficking.

In terms of the methods of recruitment, the Polaris data based on 2123 sex trafficking victims indicate that the most common tactics for recruiting individuals to partake in sex trafficking is marriage proposition/intimate partner, familial, posing as a benefactor, fraud/false promises, and a job offer. On the other hand, the most common ways to recruit individuals for labor trafficking, based on data from 923 victims of labor trafficking, include a job offer, false promises/fraud, familial, smuggling, and posing as a benefactor. In sum, the age of the victims is quite young, particularly for sex trafficking. In addition, there are a variety of methods used to lure individuals into the different types of trafficking.[17]

Various risk factors exist that make an individual more likely to become a victim of human trafficking. Many victims have relocated or migrated to another country for a variety of reasons. Some individuals might be fleeing violence. Violence could be not only within the country of origin but also within one's household. In addition, there are individuals who run away from home or do not have homes. People who are vulnerable and lack stable housing face a variety of risk factors and are prone to being manipulated or coerced into different forms of human trafficking. Moreover, it is important to note that some victims have mental health issues prior to trafficking. There are also percentages that have various substance abuse issues, which can create challenges as someone with an addiction problem is in need of resources to feed a drug habit.[18]

According to the NHTRC, California has witnessed a proliferation in the number of calls over time. In 2012, the hotline had 1,462 calls in California. By 2013, the number of cases climbed to 2,597. The number of calls continued to increase. By 2015, for example, the hotline received 3,626 calls. By 2016, the number of calls spiked to 4,137. In summary, since 2007, there have been a total of 19,028 total calls and 5,415 cases. The call center also had 4,765 cases which had high levels of indicators of human trafficking showing the increasing number of cases being recorded over time.[19]

In a report submitted to the United States Department of Justice titled *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County*, Sheldon X. Zhang examines trafficking in San Diego. The author notes the level of victimization among members of the Spanish-speaking immigrant—98 percent of whom were Mexican—community in San Diego: 58.1 percent suffered from any violations/abuse, while 54.9 percent suffered from abusive practices. Moreover, 30.9 percent suffered from trafficking violations. The process of entering California has presented various challenges for many individuals and immigrants have suffered from abuses while being smuggled into San Diego county or other parts of the United States. Regarding the amount of abuses and victimization that individuals who entered into the United States through hiring smugglers, 22.8 percent suffered from any violation/abuse, while 20.3 percent can be characterized as victims of abusive practices. In addition, 5.9 percent suffered from trafficking violations.[20]

Immigrants living in California also have experienced abuse while at the workplace. In fact, 44.7 percent of workers suffered abusive practices while working, while 28.2 percent suffered from deception/lies. In addition, 21.7 percent of the individuals were victims of restrictions/deprivations, and 14.6 percent experienced threats to their physical integrity.[21] Some professions had higher percentages of abusive labor practices and trafficking violations than others. Construction, for example, recorded the highest level of abusive labor practices (62.5 percent). Other professions with high percentages of abusive labor practices include landscaping (60.2 percent); janitor/cleaning (59.3 percent); food processing (51 percent); manufacturing (37.6 percent); and agriculture (27.4 percent). The professions with the highest percentage of trafficking violations are as follows: janitor/cleaning (35.6 percent); construction (34.9 percent); food processing (31.8 percent); manufacturing (27.6 percent); landscaping (26.5 percent); and agriculture (16.3 percent).[22]

California has been proactive and has created nine task forces to combat human trafficking. In 2014, California saw the establishment of the East Bay Human Trafficking Task Force, located in Oakland. Other task forces include the Fresno Coalition Against Human Trafficking (Fresno); North Bay Human Trafficking Task Force (San Francisco); Los Angeles Metro Area Task Force on Human Trafficking (Los Angeles); Orange County Human Trafficking Task Force (Westminster); Riverside

County Anti-Human Trafficking Task Force (Riverside); Sacramento Innocence Lost Task Force (Sacramento); San Diego North County Anti-Trafficking Task Force (San Diego); and the San Jose/South Bay Human Trafficking Task Force (San Jose).[23]

The California task forces designed to fight human trafficking have seen an increase in the number of investigations initiated by such bodies as well as the individuals who have been identified as victims of human trafficking. In the third quarter of 2010, for example, California recorded 135 investigations initiated by the anti-trafficking forces. The number of investigations spiked to 321 in the fourth quarter of 2010. By the second quarter of 2011 the number of investigations increased to 371. The number of investigations remained steady over time: the task forces initiated 372 and 390 investigations in the first and second quarters of 2012, respectively. Moreover, the number of individuals that the task forces have identified as human trafficking victims has spiked: the task forces identified 80 victims in the fourth quarter of 2010. By the third quarter of 2011, the number of victims spiked to 151. The number of victims identified continued to increase: the fourth quarter of 2011 registered 182 victims, while the first and second quarters of 2012 registered 272 and 304 victims, respectively. In sum, this data demonstrate that the task forces have been investigating such cases and identifying an increasing number of individuals who are victims of human trafficking.

The California task forces have witnessed a steady number of arrests in recent years. In the third quarter of 2010, for example, the anti-trafficking task forces reported 180 arrests. The number of arrests spiked to 263 in the fourth quarter of 2010. The number of arrests made has remained relatively consistent over time: 211 in the second quarter of 2011; 221 in the third quarter of 2011; and 159 in the fourth quarter of 2011. The number of arrests increased from 222 in the first quarter of 2012 to 377 in the second quarter of 2012.[24] While the task forces have made positive steps, such results can at the same time be discouraging because they show that human trafficking continues unabated.[25]

According to California's regional task forces, the majority of individuals—56 percent—were victims of sex trafficking. The percentage of people who suffered from labor trafficking is 23 percent. Interestingly, the majority of victims—72 percent—reported by the anti-trafficking task forces came from the United States. Only 16 percent listed their country of origin as an international destination.[26] In February 2017, authorities arrested nearly 500 people in an effort to combat human trafficking in California.

The victims included 28 children and 27 adults forced into prostitution. Law enforcement authorities in the state have emphasized that they will continue to fight human trafficking. According to one lieutenant in the Los Angeles County Sheriff's Department: "We let everybody know throughout the state that … we're going to aggressively go after the pimps and the exploiters, as well as the johns and especially the johns that think that they can prey on the minors."[27]

There are various challenges with assisting victims of human trafficking in the United States. Northern Virginia Human Trafficking Task Force's Detective Bill Wolf notes that despite the fact that many individuals are forced to partake in human trafficking, they are less inclined to speak to authorities as they fear being arrested for participating in prostitution, which is illegal.[28] Women can be forced into the sex trade through pimps or gangs. Wolf contends: "In gang-controlled situations, it's usually going to be that the girl is from the area. When it's a pimp … it'll probably be girls from all over the place."[29] Individuals who are forced into the sex industry may be less likely to speak to authorities or search for help because they are worried about being harmed by the individuals forcing them to participate in such activities. Pimps often use fear as a tool and threaten not only the people working in the sex trade but also their families.

The United States has seen various high-profile cases regarding human trafficking. One of the important cases was the *U.S. v. Cortes-Meza, et al.* Amador Cortes-Meza and various other family members recruited girls and women from Mexico and forced them to work as prostitutes in Atlanta between Spring 2006 and June 2008. The individuals involved in this case threatened the victims if they did not participate in the sexual acts. The court sentenced Cortes-Meza to 40 years in prison for human smuggling, sex trafficking, and harboring. Sally Quillian Yates, the US Attorney for the Northern District of Georgia, contended that such crimes are not occurring in far-off places but rather happen in Atlanta. Yates argues that "[t]his defendant tricked young girls and juveniles into leaving their families in Mexico, beat them, and forced them into more than 20 acts of prostitution a night here in Atlanta. These survivors courageously testified against the defendant and played a significant role in bringing him to justice. This defendant earned every day of his 40 year sentence."[30] This case demonstrates the level of exploitation that occurs in cities throughout the United States.

Another case that shows the grave human rights abuses carried out by traffickers is *U.S. v. Botsvynyuk et al.*, where a Ukrainian national named Omelyan Botsvynyuk received a life sentence as well as an additional 20 years in prison. This individual as well as his brother violated the RICO Act as they ran a cleaning service with workers recruited from Ukraine. The victims lived in abysmal conditions.[31] This duo threatened the victims and used physical force and assaulted victims in order to keep these individuals working and scared them from seeking help from the authorities. During the trial, two of the women testified that Omelyan Botsvynyuk raped these women various times. The brothers also threatened the families of the victims, who resided in Ukraine.[32]

Trafficking in Latin America

There are a variety of circumstances as well as individual factors that contribute to the phenomenon of human trafficking in countries in Latin America and the Caribbean. Some of the important individual factors are illiteracy, histories of sexual or physical abuses, drug consumption, gang membership, homelessness, poverty, and unemployment—among other factors.[33] Human trafficking is a very lucrative endeavor for organized crime groups. Victims can be exploited repeatedly to generate vast sums of money for organized crime groups. Gangs as well as drug trafficking organizations have been involved in various sources of trafficking.

Mexico has become a key destination for sex trafficking and a transit point for individuals being trafficked to destination markets in the United States. Various factors have contributed to human trafficking in Mexico. First, Mexico is home to powerful drug cartels that are looking to diversify their business operations. The sex industry and human trafficking represent lucrative industries for cartels. Moreover, globalization has resulted in more interconnectedness, particularly between Mexico and the United States, making it easier to smuggle and traffic individuals. The fact that Mexico shares an extensive border with the United States, which is a large market for a plethora of illicit activities, facilitates trafficking.[34]

Mexican authorities have discovered human trafficking networks that involve many states. For example, one network had operations in 17 states and consisted of a variety of actors in the supply chain, including major cartels as well as small crime clans run by families. Such networks, along with the demand, demonstrate that the cartels are battling to expand and control the lucrative human trafficking industry.[35] In Mexico, there are 70,000 individuals who are victims of human trafficking, revealing the large-scale human security problems that this presents. Karla Jacinto, a victim of human trafficking, calculated that she was raped 43,200 times, demonstrating the massive human rights abuses that a victim of human trafficking can suffer. Jacinto contends, “I started at 10 a.m. and finished at midnight. We were in Guadalajara for a week. Do the math. Twenty per day for a week. Some men would laugh at me because I was crying. I had to close my eyes so that that I wouldn’t see what they were doing to me, so that I wouldn’t feel anything.”[36] She recounts the extreme levels of abuse that she faced. One of her clients gave her a hickey, which caused her pimp to be outraged. She explains the consequences, stating that “[h]e started beating me with a chain in all of my body. He punched me with his fists, he kicked me, pulled my hair, spit at me in the face, and that day was when he also burned me with the iron. I told him I wanted to leave and he was accusing me of falling in love with a customer.”[37] In sum, victims of human trafficking suffer not only physical abuse but also psychological trauma. Victims can be exploited continuously by clients who pay for services. In other words, victims can be sold multiple times and exploited over and over again, while a drug can only be consumed once. As a result, sexual exploitation is a profitable proposition for criminals involved in this business.[38]

Human trafficking is a very lucrative business for organized crime as it generates approximately $42 million per year. In addition, 47 criminal organizations in Mexico are involved in human trafficking.[39] From 2010 to 2013, the state of Jalisco had 283 victims of human trafficking. Moreover, Baja California recorded 136, while Puebla and Oaxaca had 122 and 86, respectively.[40] During this time period, Mexico had a reported total of 846 victims of human trafficking in 16 states. In 2012, one Congresswoman in Mexico, Rosi Orozco, shed light on the magnitude of the problem, arguing that there are 20,000 children trafficked each year and an estimated 800,000 adults.[41] Orozco claimed that she came up with the figure from an NGO known as the National Refugee Network (Red Nacional de Refugios, RNR), which assists women who have been abused by providing them with shelter. The RNR contends that there are a vast number of criminal networks, at least 47, that dominate the various routes through a variety of Mexican states, including, Guerrero, Quintana Roo, Baja California, Puebla, Oaxaca, Chiapas, and Veracruz.[42] Not only are many of these states among the poorest in Mexico but they are also strategically located. For example, Chiapas, the poorest state in Mexico, borders Guatemala. Individuals crossing or being forced to cross through Mexico from Central America must traverse through this state.

The Zetas, a notoriously violent cartel in Mexico, have moved into the business of smuggling migrants and human trafficking. The Zetas began as former hired hands or enforcers of the Gulf cartel given the ex-military background of the founding members. The Zetas split from the Gulf cartel and sought to expand their control of territory and various clandestine activities. The cartel continued to increase in power and is known for its violent tactics. The organization oversees a variety of criminal operations, which requires criminals to pay taxes to the cartel. Therefore, the diversification of the cartel into human trafficking and smuggling has been a natural transition given the business model of the organization.[43] The cartel has utilized its knowledge of transporting commodities to move into migrant smuggling by charging as much as $30,000 per person for individuals from Africa or Asia who are seeking to enter the United States.[44] Migrants are vulnerable to being exploited by criminal organizations as they seek to traverse Mexico to the United States. Many immigrants are poor in fleeing their countries in search of opportunities, making them easy targets for criminals to exploit.[45] Drug cartels often extort migrants for money or even kidnap them to perform a variety of tasks. In October 2016, for example, authorities arrested 21 municipal police in Mexico, who allegedly attempted to extort migrants. Specifically, the police requested that these individuals from Honduras, El Salvador, and Guatemala provide the authorities with the information of their family members in order to extort them for ransom. Thus, the waves of migrants coming from Central America and passing through Mexico en route to the United States not only face persecution from gangs, criminal groups, and coyotes but also the individuals who are in charge of maintaining law and order in the country, the police.[46]

The number of alleged abuses by Mexican police, who are notoriously corrupt, particularly at the local level, has increased over time. In fact, the number of complaints for crimes against migrants perpetrated by the authorities in Mexico has spiked by 180 percent during 2014–2015.[47] According to the Red de Documentación de las Organizaciones Defensoras de Migrantes, the number of migrant victims registered by this organization came mainly from Central America: 52.89 percent from Honduras, 21.54 from El Salvador, and 14.16 percent from Guatemala in 2014. The majority of migrants have been robbed, according to data from this organization: 66.48 percent of the migrants reported being robbed while 25.68 percent were extorted. In terms of the perpetrators of the various crimes against migrants, authorities accounted for 41.51 percent of the crimes, while organized crime represented 45.72 percent.[48]

Mexican authorities have discovered graves of migrants who have been killed by the Zetas. In 2010, for example, gunmen kidnapped and murdered 72 migrants in Mexico heading to the United States. An individual from Ecuador who survived the attack told authorities that the people involved in the operations identified themselves as part of the Zetas cartel. The authorities revealed that other victims came from various countries, such as Brazil, El Salvador, Honduras, and Ecuador.[49]

Organized crime groups have also kidnapped and used skilled laborers and technicians to help them carry out their criminal operations. Mexican Senator Felipe González argues that the fact that individuals who had a particularly desirable skill set and have gone missing should not be considered to be a coincidence. He noted that the people who have disappeared have not been found. He stated, “None of the systems engineers who disappeared have been found. Just last year armed men stopped a bus and forced two people who said they worked for a systems company to get out. The problem was they weren’t technical specialists, but mere operators. They reappeared later, but were dead.”[50]

In addition to Mexico, other countries in Latin America and the Caribbean face major challenges with regard to human trafficking. Countries play different roles in the supply chain of trafficked persons. Haiti, Nicaragua, and Honduras are mainly origin countries of trafficked persons. Mexico, the Dominican Republic, Guatemala, and El Salvador are both destination and origin countries. The main destination countries are the United States, Trinidad and Tobago, Barbados, and Panama. Sexual exploitation is the most common form of exploitation. According to UNODC data for 2014—or the most recent year, trafficking for sexual exploitation accounted for 57 percent of the victims in nine countries. On the other hand, trafficking for forced labor represented 29 percent.[51]

In 2013, for example, Brazil experienced a spike in the number of reports of human trafficking by 1,500 percent. Brazil, like other countries in the region, faces a number of underlying problems that create ripe conditions for human trafficking.[52] In particular, Brazil has high levels of inequality. Individuals living in dire poverty are vulnerable to being exploited. The vast number of organized crime groups operating in Brazil increase the level of vulnerability for certain segments of the population. Organized crime groups seeking to expand their operations turn to various forms of human trafficking to diversify their portfolios. In addition to criminal organizations, companies in Brazil have also been accused of human trafficking. In 2014, Odebrecht, a Brazilian construction company that has built many projects, including World Cup stadiums, was accused of not only making laborers work in horrific conditions but also human trafficking. Forced labor is an all too common problem in Brazil. In fact, the number of people who work in dire, slave-like living and working conditions in the country is between 25,000 and 40,000.[53]

Moreover, the high levels of corruption in the country present a number of challenges when seeking to combat organized crime. Countries in Latin America, such as Brazil, have been plagued by countless corruption scandals in recent years. Weak institutions, high levels of corruption, and lack of transparency have made combating human trafficking a challenge. In 2015, for example, investigations revealed the linkages between corruption and human trafficking as seen in the case of the involvement of Brazilian immigration authorities in the trafficking of workers to Brazil from China. In the international airport at Rio de Janeiro, immigration officers became involved in the underground trade of migrants charging $12,000 for every person who passed through the system and were handed over to traffickers. The officials sought to avoid detection by removing the entry stamp on the passports of these people.[54]

Impunity represents a major challenge when seeking to fight human trafficking. While countries in Central America have signed international treaties and created a number of laws to combat human trafficking, such crimes have not been punished. These countries have not been capable of enforcing the laws and combating human trafficking. Many of the cases that are reported are not prosecuted. The high level of impunity for human trafficking crimes has not deterred traffickers from partaking in this lucrative industry. Instead, individuals in this illicit market realize that the chances of them being prosecuted are slim and they can continue to traffic individuals in Central America without being prosecuted for such crimes and sent to prison.[55]

Other countries in the region have also been plagued by high levels of human trafficking. From 2010 to 2013, Argentina has witnessed an increasing number of convictions, two per month, of individuals for human trafficking.[56] Argentina has also experienced trafficking individuals from other countries in the region, including, Brazil, Bolivia, Paraguay, and the Dominican Republic. As is common, many of the victims come from disadvantaged socio-economic backgrounds and are recruited and forced into exploitation, both labor and sexual. They are often promised well-paying jobs but are deceived and coerced into trafficking. Cases have emerged of Chinese citizens being trafficked in

Argentina. Various elements have contributed to the trafficking of Chinese citizens. In particular, the slowdown in the Chinese economy has meant that there are high levels of unemployment and more people are desperate for work. Individuals, therefore, look for work in other countries and are vulnerable to being trafficked.[57]

Human Trafficking in Europe

Countries in Europe are involved in the supply chain of human trafficking. According to data from Eurostat, the majority of registered victims of human trafficking based on data from 23 member-states are adults. In 2012, for example, 72 percent of registered victims were adults compared to 15 percent who were minors. Moreover, the majority of individuals of human trafficking in Europe are females. According to Eurostat data from 24 member-states, 2010 recorded 80 percent of the registered victims as female compared to 17 percent for male victims. In 2012, the percentage of female victims (74 percent) continued to be significantly more than the percentage of male victims (22 percent). In terms of gender, data from 22 member-states show that women account for the largest percentage of victims. In 2012, for example, women accounted for 67 percent of the victims. On the other hand, men represented 16 percent of the male victims while girls and boys accounted for 13 percent and 4 percent, respectively.[58] From 2010 to 2012, females accounted for 95 percent of the total number of registered victims of sexual exploitation among the 22 member-states. On the other hand, males represented 71 percent of the registered labor exploitation during this same period.

The majority of victims of human trafficking in Europe suffer sexual exploitation. In 2012, 66 percent of registered victims suffered sexual exploitation, while 20 percent of victims suffered labor exploitation.[59] Some countries have experienced higher levels of sexual exploitation. In 2013, the United Kingdom registered 1,128 victims of sexual exploitation. In the same year, for example, Germany recorded 542 victims of trafficking for sexual exploitation. While Germany legalized prostitution more than a decade ago, the legalization of this business has not reduced human trafficking.[60] The legalization of prostitution in Germany has presented various challenges for law enforcement seeking to combat human trafficking. One of the major obstacles is that it is more difficult for authorities to target pimps as a result of the legalization. In 2002, The Law Regulating the Legal Situation of Prostitutes "removed morality language, criminal laws against promoting prostitution for those over 21 (previously called "pimping,") created unidirectional recognition of contracts between sex workers and clients (so sex workers can sue clients for non-payment, but clients can't sue sex workers for failing to provide services) and limited legal recognition for contracts between sex workers and employers (despite what is commonly claimed, business owners can't tell sex workers what acts to perform or with whom)."[61] Most of the victims of sex trafficking in Germany are Romanians, Bulgarians, and Germans. However, there have been cases of individuals from other countries in Africa, such as Nigeria, as well as countries in the Western Hemisphere, and Asia.[62]

The Netherlands has also witnessed a proliferation in the number of identified victims of sex trafficking. In 2000, for instance, the Netherlands recorded 341 victims of trafficking for sexual services. By 2006, the number increased to 579. While the numbers declined from 2007 to 338, by 2010, the Netherlands had 749 victims of trafficking of sexual services. In 2014, the Netherlands, recorded 1,030 victims trafficked for sexual services.[63] Studies about human trafficking victims in this country reveal that they are particularly vulnerable as a result of several variables: not speaking Dutch, lack of financial resources, family background, low educational attainment, and very young age.[64]

Organ Trafficking

According to the World Health Organization, there are an estimated 10,000 operations that occur on the black market with organs that have been purchased through a variety of illicit measures.[65] However, there is a lack of conventions addressing the issue of organ trafficking. The only international treaty addressing this issue is the Council of Europe Convention against Trafficking in Human Organs. According to the convention, human organ trafficking consists of the following:

- The illicit removal of organs:
  - removal without the free, informed and specific consent of the living donor, or, in the case of the deceased donor, without the removal being authorized under its domestic law, OR
  - where in exchange for the removal of organs, the living donor, or a third party, has been offered or has received a financial gain or comparable advantage, OR

  – where in exchange for the removal of organs from a deceased donor, a third party has been offered or has received a financial gain or comparable advantage.

- The use of illicitly removed organs;
- The illicit solicitation or recruitment (of organ donors or recipients), or the offering and requesting of undue advantages;
- The preparation, preservation, storage, transportation, transfer, receipt, import, and export of illicitly removed human organs;
- Aiding or abetting and attempt.[66]

The UNODC also has emphasized the role of prevention. Specifically, the organization stresses the following:

- As with all forms of trafficking in persons, preventing trafficking for the purpose of organ removal requires that root causes be addressed to reduce people's vulnerability to falling victim to it in the first place. States should take measures to alleviate the factors that make people vulnerable to trafficking, such as poverty, underdevelopment, and lack of equal opportunity. As poverty seems to be a prevailing feature in trafficking in persons for the purpose of organ removal, it needs to be addressed through sustainable and empowering poverty alleviation programs targeted at communities which are vulnerable to being recruited as donors.
- Measures undertaken to prevent trafficking in persons for organ removal should also address the demand for irregularly procured organs. This would require states to promote, for example, a healthy lifestyle to reduce demand caused by organ failure.
- Countries should also strive to optimize both posthumous and living donations. Measures should include the provision of comprehensive information to potential donors, to family members of deceased (potential) donors, as well to potential organ recipients. Awareness raising programs should inform potential donors and recipients of the risks and benefits of live kidney donation.[67]

How does one sell a kidney? In "Organ Economy: Organ Trafficking in Moldova and Israel," Susan Lundin explains a process which may likely be repeated throughout the world:

> Muhammed Ben Taha Jeeth, posing as a licensed physician, advertised in the Arabic newspapers Panorama and Kol Al-Arab with the following text: "Wanted—kidney donor of any blood type—blood type unimportant—a monetary prize during the convalescence—Dr. Muhammed 054–4423827." Those who answered the advertisement were offered the opportunity to sell one of their kidneys. Some accepted at once; others were undecided but considered themselves forced due to threats by the organ broker. Next, all underwent a series of medical tests and were then transported to Ukraine, where Muhammed Ben Taha Jeeth's 228 Public Understanding of Science partner, Dr. Zis, surgically removed the organ from their bodies. These kidneys were then transplanted into foreign patients who had each paid US \$125,000–\$135,000. Of the sellers, none received anything close to the promised sum of money; all, however, suffered physical and mental harm.[68]

Organ traffickers prey on the vulnerable who consent either due to the promise of payment or through force of punishment. A single mother of two was told that if she did not sell her kidney, she "would go to Paradise" meaning she would be killed.[69] The above doctor, Dr. Muhammad, paid \$7000 per kidney regardless of what was promised; so the markup is significant.[70] The people are then tossed aside, having to deal with the adverse consequences to their mental and physical health. Throughout her article, Lundin describes situations where people were forced into selling their kidney because of the threat of death.

Vulnerable populations have become targets of organ traffickers. For example, children and Syrian refugees have been exploited for organ trafficking. One trafficker contends: "I don't really care if the client dies as long as I got what I wanted. It's not my problem what happens next as long as the client gets paid." People have sold kidneys to make money in order to pay off debts.[71] After the earthquake in Nepal in 2015, victims, especially poor and uneducated people, who were worst hit, were targeted. Before the earthquake, Nepalese people used to go to India to sell their organs. However, due to new Indian laws hoping to stop the practice, the industry simply moved to another location: Sri Lanka. After the earthquake, people swarmed to Sri Lanka to sell a kidney.[72]

The price of organs on the black market varies depending on the country and where the operation occurs. However, the price is higher in other countries. Organs from Colombia, for example, receive \$1,700. The price is even higher for organs from Brazil (\$3,000) and Romania (\$6,000). The amount received for organs from Israel is \$10,000, while a kidney originating in Turkey and transplanted in India or Iraq costs an average of

$20,000. Moreover, a liver originating from Egypt and transplanted in China is worth between $40,000 and 75,000 dollars. The price increases drastically in the United States: a kidney from the United States that is transplanted within the country is worth between $120,000 and $160,000.[73]

Trends in organ trafficking show that organized criminal groups will continue to diversify their activities into other profitable industries. In 2014, Mexican police arrested Manuel Plancarte, the nephew of the leader of the Knights Templar cartel, because he was allegedly involved in a scheme designed to kidnap children in order to remove their organs for trafficking purposes. In most cases, organized crime groups are not major players in the trafficking of organs. Instead, small networks recruit vulnerable individuals, often from poor socio-economic backgrounds, to participate in such activities.[74] Thus, it is likely that more criminal organizations would move into this industry.

The organ trade is a product of the long waiting lists and the desire for individuals seeking to overcome illnesses by receiving transplants. There is an increasing number of people who need organ transplants, but the supply of organ donors is less. Economist Alexander Tabarrok has contended: "Millions of people suffer from kidney disease, but in 2007 there were just 64,606 kidney-transplant operations in the entire world."[75] The laws of supply and demand, therefore, have led to organ trafficking.[76] The high demand for organs has meant that organ trafficking is a profitable industry.

Given this, what can be done to dampen this market? The following recommendations have been made by Alireza Bagheri in the article "Child organ trafficking: global reality and inadequate international response":

- Implementation of the existing documents which prohibit exploitative organ removal from children;
- Adoption of WHO's general prohibition of organ removal from children and its restriction of organ donation from children to very exceptional cases;
- Criminalization of child organ trafficking, commercial or other exploitative arrangements of organ removal from children;
- Holding medical professionals accountable for involvement in organ transplantation with commercial organ donor victims;
- Raising awareness among public as well as medical professions about all forms of organ trafficking, especially in children.[77]

The final point is the most significant. Educating the public of the harmful practice, especially the toll it takes on the human body will cut down the supply of organs thereby destroying the business from within.

Conclusion

Human trafficking constitutes the version of modern-day slavery. Organized criminal groups who are seeking to diversify their criminal activities and profits have moved into this enterprise. There are a plethora of challenges combating human trafficking. Many of the victims are often hesitant to report such activities as they may fear for their lives. Traffickers often threaten the victims as well as their families for their lives. Moreover, the challenge of combating trafficking, as well as organ trafficking, is that there needs to be coordination between the countries involved in all aspects of the supply chain. In other words, governments in the states where the victims are from must also have coordination between law enforcement and authorities in the countries where the individuals are exploited.

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Arms Trafficking: Small Arms and WMDs

There are 875 million small arms in the world, and the majority—650 million—are owned by civilians. Of the civilian stockpile, gangs have an estimated two to ten million arms. Moreover, non-state armed groups have between 1.1 and 1.8 million arms. Law enforcement has 26 million arms while the armed forces have 200 million arms. The United States ranks number one in terms of gun ownership as there are 89 firearms per 100,000 civilians living in the country, which equates to approximately 270 million arms. In terms of the total number of civilian firearms, India ranks second with 46 million. India is followed by China and Germany with 40 million and 25 million arms, respectively. Moreover, Pakistan ranks fifth with 18 million arms and Mexico sixth with 15.5 million firearms.[1] This chapter is an effort to examine the trends in arms, particularly the trafficking in small weapons and Weapons of Mass Destruction (WMDs).[2]

The manufacturing of arms in the United States is a major industry and a very profitable business. The manufacturing of pistols in the United States has proliferated from 662,973 in 1986 to 811,660 in 2003. By 2013, the United States manufactured 4,441,726 pistols. The manufacturing of other types of arms have also spiked over time. The United States manufactured 761,414 revolvers in 1986. Yet by 2003 the production proliferated to 309,364. By 2013, the United States manufactured 725,282 revolvers. In terms of rifles, the amount manufactured went from 970,507 in 1986 to 1,430,324 in 2003. By 2013, the total number of

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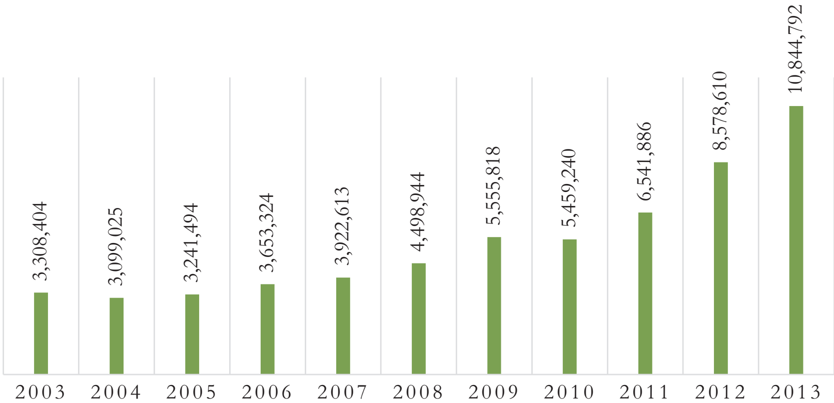

Fig. 7.1 Firearms manufactured in the United States (2003–2013). Source: Created by authors with data from United States Department of Justice Bureau of Alcohol, Tabaco, Firearms and Explosives, *Firearms Commerce in the United States: Annual Statistics Update 2015* (GAO: Washington, DC, 2015)

rifles manufactured spiked to 3,979,570. The number of manufactured shotguns went up from 641,482 in 1986 to 1,203,072 in 2013. The total number of firearms manufactured in the United States has proliferated from 3,040,934 in 1986 to 10,844,792 by 2013 (see Fig. 7.1).

The large stockpile of guns has increased due to the growing demand for guns.[3] Easy access to guns has contributed to the high levels of violence in the country. In fact, guns account for two-thirds of all the murders in the United States.[4] Certain states are larger suppliers of guns than others. In 2009, 49 percent of guns used to commit crimes that crossed state lines were supplied from ten states: Florida, Georgia, Virginia, Indiana, Texas, Ohio, Pennsylvania, California, North Carolina, and Arizona. In the same year, Mississippi ranked number one in terms of the interstate export rate for crime guns exported per 100,000 people with a rate of 50.3. West Virginia followed with 46.8 per 100,000 inhabitants, while Kentucky ranked third with a rate of 34.9.[5]

Global Arms Exporters and Importers

The United States dominates the global arms trade accounting for 33 percent of all arms exports between 2012 and 2016. The main clients of the United States are Saudi Arabia, the United Arab Emirates, and Turkey. Moreover, Russia is the second leading arms exporter accounting for 23 percent of the global share of arms exports over the same period. The main clients of Russia are India, Vietnam, and China. China, France, and Germany follow Russia representing 6.2, 6.0, and 5.6 percent of the share of the arms exports, respectively. China's main clients are Pakistan, Bangladesh, and Myanmar, while France is the main exporter to Egypt, China, and the United Arab Emirates. Germany's top clients are South Korea, Greece, and the United States.

India ranks number one in terms of the top 40 largest weapons imported accounting for 13 percent between 2012 and 2016. India is followed by Saudi Arabia with 8.2 percent and the United Arab Emirates with 4.6 percent. The main suppliers to India are Russia, the United States, and Israel, while Saudi Arabia's main suppliers are the United States, the United Kingdom, and Spain. China ranks fourth with 4.5 percent and Algeria fifth with 3.7 percent.[6] China's main suppliers are Russia, Ukraine, and France. Finally, the main suppliers to Algeria are Russia, China, and Germany.[7] The main question we would like to answer in this chapter is how do arms end up in the hands of criminal organizations. The next few paragraphs will examine several global situations in order to understand this very dangerous illicit supply chain.

Global Arms Seizures

Data about the number of seizures from the police demonstrate that seizures are not consistent and fluctuate over time. In 2010, for example, Argentine police seized 1,872 arms, yet the number of seizures spiked to 4,218 in 2013. Colombian police seized 44,572 in 2010, but the number of arms seized declined to 38,236 in 2013. Ecuador is another case that shows that there are major fluctuations in arms seizures. In 2010, the Ecuadorian police seized 514 arms. The number of arms seized spiked to 5,171 in 2012 but later declined to 3,739 in 2013 (see Fig. 7.2).[8]

There are various factors that could lead to fluctuations in the number of reported seizures. In the long-term, there could be changes of fluctuations in the foreign demand for arms. There could also be fluctuations in the supply of arms. Other potential factors that can explain the changes in the number of seizures are the role of law enforcement. A country's law enforcement could see a spike in the number of resources allocated to combating arms trafficking. Moreover, there could be changes in the laws of a government that lead to a crackdown in the arms trade.

When examining the data of police seizures, it is important to note the type of weapons that are being seized. There are variations in the reported firearms seized by police officers in each country. In 2013, for example, law enforcement in Brazil seized 45 machine guns, 3,073 pistols, and 7,888 revolvers. Other countries in Latin America have also reported high levels of arms seizures. In 2013, for instance, Colombian police reported seizing 123 machine guns and submachine guns, 6,936 pistols, and 16,466 revolvers. Moreover, the Colombian police seized 9,940 shotguns (see Fig. 7.3).

Fig. 7.2 Firearms seized by police. Source: Created by authors with data from UNODC Study on Firearms: 2015 (UNODC: New York, NY, 2015)

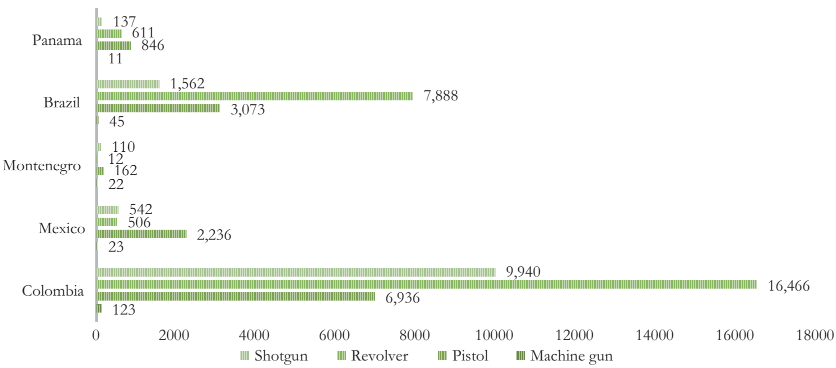

Fig. 7.3 Police seizures of firearms by type (2013). Source: Created by authors with data from UNODC Study on Firearms: 2015 (UNODC: New York, NY, 2015). Note: The machine gun calculation for Colombia includes both machine guns and submachine guns

The Arms Trade: The US-Mexico Connection

The United States is a major supplier for arms to Mexico.[9] The number of arms trafficked from the United States to Mexico has proliferated over time. In 1993, the mid-range estimates place the total number of arms trafficked from the United States to Mexico at 134,045. The high-end estimate, however, places the number of arms trafficked at 241,501. The total volume of arms trafficked between the United States and Mexico declined between 1994 and 1996 as mid-range estimates placed the number at 92,001, while high-end estimates were 164,591. Between 1997 and 1999, the high-end estimate for arms trafficked was 152,142. However, the period between 2010 and 2012 witnessed a substantial increase in arms trafficking. Mid-range estimates place the number of arms trafficked at 252,906, while the high-end estimate is 426,729.[10] Some research indicates that there are 2,000 weapons that cross the Mexican border from the United States illegally every day. According to data from Mexico's governmental research service, the vast majority—85 percent—of the weapons in Mexico are not legal.[11]

Moreover, certain states in the United States are major sources of firearms that are transported to Mexico.[12] In particular, US border states are major suppliers of guns in Mexico: California, Arizona, New Mexico, and Texas. According to data between 2009 and 2014, Texas accounted for 41.3 percent of the firearms of US origin seized in Mexico, which equates to 13,628. On the other hand, California accounted for 18.6 percent—6,153—of the firearms seized in Mexico, while Arizona represented 14.6 percent, which equates to 4,809.[13]

The number of firearm seizures by Mexican authorities has increased over time. In 2006, for example, Mexican authorities seized 10,500 arms. However, the number of seizures spiked to 29,824 in 2008 from 9,553 in 2007. By 2009, authorities seized 32,332 arms.[14] On December 19, 2009, the Mexican Army found more than 6,700 rounds of ammunition and 41 assault rifles when carrying out operations and raiding a house in Cuernavaca. An individual living in the neighborhood spoke with her son, a police commander named Emilio Guzmán Montejo, to alert him of the situation. Authorities arrested Guzmán Montejo upon his arrival to the stash house. Steven Dudley, a crime expert, contends: "The Guzmán Montejo case illustrated two apparent patterns in the arms trafficking business in Mexico: the involvement of active or retired law enforcement and the use, possibly, of family members to serve as couriers and keepers of the weapons."[15] Between 2009 and 2014, 70 percent (73,684) of the arms apprehended in Mexico and traced by the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) were of US origin, demonstrating the high percentage of US arms production that was supplied to Mexico. During the same period, only 17 percent of the arms seized in Mexico and trace by the ATF were classified as non-US origin.

The arms seized can be broken down into short guns, such as 9 mm or 0.38 caliber and long guns, which are AR type and 12-gauge pump action shotgun. There has been a consistent supply of arms, both short guns and long guns, from the United States to Mexico. Immigration and Customs Enforcement (ICE) seized 530 short guns in the United States destined to Mexico in 2009. The number of short guns seized spiked to 715 in 2012. The flow of seizures declined in recent years but has remained relatively high: 649 seizures in 2013 and 572 in 2014. ICE authorities have seized a consistent number of long guns. In 2009, for example, ICE seized 393 long guns in the United States headed for Mexico. The number of long guns seized declined to 282 in 2010 but spiked to 490 in 2012. By 2014, the ICE authorities seized 350 long guns (see Fig. 7.4).

While the number of seizures can demonstrate that law enforcement is combating arms trafficking, the seizure data can provide a false sense of victory. In other words, increases in seizures can mean that arms trafficking is increasing. The numbers do not reveal how many weapons have not been seized.[16]

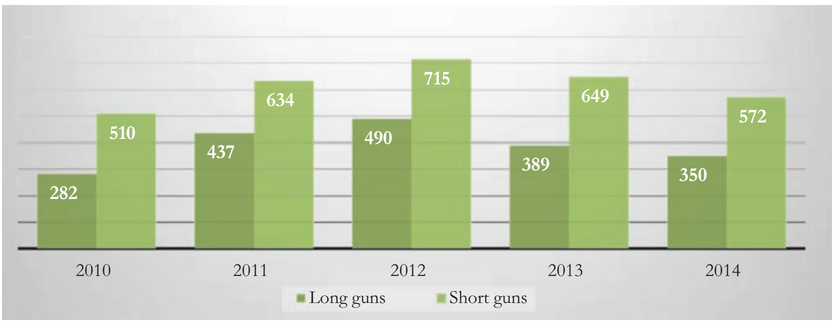

Fig. 7.4 Arms seized in the United States destined to Mexico (2009–2014). Source: Created by authors with data from Government Accountability Office, *Firearms Trafficking: U.S. Efforts to Combat Firearms Trafficking to Mexico Have Improved, but Some Collaboration Challenges Remain* (GAO: Washington, DC, 2016) and from ICE

The arms trade is a very lucrative business. The estimated dollar values of the arms trafficked between the United States and Mexico has increased substantially over time. In 1993, the estimated high-end value of the dollar amount of the arms trafficked was $60,220. During the 2010–2012 period, the value of the arms trafficked was $214,569. The large dollar amount of the arms trade means that arms dealers depend on the weapons sales to Mexico. In fact, approximately half of the firearm dealers residing in the United States depend on the high levels of demand in Mexico.[17]

President Felipe Calderón (2006–2012) has been an outspoken critic of the flow of arms from the United States to Mexico. In February 2009, he contended that the flow of guns entering Mexico from the United States must be combated. Calderón highlighted the wide array of arms that originated from the United States that have been seized in Mexico, contending: "Let me express to you that we've seized in this two years more than 25,000 weapons and guns, and more than 90 percent of them came from United States, and I'm talking from missiles launchers to machine guns and grenades."[18] A major problem has been the ease of access to guns, particularly at gun shows that occur along the border. Critics of the easy access to guns have argued that the United States should clamp down on the access to firearms. Julia E. Sweig, an expert on security and Latin America-related issues, contends that "the U.S. civilian firearms market continues to supply the region's transnational criminal networks with high-powered weaponry that is purchased with limited oversight, especially from unlicensed individuals at gun shows, flea markets, pawn shops, and on the Internet. Lax U.S. gun laws enable straw purchasers, including those under investigation in Operation Fast and Furious, to legally procure thousands of AK-47 and AR-15 variants every year and traffic them across the border to sell them illegally to criminal factions."[19]

Arms Trafficking in Central America

Central America is home to the most violent non-warring country in the world, El Salvador, which had a homicide rate of 81.2 per 100,000 in 2016. In 2015, El Salvador had a homicide rate of 104 per 100,000. In 2016, Honduras had a homicide rate of 59 per 100,000 inhabitants, while Guatemala had a homicide rate of 27.3 per 100,000 people.[20] In terms of the most violent cities in the world, San Salvador ranked number one in 2016 with a homicide rate of 136.70 per 100,000 people. Meanwhile, San Pedro Sula, Honduras, ranked third with a homicide rate of 104.30 per

100,000 followed by Soyapango, El Salvador, with a homicide rate of 91.1 per 100,000. Guatemala City, Guatemala also ranked within the top 10 most violent countries in the world with a homicide rate of 70.8 per 100,000, placing it as the ninth most violent city on the 2016 list.[21]

Gun violence has been a major contributor to violence in Central America. Moreover, many of these guns are from the United States. According to UNODC data for 2010,[22] 84 percent of the national homicides were committed with a firearm in Guatemala. The percentage of national homicides committed with a fire arm was 82 percent in Honduras and 79 percent in Panama. Gun-related violence also impacted other countries in the region. In El Salvador, 73 percent of national homicides were committed with a firearm. In 2015, 80 percent of the murders in El Salvador occurred with guns, demonstrating the linkages between guns and violence in Central America.[23] In Guatemala, 24 percent of the 699 guns traced in 2014 were manufactured in the United States. In Honduras, the percentage of manufactured guns in U.S. traced by the ATF is 39.3 percent of the 371 guns.[24] In 2014, 42.4 percent of the 1,404 guns traced by the ATF in El Salvador were manufactured in the United States. Thus, the United States continues to be a major supplier of arms in Central America. The challenge is that these weapons are being used by criminals, such as youth gangs, to carry out violent acts, which in turn has contributed to the high rates of homicides.

El Salvador, the most violent country in the world, does not manufacture guns. Arms also enter El Salvador through the black market.[25] Sarah Kinosian of the Washington Office on Latin America (WOLA) contends: "Of the U.S.-sourced guns on the black market, many are smuggled down through Mexico, primarily from cities with the largest Salvadoran diaspora communities, including Los Angeles, Baltimore, and Boston."[26] Gun violence in El Salvador is often committed by ordinary arms as opposed to high-power weaponry. The majority of gun-related violence in El Salvador involves non-sophisticated and relatively inexpensive weapons (e.g. semi-automatic handguns and revolvers).[27] There are a number of factors that contribute to the high levels of gun violence in El Salvador and other Central American countries. First, the government has been plagued by high levels of corruption and has not enforced the laws. Moreover, criminals have obtained access to weapons used during El Salvador's civil war.[28]

Pistols are the most common arm seized in various countries in the region. In Guatemala, pistols represented the largest weapon seized. According to 2011 data, authorities seized 2,375 pistols and 703 revolvers.

Authorities also seized 162 assault rifles and 148 rifles. In 2011, authorities in Guatemala seized 1,902 9 mm pistols and 598 0.38 pistols. The number of seizures of pistols has continued to increase over time. In 2012, authorities seized 2,695 pistols. By 2013, the number of seizures increased to 2,914 pistols.[29] In Honduras, pistols accounted for 41 percent of all firearms seized during the first half of 2011, while revolvers represented 30 percent. In Honduras, 9 mm accounted for 63 percent of all pistols confiscated between 2008 and June 2011.[30] The number of seizures of firearms has also increased over time in El Salvador. In 2010, for example, Salvadoran authorities seized 4,837 firearms. By 2012, authorities in El Salvador seized 7,726 firearms.[31]

Countries in Central America have large numbers of weapons for a variety of reasons. First, some of the countries in the region have a long history of civil wars and armed conflicts. Some of the weapons date back to the days of the Cold War and the internal armed conflicts. Moreover, the dispersion of armed criminal groups has created a demand for arms in the region. Honduras, for example, is located in an important geographic position for drug traffickers and organized crime groups. The availability of guns in Honduras contributes to the high levels of violence in the countries. Weapons in Honduras are often guarded by officials who can be bribed by organized crime groups, particularly drug cartels and gangs. Arms can be used by criminal groups operating through Central America, presenting a major security problem.[32] In addition, citizens have also purchased guns in an effort to protect themselves because of the violence.[33]

In addition, guns from Central America have been used by Mexican drug trafficking organizations. In fact, scandals have emerged of corrupt factions within the military who have assisted drug cartels in Mexico by giving them weapons. For instance, authorities in the United States also seized M433 grenades that can be linked to the Honduran Armed Forces.[34]

High levels of impunity and lack of strict gun laws present challenges for countries attempting to combat arms trafficking. Honduras' weak institutions presented major challenges in the efforts to combat gun-related violence. Countries in Central America have weak institutions that have been vulnerable to penetration by organized crime groups. Sweig argues: "Strengthening U.S. gun laws will not eliminate gun violence in Latin America, where weak judiciaries and police forces, the proliferation of gangs and black markets, and deep inequality exacerbate violent conflict."[35] Corruption remains rampant throughout Central America. According to Transparency International's Corruption Perceptions Index

(CPI), Nicaragua scored a 26 and Guatemala scored a 28 in 2016, with 0 being the most corrupt and 100 being very clean. Honduras scored a 30, while El Salvador only slightly better with a 36.[36] The high levels of corruption and impunity have created elements of fragility within the region.

Illicit Arms Trafficking in Europe

One of the major markets for gun trafficking in Europe is Belgium, which is strategically located in Europe.[37] Belgium has a reputation of being a country where firearms can be easily accessed. Law enforcement discovered linkages to Belgium in the terror attacks that have occurred in France causing people to focus more attention on this country and its role in the arms market.[38] Belgium has seen a steady number of cases of illegal arms trading. The number of recorded trading cases of illegal arms increased from 195 guns in 2009 to 288 guns in 2010. The year 2012 recorded 154 cases of illicit gun trading. The number of cases declined, albeit slightly, to 140 by 2014. Belgium has also seen a consistent number of recorded cases of possession of illegal guns. In 2009, for example, Belgium had 4,421 cases of illegal gun possession. The number of cases spiked to 7,022 in 2010 but declined to 5,742 in 2011. By 2014, Belgium had 5,194 cases of illegal gun possession.[39]

However, there are various challenges with the official statistics. The country has official crime statistics, but there are various problems as such data only pertains to cases that are classified as misdemeanors. There is a need for better data on the overall arms market in the country.[40] Therefore, the question remains about the number of guns used for harsher crimes. While the data is not perfect, it demonstrates the problem of the black market for guns in Belgium.

Nuclear Weapons and the Terrorist Threat

There are nine countries in the world that have nuclear weapons. As of January 2016, Russia leads the race with around 7,290 nuclear weapons, while the United States ranks second with approximately 7,000 nuclear weapons. Russia's first nuclear test occurred in 1949. The country has 1,790 deployed warheads and 5,500 other warheads. On the other hand, the United States conducted its first nuclear test in 1945. The United States has 1,930 deployed warheads and 5,070 other warheads.[41] The nuclear weapon issue continues to be on the agenda of US national security. For example, candidate Trump argued that the United States must continue to expand and strengthen its nuclear arsenal. In September 2016, Trump tweeted the following: “The United States must greatly strengthen and expand its nuclear capability until such time as the world comes to its senses regarding nukes.”[42]

The other countries with nuclear weapons include France, which has an estimated 300 weapons. In addition, China has around 260 weapons. The United Kingdom has an estimated stockpile of 215 nuclear weapons. Other countries with nuclear weapons include Pakistan (between 110 and 130); India (between 100 and 120); and Israel (around 80). Finally, North Korea has approximately 10 nuclear weapons. In total, the nine countries have 15,395 nuclear weapons.

Nuclear trafficking does not occur within one country but is a problem that impacts many states. Trafficking of nuclear materials spiked after the collapse of the Soviet Union because of several factors, primarily the weak security infrastructure in place to protect the nuclear weapon stockpile. Moreover, countries with poverty, high levels of corruption, and the presence of organized crime created ripe conditions for the smuggling of nuclear weapons, presenting a major security threat. Amelia Armitage of the Center for Strategic and International Studies contends: “Corruption, organized crime, and nuclear materials are a dangerous mix. Reported cases of nuclear smuggling soared in the immediate aftermath of the collapse of the Soviet Union in the mid-1990s as a result of lax security and a bad economy. There are some indications that material that entered the black market then may still be for sale today.”[43] Between 1991 and 2012, Russia has had 298 total nuclear trafficking incidents. During this period, 90 incidents occurred involving the trafficking of nuclear material. In addition, Russia has had 208 incidents involving the trafficking of other radioactive material. Russia’s neighbor, Ukraine, has also had 118 total number of incidents between 1991 and 2012. Ukraine has had 22 incidents involving nuclear material and 100 incidents involving radioactive material.[44]

Between 2013 and 2016, 53 total incidents occurred involving nuclear material. Forty-two of the 53 cases involved uranium. Of the uranium cases, 16 incidents had to do with trafficking of depleted uranium and 17 involved unknown enrichment. On the other hand, 4 of the 53 total cases involved plutonium. Twenty-four percent of the nuclear trafficking incidents have occurred in Russia. On the other hand, the United States accounts for 20 percent of all trafficking incidents worldwide. Countries in Asia that have had trafficking incidents include Ukraine and Kazakhstan, both of which have accounted for five percent each of the global trafficking incidents. Other countries that account for the global distribution of incidents include South Africa (two percent); India (two percent); Germany (two percent); Poland (two percent); Iraq (two percent); and Canada (three percent).[45]

The United States and Canada have the highest number of reported cases involving radioactive and nuclear material. In 2016, 64 percent of all reported incidents occurred in the United States. Furthermore, Canada accounted for 9.8 percent of reported incidents, while France accounted for 7.7 percent. The United States and Canada have higher numbers of reported incidents because these countries participate in the public reporting of incidents involving such materials, while other countries around the world do not provide public reports of cases of this nature. Other countries that engage in the systematic reporting include South Korea, Japan, Belgium, and France.[46]

The main fear of policymakers, security experts, and government leaders is that terrorist organizations, such as ISIS, could obtain nuclear weapons. The fear is that a terrorist organization could cause major casualties if it acquired a nuclear weapon. In April 2016, for example, President Obama argued during the international nuclear summit that "one of the greatest threats to global security" is if extremist groups, such as ISIS, could acquire nuclear weapons. He asserted: "There is no doubt that if these mad men ever got their hands on a nuclear bomb or nuclear material, they would certainly use it to kill as many people as possible."[47] Scholars are debating about the likelihood of a group like ISIS obtaining a nuclear weapon. Public information does not show that ISIS has attempted to obtain nuclear weapons. The goal of the group is to combat the West and win the ideological struggle that they are fighting for. Thus, acquiring nuclear weapons would help this organization carry out its goal of combating Western ideologies.[48]

The number of states that have legislation about the prevention of the illegal nuclear trafficking varies on the type of controls. For example, 55 states have legislation regarding border controls and 56 states have legislation about export controls. Yet fewer states—32—have legislation regarding brokering controls and trading. An even smaller number of states—26—have transshipment controls.

Borders also present a major challenge for countries with regard to smuggling.[49] Governments are required to spend resources to combat smuggling of illicit goods,[50] including nuclear weapons. The fear is that terrorist organizations could smuggle in nuclear weapons and carry out an attack. Geography presents a major challenge. Large countries, such as the United States, must monitor thousands of miles along their border. The United States' border is 19,841 miles long. Its border with Canada, not including the Great Lakes and Alaska, alone is 3,017 miles. The Alaska-Canada border is 1,538 miles. The Atlantic coast of the United States is 2,069 miles. Moreover, the United States shares nearly a 2,000 mile border with Mexico.[51] The US government has taken measures to prevent the smuggling or nuclear weapons and nuclear attacks. The Department of Homeland Security (DHS) houses the Global Nuclear Detection Architecture. This effort is coordinated by the Domestic Nuclear Detection Office (DNDO).[52] DHS had more than 240,000 employees and a budget of $63.5 billion in FY 2015.[53]

Fears have emerged among some security experts and policymakers that it is possible that nuclear material or weapons could be smuggled into the United States through its southern border with Mexico.[54] The United States Southern Command (SOUTHCOM) has warned that extremist groups have used traditional networks and routes designed to smuggle migrants from Latin America to the United States. In 2012, John Kelly, the Commander at SOUTHCOM, spoke about the threats that ISIS fighters present to US national security. Speaking about individuals from the Caribbean who traveled to fight with ISIS in the Middle East, Kelly contended: "While in Syria, they get good at killing and pick up some real job skills in terms of explosives and beheadings, things like that." He emphasized that the threat could be the fact that these individuals will eventually return to their home countries. Kelly asserted: "Everyone is concerned, of course, if they come home. If they went over radicalized, one would expect they will come back at least that radicalized but … with really good job skills that they picked up in the fight."[55] However, other individuals have argued that the threat is overblown as there is not sufficient evidence that such efforts have occurred.[56] In April 2017, Kelly, who became the Secretary of the DHS, warned that the United States still faces many terrorist threats. He emphasized the role of technology in helping extremist groups plan attacks. Kelly contended: "If you are a terrorist with an Internet connection, like the one on your ever-present cellphone, you can recruit new soldiers, plan attacks and upload a video calling for jihad with just a few clicks."[57]

The Brookings Institution conducted a study on ISIS and social media and collected data between October 4, and November 27, 2014. Researchers found that there are an estimated 46,000 "overt ISIS support accounts” on Twitter. However, the study reveals that it is possible that as many as 90,000 Twitter accounts of ISIS supporters exist. An analysis of the profiles shows that Saudi Arabia appeared as the location in the profile for 866 cases, while Syria had 507 cases. Furthermore, the location claimed in the profile was 453 for Iraq and 404 for the United States.[58]

Conclusion

The arms trade will continue to be profitable as long as a market exists. Countries such as Mexico have blamed the United States for not doing more to combat the sale of arms. The argument is that the ease of access to arms, particularly at gun shows, enables criminals to purchase guns, which are subsequently used in Mexico. The Second Amendment in the United States has made it more difficult to regulate the types of arms that can be bought and sold. Advocates of the Second Amendment recommend that it is their inalienable rights to purchase guns.[59] The issue of accessing arms is not only a challenge in the United States but also something that must be addressed in many countries throughout the world. It is not only an issue of having adequate gun laws but also enforcing them.

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CHAPTER 8

Illicit Markets and the Internet Age

Globalization has brought people closer together. Developments in technology, with first the telephone and fax machine, have increased communication. Communication has facilitated trade and transactions across states, helping to improve economic growth, development, and quality of life. The Internet, however, has taken this to a new level. Since the 1990s, we have seen the Internet become more affordable and thus available to people around the world. In fact, the Internet has been designated a human right. The addition of Article 19 of the United Nations Human Rights Declaration was added to support this, saying: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media regardless of frontiers."[1] The Internet has also served as a rallying point for democratic movements such as during the Arab Revolutions in the early 2010s.[2] Social networking sites like Facebook and Twitter specifically served as an organizing platform for people across the troubled Middle East.

While much is celebrated for this new era of information and learning, there is a dark side of the Internet that exists alongside. Criminal networks pushing illicit goods operate on the Internet. Crimes may range from recruitment of children for pedophile rings to the sale of drugs. Social media has become a major tool for criminal networks in this regard. However, there is also the Dark Web. The Dark Web is the unindexed part of the Internet that contains a variety of illicit markets. These illicit markets

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operate like any business: you can order a fake passport, child pornography, drugs of all sorts, guns, and bombs, anything illicit, and send it straight to your doorstep anywhere in the world. The Dark Web is anonymous and untraceable due to its particular infrastructure: the Tor onion browser and bitcoin as well as other forms of electronic currency. Over time, with interference from law enforcement, these websites have proved remarkably resilient, often going down and then popping back up again under new management. Such a practice undermines the state and its laws and makes people worse off over time. This chapter will provide an overview of the Dark Web's inner working as well as suggest prescriptions to neutralize, or at least clamp down, on these websites and practices.

Illicit Markets on the Surface Web

While this chapter will deal specifically with illicit networks and the Dark Web, it is important to note the number of crimes and frauds occurring on the surface web. The surface web is a part of "the Internet that can be found by the link-crawling techniques used by a typical search engine such as Google, Bing or Yahoo. It refers to the unencrypted non-dark, non-Tor internet."[3] This Internet is incredibly useful today as it manages our electrical grid that enables us to run households, supermarkets, and traffic lights. We do our banking on our cellphones, correspond with our friends and family on Skype, do research, read news, and sometimes manage our appliances online. The surface web is a big part of our lives and we tend to take this for granted. There is a "dark side" to this part of the web as well.

There are several types of surface web cybercrime related to illicit markets. Those discussed here are as follows: identity theft, hacking, distributing child pornography, or seeking out children to groom for child sex crimes and theft. To begin, identity theft is the act of taking personal information (birth dates, social security numbers, mother's maiden name, bank account numbers, etc.) from someone by any means in order to pose as them. Criminals can acquire this information by phishing, programs that monitor keystrokes of victims to gather information, by sifting through someone's trash, or by breaking into their house.[4] Once enough information is acquired the criminal can go on a spending spree. In illicit markets, selling information to a third party is also an option. Florida is top ranked in such crime and a recent exposé highlights the problem: "Collectively, the various defendants [40 people] used tens of thousands of stolen IDs to try to collect about $22 million in tax refunds and other government benefits from the Treasury Department, Florida and other states, such as Ohio, Michigan and Texas, according to the U.S. attorney's office. Of that total, $3.2 million was paid out—most in IRS-issued tax refunds but also $656,000 in state unemployment benefits."[5] In all, the Internal Revenue Service (IRS) receives approximately $5 million tax returns from applicants who stole the identity. Authorities expect the problem to worsen over time.

Hacking is another serious problem. Hacking is the act of breaking into servers and computer systems of individuals, companies, or governments for the sake of acquiring information. While this may be part of the world's counter-culture these days, it is becoming a popular act.[6] Hacking is a useful tool for organized crime networks which use it to steal data to blackmail (also known as ransomware) or to benefit in other financial ways. For instance, Alexander Tverdokhlebov, a Russian hacker, allegedly used a sophisticated technique that utilized malware to break into 10,000 different computers. His main targets were US banks. However, instead of stealing data or passwords, Tverdokhlebov developed malware that "will wait for the victim to log in to their online banking, then splice itself into the connection and slip in a rogue funds transfer without setting off alarms at the bank. If the victim happens to check their balance or transaction history, the malware will even rewrite it on the fly to conceal the theft."[7] In all, the scam amounted billions of dollars. There are other examples of hacking that infiltrate the privacy of others. In 2014, a huge iCloud hack released hundreds of naked pictures of renowned celebrities. This became known in *lulzspeak* as *The Fappening*. Hackers took advantage of iCloud's major vulnerability, the ability to make unlimited guesses for passwords.[8] While perverts did this attack, it is easy to see how such actions not only amount to a lack of privacy but also lead to a criminal industry based on blackmail and wholesale purchase of illicit goods and services.

Child pornography and child grooming is also a criminal activity that occurs on the surface web. While it may be quite difficult to recruit a child on the Dark Web, it is easier to do so on the surface web. There are a number of chatrooms online where people can meet. Some are for teens looking for friendship, but at times pedophiles find themselves in these rooms (sometimes teens find themselves in adult chatrooms as well). It is during these conversations that children are convinced to meet these pedophiles.[9] The problem is quite significant as expert Parry Aftab describes in an interview: "I know that I can go into a chat room as a 12-year-old and not say anything, and be hit on and asked if I'm a virgin within two minutes," she said. "It's a much bigger problem than anyone can imagine. In the olden days, you either had to know the kids, molest your own … or you had to stand on a playground corner."[10] There are other circumstances where children send sexually explicit pictures to adults online. These photos are then shared with other pedophiles in a large network. For example, one pedophile ring had pictures featuring over 230 abused children from 30 countries around the world. Europol arrested 184 people active in this ring, which had over 70,000 members.[11] Photos need not be sold to make this an illicit market, but indeed, the consumption side of markets is present.

There are a number of other crimes perpetrated on the Internet such as sports betting, fraud, spying, piracy or theft (illegal downloading), developing and selling malware (viruses, worms, etc.), purchasing illegal materials, and stolen property. Anything criminal perpetrated in the real world can also be done online. According to Interpol, cybercrime in general is the fastest growing area of crime in the world costing victims billions of dollars.[12] Experts estimate that cybercrime will cost the planet $6 trillion in damages by 2021.[13] This rising figure begs the question of whether or not law enforcement is prepared to counter threats of this magnitude. In the next section, we will discuss a new realm of insecurity that is exceedingly difficult to track or trace: the illicit markets of the Dark Web.

The Dark Web: Anonymous Illicit Exchange

To recall, the surface web, or the visible Internet, is what most people use every day. It uses browsers like Google Chrome and Firefox. If we use Google to do a search, a list of pages is the result. Those pages are part of an indexed and connected database. This means that programs, specifically crawling bots, link and lead to other relevant websites.[14] These websites, and those that use them, can easily be monitored with little anonymity. This means online identities and usernames can be traced to its physical source. The Dark Web, conversely, may be defined as that part of the Internet, which "has been intentionally hidden and is inaccessible through standard web browsers. This is the portion of the internet most widely known for illicit activities, because of the anonymity associated with this network."[15] These websites are hidden from surface web browsers. Unlike the Surface Web, Dark Web pages are unconnected, or unlinked, to one another. This makes it impossible for indexing crawlers to find pages. Dark Web websites essentially exist in an electronic vacuum as they are retrieved from their own databases. This makes it increasingly difficult to find Dark Web websites on the Dark Web and altogether impossible using Google.

The Dark Web is not all nefarious. Comments on Facebook posts set to private and articles that can only be accessed through subscriptions are also part of the Dark Web. The core of either circumstance is that this information is private and cannot be accessed by indexing crawlers. Thus, the information remains private and can only be accessed through the website's particular database. Nonetheless, the Dark Web protects illicit market activity. Supply and demand comes together to engage in business. This generates a billion-dollar business and helps proliferate the trafficking of drugs, weapons, child pornography, organs, violent pornography including "snuff" and "crush" films, murder-for-hire, scams, phishing, and even terrorism.

There are three known ways to access the Dark Web. The first is the *Tor* browser. Tor is "an 'onion-routing' system which makes a PC's net address untraceable by bouncing the encrypted data it sends through several randomly selected computer servers on a volunteer network—each of which removes a level of encryption—before it reaches its destination."[16] Onion routing simply means that "messages are encapsulated in layers of encryption. The encrypted data are transmitted through a series of network nodes called onion routers, each of which 'peels away' a single layer, uncovering the data's next destination. When the final layer is decrypted, the message arrives at its destination. The sender remains anonymous because each intermediary knows only the location of the immediately preceding and following nodes."[17]

Users can download Tor by searching for it on any surface web browser. It is quite easy to do; here are the steps as shown on a common website called PC Advisor: "Go to www.torproject.org and download the Tor Browser Bundle, which contains all the required tools. Run the downloaded file, choose an extraction location, then open the folder and click Start Tor Browser. That's it. The Vidalia Control Panel will automatically handle the randomised network setup and, when Tor is ready, the browser will open; just close it again to disconnect from the network."[18] A different encryption is developed with every step of the browsing process. Furthermore, Tor redirects signals through approximately 6,000 servers.[19] Both steps make it impossible to trace the browsing history of a criminal. If a pedophile browsed child pornography that day or bought a fake citizenship, authorities would never know once the Tor browser is closed.

Another Dark Web browser is the I2P (Invisible Internet Project), which allows anonymous communication between users seeking to share files.[20] The Internet connection between users is protected by encryption. Compared to Tor, I2P is more resilient to infiltration or monitoring. Freenet is a simpler version of I2P and allows file sharing for a broader audience. Freenet creates a new connection with each new path. Like Tor, I2P and Freenet are completely anonymous due to the impossibility of tracing.

While it is difficult to pinpoint the number of people engaging in illicit Dark Web activities, there are metrics that give rough estimates. For instance, Tor estimates that 100,000 people download Tor every day.[21] From that number, it is estimated that between 5,000 and 15,000 use Tor per day.[22] One can assume that since these metrics are gathered, the identities of people may then be gathered, but Tor advises the following: "We sourced the data used above from Tor Project web server logs. Don't worry—we don't record what we do not need (your IP addresses or time of day of requests) and remove potentially identifying information (such as request parameters and the user agent string) before processing. We also delete the original logs afterwards and only keep a sanitized version."[23] At the global level, the Dark Web becomes a meeting place for those seeking illicit products. Completely anonymous, people are able to pursue any illegal substance or perverted fetish possible, and there is little the government can do to stop it permanently.

To buy things on the Dark Web, one needs an untraceable form of electronic currency. Bitcoin is a prime example. Bitcoin is an electronic currency that is not real or fiat (backed by government). Rather, it is electronically derived and treated as if it were currency. Many point to bitcoin's value as something that may usher in a new era of Internet commerce. As of June 19, 2017, one bitcoin is equal to $2,200, increasing 879,999 times since it was introduced in 2010.[24] The increase in value involves demand for bitcoin, either as a form of investment speculation or as a way to buy things on the Dark Web. Bitcoin is currency because it takes on the function of money: it serves as a unit of account, a store of value, and a means of exchange.

Bitcoin is essential to the Dark Web. It "uses peer-to-peer technology to operate with no central authority or banks; managing transactions and the issuing of bitcoins is carried out collectively by the network. Bitcoin is open-source; its design is public, nobody owns or controls Bitcoin and everyone can take part. … Bitcoin allows exciting uses that could not be covered by any previous payment system."[25] You can obtain bitcoins in four major ways: payment for goods or services, purchasing bitcoin with actual currency, exchange bitcoins, and by mining.[26] Mining is a process of collecting bitcoins using specialized computers. Not many people can do this, but it is quite a lucrative enterprise because soon bitcoin will cease creating currency to prevent inflation.

Bitcoin is used in the real world wherever they are accepted. Nevertheless, bitcoin offers Dark Web buyers and sellers three major advantages:

> Fewer risks for merchants—Bitcoin transactions are secure, irreversible, and do not contain customers' sensitive or personal information. This protects merchants from losses caused by fraud or fraudulent chargebacks, and there is no need for PCI compliance. Merchants can easily expand to new markets where either credit cards are not available or fraud rates are unacceptably high. The net results are lower fees, larger markets, and fewer administrative costs.
>
> Security and control—Bitcoin users are in full control of their transactions; it is impossible for merchants to force unwanted or unnoticed charges as can happen with other payment methods. Bitcoin payments can be made without personal information tied to the transaction. This offers strong protection against identity theft. Bitcoin users can also protect their money with backup and encryption.
>
> Transparent and neutral—All information concerning the Bitcoin money supply itself is readily available on the block chain for anybody to verify and use in real-time. No individual or organization can control or manipulate the Bitcoin protocol because it is cryptographically secure. This allows the core of Bitcoin to be trusted for being completely neutral, transparent and predictable.[27]

Bitcoin provides the security and anonymity credit cards lack; there is no paper trail, no connection to banks, and most important, because of Tor, cannot be monitored by law enforcement. Bitcoin is like cash, but since it is electronic, there is no need to meet strangers. It makes people more comfortable to buy illegal products from criminals. In sum, bitcoin provides security to both consumers and traffickers and creates the confidence necessary to facilitate transactions in the underworld.

Purchasing any of the Dark Web's products and services is as simple as purchasing products from the surface web; from say Walmart.com or Amazon.com. For instance, say you want to buy cocaine: you simply turn on your computer, open the Tor browser, go to the trusted Dark Web website of choice, select the drug, and then pay in bitcoin. Silk Road itself has a surface web website, which explains the process in very simple terms. First, you buy bitcoin. Second, you download Tor and register a Silk Road user account. Third, you search for your drug of choice. You then read the reviews of vendors offering the drug. You can select a vendor based on customer service record or also if it is PGP (stands for pretty good privacy) verified, meaning your eventual transaction will be encrypted and secure. Fifth, you fill out your shipping information (which will be encrypted) and then click "place order." Bitcoin will be withdrawn from your account.[28] Just like Amazon.com or Walmart.com, you just ordered via the dark web. When the purchase is complete, you simply wait. When the supplier gets the order, he takes the product, wraps it up, places it in a box, writes up the address, and sends it via post. Illicit goods are delivered alongside other, everyday legal packets. Of course, postal companies respect citizens' right to privacy and will not open packages.[29] The user can expect the package delivered at his or her doorstep in a matter of days. No going to sketchy drug dealers, no tainted products, no police; the Dark web provides criminals and criminal activity the necessary protection to pursue illegality. One teenager describes buying guns online: "just like buying a bar of chocolate."[30]

Together, Tor and bitcoin allow for completely anonymous and secure browsing of the Dark Web and purchasing of goods once locating websites are known. There are websites that lead you to suppliers of illegal goods and services:

- EU vendor for cocaine, speed, MDMA, psychedelics and subscriptions
- Passports from European Countries
- US Fake IDs
- Citizenship from the United States
- Password sharing websites
- Guns and Ammo
- Counterfeit currencies

There are thousands of Dark Web websites. The next paragraphs will describe a few in detail.

Drugs and the Silk Road

The Silk Road was a Dark Web website that sells drugs, drug paraphilia, and a number of other drug-related goods. On this format, buyers and sellers (also called vendors) can meet one another like any marketplace. Vendors can specialize in any type of drug including cannabis, opioids, stimulants, benzodiazepines, psychedelics, dissociatives, prescription drugs, and so on. The drugs are advertised as pure and customer reviews state they are quite potent.[31] Silk Road's founder and one-time owner is Ross Ulbricht, a 29-year-old computer programmer. Depending on anonymity, Ulbricht took on the pseudonym Dread Pirate Roberts, a character from the movie *Princess Diaries*. In two years, from 2011 to 2013, the Silk Road was estimated at $1.2 billion.[32] He was finally caught after a long-term investigation and surveillance. His laptop was seized, which enabled the state to bring the case to court. He was sentenced to life without parole for drug trafficking, fraudulent identity trafficking, hacking crimes, and money laundering.[33]

Irrespective of Ulbricht's incarceration, Silk Web 2.0 has sprung up yet again to do business. Another Dread Pirate Roberts has emerged. He released this statement in full defiance of the law:

> Over the last 4 weeks, we have implemented a complete security overhaul. This overhaul marks the dawn of a brand new era for hidden services, and it would not have been possible without the patient support of this community. So for waiting patiently; for offering encouragement; for keeping the community spirit alive in Silk Road's temporary absence; for all of this and more, each of you has my deepest and most sincere gratitude.
>
> It took the FBI two and a half years to do what they did. Divide, conquer, and eliminate was their strategy … but four weeks of temporary silence is all they got. And as our resilient community bounces back even stronger than ever before, never forget that they can only ever seize assets—they can never arrest our spirit, our ideas, or our passion, unless we let them.
>
> We will not let them.[34]

As in the movie *Princess Diaries*, when one Dread Pirate Roberts dies, another replaces him. Silk Road 2.0 made about $8 billion a month and attracted an average 150,000 visitors a year. However, the site was shut down with its administrator arrested. Yet again, this website went back up but this time a mere hour after the shutdown. Silk Road 3.0 is currently online with a new administrator; it continues to do business and will regardless of arrests.[35] This fact attests to the resilience of the Dark Web in bringing illicit buyers and sellers together.[36] Law enforcement admitted that they have failed to stop the Silk Road as well as other Dark Web websites from selling illicit goods. In a statement, US Senator Tom Carper highlights this issue: "This new website—launched barely a month after Federal agents shut down the original Silk Road—underscores the inescapable reality that technology is dynamic and ever-evolving and that government policy needs to adapt accordingly … rather than play 'whack-a-mole' with the latest website, currency, or other method criminals are using in an effort to evade the law, we need to develop thoughtful, nimble, and sensible federal policies that protect the public without stifling innovation and economic growth."[37] Ulbricht himself has shown no remorse for his actions. He instead sees his activities as part of a grand libertarian vision that seeks to challenge big government. He writes:

> Silk Road has already made an impact on the war on drugs. The effect of the war is to limit people's access to controlled substances. Silk Road has expanded people's access. The great thing about agorism is that it is a victory from a thousand battles. Every single transaction that takes place outside the nexus of state control is a victory for those individuals taking part in the transaction. So there are thousands of victories each week and one makes a difference, strengthens the agora, and weakens the state.[38]

The Silk Road, and maybe other illegal websites, see themselves as much more than risk-takers; they are the vanguard for an ideological movement that hopes to bring about real, radical change in the way we govern ourselves in the Internet age.

The Armory: Weapons Trafficking on the Dark Web

The Armory is another Dark Web website that sells illegal goods with libertarian undertones. They specialize in weapons of all sorts, from handguns like Berettas and glocks to military assault rifles such as AK-47s, the PPKs, Bushmaster rifles, and even grenades and launchers, to a number of swords, knives, and other sharp objects meant for killing.[39] There is also armor, grenades, riot-shields, and other devices necessary to arm any modern army.[40] They describe themselves very normally as "an anonymous marketplace where you can buy and sell without revealing who you are. We protect your identity through every step of the process, from connecting to this site, to purchasing your items, to finally receiving them."[41] Delivery is like any package, but with a level of added security. Packages made from a special material can bypass X-ray inspection; other times, they are made from other electronic appliances like computers or children's toys.[42] In other circumstances, the website boasts a number of private trucks that deliver products right to your door. In that sense, The Armory promises "We deliver globally, because all people have the right to protect themselves."[43] There is a minimum purchase of $1050 to ensure profitability as well as repeat customers taking advantage of the odd discounted item.[44] In terms of customer service, the website owners usually reach out to customers via surface websites like Reddit to encourage others to buy from them. Sales are indeed worldwide as people from all over the globe, including terrorist organizations, clamor to arm themselves.[45] The Islamic State itself is active on the Dark Web, using online forums, Tor instant messaging as well as encrypted emails to communicate directly to disenfranchised and the mentally ill. A senior analyst for S2T (a company in Singapore that develops technologies to monitor the Dark Web) has proved the presence of a multiplicity of Islamic jihadists benefiting from the Dark Web's cover:

> For several years now Jihadists have been sharing information online concerning Tor and its usage thus indicating clearly that [Tor] is used by many of them. However, up until now I have not come across specific websites used for Jihadi purposes. I therefore assume many of them use Tor in the same way the general population does, through black markets and general forums where they can achieve material and information and remain anonymous. Moreover, since the Dark [Web] is far less indexed and far harder to come across than regular Websites are, there is the possibility that there are Websites used by ISIS of which we do not know yet.[46]

One website, Nucleas, is known to have sold weapons to the Islamic State. These weapons were later used in the 2015 Paris attacks. However, after the attack, Nucleas pulled down its weapons section stating: "Dear users, in the light of recent events in France we have decided to remove our Weapons section and we are going to disallow weapons on our Market completely. Reason is it is not very secure for us to sell weapons here anymore. Thank you for your understanding."[47] This was done to avoid excessive heat from law enforcement, but the damage had already been done.

A new concern is regarding weapons of mass destruction. Can a vendor from the Dark Web acquire enough radioactive material for a dirty bomb? The likelihood is real given the potential as Hsinchun Chen posits.[48] His data mining projects identify conversations between identified Islamic radicals discussing the need to acquire and develop nuclear weapons to expedite their fight for a global caliphate. Going to Dark Web vendors leaves the risk of acquiring nuclear materials to others, allowing the Islamic State the luxury of getting said materials delivered to their door. Such a clear and present danger of this magnitude cannot be ignored, yet law enforcement capability is limited. The illicit market for weapons in the Dark Web is open for business to all.

The Dark Web: A Pedophilia's Playground

Another commodity that benefits from the cover of anonymity is the very real problem of pedophilia. While other websites on the Dark Web have a libertarian spin, they put limits on crimes against children. One man interviewed by the *BBC*, tells how he is able to conduct illicit business online using the Dark Web to cover his tracks:

> BBC News contacted a man who, until recently, ran a site on the dark net for paedophiles to swap images of child sexual abuse. He used untraceable email and encrypted messages. There's no way of confirming his identity but he has provided proof that he was owner of the site, which stopped operating in May. He admitted he was an active paedophile. "We had over 40,000 user accounts on the site. We used to get sometimes 500 page views per second. My own collection is 12 gigabytes," he wrote. He claimed that, until he closed the site, the number of users was still growing. "There certainly are more paedophiles coming to the dark net. I don't know if these new users are brand new paedophiles discovering child porn for the first time or if these are people who used to swap on the 'clear net' but found Tor which is much safer." As for his personal safety, he was confident police couldn't find him. "I don't want to go into details about my security set-up but it is designed with many layers to keep me safe from even the most capable adversaries in the world," he said.[49]

In real life, pedophiles cannot meet to discuss their deviant interests. However, on the Dark Web, they trade photos and tactics on grooming young children. This sort of danger proliferates quickly and aims at abuse of the most vulnerable of children all over the world.

Pedophilic exchange on the Dark Web is not limited to sexualized pictures but also includes snuff films. The infamously disturbing Daisy's Destruction is one such case. Daisy's Destruction features an 18-month year-old girl. Peter Scully, the creator, spent years filming these videos. His voice could be heard over the tapes. He made a home in the Philippines and preyed on young, impoverished children. He would tell parents of these children that he would care for them, pay for their schooling, and so on.[50] His 14-year-old girlfriend would help find these children as well. He developed a "pay for view" system where customers would essentially be paying to view children bring abused, raped, and even tortured online.[51] Viewers pay Scully between $US100 ($AUS130) and $US10,000 ($AUS13,000) for the videos.[52] Helping to facilitate the business was a computer room managed by a number of Filipino women. Such an environment has made The Philippines into a billion-dollar hub for child pornography. Scully himself has been caught by the police and is now in prison. However, given the anonymous nature of the Dark Web, it is quite simple for others to take up the mantle.

In 2015, the FBI made the biggest expose in history. One thousand and five hundred pedophiles from around the world were exposed. The website, called Playpen, held 215,000 different accounts and had an average traffic of 11,000 visitors per month.[53] The FBI took over the website while allowing users to continue downloading content. As a result, the FBI identified the IP addresses of website users, which led to 900 arrests.[54]

Scams and Malware

There are many other types of criminal activities protected by the Dark Web. You can buy fake identification such as drivers' licenses, passports, and even citizenship. You can hire a hitman to kill anyone or a hacker to "dox" someone. Doxing is the "is the internet-based practice of researching and broadcasting personally identifiable information about an individual. This is a practice that drug sellers on the deep web can use to coerce or blackmail customers once they have obtained personal information (e.g. postal address) to make the shipment. At this point in the transaction, buyers have no guarantee that sellers will delete their data once the deal has been finalized."[55] Doxing is done for blackmail purposes. There are also scams online that take payment without providing a product. One renowned scam was the Besa Mafia. The Besa Mafia was supposedly a branch of the Albanian mafia that would kill anyone for $10,000 worth of bitcoin. The website promises the following: "if you want to kill someone…, we are the right guys. We have professional hitmen available throughout the entire USA, Canada and Europe. No undercover cops here. No risks of getting caught, because we are professional killers."[56] However, once payment is received, there would be no murder.[57] Of course, there is no complaint department or government agency to ensure consumer protection and so many have to take a serious loss. In this situation, websites depend on reviews, which are readily available online.[58] Of course, scams are not limited to any one product or service; there are a number of scams in the real world encompassing many different fields and, as a result, the same can be concluded about the Dark Web.

Scams are most certainly not limited to taking payment without the product or service. The threat of malware is always present. Malware is any type of software used to destroy a computer. There are three major forms of malware: viruses, spyware, and worms. Viruses attach themselves to files and programs, quickly spreading through a machine's software, replacing program codes with its own. If the virus spreads without successful containment, it eventually destroys the computer.[59] Thus, for instance, pranksters or hacktivists looking to destabilize pedophile networks may insert viruses into those who think they are downloading child porn. Once the pedophile downloads the virus, the virus destroys the computer and may attach itself to other computers through email or instant messenger; if sophisticated enough, the virus may even be able to email the authorities about the download. There was a case between 2012 and 2015 about a virus called *Skynet*, which actually took bitcoins out of users' bitcoin wallets.[60] The virus relies specifically on the Tor browser's vulnerabilities meaning its creators wanted to explicitly target Dark Web users.

Of greater concern to national and personal security is spyware. Spyware is a malware program that monitors a computer's activity. It can track a user's keystrokes and collect private information like usernames and passwords. One such case was the spyware program called *Vawtrack*. Once embedded in a user's computer, Vawtrack collected his or her bank data. Banking information is usually well protected and so this was a particularly sophisticated form of spyware.[61] An even more complicated example of Dark Web spyware is *Nionspy*, which "can capture keystrokes, steal documents, and record video from a victim's webcam and audio from their microphone."[62] Victims are held hostage and may have to pay a ransom to ensure embarrassing material stay private. Ransom money is paid in bitcoin which limits the ability of law enforcement to track down criminals. Such a practice is called ransomware. Ransomware is now common among businesses around the world. CBS News describes the practice contending that "after seizing control of computers, the WannaCry hackers demanded $300 in bitcoin—a digital currency easily transferable from one anonymous account to another—or they would possibly destroy the information. According to published reports, they received very little money … this time. But since ransomware often goes unreported even by public companies, it's hard to put an exact figure on the toll of such electronic coercion."[63]

WannaCry also targeted University College London on June 16, 2017. At noon that day, a suspicious email was sent throughout the university. Those who unwittingly opened the email unleashed the virus which then embedded itself in the university's servers. The university and its antivirus systems were clearly unprepared for such an attack. The virus was first spotted at 5:00 PM and by 7:00 PM, the access to drives were cut. However, the damage had already been done. The virus spread to the National Health Service, which had connections all over the country.[64] As of June 2017, no one really knows the extent of the infiltration. Microsoft, the operating system in use at the university, released security updates to deal with WannaCry. For whatever reason, the university was using Microsoft XP, a very old operating system. This left the university, as well as the entire country, vulnerable to these kinds of attacks. Adrienne Hall, the head of Microsoft's Cyber Defense Operations Center released the following statement about the incident: "Due to the elevated risk for destructive cyber-attacks at this time, we made the decision to take this action because applying these updates provides further protection against potential attacks with characteristics similar to WannaCrypt [alternative name to WannaCry]." Microsoft had known about WannaCry since May 2017 but only made updates for more recent versions of Windows. The problem for victims is that one can never be fully prepared in case of an attack by ransomware.[65]

Interestingly, malware can be used for good by law enforcement. The FBI has admitted its role in creating, launching, and benefitting from malware attacks. This successfully led to the shutdown of a major child pornography site on the Dark Web. Such a strategy is new and dynamic. Using the Dark Web and its tools against criminals may certainly be a strategy worth pursuing given its success.

The documentation of illicit activities on the Dark Web previously illustrates serious challenges to law enforcement. While current efforts are commendable, Dark Web drugs, arms, child pornography, violent crimes, and malware remain a destabilizing force to society. This is due to the anonymous nature of the Dark Web. Anonymity in this environment pays for concealment costs (an important illicit transaction cost)[66] for illicit markets. Consumers pay premium for this as a way to evade law enforcement. The conclusions chapter will discuss additional, more proactive options for law enforcement for dampening illicit markets benefitting from the cover of the Dark Web.

Conclusion

While we will discuss proactive recommendations in clamping down on Dark Web illicit networks in Chap. 9, it is important to mention current policies here. The European Monitoring Center for Drug and Drug Addiction has noted the following:

- continue the current work of combating the main cryptomarkets, focusing on administrators and moderators;
- prosecute the main vendors who, judging from the quantities ordered, operate as middlemen on cryptomarkets;
- seize cryptocurrency wherever possible and dismantle cryptocurrency facilities that make it possible to make or receive payments for drugs;
- confiscate goods paid for with the proceeds of crime;
- invest in big data techniques, in order to link vendor nicknames and Internet activity with certain IP addresses;
- convince Internet service providers that unwittingly host cryptomarkets to stop, by entering into public–private partnerships with ISPs;
- tackle conscious facilitators (such as bulletproof hosts) by means of permit regulations or criminal prosecution, to ensure that providing this service is no longer profitable;
- professionalize checks on parcel post to greatly reduce the odds of successfully shipping drugs by mail, a move that would hit both the conventional and the Internet drug trade; and
- develop a strategy to diminish the trust of vendors and buyers in the reliability of cryptomarkets.[67]

As can be seen in our previous discussion (specifically on Silk Road), many of these suggestions have been already implemented. Silk Road, for instance, is still online regardless of these recommendations. They are, at best, Sisyphean since they do not deal with the Dark Web's two essential features: anonymity and efficiency. Anonymity provided by Tor (and other) browsers and bitcoin offers illicit markets much-needed protection from law enforcement. Hidden from view, people, like Ulbricht of the Silk Road, can make billions of dollars in a matter of a few years, and successors can rise following arrests. It is more efficient and profitable to operate an illegal business in this manner due to anonymity. On the consumer side, criminals and terrorists can meet others who share their interests and trade. They do not have to risk going far to buy weapons, share information, and recruit. What is also concerning is the resilience factor. Even if law enforcement pursued crawling, it still would not prevent other websites from popping up under different tags or labels. Bitcoin can be replaced by other electronic currencies just as Tor did for other browsers. Further, if law enforcement and governments begin to clamp down on the Dark Web entirely (i.e. make it illegal to host any website, or that all websites must be indexed and be hosted only on the surface web), then this may hamper the ability of democratic groups to function. Democratic groups around the world use the Dark Web to unify under the same cover of anonymity to establish efficient organizing. It is like bombing a neighborhood to kill terrorists: there will be collateral damage.

For now, little can be done given the resilience of Dark Web activities. This is not to say that illicit markets are invincible. Dark Web sites, because of anonymity, do not have enforcement mechanisms of their own. For example, sites are prone to attackers who infiltrate systems to steal customer information for blackmail. Ulbricht was subjected to this a number of times, once for a one-time payment of $100,000 and $50,000 every week.[68] He soon hired a hitman to find and kill the blackmailer, but in actuality, Ulbricht dealt with a con man. Scams are common on the Dark Web as well as the surface web. In real life, the mafia has soldiers; in the Dark Web, there is little one can do to gain protection. It is this fact that may discourage the use of the Dark Web and may act as a deterrent to those who supply and demand illicit goods. Policymakers may be able to exploit these vulnerabilities.

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CHAPTER 9

Conclusion

Illicit markets exist as long as there is a demand. Countries must also address the underlying institutional and socio-economic problems that can cause individuals to partake in illicit activities. Inclusive institutions support development by maintaining the confidence to invest in legitimate business.[1] This confidence is produced through respect for the democratic process, the protection of property rights, and maintenance of law and order, as well as just taxation systems. If development is significant and sustained, it is possible that there will be a reduction in those supplying and trafficking illicit goods. Development measures "improvements in material welfare, especially for persons with the lowest incomes; the eradication of mass poverty with its correlates of illiteracy, disease and early death."[2] By producing and protecting development and democracy, we may be able to see people moving away from illicit networks. Law enforcement may then be able to decapitate owners of the means of illicit production.

From this, we will explore policy developments in two developed and democratic governments, Portugal and the Netherlands, and in the cyber realm. The Portuguese government maintains a policy of decriminalization; that is, drugs remain technically illegal but their use and possession are treated as a health issue. The Netherlands has chosen legalization and regulation. Its red light district has attracted millions of tourists looking for activities still illegal in their home countries. However, the area is now well known for its "big crime organizations … trafficking women, drugs,

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H. S. Kassab, J. D. Rosen, *Illicit Markets, Organized Crime, and Global Security*, https://doi.org/10.1007/978-3-319-90635-5_9

killings and other criminal activities."[3] Illicit cyber-networks also pose a significant challenge to law enforcement. Nevertheless, these challenges are being met by technical experts all over the world. This concluding chapter will also explore the trade-off for cracking down on illegal cyber-markets: will law enforcement monitor the "good-guys," too—those people trying to promote democracy (including those in developed countries) in their own countries?

Development: A Potential Solution to Illicit Markets

This book describes the fact that prohibition drives up the price and profit of illicit goods. Indeed, one can make a lot of money in a short period by taking on the risk of incarceration or death. The primary reason people involve themselves in the trade is for the purpose of profit. Whether you are a young man selling drugs on the side of the road, or a young, single mother selling a kidney, you are doing it for the money. As a result, laws can do little to stop illicit activity from occurring; if people demand something, there will be a supplier. Hence, laws that try to deter demand often hurt certain segments of society.[4] Since this is so, we posit a focus on development as a solution. Development may provide people with legitimate economic opportunities independent of the violence of criminality. By encouraging development, states all over the world will become better off, as resources, both human and natural, are used toward innovation and production of legitimate products and services that make our lives better.

According to Charles Kindleberger, development means "improvements in material welfare, especially for persons with the lowest incomes; the eradication of mass poverty with its correlates of illiteracy, disease and early death; changes in the composition of inputs and output that generally include shifts in the underlying structure of production away from agricultural toward industrial activities … in which they should move to improve welfare."[5] If the state acts to facilitate development by providing opportunities to disenfranchised people, it may be able to seduce people away from the illicit lifestyle. Given the fact that at times, the state itself is the problem, infiltrated by organized crime, or as Peter Lupsha calls the symbiotic state ("organized crime has become a part of the state, a state within the state"[6]), then it is important for civil society to pressure the government to change and to become more inclusive. Political institutions of any country must serve the people and the economy must benefit the people. Many countries plagued by illicit supply networks are so because they are extremely corrupt. Their political institutions are not inclusive but exclusive and hamper the ability to remove illicit trafficking. Daron Acemoglu and James A. Robinson in their book *Why Nations Fail: The Origins of Power, Prosperity and Poverty* explain the reasons for underdevelopment. Their hypothesis (if a state has inclusive political institutions, then the state may experience development; if a state has extractive political institutions, then the state may experience underdevelopment) may present a real solution to the proliferation of illicit markets. Inclusive political institutions are those that encourage legitimate business. There is rule of law and the equal application of justice, the protection of property rights, respect for the democratic process, efficient taxation, and economic regulations. All these institutions build confidence in people to invest in their country in legitimate businesses. People are hired, which reduces unemployment, and the government collects taxes. Above all, there is little to no corruption. This enables entrepreneurship, not just the confidence to invest in business, but in yourself.[7] If the government focuses on developing its human resources through education and health care, then we may be able to see a marked reduction in criminal supply. Furthermore, education could reduce demand as people begin to understand and appreciate the dangers of heroin, methamphetamine, and so forth. While development may not completely solve the problem, it must try to create the mechanisms that discourage illicit markets.

On the other hand, exclusive political institutions serve the benefit of the ruling class at the expense of the people. If the state is symbiotic with organized crime, then we can expect the ruling class and criminal networks to partner to protect illicit markets. Corrupt and extractive governing institutions will not allow states to develop strong legitimate industries as well. The more corrupt a country, the more likely illicit networks can penetrate the state apparatus.[8] The solution may not be more laws, law enforcement, harsher prison sentences, or any declaration of war at all. The solution may be institution building in an effort to bolster and strengthen development which may then reduce a person's reliance on illicit markets to survive. Citizens may gravitate toward legitimate industries leading to a reduction in violence and underdevelopment. It is thus clear that democratic institutions that facilitate economic development may very well be the answer to the question of how to combat illicit markets. Starting from the bottom-up, if people had the right incentives to be or to remain legitimate, illicit markets may not have the participation required. One problem does remain. How can democratic/developmental exist in countries possessing leaders corrupted by criminal networks? The solution is certainly not a simple one. However, if people at the grass-roots level want a future free of the kind of violence associated with illicit networks, it would be in their interests to fight for it, whether by electing new leadership or through peaceful demonstrations against criminal networks.

In sum, in light of the evidence supported here, it is evident that many people turn to illicit markets to survive given their socio-economic situation. As a result, development and democracy may reduce the power of illicit markets and, along with it, the violence associated with organized criminal networks. Many do posit that legalization may be the silver bullet solution to all of these problems,[9] but this could not be farther from the truth given the growth of the mafia after prohibition. In the following section, we will discuss two other options that countries are currently using to deal with their illicit market problem. Portugal has adopted decriminalization while Amsterdam is pursuing legalization. What then are the strengths and weaknesses of both?

Comparative Approaches to Addressing Drugs and Other Illicit Activities

Different countries have used varying models and policies for combating drug trafficking and consumption. Some countries have focused on a punitive approach, where drug consumption is criminalized. In the United States, for example, 50 percent of the population in the federal prison system is behind bars for violating drug laws.[10] Therefore, a consumer or trafficker of illicit drugs will be incarcerated. On the other hand, some countries, such as Uruguay, have legalized the consumption of marijuana.[11]

The alternative is not the legalization of the substance, but rather decriminalization. This is the case of Portugal, which decriminalized all drugs in 2001. Decriminalization means that drugs remain illegal, but individuals will not be sentenced to prison if they are caught possessing such commodities. In Portugal, drugs, including marijuana, cocaine, and heroin, have been decriminalized. The Portuguese model provides scholars and policymakers with various lessons and talking points since this case is not as recent, meaning that the results of such policies can be studied over time. HIV infections, which are intricately related with drug usage as a result of needle exchanges between individuals consuming drugs, have decreased by 90 percent in the country. This represents quite a drastic change as Portugal was experiencing a major public health crisis due to the number of people living with HIV/AIDS. The Portuguese government focuses on combating this issue through harm reduction programs. The result has been a significant decrease in infection rates and of people living with the disease.[12]

Second, the number of adults who have consumed drugs in the previous year has declined since decriminalization began. Drug usage for individuals between the ages of 15 and 24 years has decreased over time. However, data from reports by the European Monitoring Centre for Drugs and Drug Addiction reveal that lifetime drug usage has increased over time (see Fig. 9.1). It is important to note that rates of injection drug use as well as what can be referred to as problematic drug usage decreased between 2000 and 2005.[13]

Furthermore, such policies have had an impact on the criminal justice system. The prison population has dropped in Portugal since 2001.[14] Research indicates that "[t]he proportion of drug-related offenders (defined as those who committed offences under the influence of drugs and/or to fund drug consumption) in the Portuguese prison population also declined, from 44% in 1999, to just under 21% in 2012."[15] Such cases

Fig. 9.1 School population lifetime prevalence of drug usage (13–18 years), any drug. Source: Created by authors with data from Ana Sofia Santos, Óscar Duarte, and Elsa Maia, *Centre for Drugs and Drug Addiction, "Portugal": New Developments, Trends and in-depth information on selected issues* (Institute on Drugs and Drug Addiction: Lisbon, 2012)

provide potential lessons for the United States, which is home to 25 percent of the prison population despite the fact that it only has 5 percent of the world's population. The large percentage of people in state and federal prisons for drug-related charges indicate that the prison system in the United States has been overwhelmed by the large number of drug cases.[16] Some experts contend that non-violent drug offenders should be rerouted for treatment and rehabilitation as opposed to being incarcerated.[17]

As a result, some experts have contended that decriminalization in Portugal has had positive results. Moreover, there have been no efforts to reverse the policies and criminalize drug usage. Glenn Greenwald asserts: "None of the fears promulgated by opponents of Portuguese decriminalization has come to fruition, whereas many of the benefits predicted by drug policymakers from instituting a decriminalization regime have been realized."[18] Therefore, some scholars contend that the benefits have outweighed the costs, particularly given the reduction in consumption and crime variables, including the decline in the prison population. Yet other experts have argued that the results have been mixed and have highlighted the need for an emphasis on treatment and rehabilitation. Keith O'Brien asserts: "You know, they do say, however, that—their drug czar in Portugal says that he would, under no circumstances, recommend that a country pursue this tack without going with a very strong treatment and prevention policy program. And that's really maybe the crux of this debate."[19] Therefore, it is vital to emphasize the importance of strong institutions and the role of the state. The state is important when addressing public policy issues such as substance abuse. Treatment, rehabilitation, prevention, and education are core components of any drug policy designed to address drug consumption,[20] which drive the demand for such illicit substances and fuel the black market. Other countries, such as Guatemala, Honduras, and El Salvador—to name a few—have much weaker institutions plagued by corruption.

In sum, the case of Portugal has led some analysts to advocate for the decriminalization of drugs.[21] Yet other people have pushed for more liberal policies, including either partial or complete legalization. These debates have occurred among academics, policymakers, and politicians for decades and this book seeks to understand the role of illicit markets, not engage in the age-old legalization debate.[22] However, the case of Portugal and different policies shed light on the various options for addressing drug usage, drug trafficking, and strategies to reduce organized crime.

When studying the role of the government and regulation, it is essential to understand some trends as well as recent challenges that have emerged in Amsterdam. Amsterdam is known for its coffee shops where people, often tourists, purchase cannabis. The status of drugs in this country exists in a kind of "legal limbo." For example, coffee shops can sell drugs to consumers.[23] However, it is important to note that it is illegal to sell, possess, or produce this substance. The laws are not enforced for marijuana that enters the coffee shops and is sold. Jan Brouwer, a law professor, argues: "This two-tier system where you're selling it openly but can't produce it is completely bankrupt." Professor Brouwer continues: "It's a system that is fundamentally flawed, pumping millions into a criminal underworld."[24] Amsterdam, which is known for its extremely low levels of crime, has seen spikes in violence because of battles between criminal groups over drugs. Dutch authorities contend that the conflict between competing gang factions is responsible for 20 percent of all homicides during the past three years. In summary, the case of drugs in Amsterdam demonstrates the challenges of the "legal limbo." The government does not crack down on marijuana once it arrives at the coffee shops, which dispense the substance. However, the Amsterdam case raises a number of questions for scholars and policymakers regarding the role of the criminal underworld, which is involved in other industries in the country, such as prostitution.

The red light district in Amsterdam is well known for legal prostitution as people passing by on the street will see women posing in windows. While this model of legalization, which began in 2000, has been an effort to regulate and control the industry, there is a dark side to this business in Amsterdam. Government officials have recognized that prostitution in Amsterdam is run by organized crime groups. Mayor John Cohen contended: "We've realized this is no longer about small-scale entrepreneurs, but that big crime organizations are involved here in trafficking women, drugs, killings and other criminal activities."[25] The various characters who work as pimps are primarily from other countries. Moreover, the majority, approximately 75 percent of the 11,000 prostitutes, working in Amsterdam are not from this country. Instead, these individuals are from Africa, Asia, and Eastern Europe. This industry, despite the regulation, has resulted in human trafficking of women from around the world. Criminals involved in this business have attempted to evade law enforcement by employing various strategies, such as moving the workers more often, according to authorities. Cohen stated: "Women are now moved around more, making police work more difficult."[26] Thus, the case of Amsterdam demonstrates that despite the legalization and efforts of the government to regulate prostitution, the majority of women who are working in this industry are from other countries and there are large numbers moved through human trafficking. In addition, criminal groups, as opposed to small business owners, are the individuals involved in this business, raising serious concerns.

The Future of Illicit Markets: Other Illicit Commodities and Potential Cyber-Security Strategies

True to our stated hypothesis, all illegal goods are potential black markets. Organized crime may always exist in some form if there is a demand for that good. In this section, we will describe three unforeseen areas of illicit markets: dissertations, cosmetic surgery, and exotic animals. We will also discuss future cyber-strategies that may assist in clamping down on anonymous Dark Web networks.

We begin with dissertations as a commodity. To become a Ph.D. in any field, one needs time, patience, organization, and, most importantly, an original idea to contribute to the field. At the same time, in certain professional circles, a certain prestige comes with having a doctorate. Many people thus begin and then fail. Why not pay someone to write it for you? This option is becoming commonplace around the world and in Russia specifically. Dissernet, an organization dedicated to exposing those committing plagiarism, has "identified roughly 5600 suspected plagiarists and published damning reports on about 1300 of them. In an exposé posted earlier this year, Dissernet showed that 1 in 9 members of the Russian State Duma … had received their diplomas using dissertations that contained large portions of other people's work and that had, most likely, been purchased from ghostwriters."[27] Dissernet operates in a very simple way as its founder describes: "The machine is constantly working, and it chooses suspicious cases. So, we see from the state library that roughly 100,000 doctors have defended theses in the last 15 years. The machine chooses a paper from this digital bank, analyzes it for overlaps, and if there are too many matches, it flags it for us. Then our volunteers examine it by hand. And this process is running 24 hours a day, seven days a week."[28] The black market for dissertations is simple: you order it and it arrives at your door. This is academic fraud of course, and in other countries, like the United States, you can be fired from your position. In Russia, only a handful of exposed people were fired. Since the penalty is so small, we can expect more and more people to go through this route if they have the money. The black market for dissertations will only grow as it becomes more feasible to do so given the demand brought on by socio-economic pressure to have a dissertation (or a Ph.D.).

There is also a black market for cosmetic surgery. Men and women hoping to accentuate a certain body part will pay an unlicensed person to do the operation. The capital for this market is South Florida, where there is a significant demand for buttocks implants. People from all over the world visit Miami specifically for the under-the-table procedure. A standard operation is a procedure that melts fat from the hips. The fat is then injected into the buttocks.[29] There is also the use of glues, tars, rubber, and plastic. The rates for these procedures are significantly lower than that of a licensed practitioner. The demand, of course is significant as "Miami offers perfect-storm conditions for cosmetic crime. … It's a nexus of vanity, greed, corruption, warm weather, beautiful men and women walking around all the time wearing as little clothing as possible and unsophisticated immigrants trying to compete with them."[30] There are even injection parties where people get together for the process. Many end up with irreparable damage to their bodies with many going through serious reconstructive surgery. Other, less fortunate people, die. Law enforcement is doing whatever it can for the moment, arresting unlicensed practitioners and educating the public. However, as this book points out, as long as there is a demand, there will be a supplier.

Lastly, there is a multibillion-dollar exotic pet black market, where people can buy animals that are not indigenous to their area.[31] Alligators, bears, and snakes, among other pets, are ordered through the Internet as easy as ordering clothes online.[32] The most valuable animals, those coming close to extinction, are the most profitable. Some animals become too big to keep and are released into the wild. These do serious damage to the environment's natural order. Animals are smuggled in a variety of ways, sometimes attached to a person's body, other times in crates. One US customs official stated: "I've had monkeys jump out of suitcases, birds flying out of toothpaste boxes … they get more and more intricate nowadays."[33] Interesting as well is the fact that many drug traffickers are moving away from drugs to the trafficking of exotic animals. One reason is that the penalty for drugs is much higher.[34] One can go to prison for decades if found guilty of drug trafficking as opposed to a fine for the trafficking of animals. Similarly, animal parts from exotic or almost extinct animals are in high demand. Ivory from rhinos and elephants, for instance, is sought for medicinal purposes in Asia. In addition, in many Asian countries, fish bladders are in demand. Trading in these particular bladders are illegal, yet Mexican drug traffickers now specialize in their exportation, sometimes fetching \$3,000–\$9,000 for a kg.[35] Just as lucrative as drugs but without the heavy penalty, the illicit market for these goods may become as big as cocaine was in the 1980s.

The above three commodities have one core similarity: they are real-world, hard commodities. However, buyers and sellers in these three illicit markets sometimes meet on the cyber-plain, in both the surface web and the Dark Web. The Dark Web presents a serious challenge to law enforcement. It is remarkably simple to join illicit markets online. Robert Emerson, a security analyst, describes the ease:

> If teenagers can get on it, then so can many others involved in terrorism and organised crime. When guns are supplied to terrorists and robbers, there is always a chance that it can be traced, networks dismantled. But there are serious obstacles if the deal is done through the dark net because the raison d'etre for that market is secrecy. It is also an international market and goods can be shipped anywhere, this is why we are likely to see increasing use of it by terrorists and criminals.[36]

This fact represents a serious challenge to law enforcement, because if teens can acquire guns, so can everyone else. It presents a serious systemic vulnerability to national security.[37] These vulnerabilities make people more insecure. Specifically, citizens that dependent on the Internet for day-to-day activity may have their data stolen, subject to extortions, blackmail, and so on.[38] How then can law enforcement clamp down on these activities? What is being done?

The first way is through crawlers. Crawlers are programs or bots that index the Dark Web, tracking key words that may then uncover illicit activity. Crawlers are "software programs that traverse the World Wide Web information space by following hypertext links and retrieving web documents by standard HTTP protocol."[39] Crawlers collect these key words and then perform four functions:

- Forum identification: identifies the list of extremist forums to spider;
- Forum preprocessing: includes accessibility and crawl space traversal issues as well as forum wrapper generation;

- Forum spidering: consists of an incremental crawler and recall improvement mechanism; and
- Forum storage and analysis: stores and analyzes the forum collection[40]

These four major tasks may signal the beginning of the end for criminals relying on the Dark Web for cover.

The National Security Agency (NSA) is also using similar technology to fight back against terrorist networks trying to recruit and send funds through the Dark Web. The NSA recently developed and launched a program called *Xkeyscore*.[41] Xkeyscore has the power to find out who has downloaded tor. This then enables the intelligence community to track millions of people. Tor is no longer as anonymous as previously thought. Of course, the more law enforcement tries to clamp down and monitor Dark Web networks, the more criminals develop technologies to counter these efforts, figuring out even more complex ways to protect anonymity; their illegal business depends on it.

The FBI is also taking an aggressive stance on Dark Web criminals. In 2016, a sting operation resulted in potentially 1,500 different cases of child pornography. Simply put, the FBI infiltrated or hacked a child pornography website, which then monitored visitors over a period of 13 days. Over time, the agency collected IP addresses and other personal information that led to the arrests.[42] In other words, the FBI hosted and managed a child pornography website to catch people. An attorney describes the operation: "Basically, if you visited the homepage and started to sign up for a membership, or started to log in, the warrant authorized deployment of the NIT."[43] The FBI considers the Dark Web, along with other cybercrimes, as a top priority. They will continue to exploit security holes as discovered. Repeating stings in such a manner would force actors using the Dark Web to become transparent and accountable regardless of the tools they use. There is however, an important cost. Since focused crawlers "seek, acquire, index, and maintain pages on a specific set of topics that represent a narrow segment of the web,"[44] these programs would also track forum content of democratic groups using the Dark Web to pursue democratic change in their countries.

Curtailing Dark Web terrorist and criminal activity poses a different problem. A resilience factor cannot be ignored given the degree of anonymity enjoyed by these groups. Bitcoins have competition from other electronic currencies like Ripple, Stellar, and LiteCoin.[45] Furthermore, even if law enforcement adopted crawling, hacking, and so on, criminals can simply use code to communicate. One must also consider the effect this monitoring has on budding democratic movements, as well as other similar political movements, globally. Law enforcement must respect the rights and freedoms of those networks regardless of the presence of illicit criminal networks.

Conclusion

Illicit markets are major focal points for scholars studying underdevelopment, state weakness, or fragility, specifically regarding corruption. Illicit markets strengthen corruption in these states and reduce their ability to act in the best interests of their citizens. Illicit markets inhibit justice, fail to protect property rights, and, as a result, reinforce illicit markets. There is a relationship between corruption and illicit markets: "Ties between criminal groups and public officials play a crucial role in facilitating criminal activity and creating a culture of impunity. Corrupt security forces can keep criminal groups informed, shield them from law enforcement operations, and facilitate drug shipments, while ties to politicians and local elites lend criminals a facade of legitimacy."[46] Any reforms or measures taken to increase the strength of the state, such as initiatives to combat corruption, decrease impunity, police reform, and so on, may not be sufficient due to the absence of inclusive political institutions. The major security challenges that weak states face, such as organized crime, which gain wealth and power through illicit markets, may never have the capability to deal with this or other problems. We can conclude by saying that such threats are the major actors and that governments protect them. In saying this, illicit markets present a clear and present danger to the well-being of people within the state as well as without. There are significant costs too to legitimate businesses and economies globally. Stricter regulations on business and banking slow down transactions and cause inefficiency. Government budget deficits due to oversized bureaucracy and law enforcement results in crowding out as governments take on loans and push up interest rates that the private sector cannot afford. Massive incarceration reduces chances of employment, exacerbating poverty as well as locking people in disadvantaged social and economic conditions, creating chronic corruption and crime.

Criminal networks will expand their businesses into other illicit areas as well as in other states around the world. Criminal actors who benefit from illicit markets represent challenges to the state and state sovereignty from both within the state and those challenges stemming from violent and harmful non-state actors. While there is much work to be done, solutions are not easily known. The challenge then is to develop plans of action that center around democracy and development, creating conditions for employment and investment. Simply making things legal may seem like a silver bullet solution, but, as this book shows, it is not. The problem of illicit markets is deeper and systemic, finding itself in all areas of life, real and cyber. Law enforcement at this time is doing everything it can in terms of treating the symptoms of illicit markets. While this is indeed productive, strategies that attend to the basic needs of people may help dampen the power of illicit markets.

The concluding chapter examines development as a potential solution to the problems related to the variety of illicit markets that have been explored in this book. Moreover, the chapter examines policies implemented by different countries to combat drug trafficking and consumption and other illicit propositions. The chapter also explores potential challenges that could exist in the future as a result of technology as well as some strategies to combat the criminal underworld and emerging illicit markets.

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