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978-1-107-01564-7 - Dirty Entanglements: Corruption, Crime, and Terrorism

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Excerpt

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Introduction

In mid-January 2013, a coalition of diverse jihadi groups¹ seized control of the In Amenas gas field in Eastern Algeria, close to the Libyan border. The field provides 5 percent of the gas produced in Algeria. The attack, blessed by al-Qaeda in the Mahgreb (AQIM), a powerful al-Qaeda affiliate,² revealed the power of the radical Islamists to take control of a large and economically important site with more than eight hundred employees. The attack is believed to have been planned by Mokhtar Belmokhtar, who started a splinter group from AQIM not long before the attack.³

Operating under a policy that prohibited negotiation with terrorists, the Algerian state launched a military siege against the gas facility that resulted in high numbers of casualties. More than thirty attackers died, and at least three dozen hostages from eight countries also perished.⁴ The well-armed assailants had terrorized the hostages before their rescue or death.

These are the simple facts of the case. Yet this single act of terrorism epitomizes the main principles of this book, that the interaction of crime, corruption, and terrorism is having a tremendous impact on both security and the global economy. This attack – designed to command international attention – was characteristic of contemporary security threats, where the challenge comes from nonstate actors rather than governments. This attack was a strike at the core of the Algerian economy yet caused numerous foreign casualties. It reveals the consequences of globalization, where foreign investment and workers from diverse countries are placed in ever more remote locales and unstable regions, especially as the world seeks to tap ever more distant sources of oil and gas. Carried out in a lightly guarded desert locale,⁵ it reveals the strategic thinking of the terrorists. They were willing to carry out what was almost certainly a suicide mission to advance their goals by attacking an oil facility employing citizens from many different countries. Yet they did this with advanced weaponry that they had acquired and knew how to deploy.

The January attack of 2013 is reflective of a “new terrorism,” discussed more in Chapter 3, that is more spectacular in its operation and its victimization, but also in its global economic effects. The hostages killed came from at least three continents – North America, Europe, and Asia. American, British, French, Japanese, Norwegian, Filipino, and Romanian victims were identified.⁶ The attackers reportedly came from at least seven countries, including Algeria, Chad, Egypt, Mali, Mauritania, Niger, and Canada. They entered from Libya, which presently lacks adequate border controls. The presence of two Canadians⁷ reveals the capacity of Islamic militant organizations to recruit not only regionally but also globally. The target was even more global than was revealed by the nationalities of the terrorists and their victims. The In Amenas gas field was operated by companies based on four continents, including BP, Statoil of Norway, and Sonatrach (the Algerian national oil company), and was serviced by many international firms. The Japanese engineering firm JGC Corp helped service the field, which explains why the Japanese, despite being far from their home country, suffered the largest number of fatalities.⁸

Globalization has created a world where international businesses from diverse countries, employing citizens from around the globe, can combine in such a remote locale as In Amenas. But globalization has also created a world in which money, arms, and people move readily across borders, making such sites vulnerable.⁹ This operation required extensive advanced planning and logistics to move significant numbers of people and arms long distances across borders to this desert site.

Recent decades have seen a decline of borders, as there have been greater efforts to promote trade and move massive amounts of goods.¹⁰ The decline of the border in the In Amenas case was a consequence of the absence of state function in In Amenas after the Arab Spring and the ousting of Qaddafi. In many other cases, the decline of borders is a result of the retreat of the state,¹¹ in which less control has been exercised over national territory. In the developing world, these borders are often artifacts of colonial rule and other historical legacies rather than defensible geographic divisions of people and cultures.¹² Postcolonial Africa epitomizes this problem, as many of the borders of African states are artificial constructs of the colonial era. With little national desire to police these boundaries, and few financial incentives for law enforcement to perform their jobs effectively, significant corruption prevails at the frontiers. Consequently, without law enforcement capacity to police movements of people, the radical Islamists were able to enter into Algeria, allegedly from Libya, without problems. Many of the arms used came from Qaddafi-era Libya, but they could be moved to diverse locales in Africa, largely unimpeded, because of the absence of effective controls in the chaos that followed the Arab Spring.¹³

Assisting in the movement of people and the smuggling of goods are the Tuaregs, a tribal people who have traditionally moved cargo across the desert. Having fought for Qaddafi, many escaped from Libya. With their displacement

after the Arab Spring, they forged an alliance with AQIM that exploited their talents in transporting and smuggling goods, arms, and people across the desert and avoiding border controls. They have helped AQIM take control of northern Mali.¹⁴

The Tuaregs are just one element of the extensive network that facilitated this attack. Although Belmokhtar claimed credit for the assault on In Amenas, in reality, the group that assaulted the gas field united a heterogeneous group behind a shared objective. Those who participated and facilitated the assault included jihadists, ethnic rebels, and diverse criminal groups. This network construction is representative of the new face of terrorism that combines criminal and terrorist elements with unclear and often hybrid identities in spaces where they can operate together.

The In Amenas attack was justified as a reprisal against the French attacks on AQIM in Mali, but the advanced planning needed for the gas field attack negates this claim. The corruption in Mali has been of concern for years, as its leaders have cut secret deals with AQIM.¹⁵ The significant financial resources of AQIM, derived from its extensive and diversified criminal activity, have allowed the organization, through corruption and force, to create a safe haven for itself in a large part of Mali.¹⁶

The presence of crime-terror groups in the Sahel is not just a problem of safe havens in weak and loosely governed states. It also reveals the interaction of crime and terrorism with the legitimate economy and the complicity of the corporate world in the financing of terrorism. AQIM, as discussed in reference to the business of terrorism, has profited enormously from kidnapping. The kidnapping of Canadians and Europeans in North and West Africa by insurgent groups, including AQIM, have provided massive funds for these groups, as the payments have totaled approximately \$130 million in the last decade, paid by Britain, Germany, Italy, Spain, France, Austria, Sweden, and the Netherlands.¹⁷ This money has been paid both by governments on Continental Europe and by corporations.¹⁸ The money has often come from companies whose workers have been kidnapped, however, insurance firms ultimately are the stakeholders who pay out large ransoms after Western corporations have bought expensive antikidnapping policies. The ransom profits have provided the insurgent and jihadi groups enormous capacity in an environment in which labor and trafficked arms from Libya are cheap.¹⁹

As is discussed subsequently, some analysts of the crime-terror problem seek to define the problem as one linked to weak and fragile states. But as this Algerian and AQIM example illustrates, without the financial support and complicity of financial institutions in the developed world, insurgent groups would not have the capability to carry out such expensive attacks. Therefore, companies are not only the victims of terrorist attacks, such as in In Amenas, but are also facilitators of this insurgent activity through their large payments to insurgent groups. This illustrates that crime and terrorism intersect with the legitimate economy in diverse ways.

Kidnapping is not the only activity that has supported AQIM, although it may be its largest revenue source. Belmokhtar, the strategist behind the In Amenas attack, has been identified as a “jihadi gangster,” a special distinct type associated with AQIM that combines terrorist objectives with significant illicit activity.²⁰ He has also been referred to as “Mr. Marlboro” for his large role in the lucrative illicit cigarette trade in North Africa, discussed further in Chapter 7.²¹ But kidnapping and cigarettes are just part of this criminal panoply that also includes extortion and arms and drugs smuggling, also analyzed in Chapter 6.²² The diversity of criminal activity that supports this jihadi activity in Africa reveals that drugs are not the central funding source for terrorism, although they receive a disproportionate amount of attention in strategies that seek to address terrorist financing.

All of this illicit cross-border trade can only function because of large and pervasive corruption. Examining the world map of corruption released by Transparency International for 2012 reveals that the Sahel-Sahara region, as well as the adjoining regions of North, West, and central Africa, experience high levels of perceived corruption. Libya, the source of the smuggled arms, is one of the most corrupt countries in the world.²³ With this low level of state capacity, the political will is not present to control crime, terrorism, or the increasingly complex structures built of these ingredients.

The force of the Algerian assault against the militants is a consequence of its past history of conflict with terrorists, the training of its military leadership by the Soviet armed forces, and the strategic importance of the gas fields to Algeria’s economy. Its policy of nonnegotiation is a legacy of its conflict with Islamic insurgents in the 1990s, which is estimated to have claimed anywhere from 30 to 150,000 lives.²⁴ The huge oil and gas industries are pillars of the Algerian economy. They represent 98 percent of its export revenue and 70 percent of its national budget.²⁵ Therefore, this attack on the energy production of Algeria undermines the economic and political viability of the state. As a major supplier of gas to Europe, the assault on this gas field challenges the security and dependability of gas needed by the European community for its daily life. Therefore, the jihadis are not just striking at individual hostages, as in the past, but are undermining the economic security of Algeria and Europe. The political and economic significance of this attack far surpasses that of previous terrorist acts in Algeria.

Themes of the Book

The central themes of this analysis – the importance of historical legacies, the centrality of state corruption, and networks to the problems of crime and terrorism – are woven throughout the book. The intersection of crime, terrorism, and corruption with the legitimate economy, and the impact that these phenomena have on economic growth, employment, security, development, and

Introduction

5

the sustainability of the planet, are analyzed in many regions of the world. The increasing challenges to international security from corruption and nonstate actors, which have a complex and interdependent relationship, are presented in different locales throughout the book. Within this analysis, there is a leitmotif that terrorist attacks, but also responses to terrorism, are often accompanied by serious violations of human rights.

Entanglement

This book also introduces the fundamental concept of *entanglement*, a term first used by Erwin Schrödinger in 1935 for a surprising degree of interconnectedness in quantum systems, and in many ways reminiscent of the kinds of important and enduring interactions we are seeing among crime, corruption, and terrorism. According to the concept of entanglement,

when two systems, of which we know the states by their respective representatives, enter into temporary physical interaction due to known forces between them, and when after a time of mutual influence the systems separate again, then they can no longer be described in the same way as before, viz. by endowing each of them with a representative of its own . . . By the interaction the two representatives [the quantum states] have become entangled.²⁶

The concept is “no mere quantum quirk of interest only to physicists, its peculiar possibilities have caught the attention of investment bankers and information entrepreneurs.”²⁷ Yet it is also strikingly parallel to the interactions we are describing and analyzing in the human realm. Once the three phenomena of crime, corruption, and terrorism converge, as we saw in *In Amenas*, they are fundamentally transformed as they evolve into the future. As with the quantum systems, the interacting human components can be separated in the physical world, even by significant distances, but a change in one element is rapidly reflected in the others. This is the enormous challenge the international community faces in addressing the problems epitomized by *In Amenas*. Once the entanglement occurs, the elements continue to influence each other even when they are apart – hence we have enduring “*dirty entanglements*.”

The Developing World

The *In Amenas* attack illustrates another concept that will recur throughout the book – deadly interactions of crime, terrorism, and corruption may occur most frequently in the developing world.²⁸ But in the contemporary globalized world, these interactions do not exist in isolation. Rather, it is not only that many of the victims of *In Amenas* came from the developed world but that the financial support provided by the ransom payments gave the terrorists the working capital for their activity. African governments were dismayed at these payments in the past but were powerless to stop them. American officials had also tried to dissuade the Europeans from making these payments.²⁹

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Excerpt

[More information](#)

An international coalition, including the United States and NATO, ousted Colonel Qaddafi from Libya. Yet in an all-too-familiar pattern, military action was not followed by a program for governance. After years of authoritarian rule, there was no group or party to fill the power vacuum, and nonstate actors came to the fore. The rise of criminals, terrorists, jihadi gangsters, and other complex structures resulted in unsecured borders and a vigorous trade in the vast armaments of what was once the Libyan government. As in Afghanistan, discussed subsequently, where control does not extend beyond Kabul, in Libya, state control is exercised over only certain key institutions in Tripoli and the oil fields. This chaos facilitates terrorist attacks.

International Complicity

The events in a remote part of Algeria are not just Algeria's problem. Nor are they problems just caused by actors in North Africa. The funding for terrorism, as well as the emphasis of outsiders on military solutions rather than state building, contribute to the terrorism that occurred at In Amenas. Therefore, there is a shared complicity. Weak and corrupt states are powerless to stop the enrichment and support structures for the terrorist groups from abroad, especially when they are supported by foreign governments and corporations. Nor can they make the transition from authoritarianism to good governance on their own. The confluence of crime, corruption, and terrorism is an outgrowth of policy failures in the political and economic arenas.

The book will show that once a situation reaches such an acute interaction of crime, corruption, and terrorism, it is very difficult to reverse the outcome. The dirty entanglements perpetuate the change. These problems are self-reinforcing, as change in one triggers a reaction in the others. From a policy perspective, the component elements of this deadly triad must be addressed before they reach such an acute and intractable level.

Methods of Research

The analysis of the political, social, and economic environment surrounding the In Amenas attack is based on many and diverse sources compiled and analyzed since I began the study of crime, terror, and corruption interactions more than fifteen years ago, well before September 11.³⁰ Many years of studying the dynamics of crime and violence, both within and outside of wars, have contributed to this understanding. For example, my introduction to the Civil War in Algeria came through a more than year-long collaborative project sponsored by the World Bank that tested the concept of whether greed or grievance contributes to the perpetuation of conflict.³¹ One of the case studies focused on was Algeria and its long and bloody Civil War.³²

More recently, I have had the opportunity to understand developments in Africa more closely. I was in Rabat, Morocco, the week the Arab Spring began, speaking at a conference titled "Prospects for Regional Collaboration to Meet

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Louise I. Shelley

Excerpt

[More information](#)*Introduction*

7

Transnational Threats,” hosted by the Moroccan government and attended by representatives of twelve countries.³³ At this conference, which ended the day before Ben Ali was ousted in Tunisia, no one believed that any Arab governments might fall in the face of public protests. But many in the audience understood the power of AQIM, the importance of crime-terror interactions in corrupt environments, and the role of smuggling in the financial capacity of terrorist groups. The weakness of the states in the face of this challenge was apparent to many African specialists, government officials, and leaders of multilateral African organizations with whom I conversed. I also was able to discuss the observed phenomena with French and French-trained specialists who had particular insights into the region following years of colonial rule. Their insights also directed me to some of the most valuable literature to read on the topic to understand developments in Africa.³⁴

As a follow-up to this conference, I was invited in spring 2011 to United States Africa Command to discuss human trafficking, the subject of my last book, and the linkages between this phenomenon and other forms of illicit activity in Africa. While visiting at the Africa Command, I was able to meet with Commander Carter Ham and many analysts to understand the growing relationship among illicit networks, crime, and terrorism.

Yet my understanding of the phenomenon in Africa is shaped by much more than official American sources and government officials of different African countries. I have also been able to discuss the illicit networks in Africa and the political environment with corporate security specialists and political analysts for the cigarette industry, pharmaceutical, and energy sectors. The people engaged in this work, while focusing on brand integrity, security, and investment risks for the companies that employ them, have a much broader understanding of the political and criminal environments in which they work. They have contributed much to my understanding of where the illicit world intersects with the legitimate.

The methods used to analyze the situation in North Africa and the Sahel have been applied to the research done for the rest of the book. As in North Africa, where I have relied on my French, I have used my knowledge of Russian, Spanish, and Italian as well, and I have made use of my extensive experience in other regions of the world to help my analysis. I have gone beyond the traditional literature on terrorism or crime-terror relationships to examine historical, political scientific, international relations, economic, and sociological literature. This work is not embedded in one discipline or theoretical perspective. Only a multidisciplinary and comparative perspective can help the reader comprehend the increasingly interconnected relationship of crime, corruption, and terrorism, in different regions of the world.

Many writing on terrorism have had security clearances and access to classified literature on the subject. But I have never had a security clearance in my life, and therefore my knowledge of the subject has come from a reliance on open sources. This has been supplemented by interviews with individuals who have

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Excerpt

[More information](#)

conducted detailed investigations of crime and terrorism or held high-level policy positions in their countries or in multinational organizations. One high-level retired American intelligence official commented after a lecture I gave discussing this book, “Many foreigners have trusted you deeply to provide you such information.” This insight was very apt, as I have had access to many individuals with enormous insights that are not often shared with American academics.

Illustrative of this is the Colombian specialist who gave me one of the few copies of his journal with his analyses of the financial records that had been seized from Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia; FARC) members. Furthermore, he referred me to a book in French with even more details, as much sensitive material was provided to the book’s author.³⁵ Reading this book gave me many insights into the business of terrorism.

In the years it has taken to gain the knowledge to write this book, I have traveled to many parts of the globe. I have been on every continent, except Australia and Antarctica. I have been in such remote places as the Tajik–Afghan border, through which drugs are smuggled, and the North and South Caucasus, which has been a key locale for terrorism and nuclear smuggling. I was invited to São Paulo, Brazil, the year after a criminal gang, the Primeiro Comando da Capital, launched a multiday attack on the city that will be discussed more in Chapter 1. I have made repeated trips to Turkey and the Gulf Region, which have provided me insight into the phenomena I am studying. The last trip for the book was to Colombia in fall 2013 to celebrate the fifteenth anniversary of Transparency International–Colombia, the organization that has played a key role in civil society opposition to corruption, crime, and terrorism that has wracked the country.³⁶

The book also includes research conducted in different countries and regions, sponsored by or in affiliation with Terrorism, Transnational Crime, and Corruption Center (TraCCC), a research center I founded and direct. This research has particularly contributed to understanding the interaction of crime, corruption, and terrorism in the vast territory of the former USSR, but it is not confined to this region. In addition, I have benefited from my colleagues at TraCCC who follow the literature and analyze sources in such diverse languages as Arabic, Urdu, Tajik, Turkish, Georgian, and Kurdish.

Often I have been the guest of research centers or have spoken at conferences hosted by foreign institutions, helping me to broaden my perspective beyond the United States. Through my work for the last five years with the Global Agenda Councils of the World Economic Forum (WEF), first working on illicit trade and then on organized crime, I have been able to meet and converse with the current and past top-level officials of countries deeply affected by terrorism, such as Iraq, Afghanistan, and Pakistan, and with experts from Europe and other parts of Asia, Latin America, and Australia.

At these meetings, I have also met some of the top researchers from around the world on the topics of crime, corruption, terrorism, and weak and fragile

Cambridge University Press

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Louise I. Shelley

Excerpt

[More information](#)*Introduction*

9

states. Also, I have met leading human rights activists who have examined the abuses that lead to crime and terrorist recruitment and committed in the name of fighting crime, corruption, and terrorism. Through my participation at the WEF, I was also invited to attend the first meeting of the European Police Chiefs at Europol, where the focus of the meeting was organized crime and terrorism.

I have had broad access to diverse law enforcement officials from around the world, but I also have met with experts on counterfeiting, corporate security specialists working for companies concerned with illicit trade in oil and gas, specialists in art crime, and even an occasional smuggler or facilitator.³⁷ In addition, the section on cigarette smuggling has benefited from exchanges with investigative journalists conducting in-depth analyses of the problem.³⁸

The most valuable part of these interviews, apart from their personal insights, is help in knowing the most relevant literature to read. To understand the large terror attacks discussed in the next chapter, it was necessary to read the voluminous documents of the 9/11 Commission and the significant investigations that were conducted in Russia, Spain, Brazil, and India after their mass attacks. Other records of limited availability, of prosecutions of criminals and terrorists, and financial records obtained from terrorists have been used to understand the interactions of criminals and terrorists, the expenditures on corruption, and the forms of illicit activity that fund and facilitate terrorism. Apart from these fundamental sources, I have used part of the significant literature on terrorism that has emerged worldwide since September 11.

Interviews with key individuals from all inhabited continents have helped me greatly in my analysis. These interviews have pointed me in the right direction and have allowed me to test ideas as they have developed. Often those interviewed have asked not to be cited, but have indicated where I can find significant supporting information in public sources. They have helped me think outside of the American context and to understand how the phenomena I have studied are perceived in other contexts that have a different view of terrorism. This view may be shaped by years of confronting terrorist attacks, as in Turkey, or by a perception of some insurgents as “freedom fighters.” Outside the United States, there is more readiness to accept a relationship among crime, corruption, and terrorism. In the United States, Americans have stovepiped the issues of crime and terrorism and have long treated them as separate phenomena. This position officially changed only in 2011, with the adoption of a Transnational Crime Strategy.³⁹ This strategy has remained seriously underresourced, without the human and financial support to make it effective, and without a vigorous independent basic research component to give it direction.

Goals of the Analysis

When I first studied criminology in the 1970s, there was no instruction on terrorism or corruption. Terrorism was a separate phenomenon, addressed in

Cambridge University Press

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Louise I. Shelley

Excerpt

[More information](#)

political science and international relations but distinct from the discipline of criminology. This was not illogical. There have always been some connections between terrorism and crime, but they were much more limited than they are today. Crime, at the time of my graduate studies, was a much more local phenomenon. Corruption was not taught at this time in university curricula, as it was not viewed as a valid field of study. It was thought merely to grease the wheels in societies with rigid bureaucracies.⁴⁰

Globalization

Yet, as this book addresses, globalization has brought profound changes to all three phenomena.⁴¹ Transnational crime is much more complex than cross-border smuggling,⁴² and many terrorist acts are supported by global networks. Corruption is now a truly global phenomenon, not only because international companies pay bribes to obtain contracts overseas but because the global nature of financial markets means that dictators can strip the assets of their countries and transmit them to foreign bank accounts.

Illicit Networks

Illicit networks have emerged in which both licit and illicit actors (i.e., crime groups; terrorist, militant, and insurgent groups; and guerillas) collaborate in ways that are often hard to untangle. Some prefer to refer to these as *hybrid threats*, where it is hard to discern the character and the motives of the actors.⁴³ Hybrids are defined as the offspring of two animals or plants, where the problem defined here is more complex, consisting of at least three elements – crime, corruption, terrorism, or possibly insurgency. Therefore, I prefer to think and analyze them as dirty entanglements – having serious and multiple consequences.

The large number of drug trafficking–related deaths in Mexico and Central America is evidence of the enormous violence and instability that can result from the combination of crime, transnational crime, and corruption.⁴⁴ Yet there is a tendency now to group crime and corruption with terrorism when all three elements may not be present. As one American military officer serving in Honduras commented, “We also are disrupting and deterring the potential nexus between transnational organized criminals and terrorists who would do harm to our country.”⁴⁵ Terrorism need not be added to the mix to obtain great political instability or loss of life.

The addition of terrorism to the already destabilizing phenomena of crime and corruption can have often unforeseen and chaotic consequences for the dynamics of the problem that can multiply the impact of each element in unpredictable ways. This is analogous to what is known in physics as the *gravitational three-body problem*: “While the two-body problem is integrable and its solutions completely understood . . . solutions of the three-body problem may be of an arbitrary complexity and are very far from being