

# ROOT OF CONFLICT

Root of Conflict Podcast

## Episode: How Corruption Fuels Violence and Disorder

*featuring*

Gretchen Peters, Executive Director, Center on Illicit Networks and Transnational Organized Crime

*interviewed by*

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Full Transcript

Eduardo Ortiz: Hi, my name is Eduardo Ortiz, and you are listening to University of Chicago Public Policy Podcast.

Root of Conflict Introducers: You're listening to Root of Conflict, a podcast about violent conflict around the world and the people, societies and policy issues it affects. You'll hear from experts and practitioners can conduct research, implement programs and use data analysis to address some of the most pressing challenges facing our world. Root of Conflict is produced by UC3P, in collaboration with the Pearson Institute for the Study and Resolution of Global Conflict, a research Institute housed within the Harris School of Public Policy at the University of Chicago.

Aishwarya Raje: The relationship between illegal financial flows and state level of violence is present in conflicts around the world and is especially pronounced in Afghanistan. In particular, the country's thriving drug market based on the opium trade has proven to be a major economic factor that has been fueling the ongoing conflict. My name is Aishwarya Raje, and in this episode of Root of Conflict, Mwangi Thuita and I speak with Gretchen Peters, Executive Director of the Center on Illicit Networks and Transnational Organized Crime. Drawing on her role at CINTOC as well as her decades-long career as a writer and journalist, Gretchen talks through why the political economy of the war in Afghanistan is so poorly understood, as well as the connections between criminal networks, weakened institutions and breakdown into disorder.

Mwangi Thuita: Gretchen, thank you so much for joining us today.

Gretchen Peters: My pleasure. Thank you for having me.

Mwangi Thuita: So, to start, can you tell us about the Center on Illicit Networks and Transnational Organized Crime, and what your role as Executive Director of the organization looks like?

Gretchen Peters: Sure. I had worked for several years as had my colleague and co-founder Kathleen Miles. We had both worked as consultants to the Defense Department and to U.S. law enforcement. And what we realized was that a lot of efforts to fight organized crime and violence around the world were perhaps well-intentioned, but were having the opposite effect than wasn't what was intended, and we felt that it was important to establish a center that would be focused on fighting the systems that support crime and corruption. The corruption had to be taken into account in any program to counter organized crime. My 20

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years or so working as a journalist before I became a consultant to the U.S. government, I worked as a journalist for many different parts of the world.

And what I found was that what was often the dominant narrative of why people were fighting each other in conflicts that never ended, whether it was Sunni's fighting with Shia, or Muslims fighting Christians, or some other thing that was going on, was really just a smokescreen for powerful forces that were often funded by illicit activity, that had in many cases, corrupted powerful institutions of the state or had in some places that I've worked, replaced the state or certain aspects of it, either as insurgents or warlords or just major power brokers that sort of operated from the shadows. These shadow economies prevented the violence and the conflict from going away because the shadow economies depended on the lawlessness for their business to go well. A good example of that would be the opium trade in Afghanistan.

I'm convinced that one of the reasons that peace process after peace process collapses is because there are so many constituencies that benefit from the horrific continuation of violence there – they don't want the war to end. There's almost always a spoiler that takes out the peace process, just when it's starting to reach progress. More recently, Kathleen and I have done a lot of work in Africa and what we're seeing there, it's distinct from Afghanistan, but we're seeing these often foreign criminalized forces coming in and really hollowing out institutions of states, in multiple countries. It's been sort of most famously documented in South Africa with a state capture by a number of groups. But the most famous was an Indian family that became very close to the former ruler. But we're seeing similar things, and in some cases, it involves East Asian and generally Chinese groups. In some cases, there's been Russian groups. We've tracked the involvement of Iranian and Lebanese criminal groups in other parts of central Africa, and they almost seem to operate from the same playbook. It's fascinating to study but the impact it has on societies is devastating. It implicates education systems, the economy, healthcare, all sorts of stuff get negatively impacted by it.

Mwangi Thuita: And on the topic of Afghanistan, in your book, *Seeds of Terror*, you illustrated a really vivid picture of a thriving drug market built by the Taliban, where they make millions of dollars every year from the opium trade. Can you talk us through the political economy of this conflict and why you think it's so poorly understood or poorly represented, when we talk about the war in Afghanistan?

Gretchen Peters: One issue that I think is most poorly understood, and this is not unique to Afghanistan, we've seen the same thing in places like Mexico and Columbia and other parts of the world, is that human beings have the intuitive response of fighting crime and fighting problems where they see them, where they're most visible. And the most visible aspect of the drug trade – well, there's two aspects that are visible. One is the farm areas where the crops are grown, and another area is if at the other end of the drug supply chain, if there are people dying and there's street markets and corners, where drug dealers sell drugs, those are the visible things that law enforcement tends to go after. But often, the real power brokers that control the supply chain, they're certainly not the farmers in any drug, and they're certainly not the guys selling dime bags on street corners. They're the traffickers who are in the middle, and in particular, they're the folks that finance this trade and those people almost virtually never go to jail. Occasionally, you might see law enforcement arrest a drug kingpin, and certainly, there've been a number of drug kingpins in Afghanistan, like Haji Juma Khan, Haji Bashir Noorzai, Haji Bas Mohammad that were arrested and have been in those three cases brought to the United States to face jail time. But the money around the Afghan drug trade has virtually never been investigated.

I've done consultations with U.S. intelligence. I've met with the Brits about this. It's quite clear that the money related to the opium trade, which is billions and billions of dollars annually, is not under a mattress in Kandahar.

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Some of it is in Pakistan and Iran, some of it is in the UAE and banks in Dubai and Abu Dhabi. But quite a lot of it is in Europe, it's in the United States. I, at one point, when I was working for the DOJ and the Defense Department, I mapped out a money laundering operation that the Taliban were running that extended as far from Afghanistan as Northern California. And nobody had ever looked into the financing of the Taliban beyond Afghanistan. And that's a ridiculously myopic view of how that insurgency is financing itself.

If we're looking beyond what's going on in Afghanistan, we're not understanding the full scale of how the Taliban as an organization - and the Taliban has many different factions so I'm simplifying a bit - but no one's getting a full picture of how the insurgency finances itself without looking at the full supply chain that is funding the insurgency through drugs and other criminal activities. Some factions and within those factions, some commanders within the Taliban are making the enormous amount of money from supporting and facilitating the drug trade, or in some cases running drugs themselves. And other parts of Afghanistan where there's not as much or no narcotics grown, we see insurgent commanders funding themselves through kidnapping regimes, through controlling illegal mining operations, through all sorts of extortion rackets. And again, this is common to insurgencies around the world. This is not something that is unique to Afghanistan, and it's also important to acknowledge in Afghanistan that there are a lot of warlords and local commanders that are on the government's side that are engaging in the same criminal activities. And so, the people stuck in the middle are the Afghans, ordinary Afghans that are just really between Iraq and a hard place. And it's a tragedy.

Mwangi Thuita: Can you walk us through the process of tracking and mapping these networks and maybe some of the political hurdles that come into play when you're trying to disrupt the flow of money and undermine these criminal operations?

Gretchen Peters: Yes, that's quite a big question. So, in terms of how we map these organizations, we first start out usually by reading as much as we can that's available in the public record or depending we're working with the government, they might have government reports that aren't available to the public that we're able to read or to look over. So, we first try to learn as much as we can. We then try to figure out from those documents and public records, who seems to know about what's going on and who we can speak to. And then we will go out and conduct typically dozens of interviews, usually structured interviews to try and figure out. We have about a 12-page set of interview questions that go through the different phases of a criminal supply chain, or really any supply chain, to understand how goods move in one direction, how money moves, and how financing of transactions occurs.

We will then, to what extent possible...[...] it depends on the commodity, for example, we've done a lot of work trying to understand the illegal ivory trade between Africa and Asia. And so, we've looked at drug seizures and mapped out down to who owns the trucks that delivered shipments that later turned out to have ivory in them, tracing back the license plates, and then, the ownership of who owns the home where the truck was registered, to see if we can start to piece it together. And some of it will be deadends, but sometimes, eventually, I should say, we're almost always able to put together a picture of who we believe the criminal network is. And then that also provides us with more leads of people we can speak to.

So, this can often in and of itself be a six-to-nine-month process. To map something like that out can take an enormous amount of time. And when I was writing *Seeds of Terror*, and I was trying to map out the Taliban, or my understanding of the Taliban, that was about a five-year process. And over the course of that process, it became less and less possible to function and to operate in some of the areas where I needed to be. And so, I fortunately had worked in Afghanistan and Pakistan for a long time. So, I was able to do things that many foreigners wouldn't be able to because I had local friends and they would take me in. So there reached a point

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when the guys I was working with said, well, we can't drive you down there unless you sit in the backseat and wear a burka.

And then they started saying, well, you can't come down. We're not going to be able to take you in there. We can't take you in there, but we can bring people out or we can't take you in there at all, or it's just not going to happen. And in those cases, I would then send one of my local research assistants to conduct an interview. But we did have to be very careful, and it created significant barriers to the project. But one thing that I have found really in most places that we've worked, I mean, as long as we have trusted local researchers and partners that we're working with...people are so frustrated by this, in any place we've been, nobody likes to live in a place that is infested by crime and corruption.

People often ask me if we're scared to do this work. And the answer is of course. Sometimes it's scary and we're very nervous about going into a place or meeting with a certain person. But I'm more scared about not doing anything about this and not trying to figure it out and not trying to figure out solutions. I'm more afraid of what's going to happen to our planet and our communities if we don't. And so, we have been very, very lucky, but I think part of it is that we are in there earnestly, trying to figure out how the system works, and people seem very grateful to talk to us. And we haven't ever exposed anybody that didn't want to come out, so I suppose that helps us too. But over time, we then are able to build a map to say, these are the roles and functions in the supply chain that move commodities.

And then we created a separate map, usually going the other way. When I say map, I mean like a diagram. It's often laid out in a combination of like Microsoft Excel and PowerPoint, just because those are programs that lots of people have. We've used network analysis programs as well, but I mean, I can do it with post-its and string on a wall...it's just to sort of show the progression and to explain how stuff moves from one place to another, and how money oils that system. What we found in a number of places...I did a project a few years ago in Gabon, in Central Africa, which was really interesting looking at the ivory trade. And I was working with the Gabonese government and their national parks and the anti-poaching unit within their national park system.

And we spent months mapping out the poaching gangs, I guess you'd call them the criminal groups that were poaching elephants. And then on top of that, we mapped out the networks that were exporting ivory, and they were also in many cases, exporting rosewood and other endangered timber. And what we realized, the Gabonese commander and I, what we realized was that he and his guys were going out into kind of remote jungle areas that were dangerous, if nothing else, because there's yellow fever and Ebola and etc. but also armed poachers. And within days, they would be arrested. And so, then we set off in a project to map the corrupt networks that existed on top of the criminal supply chain.

Because what was happening, was that every time they'd go out and launch an operation to arrest somebody, within three or four days, they'd be released on some technicality. And so, we were later able to map out all the judges and more senior officials that were on the take and the country. It was a really fascinating project. And I spoke to him, I think it was about six months ago and asked him how it was going. And he said, "It's still very difficult," and I said, "Well, what's your biggest problem? Is it crime or corruption?" And he said, "Without a doubt, it's the corruption."

So that's become in many ways for me, more of a focus than the criminals themselves. If you have a government that's clean, that's functioning effectively, criminals don't really have much room to operate. Corruption really is the grease that keeps the machine going.

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Aishwarya Raje: So you talked about the importance of having local friends and working with local researchers. And I think often times in academic circles, when they talk about conflict resolution, it's told from a very kind of high-level analytical perspective, and often misses out on the perspective of local voices and local communities. So, can you share some experiences that you've had with local communities that you've worked in, whether in Afghanistan or anywhere else you've conducted field work that perhaps challenged what you thought you knew about the conflict, or made you think about the conflict differently?

Gretchen Peters: Yeah, totally. I mean, first of all, I'm alive and in one piece today because of my local colleagues in multiple different countries. The number of times I have been physically rescued or pulled out of a situation when it started to turn, I could maybe count on two hands the number of times that's happened. But I certainly would not be alive today if it weren't for my local friends and colleagues who in many cases were taking far greater risks than I was to, to go out in these communities and ask these questions. I think one of the things that was hardest for me to understand at first was the extent to which you can have battlefield enemies in a place like Afghanistan. But we also saw this in the Balkans that were literally killing each other by day and yet at night would be collaborating to traffic drugs.

And so, that was something that took me a long time to get my head around, and yet I've learned that it's incredibly common in conflict that enemies will still get along when they need to. When there's opportunity for money to be made, they will find a way to reach a solution. And I think it's an important lesson for us in terms of peacebuilding approaches, that you have to understand the political economy of conflict, and if you can help opposing sides reach a solution that is economically acceptable to them, where both sides are going to make money or both sides are going to see themselves getting some kind of financial slice of the pie at the end, where their communities and their backers will be supported financially and will be able to survive. It can provide you a pathway towards some sort of conflict resolution.

Mwangi Thuita: That's a great segway into my next question, which is about how to deal with the conflict elite. So, in Afghanistan and with respect to the Afghanistan war right now, there are peace talks going on in Doha that are attempting to resolve this dispute and pave the way for a U S withdrawal. Now, I mean, the chances of that actually happening, many people would say are low. But from your perspective, in terms of incorporating what we know about the political economy of conflict, why is it important to think about a peace dividend for the conflict elite, when sometimes it seems like there's more pressing, more important issues?

Gretchen Peters: Well, it's a really good question. And I'm also impressed when anybody else uses terms like conflict elite because it's something that I obsess over, and that I think that a lot of people think about or even identify, but it's certainly a case in Afghanistan, that that was a country that many of the power brokers, many of the conflict elite are precisely that. They became powerful as a result of the conflict and their families or their tribes were not powerful before. And so, they will potentially see themselves as losing influence, losing income at the end of the conflict. So, I think one of the most important things to do, whether you're trying to investigate, say, our messed up healthcare system in this country, or why a conflict is continuing in a place like Mozambique or Afghanistan, nothing seems to solve it.

For me, the first order of business is to figure out who's benefiting from it continuing to happen, Who's making money off of the conflict and the perpetuation of the conflict. And if you can get those people who are benefiting from it to agree for it to end, then I think you're on the road to recovery. Even if you can just figure out who they are that's benefiting from it, you're halfway to a solution, but in Afghanistan, I think we're seeing now with the explosion of violence that's happening, and in particular in Helmand province, which is the

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number one province for producing poppy in Afghanistan, that there's forces at work that don't want this peace deal to go through. They're not complying with the ceasefire.

So, I don't have a lot of optimism about where this is going. There's going to have to be some kind of settlement with the Taliban, but I don't think a settlement that involves bringing the Taliban into the government is a good idea. So, I think that the international community should be negotiating with Afghanistan's moderates, of which there are many, instead of their violent drug trafficking extremists of which there are few. So, I think it's unfortunate the decisions that have been made around the Doha Accord.

Mwangi Thuita: In closing, I want to ask a broader question about how you see the causal relationship between the kinds of illegal financial flows that we're talking about and violence and disorder. That is, after all, the theme of this podcast. So, do you think it's more the case that the criminal networks are simply exploiting weakened institutions that have brought about civil conflict and violence, or do their activities actually precipitate a breakdown into violence and disorder?

Gretchen Peters: I think the issue you're talking about goes in both directions. I think that the illicit financial flows can both be part of the asymmetric warfare campaign for insurgent and violent groups. They can help to finance attacks. They can help to finance corruption. They can have a very corrosive impact. Plus, the strength of insurgent or criminal gangs perpetuates or pushes the belief among the community that the government is weak and ineffectual. I think that the illicit flows can have a very damaging impact on a variety of levels. The other issue is that, and there's a group here in D.C. called Global Financial Integrity that does a lot of really good work tracking this issue, but it lists that financial outflows from a lot of countries in the developing world, in particular, they've done some really great work in Africa, are often 7 to 10 times higher than aid and development inflows and foreign direct investment. And so, at the same time that there are efforts to try and stabilize unstable countries, the outflow of cash is really just sucking the place dry, sucking its bone marrow out.

Aishwarya Rajee: Well Gretchen, you've been very generous with your time. Thank you so much for speaking with us.

Gretchen Peters: Thank you. Aishwarya. Thank you Mwangi.

Aishwarya Rajee: Thank you for listening to this episode of Root of Conflict, featuring Gretchen Peters. Special thanks to UC3P and the Pearson Institute for their continued support of the series. For more information on the Pearson Institute's research and events, visit the [PearsonInstitute.org](http://PearsonInstitute.org) and follow them on Twitter.