

GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Conference «Non-State Actors as Standard Setters: The Erosion of the Public-Private Divide» | February 8-9 2007 | Hotel Hilton Basel, Switzerland

Coping with Illicit Power Structures

Michael Miklaucic, USAID

Illicit power structures, including private militias, rogue intelligence networks, and criminal enterprises which enrich and sustain themselves through hidden economic transactions and disrupt and even subvert the legitimate processes of governance, create an environment in which peace settlements will seldom prosper, and democracy and development cannot flourish.

Although the nexus between illicit power structures and ill-gotten wealth is inherently opaque, it constitutes both a pervasive incentive and a driving mechanism for violent internal conflict. Whether the source of illicit revenue is blood diamonds and other readily exploitable natural resources in west Africa, drug trafficking in Afghanistan and Haiti, smuggling of arms, petroleum products, and other commodities, and human trafficking in Bosnia and Kosovo, internal conflicts cannot be understood and transformed unless the political-economic drivers of conflict are adequately addressed.

For the most part the efforts of the international development community for more than 50 years have been directed at strengthening the apparatus of the state, or introducing market economic processes. This has led to many successes around the world and the lifting of many people out of poverty. However many others have been left behind, their hopes repeatedly dashed by the resilience of conflict in their countries. y now it is widely known that 50% of states emerging from conflict return to conflict within five years. Many others cannot quite even reach a peace agreement breakthrough.

There is growing recognition that in many cases the challenge to development and to peace cannot be met by strengthening the institutions of the state alone, nor by the introduction of market processes. That is because the problem is not merely the deficiency of those institutions or processes. There is in fact a range of other organizations, operating in the twilight or even in complete darkness, that works tirelessly to serve their own interests and subvert the common good, and the interests of the state.

Despite pioneering work by Stedman, Keen, Collier and many others, there continues to be a glaring lack of definition with respect to the nature and operations of the many kinds of groups that constitute what I refer to as the “dark matter” of state-building and state failure. By dark matter, I mean they operate under the radar of the international community, without sanction in law, and out of the light of public accountability. As in astro-physics, dark matter is primarily “seen” through its effects on visible matter.

This paper proposes a working definition of such groups. By calling them “illicit power structures” I emphasize three distinguishing attributes. They are established outside of any legal framework and are thus illicit. This distinguishes them from corrupt governmental officials (another very serious impediment to development) who remain within the established legal order though they may be subverting it from within. They exercise significant power in the dimensions of politics and economics, amassing and absconding with wealth taken at the expense of the public good. And they are organized structures, not merely ad hoc gatherings, groupings or individuals. Perhaps their most distinguishing characteristic though is that they work to serve parochial, particularist interests – at the expense of the broader public interest.

The definition section is followed by a provisional taxonomy describing the common characteristics of warlord-led militias, tribal militias, trafficking and contraband smuggling operations, rogue intelligence networks and other criminal enterprises. Further developing Stedman’s typology the paper will explore the structure of the groups to determine the sources of their power and ability to subvert the public interest, as well as their vulnerabilities.

Development assistance has only rarely – if ever – been focused on mitigating the debilitating influence of illicit power structures. As noted above the primary focus of such assistance has been building state institutions and establishing market economic processes. This paper will finally examine possible approaches to using development assistance for the purpose of neutralizing or at least minimizing the impact of illicit power structures.