

RESEARCH BRIEF

EMERGING MODELS OF NON-STATE POWER

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Cartels, militias, insurgencies, and terrorist groups leverage mobile communications & rapid collaboration to grow & manage globally-distributed ad hoc networks that overlap in complex international shadow economies.

Traditional state governance is being challenged by the ubiquity of personal technology and the rise of multinational corporate powers, ideological factions, insurgencies, militaries, militias, and criminal groups. Laboring under inefficient bureaucratic structures, over-reaching foreign policy, legislative deadlocks, corruption and co-opted representation, traditional states are less capable of governing in ways that support social welfare. As a result, communities, collectives, and distributed ad hoc organizations are being forced to innovate strategies for resilience & prosperity in ways that increasingly lie outside the conventional models.

These networks have become sophisticated enough to rival many corporations in capital & influence. Yet, unlike most corporations, they are wholly opaque & unaccountable, relying on illicit goods, drugs, and violence to grow their markets and remove obstacles to business.

This report highlights some of the more disruptive methods that not only seek to re-establish socio-economic influence and control in the face of great disparity, but also directly challenge state authority at levels formerly impossible for non-state actors.

Drivers: Poverty, unemployment, disenfranchisement, persecution. Glaring inequities between rich & poor, often driven by control of local resources. Capital flight. Rising drug trade as a symptom of failing economy & growing corruption. Increase in gang membership & activity. Failure of state governance to protect social welfare. Gap between democratic representation and corporate/military representation. Ignorance & fear. Social manipulation by elites.

MEXICO: Cartel Insurgency

Benefitting from the artificially inflated margins of the illegal drug trade, cartels move billions of dollars worth of cocaine, methamphetamine, & marijuana to high-demand markets like the United States and Europe, using sophisticated weaponry and horrific violence to defend their markets against competitors and directly challenge attempts by state militia to control their activities.

Mexican governance is severely strained as drug cartels dominate the northern states, infiltrating police departments, military, customs, and US security. Mexican cartels are responsible for 90% of the cocaine in the US, accounting for \$3.9B in 2008 with an additional \$8.5B in marijuana revenues. Their networks extend across the northern border into many US cities. The cartels move drugs up from Central & South America into the United States. They move guns down from the US to arm their narco-insurgency. After state police were corrupted or murdered, efforts to send the Mexican military to northern states has had limited effect due to the power & sophistication of the cartels. Recently, cartels, particularly the Los Zetas group, have siphoned an estimated \$1B in crude oil from gulf pipelines, selling it to western refiners.

Los Zetas, the Sinaloa Cartel, and the Juarez Cartel are the most powerful and brutal, plunging border states into bloodbath. Ciudad de Juarez, on the border with El Paso, Texas, is the most violent city in the world with over 7000 deaths in the past year. Military incursions only increase the violence as displaced groups leave power vacuums for others to fight to fill. Cartel insurgents are incredibly well-armed and sophisticated, their leaders often previously trained by US & Mexican military. There are also trends suggesting the dominant cartels are seeking more legitimate forms of business & governance.

The Largest Mexican Cartels

- The Gulf Cartel: Formerly the largest eastern cartel until it's paramilitary wing, Los Zetas, broke away and is now it's biggest challenger.
- Los Zetas: Perhaps the most powerful cartel extending its domain all across Mexico and into Guatemala. Composed of many former special forces they are heavily armed, highly trained and coordinated.
- Sinaloa: The largest opposition cartel to Los Zetas, and a dominant force in Mexico. They are locked in battle with the Juarez Cartel fighting for control of the Juarez border region.
- Juarez Cartel (VCF): One of the dominant cartels in Juarez, the VCF has contracted Los Zetas to advise on tactics & strategy in their mutual battle against Sinaloa for control of the region.
- Beltran-Leyva Organization (BLO): a smaller, western cartel working with Los Zetas to gain control over Pacific ports.

Of particular interest are cartel incursions into the US. Americans have been indicted smuggling weapons south across the border. The DEA is tracking cartel networks across the major cities of the southern United States. Arrests of compromised Customs and Border agents has increased 40% in the past year. Agents say that substantial cartel violence in the US is only a matter of time. The US DHS has submitted plans to deal with such a contingency. STRATFOR anticipates that violence will continue to climb through 2010. Indeed, it was recently found that the cartels are now using IEDs to attack the Mexican military.

Reasonably significant outliers are the near-insolvency of the State of California and the growing trend towards drug legalization in the US. A California default would increase poverty in Los Angeles and San Diego counties allowing cartel influence to grow in line with the black market economy. Legalization would seemingly remove the primary economic driver for the cartels, ie illegal drugs, though it's unclear how existing power structures might reorient towards alternate revenue streams or what sort of violence might attend a breakdown of their networks.

NORTH AFRICA - A Nexus of the Shadow Economy

Insurgencies & terror networks use the international trade in drugs & illicit goods to fund their operations and expand their ideological influence. The integration of these networks is creating a shadow state of globally distributed, militarized narcoinsurgency.

Details of the North African Nexus:

- Low governance in African nations has made them havens for trafficking illicit goods.
- West Africa is a major market for organized crime with revenues from sale of illicit goods greater than the GDP of many African countries.
- Cocaine & heroin traffic has risen sharply in West & East Africa.
- Cocaine is moving through, and being manufactured in, West Africa - Guinea-Bissau in the North, and Ghana in the South.
- Heroin is moving through East Africa, particularly Kenya & Somalia.
- The international drug trade is being used to finance terrorist insurgencies and rebel groups.
- In the first US case linking them to drug trafficking, Al Qaeda associates were recently charged with conspiring to smuggle cocaine through Africa.
- The clout of drug cartels is threatening the viability of some North African states.
- The Guinea-Bissau cabinet is so compromised it is referred to as the world's first narcostate.
- Drug labs for cocaine & heroin are now being discovered in Northern Africa, indicating a shift from trafficking to manufacturing.
- Side effects of the drug trade are further destabilizing African development.

"For the first time in that part of the world, these guys are operating in the same environment in the same place at the same time," said Michael Braun, a former chief of DEA operations. "They are doing business and cutting deals. What's most troubling about this is the personal relationships that these guys are making today, between drug organizations and terror organizations, will become operational alliances in the future." Rebel groups, insurgencies, and Islamic militarists are increasingly relying on drug trafficking & illicit trade to finance their efforts. Much of this traffic is now flowing through North Africa on it's way to the major consumer nations - the USA and EU. The revenues from these markets are growing so large - on the order of tens of billions of US dollars - that significant actors are now financially stronger than many African governments. As these actors increasingly overlap with militants and terrorist groups such as Al Qaeda & the Taliban, a parallel shadow state is emerging that links distributed open-source insurgencies to highly lucrative global black market capital flows. This shadow state already exists but is growing quickly and becoming a core business methodology. Notably, it is only recently becoming recognized as such by western powers.

As these networks are uncovered western military occupations will likely move into Africa - particularly Somalia, Kenya, and the western nations of Guinea-Bissau & Ghana - and will also see movement in South America as indicated by the recent agreement to build out the US base in Columbia (the FARC is an active member of the international narco-insurgency marketplace, illustrated dramatically by recent revelations of cocaine trafficking routes between Columbia, Venezuela, and West Africa using a fleet of commercial aircraft). This will further destabilize these already weak nations and likely incite militarized responses, setting off more internecine rivalry between criminal factions, as is happening with Mexico's own narcoinsurgency. It will also likely be the case that the West will ramp up anti-drug efforts through an increased public campaign to tie drug use directly to the support of terrorism. This has also happened before but new efforts will be tied to actual prosecutions. Efforts to legalize drug use will also gain momentum but will likely fail to produce any significant global change in the next decade (ie global legalization will remain a deeply-stigmatized and socially challenging proposal for some time).

Some Manufacture & Trafficking Data Points:

- United Nations agencies estimate that 50 tonnes of cocaine (50,000 kgs) is trafficked through West Africa annually, with a value of over \$2 billion.
- Seven cocaine laboratories were recently discovered in Guinea.
- "30 to 35 metric tonnes" of Afghan heroin pass through East Africa each year.
- The UN puts the potential export value of Afghan narcotics at about \$3.4 billion (Sh270 billion) a year. Selling of opium is... the major source of funding for the Taliban.
- The Taliban... are reported to earn \$100 million a year from protecting the drug trade.

As western financial interests continue their march into African land speculation further pressure will be put on effective enforcement and control, possibly seeing a new wave of security efforts to replace ineffective African leaders with hand-picked governors friendly to the West. While Africa will get more attention through these efforts, as long as it remains economically risky it is likely that, in the near-term, the efforts will not be enough to drive serious reform and stability, particularly when considering the still-unresolved crisis in Darfur and the ongoing poverty of the majority of the continent. Furthermore, secondary effects of the growing drug marketplace are generating a rise in addiction and HIV on the continent suggesting that Africa's social problems may get worse before they get better. Yet, in the mid- to long-term this will all bring more global visibility and, ultimately, investment in helping Africa grow beyond its struggles.

NIGERIA - MEND & Energy Insurgency

Some models of emerging power leverage vulnerabilities in critical infrastructure to inflict disruption on both state & corporate opposition. Ideological groups can exact huge financial tolls with a minimum of operational costs, then use the publicity to promote their cause.

The Nigerian economy draws 85% of its revenues from oil exports. It has the second largest oil reserves in Africa and is the single largest producer, ranking 12th in the world. Royal Dutch Shell and Chevron Oil are the two primary developers in the Niger Delta. Nigeria is the third largest exporter of crude oil to the United States.

The Movement for the Emancipation of the Niger Delta (MEND) arose in 2005 as a response to inequities between capital exports from Nigerian oil fields being developed in the Niger Delta and the extreme poverty afflicting the local population. The insurgency has adopted many of the open-source tactics emerging in the new age of asymmetrical warfare, relying on distributed networks and low-fidelity, highly coordinated swarm attacks on critical systempunkt targets. Using these methods of resistance the insurgency has reduced oil output from the region by as much as 40% in the past 5 years, destroying pipelines, oil platforms, and pumping stations. MEND is notable for almost exclusively targeting energy networks, impacting exports to the United States and causing price spikes in OPEC. Shell is now selling off its Nigerian holdings while Chevron is stalling on renewing its license.

MEND has attempted to negotiate disarmament and ceasefire, though they continue to wage low-level attacks on oil infrastructure. If Nigeria's oil wealth is not distributed in a more equitable way among the locals, and if western industry continues to exploit the Niger Delta fields, there may be little hope of peaceful reconciliation.

MEND has offered a model of non-violent disruptive insurgency in response to both economic and environmental degradation. This is in contrast to the typically violent insurgencies run by other ideological groups. Regardless of methodologies, MEND reinforces the trend of small, coordinated groups leveraging minimal resources to significantly impact regional governance and international energy & economic networks.

Timeline of MEND Activities

- January, 2006: "Our aim is to totally destroy the capacity of the Nigerian government to export oil..." from an e-mail sent by the Movement for the Emancipation of the Nigerian Delta (MEND). Early attacks reduced Nigerian oil production by 10%. Shell Oil withdrew 330 employees from the region.
- April, 2006: Attacks reduced Nigerian oil production by 25%. Reports that Mend was fighting for "total control" of the Niger Delta's oil wealth, stating that locals have not gained from the oil under their lands.
- May, 2006: MEND vows to cut output by 1 million barrels.
- May, 2007: MEND has affected nearly 1 million barrels of disrupted capacity.
- June, 2008: MEND offers ceasefire.
- July, 2008: MEND calls off ceasefire and vows to attack British interests if the country attempts to deploy interventionary forces to the Niger Delta.
- September, 2008: MEND declares oil War, destroys major Shell Oil pipeline, attacks Chevron platform. Attacks are cutting the country's oil production by 1 million barrels per day - a loss of 40% production. "Again, we are asking that oil companies evacuate their staff from their field facilities because the brief is not to capture hostages but to bring these structures to the ground."
- May, 2009: MEND destroys Chevron pipelines forcing the oil giant to halt production.
- July, 2009: MEND wrecks Chevron's offshore operations.
- October, 2009: MEND declares ceasefire.
- January, 2010: MEND calls off truce, declares "all-out war". "It is sufficiently clear that the government of Nigeria has no intentions of considering the demands made by this group for the control of the resources and land of the Niger Delta to be reverted to the rightful owners, the people of the Niger Delta. All companies related to the oil industry in the Niger Delta should prepare for an all-out onslaught against their installations and personnel."
- April, 2010: Nigeria's leader, Goodluck Jonathan, takes control of oil, collaborates with Ijaw tribesman & MEND.

DESIGN PATTERNS FOR THE NEW MILLENNIUM

Cheap technology, global communication, and open source collaboration empower many diverse interests to scale up and participate in the global bazaar.

These examples show how organized crime and insurgencies are growing larger and more sophisticated, using their power to destabilize state systems and directly challenge corporate economic dominance. As western industrialization rose on the labor & resources of the 3rd World, their aspirations for 1st World prosperity remain unfulfilled. The emerging megacities of the developing world are still largely slums doing little to fight poverty. Their proximity to the wealthy urban elite and civic ruling class only reinforce disparity, often channeling resentment and dis-enfranchisement into violent identity groups newly empowered through technology.

Gangs, cartels, and insurgents are building adaptive, ad hoc distributed networks that share intel, innovate solutions, and participate in a marketplace of skilled labor and illicit goods. The ubiquity of mobile communications and cheap computers allow shadow organizations to extend their reach across the globe, managing sophisticated operations that configure quickly, swarm towards a goal, then disperse back into the shadows. Countless examples exist, perhaps most publicly illustrated by the ongoing insurgencies in Iraq and the marketplace of violence that has emerged to support their efforts.

Yet, to look more deeply across the landscape of change, the contemporary techniques used by drug cartels, narco-insurgents, and indigenous resistance forces are all expressions of the same emerging design patterns driving innovation across the world, empowering people to collaborate with much greater efficiency and effectiveness than ever before. Strategies for community building, local resilience, remote collaborations, and distributed innovation are gradually leveling the playing field, challenging both corporate market dominance and centralized state authority.

The 21st century will be characterized by this fundamental shift from central hierarchies to distributed collaborations and the new democratization of technology across all domains. The tensions between old seats of power and the new breed of emerging challengers will ensure that the transition will be considerably disruptive for at least the next 20 years. Within the instability of this phase-change we'll witness an incredible flourishing of adaptive strategies trying to pave the way towards what we hope will be a new stabilizing order. Yet, it's safe to say that this new order will likely rewrite many of the foundational rules of economics, politics, and power, delivering us to a world that is at once very similar but radically reconstructed.

The massive disparity generated by industrialization is beginning to equalize as Western countries see their populations age and their economies cool. Capital is moving to the Global South with the rise of the developing world. The dominant players of the North are meeting many emboldened challengers in the new frontier who are eager to grab at new opportunities. The rapid dispersion of technology & information has invited everyone to participate in the global bazaar, for good & ill.

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