Center for Strategic and International Studies

TRANSCRIPT

Babel: Translating the Middle East

"Max Gallien: Black Markets of the Maghreb"

DATE

Tuesday, December 10, 2024

FEATURING

Max Gallien

Research Fellow, the Institute of Development Studies and the International Centre for Tax and Development, the University of Sussex

CSIS EXPERTS

Jon B. Alterman

Senior Vice President, Zbigniew Brzezinski Chair in Global Security and Geostrategy, and Director, Middle East Program, CSIS

Transcript By
Rev Transcript
www.rev.com

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

Jon Alterman: How much smuggling is there in North Africa?

Max Gallien: Way more than people think. It waxes and wanes, depending on what's going on at the border, and there's been an odd kind of economic obsession with trying to measure it. The problem with that is always that the second you do these measurements, two weeks later they're entirely out of date. The World Bank once estimated that about a quarter of the gasoline that is consumed in Tunisia has been smuggled into the country from Libya or Algeria, but that study's from 2014. That number is not correct anymore, but we can say that across the Middle East and North Africa, there has been smuggling going on for as long as these borders have existed.

And that smuggling has taken a great variety of different goods and people across these borders. That obviously includes the things that we often talk and think about—narcotics or weapons—but way more often than that it's the things we think less about: gasoline, foodstuffs, microwaves, mobile phones, donkeys, Hello Kitty backpacks, and racehorses. It's a huge variety of goods that are being smuggled, and that often provide an opportunity for income and employment for people in these border regions.

Jon Alterman: Why are people smuggling them instead of trading them in normal ways, or the orthodox ways that we think about people trading goods?

Max Gallien: For some goods—weapons and narcotics, for example—there's no legal trade route. But, again, these are a minority of the goods that are being smuggled. For way more smuggled goods, there's a formal trade route, but that trade route might be more expensive, might be associated with tariffs and taxes, or that trade route might be monopolized by large actors—by politically connected firms that have a lot of inference in what is allowed to be imported through ports or airports—so it's partly regulatory reasons, taxes and tariffs, but also reasons that are often more deeply rooted in the political economy of the countries that we study.

Jon Alterman: What's the relationship between smuggling these untaxed goods that you're talking about and smuggling illicit goods? As you mentioned: people, drugs, weapons.

Max Gallien: It's difficult to generalize because obviously these dynamics differ border by border, but that relationship is much weaker than we often think. There's been this narrative for the last 20 years or so about the dirty entanglements and dark underbelly of globalization. That narrative often assumes that armed organizations and organized crime groups and different types of smugglers all benefit from a certain porosity of borders—that they're all kind of in cahoots with each other. If you look at the operations of smugglers across many borders and if you talk to them, you'll notice that their interests are often quite divergent.

The types of goods that people will take across borders are very different. If you're smuggling Hello Kitty-themed backpacks across the border into Tunisia, the experience that you have if you get caught, it's very different than the experience if you have a car full of cocaine. The likelihood that you're going to mix these goods is relatively limited. The likelihood that you're going to transport people who are on watch lists in the same car in which you're going to bring couscous or pasta across is quite limited. Smuggling groups often specialize in certain goods, specialize in certain routes, and there's often not quite as much overlap as we think there is.

Those smugglers who bring mobile phones across might not only not be smuggling cocaine, but might have very different interests from the group that is smuggling cocaine.

Jon Alterman: Although it does seem to me that if you can smuggle Hello Kitty backpacks or mobile phones and figure out who to pay off, either in terms of the police, or the border guards, or something else, that once you start that way, it can be sort of a gateway drug to drugs or something more serious—that the issue is first finding people who can be corruptible and then corrupting them on a larger and larger scale. Is that something you have seen or are there barriers to that phenomenon?

Max Gallien: That is certainly something that exists and smuggling economies are dynamic. We have seen specific types of smuggling networks collapse in certain border areas. Whenever that happens, it opens up a labor market for other networks to draw on. We have also seen smugglers

graduate from one type of product to another. Interestingly enough, what we often see is them graduating from illicit products to licit products: from shady businessmen to a pillar of the community that invests in local cafes or wedding spaces.

People transition from these networks in different ways, but it's important to notice the avenues through which narcotics or guns are being smuggled and the avenues through which backpacks or textiles are being smuggled. They're often very different. One result of the fact that a lot of licit goods are being smuggled is that fixed rules and agreements and structures have developed. That's partly a function of just the sheer volume that has to come through. You can't negotiate for every backpack with every single corrupt customs officer.

It looks a little bit different depending on which border you're at, but the common feature is often that there are broad rules on what can be brought through, by whom, for what payment, through which point in the border. These rules are often also goods specific. They will apply to things like carpets or microwaves. They might say you're allowed to bring in two microwaves and three carpets and you're going to have to pay this policeman that much.

They often don't apply to narcotics, so the types of ways in which you'll bring narcotics through the border and the ways in which you'll bring backpacks or carpets are usually quite different.

Narcotics smuggling requires different levels of capital, different levels of connections, often follows different rules, and there's usually very different people involved in it.

Jon Alterman: When you start talking about rules and money, it suggests we're talking about politics. What is the relationship between politics and smuggling in North Africa?

Max Gallien: That’s the subject of my book. It's a complicated and an interesting question because we often approach it with a certain reflex. It's very easy for us to jump to the assumption that this is inherently subversive, that this is undermining states and borders in North Africa.

One of the things that I found when I started tracing the effects of these rules, when I started tracing the rent streams and the income streams that come out of them, was that, in a way, it's been an informal income-generating program for regions that have been excluded from formal rent streams. I found that it really has been part of a very specific mode of state-building in many parts of the region.

Post-independence elites often concentrated formal rent streams in the political center and explicitly tolerated smuggling, cross-border trade, immigration, and other kinds of activities in regions in which they did not concentrate formal rent streams. They often framed their toleration quite explicitly as being a kind of informal subsidy to elicit tacit toleration for formal state-building efforts. So, from that perspective, smuggling is not necessarily subversive; it's part of a certain mode of state-building. Now, it's part of a particular mode of state-building that comes with certain features, certain disadvantages. I'm certainly not advocating for it, but it's important to recognize that it's part of common history.

It's part of a form of development in which the state is very involved. It's not necessarily something that's come from the outside, even though it's politically always been very opportune to frame it like that, rather it's endogenous and central state actors are often very involved in it.

Jon Alterman: Do you see regime type affecting the way smuggling networks arise? Are more authoritarian regimes more susceptible or open to certain kinds of smuggling, and more democratic regimes to different kinds of smuggling? Understanding that there are very few real democracies in the Middle East, and it's on a spectrum, does the spectrum matter?

Max Gallien: Tunisia is an excellent case study for this question. The macrostructure of smuggling that we have seen in Tunisia for the last few decades broadly emerged out of the 1970s, 1980s. There's been smuggling before that, there's been changes since that, but a lot of the larger structures of smuggling, especially of consumer goods into Tunisia from Libya and Algeria, broadly stands from that time. We can look at the development of state engagement and state toleration of smuggling in Tunisia from then to today, and while my work primarily starts at about 2014, we have the great advantage that there's a couple of excellent

pieces of work from Tunisian scholars, both before and after that. The interesting finding is that there's more stability than we would think.

States under different leaderships, under different authoritarian rulers, but also under different governments in Tunisia's democratic period have all broadly recognized that smuggling across its borders is an essential part of how borderland communities are currently operating, and that dramatically interfering with that is politically very risky. You will find governments across all stripes and regime types making very aggressive statements about their border communities. It's very politically opportune to frame smuggling as something that's coming from outside, that is subverting the nation, but if you look at the de-facto policies on the borders—the broad toleration of smuggling, as long as it doesn't cross certain red lines, the broad understanding that it's important for borderland communities, which themselves are important for stability and security—it's been pretty constant across regime types.

Jon Alterman: I understand that most of your attention is spent on North Africa, your book is about two communities in North Africa, on the Moroccan border and on the Tunisian border, but I'm sure you have had exposure through your work to other places. Is North Africa fundamentally similar to many places around the world or is there something special about North Africa that makes it different from other places?

Max Gallien: In many ways it's extremely similar to other places across the world. Obviously, every borderland is different. Infrastructure plays a role, the type of goods that run through there plays a role, the political settlements on both sides of the border play a role, but the kind of overall dynamic that I'm observing—the fact that smuggling is highly regulated, that states are deeply involved in it, that it's a feature of a certain type of state-building that is now being awkwardly renegotiated—that's incredibly common, especially across Sub-Saharan Africa. It probably says something about how we study geopolitics and political economy in the Middle East that we have not always been as attuned to that as people in other regions.

There's an emphasis on securitization and there's an emphasis on connecting smuggling to the movement of armed groups, which means

that we have not often picked up on these things in the Middle East and North Africa as much as we should have.

Jon Alterman: There's huge global attention to the war in Gaza right now. Gaza has had, according to Israeli accusations, tremendous amounts of smuggling—a whole economy built up on the Egyptian-Gaza border. While I understand you're not an expert on Gaza, when you read about the Strip, does the smuggling situation there strike you as fundamentally similar or different to what you're seeing around the world?

Max Gallien: I would look at Gaza as an extreme case, rather than a very different case. As I said earlier, the infrastructure that we have at borders shapes what happens at borders. The political dynamics between countries shape what happens there, too. In a variety of ways, Gaza presents an extreme case of this reality—owing partly to the heavy fortification and militarization of its border and the heavy investment in infrastructure, and partly due to the imbalances and inequalities.

Because it's an extreme case, it reminds us of some things that are true across many borders. The first is the fact that smuggling in many ways can have negative economic consequences. But in the context of crisis, it can also bring food and essential goods to people that wouldn't have them otherwise. We can find examples of that in Gaza. It's also a case where geopolitics and sanctions regimes play a really strong role in how smuggling networks develop.

Iran is the other excellent case study for that in the region, and it's a reminder of the fact that border infrastructure often has unpredictable consequences, and that we don't have a good enough understanding yet of the effects of border infrastructure.

The second part of my book is on the effects of border infrastructure in North Africa, and it really highlights that some of its primary goals are often not achieved, yet some of its side effects are often particularly brutal for vulnerable and marginalized populations across borderlands. We find examples of that throughout the region.

Jon Alterman: In your experience, are all states trying to stamp out smuggling? Should they try to stamp out smuggling? Should they try to be regulating it in a different way than they are?

Max Gallien: I definitely don't think all states are trying to stamp out smuggling. All states are trying to be seen as stamping out smuggling. But also, that can be different for different types of smuggling. We can see states tolerating the smuggling of blue jeans, but really cracking down on the smuggling of gasoline because it's undermining their own supply.

All that being said, states are aware that smuggling has a political function, that stamping it out has social consequences, economic consequences, and political consequences. This awareness explains some of the patterns of where we see cracking down and where we see states tolerating it. Should they crack down on it's an excellent question—but I believe "cracking down" is the wrong language here. The big problem with smuggling is we approach it as a law-and-order problem, but I think it's often a political and a historical problem. It's a legacy. The prevalence of large smuggling economies in a borderland is a legacy of how that borderland has been economically developed or often underdeveloped.

Hitting that with a stick is counterproductive, and often very poorly received for very good reasons. Now, if we look at borderlands that have been heavily developed through smuggling economies, we don't necessarily find indication of a great state-building model. It's often highly unequal, it often produces enormous disparities in wealth. It's often highly gendered in who has access to these networks. It can produce activities that, even if they're structured, are often still highly violent. If you talk to smugglers in Southern Tunisia, they perceive parts of their daily job as very challenging and often undignified. So, we don't want to advocate for this as a state-building model.

However, if it's been presented to borderland communities as an economic livelihood opportunity, then just taking that away creates an economic crisis and a sense of historical injustice. People will tell you things like, "Well, the state didn't give us anything, yet they tell us, 'We'll open a window for you.'"

If you close a window, you have to open another window, and that's been one of the most fascinating things to see about what's happened in Tunisia and Morocco as smuggling networks in these countries have

collapsed as a result of border infrastructure. There are people that protest not the state that built the border, but the state in which they reside. They protest in Tunisia whenever the Libyans close the border and say to their own government, "All right, guys, this is being closed over there. You have to give us something else."

There's a social contract being negotiated here, what I call an “informal authoritarian bargain.” I don't think states should fight it, but should instead rethink the economic development models that they're applying in their borderlands and think about what alternative economic development in these regions look like.

Jon Alterman: How should states engage differently with smuggling and smuggling phenomena in your mind?

Max Gallien: The starting point is to move away from approaching it as a purely law-and-order issue or a purely securitized issue, and instead as a development issue and as something that needs to be developed in conversations with borderlands—with an understanding of what alternative development models in those regions look like. There's been a heavy emphasis over the last few decades on border infrastructure; the number of border walls across the world has quadrupled in the last 20 years or so. There's not any indication that that's been a very successful innovation. I'm German. We have a long history that demonstrates border walls do not always do what we think they will.

But the alternative to that is more complicated—the alternative of what border regions look like if we integrate them into more formal trade channels, if we try to invest in different forms of infrastructure. We don't have a good sense of that yet. It's because there hasn’t been a lot of work in it. States haven’t been seriously engaging in it.

But every time I talk to other people, be it people who work in Northern Niger, be it people who work in areas that are traditionally dependent on cannabis production, be it people in any area where a lot of economic activity has been outside of formal channels—and that's a lot of places in the world—we don't have a great set of models for how these things can be embedded into more formal economic rent streams.

Jon Alterman: It seems to me that a large part of this is also that people don't build a lot of border infrastructure to block the influx of Hello Kitty backpacks. They build infrastructure because of the smuggling of people, drugs, weapons, and the consequence is the inability to smuggle Hello Kitty backpacks. There's a need to deal with the illegality—what the port master in Dubai told me one time: "You have to differentiate between legal smuggling and illegal smuggling." How do you do that as a development task, given the money that's involved in illegal smuggling? As we've seen a lot in America, there is a corrupting impact of the money from illegal activity that people who might have more pure developmental motives are susceptible to, and it ends up bending these economies in that direction.

Max Gallien: That's exactly the challenge. You're right. We don't build the walls to crack down on the smuggling of carpets or backpacks, but that is the first effect of the wall. One of the things that we see when we look at the construction of border infrastructure in a variety of places is that the highly capitalized networks, the guys who are bringing the cocaine across, they usually have no difficulties getting across border infrastructure. They're capitalized enough, they're usually connected enough, and their profit margins are substantial enough that they usually have no difficulties with that.

We have seen heavy investment in border infrastructure in North Africa over the last decade. We have seen the almost complete collapse of a variety of networks that employed hundreds of thousands of people in small-scale smuggling across these borders with very severe impacts on these communities. There's been almost no indication that drug smuggling networks, and especially, for example, cocaine smuggling networks, have been affected by this whatsoever. If you look at a border like the one between Tunisia and Libya, good luck securitizing it and especially good luck securitizing it without the active support of the border population.

One of the things that's a really important part of the story of how governments in North Africa have regulated and structured their borders is that communication with the border community has been really important. Information passed to security services by border communities has been really important. Alienating border communities

while building infrastructure that's not doing the thing you meant to do has not been terribly successful.

The answer for highly capitalized networks, including narcotics, doesn't just lie at the border. It's a mistake to think that they can be cut down through border infrastructure. Borders are too large, and these networks are too highly capitalized. There needs to be an approach that looks at all parts of the value chain, looks at the production, looks at the consumption, and everywhere in between.

Jon Alterman: It also seems to me that the approach that you're describing is really almost a counterinsurgency approach—to win the supportive communities, to build trust, to identify who the bad guys are through working with the community and providing an alternative. That's what the United States tried to do in Iraq for quite some time.

Max Gallien: Certainly, working with communities is really important in dealing with smuggling. It has an even stronger economic aspect to it, and even stronger recognition of the degree to which communities have been economically dependent on it, which makes it so difficult to engage with policymakers on this issue, because it also makes it often very expensive to deal with.

Another difference is the lines that we draw between the good guys and the bad guys—the cops and robbers and all that—are often not that clear. State security services have been complicit and heavily benefited from smuggling across these borders, and partly not merely as a result of individual corruption. Certainly, they have also benefited from it personally, but in part their involvement in smuggling stems from state policy to structure a lot of these things and let a lot of these things pass.

That is something that border communities are very aware of, and they're drawing a line, assuming that the state is trying to crack down on them, and the state is the cop and everybody else is the robber. This makes it very difficult to meaningfully engage with border communities on this topic.

Jon Alterman: Max Gallien, thank you very much for joining us on Babel.

Max Gallien: Thank you so much for having me. It's been a pleasure.

(END.)