

Securitizing Finance - The case of the Financial War on Terror

The CPOGG Summit
Monterrey, November 2004

Jan Bittner (FU Berlin) & Markus Lederer (U. of Potsdam)

Content

- The context or black holes that worry
- Securitizing finance – borderline impressions
- Financial War on Terror I: perspectives
- Financial War on Terror II: results
- Financial War on Terror III: consequences

Context I

- Globalization?
 - It's the *illicit* economy, stupid!
 - Dirty Money more globalized than official International Monetary system
- Examples
 - Drug trade
 - Arms trade
 - Remittances
- Question of governance!!!




What about illicit finance?

- „Despite their increased attention to financial issues, scholars of international political economy (IPE) have been slow to show interest in the study of illicit activity in global finance“ (Helleiner 1999, 53).



Context II

- Security studies and studies of Global Political Economy diverged
 - Academic specialization but what about the real world?
- New fields, new actors in both “disciplines” “new fields of application” (Späth – 30 minutes ago)
 - Time for a synthesis?



Securitizing the economy: borderline impressions

- Transnational Organized Crime (*War* on drugs)
- Economic sanctions
- War lords, failed states and the „New Wars“
- Financial *War* on terror



Financial War on Terror: possible perspectives

- Historical analysis: Terrorism as the child of neoliberal globalization?
- Mix of sociological and economic perspectives: Economic hardship as motivation
- Hard core economic perspective: „more bang for the buck“
- Governance perspective: What can be done?
- CPOGG perspective: What consequences?




Financial War on Terror: First results

- Development of a **new global governance regime**
 - 209 out of 212 jurisdictions have pledged support
 - 173 states have issued orders to freeze terrorist assets
 - US \$ 200 million frozen or seized
 - 100 states have new legislation
 - Institutional changes nationally and internationally
 - <-> US 2003: US seized only \$ 719.832 Al Qaeda money
- War is being lost




Why a lost war?

- Terrorism is cheap
- Legality of origin of money (<-> money laundering)
- Use of official banking system
- Use of inofficial systems (Hawala)
- Problematic allies (Saudi-Arabia and its charities)



„ Although progress has been made on several important fronts, al Qaeda and other terrorist organizations, as demonstrated by recent attacks and related investigations, still have ready access to financial resources, and that fact constitutes an ongoing threat to the United States (among other states).“ (Council of Foreign Affairs: Independent Task Force on Terrorist Financing 2004, 9)



Consequences

- Window of opportunity for anti- money laundering incentives
- Criminalization of informal systems and of cash transfers (speech at?)
 - Who are the actors?
 - What are the rules?
- Set up of *dataveillance* (Matrix)
 - „Blurring of public and private“!!!
- Creation of new business – the risk industry and thus of new power structures
