

GOVERNMENT OF THE SHADOWS

Parapolitics and Criminal Sovereignty

Edited by
Eric Wilson

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*For Selina,
who came to learn to love to listen to
Charley Patton, screamin' and hollerin' the blues*

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Finally, I hope this volume will spark interest in more sustained scholarly consideration of events and ideas that I feel have for too long been considered only marginal when they are, as I hope this collection of essays shows, deeply embedded in the heart of modern state systems. There is much to be done in the study of parapolitics and shadow governance and I hope this volume will suggest the next steps for research.

Eric Wilson
Melbourne, January 2007

'Though in many of its aspects this visible world seems formed in love, the invisible spheres were formed in fright.' – Herman Melville, *Moby Dick*

Introduction: Parapolitics, Shadow Governance and Criminal Sovereignty

Robert Cribb

I am not what I am. – Iago, *Othello*

'Parapolitics' is a new term.¹ It emerged in scholarly discourse only in the early 1990s to capture a set of observations which suggest a strange, powerful, clandestine and apparently structural relationship between state security-intelligence apparatuses, terrorist organisations and transnational organised criminal syndicates. This relationship often involves spaces on the globe that are, for practical purposes, outside the formal international state system, including weak states, failed states, de facto states and unrecognised states (commonly separatist movements that control territory but which have not secured formal international recognition).

The term 'parapolitics' both creates a conceptual link between phenomena that have not normally been linked analytically and suggests a research agenda to identify more precisely how these links operate. Parapolitics is a new field and it is premature to say just how significant it will prove to be. At very least, however, it is likely to make a significant contribution to understanding contemporary global politics and to ask serious questions of the dominant liberal view of modern democratic systems.

INTELLECTUAL ROOTS

The intellectual roots of parapolitics as a field of investigation lie, on the one hand, in the deep conservative-liberal suspicion of government that is especially prevalent in the United States and, on the other hand, in the European anarchist tradition of hostility to the state as an instinctively oppressive institution. A distinctive feature of parapolitics, however, is its identification of clandestinity as a state attribute. Clandestinity is, of course, as old as politics, but until the 1960s it was generally assumed to be the preserve of forces opposed to the state order – rebels, revolutionaries and criminals. The distinctive view of parapolitics was that clandestine activity by state institutions and by institutions linked to the ruling elite played a major role in sustaining illiberal and anti-democratic features of the system.

Evidence of systematic clandestinity on the part of Western liberal states emerged first during the Cold War. At first this evidence was fragmentary, but it pointed to the likelihood that the US government was involved in activities at odds with human rights and political accountability. This evidence related, amongst other things, to projects such as MK-ULTRA, a CIA-sponsored programme to investigate the potential of drugs, hypnotism and electromagnetic radiation. The aim of these experiments was initially to produce selective amnesia (so that captured Soviet agents, for instance, could be released, not realising that they had been interrogated). In its later stages, the programme aimed at transmitting and implanting commands that would override the recipient's free will. This programme was developed in direct response to perceptions that the Soviet Union had mastered forms of mind control and it thus constituted an aspect of the Cold War era arms race.² More broadly, it related to a vast programme of clandestine dirty tricks, including (attempted) assassinations of foreign leaders, the promotion of coups and the financing of political groups considered to be sympathetic to US official interests. The programme was largely exempt from any kind of legal review or congressional oversight.

A special characteristic of this clandestine action has been the manufacture of apparent hostile acts in order to manipulate public opinion within the democratic system. Thus, it is now known that the Piazza Fontana bombing of 1969 in Italy, and the Bologna Railway Station bombing of 1980, were the work of a select group controlled by Italian military intelligence (and with links both to the American CIA and to Propaganda Due).³ The CIA also took part in a campaign to blacken the name of the Indonesian Communist Party after a failed left-wing military coup in 1965, in order to fuel a massacre in which half a million people died. This intra-state conflict over the use of violence led observers to talk of a dual state, 'one open and democratic, the other clandestine and reactionary'.⁴ Ola Tunander contrasts these two aspects of the advanced Western state as the 'democratic state' versus the 'deep state' or 'security state'.⁵

The parapolitical approach took definitive shape, however, in the path-breaking work of Alfred McCoy in the 1970s and 1980s that showed the complicity of the CIA in opium cultivation and heroin production and trade in Indochina.⁶ McCoy's impeccable research showed the sustained involvement of Western security-intelligence organisations (both American and French) in operations which intertwined organised crime (in this case, gangs involved in heroin manufacture and smuggling) and the subversion of democratic processes. McCoy's work remains the archetype for parapolitical research. *The Politics of Heroin in Southeast Asia* is a stunning book, but its impact was relatively limited. It is useful at this stage, therefore, to explore the reasons why parapolitical insights have had relatively little effect on conventional political analysis. There appear to be two reasons.

First, parapolitics has been seriously compromised by its inability to distinguish itself sharply from grand conspiracy theory. The term 'grand conspiracy theory' refers to a category of beliefs that posit a vast, durable and enormously powerful conspiracy involving unexpected combinations of economic, political and religious groups which effectively constitute a hidden government of the world. Grand conspiracies are typically thought to be several centuries old and to rest on a remarkable degree of secrecy and collusion between disparate groups. They

commonly reject a great deal of public evidence as fraudulent and rely on the anonymous testimony of dismayed insiders. They often attach great significance to symbols such as pyramids and number sequences and they sometimes attribute to the conspirators connections with Satan and/or beings from outer space. Small wonder that the earliest parapolitical insights were often not taken seriously.

Second, parapolitics failed to mesh well with conventional political science. McCoy's book aroused indignation that the democratic authorities in the US should have connived in such activities, but it did not articulate a way in which the dominant paradigms governing American political science ought to change as a result of its findings. The principal dynamic of parapolitics appeared to be a personal lust for extraordinary power – and a drive to maintain that power – on the part of parapoliticians. This meant that the individuals engaged in parapolitics were most easily portrayed as 'rogue elements' or 'evil geniuses'. Analysts of parapolitics did not offer any explanation for why the normal process of political competition, especially related to succession, failed to operate within the parapolitical world. Broadly speaking, parapolitics failed as a field to identify the structures that might explain the phenomena it identified.

This book is the first in a series which attempts to remedy this deficiency by marking out parapolitics as a sober, analytical field of investigation. It would be too early to claim in this first essay that the field has reached maturity, but we know enough to sketch out some defining characteristics.

THE STATE AND PARASTATES

Parapolitics as a field of study arises from shortcomings in the dominant approach to politics and international relations, which treats the state as a special institution in human affairs, having structure, intention, agency and even personality, as well as attributes such as sovereignty, in a way that other human institutions do not. This special reification of the state has tended to create an almost unbridgeable systemic and intellectual distinction between domestic politics and international relations. It also obscures the connections between them and focuses attention away from institutions which in some respects resemble states but which are not part of the international club of fully-recognised, functioning sovereign states. The pernicious effect of this distinction can be seen in the contradiction between the attempts of the US, along with Britain, France and the Soviet Union, to use drug networks as assets or proxies in the Cold War, while simultaneously attempting to suppress the drugs trade within their own borders.

At the same time, international relations struggles to cope with states which do not quite match up to the expectations of membership in the international community. US Secretary of State Madeleine Albright identified as 'failed states' those countries with a weak or non-existent central authority.⁷ Others have talked of 'weak' or 'weakened states', which fail to exercise the authority expected of them;⁸ of complex states, defined as countries with two or more linked wars or crises;⁹ and even of 'collapsed states', 'a mere geographic expression, a black hole into which a failed polity has landed'.¹⁰ Others have written of 'rogue states', defying international order, and of 'microstates', some of which are called 'states of convenience' (like

Vanuatu and the Cayman Islands), whose prime purpose is to provide territoriality for relief from the legal obligations required by public states.

There are also important state-like entities that control territory and exercise many, or most, of the functions of a state, without being recognised as a state for international relations purposes. These 'unrecognised states' include Abkhazia, Anjouan, Puntland, the Shan States, Somaliland, South Ossetia and Waziristan, as well as the semi-internationalised territories of Kurdistan and Kosovo. There are also countries such as Lebanon, Colombia, Afghanistan, Burma/Myanmar and the Philippines, where significant regions are completely beyond the control of the central government, even if they are not generally recognised to be separate.

For a long time it has been recognised that mafias provide rudimentary services in urban ghettos or inaccessible rural areas, but the recent rise in the number of failing states has been accompanied by the rise of a number of alternative groups, or 'quasi-states', often revolutionary in character.¹¹ To maintain their popularity, these quasi-states try, like the state, to satisfy the citizens whom they tax. For example the Christian Phalange, a pro-government militia in Lebanon, 'provided all public services, including street cleaning, transportation, planting of trees, retail price control, street patrols, etc.'¹² The anti-government Muslim Hezbollah in South Lebanon, like Hamas in Palestine, has provided similar services.

The most important innovation of parapolitics, however, is to treat as state-like entities a range of institutions which do not, at first glance, resemble states but which nonetheless possess some of the important characteristics of states. These entities include:

- covert entities, semi-autonomous intelligence agencies, cabals, secret societies, and elite power groups (such as the Greek KYP, Pakistan's ISI, P2, Opus Dei or the Safari Club) which seek to control or manipulate state violence independently from within;
- criminal structures (mafias, drug networks, militant organised religious networks, Russian criminal entrepreneurs),¹³ which exist in parallel symbiosis with the state; and
- revolutionary and terrorist movements, which seek to overthrow one or more existing states, but whose territorial control is limited to sanctuaries, often in the territory of others, and to the equivalent of safe houses.

Recognising the growing power in the world of these entities, and above all of drug networks and of terrorist groups, conventional political science has come to speak of non-state actors. But Loretta Napoleoni has shown that the distinction between states and non-state actors is artificial and misleading. In today's world, some terrorist organisations (notably the PLO and Hamas) have had larger budgets, bureaucracies and armies than some of the states among which they live.¹⁴ What, then, to call them? Napoleoni coins the term 'State-shell', but this term might be taken to imply external form without internal content, the reverse of what is meant. Other possibilities include 'incipient state' or 'partial state', but both terms imply a tendency to end up as full states, which is not necessarily the case. In this

introduction, we use the term 'parastates', partly because it creates a link with parapolitics, partly because it avoids teleology.

As Napoleoni's analysis makes clear, economics is crucial in sustaining parastates. In 1998, the International Monetary Fund estimated that illicit funds, worldwide, amounted to between \$800 billion and \$2 trillion – 2 to 5 per cent of the world's GDP.¹⁵ In some states the black economy, or Gross Criminal Product, exceeds the formal economy. In Pakistan, for example, the black economy was, by the late 1990s, three times the size of the formal economy, and twice as much money from foreign remittances passed through the informal *hawala* system as through the formal banking system.¹⁶ In developed states the black economy can be partially integrated, through money-laundering, into the formal economy. For a half-century, laundered profits from drug trafficking have been recycled into American and Canadian real estate, notably in Florida and Nevada.¹⁷ And it is significant that before the US offered an emergency bailout to Mexico in 1982, thus preventing a default on payments to over-extended US banks, the CIA first verified that drug trafficking represented a significant source of the Mexican foreign exchange earnings needed for repayment.¹⁸

Conventional political theory, with its focus on the state as an arena and on its institutions as agents in domestic politics, fails to direct our attention towards parapolitics. So does conventional international relations theory, with its emphasis on sovereign states as coherent agents in international affairs. As Clifford Geertz's comments on 'the State' suggest, there may be a growing willingness to accept that there are limits to the usefulness of the 'state' as an analytical concept: 'the enormous variety of [the state's] forms and expressions and the multiplicity of the regimes it houses and of the politics it supports render the very idea elusive, awkward, protean, and problematical'.¹⁹ Parapolitics, with its attention to divided sovereignty, to illegal trade as a substitute for taxation, and to a world of 'safe zones', analogous to the 'safe houses' of domestic organised crime, is well placed to develop a new agenda. What will distinguish the parapolitical approach is a perspective which does not take the point of view of the state itself. Instead, it sees the state as competing for power and legitimacy with alternative power groupings, especially parastates, which themselves exhibit some of the same power features as the state. There is room in this neutral approach for both criticism and defence of traditional notions of state power and legal sovereignty.

HISTORICITY

Parapolitics is not just a new term but also a recent historical phenomenon. Although future investigation may show otherwise, current research suggests that parapolitics is primarily a phenomenon of the period since the First World War. It is intimately connected with the character of ostensibly democratic politics, with the rise of regulatory frameworks and with the character of the international system. These shallow roots suggest in turn that parapolitics will be a dynamic field in which scholars need to be alert to changing patterns, as well as underlying structures.

Parapolitics appears to have emerged from a confluence of three historical trends. The first of these trends is the spread of democracy during the twentieth century,

including the enfranchisement of women, the poor and, through decolonisation, former colonial subjects. At one level, this enfranchisement has increased the likelihood of at least occasional democratic outcomes, which threaten important, entrenched political, social and economic interests. At another level, it has focused attention on the potential effectiveness of manipulating public opinion so as to achieve desired outcomes from the democratic system. Awareness of the power of propaganda in the broadest sense to manage (that is to say, manipulate) public opinion has been deeply subversive of confidence in democracy and has given rise to a sustained effort by states to counter what they term 'subversion', by means of the clandestine management of public opinion. In particular, state security-intelligence organisations have been recruited on numerous occasions to stage phoney events designed to create public alarm for political purposes.

The second historical trend has been the massive growth of government regulation of society and the economy, especially of morality and the environment. This regulation has created niches for organised criminality where few or none existed in earlier times. That is to say, the law, by creating a barrier which excludes many or most people from participating in a certain activity, effectively reserves that activity for those who are strong enough, clever enough or daring enough to cross that barrier. Environmental protection measures and moral protection measures represent especially fertile areas for organised crime, because they restrict profitable or enjoyable human activity for highly-generalised social benefits. The classic example is Prohibition in the US, during which laws banning the sale and consumption of alcohol created a barrier which organised crime was best equipped to surmount. The consequences of Prohibition in creating a base for organised crime in the US have lasted well beyond the end of the ban on alcohol. We can now point to a large number of comparable cases, falling into four major categories: drugs (heroin, cocaine, marijuana and methamphetamines); sex (including prostitution and pornography); technology (including software and arms); and environmental contrabands (illegal logging, the trade in endangered species, the re-labelling and disposal of toxic waste and the illegal trade in chlorofluorocarbons [CFCs]). In short, greater regulation in recent historical times has created more niches for criminality.

The third historical trend is caused by the tension between contradictory principles in international law and practice. The so-called 'Westphalia system' of sovereign states spanning every square centimetre of land (and an increasing proportion of the sea) does not cope easily either with aspirations for national self-determination that do not coincide with existing state boundaries or with the reality that significant regions may be beyond the power of state authorities. The convention of territorial integrity, intended to outlaw conquest as a tool of national aggrandisement, makes secession difficult, unless it can be grounded in historical borders.

The consequence is a significant number of unrecognised states across the globe. These states, cut off from normal international commerce, often under constant military threat and commonly located in relatively underdeveloped regions, provide a ready territorial base for criminal activity. One of the clearest cases of early parapolitics is the involvement of the Japanese puppet state of Manchukuo in clandestine opium trade. Manchukuo was carved by the Japanese Kwantung Army in 1932 from Manchuria and parts of Inner Mongolia which had been under

Chinese sovereignty. It was internationally recognised only by Japan's allies, and became a key player in the international illegal narcotics trade.²⁰

STRUCTURE OR CONTRADICTION?

These observations on the historicity of parapolitics highlight a key unresolved tension within the parapolitical approach. Scholars of parapolitics are united in asserting that parapolitics is not simply a collection of strange tales from the margins of politics which serve only to mark out the extreme limits of human behaviour. That is to say, parapolitics does not blame rogue elements or evil geniuses (even though the subject matter of the approach is abundantly peopled with colourful characters). Rather it examines global political, social and economic structures to identify those features which permit or encourage the growth and maintenance of parapolitics. (This assumption implies, incidentally, that parapolitics will be remedied – if at all – by structural and policy changes, rather than by the pursuit of miscreants, although prosecution may well play some role in this process. Remediation, however, does not yet have a significant place in the parapolitical research agenda.)

Nonetheless, the historical discussion of parapolitics above suggests that it exists at the ragged intersection of political theories. Thus, the intervention of state security-intelligence apparatuses to manipulate public opinion lies at the uncomfortable discontinuity between democratic theory and theories of opinion management. Similarly, the role of state regulation in creating niches for crime may refer simply to the limits of state authority and to the tension between recognising the important public goods that a legal system normally brings to society and the fact that laws tend to reflect and defend the interests of the powerful. Likewise, the existence of unrecognised states clearly reflects the tension between the rival principles of state sovereignty and national self-determination.

The central question in parapolitics is, however, the extent to which moments of historical opportunity – Prohibition, the Cold War, environmental regulations – have permitted the emergence of structures that have become embedded in national and global systems. In other words, to what extent have criminal organisations (that is, organisations based in illegal trade and/or organisations which seek to subvert the democratic process by illegal means) acquired some, or even most, of the important functions of governmentality.

Specifically, we ask whether the resort of state security-intelligence organisations to the assassination of political enemies and the calculated manufacture of public alarm warrants a greater acceptance of Tilly's proposition that the modern state has its roots in a form of protection racket: states emerged as powerful institutions which extracted wealth from those they controlled, returning little but the promise to limit the extent of plunder and to keep other plunderers at bay.²¹ We ask whether state authorities manage the barrier between crime and non-crime precisely in order to create opportunities for organised crime. And we ask whether the existence of unrecognised states in various parts of the world, far from being a product of systemic failure, a product of unrequited tensions between sovereignty and self-determination, might not instead be a key part of a world-system characterised by

a pronounced division of labour between different territories, and the increasing challenge to some traditional states from the transnational forces.

We characterise this state of affairs as 'criminal sovereignty' because there has emerged a form of authority which is criminal both in its subversion of the formal political process and in its dependence on illegal trade, but which has important attributes of sovereignty by virtue of veto power within established polities and its control of territory which is then used for criminal purposes. Although 'criminal sovereignty' is sometimes used to refer to the sovereign authority of the state to define and prosecute crime, we believe that the term better expresses this new form of authority.

Parapolitics, then, is the study of criminal sovereignty, of criminals behaving as sovereigns and sovereigns behaving as criminals in a systematic way. It is not just a topic but an analytical conclusion. On the one hand, it goes significantly beyond the proposition that relations between security and intelligence organisations, international criminal networks and quasi-states are occasional and incidental, the work of 'rogue elements' and the like. On the other hand, it falls significantly short of grand conspiracy theory: it does not suggest that the world of visible, 'normal' politics is an illusion or that it is entirely subordinated to 'deep' politics. Rather, it proposes that the tripartite relationship between security and intelligence organisations, international criminal networks and quasi-states is systematic, extensive and influential. The task of parapolitics as a discipline is to identify the dynamics of that relationship and to delimit precisely the influence that it has, or does not have, on public politics.

Parapolitics is not a theory of everything. It is not comparable to the classic Marxist theory that the state in all its doings and manifestations is a consequence of underlying class relations, nor to that feminist theory which traces the fundamental character of society to patriarchy. We use the term 'shadow governance' as a synonym for parapolitics to indicate that the substance of the field is actual political practice, rather than a generalised understanding of the functioning of human society. Nonetheless, parapolitics as a field sharply challenges the often-uncomplicated understandings of 'the state' prevalent in liberal political theory and conventional international relations. It does this by asking how it is possible to use terms such as 'legitimacy', 'democracy' and 'sovereignty' when there exists a multitude of powerful institutions which have many of the attributes of states (including territoriality, a monopoly on the means of violence, taxation, a public bureaucracy and some form of the rule of law) but are not internationally recognised as a 'legitimate' state.

Parapolitics, then, offers the world a rich research agenda. The essays in this volume represent a step in delivering the fruits of that research.

NOTES

1. The word 'parapolitics' does not appear in the current edition of the *Oxford English Dictionary* and appears to be a back-formation from the term 'parapolitical'. Even that term, however, dates only to 1965, when the American political scientist David Easton coined it as an adjective referring to open and legal political sub-systems functioning within, and structurally dependent on, larger political systems. As a noun, 'parapolitics' gained currency in the 1970s, to denote a system or practice of

- politics in which accountability is consciously diminished. Peter Dale Scott, a contributor to this volume, so used the term in 1972; he has also contributed to this Introduction. Journals in Britain, France and America helped to popularise this use of the term, now widely used on the Internet.
2. John Marks, *The Search for the Manchurian Candidate: The CIA and Mind Control* (New York: Times Books, 1979).
3. See Ganser, this volume.
4. Italian EU parliamentarian Enrico Falqui, quoted in Ganser, this volume.
5. Tunander, this volume.
6. Alfred W. McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper Colophon Books, 1973).
7. Robert I. Rotberg defines 'failed states' as those which are 'tense, deeply conflicted, dangerous and contested bitterly by warring factions'. *State Failure and State Weakness in a Time of Terror* (Washington: World Peace Foundation, 2003), p. 5.
8. Rotberg defines 'weak states' as countries with a shorter list of dimensions of failure. Rotberg, *State Failure*, p. 5.
9. Ted Gurr, Barbara Harft and Monty G. Marshall, *State Failure Task Force Report: Phase III (Polity IV)* (McLean, VA: Science Applications International Corporation, 2003); as reported in Peter Reuter and Edwin M. Truman, *Chasing Dirty Money: The Fight Against Money Laundering* (Washington: Institute for International Economics, 2004), p. 157. Reuter and Truman group 'failed' and 'complex' states together as failing states. *Ibid.*
10. Robert I. Rotberg, 'The New Nature of Nation-State Failure', *Washington Quarterly* (Summer 2002), p. 90; quoted in Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York: Seven Stories Press, 2005), p. 145.
11. Wole Soyinka defines the 'quasi-state' as 'that elusive entity that may cover the full gamut of ideologies and religions, contends for power but is not defined by physical boundaries that mark the sovereign State'. Wole Soyinka, *Reith Lectures*, BBC, 2004, at www.bbc.co.uk/radio4/reith2004/lecture2.shtml (accessed 1 September 2006). He cites the example of Hezbollah in Lebanon.
12. Napoleoni, *Terror Incorporated*, p. 72.
13. See for example Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism* (Ithaca, NY: Cornell University Press, 2002).
14. Napoleoni, *Terror Incorporated*, p. 67; citing Christopher Pierson, *The Modern State* (London: Routledge, 1996): 'According to Professor Christopher Pierson, professor of politics at the University of Nottingham, a modern state displays nine main characteristics. Of these the "State-shell" [her term for a terrorist movement] shares four: a monopoly on the means of violence; territoriality; taxation; and public bureaucracy. The remaining five – sovereignty; constitutionality; the rule of law; impersonal power; and the legitimacy of authority and citizenship – are absent.' Napoleoni's notion of a 'State-shell' is modelled chiefly on the PLO and Hamas. We see greater variety among terrorist organisations, and prefer the less restrictive term 'incipient state' to describe any such organisation that aspires to acquire more state characteristics. But we accept her demonstration that 'State-shells' are not 'non-state actors'.
15. William Wechsler, 'Follow the Money', *Foreign Affairs* (July/August 2001), p. 45; Fabre, this volume.
16. Napoleoni, *Terror Incorporated*, pp. 106, 218.
17. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), pp. 198, 207.
18. Before the first loan was issued in 1982, the US government had already ascertained from the Drug Enforcement Administration and the CIA that the profits from drug exports for Colombia and Mexico 'probably represent 75 percent of source-country export earnings': James Mills, *The Underground Empire: Where Crime and Government Embrace* (New York: Dell, 1978), pp. 1135, 1181.
19. Clifford Geertz, 'What Was the Third World Revolution?' *Dissent* (Winter 2005), at www.dissentmagazine.org/article/?article=268 (accessed 1 September 2006).
20. See John M. Jennings, 'The Forgotten Plague: Opium and Narcotics in Korea under Japanese Rule, 1910–1945', *Modern Asian Studies*, 29/4 (1995), p. 795.
21. Charles Tilly, 'War Making and State Making as Organized Crime', in Peter Evans, Dietrich Rueschmeyer and Theda Skocpol (eds), *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), p. 169.

Part I

Theoretical Perspectives



Notes on Contributors

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