

## Aurelian Dreams: Gold Smuggling and Mobilities across Colonial and Contemporary Asia

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Between 1988 and 1995 Jacek lived in a two-bedroom luxury condominium in Singapore. He had lived in Asia since leaving Poland in the 1960s. Recently released from Delhi's Tihar prison, he revived a profitable gold smuggling syndicate. Many small-scale syndicates operated out of Singapore at that time, handling twenty or so couriers, the largest ones operated by Poles and Iranians. 'Syndicate' refers here to one or more individuals who invested in buying gold in Singapore, established buyers in India or transit countries, and recruited and paid couriers to smuggle it. Gold bars weighing 10 *tola* (116 gm) were readily bought tax-free from the bank or Indian money-changers. Import duties on gold into India were high, and smuggled gold could yield 20 per cent profit. A courier received US \$2,000 for transporting 5 kg (44 bars) and returning to Jacek the secreted cash in US dollars (c. US \$120,000). Jacek's core couriers rotated bed-spaces in the condominium. In the period 1989 to 1992, they included: Jon, a US Vietnam veteran and his partner Torin, who had an Ivy League degree in Mandarin. They lived on an *ex servicio* teak container boat on Bangkok's Chao Praya river and smuggled gold to finance their heroin habit. Avi, an ex-Israeli air pilot who had fought in the 1967 war, now flew gold runs, using his Australian-based wife and daughter as cover. Darek had been arrested in Delhi with smuggled gold and spent three years in Tihar jail. At the time I met him, he had just been released and was *en route* home to Poland for good. Isabelle, from France, worked with her Vietnamese stepmother to raise funds to release her daughter from Tihar jail, also imprisoned for gold smuggling. Mick, a British citizen in his fifties, had left his family and now did gold runs with his new Thai wife. For now, their marital home consisted of a makeshift tent in Jacek's second bedroom, a room they shared with other couriers. French backpacker Jean-Dominic was planning a future with Nellie, a Chinese-American seeking to escape her humdrum life in Maryland. They smuggled to finance their travels.

Jacek's business partner, a British woman called Sophia, occasionally smuggled gold with her own funds, but mostly met the couriers in Delhi or Bombay, or the transit stops Kathmandu or Colombo, where she sold the smuggled gold to dealers who then transported it by land or ship to India. The profits were higher for direct flights to India that bypassed the associated costs of transiting through third countries and paying middlemen, but these direct flights were also riskier. Security at Delhi airport was low tech, and low key, but undercover police were increasingly vigilant. If several couriers flew together, some might be caught. In India, Jacek would struggle to obtain their release through bribing officers, although customs in Nepal and Sri Lanka were still amenable. Avoiding the Indian High Commission in Singapore, for fear of drawing attention to the multiple, regular trips his couriers were making, Jacek had somehow acquired a real Indian visa stamp somewhere along the smuggling routes; he had somehow acquired a real Indian visa stamp for couriers' passports somewhere along the smuggling route; pages crudely pre-treated with paper glue allowed stamps to be frequently erased and re-applied. Money was easily made and spent; few questioned the future.

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This chapter comprises research into gold smuggling across Asia with a mobilities perspective, and archival research on gold smuggling between Singapore and urban destinations in India – primarily Bombay, Delhi, Calcutta and Madras (before their name changes after the mid-1990s). It considers the dissolving, re-forming, and adaptable route as a variable of rapid transformation in the ways the gold smuggling trade in the last two decades of the twentieth century reshaped Asian cities and their interconnections, and the ways its profits changed urban and social landscapes. It further develops the nexus of commodities and cities, mobility and routes, and some temporal and historical transformations in order to track and analyse the motile logic of illicit trades in gold between Asian cities. Beginning with the postcolonial island city-state of Singapore, it follows the legal export of gold through its transformation into an illegal commodity entering India.

The chapter draws on extensive archival research at the National Archives of Singapore, where using the keyword 'gold smuggling' to search all English-language newspapers from 1900 to 2014 (after which the trade declined) produced 1,840 results. Reflecting the trade's fully international character, it additionally draws on the stories of a Polish and an Iranian syndicate chief respectively, a British handler, and Western smugglers. I met these actors when I lived in Singapore between 1989 and 1992. I

maintained contact with them intermittently and made extensive notes in my personal diaries on their stories, as well as during several meetings between 1995 and 2009, with the aim of fictionalising them someday. These stories were elicited with consent, are fully anonymised, have been updated for this chapter, and verified with their authors where possible. Identifying features have been removed or changed. They illustrate the easy slippage between il/legality characterising the city's social landscape at that time, and the human economies of trust, cohesion and secrecy that enabled high-risk networks to flourish while endangering individual and collective freedoms in playing for high financial rewards.

This chapter aligns broadly with anthropological studies of single everyday commodities, and their social, economic and global networks and histories of circulation. These include Sidney Mintz's study<sup>i</sup> of the place of sugar in the Euro-American history of colonialism and slavery through to its shaping of capitalism, class, and modern eating habits; Emma Tarlo's study<sup>ii</sup> of global and local networks through which human hair circulates; and Frederick Errington, Tatsuro Fukijura and Deborah Gewertz's study of the global rise of the instant noodle as an industrial food.<sup>iii</sup>

Following an object like the gold bar also enables a questioning of the trade's social and economic organisation; ways the trade shaped the international, highly mobile social fabric of the city; and Singapore as a regional pull-factor for smuggling syndicates, and its relation to cities along other il/licit trade routes across Asia. It reveals the ways profits from gold smuggling were channelled into legalised businesses (hotels, property), alongside how networks became entrenched in parallel illegal activities involving smuggling of drugs, antiquities, rare animals, gemstones, currency – and later the smuggling of people to Europe. It also implicates gold's use as a hidden currency to buy weapons for insurgency movements (e.g. in Khalistan and Kashmir).

Several existing studies have examined territorialised attempts to mine and profit legally from gold locally or between states, or else focused on power and wealth dynamics between global mercantile communities, global corporate businesses, liberalisation and modern finance.<sup>iv</sup> Complementary to this study's approach, Nisha Mathew<sup>v</sup> explores how mercantile communities, Hindu, Jewish, Muslim and Christian communities in Dubai, and global businesses in gold became integral to trading networks in gold reaching from Malabar on India's south-west coast to South-East Asia, wherein the legal and illegal merged, often inseparably, in the late twentieth and early twenty-first century. Also drawing colonial and postcolonial connections, she shows how illegal flows from Dubai to Bombay were constituted by international monetary politics in the Persian Gulf that shaped gold smuggling as a trans-regional economy operating in the interstices of the retreating British empire, Partition, and Bombay's postcolonial history.<sup>vi</sup>

While there have been various historical attempts to mine, trade and profit from gold on a legal basis in colonial Singapore and the region,<sup>vii</sup> a focus on gold smuggling offers productive insights into the mobility, fluidity, and swift adaptability of people and trade across markets in Asia. That is, when seen from places such as Singapore, and from a smuggler's perspective, a picture of mutability and mobility involving multiple circuitous maritime, terrestrial and aerial routes in the il/licit movement of gold across states, markets and places emerges more clearly. Gold (Au, Latin *aurum*), is a transition metal in the Periodic Table of the elements; it transmutes in form and value. As a commodity, its value lies in its materiality: in its chimeric capacity to rapidly change from the rough spoils of mining to fine-crafted jewellery, coinage, bride-wealth, bullion, shares, bribes and investments, to connect with the illegal traffic of money, weapons payments, investments in property, prison terms, and people. Likewise, the overland, aerial or maritime character of routes through cities that enable lesser tracked movements of gold can divert analytic attention away from state-ism, territoriality and fixed materiality, towards a more fluid and joined-up perspective involving social and human connections.

The conditions for gold smuggling to India emerge within a relatively neglected aspect of economic growth in Singapore's distinct history. Singapore offers an interesting vantage-point to investigate gold smuggling as it entangled with urban diversity, shifting boundaries, and social relationships evolved through waves of migration, trade, and gold's distribution across Asian cities. Although gold smuggling to India involving the Middle East and South Asia spans the entire period after the Second World War, this chapter focuses on a 'boom' period during the 1980s and early 1990s, when Polish and Iranian syndicates dominated gold smuggling in Singapore. The period coincides with Poland's transformation post-1989 from a socialist to a market economy, and Iranian migrations across the world after the 1979 revolution.

The confluence of state complicity in illegal trades, British colonial infrastructures, and international monetary politics enabled smuggling markets, routes, networks, and a highly mobile cartography of licit and illicit money flows to traverse different time zones, historical moments, and

Asian cities. Singapore's infrastructural significance lies in its colonial legacy as a free port, established in 1819 by the British East India Company (EIC). Likewise, gold has been instrumental to reviving connections from Britain's imperial past, and creating new connections between mining companies, banks, bullion dealers, refiners, cartels and states.<sup>xiii</sup> Singapore thereby assumes historical importance in thinking about state complicity, the advantages to the state of turning a blind eye to illicit trades, and the state's role in brokering relations between licit and illicit money. Emphasising the significance of an early financial system that profited from inter-regional maritime and terrestrial trade routes, with clear links to present-day trades, the chapter also urges paying attention to cyclicity, and to ways old trade routes and 'silk roads' are repurposed and reimagined in the movements of gold across Asia. It views the social and human embroidery of the region, city, route, trade, and licit and illicit urban fabric as inextricably connected.

### **Singapore: duty-free-smuggling, reciprocity and connection**

In 1819 Stamford Raffles founded Singapore as an imperial outpost of the EIC which would be 'open to ships and vessels of every nation, free of duty', in order to destroy the Dutch monopoly in the East Indies.<sup>ix</sup> By the 1850s, Singapore was the principal trading centre in the South-East Asian Nusantara – encompassing a maritime network of approximate 25,000 islands traversing contemporary Singapore, Indonesia, Malaysia, southern Thailand, the Philippines, and Cambodia – and strategically connecting west and east Asia, and Europe and China. Colonial accounts detail British struggles to tame a crocodile-infested backwater and immoral quagmire of gambling, squalor, and opium addicts (migrants were first brought from China addicted to opium which the British imported from India). Under British rule, opium was legal, taxed and highly profitable: between 1825 and 1910 the annual income accrued from the opium trade accounted for 30 to 55 per cent of total tax revenue to the Singapore government.<sup>x</sup>

Singapore became a Crown colony in 1867. Its population expanded with migrants from the Malay Archipelago, China, Hadhramaut on the Arabian peninsula, and South Asia. While many were traders, many more worked in Malayan mines and plantations. Malayan rubber and tin drove Singapore's growth as an international export and financial centre. In its early years, Indian convicts were sent to Singapore to build roads and government offices.<sup>xi</sup> By the 1830s, Chinese were the largest ethnic group and Chinese merchants (*towkays*) dominated commerce for most of the nineteenth century. In the 1920s and 1930s, goldsmiths established businesses along South Bridge Road – with some Chinese family businesses, such as Poh Heng, still popular for their traditional *si dian jin* ('four touches of gold') wedding sets.<sup>xii</sup> Indian entrepreneurs, latterly Sikhs, engaged areas of finance: insurance, banking, and money-lending. The money-changers involved in twentieth-century gold smuggling were also Indians, and the gold dealers in India were mostly Sikhs, demonstrating the historical entanglement of licit moneylending and conditions developed in the nineteenth and twentieth centuries through Indian migration flows.

Smuggling anywhere emerges symbiotically and relationally with regard to market restrictions, tax conditions and economic geography. For example, in the early twentieth century an increase in opium smuggling at the Malay-Singapore border was reported after an increase in opium taxes in Singapore. Subsequent reports detailed cases in Singapore of arms smuggling, hog smuggling, tin smuggling, and large-scale smuggling networks in rubber and spices from Indonesia involving government officers. Gold smuggling spanned Asia and was also smuggled in large quantities into Europe throughout the twentieth century. The post-Second World War scenario involving Singapore reveals a continuous history of gold smuggling that profited from high import taxes in destination countries including India, Malaysia, Thailand, and Indonesia.

Archival research on patterns of gold smuggling in the post-war decades uncovers a regional picture involving different scales and actors, including government officials, government ministers, British, Singapore and Chinese national airlines staff and pilots, diplomats, parliamentarians, governors, ambassadors, UN officials, foreign nationals, small-time smugglers, and links reported in the Singapore press between gold smuggling, arms and heroin smuggling, and separatist and so-called terrorist groups. Heads of small syndicates (say, with ten to twenty couriers, such as those mentioned earlier) and larger-scale smugglers were imprisoned across Asia, in Taiwan, Indonesia, Malaysia, Thailand, Japan and the Philippines. Gold smuggling into India increased exponentially after 1963, following changes to the 1948 Gold Act. Arrests increased significantly in the four principal destination cities of Bombay, Delhi, Madras and Calcutta – as well as the transit countries of Nepal, Pakistan, Sri Lanka and Bangladesh. The key origin countries for gold smuggling were the duty-free ports and former British colonies of

Singapore and Hong Kong, and also Dubai. While throughout the 1980s gold was smuggled across East and South-East Asia, the largest market in the world by far was India.

To briefly historicise the trade, the year 1948 heralded Indian's golden age of smuggling.<sup>xiii</sup> In 1948 the Indian government placed a ban on gold imports to limit domestic consumption of gold, conserve foreign exchange reserves for more essential commodities, and boost India's economy. Demand for gold continued, however, and an illicit market profited from the gap in domestic gold production and consumption. Pakistan was an important early transit country; camels transported gold across the border with India. While in the mid twentieth century fencing was erected along the Western coastal Pondicherry and Karaikal borders to curb smuggling to India from Persian Gulf ports in *dhow*s, the measures were largely ineffective as gold continued to be found along Indian seashores.

Subsequently, in 1962 the India Gold Control Act banned all forward trading in gold. This preceded a ban in 1963 on gold jewellery production, and a gold bond scheme with tax incentives in 1965. The measures were ineffective, leading to the 1968 Gold Control Act and an era of licensing. The act prohibited citizens from owning personal gold in the form of bars and coins, goldsmiths from owning more than 100 g, and licensed dealers more than 2 kg. Prohibitions on trading and mobility banned dealers from trading with each other, and permits were required to transport gold between cities. The legislation quashed the official gold market, and set the conditions for an unprecedented cash-based black market in bullion and illegal mobilities. These, in turn, attracted Polish and Iranian migrant entrepreneurs, such as I write about, on the move after massive political and economic upheavals in their countries, as well as Western backpackers and Vietnam veterans such as Jon.

Throughout the 1970s and 1980s, gold smuggling entered a golden age with syndicates sending ten to twenty carriers per flight, and crew members of Singapore International Airlines (SIA) heavily involved. During this period we can read reports about gold smuggling to Jakarta and South Korea from Singapore, large caches seized in Nepal, a 'business boom for gold smuggling in Asia',<sup>xiv</sup> and the 'threat posed by smuggling' to India's economy.<sup>xv</sup> Reports detailed seizures of gold worth several millions of US dollars and high-profile arrests across a network of routes from Dhaka to Colombo, Islamabad, Bangkok, and Indian ports and airports. By the late 1980s, sentences were harsher as national economies suffered. Bangladesh introduced the death penalty, and many SIA crew members were imprisoned. To deter smuggling syndicates, SIA issued a list of thirteen 'forbidden cities' crew members could not request to fly to because they had featured in arrests of SIA crew, or attracted smuggling syndicates. These were: Jakarta, Seoul, Kathmandu, Colombo, Bombay, Madras, New Delhi, Calcutta, Karachi, Dacca, Istanbul, Tokyo and Osaka.

In 1978 the Indian government proposed selling gold reserves to check smuggling, inflationary pressure, and meet a large budget deficit. Control measures failed to quell domestic demand, and consumption increased from 50 tonnes in 1980 to 175 tonnes in 1985, including recycled and smuggled gold, which bullion experts believed was under-estimated by around half. Bullion market watchers estimated government losses of more than US \$2.5 billion annually in money smugglers repatriated outside the country; in 1988 customs authorities seized 6.1 tonnes, but an estimated 80 tonnes entered India that year. The situation continued until 1990 when severe foreign exchange problems led to the repeal of the Gold Control Act. Through taxes and restrictions, the government sought to divert profits from smugglers.

India simultaneously embarked upon economic liberalisation benefiting the gold market on payment of an import duty of Rs 250 per 10 g. From practically no gold being officially or legally imported in 1991, India officially imported more than 110 tonnes of gold in 1992. Smuggling increased accordingly. In 1991 the annual smuggling of gold was valued at US \$3.5 billion. This figure was extraordinary given India was negotiating standby credit of US \$2.1 billion that year from the International Monetary Fund: a full 60 per cent the value of gold smuggled into the country. An Asian state where gold was readily available to be exported tax-free, Singapore was at the frontline.

### **Enter foreign smugglers**

Lee Kwan Yew, Singapore's prime minister between 1959 and 1990, was hugely successful in the economic development of the country. He did not apply tariffs to gold imports or exports. By the 1980s Singapore was a major financial centre and established stopover for Western tourists and backpackers; migrant workers from Asia and Europe; foreign syndicates (Australian, English, Polish, Iranian smugglers) who traded in fake passports, gold smuggling, and people smuggling. In 1989 I was living in a family apartment in Singapore and teaching English. I met Sophia, an English woman based in

Singapore but dispatched by Singapore handlers to live in Colombo for some months, from where she periodically returned, who worked for a Polish gold smuggling syndicate and we became friends. Smuggling, as with all social or economic activity in Singapore, was racialised and gendered, reflecting colonial discourses of white female innocence and brown male criminality. As a white middle-class British woman living in postcolonial Singapore's highly racialised and racist society<sup>xvi</sup> – who socialised with British expatriate workers and attended embassy parties, Sophia appeared an unlikely smuggler. Directly arising from Singapore's racialised legacy of empire, white Western women were preferred as couriers, and Polish smugglers were putatively less suspicious than Iranians or brown-skinned migrants from poorer countries across South Asia.

Many Poles living in Singapore in the late 1980s on repeated 90-day tourist visas had embraced Poland's era of post-socialist economic liberalisation. One consequence of liberalisation after 1989 was a host of Polish traders and crime syndicates across Asia seeking investment funds. Poland had a long history of economic and cultural cooperation with India from the 1950s to 1990s that reflected a search for alternatives to the Western modernity model, and the national 'socialist modernisation' discourse.<sup>xvii</sup> This was accompanied by a cultural and spiritual fascination with the 'East'. Such links enabled the development of an early informal 'suitcase trade' in household goods. In the 1960s and 1970s Polish mountaineers in Nepal and India smuggled drugs overland to fund expeditions. In the 1980s, assisted by regular flights of LOT Polish Airlines, enormous quantities of wholesale goods were exported to India, and Indian textiles travelled back<sup>xviii</sup> Other entrepreneurs concentrated on gold smuggling – in Jacek's case, developing existing Polish networks in drugs and currency smuggling in Asia. Jacek's business partner Sophia, who received and sold on the gold when it arrived in India or transit places, first encountered smuggling in 1988 in Thailand, through a Canadian woman Karin. Karin worked for Polish and Yugoslavian syndicates to recruit couriers from budget hostels, and introduced Sophia to Jacek. Karin typically received US \$200 for referring Western European passport holders, less for non-white or single male 'tourists' more likely to appear suspicious to Indian customs officials and be checked. In Singapore, Sophia met Jacek seeking to start afresh following a prison term in Delhi, and they joined forces as business partners.

Initially, couriers carried tax-free electronics from Singapore to India, where import duties were high: Sony M7 video cameras, MC10 VCRs, and cameras were all valuable for India's booming wedding party market. Syndicate heads profited ingeniously from the Singapore-Delhi route with a transit to a domestic carrier in Bombay. As Sophia described, on arrival couriers tried to avoid getting a TBRE ('to be re-exported') stamp in their passport which preventing them selling the electronics. Later, when Jacek and Sophia began adding gold bars to M7 battery compartments, a TBRE stamp was desirable so goods could not be seized. In transit in Bombay, the courier would hand over the electronics to a contact there, take a domestic connection, collect more electronics on the Bombay luggage belt duplicated with the *same* serial numbers, transfer the additional goods in Bombay, and receive payment. On the return flight to Singapore they collected the TBRE'd electronics, and transferred them in transit in Delhi. Jacek and others in higher ranks re-marked the serial numbers in Singapore multiple times so batches appeared the same. Gradually they added gold bars to VCRs or video cameras, and gold took over.

Polish couriers flew mostly on Western European passports with the air of 'wealth' they imputed to their holders, depending on which passports the smugglers could acquire. Pre-Schengen, falsification was simple. As direct flights became riskier and losses more costly, couriers flew to transit countries – Sri Lanka and Nepal – from where dealers transported the gold overland or by ship. These routes yielded lower profits. The Sri Lankan civil war meant bombs, bomb-scares, and the presence of army personnel all over Colombo. Sophia lived there for some months, but few tourists and too many middle-men involved in transportation to India lowered profits. She drew attention as a single white 'business woman' living alone during the war, and returned to Singapore.

Couriers rarely absconded; if, like Alex, a Belgian backpacker in his twenties, they did, they were usually found in Western backpacker centres in Bangkok, Nepal, or Hong Kong, and beaten until they returned the money. Polish smugglers exchanged currency and bought gold from Singapore money-changers. Larger-scale smugglers sent containers carrying tons of gold from Nepal to India; and by ship to Bombay and Colombo. Later, when the risks pertaining to gold-smuggling outweighed profits, and smugglers turned to drugs, absconders or dishonest dealers were killed.

The Poles' dealers in Delhi were Sikhs, small business owners. According to Jacek and money changers in Singapore, gold was the currency used to buy weapons destined for Kashmir, for Pakistani militant groups in Kashmir, and the Sikh nationalist movement for an independent Khalistan. After anti-