



Organized Crime: A Major Threat to State Security

by Walter Kegö

According to United Nations Office on Drugs and Crime (UNODC) transnational organized crime is one of the major threats to human security, impeding the social, economic, political and cultural development of societies worldwide. It is a multi-faceted phenomenon and has manifested itself in different activities, among others, drug trafficking, trafficking in human beings; trafficking in firearms; smuggling of migrants; money laundering; etc. In particular drug trafficking is one of the main activities of organized crime groups, generating enormous profits. UNODC works closely with Governments, international organizations and civil society to strengthen cooperation to counter the pervasive influence of organized crime and drug trafficking.

Up until the mid-1980s organized crime was considered a problem that concerned only a limited number of countries – primarily the United States Italy, China, Colombia and possibly even Japan. Up until then, researchers, the political leaderships and the general public, in nearly all European countries, aside from Italy, regarded themselves as largely unaffected by organized crime. Twenty years later, the European landscape has changed dramatically. Today, virtually all European national law enforcement agencies admit that they have serious problems with organized crime. The fight against organized crime represents a priority of Europol and most domestic law enforcement agencies. There is concern about the threats posed by organized crime in media and the public, not only in Europe, but also worldwide.

Experts usually agree that criminal organizations typically share a number of common features: they operate with some permanence as a structured group, commit serious crimes for the sake of profit, use extreme violence and corruption as part of their modus operandi, and launder the proceeds of criminal activities into the legal economy.

We are familiar with the origins of the problem. Initially, we called it mafia. Elsewhere in Europe, North America and the Far East the names were cartels, mobsters, syndicates, yakuza, triads etc. This was the time when criminal groups were domestic in size and culture and with limited cross-border ties. A quarter of a century later, the threat looms larger, is more serious and, also, is more widely spread, geographically speaking.

The problem of transnational organized crime is a serious one that demands attentive investigation and greater availability of resources, in comparison to what has been allocated to it before. It is clear that the Chinese triads, Russian criminal organizations, Colombian cartels, Japanese Yakuza, Sicilian Mafia (as well as other Italian groups, such as the Neapolitan Camorra, 'Ndrangheta, and Sacra Corona Unita), Nigerian criminal organizations, and Turkish drug-trafficking groups engage in extensive criminal activities on a regional and, often, global basis.

Origins of the threat

The threat to national security became increasingly tangible with the collapse of Communism and the end of the Cold War. Since then, the planet has become a global village for transnational criminals. By facilitating the movement of people, goods, capital and services, globalization has promoted economic growth especially in Asia and, later on, in Latin America. On the negative side, globalization has also helped to spread insecurity, organized crime and violence.

Encumbered in many ways, law enforcement agencies have not been as quick to adapt to this new situation and criminals are well aware of this fact. Transnational criminal organizations exploit the inherent difficulties of international law enforcement agencies, in order to conduct their illegal activities and hide their illicit proceeds in ways that minimize the risk that they will be arrested or prosecuted, or have their assets forfeited.



Criminals have posed a threat to people and property since time immemorial. For centuries, the concern was more about conventional crime, namely offences against individuals and assets in the form of murder, fraud and theft. Today, the nature of crime has changed. It has become more organized and transnational and it has reached macro-economic dimensions. But it has also turned into a global business operating in collusion with legitimate activities.

The present trend is that criminal groups specialise in providing particular services, such as drug importation, drug concealment, fraudulent documentation, money laundering, street enforcement, and for networks of criminals to set up operations using a convergence of these skills. A criminal enterprise today is highly efficient in terms of expertise and manpower. The tendency to use one network for one job, and then organize another network for another job, makes the role of law enforcement agencies, in tackling these groups, much more trans-jurisdictional, and therefore much more difficult.

From the point of view of criminals, it is not the commodity trafficked or the service provided which counts – whether that be heroin, amphetamines, firearms, human smuggling, sex trafficking, piracy, intellectual property crimes, credit card fraud, identity fraud or trafficking in weapons of mass destruction – it is the capacity to undertake these activities at the lowest risk of detection whilst generating the highest profit, that motivates them.

Supporting these criminal networks is a range of professionals operating along the margins of criminality, but without whom transnational crime would not succeed. They include lawyers, accountants, financial advisers, bankers, stockbrokers, IT specialists, businessmen, chemists, corrupt politicians, judges and magistrates, government officials, police, customs officers and military personnel; and even compliant media people and clerics. Increasingly, criminal profits are not used for the lavish lifestyles of the criminals involved, but for investment in legitimate business, property and shares. At the end of the day, quite a significant part of the criminal profits generated by criminal enterprises may have been generated from legitimate business activities, using funds derived from illegitimate or criminal activities.

The Economics of Global Organized Crime

Transnational criminality has more recently diversified into money-laundering, identity-theft, cyber-crime, human trafficking and exploitation of natural resources. We cannot assess the dimensions of this global business, though we can guess that, in size and impact, it dwarfs any legitimate trade.

Estimates of the total value of organized crime vary widely. Havocscope, an online database of black market activities, estimates world illicit trade to be almost \$730 billion per year, with counterfeiting and piracy to be \$300 billion – \$1 trillion, trade in environmental goods \$69 billion and weapons trade \$10 billion. The illicit drug trade is believed to be valued at between \$500 and \$900 billion worldwide. Analysts identify cocaine and heroin trafficking as the most profitable criminal activity for transnational groups. Trafficking in persons for sexual exploitation or forced labor is one of organized crime's largest revenue sources, generating \$9.5 billion annually, according to the FBI.

McAfee, an IT security company estimates that theft and breaches from cybercrime may have cost businesses as much as \$1 trillion in 2008. These figures do not include extortion or organized crime's part of the \$1 trillion in bribes that the World Bank estimates is paid annually or its part of the estimated \$1.5–6.5 trillion in laundered money.

It is indeed bad when international mafias recycle dirty money into the economy, undermining the health of productive systems. It is even worse when they buy elections, the military, even presidents - in other words, when they buy power. Worst of all is when they forge links with international terrorism and rogue powers. This turns them into a security threat to cities, sovereign states and even entire regions. The threat is so serious that the UN Security Council has considered its implications in several theaters. The threat is so real that around the world, the fear of organized crime has changed strategic doctrines and threat assessments. In short, the warning signs are everywhere and this is indeed a threat to us all.

The international economic threat posed by transnational organized crime in an increasingly global economy is among the new threats to national security. The major economic powers and the less developed nations did not previously share a collective problem of this nature. The



transnational criminal networks do not just affect a selected group of financial institutions or regional areas. They affect international financial networks and economies at national and regional levels. These new threats will also present new conflicts that will require innovative strategies in the future, since we today have global cooperation among transnational criminal groups.

Transnational criminal groups presently pose a threat to the international financial markets since the world economy becomes increasingly interdependent. The laundering of billions of dollars from organized crime money will worsen national debt problems because large sums of money will be lost as tax revenue to the countries governments. This situation will further deteriorate due to the current global economic crises.

The Biggest Threat to Humanity

The Director General of the UNODC, Maria da Costa has expressed very grave concern over the systemic and destabilizing effects of organized crime globally on civil society. In Mr. Costa's view, the "real climate change" facing humanity is the current social disintegration of civil society in many countries, and the fact that many countries are not aware of the massive problems that organized crime will cause in the future.

Many small countries do not have the capacity to deal with the activities of transnational organized crime and in some cases nations may depend upon the capital investment from organized crime. This can be seen in small island nations in the Atlantic, which allow the daily transit of aircrafts believed to be carrying large quantities of illicit drugs.

The migration of large groups from North and West Africa into Europe has been identified as a key issue for law enforcement. Some European law enforcement agencies claim that states in West Africa with weak and corrupt governments are becoming havens for transnational criminal groups. It was suggested that certain North African groups in particular are involved in the importation, distribution and sales of illicit commodities, including drugs and arms. Also, in West Africa, some criminal groups fund private armies to protect their "business interests."

In Italy mafia organizations are the most entrenched, and their criminal activities pervade all aspects of Italian

society. These mafia organizations evolved in the second half of the eighteenth century, when prominent local families, through their patronage and support of local communities, became responsible for, and took control of, towns and regions. To maintain their power base these families engaged in violence and extortion and over time have increasingly become involved in profitable illegal activities. Law enforcement officers in Italy have identified four main Mafia groups operating in Italy. These are the Costa Nostra or Sicilian Mafia; the Camorra or Neapolitan Mafia; the 'Ndrangheta or Calabria Mafia; and the Sacra Corona Unita or United Sacred Crown based in Puglia. Like legitimate businesses, the mafia has forged international links with business partners, in particular in South America and Northern Africa. The relationship between organized crime groups in these geographic regions is symbiotic, with Italian crime groups placed at the centre of the supply and distribution chain of many illegal substances.

Throughout Europe we are consistently told of the global and transnational nature of organized crime. Europol outlines that criminal enterprises are developing an operational model based upon legitimate international businesses and business hubs. Like legitimate businesses, organized criminal enterprises are establishing business hubs through which a range of illegal commodities can be distributed. A number of criminal groups from the former Russian Federation have established links between international criminal enterprises and can source any illegal commodity and distribute it across the globe.

Correspondingly, organized crime has become more "business-like," with the structure of criminal organizations imitating international business to take advantage of the increased opportunities for higher profits from transnational illicit activity. A move away from strictly clan-based and localized models of operation has led to an internationalization of criminal groups' activities and to a much greater cooperation between groups of different nationality and geographical remit to support this.

Criminalization of States

When governance is weak and where there is no state control of the territory, criminals take advantage of the chaos and perpetuate it, no matter the humanitarian costs. Central Africa, the Andean countries, West Asia and parts



of South-East Asia have become improvised trafficking zones, run by crime cartels that operate under the protection, or in collusion with insurgents.

It can also be observed today, furthermore, that government officials have very close ties with organized crime in far too many countries. This is to be regarded as one of the biggest threats to political security and stability in a number of countries where organized crime is present. A further problem is that many criminals have ventured into politics, as seen in countries like Colombia, Mexico, Pakistan, and Afghanistan. In a worst-case scenario, a country may develop into a so-called narco-state, in which a country's economic foundations are underpinned by narcotics and political power is transferred to criminals. If this is the case, efforts for taking action against the illegal narcotics trade will be severely hampered or even rendered impossible.

In a globalized world, characterized by massive flows of people, goods, money, and information, terrorist and criminal organizations exploiting deficiencies in one country pose a threat not only to that country but also to others. The limited capacity of some countries in law enforcement and gaps in legislative frameworks, and other areas, generates loopholes in overall international efforts to counter transnational organized crime.

In many countries, illicit narcotics trafficking and the altering structures of criminal organizations have led to a criminalization of the economy, which is currently, to a large degree, based on drug related activities. This does not only concern the economies of producer states, but it is also valid for those countries' economies that lie along the trafficking routes for narcotics.

Drug cartels go to great lengths to conceal the movement of drug money. As drug money makes its way back to the source of supply, it passes through a network of money laundering operations which often use front companies to cover for the transfer of large sums of money. Popular front businesses include, but are not limited to, real estate companies, hotels, currency exchange companies, automotive sales companies, restaurants, and other small businesses.

Conclusion

Unfortunately, organized crime is often viewed in a national context by researchers and politicians. Few studies

frame this problem as an international political security issue. In many parts of the world, organized crime has been allowed to evolve in such a way that it has had serious economic, political, and military repercussions. Even if the UN and other institutions have approached related problems, there is still a significant lack of political awareness of the severity of the problems in many countries.

Combating a multifaceted problem such as transnational criminality requires a range of measures, but also a continuous assessment of results. The arrangements and efforts made so far have not been as effective as desired. If crime control would be aimed at interfering with the significant criminal capital-flows channeled through the regular financial systems, it would make a big difference in the battle against criminality.

Therefore it is time to combat transnational criminality in a new and more efficient way. The idea is simple: make it harder to be a criminal. Employ the following maxim: crime should never pay off.

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