

THE DARK SIDE OF LIFE: GLOBALIZATION AND INTERNATIONAL ORGANIZED CRIME

REG WHITAKER

Economic globalization is a more complex concept than terms such as ‘transnational corporations’ and ‘international finance’ would immediately suggest. There is a licit global economy, but there is also an illicit global economy. The first is capitalist, the second is criminal. Moral critiques of capitalism aside, it is important to distinguish between the lawful and the unlawful, the licit and the illicit, because these differences have enormous consequences in the real world of wealth and power, especially for the emerging governance of the global economy.

THE BRIGHT SIDE AND THE DARK SIDE

Economic globalization has a public face, reflected in investment flows and currency exchanges, followed and publicized daily in the media, celebrated loudly by its impresarios and apologists, criticized by its detractors in public demonstrations. This is the open face, or what I will call the ‘Bright Side’ of globalization. I choose the word ‘bright’ both in a literal sense, reflecting the relative glare of publicity, and in the ironic sense that Monty Python closed *The Life of Brian* with the crucified singing a cheery chorus of ‘Always look on the bright side of life’. The brightness apparently lies in the lack of obvious alternatives.

There is also a ‘Dark Side’, and here I am not referring to what globalization’s critics point to as the underside of the promise, the exploitation and immiseration caused by rampant global capitalism. Rather I am referring to capitalism’s dark *doppelgänger*, the criminal or illicit economy, which has always shadowed capitalism throughout its history, mimicking its methods, actively seeking the opportunities of markets not served by its legal counterparts, sometimes working in tacit alliance but more often in competition with its counterparts, sometimes passing in one or two generations from outlaws to in-laws of the legitimate order.

Organized crime was a presence in the era of national capitalist development. As capitalism's reach across national borders has accelerated, so too has the internationalization of criminal enterprise. The same technologies that have enabled cross-border capital flows in real time also facilitate cross-border criminal activity. Global financial mechanisms are shadowed by money laundering. Products proscribed by national laws, such as narcotics and prostitution, are provided by criminal organizations. In other cases, legal products are distributed by illegal means at lower prices (as with the global marketing of stolen automobiles). In other instances, legal products are provided by legal companies to illegal organizations who market them at lower prices through tax evasion (as with the collusion between cigarette manufacturers and smuggling networks). In other cases, products that are legally available to some customers are provided by criminal organizations to proscribed customers (as with illegal arms traffic). The combination of positive and negative inducements traditionally offered by capitalists to influence states that attempt to tax and regulate their activities (from political campaign funding to threats to pull out investment) are mirrored by a combination of bribery and intimidation used by criminal organizations on states interfering with their activities.

In December 2000 the United States government, at the direction of the President, produced an *International Crime Threat Assessment*, with the collaboration of all the major US security, intelligence, and law enforcement agencies.¹ This document begins its analysis of the growth of international criminal activity by painting the global landscape after the end of the Cold War. The breakdown of political and economic barriers with the collapse of the Soviet Bloc has encouraged an ever widening economic and trade liberalization, assisted by rapid technological advances in transportation and communication. The globalization of business and the explosion in international travel have contributed to an unprecedented freedom of movement of capital, goods, and services. All of these are of course welcomed and indeed heralded by the enthusiasts of capitalism, among whom the United States constitutes the vanguard. But the Bright Side's lustre glitters for a moment only to be shadowed by the Dark Side.

The dynamics of globalization, however, particularly the reduction of barriers to the movement of people, goods, and financial transactions across borders, have enabled international crime groups to expand their global reach and criminal business interests. International organized crime groups are able to operate increasingly outside traditional parameters, take quick advantage of new opportunities, and move more rapidly into new geographic areas. The major international organized crime groups have become more global in their operations, while many smaller and more local crime groups have expanded beyond their country's borders to become regional crime threats.

Does this have a familiar ring to it? The eerie parallels with the Bright Side are developed further yet in the *International Crime Threat Assessment* document. Most

organized criminal groups, the authors argue, have the following characteristics in common:

Seeking financial gain: '[g]reed and the quest for profits probably dictates more organized crime decisions than any other single motive. It is this consuming desire for money, and the power that typically goes with it, which drives and sustains organized crime.'

Member loyalty: through ethnicity and family considerations, most groups preferring their members to be of the same ethnic background: '[c]riminals generally believe they can better trust those people they know...Second, some of these groups originated from the pursuit of a common goal or scheme, whether economic, societal, or political.'

Pursuing corruption of government officials: '[m]ost organized crime groups have been enormously successful in their illegal ventures because they have successfully corrupted those persons charged with investigating and prosecuting them.'

Organizational maturity: '[o]rganized crime groups have some permanence and do not depend on the continuing participation of one or a few individuals for their existence.'

Hierarchical structure: with defined leadership-subordinate roles, through which the group's objectives are achieved.

Diversification: typically, groups engage in more than one kind of crime.

Multi-jurisdictional activities: groups operate over large areas of a region or countries.

Most of these attributes apply to licit business organizations. The ethnic base might seem at first glance peculiar to criminal groups, until one recalls that transnational corporations are not truly transnational, but are first and foremost American or Japanese or German or British. Of course they recruit managerial talent from outside their national base, but generally without losing their core national identity. The Mafia operating in America have Sicilian origins and strong Sicilian cultural discipline, but this has not prevented them from hiring non-Sicilian specialists to help run their operations from time to time. Globalization has not yet resulted in global organizations that transcend their national, or at best, regional, origins. Instead there are nationally or regionally based organizations that operate on a global scale. Criminal organizations perhaps differ from transnational corporations in the degree to which ethnicity defines membership in the inner core, a constraint made necessary by the greater secrecy in which they operate and the greater pressures to maintain loyalty and prevent penetration by police, as well as by rival criminal organizations.² It might be noted that ethnic/religious/kinship bonds have proved very useful as barriers to penetration among another set of internationally organized regional groups operating on the Dark Side, terrorist networks, although here ideology plays a decisive role as well.

A general principle regarding ethnicity can be derived: never absent entirely,

ethnicity and national identity grow stronger as we move from the Bright to the Dark sides. Licit organizations that operate in the light of relatively high publicity and without the threat of police surveillance on a day-to-day basis can afford the luxury of extending the multinationality of their personnel. Indeed, a diverse workforce and even a diverse management structure are positive factors in expanding transnational penetration and exploitation of new regional markets. Criminal and other outlaw organization can afford this luxury less and require structural barriers against external scrutiny more. But all globalizing organizations still require to some degree a cultural matrix at their core.

With regard to corruption of government officials, at first blush this would seem to be a specific attribute of criminal organizations. Yet no honest observer who has witnessed the behaviour of corporations in creating favourable political and regulatory climates for themselves by the lavish use of their resources can let corporations off the hook so easily. The funding of political parties, for instance, describes an activity that, while usually although not always legal, is clearly motivated by the objective of buying priority access and influence with government officials. While criminal organizations may often have corrupted 'those persons charged with investigating and prosecuting them', there is a very old literature on how business organizations influence and even capture those bodies charged with regulating them. Corporations in the licit global economy also engage in bribery and corruption as a regular business practice, obviously and blatantly in the developing and post-Communist countries, but in the Western world as well. 'If corruption is growing throughout the world, it is largely a result of the rapid privatization (and associated practices of contracting-out and concessions) of public enterprises worldwide.... Multinationals, supported by Western governments and their agencies, are engaging in corruption on a vast scale in North and South alike.'³

However, even in the case of outright corruption, such practices in the licit economy can be identified as a problem that should be resolved by remedial action, a 'cost' that constitutes a 'diseconomy' and interference in the free market. With criminal organizations, corruption is a basic *modus operandi*. But the fact remains that despite differing styles of operation, both licit and illicit organizations systematically direct resources to act upon governments and government officials to encourage favourable results. At this game, it is the licit organizations that have been most successful — in on the ground floor, as it were, and with the law, by and large, on their side.

The parallels between the Dark and Bright sides of globalization are obvious to law enforcement and security forces, indeed, they serve to irritate and alarm them. The presidential *International Crime Threat Assessment*, for instance, is greatly annoyed by the way in which international criminal networks have 'taken advantage of the dramatic changes in technology, world politics, and the global economy to become more sophisticated and flexible in their operations'. With a few changes in terminology, the following words could almost sound like a left-wing diatribe against transnational globalization:

They have extensive worldwide networks and infrastructure to support their criminal operations; they are inherently flexible in their operations, adapting quickly to challenges from rivals and from law enforcement; they have tremendous financial resources to draw upon; and they are completely ruthless.

Are we talking about the Mafia or Microsoft? Much of this is perhaps in the eye of the beholder. But the adaptability of criminal organizations to the new economy goes further yet. The *Threat Assessment* laments the growing 'professionalization' of criminal operations. By employing individuals with specific expertise — specialists in transportation, and legal and financial experts ('some trained in the world's best business schools') — international criminal organizations are able to effectively manage information and 'quickly identify and adapt to market changes'. Worse, they are *networking*, enabling them to merge expertise and broaden the scope of their operations. 'Rather than treat each other as rivals, many criminal organizations are sharing information, services, resources, and market access according to the principle of comparative advantage'. In doing so, 'they reduce their risks and costs' and are better positioned to exploit opportunities. Although partnership ventures have so far been largely tactical, 'the potential for broader alliances to undertake more complex criminal schemes in an increasingly global economy is significant'. Not for nothing have criminal organizations hired advisers from the 'world's best business schools'. They offer textbook cases in management theory of how to be successful in the new global economy. In certain respects, criminal organizations even hold advantages over their Bright Side counterparts. In terms of flexibility and rapid response to market signals, illicit organizations are better adapted than their more elaborately structured licit counterparts who are encumbered with legal controls and more bureaucratized decision-making structures.

The managerial advantages are not all on the Dark Side, by any means. The economies of scale that have given such a competitive edge to transnational corporate organizations are not always available to their criminal counterparts. Federico Varese explains why 'unlike legitimate global businesses, Mafia firms find it hard to take advantage of the benefits of economy of scale. The bigger the organization, the harder it is to collect reliable information both on new recruits and local conditions. Moreover, the bigger the reach of the organization, the more likely it is that disputes will arise within it, and that criminal reputations will be faked, allowing police informants to penetrate the organization.'⁴ So a mafia Microsoft is perhaps not so likely after all.

THE TWILIGHT ZONE

The parallels between the illicit and licit global economies are obvious: we are speaking broadly about markets, white, grey, and black, in capital, goods, services and people, each of which are manipulated differently on the Dark Side than on the Bright Side. But far from being sealed off from one another, the two sides are in symbiotic relationship. The Dark Side fastens upon and exploits the weaknesses

and shortcomings of the Bright Side. It is not simply a matter of poverty 'causing' crime (the relationships here are much too complex to yield easy equations), nor is it simply the facile argument that law 'creates' crime, as with proscribing certain addictive drugs, or outlawing prostitution, or forcing economic migrants into the hands of criminal smugglers by barring their legal entry into wealthy countries. Of course, if cocaine, heroin, etc. were completely legal, criminal trafficking in drugs would dry up — by definition. However, the medical, social, and cultural problems that stem from drug abuse would hardly cease as a result. And the criminal trafficking networks would quite likely convert themselves into 'respectable' producers and suppliers for the legal market, just as some capitalist fortunes were built on alcohol smuggling during the Prohibition era in the USA. Anyone who thinks that such a process of rehabilitation would represent a net social benefit might take a close look at the tobacco companies which, along with the multinational pharmaceutical corporations, conform more closely than perhaps any other actors in the licit economy to the corruption of governments and the intimidation of critics practised by criminal organizations on the Dark Side. Similarly, the idea that Western states could or would receive every migrant who might arrive from the Third World with no problems of political, cultural or economic absorption is a chimera — as much an illusion as the idea that Fortress Europe or Fortress North America can, by beefed-up security, interdict the entire flow of migration through, under, or over their gates. In short, the demands that give rise to criminal supply cannot be magically conjured away by simply declaring what was illegal to be legal.

There is a deeper sense in which states define and structure the scope of criminal activity. Citing the work of Janice Thomson,⁵ H. Richard Friman and Peter Andreas⁶ point to

an important distinction between authority and control as two interrelated dimensions of state power. States claim metapolitical authority: the right to decide what is political and, as such, 'subject to state coercion'.... However, the authority to make rules differs from the ability to enforce them. The latter entails state power to control and is shaped by capabilities including police and security forces....

[S]ome of the challenges to state controls over illegal transnational economic activities are, in a sense, self-produced. Criminalizing activities for which high market demand exists inflates their profitability and encourages new market entrants. An ironic symbiosis thus emerges between state control efforts and the proliferation of actors such as crime syndicates willing to circumvent them. *The gap between the state's metapolitical authority to pass prohibition laws and its ability to fully enforce such laws is the space where clandestine transnational actors operate. Indeed, the illicit global economy is defined by and depends on the state exercising metapolitical authority to criminalize without the full capacity to effectively enforce its criminal laws.* [emphasis added]

THE ECONOMY OF VIOLENCE

The 1920s Chicago gangster Al Capone is reputed to have once said that there are many things you can get with a smile and a gun that you can never get with a smile alone. He might just as well have been referring to the balance of legitimation and coercion practiced by his rival organization, and ultimate nemesis, the state. The latter finally put Capone behind bars, not for his organization's criminal activities, but for not paying taxes on them — an exemplary indication of which organization constituted the superior protection racket.

In his anti-Nazi play, *The Resistible Rise of Arturo Ui*, Brecht merged the figures of Capone and Hitler in the parable of the rise of the fascist gangster state. However tempting the image, it is important to understand that in liberal capitalist societies, violence is legitimately permitted only to the state. Where coercion is exercised by private associations, it is always limited and can only be legitimated by licensing or rule-based devolution by the state. Gated communities, shopping plazas, universities, and commercial plants and warehouses may employ private armed policing, but their authority to use force is legally delegated from the state through such devices as conferral of 'special constable' or 'deputy' status. The performance of such coercive delegates is normally subject to external review and discipline. There is, of course, a very good reason why market societies accept their states' monopoly over the legitimate exercise of coercion. It is the reason adduced by Hobbes in the seventeenth century for the state as Leviathan: the competitive state of nature is an intolerable state of insecurity, the war of all against all. In the age of globalization, this state of insecurity is reproduced on the terrain (Manuel Castells' 'space of flows'⁷) where transnational economic transactions escape national state controls. The primitive and chaotic nature of global governance is the reflection of the international state of nature, but the tools of governance vary strikingly as we move from the Bright to the Dark sides.

On the Bright Side, the tools of global governance are treaties, international agreements, cooperative regulation, exhortation, adjudication and arbitration (increasingly taking place outside legal jurisdictions through alternative dispute resolution mechanisms), and, occasionally, legal sanctions enforced by individual states in accordance with international agreements. On the Dark Side, the tools are policing and coercion: surveillance, intelligence collection, investigation, prosecution and punishment. Corporations by and large do not exercise direct coercion to advance their interests; they leave this to states. Criminal organizations do use direct violence, regularly, to manipulate markets — it is, indeed, a core part of their identity that distinguishes them from corporations. As violent organizations, they directly challenge states by threatening their monopoly over the legitimate exercise of force within a given territory. Internationally organized, transnational mafias not only exploit markets outside national jurisdictions, but they exploit spaces for coercive action not policed, or imperfectly policed, as a result of states' jurisdictional limitations within national boundaries. Thus international criminal organizations pose a particularly pointed challenge to state power in a globalized world. National states must either get their policing acts

together or face the serious undermining of their legitimacy by antagonists who steal the very tools they claim to monopolize. This challenge also represents an opportunity for states to project their territorial-based power onto the broader global stage. As we shall see, it is not one that relatively powerful states — especially the only remaining superpower, the United States — are likely to pass up.

THE GLOBAL CRIMINAL *WHAT'S WHAT* AND *WHO'S WHO*

A quick inventory of international organized criminal activities might be in order. Lists vary, depending on which states or international organizations do the compiling, and whose ox is being gored, but the following is probably relatively non-controversial:

Contraband production and distribution: the global *drug trade* is the biggest item here, but there are many other contraband goods that move through criminal hands. A recent addition in this category are so-called '*intellectual property theft*' items, such as pirated videos and CDs. Of course there is nothing new about smuggling, perhaps the oldest form of 'international' criminal activity. What is different is the scale of operations, the sophisticated use of communications and transportation technology, and the emergence of globally organized networks and even cooperative ventures and strategic partnerships among rival networks.

Financial and commercial crime: the contemporary technologies of capitalist finance lend themselves to subversion by organized criminal groups able to hire and utilize business skills and technological savvy. The old criminal problem of *counterfeiting* has been globalized and made technically sophisticated, from fraudulent documentation to currency (phoney US \$100 bills may now rival the real thing worldwide). *Financial fraud* is greatly assisted by globalization and the weakness of regulation. '*Cybercrime*' has become a major concern, as the computer technology that has permitted transnational capital flows in real time has come under systematic attack to a degree that is probably gravely underreported, given corporate reluctance to publicly admit to ineffective security. Organized *credit card fraud* is now a major international problem. Another aspect is *corruption* of business, where criminal elements systematically penetrate and gain control of licit organizations and activities, both as fronts for their criminal networks, and as a means of buying influence and protection.

Politically oriented criminal activity: this is a grab-bag category of activities that either directly target governments or have associations with politically motivated groups. The global market in the *illegal arms trade* serves not only the needs of criminal organizations themselves for state-of-the-art armament, but also 'rogue' states, or states under sanctions, or non-state 'terrorist' groups or insurgent forces. Illicit *technology transfers* and the smuggling of *weapons of mass destruction* (nuclear, biological, chemical) may find either state or non-state political actors as customers. There is also a considerable market for services associated with organized *sanctions violations*. Another growing problem is *environmental crime*, in which national or internationally agreed pollution controls are evaded, and hazardous

wastes dumped surreptitiously. Criminal organizations offer opportunities for systematic *tax evasion* (as opposed to licit actors' tax avoidance) that denies states revenues. Systematic *corruption* of government officials fosters favourable environments for criminal activities. Finally, there is the question of direct connections between organized criminal networks and *terrorism*. The latter is probably exaggerated (the US no longer warns much about 'narco-terrorism', a Reagan-era formulation), apart from occasional tactical cooperation, and the tendency of some 'guerrilla' groups to degenerate into not much more than criminal protection and extortion rackets, including *kidnapping for ransom*. The key point here is that the political targets of organized criminal activity are chosen not with political or ideological objectives in mind, but purely as a means of increasing profits. From a policing and intelligence point of view, politically motivated non-state actors must be analytically separated from criminal organizations with monetary motivations.

Smuggling and trafficking in persons: globalization has greatly increased the flow of capital, goods and services, but the movement of people has been much more restricted, with growing state controls, whether over economic migrants or refugees and asylum seekers, being constructed in both Western Europe and North America. Not surprisingly, this has led to the increasing criminalization of illegal migration, and provision of *human smuggling* services by organized criminal networks. Many of those successfully smuggled become sources of virtual slave labour for criminal enterprises in host countries. Particularly odious is the supply of women and children for the global *sex trade*.

Money laundering: money laundering constitutes a separate category in the same way that international finance can be looked at separately from other forms of global capitalist activity. Money laundering is the means whereby the other forms of international criminal activity are financed, or, to put it differently, the means whereby criminal profits can be securely circulated and reinvested. Money laundering networks have become extremely sophisticated with the new technologies and financial expertise, which is to say that they have become extremely difficult to track and penetrate. Carefully constructed linkages to licit financial and commercial institutions compound the problem.

Turning to the major known criminal networks, the regional/ethnic basis of the global illicit economy is its most striking feature. The geography of criminal enterprise can be broken down into roughly eight bases, spanning all the continents of the globe.

Italian mafia: the oldest and best known of organized criminal groups, *Cosa Nostra* is based in Sicily, from whence it branched out first to North America with Italian immigration in the late nineteenth and early twentieth centuries, and more recently into global operations often in conjunction with other groups. Drugs and illegal arms traffic and recently environmental crimes feature heavily in Mafia activity. In its long history in Italy, the Mafia developed close relations with

politicians and government officials, especially with the Christian Democrats during the long hegemony of the Right during the Cold War. Recently under attack from anti-corruption investigators, the Italian Mafia seems to have weathered the assaults.

Russia and former Soviet Bloc: the privatization of state-owned enterprises and political corruption in post-Communist governing structures has proved to be fertile ground for encouraging the growth of organized criminal networks (whose origins rest in Communist era black markets) that have now expanded well beyond their regional bases. The Russian financial sector has been a particular target for penetration, but other export-oriented economic sectors, such as oil and gas, and precious metals have also been deeply penetrated. Other parts of the former Soviet Bloc have generated their own specialties, such as the export of women and girls for the European and North American sex trade (the impoverished little pseudo-state of Moldova, which recently voted the Communist party back into power, has become one of the world's leading suppliers of virtually enslaved sex workers⁸). Other regional groupings are based in the Balkans. Criminal gangs specializing in drugs and other contraband dominate much of the Albanian countryside and extend as well into Kosovo, where the Kosovo Liberation Army obtained arms and ammunition via Albanian arms trafficking networks. Russian mafias have moved into North America via Russian expatriate communities. An ironic sidebar is the degree to which the 'save Soviet Jewry' campaigns of the 1970s and 1980s promoted the movement of Russian criminals abroad: a number were not actually Jews, but posed as such to gain immediate entry to Israel, which has continued as a base of operations since.

Triads and mainland Chinese gangs: the secretive Triad organizations that date back three centuries are particularly located in Hong Kong, Taiwan and ethnic Chinese overseas enclaves. Traditionally concerned with opium, gambling, prostitution, etc., and with close ties to the pre-Communist Kuomintang, Triads have been joined by mainland-based groups that have expanded into large-scale smuggling of people and lucrative financial crime, including credit-card fraud, intellectual property theft, and cybercrime. North America has become a focus for expansion. Canada, with its recent focus on encouraging entrepreneurial or business immigrants from Asia, acts as a useful gateway into the USA. Investment in legitimate businesses, both in Asia and North America, with associated influence on both the private and public sectors, has recently come to the fore.

Japanese Yakuza: deeply entrenched in Japanese society, the *Yakuza* hold a quasi-legitimate status.⁹ Drugs, gambling, prostitution, arms, extortion and financial crime are staple activities. They too have been internationalizing their activities beyond Japan and the Japanese sphere in Asia, with limited direct presence in Hawaii and the west coast of the USA and strategic investments in real estate and money laundering through US financial institutions.

Latin American drug cartels: a natural monopoly in cocaine supply has made Latin

America a primary locus of the global drug trade. Centred in Columbia, the previously dominant Cali cartel suffered a number of reverses; a new generation of traffickers has followed with more diversified leadership.¹⁰

Activity has become more decentralized, with Mexico gaining in importance due to its proximity to the lucrative US market in narcotics, and its membership in NAFTA. The Caribbean is a major transit route. Throughout Latin American areas of criminal influence, corruption and intimidation of governments have been practised on a scale that has suggested to some observers the emergence of a new form of non-state authoritarianism.¹¹

Shadowy links with American police and security forces have been strongly alleged in particular cases. Sometimes CIA and FBI assets become liabilities, however: the US invasion of Panama to imprison Manuel Noriega, former CIA asset and drug trafficker, is a prize example of a tactical alliance gone sour.

Nigerian criminal organizations: Africa has not been left off the global criminal map, and Nigerian criminal groups are at the apex of indigenous African organizations. Nigerian syndicates are especially internationalized, holding a strategic place in global drug trafficking routes, especially with Asian heroin and in transshipment of South American cocaine to Europe. They also specialize in middle-range financial fraud schemes targeting North American and European businesses and individuals. Nigerian groups benefit from a corrupt and authoritarian Nigerian state.

Middle and Near East: an ancient tradition of trade in contraband between South Asia, the Middle East and the Eastern Mediterranean continues today with criminal organizations centred in Turkey and Pakistan. Accusations that the pariah Taliban regime in Afghanistan permits a hard currency-earning opium poppy industry to supply up to nearly three-quarters of world production have recently been contradicted by that regime's apparent willingness to force opium fields out of production.¹²

North America: the heartland of global capitalism is obviously a focal point for international criminal activity. The US is the single largest market for illegal drugs. The highly deregulated US industrial and financial system offers numerous lucrative opportunities. And the relative lack of controls over the manufacture and sale of firearms makes the US a primary source for criminal groups engaged in the illegal arms trade. There is a tendency among American policymakers to view the US as a target of foreign organizations rather than as a home base for the operations of American criminal organizations. However, many of the 'ethnic' criminal organizations (like the 'Italian' Mafia) have long since been assimilated, like other immigrant groups, into the American melting pot; whatever their original cultural origins, they can now be considered good, or bad, Americans. More recent arrivals may still be primarily 'foreign' in orientation with stronger roots to their headquarters abroad, but in time many of these too may branch off as autonomous operations. Of course, there is political benefit to labelling criminal groups as foreign or 'other' and so we can expect that in official US anti-crime

discourse, America will continue to be depicted as target rather than as source. Canada fits into this picture as well: with increasing economic integration under free trade and with relatively low levels of control over population mobility between Canada and the US, Canada is seen as a gateway for criminal entry into the US, as well as a target in itself.

The strongly regional and ethnic/cultural rootedness of global criminal organizations is a remarkable feature, worth further attention. Manuel Castells sees a direct link to the reassertion of the politics of identity in the information age.

The more organized crime becomes global, the more its most important components emphasize their cultural identity, so as not to disappear in the whirlwind of the space of flows. In so doing, they preserve their ethnic, cultural, and, where possible, territorial bases. This is their strength. Criminal networks are probably in advance of multinational corporations in their decisive ability to combine cultural identity and global business.¹³

Castells goes on to point out that global criminal networks are also inducing a new culture, especially attractive to marginalized and alienated youth. The collective fascination of popular culture around the globe with action movies featuring protagonists from the criminal world 'may well indicate the cultural breakdown of the traditional moral order, and the implicit recognition of a new society, made up of communal identity and unruly competition, of which global crime is a condensed expression'.¹⁴

Whatever its cultural impact, there are still many questions about international organized crime's economic significance. Just how big a chunk of the global economy is represented by the Dark Side? What is the dollar value of criminal operations? There are no shortages of pat, but alarming, answers to these questions proffered by various 'authorities', official and unofficial. One oft-cited figure, stemming from a key 1994 UN Conference in Naples on international crime, was that the global drug trade amounted to \$500 billion (US) per year. The American component of this trade has been variously estimated as anything from \$20 billion to \$200–300 billion. 'Experts' tracking global money laundering trails have estimated the global 'criminal product' as equal to \$1 trillion.¹⁵ The latter figure sounds highly alarming, but is just over half the cost of the tax cuts proposed by President George W. Bush to the US Congress in 2001 (and less than the counter-proposals by the Democrats). But how credible are such estimates in the first place? Peter Gill suggests that they 'must be taken with a large sack of salt'.¹⁶ Obviously policing and security agencies have some organizational and budgetary stake in elaborating, if not exaggerating, the threat. They appear very much in the same guise as police chiefs appealing to local councils for more money. Such appeals are always and traditionally two-pronged: (1) 'we are doing a fine job of combating crime'; but (2), 'crime is increasing relentlessly and more resources are required to keep up the good work'. Nor is this inflationary tendency limited to the usual official suspects. There is a burgeoning field of

private ‘experts’ who act as consultants and advisers to governments on crime policy who obviously have a stake in magnifying the threat (similar in motivation and effects to the counter-terrorism industry).

In point of fact, the criminal operations of the Dark Side defy measurement, by definition. How can police and ‘experts’ *know* the dollar value of operations, the trails of which are deliberately, and very professionally, covered up? If officials really knew as much as they profess to know about the value of criminal operations, they would know enough to shut them down.

That said, it is obvious that the global criminal economy is of a magnitude that does to a degree at least threaten the legitimacy of states and the profitability of corporations. Nor can there be much doubt about the social ravages of the drug and sex trades, or the corrosive political and human impact of illegal arms traffic, or the disastrous moral examples set by gangsters openly enjoying the proceeds of crime while intimidating and attacking critics with apparent impunity. Putting precise numbers on international crime is an inherently implausible enterprise, but even if the size of the problem cannot be accurately measured, there *is* a problem, and it is a *big* problem. As the Bright Side of globalization has grown by leaps and bounds, so too has its twin, the Dark Side.

THE SPECTRE: A NEW ‘CRIMINTERN’?

In 1994 the Washington-based Centre for Strategic and International Studies sponsored a conference and subsequent book on global organized crime, titled *The New Empire of Evil*.¹⁷ The echo from the rhetoric of Ronald Reagan’s second Cold War was no accident. The conservative think tank featured a number of barely recycled Cold Warriors, as well as the Director of the CIA, to affirm that global mafias had in effect replaced the Soviet Union as the leading national security threat to the USA. One of the non-governmental participants in this symposium, journalist Claire Sterling (who in the Reagan era had advanced the thesis that international terrorism was all directed from Moscow) in the same year published a book that purported to describe a new international *Pax Mafiosa*.¹⁸

Despite the evident attraction in replacing the deposed Cold War enemy with another, equally nefarious Other, whose repellent characteristics could give good service in maintaining Cold War-level security budgets, this somewhat literal-minded transposition of one security paradigm to another, different, set of conditions has not maintained momentum into the decidedly post-Cold War twenty-first century. But this does not mean that international crime does not figure in the new dominant security paradigm. It does play a very important part, but as one (bad) actor among many, rather than as a new monolith.

In the new security paradigm, the centre no longer holds. While potentially hostile major powers like China, continue to cause concern, attention has shifted toward smaller, ‘rogue’ states like Iraq, Libya, and North Korea and toward regional security problems. Turbulent non-state actors are seen as particularly difficult to assess and counter, but even here, international criminal organizations often take an secondary billing to terrorist networks who represent more spec-

tacular public threats to Western hegemony. The criminal threat does however interact with other diffuse threats in the present security paradigm in ways that have important implications for how security and policing will be deployed on a global scale in the years ahead.

The US *International Crime Threat Assessment* document defines international criminal organizations as posing ‘significant’ threats to ‘democratic and free market systems, as well as vital US national interests’, by

- increasing crime and societal problems;
- corrupting public officials;
- compromising the integrity of democratic institutions;
- penetrating the legitimate economy;
- damaging the credibility of banking and financial institutions;
- undermining support for democratic and free market reforms.

In short, the US views the criminal operations of the Dark Side as threats both to the state system and to the neoliberal agenda of global marketization. There are certain ironies inherent in this view. The very deepening of neoliberal globalization that the US seeks to promote will offer greater opportunities for sophisticated criminal groups to blend their international operations into the flows of legitimate commerce, making them less visible, as well as enhancing the volume, speed and efficiency of their operations. Moreover, as the Russian example has demonstrated, the rapid dissolution of illiberal command economies may pose more of a problem than a solution from a neoliberal perspective. As the *Threat Assessment* notes with admirable honesty, ‘a radical breakdown of the Communist system in China could intensify the influence of Chinese criminal organizations within China’s political and economic systems and provide a safe-haven for expanding criminal operations abroad’. Thus the Cold War security paradigm is turned on its head!

For the US, the worst case scenario for the next decade would see increasingly large, sophisticated, and well-armed criminal organizations forming effective strategic partnerships with one another and with other forces on the Dark Side, such as terrorist groups and rogue states, possibly even eventuating in the emergence of ‘criminal states’ that would not only serve to undermine the global financial and commercial system, but might adopt the anti-Western ideological agendas of terrorist groups, ‘thereby weakening US political, economic, and security agendas around the world’. This does not add up to a new Crimintern, as such, but it is still a prospect menacing enough to trouble the dreams of American policy makers.

A NEW GLOBAL LEVIATHAN?

The Dark Side threat is, in the nature of these matters, also a considerable opportunity for US prospects of continuing global leadership. It is moreover part of a complex of issues surrounding globalization, on both the Dark and the Bright

sides, that is preparing the ground for the return of the state after a series of retreats and setbacks it has suffered as a result of neoliberal globalization. The space of flows is largely unregulated and market mechanisms on their own are inherently insecure. Globalization has recreated the Hobbesian state of nature, this time writ large, with no Leviathan in sight — save that of the world's only superpower left standing, the United States. However, the US state is neither willing, for reasons of ideology, nor capable, for reasons of the limitations of even its power while acting alone, to take over the governance of the Bright Side. It is blatantly evident that unregulated market forces at work on a global scale are fostering catastrophic problems, of which environmental degradation is a particularly pressing example. Yet the US, under Bush, Jr., has unilaterally walked out of the Kyoto agreement on limiting greenhouse emissions. There is no reason to expect the US state to suddenly accept a calling to regulate and control the global state of nature when it continues to see the interests of American corporations and global economic liberalization as synonymous with its national interest. Nor does the US state, as a stand-alone entity, have the capacity to control the cyclonic space of flows, where national boundaries and national legal jurisdictions are blown away, sometimes leaving barely a trace. But it precisely here that the new security paradigm regarding the Dark Side offers a beachhead for the return of Leviathan, or at least Leviathan's children.

During Hobsbawm's 'Golden Age' of the twentieth century,¹⁹ states continued to play a leading role, even as capitalism was extending its global base of operations. The Cold War was the key to the continued dominance of the state form. Even the continued quasi-Keynesian role of the state in the capitalist economy was in part predicated on the global contest with the Soviet Bloc (Keynes in khaki). State power could be extended internally, and projected externally, so long as national security, defined primarily in military and policing terms, could be plausibly invoked. Neoliberalism has undone much of this legitimization of state power, but the collapse of the Cold War enemy drastically undermined its ideological viability. Many on the left, hopeful of a 'peace dividend' and rightly suspicious of the repressive forms that state power had exhibited during the Cold war era, have subsequently ridiculed and warned against the post-Cold War identification by military, security, intelligence, and policing establishments of new enemies and new threats to replace the old. Yet in so doing, they miss the irony that it is precisely on the terrain of 'enemies' and 'threats' that the state, humiliated and routed by neoliberalism, is making a return. This is not perhaps the kind of reborn state that the left is likely to cherish, but it may be the only state we are likely to see with a fighting chance to restore some regulation to the global whirlwind.

If the borderless threats to national security emanating from the Dark Side are to be effectively contained ('contained' is carefully chosen, as crime has never, of course, been eradicated), it can only be as the result of two interrelated developments. The first is that states pool their limited national repressive resources and jurisdictional controls in a cooperative effort to counter borderless threats with

what amounts to borderless policing. Secondly, and paradoxically, this can only be achieved if most national states, including the leading and more powerful ones, agree to accept the hegemonic leadership of the only remaining superpower state, the USA. In some sense, the limits of which will have to be painfully negotiated, borderless policing actually entails the *extension of borders*, namely the borders of US jurisdiction, as well as those of regional blocs under US influence, like Europe.

Early in 2001, the Director of the FBI, Louis Freeh told a gathering of business leaders at the World Economic Forum that the FBI was 'stretching its resources' to fight increasingly techno savvy criminals around the world. Because of the 'increasingly global nature of criminal activity', the FBI now has 'agents in at least 40 countries. It has also helped 26 countries train law enforcement agents'.²⁰ The old supranational policing structure, Interpol, is increasingly bypassed in favour of direct multilateral cooperation among police and security forces, to a considerable extent under US tutelage. There is a thickening web of police and security cooperation on the ground, as it were, with sharing of information, development of common databases, and even partnerships in action. A great deal of this goes on well below the level of elected politicians and senior bureaucrats. The so-called 'third pillar' of Maastricht (immigration, security, policing), for example, seems much less developed in terms of supranational institution building than the other two pillars. In fact, street level cooperation works so well that supranational institutions are less needed. And there is a reason for this: there is already an historical experience of direct cooperation across borders stemming from the years of the Cold War alliance.²¹

The emergence of an anti-money laundering regime offers a particularly intriguing example of how US-led transnational policing can work, and of its wider implications. Eric Helleiner points out that international tax evasion and capital flight have largely escaped liberal censure, both for ideological and technological reasons: some have sympathized with capital fleeing meddlesome governments, while others have argued that it is no longer technically possible to regulate the flow of capital across borders.²² Helleiner points to the emerging anti-money laundering regime as evidence that reregulation is as much a feature of global finance as deregulation, and that the same technologies that have been said to erode state regulatory capacity may actually enhance it. US leadership has been a key factor here, as has the selective role of liberal ideology. As the US identified money laundering as a crucial element in tracking (and potentially disrupting) the global criminal economy, a very different approach was apparent than toward tax evasion and capital flight.²³

The heart of the anti-money laundering regime is in the US Department of the Treasury, in a bureau known as the Financial Crimes Enforcement Network (FinCEN). FinCEN 'links the law enforcement, financial and regulatory communities together for the common purpose of preventing, detecting and prosecuting money laundering and other financial crimes'.²⁴ Its main tools are surveillance and analysis. First, a stiff reporting regime is encouraged for financial institutions around the world, and second, sophisticated 'artificial intelligence' software is

deployed to sort the vast amount of data to detect anomalous patterns. When identified, such patterns can point to potential prosecutions, so long as the state with appropriate jurisdiction is willing to prosecute. Other states have been pressured to comply with beefed-up reporting requirements, and new more stringent local legislation has in many cases been passed at US behest. Nor has the financial sector been immune: traditionally secretive banking institutions have been encouraged to open up about their customers, at least to Uncle Sam.

The program remains to be proven, but it does highlight an exquisite irony: the very technologies that have facilitated instantaneous capital flows around the globe, and facilitated money laundering as the Dark Side shadowing of global finance, can also be turned into instruments of surveillance and intervention by states working together to monitor markets. In theory, every licit financial transaction on the globe can be tracked and with the appropriate software, sorted automatically to flag suspicious movements. FinCEN demonstrates that one of the ideological props of neoliberal globalization is a myth: cross-border flows can be checked, if the will exists to do so. In the case of money laundering, the will exists among the US government and its allies and to a degree in a private financial sector fearful of criminal threats to its operations. The same logic could be applied to the licit financial sector. That it has not been so applied is less a result of technological determinism than of ideology. Of course, financial institutions are ambivalent about these pressures to open their operations and their customer information to Big Brother in Washington DC. Many licit companies may be engaging in practices that will not stand close scrutiny. On the other hand, the depredations of the money launderers threaten to destabilize financial markets and undermine the legitimacy of respectable institutions. Perhaps at the end of the day, bankers are not nearly so powerful and invulnerable as their critics tend to depict them.

Under the new security paradigm, some quiet turf wars have broken out within state apparatuses. Security and intelligence agencies have been jostling for better position in relation to police agencies in combating international organized crime. This is particularly evident in the UK, where MI5, its heavy involvement in Northern Ireland apparently lessening with the onset of the peace process, has turned to global crime as a major target, thus stepping on some other jurisdictional toes. There are differences in approach between security and intelligence and law enforcement agencies. The former tend to be more interested in constructing the big picture and maintaining long-term penetrations of targeted organizations as useful intelligence assets; law enforcement agencies have traditionally been more interested in using sources in the shorter term to go for criminal prosecutions. Recently, a small scandal erupted in Canada when it was revealed in the press that a joint project on Chinese Triad penetration of Canada, involving investigators from the civilian security service, CSIS, and the national police agency, the RCMP, had come unstuck when CSIS brass torpedoed the project, and ordered copies of the draft report to be destroyed (the draft soon showed up on the internet). Turf wars are traditional in this area. More interesting

is the contemporary trend described by Peter Gill to what he calls 'intelligence-led policing'. In the increasingly transnational world of policing, Gill argues, 'intelligence processes are absolutely central: networks of information exchange can develop *sub rosa* in a way that joint operations cannot.... Intelligence networks are always likely to be far in advance of operational networks and informal ones will always be far more extensive than formal ones.'²⁵

Given a willingness to work together, states have at their disposal some awesome resources of surveillance to peer into the Dark Side. Recently, the European parliament has displayed some concern over the ECHELON system of communications interception carried out by the signatory countries to the UKUSA intelligence alliance (the USA, UK, Canada, Australia/New Zealand). The UKUSA network is equipped to intercept targeted communications throughout the world, specifically everything relayed via the communication satellite system — long distance telephone conversations, e-mail, etc. ECHELON describes a software 'dictionary' system for flagging key words and names and thus sorting 'signals' from the 'noise' that constitutes most everyday traffic. The FBI has a software program called CARNIVORE that is capable of trolling through the tide of e-mail communication to flag targeted subjects for closer scrutiny. Every web surfer knows how useful search engines can be in finding material of interest. ECHELON and CARNIVORE, and other less publicly known programs, indicate just how much more powerful technology can be when in the hands of states with virtually unlimited resources and motivation. In the battle against terrorists, criminals, and 'rogue' nations, the old Cold War alliance is still alive and kicking, reconstituted and rededicated to different purposes, expanded, and much more technologically sophisticated. The state may have retreated on some fronts, but on others it has been gathering its forces and focusing on new advances. What is different in the present era is that individual states, even the only superpower, cannot act effectively as stand-alone entities, but must always act in concert, albeit under firm American leadership. Might the rallying cry of the new security and policing Internationale not be 'Solidarity Forever'?

There are limits to state power. Some are political: even with American muscle being applied, cooperation is not always easy to achieve. The European restiveness about ECHELON seems in large part motivated by French suspicion of an 'Anglophone spy network' and fears about its alleged use to gather commercial intelligence on behalf of American transnational corporations (The French of course do the same thing, on a smaller scale — this has been dubbed 'FRENCHELON'). Some are technical: 128-bit encryption, which anyone can download free on the internet, and is the minimum standard for online financial transactions, has so far defied the best efforts of the biggest intelligence agencies like the American NSA or the British GCHQ at decryption. The FBI, having failed to achieve a 'key escrow' system by law, have raged impotently at the prospect that international terrorists and criminals are defeating their sophisticated interception efforts by using the same encryption programs that twelve year olds employ in playing online computer games with one another. Only in Tony Blair's UK has a government

moved beyond festering frustration and taken the bull by the horns. The Regulation of Investigatory Powers (RIP) Act empowers law enforcement agencies to demand that persons who have engaged in encrypted communications suspected of relating to such matters as criminal activity, terrorism, or pornography, disclose their 'keys'. Failure to comply could lead to two years imprisonment.²⁶ At the same time, MI5 has set up a state-of-the-art centre to monitor all e-mail and online communication in and through the UK. The most telling criticism of the RIP act does not come from outraged civil libertarians but from powerful e-commerce interests who have threatened to take their operations offshore to escape a climate of insecurity for free enterprise. This is a serious contradiction in attempts to control the Dark Side. The facilitation of e-commerce via rapid and unregulated development of new information technologies (a key plank in the neoliberal agenda) runs up against law enforcement and security concerns, directed ironically at protecting the licit global economy.

Clearly, capitalism today faces once again the old Hobbesian dilemma, this time on a global, rather than a national, scale. Micro-rationality of economic actors leads to macro-irrationality. Security in the market state of nature can only be purchased at the cost of the transfer of power to Leviathan, this time an international Leviathan. But profit-maximizing economic actors who fear their competitors are also free market ideologues who greatly fear a new global Leviathan as a threat in and of itself. How this dilemma will fall out remains to be seen, but it is a reasonable conjecture that at the end of the day enlightened self-interest will outpace narrow greed. After all, the more global the operations of transnational corporations and finance become, the broader the picture available to capitalist decision makers and the better they will be able to appreciate the need for trade-offs and compromise in the name of long-term self-protection. On the other side, the new Leviathan is hardly motivated either by socialism or by power-seeking self-aggrandizement. Hobbes in the seventeenth century understood that Leviathan was all-powerful only for the purpose of enforcing contracts between private actors, not for performing the work of these actors. Nevertheless, to the extent that the new state security *entente* actually succeeds in enforcing effective controls over unruly criminal non-state actors, it will at the same time have shown that bureaucrats can compete on the same global terrain as capitalists, and that politics are, after all, as necessary as markets — indeed, necessary *for* markets. This may be no revolution in thinking, but it does modify the expansive claims of neoliberalism.

TAKING SIDES?

Both states and corporations are targeted and threatened by criminal organizations, and both have powerful stakes in combating and containing criminal activities. But if the clash of the big battalions on the global stage leaves many observers as emotionally unengaged as spectators at a battle of dinosaurs, one compelling truth about organized crime should not be obscured. Its real victims are ordinary people, aggressively exploited and destroyed for the enrichment of

the rapacious and the savage. Critics of globalization may well cite the horrific human and ecological costs of licit capitalist profit-seeking behaviour, and the casual brutality of 'legitimate' state power in defence of capital. It takes nothing away from these critiques to grant that worse is done on the Dark Side, and with none of the liberal scruples that do intrude on the consciences of both the corporate and state elites, from time to time. And however great the democratic deficit may be, there is not even a shred of accountability that clings to the organizations of the Dark Side.

In the present political climate, contestation by 'civil society' of globalization and of the present instruments of global governance, such as they are, is increasingly at the centre of progressive politics. Unfortunately, the institutional objects of anti-globalization wrath, and in particular the policing and security forces that form the sharp edge of states in the street confrontations with protestors at Seattle, Prague, Quebec City and other sites for demonstrations, also happen to be the only forces that can seriously challenge the organized criminal groups that threaten to ravage civil society more ruthlessly and violently than the licit global economy. This is a central, but little noted, paradox of the present conjuncture: the legitimacy of state policing and security of the Bright Side is being undermined at the very moment when they are most needed to combat the multiple threats to global welfare posed by the organizations of the Dark Side.

NOTES

- 1 Available at <http://www.fas.org/irp/threat/pub45270index.html>.
- 2 Perhaps reflecting the relatively multicultural environment of the former Soviet Union, the Russian mafia operating in North America have been less ethnically exclusive in their recruitment than other organizations. While offering flexibility, this has also proved a problem: police penetration leading to some notable arrests has been based on planted non-Russian sources.
- 3 'Exporting corruption: privatisation, multinationals and bribery', The Corner House, *Briefing* 19, June 2000.
- 4 Federico Varese, 'There's no place like home: how the Mafia finds it difficult to expand from its geographical base', *Times Literary Supplement*, 23 February 2001, p. 4.
- 5 Janice Thomson, *Mercenaries, Pirates, and Sovereigns: State Building and Extraterritorial Violence in Early Modern Europe*, Princeton: Princeton University Press, 1994, and 'State sovereignty in international relations', *International Studies Quarterly*, 39:2, 1995.
- 6 H. Richard Friman & Peter Andreas, eds., *The Illicit Global Economy & State Power*, Lanham Md.: Rowman & Littlefield, 1999, 'Introduction', pp. 9-10.
- 7 Manuel Castells, *The Rise of the Network Society*, Oxford: Blackwell, 1996, pp. 376-428.
- 8 Martin A. Lee, 'The globalization of sexual slavery', *The San Francisco Bay Guardian*, 5 March 2001.

- 9 Bertell Ollman has argued that the *Yakuza* perform a crucial political role in legitimating the 'emperor-system' that is, in his opinion, the real basis of the Japanese regime: Ollman, 'The Emperor and the Yakuza', *New Left Review*, 2nd series: 8, March/April 2001.
- 10 Tom Farer, ed., *Transnational Crime in the Americas*, NY: Routledge, 1999.
- 11 Louise I. Shelley, 'Transnational organized crime: the new authoritarianism', in Friman & Andreas, *Illicit Global Economy*.
- 12 Barbara Crossette, 'Taliban's poppy ban seems to be a success, U.S. team says', *New York Times*, 20 May 2001.
- 13 Castells, *End of Millennium*, Oxford: Blackwell, 1998, p. 204.
- 14 *Ibid*, p. 205.
- 15 Figures cited in Peter Gill, *Rounding Up the Usual Suspects? Developments in Contemporary Law Enforcement Intelligence*, Aldershot: Ashgate 2000, p. 69.
- 16 *Ibid*.
- 17 Linnea P. Raine & Frank J. Cilluffo, eds., *Global Organized Crime: the New Empire of Evil*, CSIS: Washington, DC, 1994.
- 18 Claire Sterling, *Thieves' World: the Threat of the New Global Network of Organized Crime*, NY: Simon & Schuster, 1994.
- 19 Eric Hobsbawm, *Age of Extremes: the Short Twentieth Century, 1914-1991*, London: Abacus, 1995, pp. 225-402.
- 20 Agence France Presse, 5 April 2001.
- 21 Reg Whitaker, 'Refugees: the security dimension', *Citizenship Studies*, 2:3, November 1998.
- 22 Eric Helleiner, 'State power and the regulation of illicit activity on global finance', in Friman & Andreas, *Illicit Global Economy*.
- 23 Tom Naylor, who has produced some of the best and most critical writing on the global criminal economy, somewhat inexplicably derides the importance of tracking money laundering as a pointless enterprise. Naylor, 'Why Canada's new anti-money laundering bill is a washout', *The Globe & Mail*, 13 April 2000. On the contrary, money laundering provides the thread that, if unravelled, describes the ownership structure of the global criminal economy and can point to numerous trails of illicit activity. The US government is surely not wrong in concentrating its investigative resources on this target.
- 24 United States Department of the Treasury, Financial Crimes Enforcement Network, *Strategic Plan: 2000-2005*.
- 25 Gill, *Rounding Up the Usual Suspects?*, p. 54.
- 26 *Regulation of Investigatory Powers Act 2000*, Chapter 23, part III, ss. 49-53.