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**Transnational Organized Crime**

Analyses of a Global Challenge to Democracy

(Conception: Regine Schönenberg  
and Annette von Schönfeld)

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Transnational organized crime interferes with the everyday lives of more and more people – and represents a serious threat to democracy. By now, organized crime has become an inherent feature of economic globalization, and the fine line between the legal and illegal operation of business networks is blurred.

This book offers contributions from 12 countries around the world authored by 25 experts from a wide range of academic disciplines, representatives from civil society organizations and private industry, journalists, as well as activists. Recognizing the complexity of the issue, this publication provides a cross cultural and multi-disciplinary analysis of transnational organized crime including a historical approach from different regional and cultural contexts.

The **Heinrich Böll Foundation**, think tank and international politics network, is supporting the debate on social and technological innovations for the upcoming transformation into a society with a steady held climate basing upon gender- and citizen democracy as well as generational justice.

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## Preface

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In June 2011, the Heinrich Böll Foundation hosted an international conference on transnational organized crime (TOC). It was the first time that the Foundation addressed the issue of transnational organized crime in such a comprehensive manner. The intention of this event was to raise awareness about the interdependency of international criminal structures, legal economic processes, and the respective political orders. A further aspect that was addressed was the interwovenness of drug, arms, human and organ trafficking, and money laundering.

With our conference we also intended to contribute toward overcoming the well-established stereotype of organized crime as being a marginal problem. And we tackled another dominant stereotype in Germany, namely that TOC only exists in other countries and that Germany is not much involved, affected, or responsible. The conference was a big success and well documented in the national and international media.

Organized crime is not a new phenomenon; however, it has become fatal for more and more people. Violence and the violation of human rights have become almost ordinary occurrences. Since democracy is one of the central concerns, it is important that TOC be recognized as a structural element of international relations. Internationally as well as nationally, the price that a society and its individuals must pay as a result of the infiltration of TOC should be much more transparent. The international conference was not meant to be a one-time event but the beginning of a deliberate process that links the policy field of (transnational) organized crime to the issue areas of our daily work – such as freedom, democracy, human rights, anti-racism, ecology, and gender equality. We should expect those in politics, media, and civil society – on a global scale – to focus on the problem and act rather than ignore it. Therefore, we are currently strengthening civil society engagement against TOC in various countries and are fostering networking and knowledge-exchange on the issue.

We are especially interested in the dialectics between committing and combating (transnational) organized crime. We are also interested in civil engagement as a means to protect civil, political, and economic life against infiltration by TOC. We want politicians and lawyers to assess those interdependencies with a new vision and assert their responsibilities within the context.

Who shapes our current role models? And where does our general orientation come from? How can we define the fine line between a successful businessman earning millions a year through financial speculation on staple foods and a unscrupulous Mafia boss dealing with drugs and women? Who consumes such drugs and women, and who is involved in money laundering in our societies?

The answers are difficult and it is our responsibility to work them out! With this book we hope to contribute toward the responsible handling of the questions. Hopefully, many interested readers across the whole world will feel enriched by its offerings and will benefit from our having assembled so many authors to address transnational organized crime from many different countries and perspectives, to analyze it, and to elaborate on policy recommendations. Many thanks for their commitment.

This book was only possible thanks to the energy, the knowledge, and the networks of Regine Schönenberg; the engagement and the enthusiasm of Annette von Schönfeld, Head of the Heinrich Böll Foundation's Regional Office for Mexico and Central America; the valuable contributions and interview skills of Verena Zoppei; and the efforts of Daniel Backhouse, who maintained the overview of all partners involved and contributed with his always reliable project management.

*Berlin, January 2013*

*Barbara Unmüßig  
President of the Heinrich Böll Foundation*

# I. Introduction

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Today, transnational organized crime is an inherent feature of economic globalization and represents more than just the dark side of that development path. It is increasingly difficult to distinguish light from shadow in this context, and the fine line between legal and illegal forms of economic exchange is becoming increasingly blurred. There are networks operating in both legal and illegal sectors, depending on what brings them the greatest benefit. Currently, few experts can claim to have comprehensive knowledge and understanding of the laws and regulations governing the international flow of trade. International companies rely increasingly on intermediaries and arbitration agencies for much of this trade, and thereby cede a certain amount of their overall responsibility for the specific circumstances of the international and local handling.

A further source of uncertainty is the cultural specificity of concepts of legality and illegality, as well as their local implementation. In most parts of the world, ideas about the legitimacy of activities have a greater influence than written law; customary law plays at least as large a part as trade legislation, and the legitimacy of ensuring one's own survival has an undisputed place alongside the state's inability to guarantee just that.

The goods transported within the context of TOC are the same worldwide – arms, narcotics, people, as well as other goods, depending on the region: rare animals, plants, medicines, (toxic) waste, all types of counterfeit goods, and, in general, any goods that can be traded illegally because legal access to them is precluded by legislation or borders. In addition, global trends toward the homogenization of the norms governing the production of – and trade in – goods and access to capital, land, and natural resources create imbalances and injustices in accessing markets, which are then typically circumvented by means of corrupt practices.

The intermediary stages described above create gray areas, which are essential for the entire process to keep going, and which are entirely removed from any legal or democratic control. Since TOC involves huge sums of money, these gray areas are increasingly the place where direct influence is exercised over authorities and the political establishment. Thus, TOC becomes a direct threat to democratic decision-making structures. We maintain that the global economic system would be unable to survive without these gray areas, since it is geared exclusively toward

short-term profit rather than inclusive, sustainable development. The ends justify the means, and democratic decision-making structures, transparency, and civic participation disrupt both legal and illegal profit-seeking in equal measure.

These forces, which have long since escaped any kind of control, are now compounded by problems of legitimacy in our cultural sphere. This is, for example, true for speculating with staple foods, which, although it remains legal, is now regarded in most contexts as socially unacceptable. Seeking profit at the expense of the natural world is equally frowned upon, although it has not yet been fully defined and regulated by consumer law.

An understanding of the causes of the complex and growing dimensions of TOC in the context of the global market economy can be greatly facilitated by adopting a wide range of different perspectives and analyses. However, this will require a rejection of traditional considerations in terms of academic disciplines, professional responsibilities, and (party) political formulas in order to rise above such divisions and enter into a new dialogue.

This book offers contributions from 12 countries around the world authored by academics from a wide range of academic disciplines, representatives from civil society organizations, journalists, politicians and representatives from private industry, as well as activists. They offer 25 views on the causes, historical development, forms, and effects of TOC. Combined, we intend to construct a holistic picture that, among other things, shows:

- where and how organized crime can establish itself and spread within societies;
- how a globalized definition of legality or illegality does not necessarily correspond to local experiences, cultures, and traditions;
- how the worldwide social orientation toward the market as the sole regulatory force also promotes illegal money-making, while destroying other values of social life to such an extent that corrective social forces no longer exist;
- that the concept of national sovereignty, and therefore also of national security and police forces, as well as national legislation, are pushed to their limits by TOC;
- that TOC is quick to exploit lucrative loopholes, particularly in connection with new technologies – and has long since learned how to benefit from this business until each loophole is discovered and closed.

Assessed from such multidisciplinary (e.g., political science, sociology, economy, history, law, criminology, anthropology) and cross-cultural perspectives, the interdependent complexity of TOC and global loss of social cohesion will hopefully become increasingly ascertainable to our readers and to us through a multi-faceted



network. Hence, we intend to initiate a debate on our thesis within that network and beyond.<sup>1</sup>

This book is divided into two parts. In the first part, authors from various academic and institutional backgrounds provide a view of some of the current global challenges posed by transnational organized crime. These range from money laundering, cybercrime, and inadequate reforms of the international justice system to the enormous difficulties in fighting corruption effectively.

This first part starts with Christine Jojarth of Stanford University, who analyzes the origins of money laundering, as well as the motives behind it and the methods employed. She also examines international instruments to combat money laundering – and their aims and effectiveness – from the perspective of industrialized and developing nations.

John Christensen, a Jersey-based tax expert, speaks in an interview about the role of tax havens, tax evasion, and the way corruption is deeply embedded in the international finance system.

Steffen Salvenmoser, legal expert at PricewaterhouseCoopers, offers an insider's view of the company's operations in Germany from the time of its establishment, and comments on the role of the private sector in preventing corrupt practices.

Tatiana Tropina provides an introduction to the growing field of online crime, also called cybercrime. Her contribution includes an examination of the way cyberspace can become both a medium for traditional organized crime and an eminent space for new forms of organized crime.

Finally, the legal expert and economist Edgardo Buscaglia describes possible best practices for the fight against organized crime. Taking as his basis the results of surveys carried out in many countries, the author analyzes the possibilities of transferring legal systems between countries and transforming international law into national law. The basic hypothesis is that legal reforms must be met with social approval and acceptance among the stakeholders of civil society if they are to be successful. Social support and monitoring must be complemented by strict financial controls that are able to identify and prosecute criminal economic activities.

In the second part of this book, contributions from Asia, Africa, Latin America, and Europe offer insights into the very different regional aspects of transnational organized crime, showing that, despite the diversity of local conditions and features, they have much in common and thus similar structures. The reasons for TOC gaining leeway in many regions of the world are deeply rooted in history and dependent on important historical moments favoring the evolution of new criminal structures. Detailed and well-described case studies allow readers from different backgrounds to understand thoroughly abstract terms describing transnational organized crime. We provide a kaleidoscope of vivid examples of the role

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**1** | See list with author's profiles and contact details in the back of the book.

and deep-rootedness of organized crime in many societies of our world and make the case driven by that all these stories are connected by powerful processes of social transformation, invisible global economic flows and accompanying cross-effects.

Florian Kühn, Christoph Reuter, and Yama Torabi report from Afghanistan. With different methodological approaches, the political scientist Florian Kühn and the journalist Christoph Reuter consider the impact of the transformation of the Afghan state and its economy under foreign influence on the structures and routes of organized crime and the illegal economy. Yama Torabi, who heads the NGO Integrity Watch Afghanistan in Kabul, describes the connection between poorly controlled international funding and widespread corruption, and describes the community-based anticorruption monitoring sponsored by the NGO to address the situation.

The economist Arun Kumar describes many aspects of the Indian shadow economy (illicit economy) and the extent to which it permeates society. He makes a connection to the emergence of corrupt structures under British colonial rule.

The Nigerian criminologist Etannibi Alemika describes the activities of organized crime in West Africa and places these in relation to the regional conditions of poverty, weak institutions, civil conflicts, and political crises. Referring to empirical examples from Nigeria, the article deals with drug smuggling and human trafficking, money laundering, and terrorism. The author analyzes the effectiveness of legal and political measures, including international pressure, to put a stop to the organized criminal groups in the region. Charles Goredema from South Africa, head of the program against organized crime and money laundering at the Institute of Security Studies office in Cape Town, gives a fascinating insight into his daily work.

The contributions on Latin America are from Mexico and Brazil. The journalists José Reveles and Marco Lara Klahr deal with the impact of the growing presence of organized crime in Mexico. On the one hand, Reveles describes the official policy on combating drug trafficking and places the influence of TOC in the context of the socioeconomic conditions and the prospects for young people in the country. He also refers to the repressive policies that target social players in the country, under the pretext of combating the drug trade. Lara Klahr provides an insight into the interplay of extortion, violence, and impunity, and its impact on everyday life and social relations in the country.

Ingrid Spiller, who headed the Mexico office of the Heinrich Böll Foundation until mid-2012, reports on the difficult paths that Mexican civil society must take to define its own role in the efforts to create security and justice in a weak state that is permeated by criminal structures.

Ignacio Cano works at the Observatory on Violence at the University of Rio de Janeiro. He explains in his article the different structures of organized violence in Brazil, especially the fluctuating illegal power structures in Rio de Janeiro, where local gangs – be they drug cartels or hybrid militias, all of whom are deeply in-

volved in the drug trade in the city – work against any positive developments in marginal neighborhoods.

The political scientist Regine Schönenberg hearkens back to her Amazonian laboratory where she has been doing research for decades. In her article she describes how organized crime draws on local traditions of informality that have been successively criminalized by legislation, and thus can also connect to established paternalistic loyalty structures. Due to political centralization and the sheer size of the region, the state is often absent and only one actor among many others, especially on the local level.

The state prosecutor Aurelio Rios describes in an interview the challenges in the proactive struggle of his institution for dialogue and civil rights in Brazil.

From the practitioner's perspective, Wolfgang Hees shows alternatives to strong-arm policies on the local level, which usually go hand in hand with the criminalization of drug users, by giving examples for the reconstruction of local social structures.

We have two contributions from the Balkans: The political scientist Berit Bliesemann de Guevara explains how closely the constantly changing economic opportunities and the political and administrative structures are intertwined in Bosnia-Herzegovina. She also describes the collateral damage of foreign interventions.

The police officer Ivana McIlwiane reports in an interview about the routes and practices of organ and stem-cell trafficking in Balkan countries. In this context she relates how the long-running war changed views of living without certain body parts, thus facilitating the spread of illegal practices in the medical sphere.

And, finally, articles concerning Italy, Germany and the European Union show that structures favouring the extension of organized crime are also imminent in Western European societies. Wolfgang Hetzer and Vincenzo Militello explore in their articles the political and legal views of the deficiencies of the European Union's actions on TOC.

The articles by Claudio La Camera from the Museo della ndrangheta and by Lorenzo Bodrero, head of the FLARE organization, both from the "traditional" country of the Mafia – Italy – describe the opportunities and experiences connected with the way the interplay between state and civil society can seriously affect TOC by, for example, confiscating illegally acquired property in a targeted way and allocating it to other purposes. Moreover, Bodrero emphasizes the necessity of tackling the problem of TOC at the European level in a concerted effort.

It was important for us not to leave readers with the impression that TOC is something that exists only in distant and exotic parts of the world. For this reason the final regional contribution deals with Germany. In his detailed and critical description, the journalist and author Jürgen Roth gives an insight into how organized crime operates, is perceived, and is combated in Germany; moreover, he points out the role that Germany plays in the international – and in particular European – network of criminal groups.

To guide the reading of this volume, we advise our readers to observe the interwovenness between legal and illegal economic activities and the underlying normative conflicts regarding the legitimacy of action. It is this broader debate that makes TOC politically relevant.

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