

The Sinister Underbelly: Organized Crime and Terrorism

Kimberley L. Thachuk

Organized crime and terrorism are not new. What is new is the fertile ground for rapid growth and new operations that a globalized world has furnished them. Globalization is providing an enhanced opportunity for international trade, communication, travel, and intellectual enlightenment. In an ironic twist of fate, globalization also is furnishing opportunities for organized crime to expand and operate more efficiently and fluidly, and for terrorists to procure weapons, spread their intended messages (if any), and elude law enforcement authorities. Perhaps the best example of the advances made by organized crime and terrorists is the illicit drug trade. Drug traffickers have perfected new methods to profit greatly from a faster paced, interconnected world by being more adept and swift at adapting their business strategies faster than international and local law enforcement authorities can adapt to catch them. When law enforcement does succeed in apprehending drug traffickers, they also have perfected the use of coercive methods to secure their business interests and often to avoid prosecution. Global crime will likely continue to reap the benefits of globalization with its heightened free trade, economic integration, and advancing technology, often long before legitimate enterprises, constrained by international standards and regulations, are able to do so.

Added to organized criminal activity are mutating and metastasizing forms of terrorism that are spreading in unforeseen ways. Fading are the days of dramatic media events, when masked gunmen held hostages at gunpoint in front of television cameras, demanding the release of colleagues in foreign jails. In the era of globalization, terrorists often lack any discernible motivation, meaningful organization, or ideological rationale. Because they now often lack clear political motives, the more insidious trend is terrorist groups and amateurs that do not even bother claiming responsibility for their acts. They are at once less easily detectable and more willing to use violence for money, out of simple malice, or with misguided zeal.

Criminal organizations and terrorist groups are thus flourishing as a result of the conditions that have allowed for heightened worldwide interdependence, increased global commerce, and rapid communications and transportation. Long viewed as

Kimberley L. Thachuk is deputy director of the Globalization Project in the Institute for National Strategic Studies at the National Defense University. She previously worked with the Institute for Studies in Criminal Justice Policy. Dr. Thachuk is an adjunct professor at The George Washington University.

problems of criminality to be dealt with by local law enforcement, these actors are now being recognized as distinct threats to the national security of the United States. Hence, while these globalizing trends have heralded vastly increased flows of commerce and people, they have most recently played a crucial role in assisting international organized crime and terrorist groups to expand and become more elusive to authorities in what now amounts to the sinister underbelly of globalization.

Trends

The lack of predictability, coupled with the fast pace at which globalization has been occurring, presents a great enigma for policymakers. Magnifying this uncertainty is the weakened state of numerous countries as a result of internal economic and social strife, long traditions of corrupt authoritarian rule, and internal territorial disputes. This especially is the case for countries located outside the democratic community, but there are problems in places within this community as well (for example, Colombia). Attempting to maintain order in the face of rapid social change, endemic poverty, and chronic unemployment—while at the same time advancing economically—has not met with great success in many states. For many, internal travails have spread outward onto the international stage and now pose myriad threats to global stability. For others, chronic civil unrest and a lack of ability to guarantee the rule of law have served only to attract international criminals and terrorists who need safe havens from which to conduct operations.

Terrorism

A good place to begin the analysis is terrorism. It may be less sinister than organized crime is, but it is old and familiar. Culture, traditions, and values have been sacrificed in many states as the result of globalization. Global communications and increased travel, coupled with television networks that span the globe, have served to integrate national cultures worldwide, often making them more generic. This trend has not been without serious consequence. Many national groups have recoiled at the prospect of seeing centuries-old traditions cast aside for foreign values that are viewed as replete with vulgar consumerism, glamorized sex, and violence. As a result, many groups have called for a return to fundamentalist religious practices such as the use of Sharia law or Bible studies taught in schools. When these attempts have been rebuffed, some groups have turned to terrorist methods in order to achieve their aims. This occurred in Egypt in recent years, where numerous assassinations of tourists were carried out in the name of religious cleansing. The fact that such terrorist acts virtually destroyed an entire segment of the Egyptian economy was not viewed by the terrorists as important as the need to halt the destruction of morality and culture. In this instance, nobody felt the need to claim responsibility for the killings, for their message had already been sent and their goal achieved. In the past, hostages would have had to be taken or a violent attack orchestrated in order for the message to be heard and for policy to change. In this case, the goal of ridding the culture of foreign moral corruption, at least in the short term, was realized.¹ Religion and ideology provide a measure of popu-

lar legitimacy, which gives some comfort to those attempting to understand the motivation for such acts. However, what of lone amateurs such as the Unabomber, Theodore Kaczynski, and the Oklahoma City bomber, Timothy McVeigh? Their acts were reactions to what they perceived as an encroaching big brother state that uses modern technology to manipulate society. Globalization may well have spawned new forms of terrorism: people not necessarily fighting to achieve a utopia, but simply reacting to changes that they view as destructive to their way of life.

While amateurs are attracted to terrorism, so are mercenary professionals. With the end of the Cold War, experts in the art of mass killing and destruction, including some top scientists, are out of work and available to the highest bidder. Because they sell their services on the basis of their ability to cause damage, they are attractive choices for such outlaw states as Iraq and Libya, which wish to commit acts of terrorism efficiently and quickly. Even so, rank amateurs may be used as expendable dupes by foreign governments to cause great damage as well. The attacks that occurred in France in the summer of 1995 largely fit the latter category. In these incidents, Algerian expatriates residing in France were used by the Algerian Armed Islamic Group to kill 8 people and wound approximately 180, using nothing more than cooking-gas canisters with nails wrapped around them.

Globalization has muddied the waters for controlling terrorism. During the Cold War, traditional terrorist groups were often directed by foreign governments, and they focused on explicit political and ideological motivations. This made them easier for law enforcement to identify and target. The terrorists who have recently emerged lack such comprehensible ideals, rely heavily on their religious motivations, are less well organized, and have few, if any, ties or allegiance to a particular state. Their more diffuse and underdefined structure makes them more difficult to expose and eradicate. Obscure, idiosyncratic cliques of fanatics with no clear ideological objectives, along with nationalist quasi-religious zealots, have thus introduced a far more dangerous component into the terrorism frenzy—a hedonistic desire to use violence against the values of the United States (as the main driver of globalization) and its citizens and other wealthy democracies.

International Organized Crime

International organized crime has been growing partly for reasons of its own and partly as an outgrowth of globalization, which helps give it fertile ground. In many countries, the traditional values of respect for authority and community have been replaced with a mentality of individual advancement at any price. Many of these states are experiencing democracy for the first time. Both trends help create a setting for organized crime. Events in Mexico in the past decade have been a good example. After 70 years of authoritarian rule, the expectation grew that the mechanical features of personal government would be eradicated from Mexican political culture as quickly as votes could be cast. However, the complex process of superimposing a new system of laws and constitutional ideals on long-standing arrangements of entrenched arbitrary government and society did not meet with the advertised success. Hence, patronage and graft continued in Mexico long after President Carlos Salinas

took office, and it continued under President Ernesto Zedillo. The impact of new President Vicente Fox is to be seen. The fact that little changed in its political culture, even as Mexico opened its markets to international trade, served to attract some of the more negative features of globalization. Mexico shows how a system in which order is lacking, and public institutions continue to be rife with patronage and graft, can act like flypaper for illicit business. In Mexico, conditions were ripe for at least five significant and violent criminal organizations to insinuate themselves in border cities such as Ciudad Juárez and Tijuana, where they used large quantities of money to diversify their criminal repertoire with relative impunity.

In Mexico and elsewhere, one of the major problems posed by international criminals in a globalizing world is that their activities are not always easily distinguished from those of international big business. With a plethora of transactions occurring daily, if not hourly, illicit commerce can become lost in a sea of new business ventures and thriving trade. Because this trend has been coupled with strident citizen demands for prosperity in most countries, the increased ability to make money has presented opportunities not only for gangster capitalism to flourish, but also for those who are not directly involved in crime—but who may benefit from it indirectly—to look the other way. Indisputably, some types of crime, such as drug trafficking, help bring social prosperity. For this reason, when international organized crime groups decide to conduct operations in a particular state, they do not always meet with as much resistance as might be expected.

Added to this, many governments themselves are now less worried about the source of foreign exchange and more concerned with political survival. Better educated, and demanding, middle-class groups in countries such as Thailand, Brazil, Colombia, and Mexico—who now enjoy access to uncensored global television networks and thereby have been given a glimpse of how people live in other countries—have begun to pressure impotent governments to perform. In pandering to these societal urges, governments have encouraged a deluge of foreign investment—much of which is afforded by criminal activity—to assist economic development and therefore relieve them of the unhappy burden of appearing competent. This development has been a boon to organized crime. Criminals, if not being specifically welcomed for the vast amounts of money that they add to economies, are at the least finding that there are new avenues for their money-making schemes.

Indeed, globalization has opened a floodgate of opportunity at a rate never before experienced. For their part, governments, in their bid to attract the fruits of globalization, have often had to give a facelift to their domestic institutions and financial structures. To facilitate global commerce and cope with its sheer volumes, governments are relaxing restrictions ranging from duties, to customs inspections, to visa requirements. While this trend has promoted the spirit of *laissez faire*, it has also meant that the invisible hand of entrepreneurial outlaws has been freed to expand outward, beyond manipulating a relatively limited number of criminal operations to achieve complex and interlocking global activities. Not content with activities such as prostitution, racketeering, and extortion campaigns, global gangsters now engage in the worldwide trade in arms and drugs, complex international money-laundering conspiracies, international financial fraud (including complex pyramid schemes), trade in

chemical and biological technology and human organs, and the smuggling of illegal migrants and endangered species.

For organized crime, increased global trade and commerce have meant an opportunity to infiltrate national economies and diversify the types and numbers of crimes that they can execute. This crime appears to pay. These groups now operate with more ruthless impunity, more fluidly, and indeed, more invisibly than they did even a decade ago. An additional wrinkle is that international organized crime has been acquiring former state enterprises in countries where privatization is accompanying democratization. This infiltration of the licit economy serves to further cement the foothold that organized crime has established in developing states. Fighting organized crime groups is often a losing proposition for a developing or democratizing state that is in dire need of foreign exchange and time to allow its new government institutions to take hold. Not only would governments have to divert significant resources to bring these groups to justice, but also, in countries such as Colombia, illicit drugs account for approximately \$2.5 to \$5 billion in trade capital repatriated to Colombia, outranking coffee (\$2 to \$2.5 billion) as the country's principal foreign exchange earner.² This needed foreign exchange would be forfeited annually if drug income were sacrificed.

Hand in hand with this trend, international organized crime groups are purposefully becoming impersonal and anonymous. Their structure has adapted to the new globalizing reality, thanks to high-technology communications and off-shore banking. While some groups have retained their hierarchical structure, others have flattened out, largely because technology now allows them to operate without a burdensome and complex power structure. Still others have divided into smaller configurations or crime cells as a result of concerted law enforcement efforts to destroy their networks. This was particularly the case in Colombia with the Medellín and Cali cartels. The combined efforts of Colombian and U.S. authorities effectively destroyed these organizations; however, a number of smaller splinter gangs emerged whose members are less easily detected because their operations are not on the grand scale of the former groups. In order to turn a profit, many of these smaller gangs have forged "links of convenience" with other crime groups.

Again, globalization has been key to assisting in this strategy of anonymity and streamlining. The explosion in new technology has significantly abetted the growth and proliferation of international organized crime groups and their capabilities. Groups with a propensity to go international now have the tools to do so. Their access to modern communications and weapons technologies has afforded new and improved enterprises considerable coercive political and economic leverage from largely unknown vantage points in cyberspace. The use of electronic transfers, unfettered Internet access, and high-technology communications equipment (for example, encryption devices, cellular telephones, and satellites) has permitted international criminal organizations to increasingly commit faceless crimes that erode states' authority and yet are difficult to attribute to particular perpetrators.

In assisting increasingly integrated global capital markets, technology has also ironically facilitated the illegitimate side of world finances to the point that criminals may be one of the greatest beneficiaries of the globalization of the world economy.

International organized crime groups now operate transnational economic empires. They move their operations between countries, as if they did not even exist, more fluidly and with fewer constraints than before.

This altered structure has resulted from successful attempts to maximize and protect profits in a streamlined world. Organized crime is in the business of being in business. Like all corporations, crime groups structure themselves to allow for long-term growth, diversification, and maturity. The same can be said of multinational criminal organizations as was said about the alleged evils of multinational corporations largely by Dependency Theorists in the 1970s. Then, theorists warned that these corporations would be so global in scope that they would rival the power and gross national product (GNP) of sovereign states, thereby inhibiting and destroying traditional cultures in the peripheral countries. International organized crime counterfeited that success a few decades later, and this time the warnings are true. If big business is feared because little is known about it, organized crime is feared even more. The larger and more diversified criminal corporations become, the more they fade into obscurity. Organized crime is slowly slipping into the shadows.

The longer these illegitimate businesses operate, the more they will become indistinguishable from their legitimate counterparts. To the casual observer, their existence often would not appear unseemly in a globalizing world, were it not for the fact that their crimes have a ruthless disregard for human life and generally spread misery, chaos, and suffering to those whom they affect.

Is It Rogue Capital?

In the era of globalization, crime often does not require a territorial base. Using cyberspace economic transactions, some crimes can be carried out by anyone with access to computers and telecommunications networks. States are increasingly at risk of having their financial markets destabilized by criminals. Money really does make the world go 'round and, in the case of organized crime, there are literally tons of it. The ability of criminals to move their vast quantities of wealth around quickly—with the use of wire transfers, faxes, and Internet connections—gives them a strategic advantage over many states. The Department of Justice estimates that approximately \$10 billion is stolen from American banks every year using these cybertools.³ Millions of citizens in Russia lost their savings in the high-technology MMM pyramid conspiracy in the 1990s. Romania and Albania were almost destabilized by similar criminal pyramid schemes in 1997. The inroads made by the Yakuza into Japanese financial markets produced a grave crisis in that country whose effects reverberated throughout Asia to help cause the financial “flu” whose effects lasted several years.

The UN Drug Control Programme (UNDCP) has estimated that \$1 billion of illicit capital circulates in the world's financial institutions on a daily basis.⁴ This means that organized crime is finding and exploiting significant weaknesses in international financial systems. Illicit capital can be moved through several countries in one day in order to disguise its origins and confuse authorities. This means that law enforcement must constantly attempt to trace transactions, in essence be caught in a “constant game of ‘catch-up,’ which they cannot win under present circumstances.”⁵

The sheer volume and complexity of such transactions, which might have averaged a few hours to complete, usually require a year of investigation to uncover. Thus, such vast sums of money not only bankroll illicit transactions of all forms but also virtually guarantee anonymity and bolster the ability of organized crime groups to be ruthless with impunity.

Compounding this problem is off-shore banking. At approximately a dozen locations in the Caribbean, Southeast Asia, and Europe, money may be deposited with the assurance of secrecy and tax exemption.⁶ The Cayman Islands, for example, with a population of only 300,000, has approximately 550 banks, of which only 17 are physically present on the islands.⁷ UNDCP estimates that approximately one-half of the world's money flows through off-shore banks.⁸ This means that capital flight is also significantly facilitated. One concern is the impact on the balance of payments for developing states of significant capital flight. An even greater concern is that money stolen from the treasuries of such states may be successfully hidden by corrupt leaders in off-shore banks. This latter contingency was rectified somewhat by the United States, when it reclassified unrepaid loans as odious debts after leaders such as Mobutu Sese Seko of Zaire and Ferdinand Marcos of the Philippines robbed their countries of the development dollars lent by the United States. This step put would-be kleptocrats on notice that if they chose to steal funds lent by the international community to assist in their state's development, they will be personally liable to repay the debts. Even so, the ability to deposit large sums that cannot be scrutinized has lessened the risks of engaging in an array of crimes, regardless of the perpetrator. For organized crime, these safe havens provide a comparative advantage because they obtain a higher rate of return on their activities.

Worldwide, criminal groups launder an estimated \$300 to \$500 billion annually in illicit profits.⁹ In recent years, up to \$7 billion are estimated to have moved illegally from Russia through the Bank of New York alone.¹⁰ Over time, such sums can serve to facilitate the control by organized crime control over a significant number of major banks and private businesses. In turn, they have used that money to generate still more capital. With that capital, they bribe officials and legislators to obstruct unfavorable legislation or to gain preferential treatment in a number of sectors.

Corruption Is Key to Impunity

Corruption is the main vehicle, and likely the most socially damaging activity by which crime groups achieve their aims. To protect its business interests, organized crime has engaged in large-scale subornation rackets that help grease the wheels of illicit commerce. Such campaigns involve the use of bribery, graft, collusion, or extortion of officials and political leaders in countries such as Colombia, Italy, Thailand, Mexico, Russia, and Japan. One of the more dire consequences of corruption has been that organized crime has infested and virtually overrun entire criminal justice systems in some states.¹¹ This formula efficiently and effectively attacks the very order of society by paying off or threatening officials to alter charges, change court rulings, lose evidence, and not try cases at all. From there, criminal largesse is distributed among members of political parties and the various offices of government, as

well as the staffs and politicians of local administrations, in an attempt to alter policy considerations. While Italy and Japan have had a number of successes in fighting the effects of organized crime, states such as Colombia, Argentina, Brazil, Thailand, Russia, and Mexico report that members of their police and armed forces continue to be corrupted by organized criminal enterprises.¹² Officials who resist have often become the targets of hired assassins.

When corruption fails, violence often is used with ruthless efficiency to fill the breach. Because of their demonstrated propensity to commit outrageous acts of violence to protect their thriving business interests, there is often a great deal of confusion in discerning between international organized crime and international terrorism. If the activities of both are examined, the only notable difference between them is that rather than seeking profits, terrorists are most often motivated by some form of religious or ideological zeal, usually launching their attacks against state targets. Meanwhile, organized crime is capitalism at its worst, with criminals prostituting themselves to political causes when it serves their bottom line. If left alone to conduct their commerce, they have little need for retaliation and therefore attack few targets outside rival crime groups. State officials and institutions generally come into their sights only when attempts are made to halt their activities and bring the criminals to justice.

In Italy, for example, when the Mafia was unsuccessful in its attempts to suborn judicial officials, it went on a rampage of assassinations of judges, including the murder of two of Italy's top justices, Giovanni Falcone and Paolo Borsellino, in 1992.¹³ A similar situation occurred in Colombia where the now infamous *Plomo o Plata* option (lead-bullet or silver-bribe) has been employed by drug traffickers to kill some 350 judicial personnel and to suborn countless others in an attempt to avoid prosecution. The net effect was to destroy much of Colombia's criminal justice system. Such terrorist methods have made some international organized crime groups more deadly opponents than many notorious terrorist organizations, such as the Red Brigades or the Sendero Luminoso. This is partly because many organized crime groups not only have created illicit and effective authority structures but also have used their great wealth to mete out private justice, in direct competition with the monopoly on coercion usually held by states. In some countries, large sectors of societies have been seduced or extorted by organized crime, banks have become addicted to illicit profits, and national borders have been easily ignored.

Because this problem has spread recently, many of these organized crime groups now threaten to help destabilize entire regions. Indeed, with the lure of great amounts of money, a number of governments are now in danger of becoming organized crime groups themselves. Some regimes have found that their countries cannot hope to compete in the international marketplace for licit products, so they turn to the illicit economy for quick and tidy profits. This practice not only brings in badly needed foreign exchange but also allows them to strike back at those states that they perceive as responsible for having shut them out of the competitive market in the first place. Recently, a strange assortment of "criminal states" has been developing where criminal organizations not only threaten their stability but also are on the verge of suborning entire governments to, in effect, run these states as criminal enterprises.

Russia, for example, was characterized by former President Boris Yeltsin as the biggest Mafia state in the world and the “superpower of crime.” There, an enterprising group of oligarchs found it easy to transform the post-Soviet state machinery into a virtual kleptocracy by redirecting the industry of underpaid officials to illicit ventures. Although the new Russian President, Vladimir Putin, mandated a new security agency to investigate corruption and capital flight out of Russia, organized criminal activity has continued to increase. The success of the oligarchs adds to the transactions of others to produce approximately 8,000 criminal organizations that operate throughout the former Soviet republics. These groups not only foster instability in a nuclear-armed major power but also have established relations with organized crime groups in other states, such as Colombia and Italy.¹⁴ Of the estimated 200 organized crime groups that have some claim to international operations, as many as 26 have been identified by the Federal Bureau of Investigation (FBI) as having a presence in 17 major cities of the United States.¹⁵ Added to this development are a number of former Soviet intelligence officers, military leaders, and diplomats, who with the end of the Cold War, have turned their craft to assisting organized crime groups rather than remain unemployed. Their contacts, knowledge, and intelligence trade craft are in much demand by organized crime groups, who need assistance not only in moving their illicit merchandise but also in finding safe financial conduits and legal structures to launder large amounts of money.

Gangster Capitalism at Its Best—Illegal Narcotics Trade

One of the best examples of successful organized criminal enterprise is drug trafficking.¹⁶ Without significant demand, there would be no profit in acting as a distributor, trafficker, or producer of illicit narcotics. Such demand, however, continues to exist, and as a result, few areas of the world are untouched by the growth in production, consumption, and trafficking of illicit narcotics. The International Monetary Fund (IMF) estimates that receipts from drug trafficking represent 2 percent of the world’s economy, or approximately \$800 billion annually.¹⁷ Illicit transactions, products, and movements in the illegal drug industry have been greatly facilitated by the sharp increase in the trade of goods and services brought on by globalization. The international networks that operate to produce and traffic illicit narcotics are a seamless web of drug producers, processors, traffickers, and street vendors, orchestrated by organized crime groups sometimes working in conjunction with each other on an ad hoc basis. Using the forces and technology of globalization, the traffickers are able to communicate with each other more easily, move shipments of drugs more rapidly, and launder their profits more easily than ever before. In the past, their trademarks were immense quantities of cash and the use of ruthless and indiscriminate violence. While they still have large amounts of cash and use violence with little premeditation, their trade has taken on a sinister level of sophistication. Now, with easily accessible tools such as the Internet, cellular telephones, fax machines, and off-shore banking, drug traffickers often conduct operations anonymously and with virtual impunity.

As an added safeguard, many drug-trafficking organizations have forged a complex set of relationships with governments of various states. Countries such as

Colombia, Peru, Bolivia, Russia, Italy, Mexico, and Afghanistan have greatly profited from the traffic in illicit drugs—both advertently and inadvertently. This has led to a foreign policy dilemma for the United States. Attempting to carry on diplomatic relations while trying to convince governments that are reaping the benefits of organized criminal activity that their economies can bear the loss of profit and simultaneously withstand the added cost of counterdrug and anticrime measures is often very difficult. The costs of the drug war to countries such as Colombia can be measured in the thousands of casualties, not to mention the high opportunity cost for the economy.

Mexican, Guatemalan, and Colombian drug traffickers have recently diversified their cocaine business. In the era of globalization, not only have traditional production areas and transit routes maintained or raised production levels, but also whole new regions have opened up for international trade. Adding heroin to their exports in order to meet consumer demand in the North American markets gives traffickers a greater share of the international drug market. While the largest source of illicit drugs entering the United States is the Andean countries, the “golden triangle” (an area in the highlands of northern and eastern Burma [Myanmar] and northern Thailand and Laos), plus countries in the Middle East such as Lebanon and Afghanistan, are the major suppliers for the European markets.

In the case of the traffic from the Andean source countries, Central American and Caribbean states, along with Mexico, have been significant transit countries.¹⁸ In these states, the inability of law enforcement to halt trafficking through their countries adds to problems of widespread government corruption and has become a significant factor in facilitating the movement of drugs.

In order to keep pace with increased demand in the North American, Australian, and Japanese heroin markets, the production of opium, which takes place mainly in the golden triangle—has been stepped up. Further, in 1994, Afghanistan is estimated to have surpassed Burma as the world’s leading producer of illicit opium. Although due in part to a drought in Burma, this trend largely owes to the fact that the Taliban was forced to fund its radical fundamentalist Islamic cause when other Islamic states rejected its methods as being too extreme. In order to bankroll its cause, the Taliban decided to replace the traffickers and became the sole source for drugs trafficked out of that country. From there, the drugs travel to Belarus, Ukraine, and the Baltic countries before reaching their final destinations. Likewise, Kyrgyzstan, Kazakhstan, and Turkmenistan are becoming the main routes through which heroin from Afghanistan is being fed to Russian organized crime. The weak law enforcement structures in these countries, coupled with their highly porous borders, make them natural for use as drug transit states.

Over the past several decades, successive U.S. administrations have been unable to significantly curtail the production and export of illegal drugs from and through these regions. While a few prominent drug lords have been imprisoned or killed, the governments of drug-producing and drug-trafficking states have been largely unsuccessful in reducing the production and export of drugs. This failure has occurred because international criminal organizations resist efforts to detect, contain, disrupt, or destroy them and are increasingly adept at moving fluidly and rapidly among coun-

tries. Interdiction efforts sometimes have been fairly successful. Because the demand for illegal drugs has not diminished, the price has been driven up by drug traffickers, who have to pass on the costs of their protection and subornation campaigns, along with their losses to interdiction, to the consumers. In turn, these higher costs have translated to higher crime rates at the street level in most countries. Traffickers have diversified into more lucrative products, for example, abandoning marijuana because it is heavy and difficult to transport for lighter, more lucrative cocaine and heroin: a gram of cocaine nets approximately 10 times more money than does marijuana, and a similar amount of heroin nets approximately 100 times more than does marijuana, or about \$1,700.

The illegal narcotics trade is a good example of how profitable illicit business has become for organized crime in a globalized world. It is estimated to be the second largest industry in the world. The glut of profits that flow from it not only rivals the GNP of many countries but also is sufficient to undermine legitimate commerce and affect a country's balance of payments. Drug traffickers are known to weigh, rather than count, the mostly \$5, \$10, and \$20 bills they receive, and they often amass 1,000 to 3,000 pounds of bills monthly.¹⁹ This necessitates a constant search for a safe place to store the money as well as for discreet bankers to invest the money in licit ventures. Finally, transporting the bulky money from country to country generally necessitates the use of cargo containers and often poses more difficulty than does transporting the drugs themselves.

Implications for U.S. Interests, Strategies, Policies, and Goals

The Nation needs a strong policy aimed at dampening the growing dangers and threats posed by terrorism, drug trafficking, and organized crime. The United States will need to act not only on its own but also in multilateral ways as well: with friends and partners and with governments that are infected with these malignant forces on their own soil. The need for an effective response is apparent and likely will grow stronger as this problem gains momentum in a globalizing world. Important policy actions have been mounted in recent years. The issues are whether they are working effectively enough and how they can be improved.

In its *National Security Strategy* issued in 1999, the Clinton administration addresses terrorism, organized criminal activity, and drug trafficking as significant transnational threats to national security. Increased law enforcement and international cooperation are called for to address these threats. The aim of the drug strategy is to cut illegal domestic drug use, while the strategy to combat organized criminal activity is largely aimed at depriving criminals of institutions in which to launder their profits. Building on this approach, the Office of National Drug Control Policy issued a report in 1999 stating that while interdiction and eradication are still of paramount importance, decreasing illegal domestic drug use is also one of its cornerstone strategies in slowing the illicit drug trade. The Department of State *International Narcotics Control Strategy Report* contains a list of countries that have "met the goals and objectives of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances."²⁰ These two reports provide the factual basis for the President's

decision with regard to the annual certification process for major drug-producing and drug transit countries. Most foreign assistance can be withheld if it is determined that a country is not complying with the fight against illegal drugs. This “carrot-and-stick” approach has not served to strengthen the spirit of cooperation in the fight against drugs; rather, it has generally only enraged states that they are being judged by U.S. decisionmakers.

The International Crime Control Strategy of 1998 labels international crime as more than a simple law enforcement issue. It recognizes that organized crime groups not only threaten national security but also “pose a grave threat to the security, stability, values, and other interests of the entire world community.” The strategy provides a comprehensive plan that includes eight overarching goals and thirty associated implementing objectives to extend the first line of defense beyond the borders of the United States to essentially prevent criminal and terrorist acts before they occur. It builds on the goals set forth in National Security Strategy, the National Drug Control Strategy, and Presidential directives that cover heroin control, alien smuggling, counternarcotics operations in the Western Hemisphere, nuclear materials safety and security, and counterterrorism. This strategy not only complements other existing strategies and directives but also provides a framework within which other agencies may collaborate to fight organized crime.

Counterterrorist initiatives are divided among a number of U.S. Government agencies, including the Department of Defense (DOD), Central Intelligence Agency (CIA), FBI, State Department, and Federal Aviation Administration. Internationally, it has been more difficult for countries to agree on their levels of cooperation. While a number of treaties with regard to terrorism have been concluded, states are still reticent to work with U.S. law enforcement and intelligence agencies to combat terrorist groups. The Saudi Arabian government refused to allow the FBI to conduct an investigation into the bombing of the al-Khobar barracks; rather, the alleged perpetrators were allowed to confess their alleged crime on Saudi national television after which they were summarily beheaded.

Finally, the National Money-Laundering Strategy for 1999 provides a strategy for combating money laundering and other financial crimes. It targets the illegal proceeds of crimes perpetrated by organized criminals and terrorists and provides for the designation of high-risk money-laundering zones. Targeting the finances of organized criminal groups and terrorists seriously hampers the ability of these groups to conduct their operations fluidly and quickly. The aggressive use of forfeiture laws in which the assets of criminals are seized also assists in blocking their activities. Money is the key vulnerability of these groups. Hence, this strategy, along with treaties of Mutual Legal Assistance, which allow for the exchange between states of evidence and information in criminal and related matters, is helpful in targeting the financial fluidity of these groups. Banking and financial records can be exchanged to permit international cooperation on stopping criminals’ access to funds, for example. Further, the Departments of Justice, State, and Treasury have encouraged foreign governments to cooperate in joint investigations of drug trafficking and money laundering, offering to share forfeited assets.²¹

While these strategies are theoretically stellar, they often fail to fully take into account the changed and changing nature of organized crime and terrorism as a result of globalization. Moreover, they do not take into account the factors that make globalization unique and that have, to this point, given criminal and terrorist groups an edge over states. This judgment seems true partly because globalization is not well understood. Its ramifications are often slow to make themselves seen. Nonetheless, incremental and potentially serious outcomes of globalization will affect the growth and nature of crime and terrorist groups for the foreseeable future.

Making policy to combat organized crime and terrorism will require that a multidisciplinary team of experts be brought together in order to assess these nonstate actors from all possible perspectives. The threat from these groups is not only a law enforcement problem; in fact, their activities are so diverse that they also affect the political and economic health of states. That they are also a threat to national security is beyond doubt. A strategic plan that draws on the collective wisdom of a diverse, multidisciplinary group of specialists on the national and international levels—ranging from economists to criminologists to sociologists to psychologists to financial experts to national security analysts—will allow the problem to be viewed from numerous angles. When problems are viewed from a new perspective, solutions that were not previously evident often come to light. Indeed, relying on the perspective of only one discipline to understand and combat complex and dynamic phenomena has to date been unsuccessful. Also of great importance will be engaging in a long-term planning process. Many actions against organized crime and terrorists have been undertaken reactively and incrementally. Muddling through on how to control these groups will only slow that process further and thereby give criminals more time and space to alter their activities and successfully avoid authorities.

Finally, much work needs to be done to assist developing countries to detect, apprehend, and try organized criminals. This can be accomplished only by strengthening systems of justice and ultimately making them impermeable to corruption. The first step in this process will be helping these states maintain order and restore government legitimacy. Of equal importance is strengthening institutions of justice in countries whose justice systems are weak as a result of such factors as a lack of democratic tradition, rapid social change, extensive poverty, high unemployment, high rates of crime, corruption, and violence. First and foremost among the considerations for establishing and maintaining an efficient and functioning criminal justice system is the awareness that the fundamental requirement is protecting the public and controlling criminal behavior while ensuring individual liberty.

One of the larger problems is that in a number of countries, it appears that several strategies have been conflicting with each other, especially with regard to deterrence and retribution. While demand for deterrence has been increasing in many states since the 1970s, the demand for retribution has been relatively weak. This might be explained by the fact that retribution involves actively seeking out and punishing those who break the laws of the society. Perpetrators of violence and crime who need to be punished have been, in some states, so efficient at intimidating and suborning members of the judicial system that the fear of violence, as well as the prevalence of corrupt personnel, tends to divert the system's efforts away from retribution and back

to the more rhetorical pursuit of deterrence. Ironically, because of the extremes of violence and corruption that undermine the ability of a state to bring criminals to justice, a system that seeks to expose the instances and the perpetrators of such criminal activity will likely continue to be weak—perhaps only instigating more violence. Hence, a system that continues to stress deterrence (for example, enhanced police investigative powers or a change in an environment that facilitates criminal transactions, such as lax banking regulations) will aid the criminal justice system in becoming more sophisticated. In other words, a structural plan that alters the outcomes of criminal acts, rather than targeting the perpetrators themselves, will likely become less influenced by the specific criminal groups.²² Rather, justice agencies will be increasingly influenced by each other and particularly by higher level state and Federal decisionmaking groups and expert staffs. Obviously, all forms of crime cannot be predicted in detail; thus, constitutional constraints on the system would have to be made as society changes.

As states democratize, such efforts will be partially stimulated by increasing demands by citizens for accountability in government. The participation of an informed public will strengthen the institutions within criminal justice by lending them credibility and legitimacy. Further, the more economically viable the economies of these countries become, the less they will depend on the proceeds of organized criminal activity. Healthy legal and economic systems will promote democratic governance and lessen the vulnerability to organized crime. With the assistance of the United States in this regard, the governments of these countries will become more willing and able to end the activities of organized crime.

Criminals possess the latest technology to move their goods and money faster than ever before. They are also unhampered by any constraints to reach agreements and follow rules in the way that state authorities or traditional business enterprises are. Time is therefore of the essence in the fight against organized crime and terrorism. Cooperation with authorities of other states, hashing over common standards and requirements, or participating in international lawmaking often lag far behind the daily advances made by criminal groups in the pursuit of making money and by terrorist groups in their violent schemes. Time is thus one factor that makes the era of globalization different from its predecessors; money is the other. Factoring time into plans, whether they are for an interagency process, an international cooperative sting operation, or criminal justice reform initiatives, will be one of the keys to successfully combating crime and terrorism in a globalized world.

The other key will be to seriously disrupt the flow of money into the hands of criminals and terrorists. The only limitation for organized crime groups is the market; if they cannot make a profit in one area, they quickly diversify to engage in activities that do generate profits. As most governments do not run themselves as businesses, states do not enjoy access to such huge and flexible amounts of money. Their attempts to curtail criminal and terrorist activity therefore have an opportunity cost. Money, state resources, and significant energy must be diverted from community programs and infrastructure development to fight crime: in essence, this is a double loss to society. The dedication of resources and the will to fight organized crime are often insufficient to combat such threats. What is required is a better understanding

of the nature of the new world disorder as a whole and globalization's sinister underbelly more specifically.

Governments are going to have to operate using good business practices if they are to have any hope of combating international organized criminal activity. That means, for example, hiring the top experts in technology and paying them competitive wages. Governments will also have to begin to do things more efficiently and effectively, and to learn how to make money in the process. Governments that have the economic capacity to do so will make at least some headway in fighting crime and terrorism. Others will likely continue to explore criminal methods to raise needed capital and may thus only serve as havens or breeding grounds for criminal and terrorist activity. In the coming era, it may well be the case that as in other eras, those controlling the money will be those who hold power—for good or ill.

What are the implications of terrorism, international organized crime, and illegal drug trafficking for U.S. defense strategy and military forces? At first glance, these transnational threats seemingly lie below the radar screen of DOD focus on such larger and more traditional threats as nuclear proliferation and regional wars. Close inspection, however, reveals a more important reality. In ways not often widely recognized in the public arena, growing attention is already being given to these threats, and it will increase if they become more serious. In the coming years, DOD likely will face the growing challenge of ensuring that its forces, assets, and capabilities are adequate for performing a widening spectrum of new era missions in dealing with these threats.

Dealing with terrorism has especially become a growing defense business in recent years. The DOD current program for combating terrorism has four components:

- Antiterrorism consists of defensive measures to protect individuals, forces, and property from terrorist attacks.
- Counterterrorism consists of offensive measures to prevent, deter, and respond to terrorism.
- Consequence management consists of measures to lessen the effects of terrorist attacks, including the use of weapons of mass destruction on American soil.
- Intelligence support includes collection, analysis, and dissemination of information on terrorist activities that pose threats to U.S. interests.

DOD antiterrorist efforts include initiatives to assess vulnerability, improve force protection, detect terrorist incidents, and respond to them quickly. DOD assets include such units as special operations forces and strike assets that can be used to carry out counterterrorism missions: an example is the recent Cruise missile strikes at terrorist camps in Afghanistan. In the area of consequence management, DOD has become quite active in providing assets that could assist other U.S. agencies in dealing with terrorist attacks.

DOD is now pursuing a growing number of missions in combating illegal drug trafficking. This trend especially has been the case for the U.S. Southern Command (SOUTHCOM), which deals with Latin America. SOUTHCOM activities include exercises with friendly nations, information sharing, and efforts to halt the flow of

drugs at the source of production and in transition zones. For example, U.S. forces recently participated in Operations *Central Skies* and *Caper Focus*, both of which helped disrupt drug flows in the Eastern Pacific, Caribbean, and Central American transit zones. Growing interest in providing expanded security assistance to help Colombia and other Latin American countries combat drugs and organized crime on their home soils could witness the expanded use of U.S. military forces in supporting these activities.

The future may well see U.S. forces increasingly called upon to perform entirely new missions in this arena. One example is the potential use of U.S. naval and air forces to help combat piracy in Southeast Asian waters and other places. Another example is the use of U.S. forces to help protect critical business investments in unstable areas threatened by terrorism, violence, and sabotage. Whether U.S. forces will be used to deal with other forms of international organized crime is to be seen, but the possibility cannot be ruled out if these groups increasingly resort to violence to accomplish their illicit ends. If these missions become more predominant, they will increasingly strain the ability of U.S. forces to perform them while also remaining prepared for traditional combat operations.

More fundamentally, these transnational threats manifest how international politics is mutating in a globalizing world. In the past, regional security affairs have been driven mostly by such traditional dynamics as geopolitical ambitions, military rivalries, and struggles over control of borders, waters, and resources. In this era of spreading globalization, by contrast, economics is becoming more important by the day, not only as a dynamic for bonding nations in mutually profitable trade and finance, but also as a potential source of friction, strife, and even conflict. Terrorism, drug trafficking, and organized crime are intensifying problems in this arena because they increasingly are becoming both the province of outlaw groups and the instruments of statecraft. That is, some countries are beginning to employ them in order to pursue their national interests on the world stage. To the extent this trend accelerates, it will introduce a new dynamic into international security affairs, and it could spill over into military competition and defense relationships. If the impact becomes ever larger, it could help redefine the strategic terms in which U.S. military requirements and operations are calculated—increasingly driving U.S. defense preparedness efforts in the direction of preparing for new threats, missions, and responsibilities in this arena of new era geopolitics and security affairs. 🌐

Notes

¹ Michael Sheehan, “Post Millennium Terrorism Review,” speech at The Brookings Institution, Washington, DC, February 10, 2000, 2.

² Bruce Bagley, “Colombia and the War on Drugs,” *Foreign Affairs* 67 (1988/89), 70.

³ Clifford Krauss, “Eight Countries Join in an Effort to Catch Computer Criminals,” *The New York Times*, December 11, 1997, A12.

⁴ UN Drug Control Programme, “United Nations General Assembly Special Session on the World Drug Problem,” June 8–10, 1998.

⁵ Louise I. Shelley, "Crime and Corruption in the Digital Age," *Journal of International Affairs* 48, no. 2 (Winter 1998), 608.

⁶ Thomas J. McCool, "Money Laundering, Observations on Private Banking and Related Oversight of Selected Offshore Jurisdictions," testimony before the Permanent Subcommittee on Investigations Committee on Government Affairs (Washington, DC: General Accounting Office, November 9, 1999), 1.

⁷ Bureau for International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes," *International Narcotics Control Strategy Report* (Washington, DC: March 1999), 7.

⁸ UN Drug Control Programme, 1998.

⁹ Bureau for International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes," 1.

¹⁰ Timothy L. O'Brien and Raymond Bonner, "Banker and Husband Tell of Role in Laundering Case," *The New York Times*, February 17, 2000, A1.

¹¹ See Alison Jamieson, "Mafia and Institutional Power in Italy," *International Relations* (1994), 1–24.

¹² See, for example, the *International Narcotics Control Strategy Report*, March 1999. The Attorney General of Mexico reported in December 1999 that between April 1997 and the end of 1999, more than 1,400 of 3,500 federal police officers had been fired for corruption and that 357 of them had been prosecuted (Ledwith, DEA Congressional testimony, February 29, 2000).

¹³ See, for example, Giovanni Falcone, *Men of Honour: The Truth about the Mafia* (London: Fourth Estate, 1992).

¹⁴ Arnaud De Borchgrave, "On the Issue of the United States, Russia, and Money Laundering," testimony before the House Committee on Banking and Financial Services, September 21, 1999, 1.

¹⁵ Center for Strategic and International Studies, *Russian Organized Crime: Global Organized Crime Project* (Washington, DC: n.p., 1997), 2.

¹⁶ Sidney Jay Zabudoff, "Colombian Narcotics Organizations as Business Enterprises," *Transnational Organized Crime* 3, no. 2 (Summer 1997).

¹⁷ International Monetary Fund, cited in "United Nations General Assembly Special Session on the World Drug Problem," June 8–10, 1998.

¹⁸ Bureau for International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes," 3.

¹⁹ Smith in Peter H. Smith, ed., *Drug Policy in the Americas* (Boulder, CO: Westview Press, 1992), 11.

²⁰ Bureau for International Narcotics and Law Enforcement Affairs, "Money Laundering and Financial Crimes," 3.

²¹ Between 1989 and 1997, the international asset-sharing program resulted in the forfeiture in the United States of \$190,275,879, of which \$66,096,963 was shared with foreign governments. Jonathan Winer, testimony before the House Committee on Banking and Financial Services, June 11, 1998.

²² R.S. Clarke, *Planning for Justice: The Problems of Justice with Specific Approaches to the Issues* (Springfield, IL: Charles C. Thomas Publishers, 1984).