

Organized Crime and Terrorism: The Financial Roots of Systematic Violence

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Abstract. Any systematic violent activity, regardless whether it is political (terrorism) or not (organized crime) needs enduring financing for its existence. Furthermore, the globalization of organized crime and terrorism has also brought about the globalization of criminal/terrorist financing and cooperation between them as well. This study focuses on the financial roots and determinants of organized crime and terrorism, considering the security environment of globalizing international system.

Keywords. Organized crime, terrorism, financing terrorism.

Introduction

Organized crime has traditionally been seen as a domestic problem bedeviling a relatively small number of states. In the last years, however, there has been recognition that the current problem we face is no longer limited to just a few numbers of states and can no longer be treated as such an occurrence that falls only within a single jurisdiction.

The rise but not fall of a global market for illicit drugs, the end of the Cold War (which is caused the breakdown of the barriers between East and West), the collapse of the criminal justice system in Russia and the other states of the former Soviet Union after 1991, the development of free trade areas in Western Europe and North America, and the emergence of global financial and trading systems have fundamentally and rapidly changed the context in which both terrorist and criminal organizations operate and encouraged what had been predominantly domestic groups to develop into transnational criminal organizations.

Moreover, as a rising threat, today we are faced with a new kind of terrorism that does not emanate from one country, one religion or even one group, but from the networks that span the globe from East to West and North to South, irrespective of national frontiers and need the partnership or, in other words, the logistic supply of the transnational criminal organizations, such as fire arms, ammunitions, explosives, fake documents.

1. Organized Crime Groups and their Financing

It is possible to describe and define organized crime based on various sources as "[a] non-ideological enterprise involving a number of persons in close social interaction, organized on a hierarchical basis, with at least three levels / ranks, for the purpose of securing profit and power by engaging in illegal and legal activities."¹

¹ United Nations, *UN Convention against Transnational Organized Crime and the Protocols Thereto* (UNODC, 2004).

The aim of organized crime groups is providing benefit which could be money or power, in most cases the two of them together. Howard Abadinsky, an American researcher, describes the formation of organized crime groups as:

Position in the hierarchy and positions involving functional specialization may be assigned on the basis of kinship or friendship, or rationally assigned according to skill. The positions are not dependent on the individuals occupying them at any particular time. Permanency is assumed by the members who strive to keep the enterprise integral and active in pursuit of its goals. It abstains from the competition and strives monopoly on an industry, marketing or territorial basis.²

There is a willingness to use violence and/or bribery to achieve ends or to maintain discipline. Membership is restricted, although nonmembers may be involved on a contingency basis. There are explicit rules, oral or written, which are enforced by sanctions that include murder. According to the IIT Research Institute's Chicago Crime Commission Reports: "Organized crime consists of participation of persons and group of persons (organized either formally or informally) in transactions characterized by some elements.

These elements are:

- Intent to commit, or the actual commission of, substantive crimes,
- A conspiracy to execute these crimes,
- A persistence of this conspiracy through time (at least one year) or to intent that this conspiracy should persist through time.
- The acquisition of substantial power or money, and the seeking of a high degree of political or economic security, as primary motivations.
- An operational framework that seeks the preservation of institutions of politics, government, and society in their present form."³

The Council of Europe defines organized crime as

[t]he illegal activities carried out by structured groups of two or more persons existing for a prolonged period of time and having the aim of committing serious crimes through concerted action by using intimidation, violence, corruption or other means in order to obtain, directly or indirectly, a financial or other material benefit.⁴

In a working paper issued by the UN, Changes in Forms and Dimensions of Criminality, transnational and national organized crime is defined as:

Organized crime is understood to be the large-scale and complex criminal activity carried on by groups of persons, however loosely or tightly organized, for the enrichment of those participating and at the expense of the community and its members. It is frequently, accomplished through ruthless disregard of law, including offences against the person, and frequently in connection with political corruption.⁵

2. Conceptual Analyses of Organized Crime

Today's dominant concept of organized crime is heterogeneous and contradictory when the entire range of pertinent statements in the criminal-policy debate is taken into account. But when focused on the imagery

² Howard Abadinsky, *Organized Crime* (9th ed., Wadsworth Cengage Learning, 2010).

³ IIT Research Institute, "A Study of Organized Crime" (Chicago Crime Commission Report, 1971).

⁴ Klaus von Lampe, "Definitions of Organized Crime," at: <http://www.organizcd-crime.de/OCDEFI.htm#coc> (last visited Jun. 20, 2012).

⁵ Dimitri Vlasits, "The Global Situation of Transnational Organized Crime, The Decision of The International Community to Develop an International Convention and The Negotiation Process" (2000), available at http://www.unafei.or.jp/english/pdf/PDF_rms/no59/ch24.pdf (last visited Jun. 20, 2012).

that dominates the general perception of organized crime, it is possible to ascertain a tendency towards equating organized crime with ethnically homogeneous, formally-structured, multifunctional, monopolistic criminal organizations which strive to undermine and subdue the legal institutions of society.⁶

As far as the structures of illicit markets and criminal subcultures as a whole are concerned, the dominating understanding of organized crime is based on the notion that they tend to be monopolized and that all criminal groups strive for monopoly positions on an ever increasing scale.

The World Ministerial Conference on Organized Transnational Crime, held in Naples, Italy in 1994, developed a series of characteristics typical of transnational organized crime which are could be still taken as a reference doesn't matter it was issued 13 years ago.⁷

These characteristics included;

- Group organization to commit crime;
- Hierarchical links or personal relationships which permit leaders to control the group,
- Violence, intimidation and corruption used to earn profits or control territories or markets
- Laundering of illicit proceeds both in furtherance of criminal activity and to infiltrate the legitimate economy
- The potential for expansion into any new activities and beyond national borders,
- Cooperation with other organized transnational criminal groups.

The actors involved and the basic structure of organized transnational criminal activity may change with the crime being committed. The network of relationships required in the cocaine trade, for instance, is a cooperative structure of growers, refineries, mules, transshipment middlemen, wholesalers and street-level distributors to deliver the product from the point of origin to that of consumption, a process of coordination rendered more difficult by the difficulties of transporting the product across state frontiers. Subsequently, complex and unique networks for laundering drug profits are brought into play, involving laundering specialists, offshore and domestic institutions, real firms and shell companies, and other actors.⁸

By contrast, arm traffickers rarely deal in the production of the commodity and/or their clientele are often state-backed (or national) armed groups, the problems of detection are regularly less than that of the drug smugglers, despite the unwieldy nature of the commodity.

Thus to sum up these points, the gaps in our knowledge surrounding the nature of criminal organizations and their involvement in the spectrum of organized transnational crime leave us with significant difficulties in developing a coordinated response to this problem.

3. Organized Crime Growing Options

Phil Williams described these difficulties as:

There may be a set of discrete criminal groups on whom we may focus, there may be strategic alliances among criminal groups on whom we may focus, there may be a globally-coordinated network of these groups; or, conversely there may be a looser, more ad hoc set of affiliations among criminal groups.⁹

⁶ Karl von Lampe, "Not a Process of Enlightenment: The Conceptual History of Organized Crime in Germany and the United States of America," *Forum on Crime and Society* 1(2) (2000), pp. 99-118.

⁷ Allen Castle, "Transnational Organized Crime and International Security," (Institute of International Relations, The University of British Columbia, Working Paper No. 19, 1997), available at <http://www.ligi.ubc.ca/sites/liu/files/Publications/wcbwp19.pdf> (last visited Jun. 20, 2012).

⁸ Ibid.

⁹ Phil Williams, "Transnational Criminal Organizations: Strategic Alliances," *The Washington Quarter* 18(1) (1994), pp. 57-72.

Why are transnational crimes growing and becoming more professional and sophisticated with terrorist activities? The fundamental forces underlying the growth and increasingly international character of organized crime are the technological explosion and economic boom of the post-Second World War period as well as the current geopolitical situation, which has been rapidly evolving since the collapse of the socialist world. The 1960s represent the benchmark for many of the technological and economic changes affecting transnational crimes, whereas the political changes contributing to the spread of transnational crime emerged in subsequent decades.¹⁰

The growth in transnational illegal activities is largely due to the increasingly international scope of legitimate business and the ease with which it is conducted. Significant technological advances most affecting the growth of transnational crime and terror activities include the rise of commercial airline travel, telecommunication (including cable and cellular telephones, fax and computer networks) and the use of computers in business.

For example, passenger volume on international flights increased at least 30 times from 1974 to 2009. This rise has contributed to an increasingly mobile world population; mobility was equally enjoyed by carriers of illicit commodities, as cargo is loaded and unloaded at numerous points around the globe to avoid detection. Advances in telecommunications and satellite technology, the development of fiber-optic cable and the miniaturization and complexity of computers have resulted in a communications explosion of international phone calls, fax transmission and wire transfers.

Criminal and terrorist groups benefiting from the global village and its instant and anonymous telecommunications are able to operate without frontiers in unprecedented ways. This leads to another factor underlying the increase in international crime, the growth of international business. Organized crime groups follow the winds of international business. Global markets have developed in both legitimate goods and illicit goods, the most notable of which is the international narcotics trade.

The transnational character of organized crime means that these groups are now part of the global political agenda. As they develop from their domestic bases, their members establish links with fellow nationals living abroad. Tribal links among similar ethnic groups in different countries may facilitate international illicit activity, such as that seen across borders in Africa, the Golden Triangle and along the southern frontier of the former Soviet Union.

Small wars, low intensity conflicts or terrorist activities contribute to transnational organized crime by increasing the supply of narcotics and by feeding the trade in arms. Developing countries with poor economies that once depended upon agricultural commodities are, with falling agricultural prices, often attracted to drug cultivation as a means of obtaining cash. This money can then be used to purchase arms and ammunition for use in low intensity conflicts.

Weapons for such purposes are often bought on the illegal arms market, which is supplied by transnational organized crime groups. As you will notice, there are a links and rotation between drugs and arms traffic which continuously feed and help the growth of transnational organized crime groups so far.

However, despite a veritable explosion in illicit trade, the hegemony of global international crime is exaggerated. Increasing links exist among different international organized groups, but the idea of a *pax mafia* is premature. The cooperation among organized crime groups from different regions of the world enhances drug trafficking capacities and permits the smuggling of nuclear materials, as well as trafficking in human beings, but does not yet present a consolidated threat to the established political order. An emerging *pax mafioa* is precluded because many parts of the world are not under the domination of a particular organized crime group.¹¹

On the other hand, it does not mean that the transnational organized crime groups are not posing a threat to mankind. At an international conference on transnational organized crime in Tokyo, of January 2001, a senior UN official Pino Arlacchi, the undersecretary-general at the United Nations office for Drug

¹⁰ Louise Shelly, "Transnational Organized Crime: An Imminent Threat to the Nation-State," *Journal of International Affairs* 48(2) (1995), pp. 463-489.

¹¹ *Ibid.*

Control and Crime Preventions, claimed that "internationally organized crime is now a bigger threat to security for ordinary people than a war." He also added the following points:

- The fight against the organized criminals behind human trafficking, corruption and cyber crime must be a genuinely global effort.
- Organized criminals can cooperate across borders with greater ease than law enforcement officials; that is why international cooperation is so vital.
- The level and intensity of international crime has gone beyond what governments and the general population is prepared to accept.
- As many as one million women and children are trafficked last year across national borders by criminal groups.
- The profits from corruption, drug trafficking and other crimes have become so big that the numbers are difficult to grasp, while money laundering is estimated by the US government to be equivalent to much as five per cent of the world's GDP (Gross Domestic Product).¹²

4. Categorizing Organized Crime and Ties with Terrorism

There are tens of types of organized crime activities which exist all over the world, some of which are major activities. These major activities include:

- Drug trafficking,
- Conventional arms trafficking and illegal fire arms trading,
- Smuggling in nuclear materials,
- Trafficking in human beings and illegal migration,
- Cybercrime (computer-related crimes)

But in recent years we have begun to witness another activity of organized crime groups which is posing a great deal of threat to the world peace and tranquility: the links and cooperation between transnational organized crime groups and the terrorist organizations. Understanding the international terrorism and organized crime structures requires knowledge of the relationship between the inseparable aspects of weapons and their marketing dimensions.

Crime and terror always use the human factor but the instrument has always dominated. In other words, international terrorism always needs the arms.

Aspects of a relationship have existed since the 1970s in the Middle East and Asia and the 1980s in Latin America, where drug cartels and terrorist groups have engaged in *de facto* strategic alliances. Terrorist and criminal groups during these decades primarily entered into cooperative relationships for operational purposes. Terrorists received revenues to use for future operations and the cartels found an efficient way to secure their lucrative operations. Although these early relations between terrorist and criminal entities could be considered extremely clinical and business-like in nature, these ties are responsible for one of the most important transformations of international security in the days we are now living.

Despite being traced back to the 1970s, the relationship between transnational organized crime and terrorism grew in importance after 1991 as a result of various strategic factors: the end of the Cold War, the most recent wave of globalization and associated developments in illicit operations worldwide.

Among the most important consequences, emanating from the end of the Cold War and the subsequent fall of the Soviet Union, was the erosion of communism as a motivating international ideology and a source of significant external support for several countries in the world.

¹² Peter Lilley, *Dirty Dealing: The Untold Truth About Global Money Laundering, International Crime and Terrorism* (Kogan Page Limited, London, 2000).

From this reality, emerged other factors that had an impact on the international security environment, such as the subsequent decline in state-sponsorship for terrorist groups, the opening of territorial borders, the creation of surplus of arms, and the expansion of the market place to a near global status.

Conclusion

Since the activities of organized crime organizations are especially focused on the smuggling of humans, arms, drugs and nuclear materials, a parallel system starts to work, with the two types of organizations feeding off each other, and structures utilizing human resources and communication/transportation/protection networks, aiming to meet the logistical requirements of terrorist organizations.

Although it is relatively easy to cut the financial resources of terrorist organizations, to fight against organized crime and to counter extorted money by means of national and international police organizations, it is almost impossible, or at least very difficult, to resolve the issue totally since those actors who provide economic support also provide political support to the terrorist organization.

For that reason it is possible to say that that the police struggle to stop the economic support can only be successful when political actors change their attitudes towards the terrorist organization. Actually, they provide a great political support to the terrorists by all possible means.

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