
3

Crime, Illicit Markets, and Money Laundering

Phil Williams

ORGANIZED CRIME IS PERHAPS BEST UNDERSTOOD as the continuation of commerce by illegal means, with transnational criminal organizations as the illicit counterparts of multinational corporations. During the 1990s, transnational organized crime—and the related phenomena of illegal markets and money laundering—were transformed from an unrecognized problem to an issue taken seriously by governments, both individually and collectively. Indeed, there has been a growing sensitivity to the problem and increased willingness to address transnational organized crime, illegal markets, and money laundering as serious challenges to international security and governance rather than simply domestic issues.

Transnational criminal organizations pose a major challenge for governance at both the national and global levels. They are inherently hostile to domestic or international efforts to control their behavior, because their ability to continue their activities depends on their capacity to negate governance efforts. Complicating matters is the added paradox that governance in certain domains can provide criminal organizations with major opportunities to expand their activities and enhance their profits. The creation of regulatory regimes in certain areas can create perverse incentives for criminal organizations to engage in entrepreneurial activities that undermine regimes and embargoes.

It is now widely recognized that purely national or even bilateral responses are simply inadequate to deal with the problem. The dynamics of illegal markets, the activities of criminal enterprises, the reach of criminal networks, and the pervasiveness of money laundering all militate in favor of multilateral responses. So too does the lack of capacity of weak governments to respond adequately, the unwillingness of corrupt governments to take decisive action against indigenous criminal organizations, and the reluctance of many offshore financial centers and bank secrecy jurisdictions to initiate measures that would keep out the proceeds of crime. Also fueling

the growing efforts at governance in this area is the recognition that in some cases, governments themselves are part of the problem. This is not simply a competition between sovereign states and what James Rosenau termed “sovereignty-free actors”; in some cases, state structures and institutions have been neutralized, compromised, or coopted by criminal organizations.¹ This makes collective governance simultaneously more important and more difficult.

This chapter focuses on the efforts by governments to respond to the growing challenges posed by transnational criminal organizations. It examines this issue very broadly and considers not only criminal organizations and the illicit markets within which they operate, but also the money that is generated by a wide range of illegal activities, much of which goes into licit businesses and the global financial system. Illegal markets involve at least four separate categories of commodities and services: (1) prohibited goods or services, such as drugs or commercial sex; (2) regulated commodities, such as antiquities or fauna and flora; (3) differentially taxed commodities, such as cigarettes; and (4) stolen goods, such as cars.

Accordingly, this chapter does several things. First, it elucidates the nature of transnational organized crime, illicit markets, and money laundering, and in so doing highlights why during the 1980s and 1990s these issues became a serious challenge for international governance. Second, it outlines the major international responses, identifying the multilateral institutions and agencies that have been involved and delineating the major initiatives they have taken to establish more effective governance in dealing with criminal organizations, the markets in which they operate, and the proceeds of their activities. These range from the creation of norms to efforts to enhance the effectiveness of national law enforcement agencies through improved sharing of information and intelligence. Third, it identifies the major lessons from this experience, identifying those approaches that have worked and that hold considerable promise for the future, as well as those that have proved less effective. Fourth, it delineates the major obstacles to the establishment of more effective governance in this area. Some of these obstacles stem from the fact that even where governments are fully in compliance with international norms and conventions, criminal organizations will still find ways to circumvent them. Finally, it concludes, somewhat pessimistically, that governance in the area of organized crime, drug trafficking, and money laundering is seriously inadequate because of systemic conditions that might prove impossible to change. Nevertheless, some recommendations can be made for enhancing governance.

NATURE OF THE PROBLEM

Criminal organizations have a long history. The Sicilian Mafia developed during the nineteenth century, providing protection, contract enforcement, and debt collection

in a region where the Italian government was weak. The criminal activities of Chinese triads can be traced back to the early part of the twentieth century. Initially established as secret societies to oppose the Qing dynasty, the triads lost their political rationale with the collapse of the dynasty and the establishment of the Republic of China in 1912. Whereas some members entered politics, “those who were not absorbed by the political machine returned to the well-established Triad organizations for power and status. However, without a patriotic cause to pursue, the secretive and anti-establishment nature of the organizations helped transform them into criminal groups.”²

For its part, organized crime in the United States has witnessed a pattern of ethnic succession with Irish, Jewish, and Italian criminal organizations enjoying periods of dominance before gradually giving way to the current kaleidoscope of organizations, many of which are ethnically based. The “new ethnic mobs,” as they have been termed, include: Colombian, Dominican, and Mexican drug trafficking groups; Russian émigré networks involved in a wide variety of criminal activities, ranging from car theft to health-care and insurance fraud and stock manipulation; Nigerian criminal networks engaged in drug trafficking and imaginative fraud schemes; Chinese criminal entrepreneurs smuggling illegal aliens and operating protection rackets within their own community; roving Vietnamese gangs engaged in home invasions; and Albanian organizations adept at supermarket robberies.³ In effect, the United States has become host to foreign criminal organizations, attracted by large illicit markets and lucrative opportunities.

Organized crime has long had a transnational dimension—a characteristic that becomes even more important in an interdependent world. During prohibition in the United States, for example, liquor was not only manufactured illegally in the United States but also brought from Europe and Canada. Similarly, the drug trafficking industry had a transnational dimension almost from the outset, simply because those countries that historically were the main growers, processors, or manufacturers of narcotic and psychotropic substances were not the major consumers. Even more striking, smuggling—an inherently cross-jurisdictional or transnational activity—is one of the world’s oldest professions, based as it is on differential opportunities for profit. (It has long been argued, for example, that the Caribbean could better be described as the sea of contraband.)⁴

Trafficking, of course, has not been limited to goods: trafficking in women for commercial sex also has a long history. In the late nineteenth century, for example, Argentina and Brazil emerged as lucrative markets for traffickers in women. Those who controlled the business were predominantly French, Jewish (from Poland and Russia), and Italian.⁵ Among those trafficked were significant numbers of Slavic women taken to work as prostitutes in a wide variety of places, including the Ottoman Empire and Argentina as well as New York and other major cities in the United States.⁶ As one of the predecessors of today’s nongovernmental organizations (NGOs) la-

mented in 1903: “The white-slave traffickers are in close contact in all parts of the world, in great cities as in small villages . . . in order to benefit fully from the techniques of the traffic and the advantages of combination.”⁷⁷ Moreover, “the advantages of the traffickers were indeed substantial. They had the steamship and the railway to move women quickly and the telegraph to help dispatch them efficiently. With the exception of Britain and Germany, the police were corrupt or compliant to varying degrees everywhere.”⁷⁸ The difference in today’s world is not the trade as such, but the speed, ease, and variety of the flows of women—and even this is a difference in degree rather than kind.

New Dimensions of Old Problems

Acknowledging the antecedents for contemporary transnational organized crime and illegal markets is not to ignore the very real increases in the phenomenon in the 1980s and the 1990s. There are several reasons for this increase. First, the globalization of trade, technology, transportation, communications, information, and financial systems provides new opportunities for criminal enterprises to operate across national borders. The free trade system has made it easy to embed illicit products in the vast amounts of imports and exports that now characterize international trade. Indeed, illicit trade often develops a parasitic relationship with licit trade, as is evident in the growing number of seizures of drugs being transported in intermodal containers.

Second, one of the characteristics of globalization has been significant population movements driven by a mix of push and pull factors that range from ethnic conflict and environmental degradation to the desire for economic betterment. The increase in migration and the growth of ethnic networks that transcend national borders have proved valuable to the operations of criminal organizations. Although most immigrants are law-abiding citizens and are in fact more likely to be the victims than the perpetrators of crime, the dispersal of Colombians in the United States, Turks in Western Europe, and Nigerians throughout Southeast Asia, Western Europe, and the United States has greatly facilitated the creation of network structures for the supply of illicit goods. Diaspora-based ethnic communities are an important resource for transnational criminal enterprises. They provide recruitment opportunities, cover, and support. Recruitment based on ethnic loyalties is particularly easy when the immigrant groups have not been fully integrated into their adopted society. As one analyst observed: “Many immigrant groups have been totally marginalized in Europe, some live in cultural ghettos. They readily provide some of the personnel for international organized crime.”⁷⁹ The low status and poor living conditions of many Turkish immigrants in Western Europe, for example, means that the rewards offered by Turkish criminal organizations for assistance in smuggling heroin from South-

west Asia into Western Europe are attractive. Even casual participation or involvement on the margins can yield greater rewards than can be obtained through the licit economy. At the same time, many immigrant communities such as the Chinese are not only very resourceful but also engage in a wide range of commercial and trading activities that can provide excellent cover for illicit activities. Such groups are also very difficult to penetrate. The barriers of language and culture provide built-in defense mechanisms that are strengthened by ties of kinship and inherent suspicion of authority. Just as transnational corporations have their local subsidiaries, transnational criminal organizations have their ethnically based criminal groups within immigrant communities.

The third reason for the rise in transnational organized crime is that the global financial system is increasingly based on digital or “megabyte” money. Such funds can be moved rapidly and anonymously and can be traded, exchanged, and cleaned or legitimized via an array of financial instruments such as derivatives and futures.¹⁰ The global financial system has multiple points of access and, once in the system, money can be moved with speed and ease and with a minimum of interference from regulators. To some extent this was a result of deliberate government choices, with competitive deregulation of financial systems in the 1970s encouraging a more permissive approach to capital, whatever its source. The growth of offshore financial centers and their use for tax advantages by licit corporations established patterns that were soon followed by criminal enterprises, which increasingly use offshore financial centers and bank secrecy havens to hide their money. The proceeds of crime are often moved through several jurisdictions, making it difficult for law enforcement to follow the money trail. Indeed, following the money across multiple jurisdictions is a complex and costly task for law enforcement; and even if criminal money is identified, obtaining it from offshore financial centers and bank secrecy havens is a formidable task. Criminal organizations engage in a form of jurisdictional arbitrage using offshore financial centers that promise maximum protection for their funds and in effect are financial safe havens. In many respects, the contemporary global financial system has become a money launderer’s dream. Conversely, it is a nightmare for law enforcement agencies that have to work through a jurisdictional and bureaucratic morass in their efforts to follow and seize the money.

The fourth factor is the growth in attractive markets or sources. During the 1980s and the 1990s, there was a massive growth in drug markets. Drug trafficking and drug abuse have been transformed: they are no longer simply a “U.S. problem” but have become problems affecting other large consumer countries such as those of Western Europe, Russia, and China. They have also become a problem for source and transshipment states. Criminal enterprises are particularly attracted to host countries where there is significant demand for illicit drugs and other products and services. Moreover, such host countries might be a significant source of products that can be stolen and trafficked to meet a burgeoning market elsewhere. In the United

States, for example, many criminal organizations are involved in supplying illicit drugs to a large body of consumers. At the same time, American cars and sport utility vehicles are stolen for markets elsewhere. According to the State Department estimate, several hundred thousand of the 1.5 million vehicles stolen annually in the United States are illegally exported to Central America and Eastern Europe.¹¹ In some instances, the same organizations that are involved in bringing drugs or illegal aliens into the country are also responsible for the theft and trafficking of cars to other destinations. In other words, although some countries are more obviously attractive markets than others, the flows of illicit products are not all in the same direction. Women from the newly independent states of the former Soviet Union, for example, are trafficked to Western Europe, where they are in high demand, while luxury cars stolen in West European countries are trafficked to the east.

A fifth contributing reason is found in differential profits. The most attractive markets of course are not only those in which there is large-scale consumer demand, but also those in which prices—and profit levels—are high. Differential profits in different national markets provide incentives for criminal organizations to penetrate these markets. Drugs are not unique in accumulating a markup as they move through the chain from producer country to the consumers; what is distinctive is simply the extent of the markup. In other cases of course the problem is not illicit products, but licit products that have large variations in prices from one market to another—often because of taxation policies. Where there are significant variations in prices of products (such as cigarettes) and a highly permeable border, then either new criminal enterprises will emerge to meet the demand for cross-border trafficking—as happened with American Indian involvement with cigarette smuggling on the U.S.-Canada border—or existing criminal groups will diversify into this area.

Sixth, differential regulations and laws spur transnational crime. Nikos Passas uses the term *criminogenic asymmetries* to describe differences among states that encourage transnational criminal activity.¹² One of these differences concerns national regulations. Where regulations are relatively lax or poorly implemented in critical sectors such as finance and banking, this is an invitation for criminal organizations to move into the state and exploit the lacuna. Once again, there is a form of jurisdictional arbitrage at work.

Finally, the differential abilities of states to impose risks encourage crime. It bears emphasis that the distinctiveness of illicit business lies not in the profit side—all enterprises seek to maximize profits—but in the risks transnational criminal organizations face, especially but not exclusively from law enforcement and government. All businesses have to deal with the risks posed by competition, by government intervention in the market, by changing consumer tastes, and so on. The risks facing criminal organizations, however, are distinctive: they stem from the illicit nature or their activities; neither they nor their rivals are bound by rules, norms, and regulations in the way that licit corporations are; and they operate within an industry

where violence is an integral means to resolve interorganizational disputes. Perhaps most important, however, are risks resulting from the activities of governments that attempt to put criminal organizations out of business. Considerable efforts and resources therefore are devoted to neutralizing or circumventing law enforcement, thereby reducing risks to the business. Indeed, there is a constant dialectic between illicit business and law enforcement that does much to shape the character of transnational criminal organizations and to determine in which jurisdictions they operate.¹³ This is not to imply that transnational criminal groups will avoid high-risk states. If such states provide attractive and lucrative markets, they will also become host states, as South Africa has done with criminals from China, Italy, Nigeria, and Russia. Where feasible, however, criminal organizations will engage in illicit activities primarily from a low-risk jurisdiction.

Nature of the Challenge

This combination of opportunities and incentives for organized criminal activity helps to explain why organized crime has increased in both scale and diversity. These developments have been accompanied by a marked expansion in both illicit markets and informal economies. Indeed, during the 1990s criminal organizations became more powerful, more varied, and more prevalent. Traditional organized crime groups such as the Italian Mafia, Chinese Triads, and Japanese Yakuza now share the stage with relative newcomers such as Turkish clans, Albanian drug trafficking organizations, Nigerian networks, Russian criminal organizations, Colombian and Mexican drug trafficking organizations, and the like. Organized crime has become a major problem in many parts of the world, and criminal organizations have displayed a capacity to amass enormous wealth; a willingness to confront, corrupt, and even coopt governments; a propensity to infiltrate legal sectors of national economies; a tendency to develop cooperative linkages; and a remarkable resistance to government efforts to put them out of business.

One factor that promises to enhance further the power of criminal organizations is information technology. Indeed, criminal organizations exploit information technologies in three ways. First, they adopt information technologies as force multipliers: using devices such as global positioning systems to carry out certain crimes more effectively, computer systems to enhance managerial efficiencies, and encryption technologies to protect their communications from governments and law enforcement agencies. Second, they use information technologies as the means to commit certain crimes. (The use of Internet banks based in offshore jurisdictions to commit fraud provides merely one of many possible examples.) Finally, criminal organizations target information technologies, especially information systems, to extort businesses and degrade and deter the response capabilities of governments and law enforcement

agencies.¹⁴ In other words, information technologies provide new opportunities and new targets for transnational organized crime.

Two dimensions of transnational criminal organizations pose problems for governance and, indeed, for national security: (1) the concentration of illegal power that can threaten democratic institutions and the rule of law; and (2) a set of criminal activities that not only provide the source of wealth and power for organized crime but also inflict considerable physical harm on both societies and individuals. Criminal enterprises undermine state sovereignty, challenge state authority (either directly through confrontation or indirectly through corruption), and subvert government monopoly of the use of violence.¹⁵ The activities of criminal organizations involve gross violations of human rights (trafficking in women and children for the global sex trade); undermine regulatory regimes (chlorofluorocarbons, hazardous waste trafficking, trafficking in endangered species); threaten nonproliferation and arms embargoes (trafficking in nuclear materials and conventional weapons); and undermine licit trade and commerce (through the theft of intellectual property and counterfeiting).

In terms of the threat posed to states, however, the challenge from criminal organizations varies considerably, depending on the vulnerabilities of the state. For stable democracies with high levels of legitimacy, vibrant civil societies, and established mechanisms for rooting out corruption, the issue rarely becomes more than a law enforcement problem. For weak states or states in transition, however, the situation is rather different. States with a low level of capacity and legitimacy, with undeveloped traditions of democratic government or civil society, and with few safeguards against corruption are ideal targets for penetration by criminal organizations. Most of the Caribbean islands, for example, are relatively weak states and have been penetrated by Colombian drug traffickers, Sicilian organized crime groups, and, increasingly, Russian criminals. Many of these islands are used for transshipment of drugs or illegal immigrants, while their offshore financial sectors are used to launder and hide the proceeds of crime. In this vein, hopes for a smooth transition to a free market and liberal democracy in Cuba after Castro could well be dashed: a rapid influx of major criminal organizations will no doubt seek to control what is currently a disorganized market for commercial sex and to use Cuba for both drug transshipment and money laundering. The problem, however, is not confined to small states. Even large states are vulnerable to the power of criminal organizations. In Russia, for example, organized crime has not only penetrated most sectors of the economy but has also forged alliances with members of the political and administrative elites and with business. Indeed, it is arguable that in Russia an iron triangle of business, crime, and politics has derailed the transition to a functioning liberal democracy. In effect, organized crime has neutralized the criminal justice system, superseded some state functions, and captured parts of the state apparatus. The extent of the symbiosis between crime and politics warrants describing Russia as a captured state. Indeed,

Louise Shelley has argued persuasively that the authoritarianism of the Communist Party will be replaced not by liberal democracy but by the authoritarianism of organized crime.¹⁶ Even if such an outcome is avoided, the capacity of organized crime to infiltrate and distort government is growing. In states as diverse as Mexico and Turkey, the pattern is similar, developing into what Roy Godson has termed a “political-criminal nexus.”¹⁷ China may be moving in the same direction, with a serious increase in organized crime–related corruption.

Neutralizing and capturing the state apparatus is clearly the preferred option for organized crime. In some cases, though, such an approach—generally as a result of disappointed expectations about the benefits of collusion—is abandoned in favor of confrontation. Most dramatically, during the 1980s and early 1990s in Italy and Colombia, major criminal organizations confronted the state authorities with large-scale campaigns of violence that were ultimately defeated but nevertheless proved very costly for the state. Direct confrontation, however, is relatively unusual. Most criminal organizations choose cooption rather than confrontation, collusion rather than coercion, and the development of symbiotic rather than adversarial relations with state authorities. Ultimately, however, their use of corruption as an instrument is probably even more pernicious than the use of violence: it undermines the integrity of institutions (especially in the area of criminal justice), has a distorting impact on the functioning of government, and generally inhibits the development of civil society and the rule of law. For states in transition, such consequences are particularly debilitating.

In some cases, of course, state authorities go from being passive beneficiaries to initiating and controlling much organized crime activity. This has happened in Nigeria during the Abacha era and is a pattern that could become even more prevalent in Africa. Indeed, the prospects for Africa in relation to organized crime are gloomy to say the least: in some countries, organized crime will attempt to neutralize or capture state authorities; in others, state authorities themselves will engage in activities normally associated with criminal organizations; while in yet others, subnational politico-military factions trying to obtain control over the state will use crime to fund their military activities.¹⁸ Whether the state is captured, criminal, or contested, however, organized crime could have a major impact on the future of many African states. The moves to democracy will not necessarily end the spoils system so much as require its diffusion.

The other multifaceted dimension of the challenge to governance reflects the relationship between organized crime and ethnic conflicts and terrorism. First, factions within terrorist organizations, insurgencies, or separatist movements such as the Kurdistan Workers Party (PKK) in Turkey, the Kosovo Liberation Army (KLA) in Kosovo, and the Liberation Tigers of Tamil Elam (LTTE) often resort to criminal behavior such as drug trafficking to fund their political struggles. They also benefit

from criminal activities by members of the diaspora, who funnel money back to the organization.

Tamil networks around the world, for example, have extended their activities beyond drug trafficking, becoming proficient at credit card fraud in Great Britain and Canada, extortion in Germany, social security fraud in France, and counterfeiting of currency in several European countries and Australia.¹⁹ There is also a link between organized crime activities and LTTE military activities in Sri Lanka. In a 1999 report, the Royal Canadian Mounted Police claimed to have “clear evidence” that Tamil street gangs in Toronto were sending the proceeds from bank and casino fraud, immigration fraud, drug smuggling, and trafficking in weapons to the LTTE to support terrorist activities.²⁰ Similarly, during the late 1990s, Kosovar Albanians became more prominent in heroin trafficking in Western Europe, and there was considerable concern about the profits from this and other criminal activities going to fund the KLA struggle against the Serb government in Belgrade. The second aspect of this linkage reflects the opportunities for criminal entrepreneurship and the supply of illegal goods created by the collapse of authority and the emergence of conflict. These opportunities are particularly attractive where an international embargo is imposed on one or more of the combatants. In essence, criminal organizations can exploit the opportunities arising from the gap between demand for weapons and other goods and restrictions on supply. During the war in Bosnia in the first half of the 1990s, an estimated \$2 billion worth of arms per year were supplied to the combatants, circumventing the UN arms embargo. A third kind of linkage arises when insurgents tax or extort criminal organizations (often along with licit businesses), especially drug traffickers. The PKK has a reputation for doing this both in Turkey and in the Netherlands, while the Revolutionary Armed Forces of Colombia (FARC) in Colombia derives a substantial income from its “protection” of drug traffickers.

Inextricably linked to the rise of criminal organizations is the emergence of what H. Richard Friman and Peter Andreas term “the illicit global economy,” which consists of large transnational criminal markets in a wide range of goods that are either illegal in most jurisdictions (such as drugs) or legal but exported or imported illegally. As suggested above, in some cases the issue is not the product so much as its theft, its diversion from licit purposes to illicit, and its supply to end users such as terrorist organizations or rogue states. Furthermore, “smugglers do not limit their operations to stolen goods or illicit products such as drugs. Through clandestine trade in licitly produced commodities, smugglers also seek to circumvent trade duties or to take advantage of variations in domestic taxes on high-demand products.”²¹ Looking at the issue in economic rather than organizational terms encourages a focus on the dynamics of illicit markets, the factors of demand and supply, the scale of activities, and those factors that facilitate or inhibit transactions.²² It also helps to

highlight collusion between criminals and a wide variety of individuals and institutions in the “upper world.” The market in stolen antiquities, for example, depends in part for its effectiveness on either complicity or active collusion by antique businesses and auction houses. Similarly, trafficking in children for commercial sex generally starts with villagers in countries such as Burma selling their daughters to agents who transfer them to brothels in Thailand or elsewhere, and depends on the connivance of immigration officials, local police, and the like. Fauna and flora trafficking is similar in that much of what is trafficked is incorporated into traditional Asian medicines or used by Asian craftsmen to create artifacts that are subsequently sold by legal businesses. Although none of these markets rival the illegal drug trade in scope, pervasiveness, or impact, they contribute to a global illicit economy that presents a major challenge to governance.

Whether the emphasis is on organizations or markets, one concern is the huge profits that are generated—and the power that such financial clout gives to criminal organizations. Measuring the proceeds of crime, however, is problematic. Although figures such as the \$500 billion drug trade or \$1 trillion organized crime industry provide sensational headlines, such estimates have more to do with sound bites than with sound financial calculations. If the precise figures are elusive, however, it is clear that the proceeds of crime are substantial and that in some economies they can have a significant impact. Moreover, criminal proceeds can add to the volatility of capital markets, distort economic development efforts, and undermine the integrity of financial institutions.

In short, organized crime has ceased to be simply a domestic problem, becoming instead a challenge to stability and security at a variety of levels. In a sense, transnational organized crime forced itself onto the international agenda. Governments became increasingly aware of the problem in the 1980s and with U.S. leadership took major initiatives in the late 1980s. (The Vienna Convention of 1988 on drugs and money laundering and the Financial Action Task Force are discussed below.) As long as the Cold War lasted, however, combating organized crime or drug trafficking was secondary to competing with the Soviet Union. As a result, U.S. and Western intelligence agencies conveniently overlooked criminal or drug trafficking activities that helped to fund anti-Soviet or anticommunist activities. Seen in this context, the end of the Cold War contributed to the increased salience of organized crime.

Equally if not more important were the collapse of the Soviet Union and the move toward liberal democracy and market economies in the states of the former Soviet bloc. What few observers initially realized, however, was that communist governments had repressed not only their populations but also organized crime—even while using criminal groups to feed the black markets and provide luxury goods to the political and economic elite. In effect, the authoritarian systems had incubated organized crime, but within limits and in ways determined by the state. With the collapse of state authority, the incubation period was transformed into one of rapid growth.

Moves toward a market economy without any rules and regulations, the capacity for debt collection and contract enforcement, and the evolution of legal protection provided ideal opportunities for criminal groups to develop regulatory functions that in most Western democracies were the prerogatives of the state. When combined with privatization efforts that offered enormous opportunities for corruption, these conditions meant that the early 1990s was a period of rapid growth for organized crime in the former Soviet Union. Moreover, the collapse of the coercive apparatus of the Soviet state meant that opportunities could be grasped with impunity. The criminal justice system was ill equipped to meet the new challenge, while a prohibitive taxation system provided perverse incentives for tax evasion that contributed in several ways to a culture of criminality. Moreover, it became clear that the problem was not confined to the states of the former Soviet Union. In the early 1990s, Berlin became a battleground for rival Russian organized crime groups, and such groups increasingly extended both their activities and their influence to Western Europe, the United States, and perhaps most notably of all, Israel. Although in some quarters the threat was exaggerated (with global organized crime and particularly Russian organized crime described as the “new empire of evil”) and oversimplified (for example, claims regarding the emergence of a *Pax Mafiosa*), organized crime groups from the former Soviet Union have not only become transnational in scope but have also forged cooperative linkages with other criminal enterprises from Colombia and Italy.

TRACK RECORD OF INTERNATIONAL RESPONSES

Although organized crime was traditionally seen as a domestic law-and-order problem and not something that required major collective efforts, some cross-border criminal activities have been on the international agenda for some time, the subject of rudimentary attempts at establishing governance and control.²³ However, it was only during the late 1980s and the 1990s that transnational organized crime became a clear focus of efforts at international governance. There have been three distinct levels of governance in dealing with organized crime, drug trafficking, and money laundering. First is the creation of international norms: various conventions on drug trafficking and the slave trade. Second is information sharing to enhance law enforcement, especially through the creation of Interpol, which had its origins in the capacity of criminals to escape justice simply by crossing borders. Interpol instituted a system of notices about international fugitives that remains one of its major functions today. Third is the creation of education, eradication, and interdiction programs at the regional and global levels to respond to particular criminal activities, especially drug trafficking.

This analysis of existing responses starts with global efforts at agenda setting and norm creation in relation not only to transnational organized crime but also to spe-

cific criminal activities such as money laundering and trafficking in women and children. It will examine in particular the work of the United Nations, the Group of 8 (G-8), and the Financial Action Task Force (FATF). Following this, it will consider the more operational aspects of governance—law enforcement cooperation at both the regional and global levels.

United Nations: Agenda Setting and Norm Creation

Efforts by the United Nations to combat organized crime can be traced to 1975, when the Fifth UN Congress on the Prevention of Crime and the Treatment of Offenders examined changing dimensions of criminality, focusing on the notion of crime as business.²⁴ Although the focus on organized crime continued, it was overshadowed for much of the 1980s by more specific concerns over drug trafficking and money laundering. These concerns resulted in the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, adopted in December 1988. This superseded earlier conventions signed in 1961 and 1971 and, in effect, established the framework for subsequent efforts to combat drug trafficking and money laundering. It was designed to promote cooperation among the signatories so that they could more effectively combat drug cultivation and trafficking. Parties to the convention were also obliged to “take necessary measures, including legislative and administrative measures” to “establish as criminal offences” drug cultivation, manufacture, transportation, and sale and to develop laws allowing the confiscation of the proceeds of drug trafficking. The convention also included clauses on extradition and mutual legal assistance, and in 1990 the UN General Assembly adopted Model Treaties on Extradition and on Mutual Assistance in Criminal Matters. Initiatives during the 1990s reflected a broadening of UN efforts at agenda setting and norm creation, to include not only drug trafficking and money laundering but also transnational organized crime. In 1991 the UN General Assembly established a Commission on Crime Prevention and Criminal Justice within the UN Economic and Social Council (ECOSOC). This ensured the involvement of national governments in the efforts to combat transnational organized crime. At the inaugural meeting of the commission, Judge Giovanni Falcone, a renowned anti-Mafia figure in Italy who was subsequently assassinated by the Mafia, proposed a global conference to establish the basis for enhanced international cooperation against organized crime. The international community was receptive to this proposal, partly because the end of the Cold War allowed new issues to appear on the international agenda, and partly because the emergence of newly independent states particularly vulnerable to organized crime gave the issue unprecedented urgency.

Falcone’s vision came to fruition with the World Ministerial Conference on Organized Transnational Crime, held in Naples in November 1994. The conference had more than 2,000 participants, with 142 national delegations, 86 of which were

at the ministerial level.²⁵ This was a landmark event in crystallizing concerns about transnational organized crime and resulted in a declaration and action plan elucidating various ways to combat a phenomenon that was becoming increasingly pervasive. The declaration and action plan emphasized: the need for enhanced knowledge about the organized crime challenge and the capacity of criminal justice systems to respond effectively to it; the need for assistance to states in drafting legislation and regulations against organized crime; and the need for improved international cooperation and the provision of technical assistance to enable recipients to enhance their capacity to combat transnational organized crime. It appeared that there was broad agreement on objectives and how to attain them.

Initially, developing countries supported the idea of moving to a convention against transnational organized crime, while many Western countries were skeptical. The latter group was concerned not only about the conceptual and legal problems, but also that a convention would be based on the lowest common denominator and would therefore lack “teeth.”²⁶ During 1995 and 1996, however, several developments would ultimately facilitate agreement on the desirability of a convention. A survey by the UN Secretariat revealed that a majority of states favored the idea. In addition, the G-8 states established a Group of Senior Experts (see below) that developed forty recommendations to help combat transnational organized crime and helped to transform the approach among governments that previously had been skeptical about a convention. Finally, in September 1996, Poland, one of the most vigorous supporters of the idea of a convention, introduced a draft framework. This gradually transformed the discussion from an abstract debate about desirability to a more specific focus on what the convention would look like. An intergovernmental group of experts, established by the General Assembly, met in Warsaw in February 1998 and began to explore “options for the convention”—a euphemism for a preliminary draft.²⁷ Specific concerns also began to emerge about: illicit manufacturing and trafficking in firearms (of particular concern to Japan and Canada), trafficking in women and children for commercial sex (an issue pushed by Argentina), and smuggling of illegal migrants (of grave concern to both Austria and Italy). It was then decided that these should be linked to the convention as additional instruments. A meeting in Buenos Aires in September 1998 gave further momentum to the process, partly because of the emergence of a core group of delegates committed to developing an effective and acceptable text. The commission then created an Ad Hoc group—officially established in December 1998—to elaborate the convention and the additional instruments in the three areas of concern identified by particular nations. Ironically, at this stage, some developing countries became concerned about the resource implications of implementing the convention. Nevertheless, the Ad Hoc group made sufficient progress to make the deadline of December 2000 a realistic one.

The draft convention focuses on organized crime actors and the concept of serious crimes. Its focus on criminal organizations rather than particular activities reflects

the capacity of these organizations to move from one product line to another, as well as the fact that in some areas conventions already exist against specific criminal activities. The Vienna Convention is the most obvious case in point, but also relevant is the Convention on International Trade in Endangered Species (CITES) convention prohibiting trafficking in endangered fauna and flora. Similarly, the 1970 UN Educational, Scientific, and Cultural Organization (UNESCO) Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property was intended to prevent illicit trafficking in art and antiquities. In contrast to these earlier initiatives, the draft convention focuses not on particular items that are trafficked but on more generic issues. Accordingly, it establishes four offenses: participation in an organized criminal group, money laundering, corruption, and obstruction of justice. The convention also promotes international cooperation through its articles on extradition, mutual legal assistance (which goes well beyond existing norms to include the use of modern technology and the unrequested provision of information and assistance), transfer of criminal proceedings, and law enforcement cooperation, including the exchange of intelligence. Detailed provisions on countering money laundering and the sharing of confiscated assets are accompanied by provisions for witness protection, including relocation, and for the protection of victims. As a result of these provisions, signatories will need to adopt new legislation and enhance the capacity of their criminal justice and law enforcement systems. Provisions for technical assistance are intended to facilitate this process and enable developing states to meet their obligations under the convention. The draft convention also includes a Conference of the Parties that will oversee implementation and provide a system of peer review, designed in part to identify areas where technical assistance is necessary. In addition—and this is very innovative—the draft includes an article on prevention that is designed to encourage countries to take measures to develop procedures that will “safeguard the integrity of public and private entities” and make it more difficult for organized crime to infiltrate legal markets and institutions.²⁸

In addition to the draft convention, there are three protocols. The first of these, the Protocol Against Trafficking in Persons, Especially Women and Children, combines measures against offenders with steps to protect the victims of trafficking. The Protocol Against Smuggling of Migrants promotes international cooperation to protect the human rights of the smuggled migrants, while also advocating preventive measures including enhanced document security. The Protocol Against Illicit Manufacturing of and Trafficking in Firearms promotes the marking of firearms to ensure that they can be uniquely identified and traced across borders.²⁹

Disagreements on the precise language concerning a number of the provisions were worked out in July and August 2000, and the convention was opened for signature in December 2000. When it does come into force, it will establish a set of norms for combating transnational organized crime that go far beyond anything previously

envisaged by the international community. Although there are many outstanding questions about the extent to which these norms will be implemented, the convention is nevertheless a major step forward in the area of global governance to deal with transnational organized crime, money laundering, and illegal markets. Norm creation is only a first step, but the explicit consideration given to implementation in the convention acknowledges that effectiveness depends in large part on the willingness and capacity of signatories to implement the norms that they have formally recognized.

G-8: Agenda Setting and Symbolizing Commitment

If the UN initiatives can be understood as reflecting the will of the global community of states, the effectiveness of these initiatives in almost all areas of governance depends on a basic congruence between the global community and the great powers. In this connection, the work of the United Nations in agenda setting and establishing norms to combat transnational organized crime has been complemented and strengthened by the activities of the G-7/G-8. In July 1994, for example, in its meeting at Naples the G-7 noted that it was alarmed by the growth of organized transnational crime, with countries in transition increasingly targeted by criminal organizations. It also made clear that it was determined to strengthen international cooperation to address this situation and welcomed the forthcoming UN World Ministerial Conference. In 1995 the G-7 heads of state created a group of experts to counter transnational organized crime and prepare recommendations for the annual G-7/G-8 summits. This group, the Senior Experts Group on Transnational Organized Crime (sometimes known as the Lyon Group) developed forty recommendations, most of which focused on practical matters rather than more conceptual issues such as definitions. The recommendations underlined the importance of mutual legal assistance and extradition even if there was no “dual criminality,” the need for a central authority within states to expedite cooperation, and the importance of coordinating prosecutions. In addition, they covered techniques for mutual education (such as secondments and personnel exchanges); witness protection, including reciprocal arrangements and the use of video links; the need to criminalize technological abuses and the smuggling of persons; the importance of removing safe havens for criminals; better firearms regulations; and the development of international cooperation on electronic surveillance, undercover operations, and controlled deliveries—that is, allowing the delivery of illegal goods to go ahead under surveillance so that all involved can ultimately be arrested. The Senior Experts Group also advocated new laws for technology crimes and recommended that Interpol and the World Customs Organization (WCO) extend their support for operational activities by national law enforcement agencies. To enhance cooperation among national law enforcement agen-

cies, it was recommended that nations prepare brief guides to their legal systems and identify liaisons to facilitate exchanges. In addition, it was recommended that alien smuggling be criminalized and that governments exchange information not only on trafficking patterns but also on the false documentation that facilitates the process. The group also urged that states consider adopting measures for asset seizure, as well as passing laws to combat corruption.³⁰

The forty recommendations were endorsed by the G-7 at the Lyon Summit in June 1996, even though the summit was in fact preoccupied with terrorism rather than organized crime. At the Denver Summit in June 1997, the leaders noted that combating transnational crime would remain a priority, and they committed themselves to intensifying efforts to implement the Lyon recommendations. They also emphasized the prosecution and punishment of high-tech criminals. The concern over the capacity of criminal organizations to exploit information technologies was evident in the deliberations, and the summit stressed the need to provide technical and legal capabilities to respond to high-tech crimes wherever they were committed. In the Birmingham Summit in May 1998, participants agreed to implement an action plan on high-tech crime. Cooperation with industry on a legal framework for obtaining, presenting, and preserving electronic data as evidence was also emphasized, as was the need for agreements on sharing evidence of high-tech crimes with international partners. In the 1999 summit at Cologne, the issue of transnational organized crime was given less attention, and it was clear that the main forum for dealing with the challenge was once again the United Nations.

The first significant aspect of the G-7/G-8's work concerns the substance of the forty recommendations. Although little was new, they offered a systematic checklist of initiatives that would help in combating transnational organized crime. The second important aspect was the symbolism: the Senior Experts Group's recommendations, in effect, endorsed the direction in which the United Nations was moving and helped to convince the major powers that the convention was an important step.³¹ In effect, the activities of one international forum fed into another in a very positive way. Third, and closely related to this, the work of the G-7/G-8 made clear that major states had placed the fight against transnational organized crime high on their agendas and recognized the need for a vigorous response using comprehensive strategies.

FATF: Norm Creation and Peer Pressure

Another area where the G-7 and the United Nations have complemented each other's activities concerns the efforts by criminal organizations to legitimize the proceeds of their activities, a complex process summarized in the term *money laundering*. The 1988 Vienna Convention highlighted the need to do something about the proceeds

of drug trafficking. Subsequent efforts to create a global regime against money laundering encompassed a wide variety of initiatives including the Basel Committee on Banking Regulations and Supervisory Practices Statement of Principles of December 1988; the FATF; the Council of Europe Convention on Laundering, Search, Seizure, and Confiscation of Proceeds of Crime of September 1990; and the sixty-one recommendations of the Caribbean Drug Money Laundering Conference of June 1990.

Perhaps most significant was the creation in 1989 by the G-7 of the FATF, charged with combating money laundering.³² In April 1990, the FATF issued forty recommendations, which were amended and strengthened in 1996. These recommendations covered the criminal justice system and law enforcement, the regulation of the financial system, international cooperation, and the criminalization of money laundering, with predicate offenses that went beyond trafficking in drugs. The FATF emphasized the need for legislative measures to enable authorities to identify, trace, evaluate, and confiscate laundered money or property of corresponding value. In addition, it opposed anonymous accounts and highlighted the need for measures to obtain information about the true identity of persons on whose behalf an account was opened or a transaction conducted. In effect, the recommendations can be understood as an attempt to establish an anti-money laundering regime with two broad components. The first is a domestic regulatory regime that encompasses monitoring and reporting of cash transactions above a certain amount (\$10,000 in the United States), the reporting of suspicious transactions, and a mandate that banks should meet know-your-customer and due diligence requirements.³³ The second component is a regime for international cooperation against money laundering that encompasses mutual legal assistance treaties (MLATs) and extradition, cooperative investigations, and the sharing of information, including greater responsiveness to requests for information about suspicious transactions and to requests by foreign countries to identify, freeze, and confiscate proceeds.

Although not a formal convention, the forty recommendations have provided a benchmark for the member states (the twenty-six original members and those that joined subsequently) and provided the basis on which the FATF subsequently developed a threefold role. The first role is to monitor the progress of the member states in implementing measures to counter money laundering through annual self-assessments and more detailed mutual evaluations. This is done through review processes that provide opportunities to put considerable moral and political pressure on governments not in compliance with the recommendations. Under FATF pressure, for example, Austria grudgingly agreed to deal with anonymous savings accounts that ran counter to notions of transparency and accountability.

The second role is to review money laundering trends, techniques, and countermeasures and their implications for the recommendations and share this information with the members to enhance their capacity to respond to innovations in laundering.

This has resulted in an annual meeting and report on money laundering typologies. In recent reports, for example, FATF members have focused attention on specific money laundering mechanisms such as trade-related schemes, informal remittance systems, Internet banking, and the role of company-formation agents.

The third role is to extend the adoption and implementation of the FATF recommendations in an attempt to build a global anti-money laundering network. This process has two separate but complementary components: broadening membership to include new countries; and creating regional groupings with a mandate similar to the FATF's. The Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), created in August 1999, is an example of the second variant, while states that have recently joined the FATF itself include Argentina, Brazil, and Mexico.

In effect, the FATF has constantly sought to extend the scope of anti-money laundering measures geographically, sectorally, and functionally. In 1996 it recommended that money laundering crimes be extended beyond the predicate offense of drug trafficking, and that consideration be given to imposing restrictions on the use of new technologies to conduct financial transactions that are remote, anonymous, and outside traditional institutions. Not surprisingly, these proposals were accompanied by the recommendation that the same laws and regulations that have been developed for the banking sector be extended to nonbank financial institutions. More recently, the FATF has attempted to give teeth to its efforts. In 1999 and the first half of 2000 it published criteria for identifying "noncooperative jurisdictions" and reviewed a number of jurisdictions with these criteria in mind. Fifteen jurisdictions with serious systemic problems were identified: Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, Philippines, Russia, St. Kitts and Nevis, and St. Vincent and the Grenadines. The FATF initiative was a mixture of carrot and stick, encouraging these jurisdictions to remedy the deficiencies identified and offering technical assistance where appropriate, while also making clear that should they "maintain their detrimental rules and practices," FATF members would consider countermeasures.³⁴

Complementing these systematic efforts by the FATF to develop and extend an anti-money laundering regime has been the creation of informal networks among Financial Intelligence Units (FIUs), such as the U.S. Treasury's Financial Crimes Enforcement Network (FINCEN) and Australia's Austrac. This cooperation has been formalized through the establishment of what has been called the Egmont Group. Although there are regular meetings of the members, the essence of this approach remains the sharing of information through the network of financial intelligence units linked by secure Internet connections. The formal meetings merely provide a framework to enhance the cooperative effort. In some respects, the Egmont Group represents an innovative approach to combating money laundering. Operating within the formal framework of norms developed by the FATF, the group gives these standards real meaning at the practical level of law enforcement operations. At the same

time, the emphasis on information sharing has a surprisingly long tradition in law enforcement, a tradition enshrined most obviously in Interpol. Indeed, this provides another level in the complex of governance efforts against transnational organized crime, money laundering, and criminal markets. Whereas the international efforts described above look at governance from the top down, through the creation of rules, norms, and regulatory regimes, a more practical approach is based on functional cooperation, which comes at the problem from the bottom up.

International Police Cooperation: Interpol

No discussion of international cooperation to combat transnational crime would be complete without some consideration of Interpol. Established in 1923 and based in Lyon, France, Interpol has National Central Bureaus (NCBs) in member states, operates in four official languages (Spanish, French, English, and Arabic), and seeks to facilitate mutual assistance between law enforcement agencies in different countries. Interpol is governed by a General Assembly of delegates appointed by member states and an Executive Committee that meets three times a year. The committee consists of thirteen delegates elected by the assembly on the basis of geographic equity. The General Secretariat is responsible for implementing recommendations of the General Assembly and the Executive Committee, and plays a critical coordinating role that includes centralizing information on crime and criminals, and dealing with national and international authorities.³⁵

The General Secretariat operates in conjunction with the NCBs, which provide a focal point for requests for information or actions and act as critical network nodes in a global system of information dissemination. Indeed, the NCBs play a pivotal role in Interpol's formalized system of notices, which includes requests for arrest of suspects with a view to extradition; requests for information about suspects; circulation of information about those who have committed or are likely to commit a crime; circulation of information about corpses, missing persons, and stolen property; and notification of criminals' methods of operation and places of refuge. In recent years this system has been enhanced by a secure electronic mail network linking 177 NCBs. Interpol databases, containing 120,000 records with fingerprints, photographs, and biographical data on criminals that are available to member countries through the Automated Search Facility, have been extended to include stolen vehicles. Furthermore, the establishment of an Analytical Section within Interpol has enhanced the quality of intelligence provided to members. As well as sharing information, Interpol is encouraging the standardization of ways in which national law enforcement agencies collect and analyze information about crimes and criminals.

Interpol has also strengthened its relationship with the United Nations and has extended its concerns to cover environmental crimes, child pornography, and traf-

ficking in women and children. In 1992 an expert group was created in Interpol to study responses to a questionnaire on crimes against children that was circulated to member countries. In 1993 Interpol established subgroups to look into law enforcement, legislation on child prostitution, international cooperation, liaison networks, sex tourism, victim assistance, police structures, missing children, free telephone help-lines, prevention models, training, and research and statistics. The Working Party has met regularly since then and in 1998 published a *Handbook on Good Practice for Specialist Officers Dealing with Crimes Against Children*, providing advice on all aspects of investigating sexual crimes against children. Interpol has also worked closely with a leading NGO, End Child Prostitution in Asian Tourism (ECPAT), a working relationship that combines law enforcement expertise with considerable field experience in dealing with the trafficking of minors.

In addition, the Interpol General Secretariat assists in international investigations. One example of this was “Operation Black Powder,” an investigation of a Colombian drug trafficking organization that was mixing cocaine hydrochloride with iron filings and other substances, thereby making it difficult to detect. Interpol’s role was in demonstrating that seizures in a variety of countries were linked to Colombian traffickers.

For all its successes, however, Interpol has always been limited because its legal status has been somewhat hazy. Moreover, it is still often described as a “policemen’s club” rather than a more formal international organization.³⁶ Yet if this is a weakness of Interpol, it is also one of its strengths. Interpol both benefits from and contributes to the professional trust police have in one another. Indeed, in the long term, Interpol is almost as important for the transnational trust networks it creates among police from different jurisdictions as for its formal operations. If its global membership is a unique asset, however, it is also a weakness, arousing concerns on the part of some member states that information supplied to other members of Interpol might be compromised. Furthermore, Interpol’s system of notices depends for its effectiveness largely on obtaining rapid responses from particular states, something that is not always forthcoming, often because of limits in state capacity. Consequently, this has led to efforts to supplement Interpol with regional cooperation. This has been especially the case in Europe.

Europol

The creation of Europol can be understood in terms of the confluence of three distinct impulses: growing concern over transnational organized crime; continued, if muted, dissatisfaction with the services provided by Interpol; and a spillover effect of European integration into justice and home affairs. Largely an initiative of former German Chancellor Helmut Kohl, Europol is designed to counter transnational crime

within the boundaries of an enlarged European Union. Starting as a European Drugs Unit, Europol is based on a convention signed by member states in July 1995. The convention was ratified in June 1998 and entered into force on October 1, 1998. Europol's task is to enhance cooperation and effectiveness in combating serious crimes. Its mandate covers drug trafficking; illicit trafficking in radioactive and nuclear material; illegal immigration and trafficking in people; the theft and trafficking of motor vehicles; and money laundering. Europol facilitates data exchange and provides operational analysis and technical support for member states. Specific projects have included maritime intelligence and analysis of Albanian criminal networks in Europe. Europol has developed encrypted electronic mail links with fourteen member states, and its computer system will be fully operational in 2001.

One of the problems facing Europol, however, has been the need to establish safeguards for protection of both data and personal privacy. Another issue concerns sensitivities over sharing of national data. Relations with non-European police agencies and other international bodies are also important since criminal networks extend beyond the bounds of national and regional law enforcement. Cooperative arrangements of this kind are currently being established but are not yet fully developed. Nevertheless, within these limits it is likely that Europol will enhance the capacity of the states of the European Union to counter transnational organized crime.

World Customs Organization

The other international body that is important in combating smuggling is the WCO. In 1952 the Customs Cooperation Council (CCC) was established as "an independent intergovernmental body with world-wide membership whose mission is to enhance the effectiveness and efficiency of Customs administrations."³⁷ In 1994 it adopted the informal working name "World Customs Organization," which gives a far better indication of its status and its 145-state membership. The WCO pays attention to issues such as the harmonization of customs procedures, and it also has a role in supporting "members' efforts to secure, through control and enforcement, compliance with their legislation, in particular by endeavoring to maximize the level and effectiveness of members' cooperation with each other and with international organizations (and) agencies in order to combat customs offenses." In recent years, this enforcement role has become increasingly important as national customs agencies have found themselves on the front line in efforts to combat trafficking of all kinds. In 1996, for example, customs authorities worldwide seized 16.8 tons of opiates and more than 76 tons of cocaine. The WCO has established a good working relationship with both the UN International Drug Control Program and Interpol, and memoranda of understanding (MOU) to promote cooperation have been signed with a variety of bodies. In July 1996, for example, the secretariats of the WCO and

CITES signed a MOU that led to greater emphasis on the role of customs in combating trafficking in fauna and flora. In August 1997, another MOU was signed between the WCO and the Motion Picture Association to combat intellectual property theft and smuggling.

LESSONS LEARNED

In considering the track record of international responses to transnational organized crime, illegal markets, and money laundering, two broad perspectives yield very different interpretations. The first perspective is what might be termed the “synoptic strategic approach.” A synoptic strategic conception of governance places considerable emphasis on overall strategic design—a top-down methodology in which all components are carefully coordinated. From this perspective, governance efforts in the area of transnational organized crime have been grossly inadequate. They have been poorly coordinated and characterized by overlapping responsibilities, and thus the gap between the creation of norms and effective implementation remains enormous. Although some progress has been made in developing cooperative approaches to combating transnational organized crime, it has been hindered by inherent problems of cooperation among states, the elevation of form over substance, the lack of overall strategy, duplication of effort (combined with significant shortfalls in resources), and gaps in regulations and implementation and enforcement. There is an urgent need for a strategic approach to governance that includes forging agreement on the problem; sharing information about its major manifestations; initiating comprehensive law enforcement attacks on transnational criminal organizations, their leadership, structures, and profits; and developing a broader approach designed to create barriers to illicit markets and thereby reduce their profitability. Because the problem is multidimensional—it is partly about criminal organizations, but also about illegal markets and corrupt processes—effective action requires attacking organizations and markets as well as reducing corruption. This is an essential component of a strategic vision for making real progress. Unfortunately, not only is such a perspective lacking, but the realities of practical cooperation also leave a great deal to be desired.

The alternative approach to a synoptic strategic conception of governance is what might be termed an “incremental evolutionary approach.” From this perspective, the record is much more positive than suggested by the preceding appraisal. The recent past has seen a remarkable diffusion of awareness in the international community of transnational organized crime. Such awareness has resulted in various international institutions and agencies taking on different but complementary roles. The mechanisms of governance in this area remain seriously underdeveloped, but this is hardly surprising given the rapid emergence of the transnational organized crime challenge. Furthermore, it is important to recognize the complexity of governance, and the

different stages involved, before a fully mature, comprehensive approach can be developed and implemented. In the meantime, a multilevel approach in which different institutions fulfill different but complementary roles is essential. The downside to this, of course, is duplication of effort, lack of coordination, interagency rivalry, and uncertainty about the appropriate venue for certain kinds of initiatives. Nevertheless, it is clear that governance in the area of combating transnational organized crime, drug trafficking, and money laundering has to be multilayered. Activity at each layer can make a different contribution. For example, the United Nations and the FATF play critical roles in setting international norms that can then be used to hold states accountable and put pressure on them to live up to the standards to which they have agreed. The United Nations does this through conventions, while the FATF has established a mechanism for performance review of national governments and the imposition of peer pressure. This has proved effective in establishing a regulatory approach to money laundering (although the impact of the regulations in preventing money laundering, as opposed to displacing it, is far from clear). In reality, not all states are signatories to international conventions dealing with transnational crimes. Furthermore, formal adherence to a particular convention and implementation of its injunctions are often far from synonymous. The critical point, however, is that conventions highlight areas in which there is a convergence of views among states on certain criminal activities. In this connection, the UN Convention Against Transnational Organized Crime, which was completed in August 2000 and was opened for signature in December 2000 in Palermo, Sicily, will help to bring a greater semblance of order to the issue. At the same time, there are broad areas of transnational criminal activity where conventions—or even national laws—are not yet in place. The digital realm, for example, is an area in which international governance as well as many national jurisdictions are striving to catch up with the explosion of both licit and illicit activities associated with the Internet and the World Wide Web. An incremental evolutionary model of governance, however, recognizes that although such lacunae are inevitable, eventually measures will be taken to deal with the problem. Governance is a long-term endeavor, and short-term difficulties are unavoidable. Responding creatively to these difficulties is one of the key components of the incremental evolutionary approach. Indeed, the virtues of this approach are flexibility, pragmatism, and the capacity to adapt as the challenge itself adapts.

Agenda Setting

This section identifies the key variables and actors associated with agenda setting, including: the importance of symbolism; the influential role of NGOs; the importance of leadership, as well as bureaucratic innovation and commitment; the role of public-private partnerships; and the need for careful management of the transition from agenda setting to negotiations.

Symbolism. It is difficult to exaggerate the importance of symbolism in agenda setting and in developing momentum toward the creation of more effective governance mechanisms. Major high-level initiatives, such as the World Ministerial Conference on Organized Transnational Crime, held in Naples in 1994, are well-orchestrated events that receive considerable attention and highlight transnational organized crime as a global challenge. The symbolism of holding the conference in a stronghold of the Mafia was also evident. The Convention Against Transnational Organized Crime that was unveiled in December 2000 in Palermo will have equal if not greater salience. It promises to do to transnational crimes and transnational criminal organizations what the Vienna Convention of 1988 did to drug trafficking and money laundering—formally identify these activities and the organizations that carry them out as international evils that states should outlaw and attack. Another highly symbolic meeting that helped to push an issue much higher on both international and national agendas was the World Congress Against the Commercial Sexual Exploitation of Children held in Stockholm in 1996.

Role of NGOs. NGOs have been particularly important in agenda setting in several areas where transnational organized crime is active and where the issue has important connections with human rights. The most pertinent example is trafficking in women and children for the commercial sex trade. Two organizations have been particularly important here. One is ECPAT, which has worked closely with Interpol in assessing the problem and identifying some components of the response. ECPAT has chapters in many countries and carries out a continued campaign for more effective actions against child prostitution and trafficking in children. It uses publicity to focus attention on an issue that both populations and governments prefer to ignore and puts pressure on law enforcement agencies to become more vigorous in attacking the problem and to close the gap between laws and their implementation. ECPAT works with both law enforcement and social welfare agencies to increase sensitivities to the problems of dealing with children who have been trafficked or otherwise sexually abused. One result of its efforts has been a willingness of a growing number of states to adopt legislation that has extraterritorial impact—for example, in punishing its citizens who travel overseas and engage in sexual activities with minors. Australia, Germany, Holland, Norway, and Sweden have all successfully prosecuted pedophiles who have traveled to Thailand or other countries for sex with children. Furthermore, other countries including the United States have passed legislation prohibiting citizens from traveling overseas to engage in sex with minors.

While such legislation is far from universal—in fact, only a small number of countries have such legislation in place—without ECPAT there would be even less willingness to contemplate laws with extraterritorial reach. ECPAT also played a major role in organizing the World Congress Against the Commercial Sexual Exploitation of Children and has done more than any other single organization to place this issue

on the agenda of both governments and international organizations.³⁸ Significantly, the philosophy behind ECPAT's approach is evident in the United Nations' protocol on trafficking in persons, and especially women and children.

If ECPAT has been important internationally, in the United States the organization with perhaps the greatest impact in putting trafficking in women on the national policy agenda has been the Washington-based NGO Global Survival Network (GSN). GSN's research, publications, and outreach have drawn national attention to the phenomenon of trafficking in women from Eastern Europe and the former Soviet Union to the United States and Israel. Indeed, largely as a result of GSN's activities, the United States has gradually moved toward a more comprehensive response. In March 1998 President Bill Clinton issued a memorandum directing both the attorney general and the secretary of state to give the issue greater attention. The attorney general was required to take steps to ensure the safety of victims and witnesses and to guarantee their safe return to their country of origin. Temporary or permanent legal status for victims of trafficking was also to be considered, as were legal changes to ensure that trafficking is criminalized and prosecution efforts are more effective. The secretary of state was required to cooperate with source, transit, and destination countries to develop strategies for protecting and assisting victims of trafficking. Preventive efforts based on public awareness campaigns were to be accompanied by assistance in drafting legislation to combat trafficking and provide assistance to its victims. In fact the United States, working in cooperation with the European Union, has initiated educational programs in Ukraine and Poland and is also working closely with Italy and Israel. Such initiatives are useful. Nevertheless, much more needs to be done at the international level before human commodity trafficking—a phenomenon sometimes described as the most modern form of slavery—is seriously inhibited. The phenomenon is widespread; the results often tragic; and the countermeasures, for all the recent flurry of initiatives, still far short of what is required. With one of the protocols to the UN Convention on Transnational Crime dealing with trafficking in women and children, more attention will be devoted to the issue. The real measure of success, however, will only be evident when many more states criminalize trafficking in women and impose more severe penalties. The protocol is an important development, but the obligations imposed by existing conventions must be incorporated into laws that are vigorously enforced at the national level. In effect, this is the point at which NGOs face limits. They can create awareness and help to put issues on the political agenda at either the national or the international level, but they cannot determine what happens once these issues are on the agenda.

Importance of Leadership. Even if one accepts the notion that global governance is usually advanced through an incremental evolutionary approach rather than through the top-down imposition of norms and regulations, this does not mean that it can

develop spontaneously. Although governance in a particular area does not necessarily require a hegemon, it does require that states with authority regard the topic as important. In this connection, the United States has played a vital role in highlighting transnational organized crime. In the Fiftieth Anniversary Speech before the United Nations, President Clinton stressed the need to respond to the challenge posed by transnational organized crime, thereby providing a major signal to the international community that the United States regarded the issue as important. This was followed by tangible evidence of the salience of the issue when, in 1998, the United States unveiled a detailed strategy against international organized crime. Although the strategy includes many measures that are national and unilateral, the strategy also emphasizes the need for international cooperation.

The role of the G-7/G-8 has also been crucial in placing transnational organized crime on the agenda of issues requiring a vigorous international response. The annual great power summits have allowed heads of state to share concerns about high-tech crimes, for example, and to provide broad endorsement for efforts to combat transnational organized crime. When one looks closely at the G-7/G-8 through the 1990s, it appears that with the creation of the Group of Experts, it was poised for more direct involvement. Having put forth the forty recommendations, however, the G-7/G-8 adopted a supporting role, allowing the United Nations to provide the major forum. Nevertheless, at a critical point in deliberations about whether a convention was feasible or desirable, the G-7/G-8's support for the idea—generated largely by the Group of Experts—was pivotal. Leadership can be expressed in terms of broad support as well as detailed planning, and it is in the former mode that the G-7/G-8 has proved most significant.

Importance of Bureaucratic Innovation and Commitment. Although it is tempting to see leadership in agenda setting as simply a matter of high-level endorsement, an important organizational dimension should not be overlooked. Indeed, the United States has adopted a strategic response to transnational organized crime at the international level in part because of the efforts of the International Narcotics and Law Enforcement Bureau (INL) in the State Department. INL has provided an organizational basis for efforts to coordinate national policies against transnational organized crime and illegal markets. It represents an organizational innovation that other countries could usefully adopt. Although its efforts through most of the Clinton years were particularly impressive because of the energy, commitment, and vision of Deputy Assistant Secretary of State Jonathan Winer, the organizational commitment was also important. Although some law enforcement agencies, such as the U.S. Drug Enforcement Administration or indeed many national customs authorities, are closely attuned to the needs of international cooperation, these tend to be the exceptions rather than the rule, and they operate at the practical rather than the diplomatic level. Efforts at international governance will be successful only if they have genuine sup-

porters at the diplomatic level who can contribute to effective cooperation. In this respect, operation of INL provides an important example for other states to follow. Establishing units dedicated to combating transnational organized crime and illegal markets in ministries of foreign affairs could be a key innovation in enhancing governance in response to the challenge posed by transnational organized crime. Such units would not be a replacement for direct contacts among law enforcement agencies but would provide a basis for enhanced international cooperation at both the formal and informal levels. Indeed, they are essential as efforts are made to expand the number and reach of formal frameworks for legal cooperation. Most important at this formal level are extradition treaties and mutual legal assistance treaties that allow information sharing for use in trials. Progress has been made in this area, but the existing web of international agreements needs to be expanded. Units dedicated to the fight against transnational organized crime that combine diplomatic and negotiating skills with both legal and subject-area knowledge will greatly facilitate this process, especially once the UN Convention Against Transnational Organized Crime comes into force.

Success of Public-Private Partnerships and Reciprocity. Coopting the private sector and forging public-private partnerships to combat organized crime, drug trafficking, and money laundering are essential. The private sector provides many targets for transnational organized crime and money laundering, and governments cannot combat the challenge without considerable cooperation from business. Indeed, banks—albeit rather reluctantly—have countered money laundering through reporting requirements and the pursuit of due diligence and know-your-customer rules. They do not always live up to their commitments in these areas, however. The assistance given by Citibank to Mexican President Raoul Salinas in placing money in Swiss banks revealed that in the world of private banking, due diligence requirements are not always met. Similarly, the Bank of New York developed correspondent relationships with Russian banks without serious due diligence. When combined with lax internal supervision, this provided opportunities for money laundering and capital flight. Both Citibank and the Bank of New York have been severely criticized for these failures. Other banks, however, in the United States and elsewhere have institutionalized reporting activities for suspicious transactions, and on occasion these reports have led to significant investigations and arrests for money laundering. Although the partnership is not an easy one, with many banks feeling that some of the requirements are rather onerous, it remains essential.

Similar relationships are being forged between governments and transportation industries concerned about their conveyances being used for various forms of smuggling, as well as about cargo theft. Governments are sometimes willing to establish MOUs with freight-forwarding companies, whereby they will expedite inspection processes connected with both imports and exports in return for information from

the industry about any suspicious activities. Such policies could be extended to include any industry (for example, hazardous waste disposal) that is vulnerable to infiltration by organized crime groups. Programs devised to make companies less vulnerable to infiltration and hostile takeover could also be devised by government and industry, working together. In effect, the agenda has to be both broadened and extended into the private sector, emphasizing the interest of the private sector in working more closely with the government. The key to success here is reciprocity: both government and private industry must feel that they are gaining from the relationship. Indeed, this is one of the keys to effective agenda setting.

Management of the Transition from Agenda Setting to Negotiations. The transition from agenda setting to practical negotiations is often neglected. In the case of the UN Convention Against Transnational Organized Crime, this was a particularly critical juncture. The idea of a convention was on the agenda, but the debate focused more on principle than practicality. An initiative of the Polish government helped to tip the momentum toward specific negotiations; their draft framework shifted the terms of the debate to substance rather than principle and gave important impetus to substantive negotiations. This situation suggests that a government's willingness to take ownership of a problem can have a decisive impact in moving from agenda setting to actual negotiations.

Negotiations

This section discusses some of the key aspects of successful negotiations, including: avoiding dilution, establishing ownership of the problem, and creating substantive measures of effectiveness.

Avoiding Dilution. The problem with the multilateral approaches required by any serious effort at international governance is that even if agreement is obtained, it is often based on the lowest common denominator, and some states expect that they will subsequently have opportunities to dilute the governance effort even further at the implementation stage or act as free riders. In effect, breadth of participation is achieved, but only at the expense of depth of cooperation. Consequently, multilateral cooperation can all too easily become an excuse for doing nothing or moving very slowly. Similarly, it can become a substitute for more decisive unilateral action or can be used as an alternative to making more specific commitments in a narrower bilateral relationship. This is clearly the danger with global efforts at responding to transnational organized crime—the more players there are, the less coherent the play. If the sensitivities and predilections of all governments are taken into account, negotiations can be protracted. The more serious danger, however, is that the resulting

agreement will be significantly diluted for the sake of consensus. There is some danger of this in the UN Convention Against Transnational Organized Crime. Having the provisions dealing with illegal manufacturing and trafficking in firearms, trafficking in women and children, and smuggling of illegal aliens as protocols to the convention rather than part of it is a case in point, given that the protocols carry less weight than the convention. At the same time, this sort of compromise has allowed the process to go forward more rapidly than might have been expected. Furthermore, there also seems to have been an awareness among the participants of the danger of dilution, and efforts have been made to avoid it. The UN Secretariat has provided expertise both on the nature of the transnational crime challenge and on what some governments have done in response.

Establishing Ownership of the Problem. One critical component of large, protracted multilateral negotiations is that certain participants care very much about a successful outcome and assume considerable responsibility for bringing the negotiations to fruition. In the case of the UN Convention Against Transnational Organized Crime, individuals within the UN Secretariat have nursed the process along, providing institutional support and informal expertise, and acting as effective liaisons among delegations. The UN Secretariat arranged follow-up meetings in several regions, building participation and support. Moreover, key governments also committed themselves to a favorable outcome of the negotiations. Poland, for example, through the latter half of the 1990s championed the convention; it was not coincidental that in February 1998 Warsaw was the venue for the meeting of an intergovernmental group of experts established by the General Assembly. Argentina's consistent support for action against trafficking in children was also an important factor, and its offer to host an informal preparatory meeting of the intergovernmental ad hoc committee in Buenos Aires helped to maintain momentum through 1998. Two other developments extended the sense of ownership. One was the formation of a group known as "friends of the chair," which met in July 1998 in Rome. Second, at the Buenos Aires meeting there emerged "a core group of delegates who were experts in their field and shared considerable experience from previous negotiations. One important feature of the core group was that it was highly participatory, in the sense that it included representatives from virtually all regions and all legal systems of the world. The formation of this core group brought with it a gradually increasing sense of ownership regarding the text, which is a key element of the success of the endeavor."³⁹ That there were some participants with a sense of ownership provided a degree of consistency and stability that survived the vagaries of the negotiation, especially the loss of enthusiasm by the developing countries.

Creating Substantive Measures of Effectiveness. Another lesson concerns aims and objectives. In combating transnational organized crime and its attendant activities

such as money laundering, sometimes a certain vacuousness in negotiations succeeds in establishing procedural norms rather than creating substantive norms with real impact. In other words, the issue becomes one of conformity with FATF procedures rather than an assessment of the effectiveness of these procedures in inhibiting or detecting money laundering. Cooperation is sometimes seen as a goal in its own right, rather than simply a means to an end, and the cooperative venture becomes fundamentally flawed by elevating form over substance. Although the FATF has obtained major plaudits for imposing an anti-money laundering regime, the congratulatory rhetoric hides a reality that is more complex and somewhat disappointing. Indeed, there are two problems with the FATF. First, in spite of its efforts to expand its geographic reach, it remains circumscribed geographically; thereby instead of halting money laundering, in some cases it merely displaces it to locations where the risks are lower. Second, the FATF has established a set of standards that require considerable effort to implement but do not yield commensurate results. For example, the FATF requires that states adopt certain forms of regulation—such as filing reports for cash transactions over a certain amount—designed to inhibit or help detect and prosecute money laundering. Although this procedure has probably had some impact in obstructing and displacing money laundering, the achievements measured in substantive terms have been disappointing. This is not surprising: cash transaction reports and suspicious transaction reports are enormously time consuming and yield vast amounts of information, but they have led to very few successful prosecutions. Turkey provides a particularly instructive case. Under pressure from the FATF, Turkey responded in two ways: it pushed money laundering activities into Turkish Cyprus, and then it met the FATF requirements. This suggests that the FATF's approach to combating money laundering results in the wrong questions being asked. The focus is on whether participating states meet FATF standards rather than the far more important question of whether participating states are effective in combating money laundering. The result is self-delusion and an impression that far more is being achieved than is actually the case. To many observers and adherents of the FATF approach, such judgments will seem unduly harsh, especially given the developments in 1999 and 2000 whereby the FATF publicly identified noncooperative jurisdictions found to have systemic problems in dealing with money laundering. The point is, however, that in combating transnational organized crime, money laundering, and illicit markets it is essential to know what works and what does not, and to develop measures of effectiveness that reflect real rather than ostensible results.

Implementation and Compliance

This section covers the following themes regarding implementation and compliance: the need for systematic implementation; the dangers of asymmetrical implementa-

tion; the need to complement global negotiations with bilateral, regional, and multi-lateral efforts; and the importance of functional cooperation.

Need for Systematic Implementation. One lesson that emerges clearly from even a rudimentary history of efforts to control illicit markets is the need to focus more on implementation. Governance measures that are long on conventions, laws, and regulations but short on implementation are grossly inadequate, if not spurious.

Efforts to suppress trafficking in women and children, for example, include conventions from 1922 and 1930 that deal with child prostitution as part of the broader issue of the abolition of forced labor. Another important international instrument targeting sexual exploitation was the 1949 Convention on the Suppression of Traffic in Persons and of the Exploitation of the Prostitution of Others. This document targeted those who procured and exploited prostitutes rather than the prostitutes themselves. The 1979 Convention on the Elimination of All Forms of Discrimination Against Women provides that signatories “shall take all appropriate measures, including legislation, to suppress all forms of traffic in women and exploitation of prostitution of women.”⁴⁰ The 1959 UN Declaration on the Rights of the Child and the 1989 Convention on the Rights of the Child focused specifically on how children should be treated, requiring adherents to “undertake to protect the child from all forms of sexual exploitation and sexual abuse.” Taken together, these measures constituted an international legal and normative framework against the exploitation of children, explicitly including sexual exploitation.

As with most international conventions, however, there has been a major gap between aspiration and achievement. The international norms enshrined in these declarations and conventions have been far less effective than desired. Even when states have acceded to them there has been insufficient or ineffective monitoring of compliance, while national implementation has been only sporadic. During the 1990s there was growing acknowledgment of the gap between formal norms and effective implementation of policies designed to disrupt the markets for illicit products. One report, focusing on the problem of trafficking in children, emphasized the need for effective actions designed both to “stop the supply and eliminate the demand.”⁴¹ This, it was noted, required substantive laws at the national level making child prostitution and child pornography criminal offenses, as well as the introduction of procedural provisions to protect children during criminal proceedings.⁴² The media, education, and criminal justice systems were identified as the three main actors positioned to respond to commercial sexual exploitation of children.⁴³ In terms of law enforcement, considerable emphasis was placed on the need for enhancing national capabilities. Priority was also to be given to international cooperation, ranging from information sharing and synchronization of national laws to “arrangements by which abusers in a foreign country may be subject to prosecution either where the offence took place or in the country of the offender. This could be done through either

extradition or expansion of jurisdiction through extraterritoriality.”⁴⁴ In other words, a prohibition regime is in place; the requirement therefore is not to add further regulation but to ensure that states bring their criminal laws fully into line with their international obligations. Efforts still have to be made to move from the declaratory level and both introduce and enforce tougher laws and sentences for those who traffic in women and children for commercial sex. The Protocol on Trafficking of Persons, Particularly Women and Children, to the Convention Against Transnational Organized Crime will be useful if it focuses attention on the need for implementation rather than merely serves as another declaration.

Dangers of Asymmetrical Implementation. Implementation is significantly weakened by states that are formally part of governance regimes or declarations, but in practice defect from that effort. A serious obstacle to the establishment of effective global governance mechanisms to deal with transnational organized crime is overt defections by states. One of the difficulties in combating transnational organized crime is that criminal organizations often operate very effectively from safe havens. These are generally jurisdictions in which criminal justice systems are particularly weak or so corrupt that criminal organizations can operate with a minimum level of risk. As long as this is the case, efforts to increase the risk of criminal behavior are seriously hampered. As Ernesto Savona has argued, it is important not only to raise the risks that organized crime confronts from law enforcement but also to equalize those risks across all states.⁴⁵

Three categories of states are likely to defect: corrupt states where organized crime has made some inroads into the state apparatus and created a climate of acquiescence to criminal activities; captured states where organized crime has neutralized much of the state apparatus; and criminal states where the state, in effect, has taken over organized crime. In criminal states, government personnel are deeply involved in the commission and orchestration of crimes at either the domestic or the transnational level. This phenomenon of criminal states is relatively rare, but examples include North Korea, Nigeria under Abacha, and Serbia under Milosevic. In these cases criminal activities are or were endorsed or even organized by government leaders or members of their families. Under Slobodan Milosevic, for example, members of the government dominated an underground economy created in large part by the imposition of sanctions. Cabinet members and leading politicians controlled the distribution and sale of products such as oil, gas, consumer goods, stolen cars, computers, telecommunications, foreign currencies, illicit drugs, agricultural products and other foods, and spare parts. Exploitation of official positions was enormous, especially as Milosevic and his family rewarded political supporters with government monopolies. Among the major activities were: trading in foreign currency; bribery and corruption to obtain permission to run small businesses; the use of monopolies to trade agricultural products; distribution of stolen cars; smuggling of cigarettes into Serbia

and from Serbia into the European Union; control over gasoline imports; and complicity with Turkish trafficking organizations and Serbian officials allowing free passage of heroin to Western Europe. The problem arose in large part from the existence of a seamless web between the state and private entrepreneurship, both legal and illegal. In North Korea, the issue has been one of using transnational crime to assist the financing of a state that was until recently internationally isolated and all but bankrupt. In Nigeria under Sonny Abacha, the military regime was not only a participant in such criminal schemes as advance fee frauds—which were all the more effective when there appeared to be official endorsement—but also looted the state, with some estimates claiming that Abacha amassed over \$4 billion.⁴⁶

More typical than explicitly criminal states are those that establish collusive relationships with criminal organizations and that can appropriately be regarded as captured states. Examples include Turkey (where there is a close relationship between major organized crime clans and government officials), Mexico (where *mordida* or bribery has become a way of life at the highest levels of government), and Russia (where relationships involving government officials, business oligarchies, and criminal organizations have become a dominant feature of political and economic life). Captured states are characterized by the tendency of at least some criminal organizations to cloak their power in the mantle of state authority. This is not to suggest that the criminal symbiosis will determine all aspects of state behavior. Where the state is captured by organized crime, the state will still carry out many of its traditional functions in international relations. At the same time, state authorities will take measures to ensure that organized crime functions unhindered in its pursuit of wealth. The implication is that there will continue to be states that provide sanctuaries for criminal organizations. Indeed, their number could well increase as transnational criminal organizations continue to entrench themselves in weak states in the former Soviet Union, Africa, Latin America, and parts of Asia. Captured states are likely to become particularly prevalent in Africa where, ironically, democratization and the simultaneous cutbacks in Western aid and assistance provide new opportunities for transnational criminal organizations to exert influence through the electoral process.

Until now, however, efforts at international governance in this area have shied away from dealing seriously with criminal or captured states partly because of sensitivities over national sovereignty and partly because other concerns have inhibited the adoption of stringent measures. Even Nigeria under Abacha had no serious costs imposed on it, because the criminality was seen as a nuisance rather than a security threat meriting the imposition of sanctions, and because of trade-related (oil) considerations. Russia poses even more of a problem; Western interests in the success of the Russian transition militate against full recognition of the extent to which the state has been compromised by organized crime.

Nor is defection the only problem when it comes to implementation of governance efforts against transnational organized crime. Perhaps or even more serious is

the problem of capacity, which led some developing states to temper their enthusiasm for the Convention Against Transnational Organized Crime. Indeed, implementation of norms, regulations, laws, and policies in accordance with the dictates of governance suffers critically from gaps in national capacity. Even if some states want to participate fully in international regimes and other efforts at governance, they do not have the capability to implement appropriate laws. Many states that have gone along with the anti-money laundering regime, for example, have little or no capacity to oversee their banking sectors to ensure that they are not recipients of the proceeds of crime. Moreover, the situation is not static. States that lack the capacity to implement governance mechanisms targeted against transnational organized crime are themselves likely targets for these same criminal organizations. Indeed, organized crime flourishes where state capacity is limited, where states do not have complete control over their territory, and where state institutions are open to external influence. Organized crime will also seek to perpetuate the weakness of the state and to ensure that it remains a congenial environment. As a result, weak states can all too easily become captured states, thereby joining the ranks of the overt defectors from efforts at international governance.

In short, weak and captured states seriously hinder multilateral efforts to combat transnational organized crime, ensuring that global regimes will remain seriously incomplete and that criminal organizations will continue to enjoy geographic and jurisdictional loopholes. Sanctuary states will continue to put transnational criminal organizations out of the reach of those states whose laws they have violated and whose population provides customers for their illicit products and services. The result will be not the containment of criminal activity but its adaptation. Indeed, partial regimes and uneven regulatory measures displace—both geographically and methodologically—rather than inhibit the activities of criminal organizations and the operation of criminal markets. Criminal activities do not necessarily diminish in response to regulation or law enforcement efforts; they simply adapt—often by becoming increasingly sophisticated—or move to where they can be conducted with greater ease and less risk.

The implication of this analysis is that regional rather than global cooperative efforts, or partial rather than comprehensive regimes, may be of limited value. Although their establishment can give the impression of progress, this impression is created by a relocation of criminal activities and organizations rather than any diminution of the market or the capacity of the organizations. This is not to say that they are useless; rather, it suggests that their potential is connected to the effectiveness of the overall global framework.

Need to Complement Global Negotiations with Bilateral, Regional, and Multilateral Efforts. Global negotiations are particularly suited to the promulgation of norms that are applicable to the international community as a whole. In many other cases,

however, a select group of states will establish cooperative efforts when they share a similar perception of a problem and believe that common action can be advantageous. This is particularly useful at the operational end of governance efforts against transnational organized crime and has resulted in multinational task forces that have had striking successes against drug trafficking organizations and other forms of organized crime. Operation Green Ice in the early 1990s, for example, resulted in around 200 arrests in countries as diverse as Canada, Colombia, and Spain.⁴⁷ Indeed, where the target is a transnational criminal network operating in multiple jurisdictions, it can effectively be dismantled only by cooperation.

Importance of Functional Cooperation. Closely related to the development of these multinational task forces, but a step up from it in terms of sustained cooperation, is the growing importance of functional agencies in negotiating with their counterparts in other countries. Financial Intelligence Units, for example, largely under the leadership of the U.S. Treasury's FINCEN, have developed an international network that employs both meetings and information sharing using technology. As suggested above, the Egmont Group is an important mechanism for information sharing and adds enormously to the capacity of governments to track the proceeds of crime as they move through multiple jurisdictions. In some respects the Egmont Group is an important model, reflecting the point made by John Arquilla and David Ronfeldt that it takes a network to defeat a network.⁴⁸ The creation of law enforcement networks that transcend national borders in the same way as do criminal organizations can be enhanced through negotiation among functional units. For the most part, however, law enforcement networks that establish trust among agencies in different nations and facilitate the pursuit of crimes involving more than one jurisdiction emerge not from formal negotiations but from experience, training efforts, and international conferences. At the same time, incentives can be created for cooperation among law enforcement agencies from different nations, such as sharing assets forfeited by criminals. Concerns about "bounty hunting" and lack of provision for asset forfeiture in many legal systems, however, set limits to this. Nevertheless, if used with care, such schemes could enhance international cooperation at the operational level.

Reactions to Noncompliance

Significant potential dangers and inadvertent consequences are associated with effective enforcement, which requires long-term capacity building.

Difficulties of Enforcement and the Need for Long-Term Capacity Building. Until recently there have been few penalties for noncompliance with governance efforts by states, reflecting uncertainty about culpability. In dealing with organized crime, there

is perhaps an inherent confusion about whether the target of enforcement is primarily states, criminal organizations, or criminal markets. In some cases, governance is essentially about the regulation of state behavior; in others it is about encouraging states to regulate the behavior of its citizens, as either consumers of illegal goods and services or participants in criminal enterprises. States often lack the capacity or the inclination for serious enforcement, so the predominant effort of governance has been to encourage compliance through capacity building rather than the imposition of penalties. This makes sense. If a state is weak, external sanctions are likely simply to exacerbate the weakness, making the state an even easier target for criminal organizations (as has been demonstrated in Serbia, where sanctions actually facilitated the criminalization of the state). The problem, however, is that capacity building is a slow process and one in which the results are not easy to measure. The lesson here is the need for patience and the development of an approach that can be sustained over the long term.

Dangers of Enforcement. Another trend, however, might be gaining momentum: a more punitive approach to noncompliance. The United States took the lead in this during the mid-1990s with its use of the International Emergency Economic Powers Act (IEEPA) against Colombian companies involved in drug trafficking and money laundering. The recent actions by the FATF in pressuring Austria to deal with anonymous bank accounts and in publicly identifying noncooperative jurisdictions was a step in the same direction, although naming and shaming is still a long way from formal sanctions. The trend toward serious enforcement, however, could become much stronger following the adoption of the Convention Against Transnational Organized Crime.

Indeed, the distinction between states that uphold global governance against transnational organized crime and those that decline to be included in this effort may become much sharper. It is not inconceivable that during the first half of this century one of the major global divides will be caused not by competing ideologies, the struggle for power, or Samuel Huntington's "clash of civilizations," but by conflict between states that uphold law and order and those dominated by criminal interests. This vision of the future as one in which private power masquerades as state authority is chilling. To be effective, enforcement will have to go well beyond the measures envisaged thus far, but in so doing could actually precipitate conflicts between the two kinds of states. Even if these stark consequences are avoided, however, another problem can arise—that of inadvertent consequences.

Problem of Inadvertent Consequences. There are two dimensions of the problem of inadvertent consequences of efforts to establish more effective global governance. The first is the inadvertent spin-offs that can arise from governance efforts intended to deal with problems other than transnational organized crime but nevertheless cre-

ate new opportunities for criminal organizations. Negotiating an overly restrictive approach to environment issues, or trying to bring warring parties to a settlement through the imposition of an international embargo, feed directly into what might be termed the restriction-opportunity dilemma. Although governance is anathema to criminal organizations, restricted activities (for example, prohibitions on drugs or chlorofluorocarbons) paradoxically provide inroads for the creation of new criminal markets or the enlargement of existing markets. International arms embargoes on countries where there is civil strife or ethnic conflicts, for example, create enormous opportunities for criminal organizations and unscrupulous entrepreneurs to circumvent restrictions and supply combatants with weapons. Indeed, embargoes represent an excellent example of governance efforts that contain the seeds of their own failure: embargoes create shortages; shortages increase the price of goods; increased price means increased profits; and the potential for increased profits brings in new suppliers willing to ignore the restrictions.

The second dimension of the enforcement problem concerns the inadvertent consequences that sometimes arise when enforcement efforts succeed. For example, success against the Medellin and Cali cartels in Colombia benefited Mexican drug trafficking organizations, which have become dominant in a large part of the U.S. market for cocaine. In the same vein is what might be termed the “sophistication race”: as governments introduce more effective measures to combat organized crime, so criminal enterprises become more sophisticated in response. Furthermore, government and international measures to combat organized crime, drug trafficking, and money laundering are most effective against the least well organized groups, thereby diminishing the competition facing the more established and efficient criminal enterprises and encouraging the survival of the fittest.

CONCLUSIONS AND IMPLICATIONS

If the efforts at establishing more effective mechanisms of international governance are fundamentally flawed, simply improving them will not help. There are limits to what can be achieved given the problems of weak states, the capacity of criminals to circumvent law enforcement efforts, the advantages transnational criminal organizations possess in dealing with governments, and the fact that criminal activities often reflect market dynamics that are not easily weakened—and can sometimes even be strengthened—by government interventions. Obstacles to more effective governance include the existence of legal systems based on different principles and criminalizing different activities, which sometimes makes it difficult for states to cooperate. The difference between civil law and common law jurisdictions can obstruct the development of concerted approaches. A good example of this is that many civil law countries have a rule of compulsory prosecution that limits prosecutorial discretion and

makes it more difficult to use criminal informants to obtain information. This obstacle is reinforced by continued adherence to the notion of sovereignty. The prevailing attitude that national law is one of the last bastions of sovereignty makes states reluctant to move toward harmonization of laws or to countenance extraterritoriality, even though sacrificing some of the formalities of sovereignty might be the only way to retain real sovereignty in the face of transnational organized crime.

The other difficulty, even for governments committed to combating transnational organized crime and illegal markets, is that they are pursuing other, conflictual goals. As Peter Andreas has so effectively pointed out, trade liberalization facilitates increased trade flows that provide additional cover for drugs; and both privatization and financial liberalization offer increased opportunities for money laundering.⁴⁹ The United States emphasizes market liberalization, especially in developing countries, but some of these countries' most marketable products are illegal commodities. Similarly, it is difficult to interdict illegal products effectively while facilitating the more rapid flow of international trade. Governments want to continue enjoying the benefits of globalization and are somewhat reluctant to deal with its dark side by taking any measures that might interfere with these benefits.

Finally, there are important links between organized crime and drug trafficking, and underlying problems such as poverty, wealth disparities, failure of national governments, social and political instability, and ethnic conflicts. Yet governance efforts treat organized crime as an unmitigated evil, ignoring the benefits that organized crime and illegal markets provide—benefits that extend well beyond the immediate members of the organizations. At least some of the money earned by criminal organizations has significant and beneficial multiplier effects in local, regional, and even national economies. Similarly, illicit trafficking can be a major source of export earnings for states that have few licit products. Moreover, organized crime often provides a form of employment when few other opportunities are available. In societies where large segments of the population do not have ready access to the legitimate avenues of advancement, or where these avenues are simply not well developed, becoming a member of a criminal organization can appear attractive. It is no coincidence that criminal organizations often develop amid poverty or as an accompaniment to social upheaval, economic dislocation, or political disruption. In such circumstances, the ability of criminal organizations to provide patronage to the local community sometimes elevates their leaders to the status of folk heroes. None of this is intended to condone transnational criminal organizations or their activities. It is simply that understanding their positive aspects is a prerequisite for implementing more effective strategies against them. To the extent that transnational criminal organizations emerge from specific conditions, changing the conditions should be a major element of preventive strategies.

One implication is that it is impossible to establish effective governance against transnational organized crime in a vacuum. Transnational organized crime has become so pervasive and so linked with globalization that it needs to be considered

much more carefully in relation to a range of governance initiatives. One recent development in the fight against corruption, for example, was the Organization for Economic Cooperation and Development (OECD) Convention Against Bribery. Although widely regarded as a major step forward in dealing with corruption of governments by international business, it focused on only one part of the problem. In effect, it attempted to stifle the supply of bribes to government officials from transnational corporations. Although this is a start, it deals only with the supply of corrupt payments, while doing nothing about the demand. Indeed, the demand for bribery in many developing countries is likely to continue. This is especially the case as democratic reforms lead to greater emphasis on elections. In many countries campaign finance will be very difficult to obtain. This is likely to offer transnational organized crime an enormous opportunity to obtain influential political partners through support for their campaigns—the pattern was set by Cali drug trafficking organizations that contributed to the Samper campaign for the Colombian presidency in the mid-1990s. This pattern will increasingly be emulated elsewhere. As a result even more countries will become vulnerable to criminal infiltration and end up as captured states. Use of political corruption by organized crime, therefore, is likely to be an increasingly important challenge.

Unfortunately governance efforts against transnational organized crime and against corruption are inadequately coordinated. Although it is important not to conflate crime and corruption—they are separate and distinct in many respects—there are important relationships between them. Corruption is not simply a condition that exists in many social, political, and economic systems; it is also an instrument of organized crime and is in fact the most important single weapon used by criminal organizations to protect themselves from governments and law enforcement agencies. Consequently, transparency—one of the major anticorruption weapons—should also be used against transnational organized crime. Indeed, support and encouragement for a vigorous and independent media is critical and should assist in the identification of the political-criminal nexus that facilitates criminal activities and protects criminal organizations. Furthermore, organized crime considerations need to be taken into account when other policies are implemented, such as aid to states in transition. In some cases, the lack of safeguards has enabled corrupt officials and their criminal partners to grow rich at the expense of donors.

In addition to viewing governance efforts against transnational organized crime, money laundering and illegal markets from a broader perspective, it is perhaps most important to develop an overall strategy that relates ends and means, targets resources more effectively, and attacks criminal enterprises and their various support structures. In the same vein, it is essential to develop measures of effectiveness and to determine what is meant by successful governance.

It is also important to accept that developing effective governance will be a long, difficult process that requires sustained effort and that will always be fraught with

problems and characterized by setbacks. Moreover, although it is tempting to suggest that most governance efforts seem to have grown piecemeal and that the emphasis should therefore be placed on rationalization and consolidation, it is perhaps even more important to acknowledge that this is a multipronged exercise involving several layers of activity. Formal and informal approaches will continue to be essential. At the level of implementation, for example, it is vital to build on the benefits of informal cooperation especially in the creation of transnational networks. Yet the process must go well beyond formal state-to-state cooperation. Governance through informal functional cooperation might be the answer—and in this connection the Egmont Group might prove to be a pioneering example.

At the same time, the overall strategy should not be lost. In the final analysis, the two approaches to governance discussed above—the synoptic strategic model and the incremental evolutionary mode—are not mutually exclusive. Rather than being seen as alternatives, they should be regarded as complementary, for both are necessary ingredients of good governance. Yet even if they are combined far more effectively than has been possible so far, this is still no guarantee of success. As the preceding analysis has shown, combating transnational organized crime, illegal markets, and money laundering remains one of the most problematic governance issues, both domestically and internationally. Unfortunately, it is also one of the most urgent.

NOTES

1. James Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity* (Princeton, N.J.: Princeton University Press, 1990).
2. Ko-lin Chin, *Chinese Subculture and Criminality: Non-traditional Crime Groups in America* (New York: Greenwood Press, 1990), p. 9.
3. W. Kleinknecht, *The New Ethnic Mobs: The Changing Face of Organized Crime in America* (New York: The Free Press, 1996).
4. Lance Grahn, *The Political Economy of Smuggling: Regional Informal Economies in Early Bourbon New Grenada* (Boulder, Colo.: Westview Press, 1997), pp. 3–4. In eighteenth-century New Grenada, the Spanish colony that subsequently became Colombia, contraband smuggling was pervasive. Furthermore—in a development that foreshadowed similar problems today—connivance by the authorities, “prejudiced the quality of law enforcement . . . and made official dishonesty a fixture of public life” (Grahn, *The Political Economy of Smuggling*, p. 5). Nor was the problem limited to the overseas colonies of European great powers. Throughout the eighteenth and nineteenth centuries, there was a flourishing and well-organized contraband trade in luxury goods such as liquor and fine silks smuggled into England from France by well-organized groups. Men of status within the local community in the counties of Kent and Cornwall often organized the groups and developed sophisticated methods of concealment for their products. See David

- Phillipson, *Smuggling: A History, 1700–1970* (Newton Abbot, United Kingdom: David and Charles, 1973).
5. Edward J. Bristow, *Prostitution and Prejudice: The Jewish Fight Against White Slavery, 1870–1939* (New York: Schocken Books, 1983), p. 118.
 6. See the analysis in Bristow, *Prostitution and Prejudice*, for a fuller discussion of these destinations.
 7. The Hamburg-Jewish Committee Against White Slavery, quoted in Bristow, *Prostitution and Prejudice*, p. 124.
 8. *Ibid.*, p. 124.
 9. Frank Bovenkerk, “Crime and the Multi-ethnic Society: A View from Europe,” in *Crime, Law, and Social Change*, vol. 19 (1993), pp. 271–80 at p. 279.
 10. This is a major theme in Joel Kurtzman, *The Death of Money* (New York: Simon and Schuster, 1993).
 11. Office of International Criminal Justice, U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, <<http://www.ncjrs.org/ineloicj.htm>>.
 12. For example, in his presentation at the IASOC Panel at the American Society of Criminology 49th Annual Meeting, San Diego, November 19–22, 1997.
 13. The author is grateful to Ernesto Savona for his insights on the importance of risk for criminal organizations.
 14. John Picarelli and Phil Williams, “Organized Crime and Information Technologies,” in Dan Papp and David S. Alberts, eds., *The Information Age Anthology, Part II: National Security Implications of the Information Age* (Washington, D.C.: NDU Press, 2000).
 15. For example, in Russia there are more than 500 contract killings per year, in which the victims include politicians, government officials, business people, journalists, and criminal leaders.
 16. Louise Shelley, “Transnational Organized Crime: The New Authoritarianism,” in H. Richard Friman and Peter Andreas, eds., *The Illicit Global Economy and State Power* (Lanham, Md.: Rowman and Littlefield, 1999), pp. 25–52.
 17. See *Trends in Organized Crime*, vol. 3, no. 1 (Fall 1997), pp. 4–7.
 18. This theme is developed in Jean-Francois Bayart et al., *The Criminalization of the State in Africa* (Bloomington, Ind.: Indiana University Press, 1999).
 19. Mackenzie Institute, *Funding Terror: The Liberation Tigers of Tamil Eelam and Their Criminal Activities in Canada and the Western World* (Toronto: Mackenzie Institute, 1996).
 20. Amran Abocar, “Canada: Canada Police Say Tamil Gangs Funding Rebels,” *Reuters*, March 28, 2000.
 21. “Introduction: International Relations and the Illicit Global Economy,” in Friman and Andreas, *The Illicit Global Economy*, pp. 1–24 at p. 6.
 22. I am grateful to Tom Naylor for this point.
 23. Some attempts were made in the early and mid-twentieth century to deal with transnational markets (such as those for trafficked women and illegal drugs) through a series of international conventions. Few of these measures, however, had any teeth. Moreover, the issues were seen as separate from one another rather than as part of a larger whole in which criminal organizations operated in interlocking and reinforcing criminal markets. Re-

- sponses were also inhibited because organized crime was viewed as a domestic problem with few if any implications for international governance or multilateral cooperation.
24. This section draws heavily on Dimitri Vlassis, “The United Nations Convention Against Transnational Organized Crime and Its Three Protocols,” paper presented at Conference on International Organized Crime in the Global Century, All Souls College, Oxford, U.K., July 5–6, 2000. This paper provides an excellent overview of the negotiations in which Dimitri Vlassis was intimately involved.
 25. Ibid.
 26. Ibid.
 27. Ibid.
 28. The analysis in this paragraph draws heavily on Vlassis. Ibid.
 29. The Protocol Against Illicit Manufacturing of and Trafficking in Firearms was not completely negotiated by December 2000 when the Convention was unveiled.
 30. G-7/G-8 Senior Experts Group on Transnational Organized Crime, “G-7/G-8 Senior Experts Group Recommendations,” Annex 4, Paris, 12 April 1996. Excerpts can be found in *Trends in Organized Crime* (Summer 1997), pp. 72–6.
 31. This is a point emphasized by Vlassis, “The United Nations Convention.”
 32. Based in Paris (with the OECD), the FATF maintains an excellent, up-to-date web site that features its annual reports, news releases, and other publications. See <<http://www.oecd.org/fatf/>>. The following analysis draws heavily on the FATF documents provided on this site.
 33. Know-your-customer regulations require banks to take steps to determine the identity of their customers and the sources of the customers’ funds—and to report any activities that appear suspicious. The notion of due diligence is that banks should exhibit a reasonable degree of prudence in judgments about financial transactions.
 34. The naming of names marked a new stage in the effort to establish an effective global anti-money laundering regime, although the FATF acknowledged in 1999 that ten years after its creation, “continued mobilization at the international level to deepen and widen the fight against money laundering” remained essential. *FATF-X*, Financial Action Task Force on Money Laundering, Annual Report 1998–1999 (Tokyo, July 2 1999), p. 40, available at <http://www.oecd.org/fatf/FATDocs_en.htm#Annual>.
 35. The information in this section is drawn from the Interpol web site, <<http://www.interpol.int>>.
 36. For a good, if rather critical, discussion of Interpol’s role and legal status, see Paul Swallow, “Of Limited Operational Relevance: A European View of Interpol’s Crime-Fighting Role in the Twenty-first Century,” *Transnational Organized Crime* (Winter 1996), pp. 106–30.
 37. This and the subsequent information on the organization can be found on its informative web site, <<http://www.wcoomd.org>>.
 38. The Stockholm Congress was attended by more than 1,300 participants from 125 countries and included representatives from governments, intergovernmental organizations, and NGOs. The delegates formulated a declaration and agenda for action that provided guidelines for specific initiatives at the local, national, regional, and international levels. The agenda included the development and implementation not only of “comprehensive,

- cross-sectoral and integrated strategies and measures” but also of monitoring mechanisms. Vitat Muntarbhorn, *World Congress Against Commercial Sexual Exploitation of Children: The Report of the Rapporteur-General*, Stockholm, Sweden, August 27–31, 1996, p. 4. Among the principles to guide the development of these strategies, the congress emphasized: the participation of the children themselves; the need for prevention through education and the creation of early warning systems; the protection of children through more effective laws against child trafficking, and child pornography, as well as the provision of hotlines, mobile services, and shelters; the recovery and reintegration of children; the collection and diffusion of information regarding all aspects of the problem and appropriate responses; and international cooperation at all levels. See *World Congress*, pp. 14–21.
39. Vlassis, “The United Nations Convention,” p. 16. The analysis here draws heavily on Vlassis.
 40. Article 6 of the 1979 Convention on the Elimination of All Forms of Discrimination Against Women.
 41. *Sale of Children, Child Prostitution, and Child Pornography: Note by the Secretary-General*, General Assembly Document, Fifty-first Session, Agenda item 106, A/51/456/1, 7 October 1996, p. 11.
 42. *Ibid.*, p. 13.
 43. *Ibid.*, p. 16.
 44. *Ibid.*, p. 24.
 45. This theme was developed by Ernesto Savona in one of the background papers for the Naples World Ministerial Conference. See Phil Williams and Ernesto Savona, eds., *The United Nations and Transnational Organized Crime* (London: Cass, 1995).
 46. For an analysis of advance fee frauds, also known as 4-1-9 fraud, see “Prepared Statement of Mr. Dana Brown, Deputy Special Agent-in-charge, Financial Crimes Division, United States Secret Service, at Hearing on Financial Instruments Fraud,” *Senate Banking, Housing, and Urban Affairs Committee*, September 16, 1997, available at <<http://iafci.org/nf/news/articles/970916hearing.htm>>.
 47. Operation Green Ice was an undercover or sting operation involving law enforcement agencies from Canada, the Cayman Islands, Colombia, Costa Rica, Great Britain, Italy, Spain, and the United States. The Drug Enforcement Administration used undercover agents to launder money for Cali drug trafficking organizations and used the information they obtained to attack the financial infrastructure of these organizations and to seize over \$50 million of their assets.
 48. This is one of the main themes developed in John Arquilla and David Ronfeldt, eds., *In Athena’s Camp* (Santa Monica, Calif.: RAND, 1997).
 49. The insights offered by Andreas can be found in Friman and Andreas, *The Illicit Global Economy*. They are developed most fully in Peter Andreas, *Border Games: Policing the U.S.-Mexico Divide* (Ithaca, N.Y.: Cornell University Press, 2000).

SUGGESTED ADDITIONAL READING

Andreas, Peter. *Border Games: Policing the US-Mexico Divide*. Ithaca, N.Y.: Cornell University Press, 2000.

- Bayart, Jean-François, Stephen Ellis, and Béatrice Hibou. *The Criminalization of the State in Africa*. Bloomington, Ind.: Indiana University Press, 1999.
- Blum, Jack, Michael Levi, R. Thomas Naylor, and Phil Williams. *Financial Havens, Bank Secrecy and Money Laundering*. New York: United Nations, 1999.
- Bovenkerk, Frank. "Crime and the Multi-ethnic Society: A View from Europe." *Crime, Law and Social Change*, vol. 19 (1993), pp. 271–80.
- Chin, Ko-lin. *Chinese Subculture and Criminality: Non-traditional Crime Groups in America*. New York: Greenwood Press, 1990.
- Finckenaer, James, and Elin Waring. *Russian Mafia in America: Immigration, Culture, and Crime*. Boston, Mass.: Northeastern University Press, 1998.
- Friman, H. Richard, and Peter Andreas. "Introduction: International Relations and the Illicit Global Economy." In H. Richard Friman and Peter Andreas, eds., *The Illicit Global Economy and State Power*. Lanham, Md.: Rowman and Littlefield, 1999.
- Kleinknecht, William. *The New Ethnic Mobs: The Changing Face of Organized Crime in America*. New York: The Free Press, 1996.
- Kurtzman, Joel. *The Death of Money*. New York: Simon and Schuster, 1993.
- Less, Rensselaer W. *Smuggling Armageddon: The Nuclear Black Market in the Former Soviet Union and Europe*. New York: St. Martin's Press, 1998.
- Robinson, Jeffrey. *The Merger*. New York: Outlook Press, 2000.
- Williams, Phil. "Emerging Issues: Transnational Crime and Its Control." In Graeme Newman, ed., *Global Report on Crime and Justice*. Published for the United Nations Office for Drug Control and Crime Prevention, Center for International Crime Prevention. New York: Oxford University Press, 1999, pp. 221–42.
- Williams, Phil, ed. *Illegal Immigration and Commercial Sex: The New Slave Trade*. London: Frank Cass, 1999.
- Winer, Jonathan M. "International Crime in the New Geopolitics: A Core Threat to Democracy." In William F. McDonald, ed., *Crime and Law Enforcement in the Global Village*. Cincinnati, Ohio: Anderson Publishing Company, 1997.

Internet Sites

- Organization for Economic Cooperation and Development (OECD), Financial Action Task Force on Money Laundering (FATF) <<http://www.oecd.org/fatf>>
- World Customs Organization (WCO) <<http://www.wcoomd.org>>
- Interpol <<http://www.interpol.int>>