



Organized Crime Characteristics of the Global Threat

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Organized crime poses a new and dangerous threat to individual states and the international system. The new international criminal groups are well organized and well financed. It is difficult for law enforcement to penetrate these groups as they are often ethnically based and operate in many Jurisdictions. They use violence and bribery. Their activities undermine legitimate authority and weaken democratic institutions. They undermine financial markets and local economies. Some are also developing transnational links to ethnic and religious groups in conflict.

On August 18, 1989, in the midst of an adoring crowd, a gunman murdered Luis Carlos Galan, the leading candidate for the presidency of Colombia. The Act shocked the Nation. Political murder was not a new phenomenon in Colombia. What was new were the perpetrators. The assassin was not an individual acting alone, nor was he a member of a guerrilla group of which Colombia has several violent examples. Instead, the assassin was a hireling, a sicario, acting on the orders of the Medellín Cartel, one of the world's major international criminal organizations. The murder was only the beginning. The Medellín Cartel launched a full-scale terrorist assault on the country. Public facilities and newspaper offices were bombed. Members of leading families were kidnapped. Hundreds of policemen were murdered. A national airline flight was blown up in mid-flight. The Cartel waged War against the Colombian State. The aim was to force the government to come to terms with the cartels, in effect, to share Power with the drug traffickers.

The Colombian government, which had been trying to control not only Medellín groups but also the less prominent Cali group, now faced a far more violent and direct threat to its institutions. It called for help. The United States, which had already been trying to support Colombian efforts, came forward with an emergency aid package and promises of more to follow. Indeed, the United States provided upwards of \$400 million in police, military, and advisory assistance spread over five years. These funds were designed to eliminate the major drug trafficking organizations in Colombia, and many millions more were spent to help attack the overseas operations responsible for producing and transshipping almost all the cocaine in the world.

The level of support and Cooperation was unprecedented. And the threat? A drug trafficking organization with the Wealth and sense of Power to challenge the internal stability of one country while it defied the Power and authority of the world's remaining superpower. Hubris? Perhaps, but the nature of the confrontation and the fact that it is not over says something fundamental about the modern world, about the nature of state Power, International Relations; and the stability of governments. And, the situation in Colombia is far from the whole picture.

In 1991 and 1992, the disruptive Influence of organized criminal activity rocked the foundations of political stability in Italy. Since World War II, organized crime has carried out a wide range of domestic activities, using violence, extortion, bribery, and murder to advance its interests. More recently, the Sicilian Mafia specifically has been locked in a murderous struggle with the government, assassinating judges, policemen, and those seen as interfering in its operations; and, more ominously, using its economic Power to try to corrupt the political process itself. The scandals surrounding official corruption linked to the Sicilian, Neapolitan, and Calabrian Mafias have touched the very heart of the Italian government, undermining its credibility and effectiveness.

In Burma, large parts of the country are under the control of separatist movements who finance their activities by selling opium on the international market. The government itself engages in or countenances production and trafficking to help finance its operations. All over Asia, organized criminal groups, whether Pakistani, Thai, Chinese, or Japanese, operate vast international organizations trafficking in drugs or a wide variety of other criminal activities, in many cases with the complicity of local government and military officials.

In the former Soviet Union and in the struggling states of Eastern Europe, criminal organizations, long held in check, are beginning to grow. They have developed international links to improve their own organizational abilities and marketing contacts. Of more concern, these criminal groups are penetrating local governments (which are often struggling for cohesion and lacking resources) by using bribery and violence to win protection for their expanding operations. Governmental resources, strained to cope with a wide range of social and economic problems are completely inadequate to respond, unable, in fact, to accurately assess the extent of the problem. Political paralysis and economic hardship have combined to give various criminal organizations considerable freedom to operate, even when local governments are not cooperating with criminal elements. Governments, however, are not the only institutions vulnerable to criminal penetration.

The scene is a New York courtroom in 1992; an adviser to presidents and one of the most respected names in the United States, Clark Clifford, is called as the defendant in a case involving a vast illegal international financial enterprise, the Bank of Credit and Commerce International (BCCI). So far, BCCI is the biggest, but it illustrates only too graphically the extent to which banking and financial systems are vulnerable to penetration, manipulation, and fraud by criminal groups. The mechanisms whereby incredible sums of illegal proceeds perhaps \$300 billion in drug money alone - are laundered and massive frauds are Perpetrated through the world's financial markets are still

only dimly understood; but the realities of the process underscore the permeability of the system. It is this permeability of governments and private business, and the growth of major international organized crime that raise concerns for the future.

Whether in the developed or in the developing world, the scope of action and the range of capabilities of criminal organizations is undergoing a profound change. Decline in political order, deteriorating economic circumstances, a growing underground economy that habituates people working outside the legal framework, easy access to arms, the massive flow of emigrants and refugees, and the normal difficulties involved in engendering meaningful state-to-state Cooperation are working to the advantage of criminal organizations. The rise of better organized, internationally based criminal groups with vast financial resources is creating a new threat to the stability and security of the international system. As Senator John Kerry noted, "...this is new. This is something that none of us has ever experienced before. It is not ideological. It has nothing to do with right or left, but it is money-oriented, greed-based criminal enterprise that has decided to take on the lawful institutions and civilized society. The growth of these organizations presents a major challenge to the quality of life in the United States and to US interests.

ORGANIZED CRIME

Although major criminal organizations pose a new and compelling challenge to national and international interests, the extent of the threat should not be exaggerated. Nonetheless, it is clear that the Wealth and Power of individual organizations has grown and there are increasing signs of international links between various criminal organizations. This does not mean, however, that there is an integrated, centrally directed criminal conspiracy. The first business of criminal organizations is usually business, its promotion and protection. In this sense they are similar to legitimate enterprise. Like their legal twin, the activities of separate "Corporations" can be cooperative or competitive by turns. The long term threat from these organizations is subtle and more insidious than images of criminal masterminds seeking to dominate the globe in some vast, shared, and centrally coordinated enterprise. It is important and difficult to measure and to understand the true nature and composition of the threat.

Criminal organizations, of course, are not new. Oliver Twist's Fagin is only one of the many memorials to the possibilities of an organized criminal underground. Nor is there anything particularly new about the ethnic composition of such organizations, the Sicilian Mafia and the Chinese Triads, particularly, are of venerable lineage; and many have had international dimensions. Yet, there is something fundamentally different in the threat that such organizations now pose to organized society that must be understood so that the United States, its friends, and allies around the world can undertake a reasonable, timely, and effective response. First, however, it is useful to define the nature and contours of the emerging problem.

It is essential to come to terms with what is meant by criminal organization. What distinguishes it from regular criminal activity, a legitimate business enterprise, or from economic activity in underground or informal economies?

In many parts of the world, there are forms of entrepreneurial activity that are classified as illegitimate if they do not meet the state's test for permits, licenses, etc. These informal economic activities now account for a significant proportion of all meaningful economic activity in many parts of the Third World. In Peru, for example, upwards of 50 percent of the economically active population are engaged in the informal economy, generating as much as 40 percent of GDP, all of it illegal under existing law. This does not include illegal coca cultivation and cocaine processing. There is considerable organization in this effort. This does not mean, however, that this activity is indicative of organized crime, although, there are some important parallels. It is important to keep this distinction in mind. It was not that long ago, for instance, that all nonstate economic activity was illegal in the former Soviet Union. As the economy of Russia struggles to make the transition from statist control to free market, and many of the people formerly engaged in illegal activities begin to emerge into the new economy, it will be important to understand and to be able to draw the distinction between true criminals and those who were criminals by definition. So, what is involved? There are a variety of definitions and definitional approaches, but several elements are essential.

CRIMINAL ORGANIZATIONS

- Possess an identifiable structure and leadership.
- Operate over time not just for ephemeral purposes.
- Operate to make money from illegal activities.
- Use violence and corruption to undermine enforcement efforts.
- Have a community, family, or ethnic base in most cases.

First, the activities involved must be criminal in nature - An Act must violate some law for which there is a punishment prescribed by a legal authority capable of enforcing the law? This raises a problem, as the trouble with informal economies indicates. Clearly, many societies, including our own, make the informal economy illegal and provide punishment. By definition, then, these activities are criminal; and when they become a major component of GDP, outside the formal economy and the tax base, these activities can adversely affect the growth of the formal economy. However, as the Soviet Union demonstrated, the informal economy can also make a major contribution to the quality of life, as in the Soviet case where average citizen would have been far worse off far sooner if it had not been for private entrepreneurs providing a wide range of goods

and services. The dividing line is blurred. Nevertheless, most societies, past and present, have defined a number of behaviors such as murder, drug trafficking, prostitution, extortion, kidnapping, and theft as not only outside the law but fundamentally wrong. By contrast, the informal economy essentially encompasses "normal" economic activity that is legitimate in the formal sector. But the primary concern here is not just with crime, per se, but with major crime, and there are additional features to help 'sharpen the picture.

Second, one of the central characteristics of the crime that does present a significant threat to established societies is that the criminals engaged in particular activities must be organized. While trite, it is important to understand that the individuals involved are not acting alone, and the activities in which they are engaged are not random. Further, in mature criminal organizations, unlike the economic behavior of groups in an illegal, informal economy, in which groups may loosely cooperate, there is intent to the actions. Usually, they are directed by identifiable leaders. They operate with varying organizational structures for a common purpose, which is outside the law.

Organization is key. Yet there is no standardized organizational chart for a developed criminal organization. There are varying types of organizational patterns. Like a legitimate business enterprise, it can employ various features best designed to carry out its purposes. Thus, it can be vertically organized and fairly tightly controlled, as are the Colombian cocaine cartels; or they can be regionally organized, often around functions, as is the American Mafia; or even more loosely organized as are the Jamaican Yardies in England. They can have a quasi-religious character, such as the Chinese Triads, or a semi-political/military organization, such as the Shan United Army in Burma. The organizational nature, then, while a key component is not the sole defining feature.

The purposes to which the organization is dedicated ultimately define its legal or criminal nature. The activities of criminal organizations are equivalent to many of the efforts of legitimate business: export-import, trade in various articles, wholesale and retail sales, services. The denizens of the former organizations, however, seek to operate in areas outside legal guidelines and generally trade in items also defined as illegal-such as drugs. However, as in the case of the Chinese Triads, they may also use their organization for legal and illegal activities.

Interestingly, there are indications that many of the present major criminal organizations began not as deliberately criminal groups but as protective-benevolent or secret societies for the welfare of persecuted ethnic or political groups. The Chinese Triads and even the Sicilian Mafia, if traced back far enough, began not as bodies to carry out illegal economic activities but as organizations to provide a type of community for their members. They provided aid and comfort to members in tough times. They shielded them against turmoil, Anarchy, and arbitrary government. They served as resistance movements. Robin Hood or Jesse James of legend and the movies were the leaders of such groups. In the government's eyes they were thugs. In legend they were heroes. This shadowy

area between heroic resistance to injustice and criminal activity will continue to pose difficulties in sorting out criminals from patriots.

Over time, however, these groups, acting outside the law and in opposition to existing authority, typically began to focus increasingly on illegal (and legal) acts for profit, not for a cause. As the profit motive took precedence, resistance took a back seat. Not all criminal organizations, however, began as failed resistance efforts. Many evolved from groups of thieves or gangs that always sought profit outside the law. Some of these groups claimed political motives. But a gang, while organized, is generally a very small and localized affair with very limited means. In general, major criminal organizations of the type that are of greatest concern here have grown into substantial enterprises, often with transnational connections, involving hundreds if not thousands of "employees" that are no longer confined to localized area. The third point to note about criminal organizations, then, is that their underlying purpose is to make a profit from illegal acts and that they employ a large number of people whose activities are coordinated over time. The organization usually is not ephemeral and temporary.

A fourth characteristic of major criminal organizations is their willingness to use violence to promote and protect their interests. Violence and crime often go together. But criminal organizations use violence deliberately. They control its use and direct it in specific cases to achieve defined goals. Violence is a "business" tool and not a random or individual act. There is sometimes a lack of discipline or acts of individual cruelty inside organized crime. But generally, violence is used for business purposes. It is directed outward to intimidate or eliminate rivals and threats; and it is directed inward to enforce discipline within the organization. The level of violence may vary - the Medellín Cartel, for example, is far more prone to resort to it than is the Cali Cartel - but it remains a consciously controlled instrument.

A corollary to the use of violence is the purposeful use of bribery. It should be clear that criminal organizations are in direct conflict with police and other governmental agencies. In some cases, the criminal organization may have more firepower than the state - as with the Shan United Army - but generally they cannot sustain direct violence against official bodies. Instead, they use bribery in order to corrupt the legal system and evade prosecution. The availability of large amounts of ready cash allow the criminal organizations considerable flexibility in using the Power of money to suborn government officials on a large scale, sometimes including government ministers. In many parts of the world bribery and corruption are endemic. In these cases, organized crime is just another "business" group that uses bribery to go about pursuing its business.

Finally, while not true in every case, most, but not all, major criminal organizations have a family or ethnic base. They operate out of a small tight knit community. Family ties, especially in circumstances where a member's family can be held accountable for the disloyalty of a member, present a practical solution to the problem of ensuring fidelity and obedience. Codes of allegiance,

rituals, ethnic bonds, and quasi-religious ceremonies, whether linked to familial ties or not, also help to engage the compliance and loyalty of individuals within organizations. In addition, they create distinguishing codes of recognition that reduce the chances of host. The penetration. The fact that involvement in such an organization places an individual outside the law and subject to arrest also helps to reinforce the ties that bind; and when all else fails, murder is the final sanction to ensure loyal silence.

This is not hard to understand. Members of criminal organizations need to trust each other. The illegal and dangerous nature of the work plus the fact that law enforcement will seek, to penetrate and disrupt the organization make some form of security discriminator vital to survival. It is easier to enforce operational security within a group known to one another and bound by ties of kinship or race. It is also easier to control membership and to spot outsiders. One of the advantages that ethnic-based criminal organizations have when they operate outside of their home of origin is that language and culture offer added barriers to fend off or identify outsiders. It is essential for such organizations to protect themselves from a host The environment, to guard access to information, to ensure the success of operations, to minimize losses, and to guarantee loyalty.

Characteristically, then, organized crime is defined by a more-or-less formal Structure that exists over time and is directed towards a common purpose by a recognizable leadership operating outside the law, quite often based on family or ethnic identity, and prepared to use violence or other means to promote and protect common interests and objectives. As noted at the outset, however, there is nothing particularly new about such organizations; they have existed for centuries. Yet, a number of factors are now at work that argue that the nature and role of these organizations raise to a new level the threat that they pose to social order and the stability of nations.

THE NEW SECURITY TREATY

There are three major new characteristics of organized crime at the end of the twentieth century. First is traditional criminal activity but on a broader, global canvas. Second is the growth of transnational links between criminal organizations and between criminal organizations and other groups. Third, is the growing ability and Power of international criminal organizations (ICOs) to threaten the stability of states, to undermine democratic institutions, hinder economic development, undermine alliance relationships, and challenge even a superpower.

There are a number of factors that aid and abet the growing ability of ICOs to challenge individual states. These are not so much characteristics of ICOs but of the environment in which they exist. They benefit, for example, from weak governments without the will or the resources to cope with rich and powerful ICOs. They enjoy fantastic sums of money generated by illegal activities, especially drug production, that give them maximum flexibility to employ bribery or violence to achieve their ends. They are able to take advantage of the movement of large numbers of people

internationally, which gives various organizations a recruitment base around the world. They are also able to capitalize on a decline in economic and political order, especially thriving on the growth of parallel or informal economies that subvert loyalty from the Nation-State and government, and habituate people operating outside the legal framework. The ready availability of sophisticated arms and other technologies give ICOs better means to protect and promote their interests. And systemic limits on the ability of individual states and international organizations to coordinate effective transnational anti-criminal programs provides ICOs with maneuvering room to adjust to enforcement threats.

These features, taken separately or together, mean that today's international criminal syndicates-are powerful enough to challenge, sometimes to destabilize, and so far, rarely, to control small, weak states. As a recent US Senate Report noted, these "new international criminals" represent a threat to international security a threat that no single state can control alone.

These three major features, global operations, transnational links, and the ability to challenge national authorities, will be considered in turn. Parts II and III will then examine in more detail the effects of the operations of major ICOs on US interests abroad and the quality of life at home.

THE NEW INTERNATIONAL CRIMINAL

The major ICOs have all the same characteristics and features of more traditional, nationally based criminal organizations. What distinguishes their ability to conduct global operations on the order of a major multinational corporation, is their transnational scale and their ability to challenge national and international authority. Disposing of large quantities of ready cash, diversified into a wide range of activities, and employing a work force spread around the globe, the ICOs represent a different order of magnitude in criminal operations. These differences are examined in more detail below.

1. Global Operations

The ICOs differ from traditional criminal organizations in the scope of their operations.

Traditional organized crime groups have their roots within individual countries, and although they may have overseas connections they do not operate on an international scale. Their organizations and operations are confined to nations or regions, and cities within nations.

The America Mafia, also commonly known as La Cosa Nostra (LCN), is a well-known example of this "older type". LCN emerged in the 1930s from conflict among gangs of Sicilian immigrants in US cities. Although its members drew on the traditions of their Sicilian origins, LCN was never a subsidiary or arm of the Sicilian Mafia. It is a distinctly American organization. While LCN has had international connections, these have been largely related to being buyers of alcohol and heroin from foreign groups, not as being part of those groups. LCN's organization and operations are essentially domestic and regional."

Many other organized crime groups operating in the United States are primarily of this type. Black and Hispanic groups, for example, are generally localized gangs. They often dominate-

criminal activity in their respective ethnic neighborhoods. Typically, they control much street-level drug dealing and some distribution activity above the street level. They often interface with international traffickers who control wholesaling and regional distribution. Motorcycle gangs, such as the Hell's Angels, have also become well organized and engage in a wide variety of criminal activity, sometimes developing international suppliers.

The new international criminal groups differ sharply from these domestic groups. They are organized for and engage in large-scale criminal activity across international boundaries. Perhaps the greatest such organizations are Colombian. The Colombian cartels, are vertically integrated global businesses. They have tens of thousands of specialized employees and associated individuals or businesses worldwide." Similarly, the Chinese Triads, although more loosely structured, have also developed extensive overseas operations, often in the wake of Chinese emigration. Such global networks provide mobility, an effective communication infrastructure, and international connections for criminal enterprise, and sometimes for noncriminal groups who want to use their services! These structures also enhance the criminal groups' ability to create whole new markets for goods and services. This can be done either by creating new products, like "crack", which revolutionized the US cocaine market in the mid 1980s, or by opening up new market areas, as the cocaine cartels have attempted to do in Europe, establishing links to the Mafia or other European criminal organizations."

International networks also provide flexibility to adapt quickly and creatively in enforcement efforts. For example, after US enforcement efforts shut off the flow of heroin originating from Turkey, new sources developed in Southeast and Southwest Asia, and Mexico. US law enforcement agencies noted in 1991 the "Inherent flexibility" of trafficking in shifting routes and modes of transport in response to enforcement efforts. When enforcement was stepped up in Florida and the Caribbean, cocaine was routed increasingly through Central America and Mexico. There is another aspect to this flexibility. By operating in the international arena, crossing national boundaries at will, the ICOs are often able to thwart localized law enforcement efforts. Diversification of operations and locale, and diffusion of rights greatly enhance the ability of ICOs to recover from losses. They are also better able to adjust to changing situations in one country and exploit gaps in International Law enforcement cooperation.

The new international organized crime groups are also bigger and much more profitable than traditional groups. The FBI estimated in 1988 that LCN consisted of 25 independent families with a total of 2,000 members. Conversely, in 1989, Senate investigators reports estimates of as many as 100,000 members of the Colombian cocaine industry, not counting Peruvian and Bolivian groups. While it is difficult to be certain about such numbers basically secretive organizations, the Drug Enforcement Administration computers listed names of 24,000 persons and businesses known to be working with Colombian drug cartels in 1989. Similarly, estimates of the Sun Yee On, the largest Hong Kong Triad, in 1992 "conservatively" placed membership at 25,000, not counting its overseas members. Although not all of them were necessarily engaged in crime, the size of this one Triad indicates the potential scope of networks available to those who are.

The scale of monetary returns on these activities also dwarf those of traditional groups. The main driver for this is the large-scale profits generated by illegal drug trafficking the Colombian cartels alone probably make more in a week than the American Mafia does in a year. The Colombian cartels now outperform most Fortune 500 companies. A conservative estimate of illegal drug sales at the retail, or user, level in the United States alone is \$50 billion. Colombian cartels are estimated to make a profit of about \$20 billion annually from these revenues. By comparison, the GDP of Colombia is only around \$45 billion. The combined budgets of the governments of Colombia, Bolivia, and Peru is only about \$9 billion annually. The Chinese Triads and the top manipulators of international frauds may not be making as much as the Colombians, but their profits also dwarf those of most traditional organized crime groups.

2. Transnational Links

One of the emerging characteristics of the major ICOs is growing interconnectivity with other transnational, nonstate actors. Although traditional criminal organizations have links to similar groups outside their respective countries, they generally do not conduct extensive overseas operations and have only limited contact with other criminal groups. The major ICOs, however, have an international focus and operate vast transnational business empires. But their activities go beyond establishing subsidiaries. In addition to operating across international boundaries, the new ICOs have also begun to establish links to other nonstate groups, such as insurgents and terrorists, and similar criminal organizations. These Linkages are diverse and in some cases tenuous and tense, but the trend that is emerging is toward closer cooperative relationships. The nature of the relationship can be quite complex. The first type of relationship is with other organized criminal groups. In the Andes, for example, the drug organizations in Bolivia and Peru typically Act as regional subsidiaries of the Colombian cartels. The Bolivians and Peruvians deal directly with the growers, initiating the first stages of refining raw coca into cocaine paste or base, precursors to cocaine hydrochloride (HCL). The Colombians provide the transportation network to move these products to labs in Colombia for final processing; and, of course, they bring in the vast quantities of cash to pay for the raw product. Until recently, the Colombians generally did not involve themselves directly in these regional efforts; but with increased law enforcement successes, particularly in Bolivia, that have rolled up whole local organizations, the Colombians have begun to take more direct control. For the development of the transportation system to move cocaine north, the Colombians established links to Mexican organized crime. These ties are arrangements of convenience. The Colombians often complain of how incompetent and dishonest the Mexicans are, but they need the Mexicans to run the network of local landing strips, safe houses, and logistical support systems including the network of corrupt officials that the Mexican organizations had developed over the years - necessary to sustain long-range huge drug trafficking operations. Similar arrangements were made in Guatemala and throughout the Caribbean. As the

Colombians have sought to develop a European market they have explored similar contacts with the Sicilian Mafia and other organized groups in Europe. They are also establishing links, especially potential money laundering channels, to Eastern Europe and Commonwealth of Independent States criminal organizations.

The Colombians are also trying to expand their markets into Asia. They are establishing links to major Asian heroin traffickers, sometimes exchanging cocaine for heroin. Moreover, the Colombian cartels are exploring, on a large scale in the Andes, the potential of growing opium in marketable quantities. This gambit has relied on importing lab technicians and experts from Southwest Asia. As this example shows, links among ICOs permit considerable diversification and division of labor.

The major Asian heroin trafficking networks have established ties to Nigerian criminal groups and have basically contracted with them to help in their international distribution system.

Today, one of the principal means Asian heroin is smuggled into the United States is in the stomachs and intestines of Nigerian "mules," individual carriers who have swallowed heroin sheathed in condoms. These mules are recruited and trained by Nigerian agents. There is a three-cornered network. Mules travel from Nigeria to Thailand with money, pick up the drugs, and arrangements are made for them to enter the United States and Europe with the drugs in their body cavities. Enforcement efforts have led to variations, with Nigerians travelling from many different places, often on forged or stolen travel documents; and in some cases it appears that the Nigerians are now recruiting non-Nigerians, including Europeans.

These types of contacts extend the operational range and capabilities of the cartels and other ICOs and, more important, they allow for an exchange of information on International Law enforcement efforts and on techniques for protecting operations. The cartels, indeed all the major criminal organizations, have the advantage of any institutional arrangement: Since they exist over time, and for a purpose, they are capable of learning from experience and using that knowledge to adjust to changing circumstances. Links among ICOs, however, are not the whole story.

In addition to the efforts to develop ties with other criminal groups, the cartels have also forged relationships with a number of terrorist organizations, particularly the Sendero Luminoso (SL) in Peru and the Revolutionary Armed Forces of Columbia (FARC). Both are communist guerrilla organizations waging long-term armed struggles against the Peruvian and Colombian governments. Although often a marriage of convenience marked by sharp, violent attacks on each other, a complex relationship is emerging. The common grounds for this relationship are shared enemies - the government and the United States - and the enormous profits to be made in drug production and trafficking. Both the FARC and the SL have struck bargains with the cartels to help provide -protection for landing fields, producing facilities, and operations in return for cash. This can be viewed as a form of taxation or extortion- For the cartels it is part of the cost of doing business.

The cartels receive armed protection and the insurgents receive large sums of money with which to underwrite their efforts, particularly to acquire arms. The problems for the government are exacerbated by the traffickers making available to the insurgents their

international connections to the arms market and the cartels willingness to encourage insurgent attacks on the government as a means of diverting the government's efforts away from cartel activities. Ready supplies of money and arms also solve two of the most fundamental problems that the guerrilla groups normally face, namely a shortage of both. So beneficial has the liaison between the cartels and the insurgents proved that both the SL and the FARC have begun to move beyond the business of protection to engage directly in drug production and trafficking activities in conjunction with the cartels - the SL going so far as to force peasant farmers to grow coca for the international market. In this they are following in the footsteps of other guerrilla organizations, such as the Shan United Army in Burma, where the dividing line between an ethnic independence movement and a ethnic drug trafficking empire has become completely blurred.

This nexus, between criminal organizations and guerrilla-terrorist groups, whether the distinctions begin to disappear or not, poses a major challenge to governments. In Burma, Colombia, or Peru, the combined effects of criminal activity that challenges government authority on a national scale and the presence of large-scale, well-financed guerrilla groups that threaten to overthrow the government present a dual challenge that is often beyond the government's abilities. The consequences are stalemate, eroding public order, and a drain on economic resources.

Traditional, nationally based criminal organizations pose a variety of threats to public order and legitimate business. The US experience with LCN is typical: corruption of officials. There is another cost, as well. In many of the primary growing areas of narcotic drugs, in Asia and Latin America, local addiction is on the rise. In Pakistan alone, addiction rates have soared in recent years placing strains on an already inadequate social support and health care system. A similar story holds in south China, where only a few years ago authorities had eliminated most drug use and trafficking. In Iran, India, Nigeria, the Caribbean, Mexico, and the Andes the tale is similar.

It is easy to overestimate the degree of contacts and coordination among various ICOs. Nevertheless, the development of international relationships does give ICOs -and other groups networks to share information. They can also rely upon support that can be used to frustrate local and International Law enforcement efforts, to enhance business opportunities, and to undermine the very social order that would seek to control them. Under pressure and over time, where there are mutual advantages to such contacts, they increase the potential for greater sophistication and operational capability and present a new and significant challenge to the international community.

3.Challenge to Authority

Traditional, nationally based criminal organizations pose a variety of threats to public order and legitimate business. The US experience with LCN is typical: corruption of Officials, penetration of unions, money laundering, prostitution, street crime, gambling, violent internecine Power struggles, drug trafficking; in short, the whole range of criminal activity

that can be organized for profit. As rich and powerful as these organizations have been, however, they are generally in no position to directly challenge political order. Indeed, in the case of LCN, recent law enforcement successes have decimated its ranks and may have dealt it a crippling blow. The major ICOs, however, pose a more dangerous threat, one that is again defined by its scope and sheer audacity.

As noted at the beginning, the Medellín Cartel felt itself powerful enough, to challenge the Sovereignty and integrity of the Colombian state, and along with it the United States. The last five years of struggle have damaged the Medellín Cartel, at considerable loss of life and capital, but the Colombian cocaine entrepreneurs remain in business, not only evading annihilation but continuing to prosper and diversify their operations. Alone or in conjunction with various guerrilla groups in Colombia and Peru, they are able to control large areas of the Andes in defiance of government authority. They are also able to transship immense quantities of drugs through the Caribbean, Central America, and Mexico to the United States. In many cases, even in totalitarian Cuba, the Medellín Cartel has been able to corrupt officials up and down the hierarchy, including ranking military officers and ministers of state. Their ability to penetrate governments has even lead to major disruptions in the relations between nations, as the Enrique Camarena case in Mexico showed only too clearly. These direct challenges to national and International Law, however, are only part of their threat to legal institutions and norms.

There is also mounting evidence to indicate that the major ICOs can have a profound effect on local economies. In the Andes, for example, the diversion of labor into illegal activities, the destruction of land and its use for nonproductive crops, and the generation of inflationary pressures all work to undermine the viability of local economies, already none too strong in the case of Bolivia and Peru. Added to this is the penetration of financial markets and the international banking system. Corruption of financial institutions is now a major and growing concern, as the ICOs use international financial networks to launder money, and in some cases to provide cover to further illegal activities. Even major developed countries are not immune. The French government for example, has become concerned with the penetration of the Italian Mafia in southern France. This is also one of the major reasons the British government established the National Criminal Intelligence Service.

There is perhaps an even more damaging threat in the long run, however, than direct affront to authority and the integrity of financial systems. The defiance of established authority and the corrupting of its officials and institutions, are undermining public faith in government itself. They help to aggravate political, social, and economic problems that sap the ability of legal institutions to respond effectively. In cases where governments are unable to deliver needed and expected social services, where the economy is deteriorating, and where the government is often perceived as the central problem, the appeal of powerful, capable, and strong criminal organizations can overwhelm respect for law. In some parts of the world, for example South Asia and the Andes, criminal organizations are already the only form of authority that many people have ever known. In other areas, as in the emerging states of the former Soviet Union, purely national based criminal organizations can already defy the government in some areas, and they offer, for many desperate citizens, the only apparent

access to sustained economic activity. As these groups establish contacts with the major ICOs and learn to improve their markets and techniques, they are likely to increase their Power and influence. Should present trends continue, these groups will grow stronger in the face of governments incapable of responding.

Furthermore, there is also an inherent danger that powerful criminal organizations in circumstances where government authority is weak or absent may see themselves as legitimate political authority. Certainly the Medellín Cartel saw itself in a quasi-government role in the Medellín area. It sought to Influence the national electoral process, and ultimately sought to use its Power to force the government of Colombia into some form of power-sharing arrangement. Clearly, some so-called national liberation forces - the Shan United Army and now, perhaps, the SL and the FARC - with close ties to illegal drug trafficking already have a political philosophy that they hope to ride to state power. The political drive is as compelling as the economic one. As powerful ICOs begin to realize the extent of their Influence and Power in the face of weak governments or half-hearted efforts to control them, it is not too fantastic a leap to see these groups going beyond efforts merely to neutralize government enforcement but to become the government.

The major ICOs enjoy a number of advantages denied to smaller groups. The scale of their operations, their growing international connectivity, and the Power and Influence that they have garnered at the expense of governments make them a formidable challenge. They enjoy advantages of economy of scale in their operations. Their enormous financial resources and diversification operations give them maneuvering room in responding to law enforcement encroachments. Their ability to operate across many legal jurisdictions reinforces this inherent flexibility. Moreover, their contacts with other nonstate actors, such as insurgent groups and terrorists, means that they can call increasingly upon allies to help distract the government, or even challenge its authority. The cumulative effect of these advantages puts them in a position of great strength. Given this growing range of Power and capability, it is useful to look more closely at several of the main players.

KEY GROUPS

While there are a number of major criminal organizations with international connections, two now have a truly global reach and directly affect US interests: the Colombian cocaine cartels; and Chinese criminal groups organized around Triad secret societies.

Colombian Cartels

Illegal activity by organized groups engaged in smuggling operations is something of a Colombian tradition, generally built around a family or groups of families. The main Colombian cartels fit this pattern. They are centered around various tight-knit families in Medellín and Cali. Before cocaine became the rage in the 1980s, Colombians were the main suppliers of marijuana to the US market. In the late 1970s, a number of groups saw the potential for exploiting cocaine. Coca was already grown legally in much of the Andes and the process for converting coca to cocaine HCL was not

terribly complicated. The potential profits were enormous if the Colombians could manage to organize both the production and distribution. Carlos Leader pioneered the trafficking and distribution system and the cartels began to encourage the rapid expansion of coca cultivation in Colombia, Bolivia, and particularly Peru, which produced coca bushes with a very high alkaloid-to-leaf ratio. The result was the creation of one of the largest agro-industries in world history, and the generation of profits far in excess of anything experienced by organized crime theretofore. A rough estimate places their gross income in the range of 70 percent of the GDP of Colombia, Bolivia, and Peru combined, and their estimated profits greater than the budgets of the governments of Peru or Bolivia.

The main trafficking families all Colombians - sit at the top of a large production and distribution network that controls a vast agricultural enterprise covering some 270,000 hectares dispersed throughout the Andes. This includes a network of laboratories and production facilities that generate over 900 metric tons of cocaine per year, and an international Federal Express-style distribution network that moves raw materials and finished product by plane, ship, and every other means imaginable to destinations on four continents. They also have a marketing operation that reaches into every major metropolitan area of the United States and increasingly into major European cities. In addition, they maintain a sophisticated financial and accounting system. They keep meticulous track of thousands of tons of product and billions of dollars of profit throughout the system. They then launder the proceeds in the international financial and banking networks. They repatriate some of the laundered funds. Much of it is invested in the United States, Europe, and elsewhere. The Colombian cartels purchase raw material (coca leaves and paste) in Bolivia and Peru, convert it into cocaine HCL in Colombia and then ship it to the United States. The Colombians distribute it, first through their own network to other Colombians, then through succeeding levels of dealers who are not Colombian. The cartels are also pushing to expand their sales of cocaine in the potentially lucrative European Community (EC) market, and to open markets in Japan and the former Soviet Union.

As mentioned earlier, the cartels are exploring the possibility of expanding into heroin production and trafficking. Almost overnight, or so it seemed, they were able to establish what is conservatively estimated to be 20,000 hectares of opium poppy with an agricultural extension service in remote areas of Colombia that is able to support peasant growers in the three-to-four year development effort required to grow opium poppies and refine production techniques to create a useable product. They are not only able to support the growers but can also provide them with the necessary infrastructure and marketing system to ensure a return on the effort, something that many governments cannot do for legitimate producers and their products.

The Colombian cartels are also increasing their dealings with other international criminal organizations. In 1992 a major money laundering sting operation, "Operation Green Ice," provided firm evidence of growing Cooperation and operational links between the Cali Cartel and the Sicilian Mafia. The sting documented large-scale sales of cocaine to the Mafia for distribution in Europe, and money-laundering Cooperation between the groups. The Cali Cartel supplies 90 percent of the cocaine sold in Europe. There are also indications that the cartels and Asian traffickers are trading information and drugs. Such "joint ventures" among international narcotics traffickers are

increasing, according to the U.N.'s International Narcotics Control Board. They provide ways to exchange criminal expertise, rationalize markets, and share information.

The scale and sophistication of the operations, their breadth and depth, are impressive by any standards and give the cartels great flexibility. It also gives them the resources to challenge local governments, evade international law enforcement efforts, and adjust to changes in the market.

Chinese Triads

The Triads - based in Hong Kong, with a few in Taiwan - are highly structured, but do not direct crime from the top like the vertically integrated cocaine cartels. Instead, Triads serve as criminal networks through which their members organize various enterprises. The Triads are largely ethnically based. They use rituals, oaths, secret ceremonies, and incentives to secure personal loyalty. Family affiliation is important at the center of major Triads. Individual membership provides credibility and influence. Members provide "gifts" to their superiors in the hierarchy.

These groups engage in a broader range of crime than the Colombian cartels. It includes drug-trafficking (almost exclusively heroin), smuggling, theft, murder, extortion, credit card fraud, prostitution, and illegal gambling.

The Triads dominate the import of heroin into the United States. As with coca, worldwide production of opium has more than doubled since 1985, principally in the Golden Triangle in Southeast Asia and the Golden Crescent in Southwest Asia. Two-thirds of the world's 3,700 metric tons of opium originates in Southeast Asia, most of it in Burma. Fifty-eight percent, up from nineteen percent, of all heroin available in the United States during 1991 came from Southeast Asia, which reflects a shift from Mexico as the primary supplier of the US market. Chinese criminal groups dominate this traffic to the United States at both ends of the pipeline.

The smuggling of illegal Chinese aliens into the United States has also become a lucrative business for international organized Chinese crime. Chinese criminal organizations may earn as much as \$3.1 billion a year from alien smuggling. The Immigration and Naturalization Service (INS) apprehended 6,056 illegal immigrants from China, Hong Kong, and Taiwan in 1991. An independent study indicates, however, that as many as 50,000 Chinese have been smuggled into the United States per year since 1990, an increase from less than 1,000 per year in 1983. INS officials have been quoted as estimating perhaps 100,000 enter per year.

There has been some smuggling of Chinese to the United States since the 1800s, but INS officials maintain that recent trafficking is much more sophisticated, much better organized, and unprecedented in volume. The INS has identified over 90 air routes used by smugglers through numerous foreign countries. The smugglers have begun sending whole shiploads of aliens to the United States. The US Coast Guard stopped 11 seagoing vessels suspected of smuggling Chinese aliens during 1992, an unprecedented number. The number of Chinese found on board these vessels ranged from 51 to 200. The vessels were seized at locations ranging from New Bedford, Massachusetts, and Morehead City, North Carolina on the East Coast to Long Beach, California and Hawaii on the West.

Some law enforcement officials have long been concerned that the Triads will shift more and more to the United States and Canada when Hong Kong reverts to the Peoples' Republic of China in 1997. Triad organizations exist in the United States. Ethnic Chinese have also formed secret societies in

the United States, called tongs. Many tongs are legitimate business associations. However, some are fronts for criminal activities, primarily illegal gambling. Individual tong members have been linked to Triad criminal operations, such as heroin trafficking. In 1992, FBI agents raided the headquarters of the Hop Sing tong in Portland, Oregon. Among other things, they confiscated firearms easily converted to automatic fire. The weapons were believed to be destined for the Hong Kong-based Wo Hop To Triad's branch in San Francisco.

It is difficult, however, to get detailed information on the operations of these groups. Chinese criminal groups in the United States are strongly influenced by a "triad culture" of secrecy and loyalty, that makes them difficult to penetrate." These organizations have made significant inroads into the United States and elsewhere where there is an overseas Chinese presence-such as in Western Europe and Asia.

Other Groups

While the Colombian cartels and the Chinese Triad form the major ICOs, there are other groups with varying degrees of international connections that operate in the United States.

For example, Jamaican "Posses," whose members come from specific neighborhoods on the island, traffic in drugs and firearms throughout the United States. Posses have been identified in most major cities on the eastern seaboard, and in Cleveland, Houston, Kansas City, Us Angeles, Seattle, Anchorage, and other US cities. Japanese Boryokudan (organized criminal enterprises also known as the Yakuza) launder money in - the United States, smuggle guns, extort, commit fraud, and traffic in drugs. Ethnic Korean groups headquartered in Japan and affiliated with the Boryokudan control 90 percent of the flow of crystal methamphetamine (ice) to Hawaii. "Ice," a particularly debilitating drug, is appearing on the mainland West Coast.

Groups of Russians in the United States with links to the former Soviet Union are increasingly operating in the United States. They import drugs from the former Soviet Union, bring in "hit men" from abroad for contract murders, and commit jewelry theft, insurance, and tax fraud. The activities of these various groups point to a rise in ethnic-based criminal organizations spread throughout the United States. These groups are generally limited in size, but when linked to major ICO, as many are, they become part of and party to a much broader criminal phenomenon, which raises concerns for the future direction of criminal activity.

THE FUTURE

International criminal groups in the United States and worldwide are likely to expand. A number of factors are likely to aid their growth.

1. **Economics of production.** For small farmers in many countries, choosing to grow drug-related crops makes the most sense economically. Markets for other commodities are less profitable and less stable. In many cases, even where the necessary marketing infrastructure and expertise exist, government controls make entry into those markets difficult or impossible for peasants. At the same time, drug entrepreneurs are expanding,

into markets where drugs have not been a major problem in the past. Absent dramatic and unlikely changes, raw materials for drug production will continue to be readily available.

Furthermore, the United States is one of the world's most lucrative markets for illegal as well as legal enterprise. It will continue to attract trade in illegal products. Europe, too, is a large market, and the creation of the Common Market has significantly reduced the extent of border controls that might have helped to restrain drug trafficking and other transnational criminal activities.

2. **International ungovernability.** The growth of intentional crime parallels a global trend toward ungovernability, that is, the declining ability of governments to govern, to manage a modern state, and provide adequate or effective services. In some cases criminal organizations have been able to capitalize on the fact that large areas, such as the Andes and the Amazon regions of Latin America were never under much central government control. They have moved in to these remote regions and have begun to provide the major form of authority in much of the region. In other cases, they have begun to contest local control of areas with the government, as have groups in Burma. There are dozens of places, such as Peru and Burma, where state authority has lapsed in whole or in part. It is not limited to small states, either there are indications that areas of some of the Central Asian Republics: have been given over to drug cultivation. Similarly, areas in Mexico, Pakistan, and southern China appear to be largely beyond government control. This situation provides favorable conditions for criminal groups, and bases of operations and safe havens in areas key to drug trafficking and alien smuggling. Experts in political geography predict continuing global fragmentation. Criminal organizations thrive where governments are weak.
3. **Immigration streams.** Ethnic criminal organizations are likely to follow immigration patterns. They do not always do so, but there has often been a strong correlation between the two. In the 1990s economic pressures and widespread ethnic turmoil are likely to generate refugees and immigrants from regions where international criminal groups are based. Between 1980 and 1990, the Asian population in the United States alone grew by 108 percent, from 3.5 million to 7.3 million. The Chinese population grew by 104 percent, from 806,000 to 1.6 million." While the vast majority of immigrants are law-abiding, criminal organizations tend to exploit immigrant communities in a variety of ways. They provide cover and concealment. Immigrant pools also provide a pool of recruits. In addition, the immigrants are usually fearful of law enforcement. Their recent experience in their country of origin makes them reluctant to cooperate with the police in their new countries. The police, moreover, historically do not provide the same degree of service to immigration. The immigrants do not have important political connections and the police find it difficult to cooperate with them, given their strange cultures and languages. Hence, many experts anticipate increased international organized criminal activity accompanying Russians, East Europeans, Asians, Middle Easterners, Kurds, and others.
4. **Border Porosity.** The United States long open borders with Mexico and Canada provide ready access for criminals and illegal goods, and tens of thousands of miles of US coastline

are virtually uncontrollable. The opening of free-trade areas, such as the North American Free Trade Agreement (NAFTA) and the EC, will lower many existing safeguards and customs inspections as well.

5. **Trends in technology.** Continued advances in technology and international transportation will facilitate growth in international organized crime. The ease of modern communications makes contact among international criminal organizations easy, fast and more secure. For example, new digital technologies make it more difficult for law enforcement bodies to intercept their communications. The movement of trillions of dollars in wire transfers each day makes it possible for many actors to evade state monitoring.

6. **Relative disorganization of law enforcement.** Preventing, disrupting, and successfully prosecuting organized crime in most parts of the world is difficult enough, in the best of times. Many traditional organized criminal organizations have survived the onslaught of law enforcement organizations for decades.

Now, however, the US and other states are faced with international criminal groups. As was described earlier, they are bigger and more powerful than most of their predecessors. They operate globally making it impossible for law enforcement in any one jurisdiction to neutralize major parts of their activities. While some degree of Cooperation exists among law enforcement agencies, and new initiatives are getting under way, many observers believe that it is inadequate to the task. In 1992, for example, a US Senate Report noted that there is little evidence to suggest that either US or foreign law enforcement entities are currently equipped to meet the challenge of this new breed of international criminal.