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# ORGANIZED CRIME AND THE CRISIS

**Dr. Liviu MURESAN**

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Transnational organized crime is one of the major threats to human security, impeding the social, economic, political and cultural development of societies worldwide, and involved in trafficking in human beings, drugs and firearms, money laundering, etc.

According to the United Nations Office on Drugs and Crime (UNODC)

Criminals are ahead of governments in exploiting the most advanced tools of globalization, such as international travel, banking or trade, and are benefiting from the economic-financial crisis.

Supporting criminal networks is a range of professionals operating along the margins of criminality: lawyers, accountants, financial advisers, bankers, stockbrokers, IT specialists, businessmen, chemists, corrupt politicians, judges and magistrates, government officials, police, customs officers and military personnel, even compliant media people and clerics.

The structures of contemporary criminal networks have evolved from pyramid shaped hierarchies to networks of cells where almost every unit is operating independently. They are continuously changing constellations, partners and even geographical locations which makes it nearly impossible to map out an entire network.

## The economics of Transnational Organized Crime

**HAVOSCOPE**, an online database of black market activities estimates world illicit trade to be almost US\$730 bn/year, with counterfeiting and piracy US\$300 bn – US\$1 trn, trade in environmental goods US\$69 bn and weapons trade US\$10 bn.

The illicit drug trade is valued at between US\$500 and US\$900bn worldwide. Trafficking in persons for sexual exploitation or forced labor is one of organized crime's largest revenue sources, generating US\$9.5 bn annually. Theft and breaches from cybercrime may cost businesses as much as US\$1 trn in 2008 in bribes US\$1.5 – 6 trn in laundered money.

UN Security Council debated the issue of organized crime as a threat to international peace on 24<sup>th</sup> February 2010. The issue has also been hot in the G8 and regional organizations like the OSCE.

The vicious circle: crime is attracted by insecurity, underdevelopment and weak governance, while the latter are exacerbated by crime.



Arch financial ponzi king, Bernard Madoff and his US\$65 bn fraud seemed to set to set some kind of record but his lawyers say he should only get 12 years because of his age, cooperation, and his expression of “shame”.

“Something like \$14 trillion worth of nominal dollars is being sucked into a cosmic vortex never to be seen again. It was last seen in the spectral forms of so many collateralized debt obligations, credit default swaps, so-called structured investment vehicles and other now-obvious frauds. That giant sucking sound we hear means the process is still underway, and the “money” disappearing into yawning oblivion will out-pace any effort”

**James Howard Kuntsler**

The financial crisis is not just restricted to the United States – it is a global event that is also having a severe impact on economies in Europe, Asia and the developing world. Things are tough all over, and this financial strain will create some large security problems for corporations and governments.

One of the first functions cut during tough times often is corporate security. A security department typically has a pretty substantial budget (it costs a lot for all those guards, access-control devices, cameras and alarms). The security budget is seen as an easy place to quickly reduce costs in an effort to balance the profit-and-loss statement.

The different perspectives, the new insides, the complex assessments and the long term development scenarios have put the transborder organized crime in surprisingly challenging dimensions.

Being used to seeing some of the organized crime activities on the streets, reflected in the newspapers or in the TV evening news, we almost forget the real impact of this threat on governance at local, national, international, but also at global levels.

As it was mentioned already by the Stability Pact Initiative against Organized Crime in South East Europe (SPOC) this phenomena is of increased concern because “it threatens democracy, the rule of law, human rights, security and stability and social and economic progress”.

The concerns raised among governments around the world about the capacity of the organized crime to threaten the governance ability and stability in numerous countries as well in the global economy and finance.

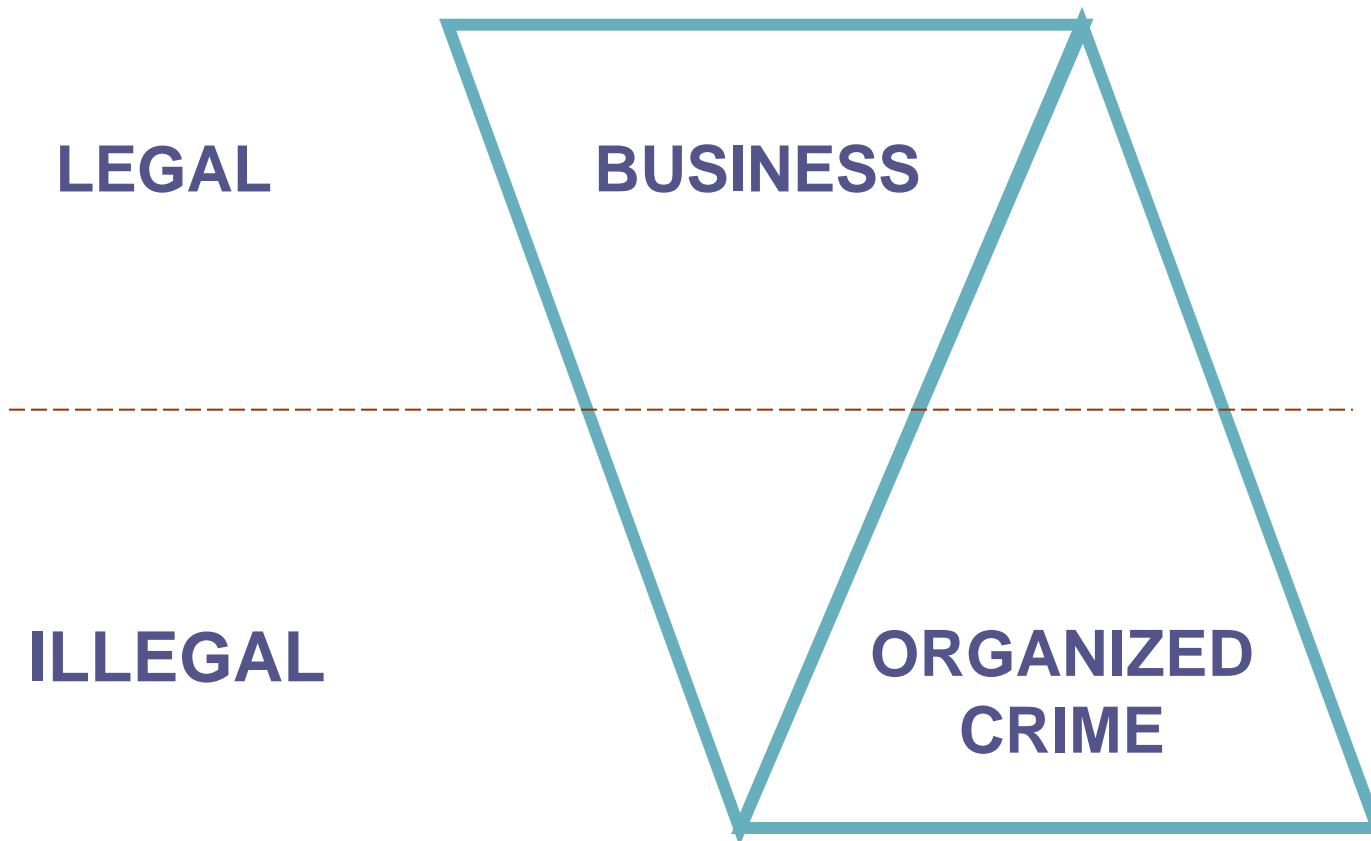
The break down of the political and economic barriers at the end of the Cold War has offered to the organized crime the chance to take advantage from the new international environment.

The increased trade, free movement of people, capital and goods, the modern technologies of communication, the electronic capital trading system, all within the reach of international criminal organizations, are bringing out a new picture of the complexity of the situation today.

One of the major concerns about the impact of organized crime on the good governance is the fact that it is too difficult to draw a clear line between legal and illegal actions.

Within the current economic life, most of the business activities are legal. Some of them could turn into illegal zone due to the unreasonable taxation rules, loopholes in the existing legislation, advantages of the grey economy or due to the links to corrupt bureaucracy, financing political activities and others.

Organized crime acting mainly in the illegal zone is most likely to have some of its activities legal because of the need for visibility - as a result of the protection of corrupt politicians and law enforcement representatives and in connection to the laundering of important amounts of money into the legal economy (through the privatization process, buying real estate a.o).





**GLOBALIZATION of the Organized crime**



**CRIMINALIZATION of the World Economy**

The large amount of money allows criminals to buy the knowledge and technology necessary to create new forms of crime which could generate even more profits. For example, the daily international transfers of \$ 2 trillion via computer communications make tempting targets.

Transnational crime could be seen as the world's fastest growing industry. In the next future, "powerful transnational crime syndicates, who are already intertwined with many local governments on the world scale, will increasingly influence the world" and due to its actual power it is already interfering more and more with the ability of governments to act.

Organized crime, terrorism are now new actors of the global governance together with the international financial bodies, UN agencies, multinational companies, professional bodies or NGO's.

As was presented already in the "2003 State of the Future" report, "potential synergies among organized crime, corruption and terrorism supported by money laundering, could evolve into significant force counter to government decision making with public interest".

In the following scheme we propose to you some of the interlink ages among organized crime structures, corruption, governance capacity and national security.

The authorities are at constant war with the organized crime but one of the main constraints they have to face are the financial means allocated to them for this purpose. Thus they are obliged to spend the money to the fighting with the basic levels of the organized crime, where most criminals are active.

In the meanwhile, the organized crime is becoming more and more able to penetrate these structures, due to the amount of money they are earning each year as well as other factors - mainly their flexibility and capacity to tackle the decision levels, which represents a real risk for the national security.

As one of the conclusions which could be subject of concern is the quite modest governance capacity to combat organized crime at the top level and the more robust and efficient intervention at the basic level.

By 2010 the criminal threats to the democratic states will be more diversified and will have a more direct impact on the strategic interests of states.

In this perspective any initiative at national, regional and global level has to be welcomed.

The countries of our region have shown their determination to contribute to establishing some control over the criminal activities, both domestic and transnational.

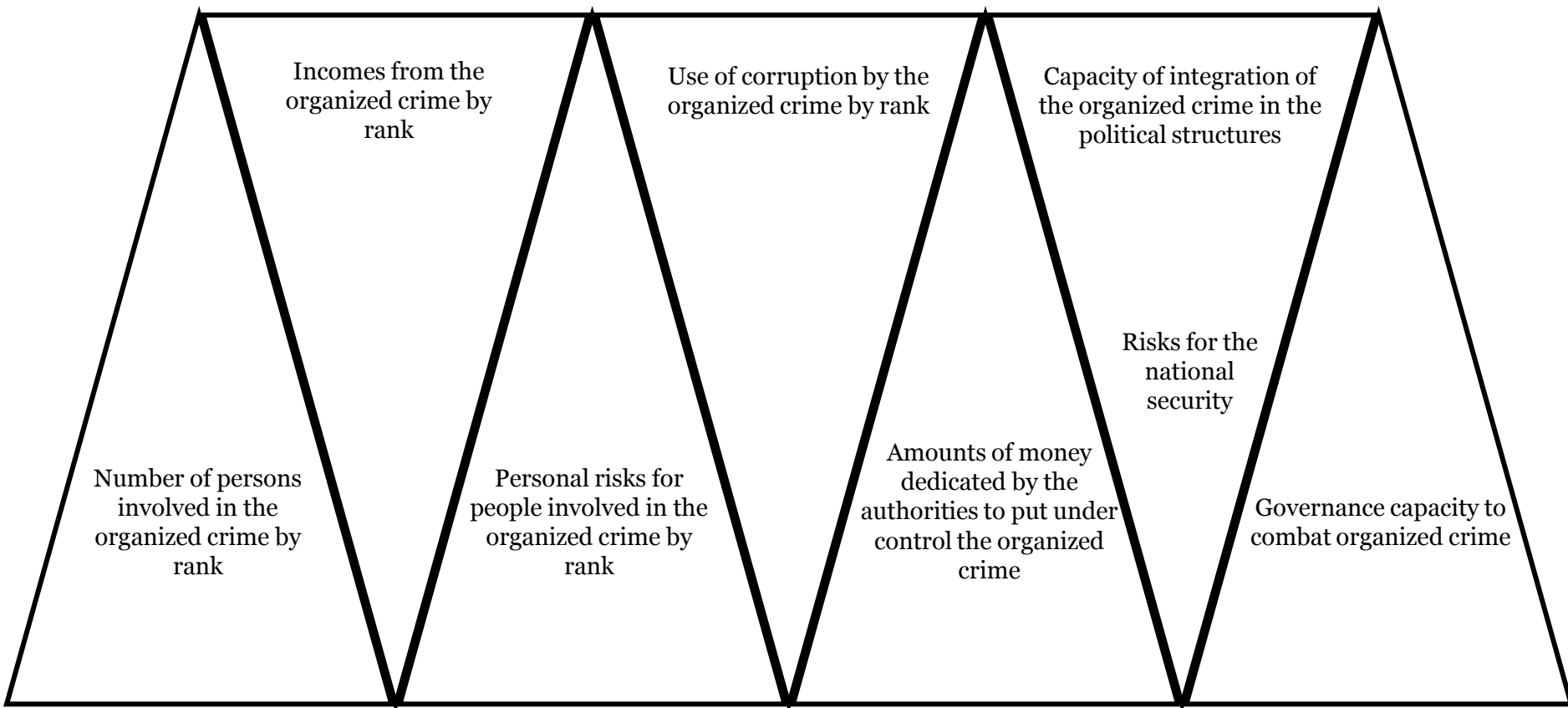


In 2000 the Regional Center for Combating Transborder Crime was set up, an international institution created in Bucharest within the framework of the South Eastern Europe Cooperation Initiative.

12 countries from the region (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Hungary, Macedonia, Moldova, Romania, Slovenia, Serbia and Montenegro, Turkey) sent police and customs representatives to work together in fighting organized crime.

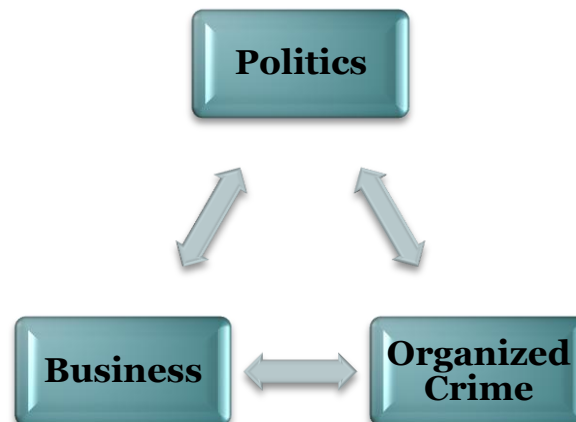
# REASONS OF CONCERN

## The 7 “criminal” pyramids



# REASONS OF CONCERN

1. Financial crisis → winner: organized crime
  - Violence and criminality on the streets (SALW)
  - Budget cuts affecting the security sector
  - White color criminals
  - 'the cash is king', a.o.
2. 'The enemy within' (FBI)
3. 'Deadly triangle' for law enforcement



# REASONS OF CONCERN

5. Nexus terrorism – organized crime - corruption;
6. Fragile interagency cooperation;
7. Critical Infrastructure vulnerabilities: protection and resiliency
8. Management of instability:
  - So-called ‘stability’ by polar world (before ’89)
  - Profound and generalized instability (after ’89)
  - ‘Stabilizing instability
9. Crisis of the global governance
  - Citizen are better informed
  - Leaders are less competent / prepared
  - World is more complicated

# REASONS OF OPTIMISM

1. Success Story: Regional Center for Combating Transborder Crime (SECI Center since 1999)
2. Cooperation of professionals with different areas of expertise – a key for positive results in the last 10 years
3. Making best use of the money

# REASONS OF OPTIMISM

4. Lessons learned and transfer of expertise in other geographic areas
5. First joint event Swedish EU Presidency (Oct 2009): Swedish Civil Contingencies Agency & Homeland Security, Dept. Science and Technology
  - Explosive threats, surveillance networks and detection, radicalization, securing power and water supply, electromagnetic terrorism against critical infrastructures

# REASONS OF OPTIMISM

## 6. A more secure and open Europe – Stockholm Programme

- The Stockholm Programme is to define the framework for EU police and customs cooperation, rescue services, criminal and civil law cooperation, asylum, migration, visa policy for the period 2010 – 2014. The Programme was discussed at the informal ministerial meeting in Stockholm in July 2009 and will be ultimately adopted by EU Heads of State and Government at the Summit in December 2009.

# REASONS OF OPTIMISM

7. Launching of the Final Report of the European Security Research and Innovation Forum (ESRIF), Brussels 2010
  - ***Societal Security*** – Human beings are at the core of security process
  - ***Societal Resilience*** – certain risks cannot be catered for, nor avoided. Societies must prepare for face shocks and must have the ability to recover



# REASONS OF OPTIMISM

- ***Trust*** – Assuring security implies nurturing trust among people, institutions and technologies
- ***Awareness raising through education and training*** – Security is a common responsibility of all stakeholders, the citizen is at the fore front
- ***Innovation*** – Europe can rely on its own scientific, technological and industrial competences

# REASONS OF OPTIMISM

- ***Industrial policy*** – A competitive European security industry is a prerequisite for future security. The EU must address the fragmentation of its security markets.
- ***Interoperability*** – A seamless approach to security is essential for Europe; interoperability is essential to allow security forces together.

# Dr. Liviu Muresan

**Executive President  
EURISC Foundation**

PO BOX 2 – 101 Bucuresti 2, Romania

Tel.: 0040 21 212 21 02;

E-mail: [eurisc@eurisc.org](mailto:eurisc@eurisc.org)

Web: [www.eurisc.org](http://www.eurisc.org)