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# Organized Crimes in the 21st century: Gauging the footprints of Globalization and Economic Liberalization

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## ABSTRACT

*At the onset of globalisation and economic liberalisation in 1998, the leaders of G8 had remarked that the phenomena of globalization carries with it the risk of a drastic increase in transnational crimes which impacts not only the peace and security of national citizens but poses a threat far greater; to the entire world as these transnational crimes have the potential to sabotage the very foundation of democracy on which the societies around the world rest. This is achieved through laundering of illegal money and corruption which ultimately leads to erosion of state machineries and deviation from rule of law. Criminal organizations are amongst the top benefitters from globalization. They have used this leap in extending their operation globally by criminalizing political activities as well as businesses and impairing law enforcement agencies.*

*Globalization and economic liberalization are unarguably the most consequential phenomenon of the 21st century. While the rewards of globalization and economic liberalisation are plenty, one must take a pause to introspect the price it comes with.*

*This paper aims to identify the role of globalization and economic liberalization in the field of transnational crimes with special focus on organized crimes. While methodically analysing the impacts, the article concludes by proposing measures required to combat these organized crimes.*

## I. INTRODUCTION

Organized Crime is a category of criminal enterprises that is operated locally, nationally or multi-nationally and works in the area of popular illicit activities. They are often centralised in structure and systematic in function. Organized Criminal network is often involved in corruption with the local authorities especially law enforcement agencies, in order to enable uninterrupted operations. For this purpose, use of coercion, intimidation and force is exercised. They indulge in high profiting enterprises like drug trafficking, money laundering,

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illegal gambling, counterfeiting goods, wildlife and cultural property smuggling, firearms trafficking along with migrant smuggling, extortion rackets and human trafficking. Needless to say, organized crimes are a big threat to national as well as international security. They are often involved in either funding of terrorist activities and terrorist groups or a by-product of terrorism.

Globalization, simply put, is the movement of people, goods, services, investments etc from country to country. When we say we are living in the age of globalization or that Globalization has increased, we mean that these movements have become almost unlimited or uninterrupted. This is but a result of modernization in technology, intellectual prosperity and economic integration of markets of the world.

Under Economic Liberalization, the governments reduce their restrictions and regulations in the market economy to encourage more and more private parties into participating in the economic affairs of the country. The aim in this concept, is to move towards a laissez faire economy, but it does not necessarily mean an economy with zero governmental interference. The principle of Economic Liberalization is inspired from classic liberalism and neoliberalism. Liberalization, in general, refers to the practice of removal of barriers or checks and formalities so that maximum participation may take place. It is proven to be important for economic development of a country.

China, Brazil and India are the best examples of how adopting liberalization policies help developing countries to achieve faster economic development as well as economic growth as they have shown rapid growth in foreign capital in the past decade.

## **II. EVOLUTION AND DEVELOPMENT OF ORGANIZED CRIMES**

European Sicily, Japanese Yakuza and Russian Mafia have been historically infamous for organized crimes. They were originally locally governing bodies, usually hierarchal and patriarchal where families or syndicates operated. Large sums of 'protection price' were paid off to the police and courts. Their source of income used to be and even currently is, the profits made by business in products and activities that are illicit yet in great popular demand like narcotics trafficking, gambling etc.

Globalization and economic liberalization policies in the early 20<sup>th</sup> century led to expansion of organized crimes the world over. In the United States of America, Prohibition during 1920-30 and repeal of the 18<sup>th</sup> Amendment enabled petty criminals to become more and more organized. Crime statistics increased significantly when USSR fragmented in 1991. Technological innovations and removal of economic barriers have allowed global funding of

these organizations and thus led to their economic development. As travelling and communication has gradually become easier across the globe, so has the functioning of various organizations and thus an expansion of their network has been noted globally.

In today's era, organized crime has a more specific yet complex notion attached to it. Every individual organized crime organization is likely to consist of people from the same ethnicity and perform multiple functions. They work in a bureaucratic manner and are sometimes politically motivated as well.

### **III. NATURE AND SCOPE OF ORGANIZED CRIMES**

Organized criminals and warlords depend on criminal operations as a financing component. Now and then, when they participate in a crime, they come into contact with criminal associations, however, generally the immediate group to-aggregate connection isn't the most significant part. It's simply a market action or a provider relationship, and there is the possibility of a crimes and terrorist activities becoming interlinked. These days, most specialists on organized crimes concur that it is better perceived as a free setup of dynamic and fluid – now and then working together, or sometimes mutually contending – networks. Such intricate organizational structures make it extremely difficult for national or international agencies to counter or confront such groups.<sup>2</sup>

There's no single model of a criminal association. The tried-and-true way of thinking that criminal organizations have deserted their various levelled structure, clouds the idea that structures in the criminal groups are ever evolving and are adopted relying upon their conditions—and are often hierarchical.

### **IV. ROLE OF GLOBALIZATION**

Globalization facilitates international movement and international trade, however, at the same time it makes regulating such activities difficult. As a result, transnational criminals are the greatest winners in globalization as keeping a check on illicit trade activities, trafficking and smuggling of goods and humans has become more and more difficult. Globalization has led to an increase in competitiveness a disparity in terms of money and living standards has been apparent. This has actually forced people to seek comfort by entering into black markets and join the organized crimes network. States are designed and accustomed to act in either a diplomatic way or a military way with other states. Since organized criminal organizations are neither, it has become very difficult for states to confront them.

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<sup>2</sup> G8 Birmingham Summit, *Communiqué on Drugs and International Crime*, May 17, 1998.

Following two Globalized policies enable criminals to expand their criminal activities:

**1. Explosion in International travel** and the freedom of movement has boosted the internationalisation of criminal activities. Easier immigration policies and ‘On-arrival Visas’ have also facilitated criminal activities. Criminal networks now have many choices of travelling routes and modes, which makes it more difficult to trace their movements.

**2. No-barrier policies between South American nations** has led to easier smuggling of drugs. Massive amounts of cocaine is smuggled by ship and air from Venezuela and Brazil to Peru and the countries bordering Mexico.

There are several transnational organized crimes which are directly facilitated through Globalization. Let us briefly examine them as following:

**1. Trafficking:** it is perhaps the most wide-spread crime with the widest scope of commission. Goods that can be trafficked include a variety of things like Illegal drugs like Cocaine, Heroin, weed or hash or even legal drugs like tobacco or medicinal drugs; firearms and weapons including chemical or biological or nuclear weapons, potentially WMD, flesh including body organs, exotic or endangered wildlife species, precious stones, counterfeit currency notes and even humans to be used as sex-slaves or labours.

Royal mint of Britain estimates that more than 30 million fake coins worth 1 GBP each is in circulation in Britain alone. US Dollars is the most counterfeited currency in the world.

**2. Financial Fraud:** today, financial frauds have become extremely common and thus the most dangerous crimes that affect common people the most. Most of them are now facilitated across the globe because of the internet. It often includes an organized set up which could be in any part of the world while targeting a person sitting in another corner of the globe. This makes catching such criminals almost impossible.

For example

- i. **Advance Fee Frauds:** A criminal entices the victim to pay an advance fee for a non-existing fund with a promise to receive a larger sum in return.
- ii. **Phishing:** it is an identity theft where criminals attempt to gain bank details of their victims by posing as bank representatives. Once naïve victims give away their account details, the criminals rob their accounts.
- iii. **Auction Frauds:** these take place through e-auction websites like Ebay. These sites connect users from across the globe.

3. **Piracy:** Development of IT infrastructure and globalization has given a boost to piracy, which is a copyright infringement.

4. **Bribery and corruption:** Powerful groups and organizations often exploit the tender process which is put for contracting construction, oil pipelines, defence etc. They term corruption and bribery as “commission for their services” and trick the law enforcement agencies.

5. **Environmental Crimes:** Illegal extraction of rare natural resources as well as their smuggling; dumping of hazardous waste that harms the environment and like constitute environmental crimes which are carried out in a globalized and organized manner now a days. There exist well-organized gangs for these activities in areas rich in natural resources such as Eastern Europe, Africa and Latin America.

6. **Terrorism:** the most well-known transnational crime across the globe of which most states try to take cognizance of is Terrorism. The Bombing of World Trade Centre in 1993, attack of 9/11 are the most important examples in international context. Terrorist activities have been increased manifold due to globalization as Terrorist organizations find it easier to radicalise people globally now. Networking around the globe has become easier which enables smoother control and coordination. The heads of terrorist groups often remain unidentified even after the culprits of particular terrorist activities are caught.

## **V. ROLE OF ECONOMIC LIBERALIZATION**

The removal of restrictions for the cross-border movement of goods, services, as well as money has proved beneficial not just for private companies and MNCs but has also made it convenient for Crime organizations to launder money or smuggle counterfeit goods easily. Similarly, there has been an increased dumping of low-quality goods from Manufacturing hub like China to the neighbouring countries like India and Indonesia. According to a report of the Organisation of economic cooperation and development (OECD)- International trade in Counterfeit and stolen goods amounts to approximately half a trillion dollar per annum. Criminal networks have not only benefited with reduced restriction but also benefit from the opportunities to establish facilities in various countries (Specially in tax Havens like Singapore, Panama, etc), decreasing their costs and also escaping the criminal laws of their home countries. This is specially used by terrorist organizations to facilitate economic transfers for easier funding of terrorist activities. Business process outsourcing is also being used by terrorist organizations to outsource miscellaneous activities by using the convenience greater connectivity through internet and communication technologies. In a span of twenty-

five years from 1980 to 2005, the global traffic for cargo containers had multiplied ten times to stand at nearly 400 million twenty-foot equivalent units (TEU).<sup>3</sup>

*Crime has long passed its conventional meaning and the regional impact. Crime has evolved to be a global phenomenon and this has been made possible only through liberalisation and globalisation policies.*

Let us understand this with the following specific examples of the misuse of policies and facilities by Crime organizations: -

1. The huge drug smuggling between the US-Mexican border which has increased the problem of drug addiction in the United States of America. The porous border as a result of the **US-Mexico-Canada free flow trade agreement** has facilitated the free flow of unethical goods.

2. **Internet banking and various other facilities of easier money transactions** helps criminal enterprises to generate millions of dollars of profit in selling unauthorised and unlicensed weapons and arms to terrorist organizations in countries like Afghanistan, Yemen, etc.

3. **Due to lack of restrictions**, manufacturers and exporters in countries like China have started dumping cheap counterfeit goods in various other developing economies, which destroys their domestic industries.

4. **Easier connectivity and mobility** have allowed terrorist organizations to operate in various Countries and region at the same time with a central command.

5. **Double taxation avoidance agreement (DTAA)** is misused by companies in money laundering, using shell companies in the country with which the home country shares the DTAA via Round tripping or Treaty shopping. This leads to loss of tax revenues to the host countries and these companies are often engaged in unethical practices.

6. **Increased economic interdependence** has crippled a country's autonomy and self-sufficiency, which has further made them vulnerable to criminal activities like smuggling unethical goods in the same containers carrying legitimate trade goods. Example- there have been various instances of cross-border smuggling of drugs in trucks and ships containing bags of rice.

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<sup>3</sup> Mark Hanna, SOF Role in Combating Transnational Organized Crime, 37-43, (March 2, 2021 7:18 PM) <https://cco.ndu.edu/Portals/96/Documents/books/JSOU%20SOF/SOF%20Role%20-%20Chapter%203.pdf>

7. **‘Ease of business’ policies** are being exploited by criminal networks worldwide. Ease of business policy revolves around reducing the scrutiny of inter-border trade

and higher inter-border connectivity. This very objective unintentionally has led to higher and easier criminal networking and trading of unethical goods.

8. **Money laundering:** as the money market around the world has deregulated to a very wide extent since the 70s, illicit actors can clean their dirty money through international channels more easily.

Hence, it can be reasonably concluded that Economic liberalisation has led to increased Organized criminal activities. The liberalisation policies therefore have had both positive and negative outcomes, and organizations like UNODC and WTO must keep in mind the overall damaging results of various liberal policies of trade and commerce.

## **VI. MEASURES TO COMBAT TRANSNATIONAL ORGANIZED CRIMES**

### 1. Partnership between International community and Non-State Actors

Cooperation and coordination among law enforcement agencies across the world is necessary given the form of these crimes. Any information and knowledge about the criminal networks must be shared by the national police of the forum country.

### 2. Civil Military Cooperation

Legalizing status of victims of crimes like human trafficking via temporary residential permission, cooperation of international NGOs with law enforcement agencies and making available suitable legal mechanism for the same is necessary. The law enforcing agencies should develop an empathetic attitude towards the victims of transnational crimes instead of viewing them as threats so that the victims can approach the police instead of fearing their own persecution.

### 3. Awareness Programmes

Government and aid volunteers should work together to reduce the knowledge gap in the vulnerable groups, before and after the crisis. Bystanders should be educated to identify criminal activities when they see it. Anticipated or possible users of illicit or smuggled goods should be made aware of the repercussion.

### 4. Focus on At-Risk Population & Locations

Migrant workers, asylum seekers, refugees, people in transit, youth particularly from the poor strata of society, drug addicts or substance abuse survivors etc should be given special

attention on a national level.

#### 5. Evidence Development

Reliable, internally accessible and high-quality data should be consolidated to facilitate investigation of organized criminal networks. This can be done through identification of victims of human trafficking.

#### 6. Social and Economic Development

Development goals that have a direct impact on the vulnerability of at-risk groups must be focused on. Improvement in living standards and quality education are generally hamper development of a criminal mindset. If National Governments take honest steps towards development of their respective countries and aim to achieve political-economic stability and peace in the civil society, such crimes will not cultivate in the first place. All this will lead to people rising from poverty, unemployment, inhuman living conditions and illiteracy; which are primary causes of these crimes.

### **VII. CONCLUSION**

Globalization and Economic Liberalisation are arguably the most important contributors to the development that we have achieved today. However, like any other industry that has benefited from it, the criminal organizations have succeeded in expanding their reach and business network extensively. As a result, human rights violations are in their zenith. Today, crimes taking place in one corner of the world have the potential to affect people in another corner of the world. Furthermore, the policies of globalization and economic liberalizations which facilitates global movement of goods, services or resources across the globe, makes regulating and suppressing such unlawful movements extremely difficult. The investigating and law enforcement agencies must keep up with the advancements being made in the society. While the world is developing in an unprecedented rate and criminals are getting smarter by the day, state machinery needs to catch up. The world has indeed become a global village, but isn't it time the rules governing this village also evolve accordingly?

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