

# THE GLOBALISATION OF CRIME

**Since the fall of the Berlin Wall and the collapse of the Soviet Communism the world is organized along the lines of Western Capitalism. The revolutions like the liberalization of markets and the Internet globalised licit as well as illicit trade. We need a globalisation of legal codes to complete this process.**

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A consideration of the globalisation of crime has to start with the fall of the Berlin Wall and the Washington Consensus that followed from it. For most of the twentieth century, the two dominant and competing ideologies were those of Soviet Communism and Western Capitalism. By the 1990s, the internal tensions within Soviet Communism were such that, as an ideology for government, it had collapsed. There then followed an international consensus – the Washington Consensus – that the way in which international affairs should be organised ought to be along the lines of Western Capitalism.

In practice, Western Capitalism consisted of a belief in free markets for the allocation of resources, free flows of goods and services across international borders, and the free movement of labour and capital to harness the demand created by the free market. This was laid the basis for globalisation, which was taken up in the development of international institutions, such as the WTO, to facilitate free trade across the globe. The Washington Consensus, however, was a necessary but not sufficient condition for the process of globalisation to take hold.

## **A boon for illicit trade**

For globalisation to take hold across the world two further revolutions were needed – the growth of low cost mass transit facilities and the growth of international telecommunications, which we shall stylise as the development of the Internet. The transportation revolution facilitated the mass movement of goods and people across the globe. Falling freight rates, underpinned by cheap energy sources, led to a significant increase in the volume of world trade and facilitated the development of passenger routes as part of an integrated global network. The internet revolution has allowed the development of global service infrastructures, such as banking and financial services, and has expanded the managerial span of control such that global operations can now be monitored and controlled remotely from anywhere in the world that has Internet access – which, using satellite communications, is pretty much anywhere in the world.

As these revolutions – the freeing of markets, the transportation revolution, and the Internet revolution - were taking place, the way in which the world works was also changing. An important, but subtle, shift in the modus operandi of global business was taking place. As the process of globalisation started to take hold, the world shifted from one of hierarchies to being one of networks. Within each network lay a number of autonomous and semi-autonomous nodes, who connect with each other – through the market – when they wish to interact, and who have no connection with each other when the need does not arise. The rise of the networked organisation laid the foundation for two features of modern life – outsourcing (where key roles are undertaken outside of the formal organisational structure) and off- shoring (where, using the benefits of the transportation revolution and the Internet revolution, the key roles can be undertaken anywhere in the world). Needless to say, such encouragements of licit trade also proved to be a boon for illicit trade as well.

In many ways, it is helpful to consider criminal activities as a form of business activity. Admittedly, it is a special form of business activity, but it can be instructive to start from this point. If we think of the flow of illicit goods – be they narcotics, people, counterfeits, human transplant organs – from the commercial perspective, the key to the operation is that of logistics – moving the goods from the point of origin to the point of consumption. The revolution in transportation has aided this considerably by lowering the cost of freight and increasing the number of routes available. The securing of these routes for illicit flows of goods has also led to the growth in the arms trade - especially of personal weapons of a relatively small calibre.

### **Globalisation of law enforcement**

From the perspective of the law enforcement agencies, the problem with policing such activities is one of jurisdiction, which has led to the increase in the amount of cross-border police co-operation. In the interdiction of the flow of illicit goods, the key to success is to have good intelligence, which has led to the greater co-operation between the law enforcement agencies (usually the police and customs agencies) and the military services (particularly military intelligence and the naval arm). In this respect the law enforcement agencies have globalised in order to respond to global criminal gangs.

This, however, is in the corporeal world. Some illicit activities have moved from the corporeal world to the virtual world. For example, the development of the Internet has allowed much activity of a pornographic nature to migrate to the virtual world. Initially, this was restricted to the transmission of images, but the development has taken on new forms with the rise of on-line worlds such as Second Life.

This has given rise to the problems associated with the confusion of legal jurisdictions. For example, in the case of on-line gambling, UK firms were engaged in the provision of gambling activities that were legal under EU law, but contrary to US law. Alternatively, Second Life is alleged to host paedophile rings whose activities take protection from the First Amendment in the US, but whose activities are contrary to EU law. There is a degree of harmonisation in legal codes, but this process is far from complete. What is needed is the globalisation of legal codes to complete the process.

The flow of illicit goods in both the corporeal and the virtual worlds are crucially underpinned by the provision of illicit services – particularly illicit banking and financial services. The development of the Internet has assisted greatly the use of ‘money laundering’ by the global criminal networks. This is likely to become even harder to police as new forms of money and financial instruments emerge - can we imagine a Rotterdam cocaine futures market? – and as the existing payment networks extend their coverage across the globe. It is also the case that the nature of banking is changing as well. As we see the development of payments through Cell-phone transfers, it will become harder for the monetary authorities to police the monetary system.

This may or may not bode well for the future. From a futures perspective, we can reasonably expect the flow of illicit goods to increase if the process of globalisation continues to develop. Some of the flows will be diverted from the corporeal world to the virtual world. New crimes will develop within the virtual world as people exercise their inventiveness. All of this will be underpinned by the further development of illicit services to channel the proceeds of crime to licit investment assets. The response of the law enforcement agencies is likely to be towards greater co-operation between the national agencies and a greater involvement of military assets for law enforcement purposes. However, this is unlikely to be entirely successful unless there is a greater willingness at the political level towards the harmonisation of legal codes and the deployment of international resources to where they have the greatest impact.

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