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ESSAY

Mafia States

Organized Crime Takes Office

Moisés Naím

MOISÉS NAÍM is a Senior Associate at the Carnegie Endowment for International Peace and the author of Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy.

The global economic crisis has been a boon for transnational criminals. Thanks to the weak economy, cash-rich criminal organizations can acquire financially distressed but potentially valuable companies at bargain prices. Fiscal austerity is forcing governments everywhere to cut the budgets of law enforcement agencies and court systems. Millions of people have been laid off and are thus more easily tempted to break the law. Large numbers of unemployed experts in finance, accounting, information technology, law, and logistics have boosted the supply of world-class talent available to criminal cartels. Meanwhile, philanthropists all over the world have curtailed their giving, creating funding shortfalls in the arts, education, health care, and other areas, which criminals are all too happy to fill in exchange for political access, social legitimacy, and popular support. International criminals could hardly ask for a more favorable business environment. Their activities are typically high margin and cash-based, which means they often enjoy a high degree of liquidity -- not a bad position to be in during a global credit crunch.

But emboldened adversaries and dwindling resources are not the only problems confronting police departments, prosecutors, and judges. In recent years, a new threat has emerged: the mafia state. Across the globe, criminals have penetrated governments to an unprecedented degree. The reverse has also happened: rather than stamping out powerful gangs, some governments have instead taken over their illegal operations. In mafia states, government officials enrich themselves and their families and friends while exploiting the money, muscle, political influence, and global connections of criminal syndicates to cement and expand their own power. Indeed, top positions in some of the world's most profitable illicit enterprises are no longer filled only by professional criminals; they now include senior government officials, legislators, spy chiefs, heads of police departments, military officers, and, in some extreme cases, even heads of state or their family members.

This fusing of governments and criminal groups is distinct from the more limited ways in which the two have collaborated in the past. Governments and spy agencies, including those of democratic countries, have often enlisted criminals to smuggle weapons to allied insurgents in other countries or even to assassinate enemies abroad. (The CIA's harebrained attempt to enlist American mafia figures to assassinate Fidel Castro in 1960 is perhaps the best-known example.) But unlike normal states, mafia states do not just occasionally rely on criminal groups to advance particular foreign policy goals. In a mafia state, high government officials actually become integral players in, if not the leaders of, criminal enterprises, and the defense and promotion of those enterprises' businesses become official priorities. In mafia states such as Bulgaria, Guinea-Bissau, Montenegro, Myanmar (also called Burma), Ukraine, and Venezuela, the national interest and the interests of organized crime are now inextricably intertwined.

Because the policies and resource allocations of mafia states are determined as much by the influence of criminals as by the forces that typically shape state behavior, these states pose a serious challenge to policymakers and analysts of international politics. Mafia states defy easy categorization, blurring the conceptual line between states and nonstate actors. As a result, their behavior is difficult to predict, making them particularly dangerous actors in the international environment.

A REVOLUTION IN CRIME

Conventional wisdom about international criminal networks rests on three faulty assumptions. First, many people believe that when it comes to illicit activities, everything has been done before. It is true that criminals, smugglers, and black markets have always existed. But the nature of international crime has changed a great deal in the past two decades, as criminal networks have expanded beyond their traditional markets and started taking advantage of political and economic transformations and exploiting new technologies. In the early 1990s, for example, criminal

groups became early adopters of innovations in communications, such as advanced electronic encryption. Criminal syndicates also pioneered new means of drug transportation, such as "narco-submarines": semi-submersible vessels able to evade radar, sonar, and infrared systems. (Drug cartels in Colombia eventually graduated to fully submersible submarines.) In more recent years, criminal organizations have also taken advantage of the Internet, leading to a dizzying growth in cybercrime, which cost the global economy some $114 billion in 2011, according to the Internet security firm Symantec.

A second common misperception is that international crime is an underground phenomenon that involves only a small community of deviants operating at the margins of societies. The truth is that in many countries, criminals today do not bother staying underground at all, nor are they remotely marginal. In fact, the suspected leaders of many major criminal groups have become celebrities of a sort. Wealthy individuals with suspicious business backgrounds are sought-after philanthropists and have come to control radio and television stations and own influential newspapers. Moreover, criminals' accumulation of wealth and power depends not only on their own illicit activities but also on the actions of average members of society: for example, the millions of citizens involved in China's counterfeit consumer-goods industry and in Afghanistan's drug trade, the millions of Westerners who smoke marijuana regularly, the hundreds of thousands of migrants who every year hire criminals to smuggle them to Europe, and the well-to-do professionals in Manhattan and Milan who employ illegal immigrants as nannies and housekeepers. Ordinary people such as these are an integral part of the criminal ecosystem.

A third mistaken assumption is that international crime is strictly a matter of law enforcement, best managed by police departments, prosecutors, and judges. In reality, international crime is better understood as a political problem with national security implications. The scale and scope of the most powerful criminal organizations now easily match those of the world's largest multinational corporations. And just as legitimate organizations seek political influence, so, too, do criminal ones. Of course, criminals have always sought to corrupt political systems to their own advantage. But illicit groups have never before managed to acquire the degree of political influence now enjoyed by criminals in a wide range of African, eastern European, and Latin American countries, not to mention China and Russia.

In the past decade or so, this phenomenon has crossed a threshold, resulting in the emergence of potent mafia states. José Grinda, a Spanish prosecutor with years of experience fighting eastern European criminal organizations, maintains that in many cases, it has become impossible for him and his colleagues to distinguish the interests of criminal organizations from those of their host governments. According to Grinda, Spanish law enforcement officials constantly confront criminal syndicates that function as appendages of the governments of Belarus, Russia, and Ukraine. In confidential remarks contained in U.S. diplomatic cables released by the whistleblower Web site WikiLeaks, he detailed his concerns about the "tremendous control" exercised by what he termed "the Russian mafia" over a number of strategic sectors of the global economy, such as aluminum and natural gas. This control, Grinda suggested, is made possible by the extent to which the Kremlin collaborates with Russian criminal organizations.

In mafia states, government officials and criminals often work together through legal business conglomerates with close ties to top leaders and their families and friends. According to Grinda, Moscow regularly employs criminal syndicates -- as when, for example, Russia's military intelligence agency directed a mafia group to supply arms to Kurdish rebels in Turkey. More indicative of the overlap between Russia's government and its criminal groups,

however, is the case of a cargo ship, *Arctic Sea*, that the Russian government claimed was hijacked by pirates off the coast of Sweden in 2009. Moscow ostensibly sent the Russian navy to rescue the ship, but many experts believe it was actually smuggling weapons on behalf of Russia's intelligence services and that the hijacking and rescue were ruses intended to cover up the trafficking after rival intelligence services had disrupted it. Grinda says that the smuggling was a joint operation run by organized criminal gangs and what he cryptically termed "Eurasian security services." The Russians were embarrassed, but the outcome was essentially benign, even a bit comical. Still, the affair underscored the unpredictability of a security environment in which it is difficult to distinguish the geopolitical calculations of states from the profit motives of criminal organizations.

"THE MAFIA HAS THE COUNTRY"

Russia is hardly the only country where the line between government agencies and criminal groups has been irreparably blurred. Last year, the Council of Europe published a report alleging that the prime minister of Kosovo, Hashim Thaçi, and his political allies exert "violent control over the trade in heroin and other narcotics" and occupy important positions in "Kosovo's mafia-like structures of organized crime." The state-crime nexus is perhaps even stronger in Bulgaria. A 2005 U.S. diplomatic cable released by WikiLeaks last year is worth quoting at length, given the disturbing portrait it paints of Bulgaria's descent into mafia statehood. The cable read, in part:

Organized crime has a corrupting influence on all Bulgarian institutions, including the government, parliament and judiciary. In an attempt to maintain their influence regardless of who is in power, OC [organized crime] figures donate to all the major political parties. As these figures have expanded into legitimate businesses, they have attempted -- with some success -- to buy their way into the corridors of power. . . . Below the level of the national government and the leadership of the major political parties, OC "owns" a number of municipalities and individual members of parliament. This direct participation in politics -- as opposed to bribery -- is a relatively new development for Bulgarian OC. Similarly in the regional center of Velingrad, OC figures control the municipal council and the mayor's office. Nearly identical scenarios have played out in half a dozen smaller towns and villages across Bulgaria.

This state of affairs led Atanas Atanasov, a member of the Bulgarian parliament and a former counterintelligence chief, to observe that "other countries have the mafia; in Bulgaria the mafia has the country."

Crime and the state are also becoming intertwined in Afghanistan, where top government officials and provincial governors -- including President Hamid Karzai's half brother, Ahmed Wali Karzai, who was assassinated last year -- have been accused not just of colluding with drug-trafficking networks but of actually leading them. As the drug trade becomes ever more globalized, African countries have been drawn in, too, becoming important transit points for drugs from the Andean region and Asia on their way to drug-hungry European markets. Inevitably, several African rulers and their families, along with lower-level politicians, military officers, and members of the judiciary, have entered the narcotics-trafficking business themselves. In Guinea, for example, Ousmane Conté, son of the late president Lansana Conté, was officially labeled a "drug kingpin" by the U.S. government in 2010.

Police departments, secret services, courts, local and provincial governments, passport-issuing agencies, and customs offices have all become coveted targets for criminal takeovers. Last year, René Sanabria, a retired general who headed Bolivia's antidrug agency, was arrested by U.S. federal agents in Panama and charged with plotting to ship hundreds of kilograms of cocaine to Miami. Sanabria pled guilty and was sentenced to 14 years in prison. Similarly,

a succession of generals who held the chief antidrug post in Mexico are now in prison for taking part in the very kind of crime they were supposed to prevent.

A mafia state has also taken root in Venezuela. In 2010, President Hugo Chávez appointed General Henry Rangel Silva as the top commander of the Venezuelan armed forces; earlier this year, he became minister of defense. But in 2008, the U.S. Treasury Department added Rangel Silva to its list of officially designated drug kingpins, accusing him of "materially assisting narcotic trafficking activities." The Treasury Department also recently slapped that label on a number of other Venezuelan officials, including five high-ranking military officers, a senior intelligence officer, and an influential member of congress allied with Chávez. In 2010, a Venezuelan named Walid Makled, accused by several governments of being the head of one of the world's largest drug-trafficking groups, was captured by Colombian authorities. Prior to his extradition to Venezuela, Makled claimed that he had videos, recorded telephone conversations, canceled checks, and other evidence proving he worked for a criminal network that involved 15 Venezuelan generals (including the head of military intelligence and the director of the antinarcotics office), the brother of the country's interior minister, and five members of congress.

Owing in part to such ties, the cocaine business has flourished in Venezuela in recent years, and the country now supplies more than half of all cocaine shipments to Europe, according to the UN Office on Drugs and Crime. And the drug trade is not the only illicit activity that has flourished in Venezuela's era of state-sanctioned crime: the country has also become a base of operations for human trafficking, money laundering, counterfeiting, weapons smuggling, and the trade in contraband oil.

In the past, foreign policy scholars generally considered international crime to be a relatively minor problem that domestic legal systems should handle. The impact of crime, they believed, was insignificant compared with the threat of terrorism or the proliferation of weapons of mass destruction. Fortunately, the conventional wisdom is starting to change. More and more experts and policymakers are recognizing that crime has become a significant source of global instability, especially with the emergence of mafia states.

Criminal gangs, for example, have become involved in for-profit nuclear proliferation. A. Q. Khan, the notorious Pakistani nuclear peddler, claimed that he was spreading bomb-making know-how to other nations in order to advance Pakistan's interests. But the international network he built to market and deliver his goods was organized as an illicit, for-profit enterprise. Nuclear proliferation experts have long cautioned that nonstate actors might not respond to nuclear deterrence strategies in the same way states do; there is reason to worry, then, that as criminal organizations fuse more thoroughly with governments, deterrence might become more difficult. Perhaps most worrisome in this regard is North Korea. Although North Korea recently announced that in exchange for food aid, it would suspend its nuclear weapons tests, stop enriching uranium, and allow international inspectors to visit its main nuclear complex, the country still remains a nuclear-armed dictatorship whose state-directed criminal enterprises have led U.S. officials to nickname it "the Sopranos state." Sheena Chestnut Greitens, an expert on the crime-state nexus in North Korea, has written that the country has "the means and motivation for exporting nuclear material," warning that "proliferation conducted through illicit networks will not always be well controlled by the supplier state," which adds additional uncertainty to an already dangerous situation.

Even putting aside the alarming prospect of nuclear mafia states, governments heavily involved in illicit trade might be more prone to use force when their access to profitable markets is threatened. Take, for example, the 2008 war between Georgia and Russia over the breakaway territories of Abkhazia and South Ossetia. According to the

Carnegie Endowment's Thomas de Waal, an expert on the Caucasus, before the conflict, criminal organizations operated highly profitable operations in South Ossetia, where illicit trade accounted for a significant part of the economy. Although direct evidence is difficult to come by, the scale of these illegal activities suggested the active complicity of senior Russian officials, who acted as the criminals' patrons and partners. Of course, the conflict was fueled by many factors, including ethnic strife, domestic Georgian politics, and Russia's desire to assert its hegemony in its near abroad. But it is also conceivable that among the interest groups pushing the Kremlin toward war were those involved in lucrative trafficking operations in the contested areas.

PROFITING IN THE SHADOWS

Increasingly, fighting transnational crime must mean more than curbing the traffic of counterfeit goods, drugs, weapons, and people; it must also involve preventing and reversing the criminalization of governments. Illicit trade is intrinsically dangerous, but the threat it poses to society is amplified when criminals become high-level government officials and governments take over criminal syndicates. Yet today's law enforcement agencies are no match for criminal organizations that not only are wealthy, violent, and ruthless but also benefit from the full support of national governments and their diplomats, judges, spies, generals, cabinet ministers, and police chiefs. Mafia states can afford the best lawyers and accountants and have access to the most advanced technology. Underfunded law enforcement agencies, overworked courts, and slow-moving bureaucracies are increasingly unable to keep up with such well-funded, agile foes.

Law enforcement agencies are also hamstrung by the fact that they are inherently national, whereas the largest and most dangerous criminal organizations, along with the agents of mafia states, operate in multiple jurisdictions. Mafia states integrate the speed and flexibility of transnational criminal networks with the legal protections and diplomatic privileges enjoyed only by states, creating a hybrid form of international actor against which domestic law enforcement agencies have few weapons. The existing tools that national governments can use to counter the new threat -- treaties, multilateral organizations, and cooperation among national law enforcement agencies -- are slow, unwieldy, and unsuited to the task. After all, how can a country coordinate its anticrime efforts with government leaders or top police officials who are themselves criminals?

The emergence of mafia states imperils the very concept of international law enforcement cooperation. In 2006, the heads of police of 152 nations met in Brazil for the 75th General Assembly of Interpol, the multilateral organization whose constitution calls on it "to ensure and promote the widest possible mutual assistance between all criminal police authorities." Interpol's president at the time was Jackie Selebi, the national police commissioner of South Africa. In his opening address, Selebi exhorted his colleagues "to find systems to make sure that our borders and border control are on a firm footing"; a noble cause, to be sure. Unfortunately, its champion turned out to be a crook himself. In 2010, Selebi was convicted of accepting a $156,000 bribe from a drug smuggler and is now serving a 15-year prison sentence.

But more troubling for Interpol than any single high-profile embarrassment is what insiders call a "low-trust problem," which has historically stifled the agency's efforts. "The sad truth is I am not going to share my best, most delicate information with the Russian or Mexican police departments," one senior official in the United Kingdom's organized-crime agency told me when asked about Interpol. Even though the agency goes to great lengths to ensure the confidentiality of the information that its member agencies share with it, the reality is that national law enforcement agencies remain wary of revealing too much.

As the role of mafia states has become clearer, law enforcement officers across the globe have begun to develop new policies and strategies for dealing with such states, including requiring high-level public officials to disclose their finances; scrutinizing the accountants, lawyers, and technology experts who protect crime lords; and improving coordination among different domestic agencies. The rise of mafia states has also added urgency to the search for ways to internationalize the fight against crime. One promising approach would be to create "coalitions of the honest" among law enforcement agencies that are less likely to have been penetrated or captured by criminal groups. Some states are already experimenting with arrangements of this kind, which go beyond normal bilateral anticrime cooperation by including not just law enforcement agencies but also representatives from intelligence agencies and armed forces. A complementary step would be to develop multinational networks of magistrates, judges, police officials, intelligence analysts, and policymakers to encourage a greater degree of cooperation than Interpol affords by building on the trust that exists among senior law enforcement officers who have fought transnational criminal networks together for decades. As is often the case, long-term collaborations among like-minded individuals who know one another well and share values are far more effective than formal, officially sanctioned cooperation between institutions whose officers barely know one another.

Unfortunately, despite the near-universal recognition that combating international crime requires international action, most anticrime initiatives remain primarily domestic. And although mafia states have transformed international crime into a national security issue, the responsibility for combating it still rests almost exclusively with law enforcement agencies. Indeed, even in developed countries, police departments and other law enforcement bodies rarely coordinate with their national security counterparts, even though transnational crime threatens democratic governance, financial markets, and human rights.

An important obstacle to combating the spread of mafia states is a basic lack of awareness among ordinary citizens and policymakers about the extent of the phenomenon. Ignorance of the scope and scale of the problem will make it difficult to defend or increase the already meager budgets of government agencies charged with confronting international crime, especially in a time of fiscal austerity. But such awareness will be hard to generate while so many aspects of the process of state criminalization remain ill understood -- and therein lies an even larger problem. Devoting public money to reducing the power of mafia states will be useless or even counterproductive unless the funds pay for policies grounded in a robust body of knowledge. Regrettably, the mafia state is a phenomenon about which there is little available data. The analytic frameworks that governments are currently applying to the problem are primitive, based on outdated understandings about organized crime. Addressing this dearth of knowledge will require law enforcement authorities, intelligence agencies, military organizations, media outlets, academics, and nongovernmental organizations to develop and share more reliable information. Doing so, however, would be only a first step -- and an admittedly insufficient one.
