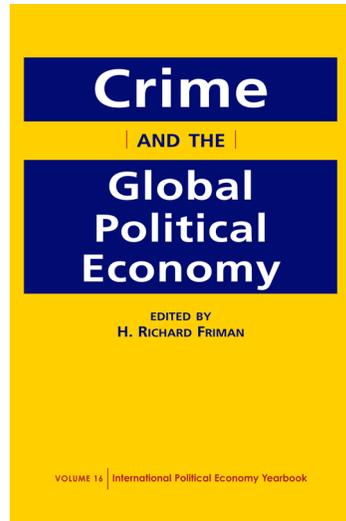


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Crime and Globalization

H. Richard Friman

Crime has gone global. Its scale and scope, according to policymakers and scholars, are unprecedented, with drugs, arms, and human trafficking alone generating hundreds of billions in revenue each year (e.g., Naím 2005). Profit and power are so interwoven that governments are being overwhelmed by criminals with “no respect for, or loyalty to nations, boundaries or sovereignty” (Dobriansky 2001). Despite the cooperative efforts of governments to combat it, the criminal underside of globalization is thriving. Ultimately, crime is placing the “stability and values of the entire world community” at risk (Dobriansky 2001; see also Naím 2005; United Nations Economic and Social Council 2007).

Conventional explanations of crime and globalization point to ways in which criminals have exploited technological innovations, deregulation, and free markets to triumph over state sovereignty. Drawing on insights and tools from the field of international political economy (IPE), this book reveals a more complex reality. State and nonstate actors are challenged by and complicit in the expansion of criminal activities on a global scale. The following chapters demonstrate that the political, economic, and normative agendas of state and nonstate actors lead to selective criminalization and diverse patterns of compliance with prohibition regimes. Crime, we argue, is thus better understood as an integral part of globalization rather than simply its underside.

The first section of this introductory chapter briefly reviews prominent arguments on crime and globalization. The second offers an overview of the field of IPE and ways in which the field’s earlier theoretical debates have influenced approaches to globalization. The third section turns to IPE and crime, presenting the chapters that follow through four theoretically informed thematic lenses: the intersection and

changing nature of states and markets, the evolution of transnational actors and networks, political authority and emerging patterns of governance, and power and inequality.

Global Crime

Crime, argues Moisés Naím (2005, 2, 17) in his influential book *Illicit*, entails activities that break the rules established by countries “to organize commerce, protect their citizens, raise revenues, and enforce moral codes.” Globalization helps to “describe the rapid integration of world economies, politics, and culture that defines our time.” In exploring the intersection of crime and globalization, Naím (2005, 17–30) points to technological changes in transportation and communication as well as the innovations giving rise to new vulnerable industries and methods for predation that have empowered criminals. Political changes have intensified the impact of technology, especially those changes due to the widespread embrace of free markets during the 1990s in the capitalist West and formerly closed Eastern bloc and the “proliferation” in the aftermath of the Cold War in the number and locations “of weak and failed states.” Crime, he contends (2005, 5), has not only gone global but is “transforming the international system, upending the rules, creating new players, and reconfiguring power in international politics and economics.”

Prominent in this analysis are narratives emphasizing the presence and impact of wide-reaching organized criminal networks and official statistics suggesting staggering levels of production and profit from criminal activities.¹ Such narratives are staples in conventional approaches to crime and globalization. Journalist Claire Sterling’s (1994) imagery of a “pax Mafiosa,” in which highly organized criminal groups divide the world into spheres of spatial and functional influence, implicitly and at times explicitly dominates this discourse. The array of Russian and other organized crime groups from the former Soviet Union, Nigerian and other African trafficking organizations, the varied syndicates that comprise the Japanese Yakuza and Chinese triads, Colombian and Mexican inheritors of the lucrative legacies of Medellín and Cali “cartels,” and other groups too numerous to list here have played important roles in the expansion of criminal activities. Yet, extensive variation exists in patterns of criminal organization, internal hierarchy, and the formality of external linkages as well as the durability of cooperative endeavors across sectoral operations and national borders (Clawson and Lee 1996; Castells 2001, 169–211; Naylor 2002, 15–22;

Williams 2002a; Berdal and Serrano 2002; Fijnaut and Paoli 2004). Such variation is often lost in the conventional narratives.

Official definitions of organized crime have not helped. For example, Article 2(a) of the United Nations Convention Against Transnational Organized Crime (CTOC) defines an organized criminal group as “a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offenses” to obtain “financial or other material benefit” (United Nations 2000b). This definition expands the conceptual reach of organized crime well beyond the major crime syndicates while doing little to capture variations in size, organization, or scale of operation.

Estimates of the scale of global crime, typically portrayed in terms of the extensive volume of criminal activities and the profits they generate, also have played a dominant role in conventional approaches (for a critique of this practice, see Abraham and van Schendel 2005, 2; Nordstrom 2007, xvi–xvii). For example, official estimates of illegal drug production, seizure rates, retail and wholesale drug prices, and the drug user population have yielded a bewildering array of statistics. These are used to support conclusions regarding the extent of the global trade in cocaine, heroin, cannabis, amphetamine-type stimulants, and other products and the success of drug-control efforts in curtailing all of the above. The annual *World Drug Report* released by the United Nations Office on Drugs and Crime, the annual *International Narcotics Control Strategy Report* released by the US Department of State, and the annual *President’s National Drug Control Strategy* released by the US Office of National Drug Control Policy are distinguished by their inconsistency.

The annual *Trafficking in Persons Report (TIPR)* released by the US Department of State has become a definitive voice for estimates of the scale and scope of human trafficking. Yet, *TIPR* estimates of the number of persons trafficked across national borders each year have hovered between 600,000 and 900,000 persons since the late 1990s despite the numbers of actual victims discovered worldwide numbering only in the thousands. Estimates of internal human trafficking noted in the *TIPR* have been even more extensive, ranging from 4 to 27 million persons, with similar disconnects between the estimates and numbers of discovered victims.² As one moves into areas such as illegal trades in small and large armaments, weapons of mass destruction and their component parts, endangered species, toxic waste, intellectual property, antiquities, stolen goods, and the like, the estimates become even more wide-ranging and suspect (e.g., Lee 1998; Friman and Andreas 1999a;

Friman and Andreas 1999b; Lumpe 2000; Robinson 2000; Bourne 2005; Naím 2005).

Estimates of the scale of such flows have been used to develop estimates of criminal revenue. For example, the 2005 United Nations *World Drug Report* estimates revenue generated by the drug trade at \$320 billion, down from estimates ranging from \$300 to \$500 billion in the late 1990s, but still higher than estimated annual revenues of \$32 billion generated by human trafficking and \$1 billion by the illegal small arms trade (Reuter and Greenfield 2001, 160; United Nations Office on Drugs and Crime 2007, 170).³ These revenue estimates have in turn been the basis for estimates of money laundering, which have ranged anywhere between 2 and 5 percent and more recently to upwards of 10 percent of global gross domestic product, and still broader estimates of the annual “gross criminal product” that have ranged from \$500 billion to \$1.5 trillion (Thony 2002; Napoleoni 2003, 198–201, 260; Naím 2005, 16, 137).

The primary caveat of such estimates noted by government officials and scholars—typically before using the estimates to buttress claims concerning the unprecedented scale of global crime—is that the clandestine nature of the criminal activities precludes more accurate figures.⁴ Much less attention has been paid to critical flaws with commonly used methodologies, the impact of the bureaucratic necessities of enforcement agencies, the political agendas of state policymakers, and the interests of intergovernmental and nongovernmental organizations in shaping prominent estimates (Naylor 2002; see also Reuter and Greenfield 2001; Andreas 2004, 646; Abraham and van Schendel 2005, 2, 33n5).

A brief comparison helps to illustrate this divide. Naím (2005, 11) writes that the estimated numbers in his book “come from the most reliable sources possible—usually international organizations whose work is generally deemed to be serious and reliable.” By contrast, R. T. Naylor (2002, x, 301n2) recounts conversations with United Nations officials revealing how public relations considerations influenced their creation and perpetuation of the vaunted figure of \$500 billion for the global drug trade. Turning to official estimates of money laundering, Naylor (2002, 8) observes further that “the reality is that no one has a clue about how much illegal money is earned or saved or laundered or moved around the world.”

These concerns need not be paralyzing to scholarship or more informed policy responses to crime and globalization (Castells 2001, 170–171). Although not often acknowledged by scholars, estimates of mainstream flows of trade and capital also have their problems and

flawed interpretations (e.g., Morgenstern 1950; Rozanski and Yeats 1994; Makhoul and Otterstrom 1998). Scholars and others continue to work toward better estimates of criminal activity.⁵ The quest for better data does not negate the fact that criminal activities are taking place on a global scale and that steps are necessary to better understand and respond to them.⁶ These steps, as in the case of research on mainstream cross-border movement of goods and services, capital, and labor and their regulation, entail looking beyond flow data. The linkages between crime and globalization raise an array of questions on patterns of criminal markets and actors, sources of criminalization, variations in governmental cooperation and compliance, the role of state and nonstate actors in patterns of enforcement, and the like. The remainder of this chapter turns to how questions asked by IPE scholars can inform our understanding.

IPE and Globalization

The modern study of IPE, emerging as a subfield of international relations (IR) during the 1960s and early 1970s, focuses in its broadest sense on the intersection of politics and economics “across territorial boundaries” (Underhill 2006, 7; see also Cohen 2008, 16). This intersection lies at the heart of deliberations by scholars and policymakers over the nature and impact of globalization. As Nicola Phillips observes (2005a; 2005b), however, even though ideally placed to explore globalization, the field of IPE has fallen short in its exploration of the global political economy.

Over the past decades the field has become dominated by an “American school” based on variants of realist and liberal theoretical approaches that conceptualize and explore the intersection of politics and economics as a tension between states and markets (e.g., discussion in Strange 1988, 12–13; Murphy and Tooze 1991; Murphy and Nelson 2001; Cohen 2008).⁷ States in the field’s theoretical orthodoxy are seen as the primary locus of political authority. This conceptualization is informed by a realist emphasis on the sovereign, territorial nation-state as the dominant actor in international relations and the neorealist focus on the dynamics of anarchy and power distributions in the international state system. To varying degrees, liberal theoretical approaches in the field acknowledge the state as dominant actor, though not to the point of exclusion of transnational actors and international institutions as playing influential and increasing roles. Markets as conceptualized by the

American school primarily are capitalist systems where demand, supply, and prices shape patterns of production and exchange. Buyers and sellers, including transnational and multinational corporations, engage in transactions across national borders in an increasingly global economy. This conceptualization is informed by a neorealist emphasis on the ways in which the market is shaped by the international system's most powerful states as well as by debates between proponents of realist and liberal approaches as to the constraining and empowering effects of interdependence (e.g., Keohane and Nye 1972; Krasner 1976; Keohane and Nye 1977; Krasner 1983a; Keohane [1984] 2005; Gilpin with Gilpin 1987; Gilpin with Gilpin 2001; and discussions in Katzenstein, Keohane, and Krasner 1998; Cohen 2008).

Alternative approaches have emerged to challenge the American school, including variants of social constructivism, Marxist and non-Marxist interpretations of historical structuralism, and elements of these and other arguments that comprise the diversity of what scholars have termed the "British school" (see discussion in Phillips 2005a; Underhill 2006; Cohen 2008; Cohn 2008). Scholars here have sought to expand the IPE field's theoretical and substantive focus by exploring historical and gendered contexts, world systems, and a broader array of political and economic agents, structures, and interrelationships. Challenging the American school's tendency toward reification of core concepts, constructivists and others have sought insights into states and markets as contested structures and institutions. Scholars note ways in which diverse actors, ranging from transnational advocacy networks to state policymakers, play instrumental roles in the creation and transformation of states and markets. Political authority as explored by the alternatives to the American school extends beyond states to broader considerations of private authority and global governance (e.g., Wallerstein 1979; Strange 1985; Cox 1987; Strange 1988; Strange 1996; Burch and Denmark 1997; Finnemore and Sikkink 1998; Keck and Sikkink 1998; Peterson 2003; Ruggie 2004; Phillips 2005a; Phillips 2005b; Cohen 2008).

Although the IPE literature on globalization is extensive (e.g., overviews in Mittelman 1996; Held et al. 1999; Phillips 2005b), these differences between the American school and its alternatives are apparent. The analysis of globalization by the American school draws on and to varying degrees seeks to integrate elements of realist and liberal approaches to states and markets. Although acknowledging that global flows of goods, services, and capital have increased, the sources and ramifications of such trends remain points of contention.

For example, using a lens of "state-centric realism," Robert Gilpin

(2000; 2001) argues that although technological change has played an important role, economic globalization would not have been possible without the actions and international political frameworks established by powerful states. Globalization has not resulted in “the end of national sovereignty,” nor has it “replaced the state” (2000, 311–326). In fact, Gilpin argues, without US leadership and renewed international cooperation to better manage the global economy, the future of globalization is at risk. Powerful states are less evident in the exploration of globalization offered by Robert Keohane and Joseph Nye (2000). Using the lens of complex interdependence, Keohane and Nye (2000, 105, 112–114, 117–118) argue that the information revolution has been central to economic globalization. Keohane and Nye point to the rapidness of technological and institutional change in networks, their interconnections, and the “number and variety of their participants” that have increased the density of “globalism.” They acknowledge that globalism—the extent of “networks of interdependence at multicontinental distances”—although becoming thicker, is not displacing the international state system, nor is its continued increase inevitable. In contrast to Gilpin, however, Keohane and Nye see setbacks and “perhaps” reversals in the process of globalization as more likely to stem from underspecified “cataclysmic events” than from the absence of US leadership.

For scholars challenging the American school, insights into the nature and impact of globalization lie in looking beyond the realist-liberal focus on the primacy of states versus markets. The unevenness of globalization across sectors of trade and finance and in global reach is acknowledged by Gilpin and by Keohane and Nye, but the exploration of globalization’s disproportionate effects on developing countries, working classes, women, and others at the “fringes of the state, market, or in households” attracts greater attention in alternatives to the American school (e.g., Tickner 1991, 206 [quote]; Mittelman 1996; Mittelman 2000; discussion in Cohen 2008, 93–94). These alternative approaches also are more likely to address changing patterns in the very nature of states and markets and the diffusion of political authority across a broader array of transnational actors. Philip Cerny (1995; 1996), for example, points to the impact of globalization on the rise of the “competition state” and the emergence of new forms of collective action. Susan Strange (1996, xii, 13), although rejecting globalization and governance as “vague and woolly” concepts that plague IPE analysis, embraces many of their related themes when arguing that rapid technological change and the growing power of markets have resulted in the state losing political authority to nonstate actors in central areas of

“society and economy.” John Ruggie (2004, 500, 503) posits the rise of empowered transnational corporations and transnational civil society organizations as leading to a “fundamental reconstitution of the global public domain.” Ruggie argues that this shift is not simply the transference of political authority from states to nonstate actors—a transition from public to private governance (citing Cutler, Haufler, and Porter 1999; Hall and Biersteker 2002a)—but in some areas reflects the creation of “a new transnational world of transaction flows that did not exist previously.”

Even with the diversity of the American school and its challengers, more work is necessary to, as Phillips contends (2005b, 20–22), make the IPE debates on globalization “more ‘global’ in their reach.” Phillips challenges both the American and British schools to revisit questions of power, inequality, and agency in ways that look beyond assumptions grounded in the experiences of advanced industrial countries. More specifically, she argues that scholars need to explore globally as well as in different areas of the world the “hierarchies of power that exist at all levels of social organization and the structures of inequality—material, political, ideational, socioeconomic, and so on—they produce and reproduce.” This exploration should take place in the study of political economies addressed by the mainstream literature as well as “the illegal and illicit dimensions of global political economy” (2005a, 54; 2005c, 263–264).

IPE and Crime

Writing in the late 1990s, sociologist Manuel Castells (2001, 170–171) chastised his fellow “social scientists” for devoting little attention to the “global criminal economy.” Trends such as the expansion of criminal activities linked through highly flexible, international networks, he argued, represent a “fundamental dimension of our societies” with widespread social and economic ramifications. Although crime remains understudied by IPE scholars (see discussions in Friman and Andreas 1999a; Andreas 2004), the importance of the “illegal and illicit dimensions of global political economy” has been “established in the literature” (Phillips 2005c, 263).⁸ IPE scholars have explored themes including the rise of global prohibition regimes, challenges to state power posed by the global expansion of organized crime, and the transformative effects of criminal activity and actors on global civil society (e.g., Strange 1996; Friman and Andreas 1999a; Friman and Andreas 1999b; Mittelman with

Johnston 2000; Kyle and Koslowski 2001; Cox with Biersteker 2002; Peterson 2003; Andreas and Nadelmann 2006; Mares 2006).⁹

The challenge facing IPE scholars is to better demonstrate through theoretically informed inquiry how the intersection of politics and economics matters in the analysis of crime in the global political economy.¹⁰ Four themes drawn from the preceding discussion of the IPE literature are woven through this book: the intersection and changing nature of states and markets, the evolution of transnational actors and networks, political authority and emerging patterns of governance, and power and inequality. Grounding our inquiry in this manner allows the book to demonstrate ways in which expanding the field's substantive reach can speak to its prominent theoretical debates as well as ways in which the field's theoretical insights can add to the broader scholarly inquiry on crime.

States and Markets

Conventional approaches to crime and globalization emphasize the influence of markets over states. Forces of supply and demand drive markets for illicit goods, services, capital, and labor. Criminal activities and actors empowered by technological change are able to hide and flourish in the extensive transnational flows across increasingly porous national borders. Although having facilitated the process of globalization through policies of economic liberalization, the state is compromised, retreating, and constrained in its efforts to respond to these challenges. Clinging to outmoded notions of sovereignty despite overwhelming evidence of increasingly porous borders, these approaches argue, even the most powerful states and the international state system more broadly are no match for the expanding underside of globalization (in addition to sources cited above, see Chapter 10 by James Mittelman).

Crime in the global political economy, however, also is a story of the influence of states over markets. This story begins, as Peter Andreas and Ethan Nadelmann argue in Chapter 2, with the need to recognize that states through their law-making and -enforcing authority define what is criminal.¹¹ Andreas and Nadelmann turn to an analytically eclectic approach to explore the increasingly global spread of laws and enforcement practices. Realism, they argue, calls attention to the role of the state and its "power to criminalize." Insights from liberalism reveal mutual interests played out through domestic politics, transgovernmental networks, and intergovernmental organizations that shape the rise of

police cooperation. Constructivist insights call attention to normative contexts and symbolism necessary to explain the selective nature of criminalization and the rise of global prohibition regimes. Combining these elements, Andreas and Nadelmann argue that rather than simply eroding state power, crime has become a means to expand it. States have used criminalization to re-regulate liberalized transnational flows. States also have posited the challenge of enforcing new laws as justification for still further expansion of state power at home as well as abroad.

In Chapter 3, Ronen Palan describes how the state's exercise of sovereign privilege to criminalize and commercialize has influenced the rise of criminal business. Palan argues that the "juridical sovereign power" of the modern state to criminalize has divided the world into two broad realms: sovereignty and antisovereignty. In the realm of sovereignty lie legal activities sanctioned by the state and all that this sanction entails, including state protections of tangible and intangible property rights, contract enforcement, and "modern" paths to capital accumulation. In the realm of antisovereignty lie activities criminalized by the state. Palan argues that the absence of state protections, combined with opportunities for rent-seeking created by criminalization, encourages the rise of organized criminal business. Criminal activities and groups flourish especially in territorial areas where state authority to enforce criminalization is weak, such as in poor inner cities and especially in failed states. Palan notes that at a basic level the world market links the realms of sovereignty and antisovereignty "under one overarching international division of labor." It is the commercial exercise of state sovereignty, however, that Palan sees as creating the more lucrative linkage for criminal business. States seeking to establish competitive advantage in world markets have turned to selling "residential rights to foreigners" wanting offshore financial havens. Palan concludes that it is this intersection of states and markets that offers criminal business the "perfect" path back into "the realm of sovereignty" and opportunities for modern capital accumulation.

The influence of states over markets lies in both criminalization and enforcement of prohibitions. Andreas and Nadelmann readily acknowledge that states have not been able to "entirely control" criminalized activities. Palan sees control limited especially by areas of weak central authority and the rise of offshore havens. In Chapter 4 I question the extent to which states exerting hegemonic leadership on global prohibitions have sought to fully enforce criminalization. Capacity-based approaches to globalization and crime often assume that policymakers in powerful states are willing to fully engage in crime control. I reject

the usefulness of this assumption, arguing that it ignores ways in which prohibitions can conflict with other interests of powerful states. Drawing on the IPE literature on linked “issue-specific” regimes, my chapter explores international and domestic contexts of prohibition. I highlight how prohibitions are *nested* in “higher-level” international economic and security systems and regimes and *embedded* in societal principles “regarding the legitimate exercise of state power in facilitating domestic stability.” Such considerations explain why US policymakers have been purposefully selective in enforcing global prohibition regimes against drug and human trafficking.

The willingness of policymakers in less powerful states to enforce prohibitions has traditionally been more suspect in the conventional literature, a condition seen as a function of limited state capacity and the lure of corruption in the face of overwhelming market forces. In Chapter 5, William Reno argues that political actors in “peripheral states,” similar to their more powerful counterparts, have used criminalization and enforcement selectively to further state interests. This pattern has deep historical roots. Reno describes how colonial practice integrated illicit commercial networks into state administration as a means of political control and social stability. Local political actors, in areas such as West Africa and the Caucasus region of the former Soviet Union, he argues, have built on this legacy. The result is the rise of what Reno terms *fusion regimes* that blend the public and private interests of political authorities as well as licit and illicit commerce.

Transnational Actors and Networks

Empowered transnational criminal actors and networks are central themes in conventional approaches to crime and globalization. Market access and ease of transportation and communication have created opportunities for new entrants into criminal activities and facilitated the foreign expansion of traditionally locally oriented crime groups, the expansion of operations by existing transnational crime groups, and an array of new cooperative ventures, organizational structures, and divisions of labor extending across national borders. Although offering important insights, these arguments are less helpful in capturing the ways in which transnational actors and networks have been instrumental in the political contestation of global prohibition regimes. Work by scholars such as Itty Abraham and Willem van Schendel (2005) offers a partial corrective to conventional approaches by exploring ways in which societal opposition to crime control can emerge, especially

among communities divided by the often porous borders of territorial states.¹² Yet contestation begins at much earlier stages of criminalization, and the networks of transnational actors extend well beyond what Abraham and van Schendel term the “borderlands.” Both the market and political expansion of transnational actors and networks are explored in this book.

Chapter 3 describes shifting patterns in the international expansion of crime as part of a transition from traditional to modern forms of capital accumulation. Traditional business, Palan writes, focuses on the production and distribution of goods while more modern paths to wealth lie in the ability to capitalize “anticipated future earnings.” Palan applies this distinction, drawn from “evolutionary institutionalist theories,” to the behavior of “large-scale” criminal operations. The realm of antisovereignty, Palan argues, favors methods of traditional accumulation. Criminal businesses such as drug trafficking rely on patterns of international expansion that locate production of illegal goods in areas under weak state control and distribute the products to more profitable retail markets in advanced industrial countries. Limiting operations to the realm of antisovereignty, however, precludes criminal business from taking advantage of more lucrative forms of capital accumulation. Palan argues that converting the anticipated future earnings of such operations into larger pools of operating capital requires access to financial markets in the realm of sovereignty. By developing transnational networks that extend into tax havens, criminal businesses are able to access modern forms of capital accumulation.

Chapter 2 by Andreas and Nadelmann and Chapter 6 by John Picarelli, as well as Chapter 4, turn to the political impact of transnational actors. Andreas and Nadelmann note the “influential role” of the “moralizing impulses and motivations” of transnational entrepreneurs in shaping the international campaigns against the trans-Atlantic slave trade, drug trafficking, and trafficking in women. In Chapter 4 I point to the important role of transnational moral entrepreneurs in drug prohibition and the influence of religious, women’s, and human rights groups in pressuring state actors and shaping deliberations on the issue of human trafficking. Chapter 6 introduces the idea of a clash between “enabling and prohibition norms” to the discussion of political influence and explores ways in which criminal groups have acted as a very different type of transnational moral entrepreneurs.

Picarelli argues that social and cultural identities of criminal actors matter when seeking to explain the persistence of transnational crime. Economic approaches, he notes, model crime groups as rational actors

focused on considerations including profit, scale economies, transaction costs, risk, and rent-seeking. Picarelli acknowledges the strengths of these approaches, especially where these models turn to the multiple constituencies involved in “illegal enterprises.” He argues that there are, however, limits to viewing the actions of criminals in terms of economic rationality. Picarelli explores the interaction of enabling norms and the identity and actions of human traffickers. The chapter traces this interaction from the efforts of traders in human beings to promote and defend their activities in the face of the emerging abolitionist movement in the late eighteenth century to the modern-day clash over sex trafficking of women and labor exploitation. Drawing on norm contestation arguments developed by Jeffrey Legro, Picarelli argues that enabling norms have exhibited greater historical durability than prohibition norms predating and enduring through the rise of the abolitionist movement and beyond. Despite the widespread moral condemnation of human trafficking, he concludes, these enabling norms persist and empower the trade.

Political Authority and Governance

By the very act of criminalization, states create a space for criminal activity. Depending on patterns of enforcement and corruption, states also remove themselves from a regulatory role within this space, and organized criminal groups emerge to fill the gap (e.g., Fiorentini and Peltzman 1995a; Friman and Andreas 1999a; Serrano 2002; and Chapters 3, 8, and 10 by Ronen Palan, Herman Schwartz, and James Mittelman, respectively). Conventional approaches to crime and globalization have emphasized the growing inroads of organized crime groups into markets and governments. IPE scholars have tended to cast these trends as part of a larger diffusion of state power to nonstate actors (e.g., Strange 1996; Mittelman with Johnston 2000; and Chapter 10). But shifting patterns of political authority and the emergence of new forms of governance do not stem simply from diffusion. Chapters 7, 8, and 9 by Marieke de Goede, Herman Schwartz, and Mónica Serrano, respectively, explore ways in which states have selectively delegated authority over crime control to private actors.¹³

De Goede combines IPE scholarship on private authority with the work of criminologists on “crime as a practice of governmentality” to explore the ways in which states have used criminalization “as a practice of governing.” Criminalization, she argues, has expanded state regulatory powers, widened the mandate of international institutions, and rearticulated the responsibilities of private actors. De Goede focuses on

“political-discursive moves” by policymakers as they wage “war on terrorist finance.” She addresses how policymakers have turned to new definitions of financial crime, recast intrusive bank regulation as a strategy of preemption, and expanded the authority of the state *as well as* the private sector in decisions and actions concerning security. De Goede traces these developments in the United States and United Kingdom and in the normative and technical steps taken by the Financial Action Task Force and the United Nations Counter-Terrorism Committee. She reveals how policymakers have used the issue of terrorist finance to alter the “everyday financial behavior” of private actors and establish new patterns of global governance.

Schwartz describes the relationship between the state and immigrant crime groups. He notes that contestation between organized crime and the state is a central theme in official discourse and the scholarly literature, and one that has manifested especially in claims regarding the threats posed by groups comprised of immigrants. Drawing on the work of Emile Durkheim and Michael Mann, Schwartz takes a different tack, turning to the conditions under which states *encourage* the emergence of mafias within immigrant communities. He argues that states have a “qualified interest” in such mafias as a “second-best” solution to the problem of immigrant assimilation and incorporation. Mafias can be potential rivals for state power, and states often face nativist pressures to criminalize the economic activities of immigrants. Schwartz contends, however, that the growth of mafias in immigrant communities can serve as powerful engines for transforming immigrants into what the state considers “normal” citizens—bodies compliant with state surveillance and routine revenue extraction. States and immigrant mafias, he concludes, are as much mutually constituting entities as they are rivals.

Through a narrative on the history of drug control in Mexico, Chapter 9 reveals a combination of diffusion and selective delegation of state power. Serrano describes the evolution of the complex relationship among the Mexican state, drug markets, and traffickers. Serrano argues that drug control in Mexico is best understood as part of the country’s broader political transition from authoritarianism to democracy in the context of international pressure for enforcement by the United States. Her detailed historical overview reveals an ebb and flow of compliance with international demands as Mexican policymakers placed greater emphasis on political consolidation and domestic stability. Serrano argues that from the 1910s through the 1960s, the Mexican state embraced a “state-led criminal market” of drug control. Institutionalized corruption protected and regulated a booming drug trade feeding the US

market while ensuring domestic stability. At the local and national levels, she notes, political authorities “tolerated, protected, or regulated” drug production and trafficking. Since the late 1960s, however, diffusion has become more extensive, with Mexico moving toward a “privatized criminal market.” Serrano attributes the transition to increased US pressure and presence, placing national sovereignty at stake and sparking more aggressive Mexican drug enforcement as well as the wave of new trafficking organizations that emerged with the lucrative heroin and cocaine trades. The resulting erosion of the old “tacit agreements” between traffickers and the state, the dismantling of corrupt antinarcotics bureaucracy, and rising levels of violence fueled by the private armies of the new trafficking organizations, Serrano concludes, have resulted in criminal markets beyond the capacity of the Mexican state to regulate or control.

Power and Inequality

Although emphasizing the pervasive challenge of crime and globalization, conventional approaches portray developing countries as particularly at risk. Limited capacity, political conflict, and economic pressures create vulnerability. Criminal activities and organized criminal groups flourish under such conditions, weakening these countries further. Though offering important insights, such approaches understate dimensions of power and inequality that distinguish crime and globalization. As revealed by several contributors to this book, the power to define criminal activity and appropriate practices of crime control has been inextricably linked to patterns of inequality.

In Chapter 2, Andreas and Nadelmann trace the internationalization of crime control to the “interests and agendas” of powerful states. As they briefly note (and describe in greater detail in their larger 2006 work, *Policing the Globe*), the concerns of European states with political crimes were instrumental in the early stages of international practice. The dissolution of empires into states also has resulted in the internationalization of what had been “intraimperial” and “intercolonial” patterns of criminalization and enforcement. By the mid- to late twentieth century, the United States had displaced European states as the leading force shaping international prohibitions. The role played by “less powerful and especially developing countries,” Andreas and Nadelmann observe, has been more “secondary and reactive.” Developing countries have typically imported the “models, methods, and priorities” of more powerful states.

In Chapter 4 I emphasize how the policymakers of powerful states have shifted the costs of adjusting to prohibitions onto marginal groups at home and weaker states abroad. In the campaign against human trafficking, US officials have used the *Trafficking in Persons Report's* tier-ranking process to selectively assess the compliance of foreign governments based on unilaterally determined standards. Policymakers have used threats of shame and sanction to reinforce foreign compliance with the US antitrafficking agenda while treading more cautiously in addressing protections for trafficked women and the demand for trafficked persons at home and by US nationals abroad and in placing broader economic and security interests at risk.¹⁴ In drug control, US policymakers have prioritized steps against foreign sources of supply and domestic minority and migrant populations over steps that clash with more politically sensitive sources of domestic demand. Developing countries have faced the brunt of selective US “threats of sanction and more direct intervention” for noncompliance with the global prohibition regime.

Serrano's analysis in Chapter 9 helps to illustrate the impact of US efforts to externalize the costs of adjusting to drug prohibition. Since the early 1900s, Mexico has been a target of the US criminalization and control efforts. Pressure on the Mexican state has included calls for participation in and compliance with international drug-control treaties and conventions, and especially intensified enforcement efforts against Mexican trafficking networks, as well as more intrusive forms of intervention. In contrast, Serrano argues, the United States has done little to acknowledge or address the impact of the mass US market for illegal drugs and the long history of its nationals traveling over the border into Mexico to evade US controls. Drug prohibition as implemented by the United States, Serrano argues, has empowered Mexican trafficking networks and fueled the corruption of the Mexican state, adding to the country's complex patterns of inequality.

In Chapter 5, William Reno turns more explicitly to the ways in which political actors in peripheral states manipulate and seek to leverage the criminalization and enforcement practices of outsiders to expand domestic power and authority. He describes the array of outside actors, ranging from policymakers and other officials from powerful states to representatives of nongovernmental and intergovernmental organizations, that continue to exert influence in peripheral states. Some outsiders seek to regulate illicit commerce and strengthen state institutions, whereas others work with local actors engaged in illicit commerce to pursue political and other ends. Local political authorities, Reno argues, attempt to manipulate the competing agendas. Tracing these patterns in

the states of West Africa and the Caucasus region of the former Soviet Union, Reno reveals that local political authorities experienced their greatest success during the Cold War but have come under greater global scrutiny in its aftermath.

In Chapter 10, Mittelman describes more broadly ways in which power shapes understandings and responses to crime. Dominant actors at the top of the “power hierarchy,” he argues, use discursive practices to define crime and criminals as problems challenging political authority and social values. Those lower on the hierarchy, however, often share a different perspective leading to various degrees of active and passive resistance, including the exploitation of opportunities created by criminalization. Mittelman reflects on this argument, drawing on insights from historians, political philosophers, peace and conflict scholars, political economists, and others. He reveals that the most marginalized in society have borne the brunt of criminalization and control—migrant workers in Malaysia criminalized after the Asian financial crisis; male child soldiers, female child sex slaves, and the poorest civilians caught up in local and regional conflicts driven by greed and grievance; and women raped in revenge for so-called honor crimes. Transnational organized crime groups, epitomized for Mittelman by the Chinese triads, by contrast, illustrate ways in which nonstate actors cannot only resist the “dominant mode of globalization” but work to alter traditional power hierarchies.

* * *

Crime has become an integral part of globalization, and state and non-state actors have been challenged by and complicit in its expansion. Crime in the global political economy is thus much more than a story of empowered criminals and state sovereignty under siege. This book argues for theoretically informed work on crime grounded in the field of international political economy. Chapter 10 describes how research agendas on crime often sacrifice theoretical reflection for rapid empirical results at the price of skewed understandings of causal dynamics and issues at stake. In light of the prominence of crime and globalization on the policy agendas of developed and developing countries, policy made without reflection or policy based on reflection that lacks the nuanced understanding of how politics and economics are inextricably linked is a luxury that neither states nor societies can afford.

The following chapters turn to the intersection and changing nature of states and markets, transnational actors and global networks, political

authority and governance, and power and inequality to explore crime in the global political economy. Exploring these themes against the experiences of a wider selection of criminal activities, countries, and historical contexts than those addressed here offers IPE scholars an array of opportunities for further research. Yet, the themes addressed in this book are not intended to be determinative. W. Ladd Hollist and F. LaMond Tullis, in launching the International Political Economy Yearbook series almost 25 years ago, stressed that “discussion and inquiry” in the field would be best served by remaining “open to new ideas and insights” (1985, 9). The contributors to this book strongly agree and look forward to the discussion and inquiry that follow.

Notes

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1. This section draws in part on Friman (2006). See also discussions in Andreas (2004, 643–644), Abraham and van Schendel (2005).

2. The *TIPR* dropped the lower 600,000 figure in 2007, citing since then an 800,000-person estimate for international trafficking (United States Department of State 2007).

3. Other common figures for revenue generated by human trafficking have included \$9 billion (“People Smuggling” 2003), \$9.5 billion (United States Department of State 2005, Introduction), and \$12 billion (Malarek 2004).

4. For example, see Friman and Andreas (1999a, 1–2), Berdal and Serrano (2002, 2), Naím (2005, 11). Exceptions include Naylor (2002) and Andreas and Greenhill (N.d.).

5. Noting the efforts of economists in this regard, Andreas (2004, 646) observes that even though measurement of criminal activities is “inherently problematic,” it is “not impossible.”

6. This argument was made by the United Nations Office on Drugs and Crime (2006a, 45) in a study intended to improve data on human trafficking that ironically replaced one flawed methodology with another.

7. Cohen (2008, 16) uses the term *American school* to refer to the broadly shared, explicitly and often implicitly, ontology and epistemology of the “mainstream” of US IPE scholarship.

8. In rhetoric and practice, the terms *illegal* and *illicit* tend to be used interchangeably. Abraham and van Schendel (2005, 4) distinguish between the two to call attention to the contested nature of what states designate as legitimate (legal versus illegal) and what those involved in the activity see as legitimate (licit versus illicit). The argument that a tension between “law and social legitimacy” exists with important ramifications for transnational crime is an established theme in the literature (e.g., Serrano 2002, 17–18) and is explored in this book.

9. Crime and globalization also have attracted attention in the work of IR

scholars on nontraditional security challenges to the state (e.g., Williams and Vlassis 2001; Berdal and Serrano 2002; Williams 2002a; Edwards and Gill 2003; Krahnmann 2005; see also discussion in Andreas 2004).

10. My language here draws on Hollifield (2000, 173) in his challenge to political scientists on the study of migration.

11. Criminalization creates categories of legal and illegal that, though often blurred in their implementation and compliance, still exist. I raise this point in light of Nordstrom's (2007, xviii, 20–21) observation that the blurring is so extensive in the countries she studies that "il/legal" is a more useful concept.

12. For a broader exploration of the intersection of culture, crime, and globalization, see Findlay (2000).

13. Hall and Biersteker (2002b, 8), in a broader study of private authority, explore the prospect of state complicity in "the devolution of its authority to private actors." The only crime chapter in their edited volume (Williams 2002b, 180), however, addresses complicity primarily in the context of states already "captured by organized crime." Kahler and Lake (2003b, 9), in exploring the impact of globalization on governance, also note the importance of the distinction between "delegated and transferred authority." The only chapter in their volume that addresses crime (Martin 2003) limits its brief focus to the role of nongovernmental organizations in shaping restrictions on child sex tourism.

14. In contrast, John Picarelli, comparing Sweden and Italy in Chapter 6, argues that greater gender equity in Sweden has helped to create a broader normative environment of equal rights protections for women that has inhibited trafficking.

Criminal Entrepreneurs, Clandestine Globalization and the Illicit World Political Economy. [This course is under the thematic cluster of "Sustaining Cities, Cultures, and the Earth".] Course Description. Demonstrate an understanding of the literature on the illicit global economy and its linkages to transnational crime in the global era. Appraise the constraints, dilemmas and quandaries facing nation-states and international institutions in their dealings with the illicit activities in the globalized age and reflect upon the challenges posed for global democratic governance. Critically question and reflect upon existing ethical judgements about illicit activities and their actual functionality in host societies. 1 Global Initiative Against Transnational Organized Crime Hotspots of organized crime in the Western Balkans. This study contributes to the GI's efforts to map organized crime, globally (as in its World Atlas of Illicit Flows²), regionally and locally. The methodology used to compile this report combines granular local assessments with a broader regional perspective. The United States and the EU have also tended to down-play or ignore the bad behaviour of some political actors, while trying to maintain influence. This has led to the creation of so-called "stabilocracies": weak democracies headed by autocratically minded leaders, who govern through informal, patronage networks and claim to provide pro-Western stability in the region.⁸ Despite significant political change, the global economy grew by 2.6% in 2016¹ and is estimated to have grown at 3% in 2017². On the African stage, during the same period, Presidential elections took place in a number of Africa's "market hub" countries, such as Tanzania, Uganda, Rwanda, Zambia, Ghana and Kenya. For example, the margin of difference between the prevalence rate of economic crime in Kenya and the global / African averages and the margin of growth from Kenya's 2016 figure, together suggest that economic crime in Kenya continues to be a pervasive problem requiring serious, well thought out and even societal interventions to both prevent and control it. Crime has gone global. Conventional explanations point to ways in which criminals have exploited technological innovations, deregulation, and free markets to triumph over state sovereignty. Crime and the Global Political Economy reveals a more complex reality. Taking as a point of departure the fact that state and societal actors are challenged by "and complicit in" the expansion of criminal activities on a global scale, the authors demonstrate that the political, economic, and normative agendas of those actors lead to selective criminalization and diverse patterns of compliance with prohibiti