

The problem of transnational crime and globalization economics essay



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Over the course of human history the world has proven to be a dynamic ever evolving place with constant fluctuations in governmental form and political power. As humanity has shifted from the infancy of civilization to the most complex forms of government and politics there has always been a common ailment plaguing their stability, crime. With the inception of rules there were instinctively people who sought to break those rules. The relationship between civilization and crime is a complex and intricate issue. As civilization raises the bar in acceptable behavior crime expands inversely to the new amount of restrictions.

An excellent example of the dynamic growth of crime is best scene in the evolution of transnational crime. Born from simply smuggling common items in a high tariff environment, transnational crime has expanded into an elaborate system of illicit trade, smuggling and drug dealing. Criminal justice agencies have struggled to keep pace with this exponential increase in transnational crime, but they are hindered by inherent administrative and management issues, namely the interdependent nature of transnational crime and criminal justice agencies and the bureaucratic nature of criminal justice organizations.

The Situation

Transnational crime has existed since the birth of sovereign nations. With the separation of nations there arose a potential market for goods and inevitably there arose those who would seize a potential profit market. In its infancy transnational crime mainly consisted of the transportation of legal goods through illegal channels to avoid high tariffs. There were of course

other variations, but for the most part transnational crime was defined by the smuggling of common things such as salt and other basic needs.

The first shift to occur in terms of transnational crime came with the decrease in tariffs. To promote greater trade and more import and export, many governments lowered trade restrictions and tariffs. With the lowering of tariffs the market for common goods shrank immensely. There was still a need for such things as salt, but now they could be provided legally for a very low price, a price low enough to cut deeply into the profit margin of smuggling. With this cut into the bottom line smugglers were forced to expand into new and other underrepresented variations of illicit trade. One such variation was the form most commonly represented today by the transnational crime market, the smuggling of prohibited goods across international borders.

In truth all international crime is, in some form or another, a variant of smuggling. Be it weapons, money, people, or information, bringing a prohibited item across international borders is smuggling. This fact exploded with the inception of globalization which represented the biggest boon to transnational crime since the creation of borders. The transport of illicit goods across borders became a much more complex and profitable thing with the spread of globalization.

As defined by Merriam Webster dictionary, globalization is : the act or process of globalizing : the state of being globalized; especially : the development of an increasingly integrated global economy marked

especially by free trade, free flow of capital, and the tapping of cheaper foreign labor markets.

Globalization has been marked by an exponential increase of technology and loosened trade restrictions that have drastically increased the interdependence between sovereign governments. This interdependence has reciprocated and furthered the spread of globalization as more countries share more knowledge, wealth and opportunities.

The Problem

The significant flaw with the spread of globalization is the elitism of the system. Whereas first world countries find the spread of globalization a boon to their economy and status, second and third world countries have little to profit from the legal side of globalization. As a result many less industrialized countries turn to the illicit market to compete with their more industrialized competitors. The spread of globalization serves many positive functions, but it is inherently tied to transnational crime.

The simplest way to explain the relationship between transnational crime and globalization is that one facilitates the other, i. e. globalization helps to facilitate the growth and expansion of transnational crime. Taken from chapter four of Transnational Crime in the Americas, Peter Andreas sums up the concept excellently. “ Governments face an increasingly awkward but unavoidable predicament: policy measures that facilitate the flow of legal trade-improved transportation systems, deregulation of shipping, privatization of ports, and so on-also unintentionally facilitate illegal trade.”

This is the sad truth about the nature of globalization and the effects it has
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on transnational crime. While there does exist another option, to slow the growth of globalization thereby hindering the progress of transnational crime, this option is a failed plan almost from the onset. Moises Naim makes a very clear point on why it would be impossible to impede the growth of globalization in chapter eleven of his book. “ History and common sense say that, in the long run, market forces tend to prevail over those of governments.” What this means is that, with the market currently focused on growth and transnational interdependency, government interceding will be countered in spite of the fact that that this market focus is bolstering transnational crime.

Globalization has served to increase both the legal and the illicit side of trade in many ways. One of the first is the exponential increase of technology. As technology increases the avenues upon which trade can occur increase. As an example consider shipping. A millennia ago smuggling was alive and prospering, yet voyages by sea took months and the potential for cargo to be damaged or destroyed in so much time was high. As of today though, travel by ship is both faster and much more secure. To further the analogy, the inception of airplanes revolutionized trade, illicit and legal. Even the steam engine revolutionized overland travel.

Another avenue through which trade has prospered is the advancement of communications. While merely another aspect of the technology boom, communications have thoroughly revolutionized international trade and transnational crime to the extent that it has created entirely new forms of trade and crime. With the birth of the internet and email the flood gates have been opened for trade. With eBay it is now possible to order a Peruvian
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rain stick from a home in Vancouver and have it delivered to the recipient in London as a birthday gift. Inversely, it is also now possible to place a request for a sum of illicit goods to be delivered by way of an anonymous email account without the two criminals behind the endeavor ever having the need to meet.

The Possibilities

There exist two main ideologies of thought concerning the proliferation of contemporary transnational crime. The two trains of thought are the “asymmetrical fight theory” and the “interdependency theory” put forth by Moises Naim and Peter Andreas, respectively. The two theories differ greatly in view concerning the rise of transnational crime, but both authors present relevant and convincing arguments for each case.

Moises Naim presents the idea that governments are failing in the fight against transnational illicit trade due to the asymmetrical nature of the organizations in competition. Moises quickly lists the competitors as governmental entities versus organized crime networks and bases the crux of his argument in the very nature of a bureaucracy versus that of a network.

According to Naim, all bureaucracies tend to exhibit the same four key traits that limit their ability to compete against a network. The first key feature is that bureaucracies tend to be very structured making communication between units not part of the same vertical line of command very difficult. In comparison, networks are a loose group of individual cells and that allows for rapid decision-making and change.

The second point that Naim makes is that government agencies have to work within the constraints of a budget. Not only that, but they have to acquire the budget which redirects manpower and focus from the arguably more major issue of fighting the criminals. Against this, networks draw their resources from their clientele, meaning that funds are virtually limitless depending on what is supplied and to whom.

Continuing on, Naim draws attention to the political and legal limits that government agencies must work within, while illicit traders can work within the constraints of the law when the need suits them, but they also have the option to work outside of the law, which provides more maneuverability. Ironically, there is a very apt quote to sum up this idea taken from *Transnational Crime in the America*. "...if you play by the rules and I can cheat a little, I get the benefit of both the rules and my cheating."

Naim's final point is the difficulty governments have functioning outside their own borders due to the limited authority, language issues and all the other problems that accompany being in a foreign nation. Against this, networks tend to be as comfortable abroad as they are at home and even home is beginning to have a looser definition to networks.

The opposing theory to this is the dependency theory put forth by Peter Andreas. Andreas describes the paradoxical nature of the state/smuggler relationship starting his point on the most obvious issue, smugglers depend on state laws for their existence. This idea seems simple, but is truly rather profound. Andreas quotes Adam Smith about this. "A smuggler is a person who, although no doubt blamable for violating the laws of the country, is

frequently incapable of violating those of natural justice, and would have been, in every respect, an excellent citizen had not the laws of his country made that a crime which never meant to be so." The fact here is that the laws put forth by governments form the basis of the entire entrepreneurship of smuggling.

Andreas goes on to cite the corruption and bribes that ease the pressure smugglers face, and how these under the table payments function as a type of illicit income tax. This idea is also expanded upon in that there are some areas of the world where illicit trade forms the backbone upon which entire economies are based. Much of Latin America can be referred to as narco-states; in that, the greatest export they produce is narcotics. Moreover, the same can be said for some parts of Southeast Asia. Mexico's third highest revenue is remittance from Mexicans smuggled into the U. S. In the face of this, what reason do many places have to crack down on illicit trade?

Moreover, is it ethically sound to destroy the financial base of some countries for any reason?

Beyond corruption, there is also the fact that the money controlled by smugglers often enters the control of the state through legal channels. One such method is asset forfeitures laws. In addition, much of the illicit goods that enter the country are for the very citizens whose taxes support a system that is opposed to the very goods they desire.

There is also the fact that much of the information the state has on smugglers is, in fact, recovered from other smugglers.

Finally, what is arguably the most poignant reason behind the interdependency theory; it is the very persistence of smuggling (and the perception of it as a growing threat) that is the most crucial for sustaining and expanding law enforcement. Examined more intricately, this is could possibly be the basis upon which the rest of the interdependency theory rests.

The Inference

In the face of these two opposing viewpoints it seems that the interdependency theory holds greater weight. While there is an obvious asymmetrical nature to the fight between governments and organized criminal networks, the evidence does not support the difference being that disparaging. The current structure of bureaucracies has managed some very significant triumphs over organized crime. The problem that is often cited is that even if one cell of the network is shut down another is ready to take over. While this argument seems to support the asymmetrical theory, the question remains, how are these shifts of power so easy? The interdependency between the state and the illicit trade networks allows for the easy shift in power. It is easy to say that there is always someone waiting in the wings, but where do they begin to reform the lost connections of the previous intermediary? Some corrupt officials must willing seek out, or readily accept, new players to continue the business of corruption. If there were a crackdown on corruption, illicit traders would bear much of the political pressure they are currently protected from.

In addition, if the structure of bureaucracies is such a pitfall in the fight against illicit trade, why is there simply not a reorganization of bureaucracies? This lack of change could also be attributed to the interdependency between the state and illicit trade. The current system works to stem some of the flow of illicit trade, but does not, cannot stop it entirely. The necessary bond between the state and illicit trade is what keeps this flawed system in charge as a type of compromise between what should be done about illicit trade and what is being done.

Interdependency stands as the crux of the issues with the battle between governments and transnational crime. As long as there is such a strong bond between the two forces there will never be any significant progress made on the front of transnational crime. And yes, while the asymmetrical nature of the fight between bureaucracies and networks is an issue, it is not the major issue and may even represent another aspect of the problem with interdependency.

The Conclusion

Ultimately, this failing in the war on transnational crime is a direct representation to the failing in the administration of criminal justice fields. Whether there is more credence to the interdependency theory or the asymmetrical fight theory, both theories posit that there is an inherent failing in the management of the governing bodies of criminal justice. Without some sort of detailed examination and re-haul off the system there cannot be any real change in the conflict between criminal justice agencies and transnational crime.

Globalization is a real and dynamic thing that is currently reshaping the course of world history. However, with all of the good that this entails, there is also much negative. As globalization forces lowered trade restrictions, increased transportation venues, and deregulation of shipping to further the goals of transnational interdependency, these same actions have served to facilitate the growth and worth of the transnational crime market. To counteract this there must be a change in the management of the criminal justice agencies dedicated to preventing this. Without such a change there can never be a decisive victory on the transnational crime front.