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**Workshop 4.2: Informal Practice and Corruption: How to Weaken the Link**  
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Networks and Linkages: Corruption, Organised Crime, Corporate  
Crime and Terrorism

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## Abstract

Corruption is often linked to a number of informal practices, some merely improper, many of them illegal (the focus here is on the latter). Yet it is surprisingly recently that states and international organisations have begun to recognise the connections that can and do sometimes exist between two or more of the inharmonious quartet of corruption, organised crime, corporate crime and terrorism. This paper tracks this growing awareness, and provides a few examples of linkages that help to explain it, with particular though not exclusive reference to Europe and Australia. It then makes concrete recommendations concerning the standardisation of definitions of all four concepts, two of which are sub-divided, so as to facilitate the adoption of cross-polity metrics and to enhance capacity for adopting common measures against each of these phenomena. Ways in which cultural and political differences might create 'noise' around such endeavours are addressed briefly, and checklists of criteria identifying each phenomenon provided.<sup>1</sup>

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In 1997, President Clinton became the first US president officially and publicly to recognise the linkages between organised crime and corruption. Soon afterwards, in May 1998, the US government published its first ever 'International Crime Control Strategy'. This was the principal outcome of Clinton's October 1995 Decision Directive No. 42, which called for a specific program to address the dangers of international crime to the USA. It was argued in this directive that organised crime gangs and 'disreputable business interests sometimes aligned with them' use 'corrupt political connections' to avoid fair economic competition, and that 'Organized crime now uses bribery as one of its primary tools to establish front companies aimed at gaining control of legitimate businesses and penetrating the legitimate economy' (*International Crime Control Strategy*: 18, 81). The US government had begun to recognise that official corruption and organised crime feed off each other, and often work hand in glove. One of the many areas in which this is obvious is smuggling and trafficking; if it were not for corrupt border guards, customs officials, police and military officers, it would be much more difficult than it clearly is for criminal gangs to smuggle and traffic drugs, weapons and people.

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<sup>1</sup> The present paper is based heavily on three chapters by Leslie Holmes in Holmes 2007. Funding for the research on this topic was generously provided by the Australian Research Council (Award Nos. A79930728 and DP0558453), to whom I extend my thanks. I also wish to thank my research assistants, Shaorong Baggio, Ben Buckland, Kasia Lach, and Katya Malinova for their painstaking work in finding evidence of collusion between corrupt officials and both organised crime gangs and corporate crime, primarily in Bulgaria, China, Poland and Russia.

Other states soon followed the American lead, and began officially to recognise this bilateral linkage between organised crime and corruption, as did international organisations. A prime example of the latter was the Council of Europe's conference of Ministers of Justice that was convened in June 1997 and had as its theme 'Links between Corruption and Organised Crime' (Council of Europe website, visited August 2005).

It is even more recently that various states and international organisations have begun to recognise the bilateral relationships between organised crime and terrorism, and occasionally between these two phenomena and corruption; as one recent article expressed it, 'Traditionally, organised crime and terrorism have been regarded as unrelated' (Engvall 2006: 836). The US government's *International Crime Control Strategy* (1998: 17) cited above did partly and implicitly recognise potential linkages when it referred to the fact that terrorists sometimes use drug trafficking and other criminal activities to finance their activities. However, this reference was more to one type of criminal activity crossing the boundary into another, rather than to direct and explicit linkages *between* organised crime and terrorism.<sup>2</sup> Similarly, President Clinton's January 1998 reference to an 'unholy axis of new threats from terrorists, international criminals and drug traffickers' (*International Crime Control Strategy* 1998: 15) was ultimately vague, with its reference to an axis, rather than alliances (i.e. it recognised the threats from terrorism and organised crime, without explicitly recognising that they might be operating in league with each other).

When it is borne in mind that it is only as recently as 1994 that international organisations began to acknowledge the real significance of corruption itself, it is hardly surprising that official recognition of linkages between organised crime, corruption and terrorism is so relatively new. But understandably and predictably, awareness of networks and collaboration increased dramatically following the 9/11 events. Since then, the OECD's FATF (Financial Action Task Force) has had its powers greatly enhanced, largely to render it easier for it to track money being laundered by corrupt officials, organised crime gangs and terrorist organisations. This point was made explicitly by the Director of the Secretary General's Cabinet at Interpol, Stanley Morris (2002), when he argued that 'Corruption and terrorism are intrinsically linked', that the fight

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<sup>2</sup> The transmutation of one type of criminal organisation, notably a terrorist one, into another – usually organised crime – is another area in need of much more research; recent cases (IRA, ETA) are cited later in this paper, while the Chinese Triads are usually considered to be the original example of this. Another transmutation is represented by the so-called 'fighters turned felons' syndrome (Curtis and Karacan 2002: 4, 23). Many former members of both official (state-led) and unofficial military organisations in South-Eastern Europe turned to organised crime once their role as soldiers was over. On former members of the KLA (Kosova Liberation Army) both turning to organised crime and having close links to it, particularly with respect to human and drug trafficking, see *Pravda.Ru* (online), 19 June 2002, visited March 2006; *The Times*, 26 November 2002: 11.

against money-laundering was one of the principal means for controlling both, and that efforts in this direction were of 'recent vintage'. Asian states, too, are now recognising the possible linkages. Thus, at a recent conference in Beijing, Chinese Chief Prosecutor Jia Chunwang argued that, 'Corruption, if not controlled, would undermine democracy and the rule of law and engender an increase in organised crime and terrorism' (Xinhua News Agency, as cited in *International Herald Tribune*, 23 October 2006).

Comprehensive and reliable data on networks and linkages are impossible to obtain. But a few examples of connections and overlap can be cited, based on both concrete and strong circumstantial evidence. One was the public acknowledgement by the Russian government that the terrorists responsible for the September 2004 Beslan school hostage-taking had been aided by corrupt officials (*Moscow Times*, 1 November 2004).<sup>3</sup> The Irish government claimed shortly after a major bank robbery in Belfast in December 2004 that the IRA was involved in organised crime activity;<sup>4</sup> while this was interesting in its own right, of greater potential significance was the fact that some of the stolen money was discovered in February 2005 at the Newforge country (golf) club, which was known to be popular with off-duty Northern Irish police officers. Some of those subsequently arrested in connection with the robbery are alleged to have been members of either the Provisional IRA or its political wing, Sinn Fein; at the time of writing, the suggestion that corrupt police officers were also involved remained speculation, however.

The examples cited so far are of domestic links between organised crime, terrorism, and possibly corrupt police officers. But the linkages are often international. Thus Ecuadorian authorities announced in June 2005 that they had broken an international drug-smuggling organised crime ring that had allegedly been diverting some of its profits to the Lebanon-based terrorist group Hezbollah (*Associated Press Worldstream* online, 22 June 2005, visited October 2006; *Daily Telegraph*, 23 June 2005: 12). Returning to Russia, though also reaching beyond to the CIS and Afghanistan, there is strong circumstantial evidence that organised crime gangs have been collaborating with Chechen terrorists in trafficking Afghani opium-based drugs into the Russian Far East (Perl 2001). In Europe itself, there have been several reports of cases involving corrupt police and customs officers colluding with organised crime gangs in people smuggling and human trafficking. A recent one is of two Wroclaw-based police officers who sold women for prostitution purposes to an ex-prostitute (female) based in Wroclaw and a Polish man based in

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<sup>3</sup> More generally on corruption among Russian soldiers in Chechnya and their links to organised crime see Kramer 2005: esp. 221, 267.

<sup>4</sup> According to one source, the IRA is suspected of being involved in *several* robberies since mid-2004 – see N. Morris 2005.

Vienna. At the time of their arrest (Spring 2006), this group was alleged to have been involved in the trafficking of 440 women, mostly Polish and Romanian (*Gazeta Wyborcza*, 12 May 2006).<sup>5</sup>

The discussion to this point has made no reference to corporate crime. Nowadays, this is ever more frequently treated as a branch of corruption. For instance, it is unfortunate that such an influential global NGO as Transparency International (TI) opted in 2000 to replace its existing approach to corruption - in which there had to be involvement by one or more state officials for an act to be potentially corrupt - to a much broader one that could include improper B2B activity as a form of corruption.<sup>6</sup>

In fact, there are good reasons for keeping corporate crime and corruption conceptually distinct, even if the outward manifestations of both often look very similar. Perhaps the most significant one is that the role of the state is supposed to be fundamentally different from that of the market. One of the state's principal roles is to act as an arbiter – the umpire - between agents in society and the economy; corporations cannot play this role. In addition, despite problems in the real world of cartelisation, most firms are in overt competition with other firms, in a way that a sovereign state is not. And the social and environmental elements of triple bottom-lining notwithstanding, firms still exist primarily to make a profit, rather than to set an ethical example. It follows from all this that customer expectations of firms are different from those citizens have of the state. Customers dissatisfied with company A can normally shift their custom to company B or C, whereas citizens cannot readily change state allegiance.<sup>7</sup> Citizens can legitimately expect the state – and its officers - to set an example, whereas their expectations of firms are not as high.

Neo-liberal blurring of the distinctions between the state and the market largely *explain* the recent trend towards the conceptual merging of corruption and corporate crime, but neo-liberalism cannot *justify* this. Indeed, attempts to blur these phenomena are helping to undermine democracy and good governance, in that the Western state's growing interaction and cooperation with the private sector is used ever more frequently to reduce transparency. Thus, many functions that were once performed by states, and were thus subject to a form of control (supervision) by civil society via freedom of information acts, have been either privatised or

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<sup>5</sup> For cases of Polish border guards being accused and sometimes found guilty of people smuggling and collusion with organised crime gangs see *Gazeta Wyborcza*, 29 April 2001; 9 September 2002; 18 December 2003; 28 December 2003. Recent cases from Bulgaria can be found at [www.facetoface.bg](http://www.facetoface.bg), 19 April 2006; <http://www.novinite.com>, 6 June 2006. For evidence from Russia, see Nomokonov 2000.

<sup>6</sup> To compound the confusion, TI is now inconsistent on this issue, in that its Corruption Perceptions Index (CPI) is still based on the earlier definition, while much of the rest of its approach is based on the newer one.

<sup>7</sup> The person generally considered to have been the first to draw analogies – and blur the lines – between the voter/political system and the consumer/market is Joseph Schumpeter (1943), though his normative assessments based on this analogy are often misinterpreted.

outsourced, and rendered less transparent by ‘commercial-in-confidence’ clauses. Closely related, and just as questionable in terms of reducing state transparency (and hence democracy and good governance), are so-called PPP (public-private partnerships) projects (Tomazin 2006). Other things being equal, growing state opacity encourages and facilitates corruption, organised crime, and corporate crime.

Before concluding our conceptual argument, it is worth citing recent examples of alleged corporate crime, and of the ways in which this can have direct and close linkages with corruption, organised crime, and possibly even (indirectly) terrorism. Thus there have been reports that both Russian and British companies have been using ‘slave labour’ – i.e. cheap labour that has been either illegally or only semi-legally brought into Russia and the UK respectively by what appear to be organised crime gangs – to reduce costs (*Moscow News*, No. 12, 2006 as reproduced in *Johnson’s Russia List*, No. 83, 7 April 2006; *Guardian*, 11 January 2005); while this is sometimes done ‘unwittingly’, managers who do not question agencies that can provide labour at well below market rates must be at the very least naïve.<sup>8</sup> But let us consider a more serious example.

A major scandal erupted in Australia in late-2005, when, in the context of the UN’s ‘oil-for-food’ scandal, it was alleged that AWB (formerly the Australian Wheat Board) had been paying bribes worth more than US\$200 mn. to Iraqi government officials to purchase Australian wheat; *inter alia*, this involved breaking UN sanctions against the Saddam Hussein regime.<sup>9</sup> In response to a direct request from UN Secretary General Kofi Annan, the Australian government established a royal commission of enquiry in November 2005, the Cole Commission, to investigate these allegations. One symbol of the significance of this case is that the Australian prime minister, deputy prime minister and foreign minister were all required to testify before the commission. By the time the Cole Commission had concluded its hearings, in early October 2006, it appeared highly probable that a number of senior AWB executives would face criminal charges (full details were not available at the time of writing, since the commission report was not due to be published until 24 November 2006). The terms-of-reference of the Commission were

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<sup>8</sup> Although this does not appear to be an example of direct linkages between various types of criminal, it seems that even legal or semi-legal migrants are sometimes subjected to a ‘triple whammy’ – being coerced by organised crime gangs, exploited by unethical firms, and victims of harassment by corrupt police officers. Thus a report from Russia (AFP, as reproduced in *Johnsons’s Russia List*, Item 15, Issue No. 84, 9 April 2006) claims that corrupt Russian police officers sometimes either tear up the documents of legal migrants, or else plant false evidence on such people, in order to extract bribes. For comparative evidence on victimisation of various kinds by organised crime gangs in Central and Eastern Europe see Alvazzi del Frate 2004; Bezlov and Gounev 2005.

<sup>9</sup> The Australian Wheat Board had been a state-run and state-owned entity until its privatisation and re-naming (AWB Ltd.) in 1999. It was first listed on the Australian Stock Exchange in 2001 – the year in which, according to the UN’s Volcker Report, the AWB began making improper payments to Iraq.

drawn up in such a way that senior Australian state officials cannot be charged with any improprieties; but several of them revealed themselves at the hearings to be either very absent-minded – forgetting that they had been alerted on numerous occasions to the questionable activities of AWB - or else highly mendacious.

The AWB case testifies to the damage that one company can do to the overall image of a country's business practices. Having been considered the country whose companies were least likely to offer bribes overseas in TI's 2002 Bribe Payers' Index (BPI), Australia slipped to third place in the 2006 BPI – and a score of only 7.59 out of a maximum 10.00, compared with 8.5 in the previous BPI; it was expected by many – including the head of TI, the head of TI Australia, and the Australian opposition spokesperson on foreign affairs - to drop further in future, as news of the findings of the Cole Commission spread (*Australian*, 5 October 2006: 3). The case also highlights the hypocrisy and contradictoriness of some neo-liberals. While extolling the virtues of free trade, competition, deregulation and the private sector, the Howard government ensured that AWB had a monopoly on overseas wheat sales. But once it became clear that post-Saddam Iraq (and possibly other overseas customers) wanted nothing more to do with AWB, the Australian government distanced itself from the company, and withdrew its privileged monopoly status. Perhaps most disturbing of all have been the suggestions that AWB could be charged with funding terrorism (*Weekend Australian* 23 September 2006: 10). Given the distinction drawn below between state terror and terrorism (see note 22), the possible charges mooted by the Cole Commission would not relate to terrorism *per se*, since they refer to payments made to the Saddam regime. On the other hand, if it transpires that some of the funds illegally paid to the (Saddam) Iraqi government were subsequently accessed by post-Saddam rebels and used for terror tactics against other Iraqis and occupying forces, then it would become clear how and that Australian corporate crime had been indirectly involved in the funding of terrorism.<sup>10</sup>

Returning to the conceptual argument, another reason to reinstate a clear distinction between corruption and corporate crime is that, since at least the end of the 1930s, a number of analysts (Sutherland 1940; see too Ruggiero 1996) have treated some examples of the latter as a form of organised crime. Logically, it follows that if corporate crime is often confused with corruption, the latter will sometimes also constitute organised crime. Given the earlier reference to the alleged shift by the IRA (i.e. a terrorist organisation) towards organised crime, and allegations of similar developments within the Basque terrorist organisation ETA (*Agence France*

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<sup>10</sup> For an allegation that the French corporation Elf had been involved in improper arms deals that may have been linked to terrorism see Curtis and Karacan 2002: 17.

*Presse* online, 20 June 2006, visited October 2006), it becomes obvious that the blurring of conceptual boundaries soon pushes us down a very slippery slope.<sup>11</sup>

Does all this mean that the argument here is in favour of treating corruption, corporate crime, organised crime and terrorism separately? The answer is the German word *jein* – a combination of yes and no. It is maintained here that the four terms should be kept separate *conceptually*, but that there should be far more *empirical* research into the bilateral, trilateral and occasionally even quadrilateral networks and linkages between them.

Although the primary focus here is on these four types of crime, at least two of them – corruption and corporate crime – require further disaggregation. In both cases, the distinguishing feature relates to the principal motives of the perpetrators. If the latter operate individually or in small groups, and purely out of self-interest, their improper behaviour is here identified as corruption if it is in the state sector, and white-collar crime if it is in the private sector.<sup>12</sup> If, on the other hand, they act primarily in the interests of an organisation (e.g. a political party; a corporation) rather than themselves in any *direct* sense, this is here described as group-oriented corruption and group-oriented corporate crime respectively.<sup>13</sup>

### Recommendations

One of the many reasons that policies and programs designed to reduce corruption, organised crime, terrorism and corporate crime are less successful than they might be is because of the conceptual blurring already outlined, and which is further explored below. But another reason is that there are many definitions of each of these phenomena, and hence different metrics and different perceptions of their scales. This applies not only across polities, but even *within* polities. While it might be intuitively obvious that this is likely to apply in federal states, it is worth noting that even police authorities in different regions of the UK (which has 52 police forces) define organised crime in different ways, and hence have quite different perceptions of the scale of the organised crime problem. But let us focus here on cross-polity differences. One commonly cited reason for these is that different cultures interpret the phenomena differently. There is unquestionably some truth to this assertion. Nevertheless, the differences are often

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<sup>11</sup> For detailed allegations by the Spanish and Italian authorities of conventional linkages (i.e. as distinct from transmutation) between ETA and the Italian mafia see Arostegui 2002.

<sup>12</sup> If improper, self-regarding actions are undertaken by private sector employees working for the state through out-sourcing, they should still be treated as corruption rather than white-collar crime, since the state is ultimately accepting responsibility for whatever task such employees are undertaking (e.g. private management of prisons), and is still seen by the public as responsible for such activity.

<sup>13</sup> The word *direct* is italicised here to highlight the fact that individuals who engage in improper behaviour on behalf of their political party or corporation can often expect to benefit from such actions in the future – through being re-elected, promotion, performance-related bonuses, etc.



exaggerated. Since the primary concern at this conference is corruption, the argument will be made by reference to this particular misdemeanour, though it can also readily be made for the other terms.

It is important not to be hoodwinked by corrupt authorities and elites in any given state who claim that ‘their’ population has a very different understanding of corruption from those in other countries. Empirical research has demonstrated that:

- a. Different sectors of populations *within* any given country have different views on what constitutes corruption (for evidence from Hungary see Hungarian Gallup Institute 2000: 51; from Kazakhstan see Anderson and Mukherjee: 69-70; from Kyrgyzstan see Anderson 2002: 44-45; and from Thailand see Pasuk Phongpaichit and Sungsidh Piriyaarangsarn 1996: 188). This is true even of ethnically homogeneous populations (for evidence from Poland see Osiak 2000: 6, 9).
- b. While there *are* real differences of opinion across cultures regarding what might be called ‘grey area’ or penumbra corruption (notably, those forms that involve the promotion of relatives and supporters – nepotism and cronyism), there is much less divergence of view on materially-based corruption (notably bribery). Excessive concentration on the grey areas can blind us to the fact bribe-taking by officials is almost universally perceived to be a major form of corruption.
- c. There are also significant differences concerning the extent to which citizens in different countries accept corruption as ‘normal’ or acceptable. All too often, apologists for – and, less often, observers in despair about – high levels of corruption in a given country will claim that corruption has been normalised. But this term can have at least two *very* different connotations; this is an important point that needs to be emphasised. Thus, in terms of popular attitudes, there is a significant difference between a situation in which citizens accept something as ‘normal’ in the sense that they are indifferent to it and essentially take no notice of it, and one in which citizens do notice it but feel helpless and hopeless. In the latter scenario, ‘normal’ is not to be interpreted as acceptable (the apathetic attitude of the first scenario); rather, citizens *do* care, but do not know how to change the situation.

Given these three points, it becomes clear why culturalist arguments need to be treated with caution. While there clearly are differences of opinion across cultures on what constitutes

corruption and how best to tackle it, alignments with this or that viewpoint are not homogeneous within *any* ‘culture’. All too often, elites (and their apologists) use the cultural specificity argument as a way of diverting attention from their own misdeeds by accusing others – usually outsiders, and often labelled cultural imperialists – of interference, and as a means of rebutting external questioning. The whole labelling and culture issue requires a more nuanced and problematised approach. Ironically, this need for greater awareness of differentiation *within* cultures renders it easier to argue for more universal approaches, since the notion of cultural specificity is challenged.

To no small extent, this point about the need to exercise caution in considering culturalist arguments when analysing corruption from a comparative perspective applies also to comparative analysis of organised crime, terrorism and corporate crime. As already noted, even different police forces *within* the UK employ different definitions of organised crime. Unfortunately, this plays into the hands of criminals; while crime-fighters are bickering, gangs find it easier to engage in their various activities. Terrorism, too, is a less culturally specific term than is sometimes maintained. The old adage about one person’s terrorist being another person’s freedom fighter is perfectly valid. But people *within* one culture or country can employ both terms; Indonesians, for instance, disagree on how to label the (two sets of) Bali bombers.

So how can universally applicable definitions of our four (with two of them sub-divided) criminal phenomena be devised if each includes many grey areas? The solution proposed here is to avoid simple ‘one-line’ definitions, and instead use checklists for identifying actions (or non-actions, such as turning a blind eye for improper motives) as examples of self- and group-oriented corruption, white-collar crime, corporate crime, organised crime and terrorism. Thus, the following sets of criteria are intended to be universally applicable, without being totally insensitive to *appropriate* (i.e. not merely to protect the interests of elites) cultural differentiation.

In order to constitute an act of ***corruption***, an action or non-action:

- i. Must involve an individual or a group of individuals occupying a public office, typically a state position; in short, it must involve *officials*, whether elected or appointed.
- ii. The public office must involve a degree of decision-making or law-enforcing or state-defensive *authority*. Hence, while military officers could be corrupt, ordinary soldiers - particularly conscripts - would be excluded under this definition. Similarly, even though they might be state employees, a postal delivery worker or a train driver could not be corrupt under this approach.

- iii. The officials must commit the act at least in part because of either personal (vested or private-regarding) interest and/or the interests of an organisation to which that official belongs (e.g. a political party), if these interests run counter to those of the state and society.
- iv. The officials act (or do not) partly or wholly in a clandestine manner, and are aware that their actions (non-actions) either are or might be considered illegal or improper. In cases of uncertainty, the officials opt not to check this – not to subject their actions to the so-called sunlight test (i.e. they are not prepared to allow open scrutiny of their actions) - ultimately because of intended interest-maximisation.<sup>14</sup>
- v. It must be perceived by a significant proportion of the population and/or the state as corrupt.<sup>15</sup>

In identifying acts as examples of *white collar (corporate) crime*, the following criteria apply:

- The actions may be carried out either by individuals or groups of individuals, whose improper activity will relate to the company that employs that individual or group.
- If the activity is carried out by a group, that group may be either hierarchically organised or comprise primarily peers.
- The individual or group may engage in the activity on either a one-off or an iterated basis.
- The activity is designed to provide material benefit to the perpetrator(s).
- If a group is involved, its improper activity is likely to be coordinated
- The activity is targeted, relating specifically to the firm(s) for which the individual or group works.

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<sup>14</sup> Some corrupt officials openly display the rewards of their improper activities, which might appear to challenge the claim about secrecy. But it is important to distinguish between flaunting the fruits of corruption and boasting about the actions or non-actions that produced such results. More problematic are cases of ‘corruption’ in which officials did or did not engage in some activity that is subsequently deemed improper or illegal, but that was not considered corrupt at the time it was committed. There have been numerous cases of alleged corruption in which officials have been genuinely surprised that their actions or inactions might ever have been perceived as corrupt (for a case involving the former premier of New South Wales, Nick Greiner, see Philp 1997: esp. 346-40). It is sometimes argued that the sunlight test is the ultimate determinant of whether or not an action or non-action constitutes corruption; while this usually *is* a good test, the type of case just cited highlights its limitations. This is a highly pertinent issue in transition states, since both laws and society’s values in the early stages following the collapse of the former systems are often ambiguous or even non-existent.

<sup>15</sup> The set of criteria listed here is derived from and almost identical to L. Holmes 2006: 30.

- The activities are illegal
- The activities are unlikely to involve violence
- The perpetrators operate in a clandestine manner.
- The activities must be perceived by a significant proportion of the population and/or the state as constituting white collar crime.

Acts of *corporate crime* involve the following criteria:

- They are necessarily carried out by a group (at least three persons) of corporate employees that does not include state officials.
- The group is exclusive, in that only employees or in the pay of the corporation are involved.
- The group may be hierarchically organised or comprise primarily peers.
- The group involved in a particular corporate crime may or may not be durable.
- The group's actions may or may not benefit its individual members materially.
- The group's actions are designed to benefit the corporation materially.
- The group's actions are to a large degree coordinated, rather than spontaneous.
- The group's actions are oriented to specific projects.
- The group's activities are illegal, at least in some jurisdictions.
- The group's activities do not typically involve violence in any direct sense.
- The group typically acts in a clandestine manner.
- The group's activities must be perceived by a significant proportion of the population and/or the state in which the activities occur as constituting corporate crime.

In cases of *organised crime*, the following variables pertain:

1. They are necessarily carried out by a group (at least three persons) that does not include state officials.<sup>16</sup>
2. They are carried out by a group that normally has limited (exclusive) membership, for instance on the basis of ethnicity, family ties, place of origin or a common prison background.<sup>17</sup>
3. They are carried out by a group that, typically, is hierarchically organised, albeit in diverse ways.<sup>18</sup>

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<sup>16</sup> This does not mean that state officials are never involved in organised crime. But if they are, it is in a personal (private) capacity that does not in any direct sense relate to their state office. If their involvement *does* directly relate to their official position, the action constitutes an example of a linkage (collusion) between organised crime and corruption.

<sup>17</sup> In a sense ironically, members of gangs often have to develop their own version of social capital, or at least trust; without this, it would be easier for authorities to penetrate their organisations, and for some individuals to take more than their 'fair share' of profits.

4. They are carried out by a group that is durable.
5. They are carried out by a group that exists primarily for the sake of material benefit.
6. They are to a large degree coordinated, rather than spontaneous.
7. They are usually targeted (i.e. focused on a particular type or types of criminal activity, such as drug-dealing, prostitution, illegal gambling or arms smuggling).
8. They are necessarily at least in part consciously illegal.
9. They typically involve violence, either actual or threatened.
10. The perpetrators act in a clandestine manner, at least vis-à-vis state authorities.
11. They must be perceived by a significant proportion of the population and/or the state as constituting organised criminal activity.<sup>19</sup>

Finally, *terrorism* connotes the following:

- a. It involves violence, which often appears to be arbitrary, and is designed to incite widespread fear.<sup>20</sup>
- b. It disregards conventional rules of warfare, typically drawing no distinction between combatants and non-combatants in directing its violence.
- c. It typically has a political objective, though this may be purely negative as a first stage (e.g. destruction of a state or regime), or unclear to those not involved in the terrorist activity;<sup>21</sup> the political objective may be connected to religious objectives.
- d. Although its perpetrators usually operate in as clandestine a manner as possible, they seek maximum publicity for their actions, as a way of drawing attention to their cause.
- e. It is not *per se* oriented towards material benefit.
- f. It is carried out by non-state actors.<sup>22</sup>
- g. It is normally carried out by groups; even lone terrorists have usually received instructions from a group (cell).

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<sup>18</sup> The phrase 'in diverse ways' is included here as a way of acknowledging that some groupings are deliberately decentralised, and structured more as networks (for concrete examples of various arrangements, see UNODC 2002). But even in such arrangements, there is usually a micro-hierarchy based on each node.

<sup>19</sup> This list has been influenced by Naylor 1997.

<sup>20</sup> The phrase 'appears to be arbitrary' refers to the perception of those affected by the terrorists' actions. The terrorists may well have a rationale for attacking particular individuals or groups, but have not revealed this, so as to increase fear among target populations.

<sup>21</sup> The term 'as a first stage' is included here as a way of acknowledging that a group may seek the destruction of an existing political unit as the first step in the creation of a new political unit.

<sup>22</sup> It is acknowledged that state actors can conduct acts of terror against sections of the population; Stalin, Pol Pot, Mao, Idi Amin and Saddam Hussein are prime examples. However, this should be called state terror, to distinguish it from the phenomenon focused on here, viz. terrorism. State officials can be involved in terrorism; but they do so for personal reasons, not as part of state policy.

- h. Membership of terrorist groups is normally exclusive, relating most frequently to commitment to a specific cause and/or ethnicity (two variables that are often closely linked).
- i. The groups are typically organised in a hierarchical and highly disciplined manner.
- j. In most cases, the groups' activities are highly coordinated.
- k. The activities must be perceived by a significant proportion of the target population and/or the state as terrorism.

Readers will notice that several variables are common to two or more of the checklists. This is not tautologous or illogical; there *are* resonances across the various types of misdemeanour. But highlighting this commonality helps to emphasise the point that the checklists are to be treated as total packages, and that it makes no sense to be selective with the variables or treat them in isolation. This said, it is acknowledged that *some* flexibility might sometimes have to be used in applying the checklists to actual cases. For instance, the reference to secrecy in the corruption checklist (variable four) is problematic in the type of case referred to above (note 14) in which officials or groups of officials have been open about their activities, since they were unaware that these might subsequently be construed as corrupt; this explains why the word 'usually' has been inserted into the corruption cells in Table 1 regarding the surreptitious nature of the activity. There is no simple solution to this issue; the claim here is only that we can progress our definitional approaches, not provide totally watertight ones.

Second, some variables are vague, such as the notion that activities may be one-offs or iterated. This non-specificity is deliberate. Given the focus here on overlaps, linkages and comparison, the intention is to include all variables that need to be considered not only in identifying action A *but also* in distinguishing it from a related but different action B; if there is a key identifying feature of action B, it is important to note explicitly that this is not a distinguishing feature of A.

A final point to note is that each of the checklists includes, as the last variable, a reference to perception. This inclusion is very conscious, and is one way of at least partly addressing the issue of cultural difference and social construction. Identifying and measuring perceptions in a given country or culture of what constitutes corruption, organised crime, etc. can be done empirically through focus groups, surveys, Q-methodology, etc.

The above checklists can now be summarised in tabular form. An important caveat to note is that there are a few minor variations between the checklists and the abbreviated statements in the table, usually because the two are addressing subtly different issues. For example, the checklist refers to activities involved in corporate crime as 'illegal, at least in some jurisdictions',

whereas the tabular cell closest in meaning to this states that actions are ‘not necessarily . . . in part consciously illegal’. The focus of the two statements is slightly different; that in the checklist refers to the formal position from the legal perspective of states, whereas that in the tabular cell allows for the fact that transnational corporations, for instance, may sometimes be unaware that they are breaking local laws.

Table 1: Characteristics of Sometimes Linked Types of Misdemeanour<sup>23</sup>

	Self-oriented Corruption	Group-oriented Corruption	Self-oriented (white-collar) Corporate Crime	Group-Oriented Corporate Crime	Organised Crime	Terrorism
Necessarily collective	No	Yes	No	Yes	Yes	Usually
Perpetrators' position enjoys high social status	Yes	Yes	Usually	Usually	No	No
Group has exclusive membership	N/a	Yes (state office)	Yes (if group)	Yes	Usually	Usually
Group is organised hierarchically	N/a	Not necessarily	Not necessarily	Not necessarily	Usually	Usually
Group is durable	N/a	Not necessarily	Not necessarily	Not necessarily	Yes	Usually
Primary objective is materialistic	Yes	Yes	Yes	Yes	Yes	No
Primary objective is political or ideological	No	No	No	No	No	Yes
Actions are typically coordinated	N/a	Yes	Yes (if group)	Yes	Yes	Yes
Actions are typically targeted	Not necessarily	Not necessarily	Yes	Yes	Yes	Yes
Actions are at least in part consciously illegal	Not necessarily	Not necessarily	Usually	Not necessarily	Yes	Yes
Usually involves violence, threatened or actual	No	No	No	No	Yes	Yes
Operate clandestinely	Usually	Usually	Yes	Usually	Yes	Yes
Generally seek publicity	No	No	No	No	No	Yes
Widely perceived as improper and/or illegal	Yes	Yes	Yes	Yes	Yes	Yes

### Conclusions

Networks and linkages between various types of related crime are at last being recognised by states and international organisations – though too many agencies continue to treat each type of misdemeanour in isolation, and possible connections as being of marginal

<sup>23</sup> The rather weak term misdemeanour is used to allow for the fact that some actions classified as one or other of the above activities are not formally criminal.

relevance.<sup>24</sup> While greater recognition is a welcome development, there continue to be major disagreements among agencies over definitions. This is sometimes explained and even justified by reference to cultural difference. While there are legitimate and admirable reasons for being sensitive to cultural difference, this can be exaggerated. The definitional problem is compounded by the encouragement of conceptual blurring. Progress in combating these various forms of misdemeanour would be made if agencies were to recognise clear distinctions between related but discrete concepts. It is acknowledged that there is frequently overlap between manifestations of these concepts in the real world. But rather than blur the concepts themselves, which simply creates confusion that plays into the hands of criminals and miscreants, it would be much better to have one term per phenomenon, and then identify overlaps, networks and linkages between these in actual case-studies. Thus the AWB case, if the reports in the media on the findings of the Cole Commission prove to be accurate, would not be described as either corruption or corporate crime, but as a complex case involving *both*, with indirect connections to terrorism. Until there is even fuller recognition than at present of corruption's linkages and networks to closely related phenomena, the fight against it will continue to be an uphill struggle.

Another problem is that of insufficient recognition by states and international organisations of the ways in which policies designed to address one problem can have negative ramifications – become drivers - in other areas. Thus, according to some analysts, human trafficking (especially of children) has become *more* of a problem in Europe since 9/11, as authorities have tightened up on immigration in their understandable desire to reduce terrorist threats and enhance security generally. This can play into the hands of organised crime gangs and corrupt officials, who can demand higher payments because of greater risks. There is no easy solution to this problem. But if authorities were to further increase their awareness of the links between the 'inharmonious quartet' identified in this paper, and in particular of the ways in which measures designed to reduce one of the phenomena may have negative repercussions on one or more of the others, it should be possible to produce more successful policies for combating all four. The call here is for a more integrated and holistic approach. Perhaps ironically, there first needs to be much greater awareness of the links between corruption and other types of informal practice before such links can be weakened.

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<sup>24</sup> One of the most frustrating aspects of my research into possible links between corrupt officials and organised crime gangs is that some police and judicial authorities that are very willing to provide data and case-studies on organised crime are reluctant to discuss possible corrupt linkages between organised crime gangs and their officers.



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