

# THE BIG QUESTION

## HOW CAN NATIONS BREAK THE CYCLE OF CRIME AND CORRUPTION?

*At length Corruption, like a gen'ral flood  
(So long by watchful Ministers withstood),  
Shall deluge all; and Avarice creeping on,  
Spread like a low-born mist, and blot the Sun.*

—Alexander Pope, *Moral Essays* (ep. III, l. 135)

If not quite as apocalyptic as Pope would have us believe, corruption and crime all too often drag nations into a cycle of deprivation and wanton greed—companies bribing bureaucrats in exchange for lucrative contracts, petty graft greasing the palms of low-level civil servants, and powerful politicians enriching themselves at the expense of their people and the advancement of society. How do nations, especially developing ones, escape this swamp? *World Policy Journal* asked a panel of experts to weigh in on the challenges.

### DANIEL KAUFMANN ON STATE CAPTURE

Crime and corruption do not always co-exist, share the same determinants, or respond to the same strategies and measures. A corrupt and authoritarian police state can control common crime, as in North Korea. Conversely, common crime can be a challenge to countries with satisfactory anti-corruption track records, like Chile.

Crime rates tend to be higher where there is high unemployment, high socio-economic inequality, and lax gun laws. Corruption thrives where civil liberties, free press, transparency, and contestable politics are absent. A functioning rule of law matters for controlling both crime and corruption, but again differences emerge: an independent judiciary is crucial for combating political corruption; an effective po-

lice is important for fighting petty corruption as well as common crime. There are also differences between the determinants of common crime and organized crime, since the latter does relate to corruption.

Most research on corruption focuses on developing countries, which is unfortunate. When corruption indexes focus exclusively on cruder forms of corruption (what we think of as typical cases of bribery), they mask one of the most serious governance challenges facing countries like the United States today—so-called legal corruption and state capture by powerful corporations. (For evidence of this, one need only look to the undue influence exerted by Wall Street and mortgage giants over regulations leading up to the financial crisis, or by giant carmakers over

automobile safety regulators.) Indeed, research suggests that legal corruption and state capture in the United States are extremely high when compared with most countries in the world, and higher than any other industrialized OECD country. Thus, contrary to popular notions, both developing and rich countries face corruption challenges, although their form may differ.

The strategies to combat different manifestations of crime and corruption will differ from each other, and must be tailored to country context. Yet crime and corruption do share one important thing in common. To address them, and to be prepared to take on powerful interests, they require political will, leadership, and integrity at the top.

*Daniel Kaufmann is a senior fellow in the Global Economy and Development Program at the Brookings Institution.*

## MARINA OTTAWAY ON TOTAL REFORM

Corruption should not be approached as a moral problem, as too often happens, but as a symptom of serious political and economic problems that need correcting.

Petty corruption, such as low-ranking civil servants demanding payment for services they should provide for free, is a problem that requires restructuring the civil service, reducing the number of public employees within a government, and providing those who remain with decent wages. Attempts to curb petty corruption are unlikely to have an impact when extracting payments from the public is the only way a government employee can feed his family.

Grand corruption, such as large payments to high-ranking officials to secure lucrative public contracts, requires political solutions. If there is

no renewal of the government and the political class, grand corruption inevitably becomes a problem. Frequent turnover of government officials make it more difficult for corrupt networks to consolidate power. Democracy is the best anti-corruption measure.

The creation of anti-corruption commissions is not a solution unless it is part of broader reform. A commission can throw light on a few cases, but no commission is going to be able to dismantle the networks of corruption that develop in countries where the same people have been in power for long periods.

Donor countries worried about corruption should focus on two tasks: putting in place good control mechanisms over the funds they provide; and promoting fundamental political, economic, and administrative reform.

*Marina Ottaway is director of the Middle East Program at the Carnegie Endowment for International Peace.*

## ANDRÉS CAÑIZÁLEZ ON LATIN GANGS

In Latin America, we need to undertake a broad institutional rebuilding if we are to break the power of criminal gangs over our societies, which so far have acted with the complicit wink of corrupt forces. Such rebuilding should take into account the corruption within police forces and justice administrations. Yet both are merely the tip of a huge iceberg that includes vast political incompetence, the absence of public power, and the reluctance of citizens to stand up to the de facto powers of organized crime.

Isolated police or judicial reforms are not enough. We need concerted actions involving traditional political, economic, and social

## THE LINE-UP ROGUES GALLERY

To the president go the spoils. The twentieth century's most corrupt heads of state, and their estimated wealth embezzled while in office:



players; a new institutional framework that can facilitate the breakup of criminal networks and the corruption they breed. Today, the fight against criminal powers, especially those linked to drug trafficking, requires transnational and interdisciplinary efforts. A nation cannot be successful by itself. We face a challenge that demands wide-ranging and coordinated actions.

*Andrés Cañizález is a researcher at the Centre of Communication Research at Universidad Católica Andrés Bello.*

### LOUISE SHELLEY ON ROTTING FISH

While individual countries can address the cycle of crime and corruption, in a globalized world much also depends on the international community. Trade partners, multinational organizations, corporations, and transnational crime syndicates all can affect a single country's ability to combat corruption.

The expression that a "fish rots from the head" explains the difficulty of breaking the cycle of crime and corruption where leadership is rotten to the core. Conversely, countries that have leaders determined to address these problems have made progress—witness Italy in the 1990s, Georgia after the Rose Revolution, and Hong Kong today. Still, the commitment cannot be short-term, lest these scourges reassert themselves vigorously.

Unfortunately, efforts to combat crime and corruption can be undermined by external forces. Countries with rich natural resources may have difficulty controlling corruption in the face of multinational businesses that are prepared to pay large bribes for lucrative contracts. A vigorous and law-abiding civil society may be

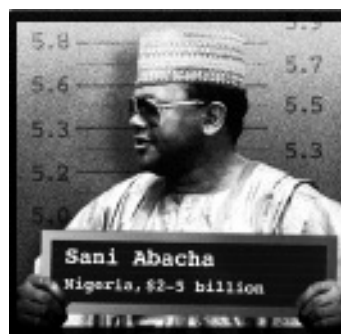
undermined by foreign powers that tolerate or even facilitate the corruption of leaders whose cooperation is needed in the name of military expediency. And countries that are strategically located along the transit routes for drugs, arms, and people may find that transnational crime groups intensify the problem of curbing crime and corruption.

*Louise Shelley is director of the Terrorism, Transnational Crime and Corruption Center at George Mason University.*

### DENISA KOSTOVICOVA & VESNA BOJICIC-DZELILOVIC ON WEAK STATES

There is a tendency to impose a uniform set of remedies for the problems of crime and corruption that plague post-conflict regions like the Balkans. It assumes that states are willing partners in ending and punishing illegitimate practices. Often, they are not. When crime and corruption pervade a society, it's not that the state is unable to check the predatory rule of its elites. On the contrary, it reflects the ability of power holders to sustain a system of arbitrary rule and institutional instability. This keeps the state weak but not failing and the government becomes involved in violating the very rules it sets and is supposed to enforce.

Breaking the self-reinforcing cycle of crime, corruption, and persistent state weakness requires dismantling structures that have little interest in building a new system. Locally-defined legitimate rule must be based on the commitment and capacity to mobilize resources for the benefit of the general public. In today's interconnected world, this is the task that no state, least of all a post-conflict one, can do on its own or by following universally prescribed rules.



*Denisa Kostovicova is a lecturer in global politics and Vesna Bojicic-Dzelilovic is a senior research fellow at the London School of Economics and Political Science.*

## ALEXIS SINDUHIJE ON HUMAN RIGHTS

Crime and corruption are deeply rooted in many countries, including Burundi, my small homeland in central Africa. In such countries, corruption sustains crime, while criminal acts protect the corrupt. In Burundi, the state commits crimes against humanity, despite the fact that we are now supposedly a democracy at peace. Each day, at least 20 people are assassinated for political reasons—more deaths than during our 12 years of civil war. And most such deaths today are fueled by corruption.

Crime and corruption reign in poor countries, where there is little international interest in eradicating it. In my country, the global community prefers to maintain the semblance of peace rather than address the violent abuse of basic human rights. In other corrupt, crime-ridden states, rich natural resources and strategic locations serve as a protection from scrutiny or action. Global cartels also support crime and corruption—working to protect their own kind even when it is not in the best interests of the broad population. One of the most striking examples of this is how the leaders of countries bordering Zimbabwe protect President Robert Mugabe from the accusations of “colonial powers”—feeding the cycle of crime and corruption.

We recognize that the solution to this vicious circle must be local and that it depends on a social movement by individuals dedicated to change, many of whom may be risking their lives. Each country has such courageous

people—writers, poets, lawyers, activists. We need to take responsibility for our own nations and people, and make sacrifices to fulfill the obligations we hold to humankind.

*Alexis Sindubije is a candidate for president in Burundi's 2010 elections. In 2008, he was named one of the 100 most influential people in the world by Time Magazine.*

## ZHU LIJIA ON NAMING AND SHAMING

Institutional anti-corruption reform is critical to any country that wants to extricate itself from the scourge of corruption. In 2009, the Chinese leadership instituted some important policies to punish and prevent corruption. The goal of these reforms was to make administrative operations more transparent, and guarantee citizen participation in government management and supervision.

So far, the results have been notable, from an increase in democratic participation in the selection of local leaders, to more disclosures from our national officials about their property holdings, to stronger performance evaluation systems. Simultaneously, more and more Chinese are accepting as a core public value the idea that corruption is shameful—something that has been extremely important in restraining corrupt practices.

*Zhu Lijia is professor of public policy at the Chinese Academy of Governance.*

The Big Question is also a multimedia project on the *World Policy Journal* website. Discussions of pressing global issues can be found online at [www.worldpolicy.org](http://www.worldpolicy.org).





# MAP ROOM

## GLOBAL GRAFT

Last November, Transparency International released its fifteenth annual Corruption Perceptions Index (CPI), ranking 180 countries and territories on a scale of zero to ten—with zero the most corrupt, ten the purest. Only 49 nations scored five or above. New Zealand ranked highest with a grade of 9.4; Somalia, not surprisingly, ranked lowest with 1.1—both filling the same slots they had a year earlier. But other nations bounced up and down the scale from 2008 to 2009, earning points for reforms, crackdowns, and rhetoric, or losing points amid new scandals. Here are nine of the biggest movers and shakers of the past year.

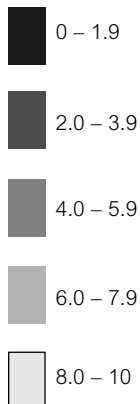
**MEXICO, 72 to 89 (-17):** When Felipe Calderon became president in December 2006, he made it a priority to crack down on the explosion of drug violence in Mexico—rooting out politicians and local law enforcement officers believed to be on the payrolls of the nation's drug cartels. In 2009, Mexicans witnessed standoffs between local and federal officers, and the arrest of 10 of the country's mayors charged with links to local crime syndicates. The result was a heightened awareness by Mexicans of the shocking extent to which corruption has pervaded their government.

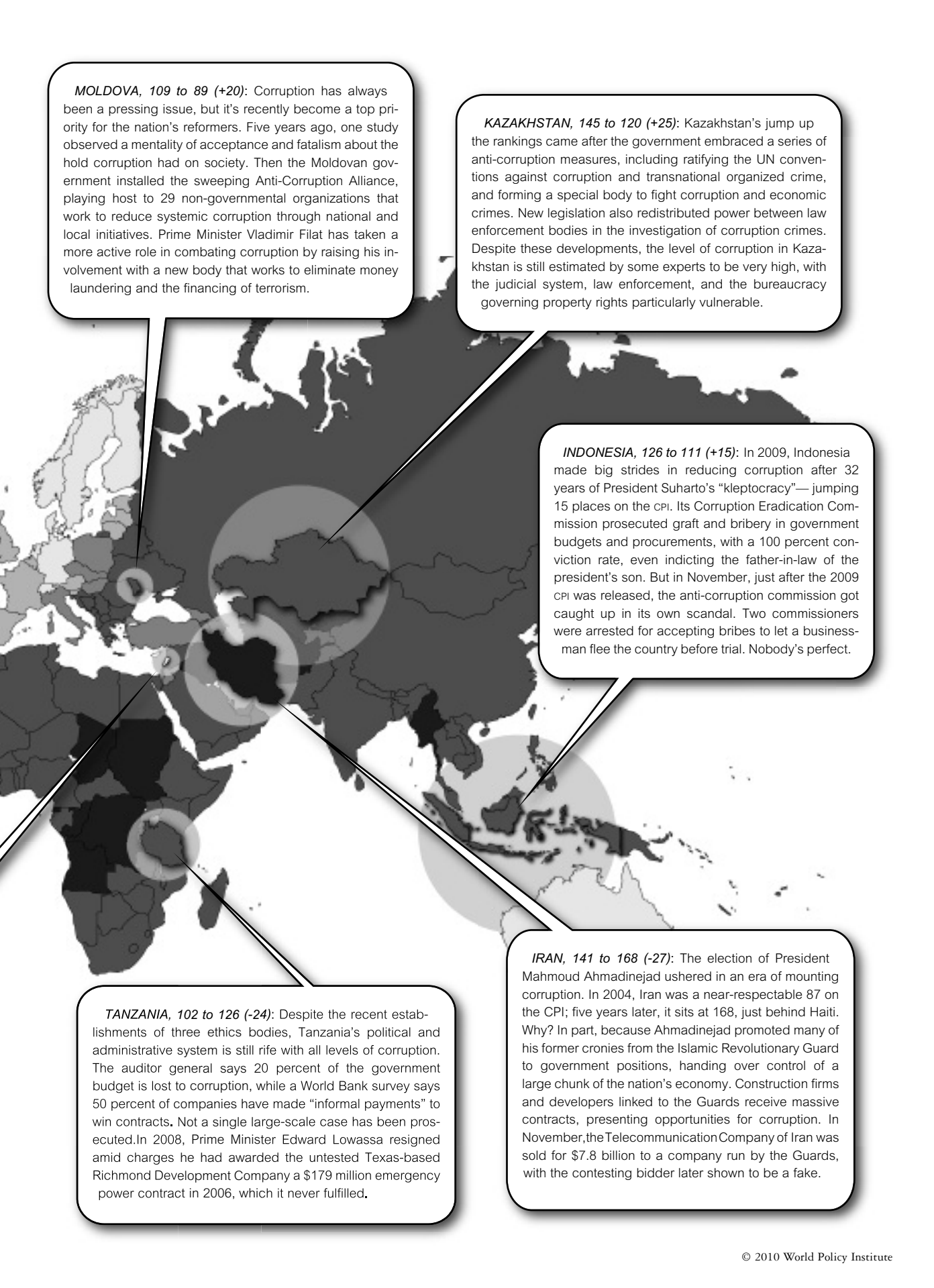
**BOLIVIA, 102 to 120 (-18):** President Evo Morales lost credibility last year in a bribery scandal. Santos Ramirez, president of the state oil company and a close Morales aide, was caught taking bribes worth more than \$1 million in exchange for oil contracts. The deals became public after bandits killed a Bolivian oil executive carrying a \$450,000 bribe for Ramirez's brother-in-law. As the scam unraveled publicly, Morales fired Ramirez—after initially defending him—placing the company under tighter scrutiny. Eventually, Hugo Morales, Evo's brother, was linked to the thieves who killed the executive. The widely publicized scandal saw Bolivians lose faith in key institutions of the state.

**THE GAMBIA, 158 to 106 (+52):** The Gambia's president, Yahya Jammeh, seized power in a military coup in 1994. His slogan: "transparency, accountability, and probity." Since then, Gambia has been on a rollercoaster ride up and down the CPI ranks: 90th in 2004, 158th in 2008, back up to 106th in 2009. Jammeh has been involved in a host of scandals, including using millions of dollars of Gambian tax receipts as "gifts" at the naming ceremony of his son. By the end of 2008, Jammeh returned to his sermon of transparency, lining up cabinet ministers for scrutiny by an anti-corruption commission, though it is understood that the president's personal wealth is still growing.

**LEBANON, 102 to 130 (-28):** In last year's parliamentary elections, candidates railed against bribe-taking by incumbents and praised new electoral laws, including a ceiling on campaign spending. But candidates themselves hid funds in multiple accounts and tapped streams of cash from throughout the region to pay rivals to withdraw, buy positive TV coverage, and offer free plane tickets for expatriates to come home and vote.

### CORRUPTION INDEX





**MOLDOVA, 109 to 89 (+20):** Corruption has always been a pressing issue, but it's recently become a top priority for the nation's reformers. Five years ago, one study observed a mentality of acceptance and fatalism about the hold corruption had on society. Then the Moldovan government installed the sweeping Anti-Corruption Alliance, playing host to 29 non-governmental organizations that work to reduce systemic corruption through national and local initiatives. Prime Minister Vladimir Filat has taken a more active role in combating corruption by raising his involvement with a new body that works to eliminate money laundering and the financing of terrorism.

**KAZAKHSTAN, 145 to 120 (+25):** Kazakhstan's jump up the rankings came after the government embraced a series of anti-corruption measures, including ratifying the UN conventions against corruption and transnational organized crime, and forming a special body to fight corruption and economic crimes. New legislation also redistributed power between law enforcement bodies in the investigation of corruption crimes. Despite these developments, the level of corruption in Kazakhstan is still estimated by some experts to be very high, with the judicial system, law enforcement, and the bureaucracy governing property rights particularly vulnerable.

**INDONESIA, 126 to 111 (+15):** In 2009, Indonesia made big strides in reducing corruption after 32 years of President Suharto's "kleptocracy"—jumping 15 places on the CPI. Its Corruption Eradication Commission prosecuted graft and bribery in government budgets and procurements, with a 100 percent conviction rate, even indicting the father-in-law of the president's son. But in November, just after the 2009 CPI was released, the anti-corruption commission got caught up in its own scandal. Two commissioners were arrested for accepting bribes to let a businessman flee the country before trial. Nobody's perfect.

**TANZANIA, 102 to 126 (-24):** Despite the recent establishments of three ethics bodies, Tanzania's political and administrative system is still rife with all levels of corruption. The auditor general says 20 percent of the government budget is lost to corruption, while a World Bank survey says 50 percent of companies have made "informal payments" to win contracts. Not a single large-scale case has been prosecuted. In 2008, Prime Minister Edward Lowassa resigned amid charges he had awarded the untested Texas-based Richmond Development Company a \$179 million emergency power contract in 2006, which it never fulfilled.

**IRAN, 141 to 168 (-27):** The election of President Mahmoud Ahmadinejad ushered in an era of mounting corruption. In 2004, Iran was a near-respectable 87 on the CPI; five years later, it sits at 168, just behind Haiti. Why? In part, because Ahmadinejad promoted many of his former cronies from the Islamic Revolutionary Guard to government positions, handing over control of a large chunk of the nation's economy. Construction firms and developers linked to the Guards receive massive contracts, presenting opportunities for corruption. In November, the Telecommunication Company of Iran was sold for \$7.8 billion to a company run by the Guards, with the contesting bidder later shown to be a fake.

# INSIDE THE CARTEL

## BRADLEY BIRKENFELD

*In October 2001, Bradley Birkenfeld began working at UBS, in Geneva, as a private banker for high-net-worth clients primarily in the United States. After learning that UBS's secret dealings with American customers violated an agreement the bank had reached with the Internal Revenue Service (IRS), he attempted to solve matters with UBS internally for approximately a year and a half. After these efforts failed, he resigned and provided the IRS with information about 19,000 alleged tax cheats with accounts worth more than \$19 billion—the largest whistleblower case of its type ever exposed.*

*However, the Justice Department did not view Birkenfeld as being forthcoming about his largest client, a Russian émigré and California real-estate developer, who was convicted of having hidden some \$200 million. Though Birkenfeld voluntarily disclosed information about this client to other government agencies (which issued him a subpoena that protected him from prosecution for violating Swiss bank secrecy laws), the Department of Justice refused to issue Birkenfeld such a protective subpoena, even after repeated requests. Arrested on a single charge, he pleaded guilty and was sentenced to 40 months in a federal penitentiary, a stiffer sentence than the 30 months demanded by prosecutors. On January 8, he entered a federal penitentiary, where he wrote this note for World Policy Journal.*

MINERSVILLE, PA—Switzerland has been revered as the epitome of safety, luxury, and privacy for centuries. This is a small mountainous country, nestled in the center of Europe, composed of 7.6 million inhabitants with four official languages. Switzerland has vigorously defended its independence from its inception in 1291 and has never been successfully invaded. More recently, Switzerland has refused admission into the European Union as well as the

European currency as unnecessary. It is world renowned for gourmet cuisine, luxury watches, pristine ski resorts, and, most notably, bank secrecy.

Swiss bank secrecy was implemented into law under Article 47 of the Swiss Banking Act of 1934. This was done in direct response to thwart the dubious measures taken by the German Third Reich to execute any German who transferred any monies outside the country. In the years immediately following World War II, international business expanded rapidly, foreign governments imposed taxes, illegal enterprises evolved globally, and the attraction of Swiss bank secrecy began to quietly thrive worldwide.

With the expansion of criminal conduct in the world (including, but not limited to: intelligence agencies, corrupt dictators, drug cartels, arms dealers, corporate malfeasance, individual tax dodgers, etc.) Switzerland was the ideal offshore jurisdiction to deposit, shield, and invest illegal assets, due primarily to strict bank secrecy laws, an ingrained culture of deniability, and the lack of any accountability or transparency. Today, in Geneva, there are over 120 licensed Swiss private banks for a population of approximately 200,000 residents, which equates to one bank per 1,666 residents.

The Swiss government, private banks, and businesses have all benefited directly from this massive illegal enterprise. If the Swiss government was truly serious about prosecuting senior executives at UBS for their extensive illegal conduct, that would mean investigating itself, an inherent conflict of interest and something that has proven to be a total farce. In essence, bank secrecy is analogous to criminal racketeering—and the Swiss government, along with every Swiss private banker, is a co-conspirator.





In 2007, I voluntarily approached the U.S. Department of Justice (DOJ), the Securities and Exchange Commission (SEC), the IRS, and the Senate Permanent Subcommittee on Investigations with everything I knew about the Swiss banking industry. I became the very first Swiss private banker in history to reveal to the outside world the inside secrets behind these illegal practices. I outlined in great detail how the illegal UBS enterprise was operated, who was directing the enterprise, and how they tried to conceal what they were doing for so long from U.S. law enforcement authorities. In the summer of 2007, I voluntarily provided virtually every essential and material fact contained within the now-famous “John Doe” summons to UBS. I revealed tax evasion on a massive and unprecedented scale. For readers who may wonder if there might be some puffery in the importance of my role, look no further than the Department of Justice’s own statements to the federal judge in Florida stating plain and clear that “but for” my actions of blowing the whistle there would not have been a case against UBS.

The early stages of the investigation have, so far, yielded over \$1 billion in fines and penalties paid to the U.S. government, to the benefit of the American people. I knew that blowing the whistle would risk my career in Switzerland, but I did not expect that I would be risking my very freedom in my home country.

Blowing the whistle on the firm’s offshore tax evasion business has been credited with shattering centuries of Swiss bank secrecy and crippling UBS (the largest bank in the world prior to my whistleblowing). The bank underwent damaging U.S. Senate hearings, terminated their entire executive management, and had over \$200 billion in client assets depart. UBS’s stock price

has plunged over 75 percent, the bank is under investigation by foreign governments, and it faces countless and costly class-action lawsuits. I helped transform the way in which centuries of Swiss private banking will be conducted in the future, but I’m paying a huge price for being the only person to have the courage to come forward.

Though the Swiss government struck a deal with the United States to turn over approximately 4,500 names of these tax dodgers, the Swiss are now effectively backing out under the guise of a domestic court ruling, which branded this deal illegal. The U.S. government can still try to salvage this deal, however, and can also utilize the extensive and unprecedented information I provided them—without help from the Swiss government. Germany, on the other hand, is doing whatever it can to get the names of its tax cheats and is even paying substantial amounts of money for these names. For the United States, it has been a huge step backward—by taking legal action against me, the whistleblower, Washington has discouraged other whistleblowers from ever coming forward.

The American taxpayers are not the only ones disadvantaged as a result of this illegal scheme. This corruption and secrecy takes money from many government endeavors that are used to fund humanitarian projects and aid developing countries. Without tax monies from these accounts going to governments, such well-intended projects will fail and, ultimately, the poor and helpless suffer.

However difficult my personal situation has become, it is small compared to the cost incurred by the law-abiding American taxpayer—and the cost goes far beyond the billions of dollars lost in the mishandling of the UBS case by

the DOJ. The fact that I am the only person behind bars as a result of the international banking scandal sends a chilling message to future financial whistleblowers: if you come forward to expose illegal banking practices, you could go to jail. The previous administration did not take full advantage of the information I gave them, but this information does not have to go to waste. The Obama administration has the opportunity to use the information I gave to the DOJ, the SEC, the IRS, and the Senate to make meaningful policy change and as a result, put money back in taxpayers' pockets. Equally as important, the new administration has the opportunity to send a clear message of encouraging and rewarding whistleblowers. It is important for readers to remember that secret banking has been going on for decades and the only way the U.S. government has managed to put a real dent in it is because of my individual efforts as a

whistleblower. We need to encourage more whistleblowers if we are going to be serious about going after offshore accounts and bank secrecy.

Whistleblowers already too often suffer retaliation from their employers that leaves them blacklisted and in bankruptcy. If whistleblowers are afraid to bring information to the authorities for fear of prosecution, they will stay silent, bank secrecy will continue, and illegal offshore tax havens will operate free of scrutiny, taking money out of taxpayers' pockets, and making the super-rich even wealthier. Future financial whistleblowers deserve infinitely better treatment than I received. They deserve to be praised and protected, not prosecuted. And truth-tellers should not have to choose their conscience over their career and especially over their very freedom. ●



# ANATOMY OF A SCANDAL

## ANGOLAGATE

Written by Elizabeth P. Allen, designed by Nicole Intalan

The 36 convictions handed down by a criminal court in Paris on October 27, 2009, marked the dramatic conclusion of the Angolagate affair, one of the biggest scandals ever to rock the French political elite. Shadowy arms deals, influence peddling, bribery, tax evasion, political corruption—it all began in 1992, as the Angolan civil war was re-igniting in the wake of a failed peace attempt. The armed forces supporting the country's newly elected president, José Eduardo dos Santos, were on the ropes and desperately in need of munitions. But a newly minted UN arms embargo prevented supplies from getting through. Into the vacuum stepped a cohort of sympathetic French politicians—including the son of former President François Mitterrand—who (in exchange for cash and oil) covertly facilitated the transfer of munitions to dos Santos through a network of French businessmen and Eastern European weapons merchants. The result? A full-scale civil war in Angola—a conflict that killed upwards of 500,000 people before its flames sputtered out in 2002.

## PARIS, FRANCE



By the early 1990s, France found itself in a period of "cohabitation" with a divided government balanced between socialists and conservatives. And as the saying goes, politics makes strange bedfellows. While Socialist Party heavyweights like Mitterrand and Curial were ideologically sympathetic to dos Santos, right-leaning politicians like Pasqua and Marchiani were drawn to him for other reasons—France was desperate to strengthen its economic ties with the former Portuguese colony. Personal gain was a factor, as well. While the French-owned oil giant Total has been in Angola since the 1950s, the company is now the nation's second-largest petroleum extractor, having benefited from several lucrative contracts in recent years. Though the weapons transfers at the heart of Angolagate did not occur on French soil, all the deals were negotiated and signed in Paris, giving French courts jurisdiction.

### THE MAIN PLAYERS



JOSE  
EDUARDO  
DOS SANTOS

President of Angola and leader of the country's socialist faction, the MPLA. After the 1991 peace accords between MPLA and the opposition group, UNITA, break down, dos Santos contacts high-ranking friends in Paris to procure weapons and munitions, in exchange for cash and oil.

**Not indicted in French courts.**



JEAN-  
BERNARD  
CURIAL

Member of France's Socialist Party. In 1993, Curial receives an urgent request from dos Santos: "France must help us; Mitterrand must send us weapons." Curial turns to fellow Socialist Party member Jean-Christophe Mitterrand, who has close friends capable of procuring weapons.

**Sentenced to two years probation, €100,000 fine, for complicity in arms trafficking, misuse of corporate assets.**



JEAN-  
CHRISTOPHE  
MITTERRAND

Son of former French president François Mitterrand, and his father's advisor on African affairs, 1986–92. Jean-Christophe receives dos Santos's weapons request via Curial in mid-1993, and contacts close friend Pierre Falcone, who has connections to Eastern European arms dealers. Jean-Christophe receives payments from Falcone for facilitating the contacts.

**Cleared of arms trafficking charges; two-year suspended sentence, €375,000 fine, for misuse of corporate assets.**

### THE NUMBERS



6 WARSHIPS



12 HELICOPTERS



36 PEOPLE CONVICTED (OCTOBER 2009)



420 TANKS



468 PAGES IN THE INDICTMENT (AUGUST 2009)



790 MILLION DOLLARS WORTH OF MUNITIONS TRAFFICKED



20,000 BARRELS OF OIL PER DAY FOR FOUR YEARS AS PAYMENT FOR ARMS



150,000 SHELLS



170,000 ANTI-PERSONNEL MINES

## EASTERN EUROPE

In the years following the collapse of the USSR, several Eastern bloc states were left with stockpiles of Soviet munitions. With little oversight, these countries became a virtual bazaar for arms dealers to buy everything from land mines and missile launchers to tanks and warships—munitions that eventually made their way to rebel groups and governments fighting wars and insurgencies throughout the world. According to Angolagate arms dealer Arkady Gaydamak, "I knew that Russia had an interest in ridding itself of extra weapons and was greatly in need of cash." The Angolagate scandal involved arms suppliers and manufacturers from Russia, Slovakia, and Bulgaria.

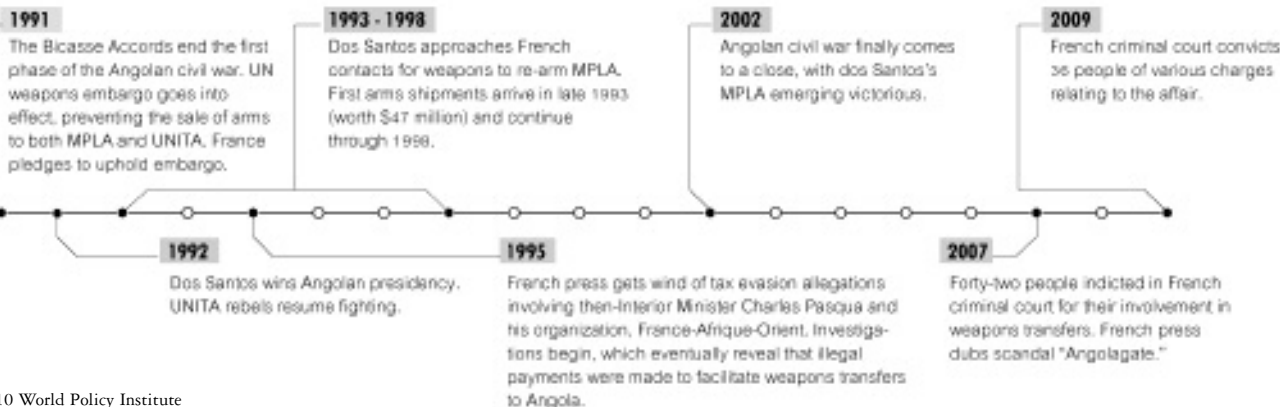


## ANGOLA



The first phase of the Angolan civil war (1975-91) was a flashpoint for Cold War superpowers, in which proxy armies with ambiguous ideological bents vied for control of the oil-rich state. At its height, the war attracted support from all corners of the globe: the United States, the Soviet Union, Cuba, China, Zaire, and apartheid-era South Africa. The Angolagate scandal in France began during the war's second phase (1992-2002), after the collapse of the Soviet Union. Throughout both phases of the civil war, two main factions dominated: the dos Santos-led, socialist-leaning Popular Movement for the Liberation of Angola (MPLA) versus the anti-communist National Union for the Total Independence of Angola (UNITA), led by Jonas Savimbi. In 2002, Savimbi was assassinated by MPLA forces, an act that effectively ended the fighting.

## THE TIMELINE



Algerian-born French billionaire and head of Breco International. Falcone is introduced to dos Santos through Mitterrand, and facilitates arms transfers to MPLA forces, with Breco's Paris office becoming the corporate nexus of all business and financial transactions.

**Sentenced to six years in prison for arms trafficking, breach of trust, influence peddling, misuse of corporate assets.**



Russian-Israeli arms dealer, former chairman of Russian Credit Bank, recipient of the 1995 French Legion of Honor. Gaydamak, who has substantial contacts with former Soviet weapons sellers, is solicited by Falcone to procure arms. According to Gaydamak, "I initiated a deal in which Angola would sell oil franchises and, with the money earned, buy weapons from the Russian Defense Ministry. It seemed to me a legitimate move that many business bodies take routinely."

**Sentenced to six years in prison for arms trafficking, tax fraud, influence peddling, money laundering. So far, Gaydamak has evaded capture.**



Former French interior minister, former member of European Parliament, current senator in French parliament. Pasqua, while serving as interior minister from 1993 to 1995, uses his influence to shield Breco's weapons transfers and business transactions from French authorities. In return, Pasqua receives \$291,000 from Falcone, which is funneled into France-Afrique-Orient (an organization Pasqua controls) to fund his 1999 European Parliament election campaign.

**Sentenced to three years in prison (two suspended), €100,000 fine, for influence peddling, misuse of public assets. Currently under appeal.**



Former member of French secret service, former aide to Charles Pasqua, longtime associate of Arkady Gaydamak, former member of European Parliament. Marchiani travels to Angola in 1994 on an official diplomatic visit, but also serves as an unofficial liaison between dos Santos and Pasqua. In 1999, Marchiani is elected to the European Parliament with the help of donations from Falcone to fund his campaign.

**Sentenced to three years in prison (21 months suspended) for complicity in influence peddling, misuse of corporate assets.**



# EYEWITNESS

LUDMILLA PETRUSHEVSKAYA

*I wrote the text that follows ten years ago. It was published at the time in Moscow's progressive New Gazette. I had hoped that the leadership of the Moscow police would have in some way reacted to the article. A copy of the newspaper was delivered to them. But I received no reply. I did not protest further: after all, the more one makes noise, the more actively the police force defends itself by hanging entirely new crimes on the victim. I feared for the life of the unfortunate young man.*

*Today, nothing has changed in the conduct of the police force. Take the case of Maj. Denis Yevsyukov, who in April 2009 went on a shooting rampage in a supermarket, killing three people and wounding seven. Though he was recently sentenced to life in prison, the crime enraged citizens, who often see violent offenders in those who would be their protectors.*

*Recently, I was told about an unemployed person who responded to a notice for a job. He was hired as a courier and given a packet for delivery. Almost immediately, he was arrested. In the packet were small, uncut, emeralds. The police told him, "Pay \$10,000 and we'll let you go." But the courier answered, "Let them try me, I am not guilty. I have no money." The police were distraught, giving rise to the suspicion that they had organized the ruse, including the notice in the employment office. At the trial, the lawyer informed relatives of the defendant that one of his colleagues was party to an absolutely identical scam, but the value of the emeralds in this case made it even more absurd—they were \$15 each.*

*Within the police force itself, officers have begun to complain that the system pressures and forces them to fabricate crimes for the sake of statistics. Maj. Alexei Dymovskiy's wrenching appeal to the president over such practices became an Internet sensation, winning the support of many of his colleagues and ordinary people. He was later arrested on fraud charges, and is now in prison.*

*Much has changed since I first wrote this article: the mass media is far freer. Here, one might say that true glasnost has arrived. In the press, one article after the other flashes past about police-murderers, the insane, or about the arrests of completely innocent people who merely protested the limiting of their rights. One such instance concerns the octogenarian human rights advocate, Lyudmila Alekseyeva, who was arrested on New Year's Eve near the Kremlin on baseless grounds. She had arrived there with friends to celebrate; all were simply standing there.*

*Recently, I spent three hours at a police station with friends and others who were sympathetic to the plight of a young boy, detained simply because he was standing on Red Square among a crowd of picketers.*

*Something must change. Here is my chronicle of an incident that took place ten years ago, but might as well have taken place yesterday.*

\* \* \*

*—Dedicated to the cadets of the police academy, who were beating a man to death before my eyes.*

On Friday, between seven and eight in the evening, people were pouring out of the "1905 Street" metro station. At the exit leading toward Presnenskiy Val, the crowd, for some reason, had jammed up. It wasn't dispersing; it just stood there. From a distance came the sound of women wailing in despair, gasping: "O-oo, what are you doing? Oy, Oy. Let go, let go!"

Young policemen scuffled with the women, pulling at them, dragging them from side to side.

One could have assumed that some elderly women pensioners, or *starushki*, had again been caught peddling baskets and sacks of onions and sauerkraut, and that the police were confiscating



them. I happened upon such a scene here once before.

The women, at that time, were shrieking terribly, and these women now were doing the same, but in such a painfully heart-rending fashion, with their last ounce of strength. They had already been dragged out into the open, as if onto a stage.

Now it was clear what was being confiscated from these old women. It was a young man.

The policemen—young, well-built guys wearing heavy jackets—were waging war on the *starushki*, who were hanging onto the fellow from both sides, not allowing him to move his arms. Feverishly, the women were trying to drag their young man away. The policemen were tormenting this tightly knit family, trying to tear it apart. All of this was happening in full view of the crowd. The fellow had been beaten. His nose was already swollen. On the bridge of his nose, a wound was visible, and a white spot had formed around it. Blood flooded his mouth. Where was he being dragged off? And what on earth had happened?

There were a lot of policemen. I began asking what was going on. Three of them quickly surrounded me. One of them—a plain-clothesman, tall with kind of a crooked nose and a long face—immediately began using vulgar language with me: “What are you on about? What the fuck do you want?”

He rudely began pushing me in the direction of the metro. The police seemed to have developed some sort of tactic—to drive you back, remove you to some other location.

My question and my demand—“Who are you?” and “Show me your documents!”—were met with the sort of reaction one would expect.

But I wasn’t alone. There was shouting from

the crowd. People were showing their concern. Complete strangers had surrounded us and wanted to know who else had been taken away and for what reason. Then, a man—evidently the senior officer—approached and addressed our question by asking: “And what did you expect? He struck a policeman!”

He delivered this with a particular enthusiasm and then very quickly disappeared. Someone in the crowd yelled after him:

“You need to go to Chechnya.”

He shot back: “I’ve been there.”

While the cops were dealing with us—in the process, intentionally obstructing our view of what was happening—the old women had been neutralized and were being held off to the side. The man, his arms now broken, was smashed face-first against the asphalt. The crowd groaned. Two men sat on top of him, pinning his elbows rather high behind his back. The others stood guard.

A cultured and educated-looking lady next to me was mumbling: “His arms, they broke his arms.”

The young man did not stir. It ought to be noted that, at the moment he and the *starushki* were being taken down, his coat was ripped from his body leaving only his half-buttoned shirt covering a huge, powerful chest. His was the image of an ancient Russian warrior—one straight from a Vasnetsov painting—with a crazed, bloodied face.

Now, he lay on his back, motionless on the ground. Everyone stood as if at a funeral or as they would after witnessing an execution. The police cadets looked as though they felt they deserved a pat on the back for a job well done. Up drove their dilapidated, official vehicle.

Policemen swung the fellow’s limp body

back and forth like a battering ram and flung him facedown through the open doors of the van. The sound of his head smashing against its metal interior is impossible to convey—*vskrip*. Perhaps a beheading produces such a sound.

Freed at last, the *starushki*, like heaps of rags, mindlessly rushed toward the van, confusing it with an ambulance. They were brushed back. “Where are you taking him, where are you taking him?” they pleaded.

Some kind of purely Chechen circumstances have come to peaceful Moscow life.

One of the cops, half turning, said,

“We’re going to Pure Ponds, to the police station.” (He lied.)

\* \* \*

There was a moment when I thought that this entire wound-up crowd was about to rally to the aid of the old women. Just consider these names—Uprising Square, 1905 Street, The Barricade—they’re all right here! These are those same historical locations. And no one knows what meaningless ruckus will spark the next universal hysteria. It’s so simple now to inspire hatred in a crowd!

The question is—what for?

What happened in 1905? The clergyman Father Gapon led a column of disgruntled workers to seek protection from the Czar. The militia of that time (the police) shot them. The aim was to display their strength to the ruling authority. And thus rebellion had begun—the revolution of 1905–07. For two years, deaths, robberies, rapes, and pogroms engulfed the country. Lenin wrote completely insane, incendiary letters to Russia:

“Dear Comrades! It is with horror, by god, sheer horror that I note the talk of bombs has been going on for more than one-half year, yet not one has been produced! The murder of policemen, bombings of police headquarters...are taking place everywhere.”

How this entire affair ended, we see all too well. The population is shrinking. We are beating each other—on the streets, in the police force, in the army.

\* \* \*

People began writing down the license number of the vehicle, but my pen had gone missing somewhere. The only man who wore any type of badge on his chest was sitting in the cabin. I looked at the number, but he growled: “What have I got to do with this?” and closed his door.

The van was taken away. People dispersed. One worldly looking person with an impoverished appearance—clearly a man of science—said: “Now they’ll find a knife or drugs on him.”

Only a few people remained on the battlefield—the two, tormented *starushki*, relatives of the young man; the cultured and educated-looking lady; and a middle-aged man, also cultured and educated-looking. He was mumbling that he would write down the telephone number, that he would be a witness, that this matter must not be dropped. He put his small briefcase on the ground, rooted around in it, and took out an address book of some sort.

I, honestly, was so affected by this public lynching that I didn’t think to take down the telephone numbers of these people. I took from the old women only the fellow’s name: “Alexei Ilyichev.” And in two places—on a scrap of paper and in my diary—I scribbled the license number of the vehicle. It was the only opportunity to find out where these people were from.

In response to the question of what happened at the beginning, the old women explained that they had come with “Lesha” (the young fellow) to the metro to meet their sister... and didn’t understand what had happened. They didn’t understand anything at all!

It seems that I got out of the metro at the very beginning of the incident, when the young man was punched in the nose and dragged off.

\* \* \*

Arriving home, I began calling various acquaintances from the newspapers and television.

After a while, a television crew went to the police station on Litvin-Sedoy Street. They later telephoned me back and said: “We called it off. They told us who this person is—a dangerous criminal. He’s on the wanted list. He had five knives. He wounded two policemen. They’re now in hospital undergoing operations.”



“Did you check where?”

“Yes,” they hurriedly answered me.

“Excuse us, we have a program that’s about to begin.”

For them, this had caused a significant delay. (Maybe they hadn’t checked at all).

My relative, who is close to informed circles, said: “Recently, we received a message from Petersburg. Some maniac in the metro there wounded two police officers. One of them died. He had many knives.”

“Do you think this was their response—a harsh detention?”

“Maybe.”

“He had no knives at all.”

\* \* \*

After that, I was given some phone numbers. I spoke with many people from certain government departments. Accounts of the circumstances varied greatly: that Ilyichev, at the very beginning, had struck a police officer, “grazing him,” which is to say hit him, but not too hard; that there were two knives, no, three more materialized, as well as an opened straight-razor; then some large extended family appeared on God’s earth by a metro station that doesn’t exist in nature (evidently, this extended family was us. And just where was he supposed to be carrying these five knives—when the fellow was dragged and tossed about like a sack?); and it’s lucky for the cadets that they were wearing heavy jackets and were not wounded too badly.

A phrase: “No one expected that he would regain consciousness in the vehicle.”

Which is to say, they were certain that he wouldn’t regain consciousness. We now are no longer able to understand anything.

I saw someone who was puffed-up like a Cosmonaut, no longer in the prime of youth, aged about 33—it turns out that he is only 20.

I saw two pitiful old women who were clinging to him. But, according to police accounts, it turned out there were roughly seven relatives, all of them male, who were ready for a battle!

A person from the crowd—the scientist—it’s as if he gazed into a crystal ball about to

foretell of the knives that would be discovered. But for the circumstances to have been so in sync with the incident in Petersburg, with the local maniac there! Two cops were wounded there and two here. There, they were taken to hospital; and, by this token, too, we were identical. There, a bunch of knives was found. Here, too (But five knives or two? Or was it none?)

\* \* \*

My eldest son, sometime long ago, had two hippie friends who were hanging out on Kropotkinskaya Street, begging for money to buy food. A penknife was found on one of them, and he was put in prison. The one who had no knife got six years, the other seven. The second one returned from prison to a life that was nowhere to be found—his mother had died during those years, although she was a young woman; his apartment was gone, too. As for him personally, he returned ill with an advanced case of tuberculosis. He did his time in the infamous Uglicheskaya Tuberculosis zone. And so, he wasted away: a poor hippie, with a beard and long hair and a penknife in his pocket. Lately, he had been hoping to land a job as a boiler-room operator at a tuberculosis hospital somewhere outside of Tula.

Well, yes, we easily turn our male population into criminals. There is a term—“crime-generating situation”—i.e., one that breeds crime.

Just who breeds it?

In view of this, the government is planning to take measures to increase the population, which is declining catastrophically.

But policemen are the same as the rest of us. To them something that is not human is alien.

Someone, possibly, told them that there are words such as “provocation,” “incitement”; but this translated into Russia-speak becomes “deliberate aggravation,” meaning that any person can be driven into a state, whereby he becomes enraged and responds...all the more so if he’s been drinking. (And who hasn’t been drinking on a Friday night?)

\* \* \*

There's a television series: "Cops." Kind policemen, smart, loyal, hard-working people. They don't rob people of their money.

On the street, cops are stupid, large, and you know the rest. They extort money from migrants, especially if the migrant doesn't have a so-called "registration"—a residence permit. With a trained eye, they identify foreigners in the metro; they detain them. They stop vehicles and openly take money from the drivers, if they've committed a violation.

How many times have I witnessed this from the passenger seat of a car!

\* \* \*

A few days later, also in the evening, I dropped into a bookshop. It's an excellent shop with my favorite items (notebooks, pens, photo albums—my childhood heaven).

And there—in step with what's described above—a scene. A boy, aged about sixteen, disheveled, with a backpack, a snowball in his left hand, walks into the shop. Just a little piece of snow.

The guard, quite understandably, didn't allow the boy to enter but does so in a rather crude manner. He then laid hands on the boy and began to show him the door. Already a scandal was brewing. The boy, pale, is boiling like a teakettle: "You pushed me! You'll pay for this! You won't be here for long!"

Further—escalation. The elderly guard, insulted: "You don't know the kind of people who have my back. You, you don't have the guts."

In other words, a serious clarification of their relationship—all because of a snowball.

Listening attentively, a pair of policemen was already arriving from the rear. They warm up in the shop, evidently. Dropping in to browse the books. After all, it's cold outside. Both are stout, tall.

Developments lead to words, attention: "Why are you punching me?" says the boy. "I'll punch you..."

The cops become animated.

"You're about to find out." (The huge body of the policeman, tightly packed into a heavy jacket, slowly turns around): "Now, you'll see. Do you know what 'harsh detention' means?"

Three against a disheveled, skinny, little fool. The snow in his hand still hadn't melted. Half a minute had gone by.

But nothing happened. I loudly and politely said: "Excuse me!"

Immediately, I wedged myself into their already-deployed, semi-circular attack line, shielding the boy from them; before they could move me aside, I quickly told the lad what awaits him.

What awaits Alexei Ilyichev? Anywhere from 12 years in a maximum-security penitentiary to execution. If he's still alive.

The two *starushki* will not see him again—two unraveled, tormented beings, small, with their mouths open wide, like on that placard: "The Motherland is Calling!"

I succeeded in saving the boy with the snowball. He left—pale and humiliated.

Russia hates cops. ●

—*Translated from the Russian by Joseph Ritchev*