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*Transnational  
Organized Crime:  
The Caribbean Context*

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# **TRANSNATIONAL ORGANIZED CRIME: THE CARIBBEAN CONTEXT**

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*Anthony T. Bryan*

## **INTRODUCTION**

Were it not for the illegitimate character of their actions, transnational criminals could be lauded as pioneers and visionaries in the age of globalization. They have adopted facilitative and exacting measures to remain competitive, fashioned an enviable organizational culture of efficiency and accountability, and maximized the opportunities provided by globalization. They have been able to innovate, expand, and flourish in a furiously changing international scenario and have done so while being relatively cloaked, so that there is an aura of mystery and ambiguity about their operations.

The globalization process, coupled with the communications/technology revolution, have made the international system more interactive, integrated, interrelated, and interconnected. This dynamic has unlocked doors and opened windows of opportunity, enabling the underworld to widen and deepen its reach, become more sophisticated in its operations, and intensify its level and pace of transactions. In many instances fortified with a command of the power of technology, disregard for human life and values, and indiscreet ruthlessness, these criminals are able to corrupt societies with little regard for national boundaries, state sovereignty, or levels of political and economic development. The effects of globalization on the local and international markets increase the incentive for criminals operating in most illegal sectors to develop their activities in a more structured and stable manner. Because of the opportunities and needs created by the global dimension of business, economic crimes such as fraud, counterfeiting, corruption, and embezzlement have opportunities to shift from the individual or family ambit to more organized and competitive global structures.

Transnational criminal activity has been shaped by and is itself shaping many of the unprecedented global developments we are witnessing today. Indeed, differences in character aside, underground criminal organizations behave like multinational corporations — establishing affiliates, maintaining strategic alliances, preserving relations with foreign leaders, investing legitimately in foreign countries, and extending their capacities and range throughout regions. They exist within an explicit and (semi-) ordered power-structured hierarchy to sustain the integrity of the organization. Interactions and networking among criminal entities, however, still tend to be fluid, makeshift, and ad hoc, as different parties may embark on a joint venture together and then disperse after the enterprise is complete (Lee 1999).

Looked at in an international context, relations among states are certainly affected by the infiltration of criminal forces within nations. International criminals ignore borders, except when seeking safe haven behind them. They move enormous sums of money, larger than the combined economies of many nations, through the international financial system. They are often organized in multi-crime businesses, and they have capitalized on the growth in international communications and transport to arrange strategic alliances and expand their operations. National policies, decisionmaking, the content of diplomacy, interdependence, redistribution of power – and even the diplomatic temperament among nations — are impinged on or crafted in some instance to suit the dynamics of transnational criminal activity. As such activity continues to escalate and increasingly undermine the activity of legitimate enterprises, the conduct of global politics will necessarily change.

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During the late 1980s, the United Nations surveyed 18 categories of transnational crimes. At that time, the list demonstrated the growing diversity of criminal activity: drug trafficking, money laundering, terrorist activities, theft of art and cultural objects, theft of intellectual property, illicit traffic of arms, aircraft hijacking, sea piracy, land hijacking, insurance fraud, computer crime, environmental crime, trafficking in persons, trade in human body parts, fraudulent bankruptcy, and infiltration of legal business. (United Nations 1986-1990).

By 1997, the U.S. government warned that transnational crime posed a threat to American businesses and financial institutions, as well as to global security and stability. The U.S. government's list of direct threats to its citizens from transnational crime activities is even more extensive than the previous UN survey: international drug trafficking; international terrorism; illegal immigration and contraband smuggling; organized crime groups; financial fraud against individuals and businesses; money laundering; high-tech and computer crimes; intellectual property rights violations; industrial theft and economic espionage; foreign corrupt business practices; counterfeiting; threats to democracy and market systems; drug production, trafficking, and consumption; arms trafficking, sanctions violations, and illicit transfers; smuggling materials for nuclear, biological and chemical weapons; environmental crimes; trafficking in human beings; and crimes against children (U.S. Government 1997, International Crime Control Strategy).

Although not all of these items mentioned by the UN or the U.S. government have a discernible impact on the Caribbean, a brief look at some selected areas suggests that the multiplicity of organized crime demands wide-ranging and wise responses from the Caribbean community. Some of these items already are or will likely become in the near future regional "hot button" issues.

## **SOME ASPECTS OF TRANSNATIONAL CRIMINAL ACTIVITY IN THE CARIBBEAN**

### ***Drug Trafficking***

**I**ncreasingly, the major contributor to corruption and criminality in the region is the illegal drug trafficking trade. Some Eastern Caribbean countries have already become key transshipment routes for South American cocaine into U.S. and European markets (Griffith 1997). Most Caribbean countries cooperate with the United States in counter-narcotics efforts. But in the recent past, some U.S. anti-drug action appeared to push extraterritorial jurisdiction too far and provoked government and public hostility in some Caribbean countries where the United States is criticized for having little regard for national sovereignty. A case in point is the United States Maritime and Overflight (Ship Riders) Agreement that is intended to stem the intraregional flow of drugs. The Agreement permits land and sea patrols by U.S. Coast Guard and Navy vessels and maritime searches, seizures, and arrests by U.S. law enforcement authorities within the national boundaries of Caribbean countries. It also allows U.S. aircraft to overfly Caribbean countries and order suspect aircraft to land. By the end of 1998, most Caribbean countries had signed some version of the Agreement, but its long-term impact remains to be seen. The transnational nature of the drug trade is difficult to combat.

The *1999 International Narcotics Control Strategy Report* (INCSR) has noted that transshipment of cocaine through the Caribbean and Central America is on the increase (U.S. Department of State, March 2000). There are a number of theories to explain the resurgence of drug trafficking along Caribbean routes: Colombian cartels have diverted from an exclusive Mexican route because of increasing expenses and have found eager outlets in the Caribbean. The United States has fortified its border patrols and surveillance at Mexico. Even though the Caribbean is certainly not impregnable, traffickers have found it more amenable; Brazilian and Venezuelan cartels are exploiting their criminal associations in the Caribbean that were developed in the 1970s and 1980s. All three scenarios exist concurrently (Maingot 1999). This substantial "transit traffic," while destined for North America and Europe, has also increased the availability of cocaine within the Caribbean, and cocaine abuse is now widespread in a number of countries.

Worldwide, drug trafficking and the production of illegal narcotics is a security problem as well as a hazard to the foundations of civil society and to sovereignty. It is also a symptom of the

failure of some economic development strategies and the lack of viable economic alternatives. Consequently, the illegal narcotics business is the most profitable sector of the Caribbean's informal economy. One important goal in the international fight against drugs is to support democratic institutions by combating efforts by drug cartels or other transnational organized criminal groups to corrupt and penetrate democratic governments. Victory in the struggle against drugs is unlikely until those running the transnational criminal organizations and cartels and their local subsidiaries are put out of business. Otherwise, seized drugs and lost revenues are simply the cost of doing business (Bryan 1998).

In sum, the narcotics trafficking phenomenon generates and aggravates ordinary crime, promotes substance dependency, diverts national funds, and creates serious controversy in the relations among states. Given the region's limited resources, the drug trade will not be halted any time soon. In the meantime, corruption and violence will probably increase, and valuable national and regional resources will be diverted from infrastructure development, education, and health care to fighting the illegal drug scourge. However, drug trafficking is unlikely to stop even in the medium term, given the demand in the developed consumer countries, the ease of electronic money laundering, offshore bank secrecy, a network of official protection enjoyed by traffickers, and the "corporate" structure of the drug trade. A new policy is evolving worldwide — one that chases the money rather than the drugs.

### ***Money Laundering***

Money laundering is a prime activity of transnational and organized crime in the Caribbean. Illegal businesses are diversifying through various mechanisms in order to adapt to the globalization of markets. In the Caribbean, as elsewhere, banks, insurance companies, credit unions, real estate, and used-car import dealerships are some of the classical pathways employed. Trading on stock markets, the establishment of casinos, and offshore banking are some of the obvious ways in which profits from the drug trade are also laundered. The Caribbean Financial Action Task Force (CFATF) has estimated that the quantity of drug money laundered worldwide is in the region of US\$300 to \$500 billion per annum, with some US\$60 billion of that sum reportedly laundered in the Caribbean region (Wilson 2000).

Offshore financial centers (OFCs) in the Caribbean occupy a precarious position in the flow of laundered money throughout the region. Given the globalization of finance and investment, the importance of these centers for the economies of small island states is understandable. They are potentially rich sources of national revenue and an important component in the trade in international services sector. Consequently, Caribbean governments are accelerating their efforts to prevent the use of these institutions as safe havens for laundering the proceeds of drug trafficking and organized crime. Such use has dangerous implications for Caribbean countries.

Powerful countries with presumed extra-territorial reach in such matters have the potential to attack the financial sectors of small countries that permit such activities. By mid-1999, without any real legal authority, the Organization of Economic Cooperation and Development (OECD), a conglomeration of the world's wealthiest countries, had unilaterally devised international standards to combat "harmful tax competition." Based on these standards, the OECD's criticism was directed against 47 countries (15 of them from the Caribbean) with offshore financial services and nominal corporation taxes, claiming that these countries are causing capital flight and injury to the tax regimes in OECD countries by providing tax havens for corporations. The OECD view is that poor supervision is causing money-laundering activities to go undetected, and it is requesting that developing countries sign agreements guaranteeing to run their operations in keeping with the wishes of developed countries. On June 22, 2000, the Financial Action Task Force (FATF) issued a list of 15 countries that were said to be uncooperative in the fight against international financial crime.

These actions by the OECD and the FATF have produced outrage on the part of many Caribbean leaders and officials. Some have been very critical of the world's rich nations that accuse Caribbean and other offshore sites of poor regulation and have suggested that banks in London and New York should also be looked at more closely for irregularities (CANA Business Interactive, May 30, 2000).

Nevertheless, those governments of the Caribbean with offshore financial jurisdictions are proceeding to open a dialogue with the OECD and to formulate joint approaches to maintain acceptable international regulatory standards, strengthen due diligence, implement international best standards and practices, and eliminate opportunities for money laundering using offshore financial institutions.

As the Caribbean moves steadily toward free trade and common markets, anti-money laundering measures become more necessary. Financial crime, including money laundering, makes jurisdictions everywhere, onshore and offshore, vulnerable. There are terrible costs to society, polity, and economy associated with inaction under these circumstances. The spectacle of business monopolies controlled by criminal elements can constrain investment and competitiveness in a country; while massive infusions of illegal funds into the economy can have an adverse effect through the artificial inflation of prices. Legislation is in place in many Caribbean countries for asset confiscation and other measures — but the lack of uniformity in the adoption of anti-money laundering legislation remains a crucial obstacle to the deceleration of the activity. Loopholes continue to exist, but some noteworthy efforts have been implemented in the region.

According to the *1999 International Narcotics Control Strategy Report*, some governments have dealt forcefully with money launderers by liquidating offshore banks and arresting account holders. The Bahamas has established a financial intelligence unit and is overhauling the judicial system to speed up the investigation and prosecution of money launderers. Legislation against money laundering was also strengthened in Barbados, Jamaica, St. Lucia, and El Salvador in 1999. Efforts are underway in the Dominican Republic to increase the efficiency of the criminal justice system in order to deal with the problem (U.S. Department of State, March 2000). Throughout the region, it is being realized that forceful and cogent measures can discourage these activities, and government agencies, such as departments of the Inland Revenue, are being requested to increase their perceptivity and detection of possible offenders. The CFATF is currently working to bring all 25 states in the Caribbean to an acceptable standard. In this context, the cooperation of both public and private sectors remains inherently essential to the effectiveness of possible policies.

A few offshore jurisdictions, such as the Cayman Islands, have such a large and diverse international financial sector that they have moved from servicing largely individual accounts dependent on confidentiality to servicing institutional accounts that are largely indifferent to confidentiality (Zagaris 2000). However, some of the new Eastern Caribbean offshore jurisdictions do not have the luxury of changing easily or abruptly from existing financial products. They already suffer from economic recessions and have few viable economic alternatives due to the end of market preferences for agricultural commodities such as bananas.

Caribbean governments do not want transnational criminals to exploit their offshore financial jurisdictions. Tackling this problem requires a coordinated international response, namely, heightened attention to due diligence, better industry standards, and improved cross-border regulatory action both onshore and offshore. Caribbean jurisdictions are working to promote Caribbean-wide, region-specific rules for handling and regulating money, and they are embarking on the teaching and training of internal security units for the region's financial regulators and private sector financial institutions. Unfortunately, publicized concern and rhetoric about transnational crime are fueling the multi-faceted attack by the OECD and others on Caribbean and other offshore jurisdictions. Some of the concern is legitimate. But in a world where the law is years behind criminals, technology, and the new economy and in an area where there are many gray areas, small jurisdictions are forced to devote a significant amount of time and scarce human and financial resources toward responding adequately.

### ***Computer Crimes***

Transnational organized crime groups make use of excellent communications: disposable mobile phones, phone cards, and the Internet. As secrecy is necessary, the increased use of encryption is a boon for them. Cyberspace is still a significantly unguarded and indefinable area of interaction. Electronic communication is the fashionable medium for financial transactions, economic and commercial exchanges, and dissemination of information. In cyberspace, commodities such as money can

be accessed and transferred within seconds, and entire systems that coordinate the life of companies and networks can be retrieved with sophisticated computer programming expertise. To carry out computer crimes, a computer is employed to steal data from or cause damage to another computer; alternatively, computers can become devices that are used to expedite some traditional offenses, such as stealing money from bank accounts (Savona, 1997).

Cyberspace criminal activity has the potential to threaten currency stability, systems of exchange, and the administration of justice. Today, the Internet has provided new opportunities for money laundering, including e-commerce. The FATF's *Report on Money Laundering Typologies* (February 2000) also identified "on-line banking," alternative remittance systems (e.g., Black Market Peso Exchange), company formation agents, and trade-related money laundering (e.g., over- or under-billing in cross-border transactions) as new trends and threats in money laundering (FATF 2000). From a political perspective, jurisdictions with strong international financial services are watching the efforts of the FATF closely to try to implement its recommendations regarding cyberspace. To deal with the vulnerabilities associated with computer technology, controls have to be enforced, surveillance improved, and cyberspace laws and regulations developed. All of this requires international cooperation.

### ***Trade in Light Weaponry***

Transnational arms flows are intrinsic, even indispensable, to the proficiency of criminal operations. Criminals, frequently more sophisticated and advanced in arms and artillery than national police forces, have jeopardized sovereignty and national and regional security for many years. Colombia's guerrillas, for instance, are equipped with global positioning system (GPS) and superior weapons and often outnumber and outclass the government in their procurement and employment of state-of-the-art technology. Using clandestine operations, criminals evade detection, which essentially neutralizes intelligence efforts and sanctions. In countries where the desired weapons are stocked by national armed forces, criminal organizations often suborn the relevant officials on behalf of foreign Mafia. For illegal arms smuggling, transactions may take place in the so-called "grey market". Partnerships among criminal organizations are accelerating transnational trafficking and challenging national security; the abundance of arms furnishes the incidence and severity of civil conflicts. New strategies have to be defined to pursue efficient strategies against organized crime in this area. Law enforcement has to adapt itself to the innovations and diversification of criminal activity as much as the latter is permanently adapting to law enforcement conditions.

In the Caribbean, awareness of arms trafficking is brought home by the criminal violence spawned by the drug trade, the traffickers' battle for turf, and the social and political implications of societies that must now pay security firms for armed protection due to the privatization of security. Can a state eventually control the unrestricted access to weapons of thousands of individuals involved in the business of private security? The proliferation of arms circulation among criminal elements — or for that matter, by businesspeople seeking protection — makes it obvious that armed security is no longer the province solely of the state. The end result is a paramilitary phenomenon in which private security forces compete with those of the state, turning security into a commodity available only to citizens who can afford it. The privatization of security adds an ominous element to social peace and judicial procedures, as the ready availability and proliferation of private arms can easily aggravate and exacerbate social violence, thereby threatening human security. Social solidarity and participation can also be adversely affected by excessive surveillance.

### ***The Smuggling of People***

An emerging issue in transnational criminal activity is the link between organized crime and migration. The growing intervention of criminals with the transnational smuggling of people creates a chain of trafficking, exploitation, and illegal immigration that is often characterized by the criminalization of migrants. The latter are introduced into local criminal markets, such as the drug trade, adult prostitution, child prostitution, and, in many cases, into indentured servitude and human slavery. Illegal immigrants who are assimilated into this flow are often incorporated into the underground

economy. For example, Chinese Triads and Russian Mafia are essential actors in the sexual market as in the markets of illicit adoption and organs trafficking in Asia and Eastern Europe. Criminals who orchestrate the border-crossing service and arrange the passage over geographic and political impediments are compensated in the form of funds raised by emigrants for services they can provide (Farer 1999). The risks taken by such criminal groups are very low because many countries do not consider such trafficking in human beings a felony or do not severely penalize it. Borders have become porous and regulators open to bribes. While these activities are spreading because of insufficient law enforcement, the social costs to the receiving societies are mounting (Savona, 1997).

The issue of criminal activities related to migration is becoming increasingly complex in the Caribbean. The major illegal migration flows are from the region into the United States and Canada. For many years, the organized smuggling of Cuban and Haitian refugees into the United States has been a politically contentious issue in Florida, New York, and Washington, D.C. In recent years, Cuba, Haiti, Jamaica, the Dominican Republic, and Panama have become staging points for the smuggling of Chinese nationals into the United States. Facilitators are paid more than US\$100,000 to transport citizens from the People's Republic of China through Miami International Airport, using recycled Japanese passports. (Japanese citizens do not need a visa to enter the United States.) The migrants pay as much as US\$50,000 for the voyage. Some immigration officials in Panama have been complicit in facilitating the illegal flow. The final destination of the illegal migrants is the large Asian community in New York City (Miami Herald, August 5, 2000, and August 19, 2000).

### *Economic Citizenship*

The movement of persons into the Caribbean is also seen increasingly in the "legal" business of granting economic citizenship. Citizenship is becoming transnational, and for some countries this activity represents an important source for generating wealth. Globalization plays a large role in the increase in the demand for passports by ordinary individuals as well as by organized crime groups. In some parts of Africa, for example, the issuing of passports to foreigners has been used by some officials as a way to increase their incomes (Tommy 1999).

Though incontestable as income for small states, passport sales in Caribbean countries have become an economic and political issue since these sales imply the possible nationalization of transnational criminals and the decline in a small country's reputation. This activity can also jeopardize the country's international relations. A case in point is Dominica. For much of the 1990s, Dominica, like a number of other small nations, provided foreigners with passports in exchange for investments totaling millions of dollars. At the end of 1999, the country had an estimated 1,000 such economic citizens, largely from Russia, China, Europe, and the United States, but most resided outside of Dominica.

U.S. and British law enforcement agencies strongly criticized Dominica's economic citizenship program, saying that this nation of only 80,000 had made itself vulnerable to penetration by Russian and Chinese organized crime and international money launderers and had helped to increase the global reach of Russian groups and Chinese gangs. In November 1999, Canada detained several Chinese carrying passports from Dominica on suspicion that they were involved in an immigrant smuggling ring, then threatened to implement visa requirements for citizens of countries with citizenship for sale. Within Dominican society, the spread of corruption and a perceived weakening of the state's legitimacy became serious concerns because of this issue. Dominica's late Prime Minister Rosie Douglas (elected January 2000, died October 2000) had accused the former administration of undermining Dominica's sovereignty and turning the country into a "center for international crime." He vowed to end the economic citizenship program (Payne 2000). The program was suspended for two months but then restarted after Prime Minister Douglas reported that it had been changed to meet the concerns of critics.



### ***Commodity Smuggling: Vehicle Theft***

The theft of vehicles in North America has accelerated with the market demand for used vehicles in the Caribbean and Latin America. Some arrangements for purchase and distribution are no doubt legitimate, but crime syndicates that respond to this demand are becoming more daring. The incidences of theft are rising, and recovery rates are dropping. This mushrooming business consists of exporting cars whole or “knocked down” (i.e., in parts). According to U.S. national industry statistics, one car is stolen every twenty seconds, and profit incentives for illegal trade are high (Farer 1999). U.S. Custom’s inspection of outward flows of vehicles has not proved to be sufficiently scrupulous. Given the mushrooming of suppliers of “foreign used” vehicles in the Caribbean, the region is clearly not immune from this aspect of transnational criminal activity, nor from its association with money laundering (*Trinidad Guardian*, April 16, 2000).

### ***Theft of Intellectual Property***

The new wave of information technology (IT) makes the ownership of intellectual property more detached from its source because, with every new invention, knowledge becomes a shared resource. Not only has the knowledge explosion produced new kinds of intellectual work products (for example, computer software), it has also spawned new techniques of piracy (xerography, videotapes, backyard satellite dishes); new means of delivery (microfiche, diskettes, compact discs (CDs), Internet); and new ways to assemble information (computerized data bases and on-line systems). An information-based, knowledge-driven economy and culture need an array of regulatory measures to monitor the authorization of transfers of information.

Despite the existence of detailed copyright laws, the Caribbean is one of the regions of the world where the pirating of computer programs, music CDs, pre-recorded audiotapes, and videotapes is a lucrative business. The entertainment industry is one of the fastest growing sectors in the world economy — in the early 1990s it generated about US\$550 billion worth of products (UNCTAD/ILO 1995). As several Caribbean analysts have pointed out, the Caribbean enjoys a global competitive capability in cultural production through the export of music genres like reggae, calypso, meringue, son, and zouk and in Trinidad and Tobago’s supply and export of artists, designers, and costumes to globalized Caribbean carnivals (Nurse 1997; Bourne and Allgrove 1997). The region can ill afford to allow the profits from this lucrative export industry to be siphoned off by transnational criminal enterprises.

## **THE IMPACT OF TRANSNATIONAL CRIME**

Several of the crimes described above are not new. However, the emerging *social and political* issues concern the organizational aspects that characterize their action. There is some debate over the extent to which long-term organized hierarchies of transnational Caribbean criminals actually exist. Although there is local “organized crime” in virtually every Caribbean country, local gangs, such as the Jamaican “posses” and their counterparts in the Dominican Republic, are without a centralized hierarchical structure (Maingot 1999). However, the worldwide reality is that a multiplicity of people can be involved in organized crime groups that are bound by trust, hierarchical, based on family or ethnic ties, and linked by networks that support the industry of crime. They come together for specific activities, and global linkages are increasingly prevalent. Specialists (for example computer hackers) can be “hired” as necessary. Transnational criminal activities are likely to be funded by profits made legally or illegally; by debt, borrowing from friends, family, or through legitimate banking channels; or by using blackmail or coercion if necessary.

Transnational criminal activity is also fostering a worldwide “culture of corruption.” Corruption can be an important tool and facilitator for crime groups that successfully corrupt government and law enforcement officials as well as various legitimate markets and businesses. Corruption is thus an obstacle to economic, social, and political development, with repercussions such as the weakening of democracy, loss of integrity in the public services, distortion of the distributive role of the state, and waste of human and financial resources (Frisch 1999). A major political threat to states is that organ-

ized crime seeks to manipulate the system from within, for example, by undermining elections to high public office. This type of intervention distorts the institutional processes and results in losses of legitimacy. Corruption is as widespread in the Caribbean as elsewhere and is not detected or measured easily, thereby increasing the difficulty of counteracting it.

Transnational crime transcends domestic structures, not only threatening states but also the stability of the international order. The wealth and power of criminal organizations currently surpass the ability of many governments, in the Caribbean and elsewhere, to provide any worthwhile opposition or retaliation. Transnational criminal groups have been able to penetrate the governance of some states and to fragment state authority and institutional power. The implications are a challenge to the pillars of democracy and to transparency. While transnational crime can coexist with the institutional structures and democratic systems of most states, it can and does affect them detrimentally. The eventual breakdown of law and order and threats to the legitimacy and integrity of governments are the usual outcomes.

Two concurrent perspectives exist on the *economic* implications of transnational crime to a small country's economy. Transnational crime may have both positive and negative effects. On the one hand, the proceeds of such crime irrigate the local economy with investments, augment employment opportunities for poor people, stimulate local commercial activity, and infuse foreign exchange. On the other hand, transnational crime creates indirect economic costs. Many organized crime groups profit enormously from undertaking legitimate commercial activities that may be conducted through illegitimate mechanisms. Successful "illegal" businesses tend to displace legal economic activities, weaken the local manufacturing and legal import sectors by undercutting them with cheap imports, discourage international institutional aid, and seriously compromise the country's financial stability. In some instances, the financiers of "dirty money" also act as self-styled bankers. For example, they grant low-interest loans, finance international corporate transactions, and underwrite real estate ventures. Some of these organizations have even demonstrated the ability to benefit from existing legislation and oversight procedures. In many cases, the interface with the legitimate market is strong. The danger is that a country could lose its ability to produce tradable goods and become dependent on exports from illegal business sources.

Finally, criminal money may also destabilize the financial system of small countries and have a negative impact on savings and economic stability. The accumulated balances of criminal money could represent inflows that are larger than a country's traditional annual inflows; these balances could be used to corner markets and dominate small economies. Furthermore, the proceeds of transnational crime are often invested in ways that are inconsistent with economic fundamentals. If an economy becomes contaminated by money controlled by criminal elements, there is an erosion of confidence in the markets. Moreover, rapid infusion of money from transnational crime may also contribute to the increased volatility of the aggregates in a country's financial system. The money that criminals "invest" is actually flight capital, ready to be shifted via almost instantaneous wire transfer when better or less risky opportunities present themselves elsewhere. Large and irregular activities could distort the economic database, obscure the realities of national fiscal and monetary policies, and complicate economic policymaking. In turn, these could have consequences for interest and exchange rate volatility. Consequently, containment in the growth of criminal capital formation is perhaps the major challenge confronting the international financial community at the start of the twenty-first century.

## TRENDS IN TRANSNATIONAL CRIME

Certain trends in the further development of transnational crime are likely. Criminals will become extremely proficient in the use of information technology and cyberspace. This will increase the speed, scale, and complexity of crime and seriously challenge national jurisdictions. More white-collar crime is likely to occur with respect to illegal access to privileged information and knowledge, fraud, extortion, and the appropriation of other persons' identities. Criminal organizations are likely to buy expertise, "contract out" part of their operations, and perhaps involve unsuspecting third parties in illicit transactions. The "weekend" criminal may become more prevalent in technological soci-

eties. Finally, the localized nature and generalist skills of law enforcement will become more obsolete as they are continuously challenged by transnational crime unless a more proactive, intelligence-led approach is developed (Wilton Park, March 1999).

## CONCLUSION

Transnational criminal organizations perform as business enterprises, occupied with the production of goods and services in a free market system, within the paradigm of supply and demand, responsive to market signals, and capitalizing on the global economy. Caribbean countries are put at great risk of transnational criminal intrusion because of geography, size, a growing culture of corruption, general tardiness of response, and resources' inability to keep pace with technological advances. In analyzing the dynamics of transnational crime, there is much that we do not know precisely about how illegal criminal markets operate or how such practices are likely to change in the future by using new technologies. It is also difficult to tell exactly where the boundary falls between informal and illegal markets and transactions.

How can governments and law enforcement respond in a comprehensive manner? Some generic responses are important. First, acknowledge that transnational organized criminals are operating in a fashion similar to large corporations. This could be a useful framework to understand and counter their activities more effectively. Second, provide greater political commitment to combat organized crime. Governments need to look at the illegal commodities and their markets as a whole, considering how to attack the market itself rather than depending solely on legislation and law enforcers to stop the activity of the criminals or a specific criminal business. There must be appropriate national and regional legal frameworks (updating laws if necessary) and greater use of existing legislation. Third, greater cooperation is needed among government departments, including sharing information to help create proactive national and regional strategies. Also needed is a multi-disciplinary approach with increased cooperation among government, law enforcement agencies, and the private sector. Fourth, governments and NGOs must raise public consciousness about the threat of organized crime, including educational means. They should also publicize what they are doing about the problem. Finally, more research, analysis, and evaluation of criminal operations at national and global levels should be funded. Academics should have access to law enforcement information in order to be able to produce reports that can be fed back into the policy field and to law enforcement officials.

In sum, reduction of the vulnerability of Caribbean states to burgeoning transnational criminal activities requires harmonization of domestic and regional strategies. Regional cooperation is crucial through increased sharing of information, working closely on operations across borders, and better understanding at functional levels of the different operating and legal systems of neighboring countries or of countries linked by criminal activities. Successful strategies tend to be elusive, not because they are deficient or because criminal networks are able to outmaneuver authorities, but largely because of the inconsistency of forceful and thorough implementation within and among states. Solving a national problem necessitates solving it within a regional context and involves a larger process of solving a set of interdependent problems. There is a compelling argument for Caribbean countries to develop a pragmatic and consultative approach to the dilemma of fighting transnational crime.

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