

Illegal Markets and the State

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Types of Crimes for Gain

1. **Predatory (e.g. car thefts, credit card frauds)**
2. **Commercial (e.g. bankruptcy fraud, insider trading, price-fixing cartels)**
3. **Market Based (including trafficking)**
 - **Regulations (conditional contraband)**
 - **Taxes (fiscal contraband)**
 - **Prohibitions (absolute contraband)**
 - **Universally drugs trafficking**
 - **Criminalised vices (country-variable)**

Nature of illegal markets

- **The focus might seem to be on market offences.**
- **But predatory and commercial offences can give rise to illegal markets**
 - **Counterfeiting of documentation**
 - **Resale of property obtained by theft or fraud**
- **Market for laundering offences**
- **Market for corruption**
 - **Law and rule-making**
 - **Regulatory/law enforcement interventions**

“Weak States” and crime markets

- **Criminal act predicates relate to products**
 - **Produced domestically**
 - **In transit and consumed domestically/outside**
- **How do we explain importance of the State?**
 - **“Weak state” but is ‘the state’ weak because it is corrupt or because it cannot control all?**
 - **Weak states for either reason become attractors for crime as producers, intermediaries, and laundering routes**

Public and private policing

- **The mission of the police is “protect the weak, support the fearful and vulnerable, thank the helpful and lock up the bad guys” Sir Ian Blair (*The Observer*, 3 July 2005)**
- **Police surveillance technology is not self-implementing**
- **Technological defences are not proof against social engineering by hackers**
- **Get private sector to act as unpaid army of informants**
- **Get private sector to pay (again) for policing of those crimes for which they find *public* police powers useful**
 - **The officer in front is paid for by Toyota!**
- **Corporate investigation agencies for more complex cases**
- **Police as business intelligence managers?**

Key Issues

- **OC / economic crime policy and its intelligence systems co-exist with, and inter-operate with, systems dealing with the international anti-terrorist response, and with local crime and delinquency concerns.**
- **What are the purposes of strategic intelligence on crime? Recurring themes/purposes: ► policing ► opportunity-reduction ► recovery ► restructuring.**
- **Sources of intelligence on economic crime:**
 - **1 enforcement sources, 2 auditors, 3 regulators, 4 private sector. Some critiques (democratic deficit, disproportionate, market critiques, social construction).**
- **Are intelligence collections approaches ‘fit for purpose’? Do they stand up to critiques?**

Types of Economic Crime Harm

1. Harm government/taxpayer interests
 - Direct taxation (income tax)
 - Indirect taxation (VAT and other sales taxes)
 - Excise taxes (alcohol, fuel oil, tobacco)
2. Harm *all* corporate as well as individual/social interests
 - i.e. systemic risk frauds – Enron, WorldCom, Parmalat - that undermine public confidence in the system as a whole; bankruptcy frauds; maritime frauds; payment card frauds; pyramid selling; high-yield investment/advance fee frauds
3. Harm social & some corporate interests but benefit other ‘mainly legitimate’ ones
 - some cartels, transnational corruption (in relation to country *paying* the bribe, not *receiving* the bribe);
4. Harm corporate/governmental interests but benefit mostly illegitimate ones and some consumers
 - Intellectual Property ‘theft’ and ‘hacking’

What should we count and why?

- **Victimisation, individual and corporate**
 - Where there *are* identifiable victims
 - Because we know little about fear/concern or direct economic or psychological impact of economic or organised crime
- **Impact or just numbers?**
 - The problem of materiality/commensurability
- **Problematic victim definition of ‘crime’**
 - Victim awareness & ‘correct interpretation’ problems
 - Comparison with rape and racial attacks
- **Crime & Justice Survey, BCS, CVS and ICVS**
 - Need to focus on the ‘new service economy’
 - Globalisation & national unit problems for surveys

What should we count and why

- **Single and multiple offence type co-offending**
- **A less elegant phrasing for ‘organised crime’**
 - But perhaps a more meaningful one
 - Counting number of o.c. groups as a proxy measure of harm/threat?
- **Why does counting o.c. matter?**
 - Measurement of present harm/future risks
 - Understanding of crime displacement/reduction via reduction of *resources* for crime
 - Obligations to EU and CoE annual o.c. reports
 - Between the risk and the reality falls the shadow

Building the Knowledge Base

- **Economic crime data are found outside normal Home Office information sources**
- **Private sector data sources are important, but normally accessible only where corporate sector wants to be seen as a victim e.g. credit frauds, intellectual property, not as an offender e.g. consumer offences, transnational corruption, *some* smuggling of genuine products**
- **Flexibility needed as ‘new’ social problems emerge and require some harm estimation**
 - **Corporate and individual ‘identity theft/fraud’ risks conflation of all fraud as ID fraud**