Fighting Corruption to Undermine Crime: What we know about what works and what does not

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Thinking about effectiveness

- Efficiency is not always effectiveness
- Efficiency means doing things better/cheaper
- Effectiveness means achieving objectives
- What are goals of anti-corruption?
  - Reducing costs of services and goods
  - Increasing legitimacy and credibility of government (at whatever level) among different sectors of ‘the public’
  - Prevention and law enforcement, including recovering the proceeds of crime domestically and internationally
    - How important is criminal/other law in this process?
- Corruption is not just one ‘thing’: street and elite levels
  - Different measures will have different impacts, depending on pervasiveness and factors influencing corruption
  - State capture is one end of a continuum of corruption/crime
Undermining Crime
To what problem(s) are we seeking a ‘solution’?

- Solution or mitigation?
- Better to think of it as a harm reduction exercise
- Does state capture have to be total?
- If not, what are key crime-related characteristics?
- What diagnostic and action tools are available for what kinds of problems?
How much organised crime and corruption?

“You only find out who is swimming naked when the tide goes out.” (Warren Buffett 2001)
A rise in crime rates can be an index of social progress rather than social decay e.g. corruption? online crime?
How Harmful is ‘Organised crime’?

Three dimensions of harm and risk:

1. Economic costs (present/future) & social impact upon victims (individuals, governments, business)
2. Media imagery of risks - drives & reflects politics
3. Continuing risks arising from the kind of people who are committing crimes
   - Organized Criminals are ‘polymorphous criminal networks’
   - Especially with corruption, some organized criminals move into politics locally and/or nationally to reinforce power and/or ally themselves with politicians - providing illicit political finance
   - What criminals spend their money on - though most ‘offend to spend’ not ‘offend to save and invest’
Highly structured, cohesive mafia-type organisations are in decline...

Twenty first century organised criminal groups operate differently

- Looser, flatter networks
- Collaborate as necessary for specific projects
- Impact of technologies on crime capabilities

Clear structure
Defined roles
Hierarchical

Looser, flatter networks
Reservations about this mafia-type/less ‘organised’ co-existence

- State capture risks
  - Inside EU
  - Peripheral/candidate countries
  - External countries that impact via ‘crimmigration’
  - External countries in receipt of aid

- But how do we define ‘state capture’?
  - Does it have to be a complete capture?
  - Damage caused short of state capture
  - Halting the drift towards state capture
The Business of Crime

- **The core objectives of criminals are**
  - Money
  - Excitement
  - Power and control over spaces

- **The key constraints to profit are**
  - Ambition and self-confidence
  - Connections
  - Finance capital
  - Labour resources and technical skills
  - Predatory acts by other criminals
  - Enforcement interventions (e.g. asset forfeiture/prison)

- All these vary by type of crime and offender settings, and are assisted by corruption of ‘enablers’ and enforcement agencies

- Tighter AML controls may make corruption more necessary

- Corrupt relationships may eliminate business rivals by arrest

- A corrupt regime may broaden its rent-seeking by offering a criminogenic environment to fraudsters, traffickers, etc.
Nature of illegal markets

- **Market for laundering offences**
  - Supply and demand side

- **Market for corruption**
  - Law and rule-making
  - Regulatory/law enforcement interventions
  - Procurement of goods and services, especially where political power is also concentrated

  Do we label this as ‘organised crime’ if not connected to drugs trafficking, etc.? It fits legally
Special Regional Problems

- Tradition of clandestine economy
  - Assisted internal warfare in past
  - Some key actors still available
  - Difficult to monitor and act against in weaker states

- Well developed informal funds transfers

- Difficulties of action v. major local elites
  - Permission to trade in exchange for cooperation or payment
Relationship Between Corruption, Money-Laundering and Organised Crime

- Can we have long-term organised crime without serious corruption?
  - Does corruption have to include senior public officials?

- Can we have long-term serious corruption without ‘real’ organized crime?
  - More variation within the category than between ‘organized’ and ‘unorganized’ crime
  - Corrupt environments attract crime groups that seek ‘reliable’ settings to collaborate

- Does corruption always need laundering?
  - Patronage and impacts on legitimacy/economic growth
  - depends on income levels of offenders and savings from crime beyond subsistence/lifestyle expenses
Models of Crime Control

- Institutional specialised Anti-Corruption bodies
  - Mixed prevention/enforcement approaches
  - Financial investigation and FIU/BO register connectivity
  - Autonomous prosecution powers?
- E-procurement and monitoring concentration of contracts/collusive rings
- Controls over media ownership by business?
- Public and private policing, and self-organised crime prevention partnerships
- NGOs, local ‘civil society’ and styles of policing
Criminal Law and Effectiveness

- Estimated risk of being caught and punished is more important to deterrence than estimated punishments.
- Sometimes acquittal (and non-prosecution after investigation) can reinforce image as ‘beyond the law’ or ‘controlling the State’
  - Unless another jurisdiction and/or the EPPO can do something
  - So perhaps look at administrative/regulatory controls or civil recovery mechanisms?
- What do we know about beliefs in risks among the actually and potentially corrupt populations, and how does this vary?
- Criminal law and regulatory sanctions may have different effects that are hard to weigh.
- Also have different impacts in international cooperation, as it has different legislative basis.
- Public satisfaction may require punishment but do people notice effectiveness in prevention?