

PUBP 710-002 Transnational Crime and Corruption

Fall 2010 – Monday (7:20pm – 10:00pm)

Rm. 332

Professor Louise Shelley

Office: Arlington Rm 221 Office Hours: Mon 5-6 and by appointment

e-mail: lshelley@gmu.edu Office: 703-993-9749

Course Description:

The course will provide an overview of transnational crime and corruption and its effects on the political, economic, and social development of countries around the world. The growing problem of transnational crime in conflict regions will be a central focus. The increasing links among crime groups, corruption and terrorism will be addressed. The diverse range of activities of transnational crime groups in both the legitimate and illegitimate economy will be analyzed. This is an overview class of a broad range of topics, some of which are addressed more directly in other courses offered in SPP. The impediments to effective control of transnational organized crime and corruption will be considered in the context of increasing globalization and the technological revolution. The class will examine the diverse dimensions of transnational crime and corruption not only from the perspective of American specialists but from those in other parts of the world. The most recent developments in drugs, money laundering, trafficking of human beings, and the use of technology to facilitate organized crime will be discussed. Legal, political, and law enforcement responses at the national and international levels will be analyzed, including the role of transparency, free press, and rule of law.

Texts:

- 1) Mats Berdal and David M. Malone, Greed and Grievance Economic Agendas in Civil Wars Lynne Rienner, 2000.
- 2) Louise Shelley, Human Trafficking: A Global Perspective Cambridge, 2010
- 3) Kim Thachuk, Transnational Threats: Smuggling and Trafficking in Arms, Drugs and Human Life Praeger 2007

Recommended Journals:

Trends in Organized Crime Transaction Publishers

Transnational Organized Crime (now Global Crime Cass Publishers)

Recommended Websites:

See Links and publications section of TraCCC website (www.policy-tracc.gmu.edu)

<http://www.organized-crime.de/> (Klaus von Lampe's website)

<http://www.ncjrs.org/index.html> (National Criminal Justice Reference Service, many publications on transnational crime)

<http://www.yorku.ca/nathanson/default.htm> (see links and publication sections)

www.ciroc.org (see newsletters and past issues of this Dutch based group)

www.unodc.org (United Nations Office on Drugs and Crime)

<http://www.iom.int/jahia/Jahia/pid/748> (counter-trafficking part of International Organization for Migration website)

<http://www.state.gov/p/inl/rls/nrcrpt/> US State Department narcotics reports
http://www.wola.org/index.php?option=com_content&task=viewp&id=588&Itemid=2
(organized crime in Latin America, WOLA website)
<http://www.asiapacificms.com/articles/> (Bertil Lintner's writings on organized crime in Asia)
<http://www.crisisgroup.org/> (International Crisis Group)

E-Reserves: Instructions on how to access

- Go to <http://library.gmu.edu>
- Click on "**E-Reserves**"
- Click on "**search electronic reserves**"
- Select a course: "**PUBP710 section 002**"
- Select an instructor: "**Shelley, Louise**"
- Enter the password: **corruption** (all lowercase)
- Click on "**Submit**"

Course Requirements:

Reading

A significant amount of reading is required for the course. Students who fall behind will have a difficult time catching up. Students are expected to do the assigned reading in advance of the class. The class will presume knowledge of the readings assigned for that week. Students are expected to keep up with news on transnational crime that is reported in newspapers and on-line sources and to discuss recent developments in class each week.

Attendance

Students will be expected to attend the whole class. Attendance will be taken. Your grade will be reduced for unexplained and unexcused absences. Please inform me if you will be absent from a class.

Exams

There will be a mid-term exam on November 1ST. It will combine short identifications and long essays. The exam will draw on the readings, class lectures, and discussions. Class Project 20%: Written and Oral Presentations, presentations will be chosen by the student in coordination with the instructor. **The class presentations begin on October 18th:**

In each presentation the student will show how organized crime is connected to one of the following 14 sectors: 1) Automotive, 2) Aviation, Travel, & Tourism, 3) Banking & Capital Markets, 4) Consumer, 5) Health, 6) Insurance & Asset Management, 7) Logistics & Supply Chain, 8) Media, Entertainment, & Information, 9) Mining & Metals, 10) Private Fund Managers, 11) Public & Institutional Investors, 12) Real Estate, 13) Renewable Energy, 14) Telecom. Each of these sectors has been selected by the World Economic Forum as an area of interest and **student presentations that are deemed accurate and outstanding will be presented to the organized group of the World Economic Forum.** Presentation should be a powerpoint with a bibliography that will be handed in the day of the presentation (20%).

Term Paper Due-----Length 20-25 pages, standard reference format

The topic will be chosen after consultation with the instructor. It can use insights that are obtained from the oral presentation. It should discuss a topic related to transnational crime and should develop a bibliography of diverse sources. Topics might include such topics as: The rise of drug trafficking in Afghanistan, Examining the role of natural resources in perpetuating conflict, How do crime groups negatively affect the environment. You can choose to focus on a particular area of criminal activity, a region of the world or a strategy or set of strategies used to address the problem.

Grading:

Students will be graded according to the following criteria:

Class attendance and participation 20%

Class Project 20%

Mid-Term Exam 25%

Term Paper 35%

Special Needs

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

SPP Journal

"New Voices in Public Policy: I will consider nominating the very best papers in this course for publication in New Voices in Public Policy. New Voices is a student- and faculty-reviewed journal that shares SPP's finest student work with the rest of the world."

Plagiarism

The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the School of Public Policy. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another's words or ideas presented as one's own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another's work. Honesty and thoroughness in citing sources is essential to professional accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence, and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one's professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the School of Public Policy takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of "F." This may lead to failure for the course, resulting in dismissal from the University. This dismissal will be noted on the student's transcript. For foreign students who are on a university-sponsored visa

(eg. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the SPP policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases, as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit student's work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The SPP policy on plagiarism is supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it.

Weekly Schedule:

Week 1 (Aug. 30) - Introduction to the Course

Why are transnational crime and corruption important public policy concerns and how do they relate to national security and peace keeping? How does transnational crime affect international commerce? Why does an understanding of these phenomena require a multi-disciplinary (history, political science, economics, sociology and security studies) perspective? How is transnational crime related to the prolongation of conflict? What are the linkages between transnational crime, corruption and terrorism?

Required Readings:

- 1) Thachuk: foreword

Labor Day (Sept. 6) – NO CLASS

Week 2 (Sept. 13) - Conceptualizing the Problem

The rise of transnational crime has been tied to globalization, the rise of non-state actors, the retreat of the state and the presence of weak states. This week we will examine transnational crime in terms of all these trends, but also show that it often has deep historical roots within many societies that are overlooked in many current analyses that focus on the recent rise of the phenomena. The implications of the rise of transnational crime for state sovereignty are central. Why do organized crime and corruption look so different to those in the transitional and developing world from those in the developed world? Why has transnational organized crime increased with globalization and the new technological revolution? How is it related to national sovereignty and the strength of the state?

Required Readings:

- 1) Louise Shelley, "Transnational Organized Crime: An Imminent Threat to the Nation State?," *Journal of International Affairs*, Vol. 45, No. 2, p. 463-489, Winter 1995 (e-reserves).
- 2) Thachuk: introduction, pp.3-20.
- 3) Susan Strange, "Organized Crime: the Mafias," *Retreat of the State: The Diffusion of Power in the World Economy*, p. 110-121, 1996 (see e-reserves)
- 4) Berdal and Malone 91-111 (Collier essay)

Week 3 (Sept. 20) - The Globalization of Transnational Crime and Corruption

Important crime groups have existed in many countries for significant periods. This week we will examine the conditions that have contributed to the international spread of these phenomena. It will examine why transnational crime groups are among the major beneficiaries of globalization. This discussion will analyze the network structure of many of the new groups, the spread of the groups and contacts among them. The globalization of finance and the limits of state based legal systems will be central to this analysis. The rapid globalization of Post-Soviet organized crime in the decade since the break-up of the USSR will be used to illustrate some of the ideas presented here.

Selection of Project Topic

Required Readings:

- 1) Louise Shelley, Chris Corpora and John Picarelli, "Global Crime, Inc," Beyond Sovereignty: Issues for a Global Agenda, 4th Edition. (ed.) Maryann E. Cusimano-Love, 2011, pp. 141-169 (e-reserves)
- 2) Patrick Glynn, Stephen J. Kobrin and Moises Naim, "The Globalization of Corruption," in Corruption and the Global Economy ed. Kimberly Ann Elliott (IIE, 1997), pp.7-27 (e-reserves)
- 3) Thachuk ch.9 --Wong 13-42; ch.10 Lal, 143-149.
- 4) Berdal and Malone, pp.69-89 (Duffield essay)

Week 4 (Sept. 27) - Facilitating Transnational Crime and Corruption;

Transnational crime is able to function because there has been a decline of borders and a rise of ease of communications through the internet and advanced communications. Transport links are essential to the commission of transnational crime and criminals are deeply involved in port and transportation systems. How does organized crime use the internet and encryption? How has it exploited the decline of borders? How does it use sophisticated computer specialists to evade detection?

Required Readings:

- 1) Rey Koslowski, "The Mobility Money Can Buy: Human Smuggling and Border Control in the European Union," in The Wall Around the West State Borders and Immigration Controls in North America and Europe eds. Peter Andreas and Timothy Snyder, pp.203-218 (e-reserves)
- 2) Michael Glenny, McMafia: A Journey Through the Criminal Underworld, pp. 264-274 (on cybercrime) (e-reserves)
- 3) Kimberly Kiefer Peretti, Data Breaches: What the Underground World of "Carding Reveals <http://www.justice.gov/criminal/cybercrime/DataBreachesArticle.pdf>
- 4) Shelley, Human Trafficking: A Global Perspective, ch. 1

Week 5 (Oct. 4) - The Impact of Transnational Crime and Corruption

****Submit term paper title, short description and sample bibliography****

Transnational crime represents a new form of authoritarianism. Transnational crime affects every aspect of life in the contemporary world, to an extent that is not yet fully recognized. Not only does it affect individual security, but, through the proliferation of drugs, it has a major impact on health. Transnational criminals as important traders in endangered species, timber and CFCs pose major environmental threats and undermine

sustainable development. The financing of elections and the infiltration of criminals into the political process in many countries undermines democracy and citizen faith in government. Intimidation of muckraking journalists by transnational crime groups is presently one of the greatest threats to journalism and independent media. The purchasing of journalists by organized criminals severely compromises the integrity of the press in many countries. Organized crime's exploitation of labor and its ever-greater role in the smuggling and trafficking of human beings has led to large-scale labor violations and the reemergence of slavery in regions where it had been eradicated.

How does organized crime and corruption affect economic development? How does it undermine the environment? How does it affect human rights, such as freedom of the press, labor rights, and the electoral process? How does it affect women and the poor disproportionately? What is the impact on the environment? What is the impact of corruption on the foreign aid process? How does it lead to the prolongation of conflict?

Required Readings:

- 1) Louise Shelley, "Transnational Organized Crime: The New Authoritarianism," in *The Illicit Global Economy*, pp.25-6, 30-47 (see e-reserves)
- 2) Shelley, *Human Trafficking: A Global Perspective*, ch. 2
- 3) Berdal and Malone, pp.19-41 (Keen essay)
- 4) <http://cpj.org/reports/2004/08/china-8-04.php> Committee to Protect Journalists, victimization of reporters reporting on corruption and crime in China.
- 5) http://cpj.org/Briefings/2008/Mexico2008/print_friendly.html, Committee to Protect Journalists, victimization of reported reporting on crime in Mexico
- 6) http://www.aam-us.org/pubs/mn/MN_JF07_lost-iraq.cfm, looting Iraq's antiquities
- 7) Raymond Fisman and Edward Miguel, *Economic Gangsters Corruption, Violence and the Poverty of Nations* Princeton University Press, 2008, ch. 1, pp1-21 (e-reserve)

Note: No class Monday as it is Columbus Day

Week 6 (Oct. 12 Tuesday) - Transnational Crime as a Security Issue: Overview

Transnational crime is increasingly seen as a security threat. In the United States, the focus of concern is primarily on terrorism, whereas in the European context transnational crime is more of a concern. The reasons for the divergence in this perspective will be analyzed. In many developing and transitional countries, the corruption of the military and law enforcement and their involvement with organized crime and terrorist groups is a major concern to personal and national security. Regional conflicts are prolonged because of the crime problem and rebel groups. In a world where regional conflicts have overtaken superpower conflicts, the importance of transnational crime groups in financing and perpetuating regional conflicts has acquired increasing importance. Why are transnational crime and corruption seen as security issues both in the United States, Europe and in many transitional and developing countries? Why does this problem transcend the problem of the trade in weapons and include the problem of crime? How are they linked to the problem of terrorism?

Required Readings:

- 1) Berdal and Malone, pp.43-68 (Reno essay)
- 2) Thachuk (Ch5 Saavedra, pp.64-76, ch. 15 Siers, pp.211-21)

- 3) Louise Shelley, "Trafficking in Nuclear Materials: Criminals and Terrorists," *Global Crime*, vol.7, nos.3-4 (August-November 2006), pp.544-560 (e-reserves)
- 4) DNI statement to Congress in Feb 2010 – "Growing Threat from International Organized Crime," pp. 44-45, http://www.dni.gov/testimonies/20100202_testimony.pdf

Week 7 (Oct. 18) – Crime: A Central Security Issue in Conflict regions

****Oral Presentations Start****

There has been much analysis recently of the role of transnational crime in the perpetuation of conflicts. Residents in war torn areas are often not able to survive through the legitimate economy as their homes and lands have been destroyed or confiscated. Millions of children have been left homeless. What types of criminal activity are most likely to support conflict? How does corruption facilitate the transnational crime in conflict regions? What is the role of multinational organizations in this illicit activity?

Required Readings:

- 1) Thachuk (ch. 6 –Bacon, pp.79-93; ch.8-Grant pp.112-30)
- 2) Berdal and Malone, pp 157-72 (chap. 8 Gamba and Cornwell).
- 3) Shelley, *Human Trafficking*, ch.9

Week 8 (Oct. 25) - Transnational Crime, Corruption and Terrorism

What linkages exist between transnational crime and terrorism? Do these relationships exist outside the drug trade? Why has the term narco-terrorism acquired such currency? Has their relationship changed over time? What are their differences in goals? Are there differences in funding?

Required Readings:

- 1) Louise Shelley, "The Unholy Trinity: Transnational Crime, Corruption and Terrorism," *Brown Journal of International Affairs* winter/spring 2005, vol. XI, Issue 2, pp.101-111 (e-readings)
- 2) Thachuk (chap. 2 –Hollis, 23-35; ch.11—Lal, pp.150-64)
- 3) Tamara Makarenko, "The ties that bind': uncovering the relationship between organized crime and terrorism," in *Global Organized Crime* eds. D. Siegel, H. van de Bunt and D. Zaitch, pp. 159-73.
- 4) Michael P. Arena, "Hizballah's Global Criminal Operations," in *Criminal-States and Criminal-Soldiers* ed. Robert J. Bunker, pp. 126-42 (e-reserves)
- 5) John Rollins and Liana Sun Wyler, "International Terrorism and Transnational Crime" <http://fpc.state.gov/documents/organization/141615.pdf>, pp. 1-20.

Week 9 (Nov. 1) - Mid-Term Exam

Week 10 (Nov.8) - The Drug Based Economy (Kim Thachuk—guest speaker)

What is the nature of the drug problem? Why is it so prominent in the general problem of organized crime? How do different criminal organizations work together to perpetuate this crime? How has the drug trade affected countries where the traffickers are a dominant political and economic force? What are the new routes and new products?

Required Readings:

- 1) Thachuk Ch.7 –Cornell 94-112, 12—Millett pp.164-176 and 13 Zackrison, pp.177-93

- 2) Executive Summary, World Drug Report for 2010,
http://www.unodc.org/documents/wdr/WDR_2010/Executive_summary.pdf
- 3) Look at State Department Narcotics Control Report,
<http://www.state.gov/p/inl/rls/nrcrpt/2010/index.htm>

Week 11 (Nov. 15) - Human Trafficking and Smuggling

Why is trafficking in human beings an increasingly severe problem? How does it differ from other forms of organized crime? How does the smuggling and trafficking of men and women differ? How does trafficking in women differ by region? Why is it such a difficult crime to investigate? What is required to combat this crime?

Required Readings:

- 1) Shelley, Human Trafficking: A Global Perspective, Chapters 5-8

Weeks 12 (November 22) – Business of Transnational Crime and Money Laundering

International organized crime groups and terrorists are now major actors in the international economy. What is money laundering and what are its stages? How is it affected by increasing technology and the increasing sums of money involved? How is offshore havens part of the regulatory problem? Why is it such an important part of the fight with organized crime?

Required Readings:

- 1) Shelley, Human Trafficking - Chapters 3-4
- 2) Materials on underground banking –Decision of US Court of Appeals for the Fourth Circuit in U.S. vs. Ismail, 97 F3d 50 (4th Cir. 1996)—discussion of one underground transmitter (pdf to be distributed)
- 3) Excerpt from Vol. II of the State Department’s International Narcotics Control Strategy Report for 2006 on India (e-reserve)
- 4) “Gangs used Asian ‘cornershop banks’ to launder millions,” Times online, April 21, 2007. (pdf to be distributed)
- 5) Moises Naim, Illicit: How Smugglers, Traffickers and Copycats are Hijacking the Global Economy ch.7, pp.131-56 (e-reserves)

No Class on November 29th

Week 12 and 13 [(Dec. 6 and 13)] – Combating Transnational Organized Crime and Corruption

Why do the means necessary to combat corruption and organized crime extend beyond legal prohibitions and prosecutions? How are economic changes needed to address some of the root causes? What do the problems in combating drugs and human trafficking reveal about the larger problems of transnational crime?

Required Readings:

- 1) Berdal and Malone (ch.9—Porteous, 173-88; ch.11—Farer, pp. 205-32)
- 2) Shelley, Human Trafficking--conclusion

- 3) John R. Wagley, "Transnational Organized Crime: Principal Threats and U.S. Responses" Congressional Research Service March 2006
<http://www.fas.org/sgp/crs/natsec/RL33335.pdf>
- 4) Dener Giovanini, "Taking Animal Trafficking Out of the Shadows, Renctas Uses the Internet to Combat a Multi-Billion Dollar Trade," Innovations, Davos 2008, pp. 119-39, The article from "Innovations" (v.1 no.2 spring 2006) can be found in GMU catalog. Students just need to go to <http://library.gmu.edu>. Search the catalog by "Journal Title" and key in the journal title "innovations".
- 5) Rosemary Armao, "Covering Corruption: The Difficulties of Trying to Make a Difference," Executive Summary and pp. 15-29.
http://cima.ned.org/sites/default/files/CIMA-Covering_Corruption-Report.pdf

Term Paper Due: Monday Dec. 20th