

The threat and prevention of organized crime

Sofia, 23 June 2006

Dr. Paul Larsson¹

As former head of the department of analysis and crime prevention at the National Police Directorate in Oslo one of my tasks was to lead the work on the National Threat Assessment for the Norwegian Police in 2003. With a past as a “pure” researcher and scientist at the rather radical institute of criminology in Oslo I found this task rather painful. Painful, not because of lack resources or experts to lean on, this was no problem; it was painful because we had to make statements on the dangers and threats of crime to society. These statements, we knew, would then be used by media, politicians and the police themselves to claim a stake in the “war” against organized crime, money laundering, white-collar crime and so on. The political pressure to come up with the *right* villains and *suitable* threats were hard to ignore even by a thick-skinned academic. But most disturbing was the fact that there simply was so much we did not know, especially about organized crime, and that the quality of what we thought we knew at times was rather lousy.

One challenge connected to doing research or analysis of organized crime is that *everybody knows* that it is very dangerous, violent, corruptive to society, rational and widespread, and that there are vast amounts of money that gets laundered in advanced and mysterious ways. These established truths leads to the logical conclusion that there must be allocated plenty of resources and legal and formal rules must be bent to make the struggle against this evil effective. But there seemed to be something not quite right with these established facts. What do we *really* know of these things we had to ask ourselves?

In our search for sound knowledge we turned to research and the threat assessments made abroad. There was little relief to be found there. The quality of these works was often questionable. The intelligence and analysis departments laboured with the same problems we experienced. The problem was always getting information of *quality* and *relevance*, especially in the field of organized crime. We found that there was a tendency to produce “truths”. These often got established when some more or less loose “fact” or piece of information got re-circulated so many times that it was made into something “everybody knows”. To question

¹ Ass. Professor, Police University College of Oslo and former head of analysis and crime prevention department at the Norwegian National Police Directorate

what everybody knows is not popular. The problem is often to find the source of information and the fact, or myth, behind it².

To cut this story short, we did manage to write a threat assessment, but we knew that we put in print some rather shaky information. This was clearly stated this in the report. The assessment put up quite a few question marks, asked for research and in depth knowledge about the things we did not know. A threat assessment is useful as a report of what the police, customs and others view as important information about crime. But it might be even more important in highlighting what we don't know, the holes and lack of knowledge. As an assessment of future threats of crime it is at best qualified guessing.

The presentation following is mainly built on the threat assessment, with its holes and shortcomings. It is supplemented by research, which is rather thin in Norway³ (Larsson 2004) and intelligence analysis (National Police Directorate 2006).

What do we know?

The level of crime in Norway is generally among the lowest in the western world. Norway is a small country, with 4.5 mill inhabitants, it is still rather rural with Oslo as its largest city with a population of approximately 600 000. This makes it a rather transparent society. With some exceptions I will state that the police know most of the active organized criminals, and that they are still few in numbers (one analysis came up with the number of 103 active and central organized criminals in Norway, which sounds fair). But who are they?

In Norway the following groups are pointed out.

*Network of robbers. There is one active rather loose network of professional bank robbers. This loose constellation is multiethnic and is supposed to stand behind the most violent and advanced attacks on banks, post offices and value transports.

*Biker groups – Hells Angels, Bandidos and Outlaws⁴. These groups got established in Norway in the early 1990s. They are associated with importing and dealing in amphetamine

² This is one of the basic problems of working with analysis of intelligence. You just don't know the real source and there are few ways to evaluate the quality of the information. The more established the fact is the harder it often is to question it and find out what is in it.

³ The exception here is Per Ole Johansens impressing work on alcohol smuggling and bootlegging (2004 and 1994, 1984).

and hash. They are used as strongmen and they are “big” in money collection, so called torpedo business.

*Smugglers of alcohol. The smuggling networks in Norway have traditions back to the prohibition period (1917 – 1927) and the WWI. These groups are traditionally ethnic Norwegian and are usually not violent.

*Drug smugglers. There are many drug smuggling networks and the picture is rather shifting⁵. These networks seem to be multiethnic depending on type of drug and which land the drugs come from.

*Lithuanian groups. Contrary to popular belief there has been very little activity by Russian organized criminal groups in Norway. There has been some activity by Estonian groups, but the most active are the Lithuanian groups (Larsson 2006b). These have so far mainly been active in petty crimes and theft of high volume (mobile phones, razor blades, nylon stockings, but also outboard motors). There is information that these groups have gone into drug smuggling, mainly amphetamine.

*The A and B gangs. The so-called A and B gang started as Pakistani youth gangs. They have been around since the 1980’s but today they are less active than they used to be. It is often stated these are the only real criminal youth gangs in Norway. They are associated with different forms of crimes, theft and pushing of drugs; but are infamous for their violence that so far mainly has been in-group.

What is the damage of these groups?

Popular belief, also stated by media and politicians, will have us to believe that organized crime is an immense threat to society. But there has been no sober estimate or systematic presentation of the damages by such groups in Norway. What are presented are often dramatic examples and episodes, not “the normal crimes”. These are often generalized. There are no comparisons with other sorts of evils and traditional crimes. Since we have estimate of the dangers and damages to society by traditional crimes it is more or less impossible to claim that organized crime is much worse and consists of new forms of threats. Another obvious point is that no one has so far gone into the *positive effects* of organized crime in Norway. The

⁴ Junninen (2006) omits these groups calling them life style crimes. In Norway these groups have been viewed as the archetype of organized crime.

⁵ In periods Kosovo-Albanians and Nigerians seems to have been big in the heroin market. Smugglers of cannabis seem mainly to be Norwegian (Larsson 2006).

population that enjoys these goods often views smuggling of alcohol and cigarettes as rather friendly crimes.

The following is an attempt to systematise the known harms of organized crime. The damages singled out are loss of lives, damage to health, loss of money, loss of trust in central institutions of society (typically the police and justice system) and loss of taxes by the state. Others pointed out in the literature, like the threat against societal norms and values, production of social disorganisation⁶ and the fear of crime; can be of great importance but the knowledge of these harms are insufficient in Norway and will be left out here.

Type of Org. Crime	Loss of lives	Damage to health	Money loses	Loss of trust in central institutions	Loss of taxes
Network of robbers	Killings in connection to these persons. Most known is the killing of a police officer at the NOKAS robbery.	Violent culture. Psychic problems by bank personnel and others in connection to robberies.	Grave robberies of value transports, banks and post offices. Great monetary losses. High cost of police work.	Threats to police and justice personnel.	?
Smugglers of alcohol. Moonshiners	Customers poisoned. Viewed as peaceful, but at least one example of in-group	Poisonous and harmful alcohol, harms of excessive drinking. Sale of spirits and	Loss of customers to the legal monopoly and breweries (the legal pushers).	The reputation of police and Customs officers might be affected by immense	Yes! High taxes. The estimate used to be that 1/3 of the consumed spirits where

⁶ Sutherland (1983) points out that the greatest danger of white-collar crime is not the loss of money, but the harm it does to social relations and trust. It produces social disorganisation.

	killings.	alcohol to under aged.		smuggling. Lack of state control.	smuggled or moonshine liquor.
Biker groups	Killings, mainly in-group	Culture of violence. Money “collectors” – torpedoes. Hash and amphetamine importing and pushing	?	Threats to police and justice personnel. Outlaws question the legitimacy of central institutions.	Some ⁷
Drug smugglers	Customers (heroin overdoses)	By stimulating drug use and selling low quality drugs ⁸	Loss of money for the legal drug industry ⁹ ?	Ineffective regulation questions the authority of the authorities	Loss of taxes on drugs.
A and B gang	Yes – mainly between gangs and members.	Pushing of drugs. Violence.	By theft, petty crimes etc.	Gang war – police trust	?
Lithuanian gangs	No	Indirectly by their involvement in the illegal amphetamine trade.	Values stolen in petty theft and outboard motors etc. Cost of securing these objects	?	?

⁷ This is hard to estimate. The biker gangs can be said to be part of an underground economy. But many members do have ordinary jobs and are connected to central societal institutions.

⁸ To some degree this critique can also be raised against the “legal pushers”. One difference is that illegal sale and distribution makes the quality control and the regulation of who buys and consumes the drugs poorer.

⁹ Again the picture is not this simple. There are connections between the legal and the illegal drug industries that often make it hard to draw the line between the one and the other. Often drugs produced by the pharmaceutical giants are smuggled and sold on the street by organized criminal groups. Braithwaite (1984) shows that the legal drug industry also is highly criminogenic.

It is often pointed out in central literature on organized crime that one of the greatest dangers and special traits is the corruption of police, justice personnel and custom officers. Organized crime automatically means corruption; this leads to loss of trust in central institutions of society. The direct corruption of police and custom officers in Norway does not seem to be a problem (Johansen 1994). The level of such corruption is on a very low level, there are some historical cases but they are not serious and rather amateurish¹⁰.

Money laundering is presented as one of the new evils. The definition in the “old days” used to be that it was a process whereby black money from criminal activity was laundered so it looked like it was legally earned. Today the legal definition is much wider and it comprises more or less all handling of criminal money. There has been an immense focus on money laundering and plenty of resources have gone into the regulation of this in Norway. The result so far is not convincing. We have few cases, if any; that can be called big or serious. We still lack knowledge in this field, but there is reason to believe that the size of laundering in Norway is moderate or small¹¹.

What we don't see

In Norway we are usually blind for the white-collar crime connection to organized crime and the blurred line between them. One reason why we don't see it is related to the way we have organized the police and the regulatory system. White-Collar Crime is handled by Økokrim and organized crime by the NCIS and the Oslo Police dept. In this way the regulation get compartmentalised and the two worlds of white-collar crime and organized crime therefore seldom meet.

A couple of examples can illustrate this point. The first is the so-called *catalogue fraud* cases in Oslo. What happened was that multiple firms “producing” advertising catalogues sent invoices to customers for catalogues that never was produced. This fraudulent activity went on for years and resulted in more than 8000 offences of aggravated fraud reported to the Oslo Police in 2003. In many ways this represents one form of classic organized fraud, but this was handled and labelled as white-collar crime by the police and prosecution.

¹⁰ This does not mean that it does not exist, but that our empirical knowledge is rather thin.

¹¹ This is not the place to go into deep arguments on money laundering. Few empirical studies have been done; Isaksen (2006) found more or less no *known* laundering in the securities market in Norway. If we do estimations like van Duyne (1996) did in the Netherlands we find that there is not that much money to launder in Norway and that much of the ill-gotten gains is used in consumption and reinvested in new crimes (Larsson 2006).

Another example is the handling of Russian cod in northern Norway. In many local communities in the north the industrial activity is built around the fishing industry and the handling and export of frozen fish, mainly cod from the Barents Sea. Several developments have affected the volume of fish from Norwegian boats to the production sites on land¹². Local entrepreneurs then turned to their neighbours in Russia for fish. It is assumed that much of this trade is done of the record with black money. It is also assumed that much of this cod is fished in illegal manners and the Russian traders are often portrayed as dubious figures with connections to the illegal economy. Much points towards connections between the legal, illegal economy and much is done in the murky waters between white-collar crime and organized crime. So far there has not been any collaborative efforts to fight this and it is usually not mentioned as serious organized crime even if the results of this trade might be severe for the future of the Barents cod.

Trafficking in women is one of the crimes that have a high political profile in Norway. Leading politicians put TIW high on the agenda and there is a general agreement that this serious problem has to be fought. But this is where the agreement stops. The lack of positive knowledge of the size and damages of TIW in Norway results in half-hearted efforts being made to regulate this, especially by the police.

One form of organized crime that seems absent in Norway is EU types of VAT fraud. One reason for this might be that we are not EU members. But on the other hand there are many forms of subsidies and taxes that are well suited for fraudulent activity. One highly subsidised and regulated industry is farming. So far this industry has been spared for special attention.

The prevention of organized crime

One of the most remarkable things about “the war on organized crime” is the nearly universal lack of initiatives in crime prevention¹³. The war on organized crime has come to be dominated by traditional law and order schemes; it calls for more police resources, wider powers and new measures, longer sentences and secure prisons to lock the hardened criminals in. The clear limitations of general prevention and the nearly universal failure of prisons as a

¹² Among them are the regulation of over fishing in these highly productive waters and the new fleet of modern production trawlers that refine and pack the fish on-board.

¹³ One reason for this is that crime prevention in the Norwegian police is tightly associated with the soft aspects of policing and working with youths.

solution to crime problems is well known and more or less officially accepted in Norwegian officialdom but this does not seem to be the case when dealing with organized and white-collar crime. It is stated that these criminals are more rational and cynical than “normal” criminals – so there are no other solutions – but is this true? And what do we know of the effects of these measures?

Problem oriented policing (POP) and proactive ways of policing are seen as ideal for the working of the Norwegian Police force¹⁴. These ideas have had little impact on the workings of the units specialised on organized crime, even if organized and white-collar crime seems well suited for this way of policing. Again the fight of organized crime seems to represent a stronghold of traditional reactive ways of police work. Internationally intelligence led policing is the key word; but what does this mean? It often means more use of informers, surveillance of suspects, untraditional police methods and tactical and operative analysis.

If we want to do crime prevention there is a need for some basic knowledge about the crimes and behaviour we like to reduce. Following are some things we need to know about organized crime before we plan preventive efforts. We need:

- Better knowledge of the scope and *size* of the problem.
- Better knowledge of the *reasons* for joining organized crime groups and how / why these groups originate.
- Better knowledge of the harms and dangers.
- Better knowledge of the dynamics and inner workings of organized criminal networks.
- Better knowledge of what they actually do and how they do it (corruption, money laundering etc)!
- Better knowledge about *what* works, when and for whom when it comes to prevent organized crime.

There are no simple solutions – prevention must be tailor-made for each form of crime. What works in some instances and places might not work in other places.

¹⁴ This is stated to be the way the Norwegian Police shall work by the National Police Directorate.

Alternatives to the traditional re-active way of regulating organized crime

- Are we responding to the criminal acts or the criminal groups?

First of all we must decide what we are responding to (Levi 2004). Is it the violations, the organized groups themselves or the acts they commit? It is not automatically such that preventive efforts against networks, groups or persons will reduce the level of crimes. The strategy of catching the big guys or the kingpins of organized crime might seem like a good idea. It might be sound from a justice perspective, but in some instances it might be counterproductive if the goal is to reduce the damages of crime. Taking out the big players, when such exists, often makes room for new innovators and up comers (Murji 1998). In a market perspective this can make these illegal markets even more flexible and adaptable.

My suggestion in most instances is to go after the crimes, the law breaking behaviour, not the groups. One example of preventive strategies where the focus shifted from group to acts is the actions against biker related crimes in Norway. The idea of making it illegal to be a member of HA, Bandidos and such groups used to be rather popular among police officers. But was this a reaction against the 1% biker clubs themselves or the acts some of them committed? The strategy used today is to follow the members closely and make it hard for them to operate by setting clear limitations to their activities¹⁵.

- Reducing the harms.

The war on organized crime is un-winnable and we must ask ourselves the question of what price we are willing to pay to reduce the level of crime. What if the price tag is the civil society?

We must balance the harms of regulation against the positive effects and always ask if there are better solutions. The rather strict regulation of alcohol and narcotics in Norway is based on the belief that this system will gain the health of the population. Low levels of drinking and drug using are positive for the health of the individual, but also for society at large. The damaging effects of alcohol, tobacco and drugs like amphetamine and heroin are well

¹⁵ This is done by the police using rules and regulations already in existence. There are limitations to where the clubs can have their quarters and the control of gatherings and meetings are often tight with police control of bikes and personal papers of the attendants.

documented. The question, of course, is if this use of a “penal regulatory solution” is working and compared to what. Maybe other ways of regulation work better than the use of police and harsh sentencing?

The fact is that Norway has 12 - 13000 heroin established users. The smuggling of hash is up in tens of tons a year. Amphetamine is also a popular drug, police and customs has for the last years confiscated 100 – 200 kilo a year, and this is the top of the iceberg. There is immense smuggling of alcohol, today mainly in beer and wine. It is used to be assumed that 1/3 of the liquor consumed in Norway was smuggled or moonshine.

I would not say these are examples of failure, we simply do not know how the state of drug and alcohol use had been if we had a different regime. According to the ESPAD report Norway is still on bottom, with other Nordic countries, in Europe when it comes to drug and alcohol consumption among youth. Damages in the population from use of such substances are also low.

- Re-regulating the field.

The central question is always *how we regulate*, it is usually not either / or – free drugs or total prohibition. This point must stressed, especially in the Scandinavian countries where the discussion on drugs most of the time is for or against, black or white. The regulation of many illegal substances in Norway has, like in most other countries, relayed heavily on the police and law and order campaigns. Norway and Sweden have long traditions in regulation by the use of state monopolies and taxation. Coffee shops are seen as dangerous places, but what about a state cannabis monopoly? What about using permissions and licences, like the Dutch do, and establish regulatory authorities to control the trade and quality of goods? This will certainly not reduce all problems, or be a final solution to the problems or organized crime, but it is worth to reflect on new ways to regulate illegal markets.

There is also much to gain on making the laws and regulation better fitted to reduce the level illegal activities. Lars Korsell (2004) discusses how the laws can be made more effective in reducing the possibilities, make it more risky, reduce the gains and to counteract the neutralization of the offenders of white-collar crime. The same way of thinking can be used when thinking of the laws regulating organized crime.

- Reducing the demand for illegal or highly taxed goods.

Instead of trying to reduce the supply of illegal goods and services many have argued for actions to reduce the demand. Illegal or highly taxed goods supplied by organized criminals are usually unhealthy or viewed as unwanted by society. This is, as Reuter (1985) among others point out, easier said than done. It is not impossible but it usually takes a long time to change the taste and preferences of people¹⁶. At the same time most organized crime networks are flexible and goes into other businesses, if one market disappears other opens up. The question of displacement effects of regulation must always be tackled.

¹⁶ Things can also change fast. With the sale of poisonous alcohol in Norway in 2001 – 2002 resulting in deaths the smuggling of strong alcohol went dramatically down to nearly nothing the following years. Today the big thing is smuggling of beer and wine.

References:

- van Duyn, Petrus (1996): The Phantom and threat of organized crime, in *Crime, Law and Social Change* 24.
- Isaksen, Karsten (2006): *De svarte pengenes betingelser. Hvitvasking i verdipapirmarkedet*. Rapport, Oslo. (The conditions of the black money. Money laundering in the securities market.)
- Johansen, Per Ole (1994): *Markedet som ikke ville dø*, Rusmiddeldirektoratet, Oslo. (The market that would not die).
- Johansen, Per Ole (1996): *Nettverk i gråsonen*. Et perspektiv på organisert kriminalitet, Ad. Notam, Oslo. (Networks in the grey zone)
- Johansen, Per Ole (2004): *Den illegale spriten*. Fra forbudstid til polstreik. Unipub. Oslo. (The illegal liquor.)
- Junninen, Mika (2006): *Adventurers and risk-takers: Finnish professional criminals and their organisations in the 1990s cross-border criminality*, HEUNI report, Helsinki.
- Korsell, Lars (2004): Hvilka kan förebygga ekonomisk brottslighet? (Who can prevent economic crime?) in Larsson and Myklebust (eds): *Organisert og økonomisk kriminalitet – myter og realiteter*, PHS forskning 2004: 2.
- Larsson, Paul (2004): Organisert kriminalitet – myter og realiteter, (organized crime - myths and realities) in Larsson and Myklebust (eds): *Organisert og økonomisk kriminalitet – myter og realiteter*, PHS forskning 2004: 2.
- Larsson, Paul (2006): *Det norske cannabismarkedet*, (The Norwegian Cannabis market) forthcoming in <http://www.nsfk.org/>
- Larsson, Paul (2006b): International Police Co-operation: A Norwegian Perspective, In *Journal of Financial Crime* (forthcoming).

Levi, Michael (2004): Towards a European Organized Crime Strategy? In Larsson and Myklebust (eds): *Organisert og økonomisk kriminalitet – myter og realiteter*, PHS forskning 2004: 2.

Murji, Karim (1998): *Policing drugs*, Ashgate, Aldershot.

National Police Directorate (2006): *Project organised crime*, report Oslo.

Politidirektoratet. Nasjonal trusselvurdering 2003. Rapport, Oslo. (National threat assessment 2003).

Reuter, Peter (1985): *Disorganized crime. Illegal markets and the Mafia*, MIT press.

Sutherland, Edwin (1983): *White-Collar Crime. The Uncut version*, Yale University Press.