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'The owls are not what they seem'
Merging of Organized Crime and Political Violence

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Summary

Organized crime and terrorism as prominent forms of political violence in the global world have a complicated national and transnational manifestation. This article examines the linkage of the two forms of political violence in a situation of increased mobility and diffusion of new technologies. Although organized crime and terrorism have different features, they enhance each other in various ways. The assumption is that there is more than just a mere overlapping between the two phenomena. They may convert or merge into one another and this requires a constant renewal of our understanding and reformulation of strategies and policies.

We assume that the relationship between terrorist and criminal organizations is more complex and socially embedded than it seems to be if we analyze them and counteract them separately. We outline common theoretical framework, policy implications and assessment of the organizational behavior, motivation and tools of operation through three general models: system approach, ethnic or cultural connections, and the economic nature of the groups.

The empirical data present four types of merging: from terrorism to organized crime; from corruption to organized crime; from organized crime to political control; and from organized crime to cyberterrorism. Finally, the analysis outlines policy options to cope with terrorism and organized crime.

Keywords: terrorism, organized crime, institutional design

JEL: D02, H56, K42

Introduction

"Owls are not what they seem" is a famous line from the Twin Peaks television series, which is a mysterious story between a thriller, a horror movie and a murder investigation crime movie. This phrase has become popular and people would use it to describe either the actions of someone who wants to conceal their true motives, and causes confusion and deception to remain unpunished or the situation where many of the participants and their actions remain hidden, vague and intertwined. In brief, common understanding is to see only a framework of lie and half-truth. In this article terrorism and organized crime are described as "owls". We examine them together because the two phenomena are a face with two masks, or a two-face coin. Our goal is to differentiate what is seemingly apparent from reality.

There are some general theoretical approaches to explaining terrorism and organized crime: structural, ethnic and economic models. These approaches have a tiny focus on the groups and their activities. Yet it is not sufficient to consider the fuzzy boundaries and the complex causalities

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between legitimate social interaction and deviant crime or violent behavior in the postmodern world. Our contribution is namely the attempt to fill these models with sociological, political and organizational content to make the merging between organized crime and terrorism more transparent, understandable and readily available to policymakers. Most of the authors tend to examine either terrorism or crime. However, such separation becomes more and more technological in nature and loses its cultural significance. We have adopted a different approach in line with the one applied by Shelley (2005), Makarenko (2004), Mincheva and Gurr (2013), Schmid (2011), Treverton (2009), Arena (2006) and other, who analyze the two phenomena as a shared reality. The empirical data, which we have used to illustrate and prove our theoretical implications, are mostly secondary data from different studies. Some of them are based on field work and interviews with experts and policy makers.

Key concepts

The progress in information and communication technologies globalized and connected the world in an unprecedented way. The opportunity to access any information and answer almost any question in two clicks may be a good thing for our societies. But it is beneficial for terrorist and criminal groups as well. They can also find an answer to any question in two clicks, for instance, how to build a bomb, find personal information for someone, and counteract government investigation mechanisms. They communicate in real time and vanish before law enforcement can reach them. Any lawless group or individual can accomplish its goals exploring new technologies and virtual space (Hesterman, 2013, p. 243, pp. 246-247). Global markets are vulnerable to disruption because of the open borders, the free movement of people, and the growing flow of goods and financial instruments.

Hence terrorism and organized crime have rendered security much more extensive and expensive. If small groups or a small number of people has the power to cause massive damage in the modern world, then it is essential first to develop basic understanding of terrorism and organized crime, their connection as well as their nature, causes, and consequences. In it only then that we can act in a more informed way about the opportunities to eliminate the major accelerators of these activities and thus lessen their effects (Forst, 2009, pp. 1-2).

Terrorism

There is no single meaning to the concept of terrorism – it is a created construct that tends to reflect the issues of public debate, and thus, to shape the agenda of the community (Schmid, 2011, pp. 39-40). There are more than 200 of definitions of terrorism in use, and they are national, international and academic. What is more, each definition emphasizes a variety of attributes of terrorism.

Initially terrorism was applied as an instrument of social control by the state against insurgent outbreaks and anarchy. At a later stage, terrorism was used as a repression tool by totalitarian regimes. The modern meaning of the term regards terrorism as a tool used by ethnic and religious radical groups to achieve political goals. Today terrorism is understood as cell-based networks that run off politically motivated, asymmetric violence and unlawful act or threat against human or property targets (Martin, 2008, pp. 4-5, 8-9). It is characterized by achievement of objectives through intimidation, organization and planning. Additional features of terrorism include hate language, moral principles, conspiratorial and mystical beliefs and aims (Forst, 2009, pp. 4-5). There is yet another important aspect of the definition and it is

the similarity between terror and fear and the element of secrecy to ensure that the act shocks a target population so that the latter tends to be passive and victimized and thus supportive to the goals of terrorists.

The overwhelming majority of definitions of terrorism includes elements of violence or force (84%), psychological impacts (41%), victim-target differentiation (37%), and combat as strategy or tactic (30%) (Hoffman, 2006, p. 34). Governments and international organizations have incorporated three key elements in their definitions: wide population targets (78%), illegal, criminal activities (85%) and violence (53%). There are almost no references to psychological warfare, strategy or tactic and communication. This sets apart the content of academic and nongovernmental definitions, where the illegal, criminal character of terrorism is part of only 30% of the definitions. The political character of terrorism, which is mentioned in 85% of the academic definitions, can be found in only 25% of governmental definitions and those of international organizations. Psychological warfare, communication and strategy or tactic score 12%, 27% and 35% respectively in academic definitions. The element of population targets and the element of violence scores less with the academia (59% and 38% respectively). This comparison between academic and (inter-) governmental definitions demonstrates that there is less common ground between a social science and a legal definition than we would expect (Schmid, 2011, pp. 75-76).

Looking at the contemporary criminal definitions of robbery, we find out that the fear factor is not unique to terrorism. Lesser *et al*. noted that terrorism is a weapon used by the weak against the strong (Lesser et.al., 1999, p. 85). Using the robbery reference, we may argue that most robbers are intellectually and emotionally weak and use their social inabilities against those they see as financially strong in order to further their cause of financial gain (Ronczkowski, 2004, ch. 2). So terrorism seems to be everywhere. Hackers are cyberterrorists, religious leaders are psychological terrorists. Microsoft is accused of monopoly terrorism, Apple – of patent terrorism and postmodern art – of artistic terrorism (Nunberg, p. C-5 in: Forst, 2009, p. 7). *In this paper,* terrorism is interpreted as an unlawful activity on an organized base that is featured by the use of threats, violence and crimes with political motivation and aims and with symbolic significance of the incentives.

Organized crime

There is also no common definition of organized crime. Even though there is no full understanding of its meaning, it is readily recognized when it is seen or experienced. However, people have trouble distinguishing between reality and fiction, especially when it comes to organized crime (Albanese, 2015, pp. 1-2.). We can find definition of the UN to transnational organized crime and also of the EC and different national bodies but here we need a comprehensive understanding than a legal definition.

Frank Hagan identified several common elements in the descriptions of organized crime offered by thirteen authors (Hagan, 1983, pp. 52–57, in: Albanese, 2015, p. 3). Albanese has updated Hagan's analysis and the result is an emerging consensus about what constitutes organized crime. However, there are eleven different aspects of organized crime included in the definitions of the different authors with varying levels of frequency. So organized crime functions as a continuing enterprise that works to make a profit through illicit activities, threats and violence and through corruption of public officials to escape law enforcement. There also appears to be some consensus that organized crime tends to be restricted to those illegal goods and services

that are in public demand. However, there is less consensus that organized crime has exclusive membership, ideological or political motivation, requires specialization in planning or operates under a conspiracy.

The size of organized crime groups can vary from a few people to several thousand but criminal groups tend to be copying the terrorist tactic of small groups and cell networks. Their power derives from the combination of technology, networks and alliances. Trade in narcotics and smuggling products requires a move away from hierarchy toward alliances with other groups across the globe. That is true especially for the huge virtual market and also for crimes where the barriers to entry are relatively low. On the other hand, the activities are executed to generate profits. In this sense, these groups are like business enterprises. They make rational choices about what type of business they engage in, whom they partner with, and how they manage their product and how they respond to market demands. The logic of the market explains criminal behavior and provides insights into the intersection both of organized crime and terrorists or their supporters (Treverton et. al., 2009, pp. 12-14).

Organized crime's involvement may be understood by considering three motivations: consolidating, expanding vertically and expanding horizontally. In the **first**, organized crime consolidates itself in order to prevent amateur competitors. In the **second**, a criminal group expands to derive profit from experience in related criminal activity. For instance, the methods used in human smuggling – forging documents, laundering money, smuggling objects or people across borders – can be leveraged when turning to counterfeiting and vice-versa. The **third** motivation is expanding to diversify the criminal group's revenue streams (Treverton et. al., 2009, p. 30). *Therefore*, under organized crime, we understand a group with some kind of a formalized structure and a main objective to obtain money through illegal activities, use of force or threatened violence, corruption and kidnapping of public officials, with negative impact on the people in their region or country.

The analysis of the definitions of terrorism and organized crime illustrates that the two concepts have *overlapping elements* such as violence, financing activities, illegality, victimization of the society, continuing activities, planning, and conspiracy. At first glance, the criteria for organized crime merge easily into the definition of terrorism than vise-versa. In the next paragraphs we will examine in detail this relationship because **we** *argue that terrorism and organized crime can be put together in a common analytical and policy framework.*

Terrorism-organized crime nexus

Differences

The main difference between organized crime and terrorism is **motivation and purpose** – financial gain for the former and a political agenda for the latter. The main intent of terrorism is belief, not money. By including criminal motivation as possible reason of terrorism, the definition may include so many acts that have nothing to do with political violence such as human smuggling, drugs, money laundering, extortion, counterfeiting of wide range of products, pharmaceuticals, software, automobile parts, and intellectual properties. Terrorism in its most dangerous form is essentially political because at the end of the day, Islamic radical terrorist organizations have political goals, such as creating an Islamic caliphate. By making terrorism inclusive of criminal activity, *the harmful form of political pursuit gets softened.* The criminals act for private gains, and, therefore, their corruption is understandable even if not acceptable. The excuse of political

beings that kill innocent people is more difficult to accept. If there is an order of such people, criminals rank higher and easer to fight against (Schmid, 2011, pp. 64-65).

While the means of both organized-crime and terrorist groups have become more alike, the targeted *outcomes remain conceptually distinct.* The social costs and consequences of terrorism tend to be more visible even when associated with serious acts of crime because of the scale of the *harms and the fear produced* by the acts. Because of the extreme nature of terrorism, the *sanctions* that apply to criminals are likely to be inadequate for terrorists. Criminals may be more easily reintegrated into society than terrorists who aim to destroy it. Even when terrorists violate the same laws as criminals, it may be appropriate to impose more severe sanctions against them. Terrorism is, after all, a close relative of hate crime, which also receives more severe sanctions than crimes that are otherwise similar to it (Forst, 2009, p. 16). Terrorism is a crime that the threat of prison or even death could not deter (Hesterman, 2013, p. 55).

Although, money is also part of the motivation as a goal or as an instrument, *contemporary terrorist operations seem to be not extremely expensive*. That is not to say that terrorists will not turn to crime to finance their activities, only that terrorists may not engage in profit-generating criminal acts to the same extent that criminal syndicates do. Beyond the funds needed to execute an attack, funds are also required to finance day-to-day recruiting, training and protection against the law (Prober, 2005). It is important to distinguish between criminal funding of terrorists by supporters and crimes by the terrorists themselves. For instance, in the border area of South America, between Argentina, Brazil, and Paraguay, local groups were involved in counterfeiting for Hezbollah (Hesterman, 2013, pp. 5-6). There is also difference between crime that is strategic and crime that is opportunistic on a cell-by-cell basis. In Northern Ireland the crime was strategic because the groups engaged in terrorism used piracy to fund their activities (Hesterman, 2013, pp. 5-6).

In addition, *terrorist groups seek to destroy the status quo*, while *criminal syndicates seek stable shadow* business environment (Dishman, 2001, pp. 43-58). Logic suggests that organized-crime groups would hesitate to work with terrorist groups. The main reason is that organized crime fears that any association with terror groups will intensify the law enforcement and will create a risk for the operations and the survival of the crime group (Giraldo and Trinkunas, 2007, p. 19). Major organized crime groups such as the triads in Hong Kong or the Mafia in Sicily do not fit the classical definition of a terrorist group. Organized-crime groups rarely engage in terror, even when they threaten the control of the state, they prefer selective violence, not pure terrorism (Treverton et. al., 2009, p. 17).

From their point of view, terrorist groups also have to fear that if they are too successful at crime, criminal groups will turn on them. Islamic and other anti-Western terrorist groups might object to selling pirated western films, the symbols of the society they wish to destroy. In the past, Groups such as the Revolutionary Armed Forces of Colombia (FARC) and Mexico's Zapatista National Liberation Army (EZLN) have refused to engage in criminal activities that do not conform to the groups' ideological or political agenda (Dishman, 2001, p. 44).

Also, there seems to be *distinguishing features in the criminality pursued by different terrorist groups*, which are determined by historical and cultural factors. For instance, radical Islamic terrorists are recruited not so much for their criminal skills but for their connections to local communities and they

fail because of inability to cross international borders without attracting attention. Conversely, right-wing groups recruit individuals specifically for their criminal skills and they fail because of poor internal security (Hamm, 2005, pp. vii–viii).

Lastly, *terrorists are different from criminals,* in at least three important respects. They tend to commit crimes that are more serious and large scale than most violent crimes. They aim to create fear in a whole society through high publicity. And they tend to justify their acts with a larger social mission. Organized crime conduct usually invariably involves the attempt to minimize the attention their acts receive. And they do not generate widespread sympathy, for they make no pretend of serving any larger social or political purpose. The individuals who commit acts that fit the definition of terrorism rarely regard themselves as terrorists and that is not the case of the people who commit organized crime activities (Hamm, 2005).

Usually, we are focusing on the differences but they are mainly static and may not be related to the global environment. The changing organizational patterns of both type of groups overcome the distinction between them. In the next section we examine this process in detail.

Convergences

The interconnection of crime and terrorism raises three important issues. *First*, to what extent do terrorist organizations have an internal criminal capacity and criminal groups – a capacity for political control? Some of the most serious cases of terrorism have not involved organized crime groups but the terrorists have acted using the methods of organized crime (Shelley, 2005, p. 14). A list of terrorist organizations with sizeable criminal operations or capabilities include Hezbollah, FARC, Egyptian Islamic Jihad, The Kosovo Liberation Army (KLA), the Islamic Movement of Uzbekistan (IMU), the Provisional IRA, and the Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka. *Second*, to what extent have criminal and terrorist organizations allied with each other? And *third*, to what extent have terrorists benefited from organized criminal activity and vise-versa?

Tamara Makarenko identifies four major points in answering the questions of convergence between terrorism and criminal groups: alliances, operational motivation, convergence thesis, and the 'black hole' syndrome (Makarenko, 2004, pp. 129-145).

The *first level* of relationship between organized crime and terrorism is **alliance**. The nature of alliances varies, and can include one-off, short-term and long-term relationships. Furthermore, alliances are established for a variety of reasons such as seeking expert knowledge (money-laundering, counterfeiting, bomb-making) or operational support (access to smuggling routes). In many respects alliance formations develop relationships within legitimate businesses. Usually, the ties between organized crime and terrorism are isolated in specific unstable geographic regions to ensure that an environment conducive to their needs is sustained. Finally, cooperation with terrorists may be lucrative for organized criminals by undermining law enforcement and limiting the possibilities for international cooperation. For example, the Islamic Movement of Uzbekistan entered into a strategic relationship with the Afghan drug mafia and Central Asian criminal groups to ensure that shipments of heroin could be safely transported between Afghanistan and the Russian Federation. The Caucasus Militants linked to Al Qaeda established connections with Bosnian criminal organizations to establish a route for trafficking Afghan heroin into Europe via the Balkans (Makarenko, 2004, pp. 131-132).

The *second level* of connection is **operational motivation.** Criminal and terrorist groups are seeking to adapt their own structure to take on a non-traditional, financial, or political role, rather than cooperate with groups who are already effective in those activities. In this way criminal and terrorist groups want to avoid the problems present in all alliances as differences over priorities, distrust, and competitors. Criminal groups have increasingly engaged in political activity in an effort to manipulate conditions in the growing numbers of weak states. Comparable, the most common criminal activity of terrorist groups is the illicit drug trade, also fraud, counterfeiting and human smuggling. Thus a growing number of groups have simultaneously displayed characteristics of organized crime and terrorism, making it analytically difficult to make a distinction between the two phenomena.

The *third point* occupying the crime-terror continuum is the **convergence thesis**, which refers to the idea of a transformation to a degree that the ultimate aims and motivations of the organization have fully changed. It incorporates criminal groups that display political motivations; and terrorist groups who are interested in criminal profits, but use their political rhetoric as a facade to impede criminal investigations and to assert themselves amongst rival criminal groups as IMU and FARC.

The criminal groups can be further subdivided into two parts. *First*, it includes groups who have used terror tactics to gain political leverage beyond the law or attempt to block anti-crime legislation, or they are interested in attaining political control via direct involvement in the political processes and the institutions of the state. *Second*, it includes criminal organizations that initially use terrorism to establish a monopoly over lucrative and strategic economic sectors of a state. Grabbing control of financial institutions can both bring money and advance political ambitions. Many groups retain narrow portfolios of objectives, targets, and methods; others are becoming conglomerates of causes. Russian and Albanian criminal organizations provide examples of 'conglomerates of causes'.

The *final level* of the continuum refers to the situations in which weak or failed states favor the convergence between organized crime and terrorism, and create a safe place for operations of convergent groups. The so called **black hole syndrome** covers two situations. "A black hole is geographic entity where due to the absence or ineffective exercise of state governance, criminal and terrorist elements can deploy activities in support of, or otherwise directly relating to criminal or terrorist acts, including the act itself". (Mincheva and Gurr, 2013, p. 17). *First*, where the primary motivations of groups engaged in a civil war evolves from a focus on political goals to a focus on criminal goals. *Second*, it refers to the emergence of a '*black hole*' state – a state taken over by a hybrid group. A successful criminal organization with political interests or a commercialized terrorist group can effectively challenge the legitimacy of a state and replace it in many functions. States that fall within this category include Afghanistan, Angola, Myanmar, Sierra Leone, Tajikistan. Furthermore, areas in Pakistan, Indonesia, Thailand, some areas on the Balkans and Caucasus are also in danger of passing to the 'black hole' syndrome. We can assume that the relationship between terrorist and criminal organizations is more complex, decentralized, socially embedded and dynamic than it seems to be if we analyze them and fight against them separately.

A key common element in both political and criminal coercion is *intimidation*. Organized crime groups use violence against non-cooperative entrepreneurs to pay for

protection. Terrorists often engage in similar extortion in order to collect revolutionary taxes. In both cases, an instrumental victim serves to manipulate a wider target group. Once a few who have refused to pay have been killed, other will think twice about playing hero. So distinguishing between terrorism and organized crime doesn't provide a workable criterion to distinguish between organized criminal intimidation, through random violence or demonstrative terror through campaigns of random intimidation (Schmid, 2011, p. 65).

Another critical element of convergence is that terrorist and criminal groups *need money*. For present-day terrorist groups, criminal activities, especially low-level crime as counterfeiting, have become a necessity. The trend reflects the speed and agility of cell-level terrorist operations and highlights just how difficult it is to monitor and take down these groups. Understanding this new feature of terrorist financing is a task that requires new forms of cooperation and new modes of strategic thinking (Treverton, et. al., 2009, p. 7).

Except organizational convergence, money and intimidation, there are also other similarities between terrorism and organized crime. Both *operate secretly*, use muscle and ruthlessness, and their victims are mainly civilians. Both use similar *tactics* as kidnappings, assassination, extortion and many of the sources of crime are common. In addition, the more effective terrorists, like the more effective criminals, tend to *operate outside of the predictable* to minimize the risk of detection and prevention (Schmid, 2011, p. 65). They are usually *rational calculators*, highly adaptive and resilient, although the *control over the individual member* is usually strong. They act with intent, committing their crimes with an *instrumental goal* in mind. They are predominantly *young, male, educated, middle- and upper-class*. They are aware that they break the law, and are typically *disrespectful of social norms*. Finally, both types of organizations seem to operate often in *small teams* to escape official scrutiny.

In conclusion, there is growing recognition that the interconnection between organized crime and terror organizations is deepening and becoming more complex. New actors as rebels and gangs have joined the mix, and crime has become an important source of funding for terrorist groups (Arena, 2006, p. 455). The usual distinction between terrorist and criminal organizations with purely financial motives at the one end and purely ideological or political objectives on the other is not credible. The debate about their purposes will continue, but most terrorist groups have had to move toward the middle of the continuum, proceeding both criminal activities and violence to sustain their goals. For practical purposes, terrorist and organized-crime organizations find it useful to cooperate with each other or to transform their own organization in order to escape competitors and outsourcing. It is an imperative that policymakers and law enforcement organizations understand this process in order to exploit vulnerabilities in both forms of organization. As a result, police departments maybe have to redesign their organized-crime units in the fight against terrorism and vice-versa (Treverton, et. al., 2009, p. 25).

Theoretical framework of research

The unified profiling of organized crime and terrorism allows outlining common theoretical framework for analysis, policy implications and assessment of the organizational behavior, motivation and tools of operation. The next section presents our view on this point. The contemporary world is complex, the environment is global, the markets are fragmented, the capital is decentralized and social diversity is rising. There are new social structures and organizational forms

as networks, strategic alliances, and virtual organizations with fluid patterns. Boundaries between units and functions are loose and culture influenced. *All organizations including organized crime and terrorist groups are affected by these external factors, no matter the size or purpose for existence* (Hesterman, 2013, pp. 40-46).

Based on the above, we can assume that all terrorist and crime groups have some type of organizational structure. They have goals and a distinct culture; they must communicate; they plan and they execute. They all consist of human beings who exhibit certain behaviors and are motivated to act as members of a group. It is therefore possible to view each group through the organizational science lens. It gives us a set of tools we may apply to view, diagnose, and change any organization, including crime or terrorist group (Hesterman, 2013, p. 59).

Hence models of terrorism and organized crime can be grouped into three general types: system structural features, local ethnic or cultural connections and the economic nature of these groups (Albanese, 2015, pp. 105-125).

Structural models

This type of approaches views terrorism and organized crime as part of a system. Often, we react only to outcomes or events that could contribute to next development of the undesired issue. Using *systems theory*, by including the patterns of the problem might address or prevent violence. Part of the systemic view is the concept of **hegemony** which is widely accepted to explain the dominance of one social group over another. As we watch financial crisis, economic instability and disappearance of the middle class in many societies, it would seem the world is divided into those who are successful and those who are struggling. This discontentment can be played out by terrorist and criminal groups searching for new members. The social frustration can be directed to anger and violence. Therefore we should expect not only the poor people from developing countries to become terrorists or criminals but middle- and upper-class citizens as well in a structure of domination and grievance (Hesterman, 2013, pp. 50-52).

The hegemony as a social condition can be transferred and applied to terrorism and organized crime through the **bureaucratic/ hierarchical organizational model**. According to this model, the two phenomena are seen as government-like structures, in which organized illegal activities are carried out and protected with the approval of superiors. The major attributes of terrorism and organized crime according to this model include a structure of authority from boss down to soldiers (Ronczkowski, 2004, ch. 2). The model fits best in its description of how the group functions on a local level and in historical context but there is poor evidence, whether a true connection exists among groups in different places. Nevertheless, there is evidence that some contemporary gangs are organized hierarchically including low-level comrades, high-ranking lieutenants, and field generals responsible for specific territories (Albanese, 2015, p. 111). Perhaps the biggest problem with the hierarchical model of terrorism and organized crime is that it leads to the conclusion that prosecution of the bosses will make these groups less threatening. This is not necessarily the case, because the demand and the weak regulatory system provoke the emergence of new illicit entrepreneurs (Albanese, 2015, p. 112).

Other modification of the system studying of organizations is the **organizational life cycle**. The theory is that all organizations move through the same steps of development, which make them predictable. Larry Greiner pointed out five development phases of modern

organizations: creativity, direction, delegation, coordination, and collaboration (Greiner, 1998, p. 55-60). After finding direction, and maintaining control, the internal crisis forces the organization to collaborate with other groups. Later on, at the final stage, the organization forms alliances. However, after a period of time, it is possible that the alliance suffers a crisis of identity. It may be possible to build coalitions and countercultures within the overarching group and subcultures that divide loyalties. Therefore, when viewing a terrorist and crime group behavior, we should look for ways organizations are inconsistent, ambiguous, and in a constant state of change. Adapting standard organizational **behavior theory** to terrorist and criminal behavior we can expect that every behavior is caused, goal directed and learned. Viewing the modern terrorist and crime groups through this model allows understanding the organizational transition between them and defining a solution set and areas to actively engage with (Hesterman, 2013, pp. 59-60).

Lastly, to understand the correlation between terrorism and organized crime, we define the interaction with the external environment, through the **environmental theory.** At the center, we have the terrorist and the crime organization as the primary actor. The network, in this case, would be partners, competitors, and suppliers, possibly including other terrorist and criminal groups as a network. A networking structure emerges when operations are fragmented, when time is compressed, and as the operational base is penetrated or destroyed. Hence the nexus of groups may provide the opportunity for engagement where none existed before. Any changes in this part of the model can be an important factor to control their growth and viability. For instance, there is much opportunity in this outer ring for multinational organizations such as NATO, the EU and the UN to have great impact on the environment of terrorist and crime organizations (Hesterman, 2013, p. 53, pp. 57-64).

Ethnic and cultural models

According to the sociological studies of organized crime, for example the study of Joseph Albini, individuals involved in organized crime are not part of an organization but of a system of loosely structured relationships (Albini, 1971). Ethnic terrorism, on the other hand, occurs typically after long-standing ethnic or tribal rivalries or government interventions. It ranges from the local level of the clan or tribe to the level of the nation and beyond, as when an ethnic group has migrated to various places and has created a diaspora (Forst, 2009, p. 11). This model assumes that friendships based on cultural and economic ties formed the basis of linkage between organized crime and terrorist activities. It highlights the importance of heritage in forming the basis for working relationships and social knowledge. The mutual trust and reliance between actors derives from their shared local experience. So it can be seen that local groups and connections remain not key but important dimension to terrorism and organized crime (Albanese, 2015, pp. 111-113). Additional factor here might be the **ideology.** An ideology is closely tied to the culture of an organization and can piece together loosely organized or morphing organization as it is difficult to dislodge an ideology (Hesterman, 2013, pp. 51).

Economic models

The **class conflict** theory links capitalism to terrorism and crime. The structure of capitalism creates the desire to consume and the inability to earn the money for that (Albanese, 2015, pp. 94-97). The right of revolution, ignoring every type of domination is a typical practice more of terrorist than of criminal groups. More applicable factor for crime in our modern world is that we

expect immediate results (Hesterman, 2013, p. 49). This encourages people to disregard the rights of others who stand in their way. The line between a successful business person, a white-collar criminal, an organized crime figure, and terrorist according to this view, is narrow, distinguished only by the level of illegality and violence by which the money was obtained, not by who may have been exploited (Albanese, 2015, pp. 94-97). This view allows analyzing terrorism and organized crime as a national and transnational enterprise through the so called **enterprise or business model.** The assumption is that successful international criminal and terrorist enterprises follow the same business plan as every company and often work in parallel with legitimate corporations by using their practices, technologies and equipment. As a result criminal and terrorist networks are harder to detect and infiltrate (Hesterman, 2013, p. 9).

Dwight Smith applied a spectrum-based theory of enterprise to criminal activities and found that the main assumption is equal: a necessity to maintain and extend own share of the market (Smith, 1980, p. 358-386). According to this view, organized crime and terrorist groups respond to the needs and demands of suppliers, customers, regulators, and competitors. Larger, more connected groups can benefit by taking advantage of teamwork, and division of labor, but they also tend to be subject to a greater risk of detection and the effectiveness of the group is equal to the competence of its weakest member (Forst, 2009, p. 10). Overall, this model sees organized crime and terrorism as a product of market forces and as economic relationships, rather than personal relationships (Albanese, 2015, pp. 113-116).

Fitting the models together

Organized crime is studied most fruitfully as an economic activity and terrorism as an ethnic activity, although the case with ISIL (Islamic state) in many aspects is closer to the business model. The prosecution is more effective on the basis of the ethnic and structural models which outline the relationships among its participants. The economic activity provides more leads to understanding the genesis and maintenance of the illegal acts. The structure of the group provides more leads for prosecution purposes (Hesterman, 2013, pp. 116-119). The combined application of the models is more suitable because of the newer forms of organized crime and terrorism in the virtual rather than in the physical world. The virtual world is a cyberspace, where the provision of illicit goods and services is provided without a physical contact between provider and consumer. Criminals and terrorists become more disconnected from victims and from each other. They associate only temporarily when it is necessary. On the other hand, the criminal and terrorist acts have remained quite stable, reflecting only changes in opportunity (internet, globalization), whereas the structure of organized crime (groups and networks) mirror parallel changes in the social structure (Hesterman, 2013, pp. 116-119).

In conclusion, the models are not mutually exclusive (see Figure 1). It would me more fruitful to combine them analyzing, investigating and fighting against terrorism and organized crime as a continuum of structures and activities. We can no longer see the group in terms only of organizational charts or ethnic conflicts, but think of the modern terrorist and crime organization as a shared reality (Hesterman, 2013, pp. 57-64). In the next sections we are presenting some cases which illustrate our understanding of the common nature of terrorism and organized crime and some policy implications from our findings.

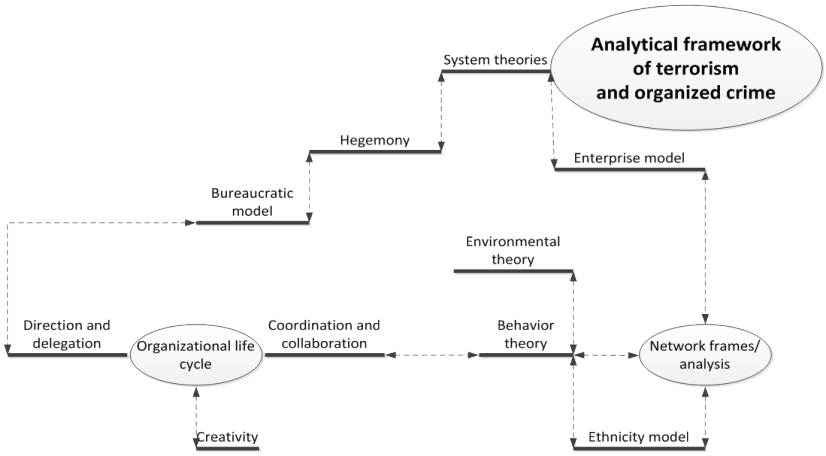

Figure 1. *Fitting models into common framework of terrorism and organized crime*

Empirical analysis

From terrorism to organized crime

Historically, the best-documented case of a direct connection between terrorism and organized crime involve the Irish Republican Army (IRA). Organized crime had been a source of revenue for both republican and loyalist paramilitary factions during Northern Ireland's 'troubles' and continued to provide a means of financing for splinter groups that persisted after the ceasefire (Treverton, et. al., 2009, pp. 82-91). In 1998, the Belfast Agreement began a political process that ended the hostilities and led to the decommissioning of the major terrorist groups. However, splinter groups have remained, and continue their campaigns. With the end of the political violence, it has seen a rise in organized crime, with former terrorists using their expertise and networks to engage in crime (Treverton, et. al., 2009, pp. 82-91). In addition to a steady flow of arms and munitions, paramilitaries smuggled livestock grain, cattle and pigs, stolen cars, petroleum and cigarettes (Horgan and Taylor, 1999, pp. 1–38). In 2007 the major paramilitary organizations on both sides were still linked to organized-crime activity as counterfeiting, extortion, drug dealing, and other financial crimes. However, the leadership of these organizations had attempted to persuade their members away from crime. In this situation, the piracy of films remained the most profitable category (Treverton, et. al., 2009, pp. 82-91).

If we are trying to put this case within the framework of convergence, it is a combination of operational motivation and convergence thesis – adaptation of the internal organization to the new realities and real change of the goals and the motivation from terrorist to criminal. The hegemony model explains the successful transformation with the existing control of the organizations over the local communities and the engendered fear within them. The life cycle of the groups is moving from directed to network relationships by using the opportunities to profit from crime. According to the behavioral theory, the behavior of the groups' members is learned throughout the years of terrorist activities. The ethnic model is applicable to the initially forming of the groups separated by religious appurtenance which may be explaining the long-term existence, mobilization and stability of groups. The enterprise model fits with the network structure, communicating and the utilization of professional skills and crime opportunities in the global

world. We can conclude that it would be counterproductive for the law enforcement and regional cooperation to define the groups as terrorist or criminal but rather as compatible organizations.

In our opinion, we find similar cases in Spain with ETA, Columbia with FARC, the Balkans, especially Kosovo and Albania with the ALK, the global interference of networks of Al-Qaeda in different developed countries, and others. The cases show how resilient crime can be, not only to changing market conditions, but also to internal political changes.

For instance, in Southeast Europe, the geographic location of the Balkan region, placed between the world's main supply line of heroin and its target market in Europe, consequently is suffering the effects of being a transit area for smuggling and terrorism. Terrorists and Islamic extremist groups exploit the region's liberal asylum laws, open land borders, and weaknesses in their investigation, prosecution, and procedure processes while using these countries as operational staging areas for international terrorist attacks. Albania and Kosovo lie at the heart of the criminal Balkan route. It passes from Afghanistan through Pakistan or Iran, Turkey, Bulgaria, the former Yugoslav Republic of Macedonia or Serbia, Bosnia and Herzegovina, Croatia, Slovenia, and ending in Italy and Western Europe (Forte, 2013, p. 11). This route is worth an estimated $400 billion a year and handles 80 percent of the heroin destined for Europe. European nations now recognize Balkan organized crime (BOC) as one of the greatest criminal threats (Hesterman, 2013, p. 17-18).

Similar to Italian organized crime, BOC began as a family or clan activity as a source of safety and protection during occupation of the Balkans by other countries in the fourteenth century and later. The Mafia group works with Balkan organized criminal groups, which engage in arms and cigarette smuggling and human trafficking. The enterprise controls the heroin market in some of the larger European nations, and they are rapidly taking over human smuggling, prostitution, and car-theft rings (Hesterman, 2013, p. 15). Communist rule led to continued regional black-market activities in the Balkans. However, the collapse of communism and the wars in the process of collapse of Former Republic of Yugoslavia allowed rapid worldwide expansion. Organized crime elements grew in scope, corrupting new rulers and allowing institutions to expand power and profit. Leadership of the groups is decentralized and, similar to the Mafia, along family lines.

This type of convergence is much more hierarchical, based on ethnic and family ties with learned behavior and diaspora networking. It is also more dangerous, high risk and violent activity than the counterfeiting in Northern Ireland. According to the framework of Tamara Makarenko, the Kosovo-Albanian case, for instance, is a combination of internal change of the group and of external state collapse which lead to the 'black hole syndrome'. In terms of security threat, this means that the transition from terrorist to organized crime activities is a pressing concern in this region because of the high impact of corruption on the business, the institutions of law, and the leadership (Hesterman, 2013, p. 17-18).

From corruption to organized crime and protected spaces

This type of development can be found in countries which are experiencing a transition from traditional to modern/ postmodern society, also have strong centralized governance with different levels of authoritarian practices and high levels of corruption. There are various examples but from our point of view in the post-Soviet space similar processes

are more apparent. In Russia, actually, the corruption is greater security problem than the organized crime and it has more negative impact than organized crime. Although a victory for democracy, the demise of communism caused economic and social chaos, civil wars are still unresolved, and corruption is widespread (Hesterman, 2013, p. 11). Organized crime is consistently the weaker partner. The state collaborates with organized crime leaders until they are not challenging its might (Rawlinson, 2012, pp. 160-174).

For much of its history, Russia has been subject to endemic presence of corruption and it has been identified as a feature of Russian culture. The predominance of patron-client politics is an integral to the organized crime, or collective illegal entrepreneurship. The clearest evidence of collaboration exists in the absence of successful prosecutions, especially in the case of suspected contract killings (Rawlinson, 2012, pp. 160-174).

Thus, in the Russian case, organized crime is built on preexisting connections to officials at all levels through cultivating, bribing and intimidating them; and on complex relationship with the private market (Sokolov, in: Treverton, et. al., 2009, pp. 97-105). Russian organized crime is more about business than about violence. The involvement in legitimate business through the process of privatization on the 1990s has gradually pacified organized crime. As a result, more than one-half of the Russian economy, including significant portions of its vast energy and metallurgical sectors, is now controlled by organized crime. Well connected and embedded in society, criminal groups in Russia effortlessly use the country's banks to illegally transfer billions out of the country. Finally, the proximity of one of the two major narcotics-trafficking routes, the golden crescent is also stabilizing the positions of the organized crime (Hesterman, 2013, pp. 11-12).

The point of convergence is the alliance relationships between criminals and politicians. The ties are local, provide operational support for politicians and criminals and undermine the law enforcement on national and transnational level. The hegemony and bureaucratic model is important because it creates dependencies and without them the alliances would be instable. The organizations' lifecycle is on the direction and delegation phases and is more ideologically and historically (as friendships from prison and loyalties from the secret services) motivated than on an ethnic or cultural base. The business model is on mode in everyday activities but it is not so open to external networks and relationships because of the local character of the corruption.

This case demonstrates that there is no victimless corruption. All these criminal syndicates are engaged in many low and more serious crimes with political protection which make them look natural. It infiltrates some political motivation in the organized crime activities and the threat of violence is always there (Treverton, et. al., 2009, p. 71). Understanding this case could be incorporated in post conflict reconstruction and democratization planning.

From organized crime to political control

The opposite transformation and the so called state capture by the organized crime can be observed in countries which are in conflict region or in region on transition road of traffic and different crime activities. Additional favorable factors are frequent economic and political crises occurring in these countries in a small period of time. In the end of XX century and the first decades of XXI century a number of southeastern European countries have been faced with such challenges.

The Bulgarian case for instance, seems partly similar to the Russian case but here the direction of influence is opposite, not from the crime which is trying to corrupt the state but from the state which empowers organized crime and makes it a key actor of the legitimate political system (Bezlov and Gounev, 2012, pp. 95-107).

Over the past decade, in Bulgaria the concept of organized crime has become a universal metaphor used to explain the politics-business nexus, as well as economic and corporate crime. It is not an overstatement to argue that every ministry has been targeted in one way or another by organized criminals: from the Ministry of Culture (trafficking of antiquities), to the Ministry of Environment and Water (concessions and construction projects), the Ministry of Agriculture (land swaps and EU subsidies frauds), the Ministry of Economy/Energy (privatization), or the National Revenue Agency (VAT and other tax frauds).

One specific feature is the small size of the economic, political and professional elites. Most members within informal professional social networks and within the regional sub-networks know each other. As a result, the convergence of organized crime with white-collar crime presents one of the main challenges in Bulgaria. White-collar offenders are often involved, or have been involved, in the distribution and delivery of illegal goods and services. Criminal structures were transformed into legal business entities, and criminal bosses became legitimate business owners.

With the process of EU and NATO integration the hierarchical structures of organized crime started to disintegrate and certain criminal activities began to diminish. On the other hand, however, the criminal elite entered the legitimate economy. Organized crime retained its privileged influence and access to national wealth via public tenders and cartelization of gambling, tourism and real estate sector.

The Bulgarian situation presents a combination of operational motivation and a 'black hole syndrome' as organized crime has overwhelmingly emerged from political activity and effectively designed the institutional and economic conditions in own favor. Bulgaria is considered by external observers and analysts as a "mafia state" (like Montenegro, Guinea-Bissau, Myanmar and Ukraine), a country where criminals have penetrated governments to an unprecedented degree (Forte, 2013, p. 26). The organizational models are rigid and there is no great adaptation to the new networks patterns and technologies because the involved people know each other. So, there is less space for decentralization and invisibility. Namely the visibility of crime and corruption is a specific feature of the Bulgarian nexus between unlawful political and financial motivation. The life cycle phases are direction and delegation with no trust or much cooperation but on the base of dependency and common past. Therefore, the behavior is caused and directed without many sophisticated skills. There is no business model of the organized crime, because organized crime is the model of business, it is a functional, not a deviant behavior.

This case shows that traditional organized crime structures could be effective and profitable where they are part of the state defining. The global world does not mean an equal world. It has to be noted that there are substantial differences in illegal structures in both weak states and developed states. In the weak states there is much work before the involvement of law enforcement strategy or regional cooperative initiatives. Such involvement would be inefficient because of the organizational incompatibility and the different level of maturity of the societies.

From organized crime to cyberterrorism

Cyberterrorism is a form of electronic disobedience. There are permanent attacks on the cyber space and every day new tools and mechanisms are created to achieve criminal and political aims through the virtual world. The goal usually is money or drawing attention to a particular issue by engaging in actions that attract media attention or in the form of cyber espionage. This may appear to be hacking, but in reality the mission of a cyber-espionage attack is to avoid detection and to gather as much information as possible from the targeted system. With the ability to attack through cyber means, terrorist organizations have a new arena in which they can commit their acts. For instance, correlation has been established between conflicts and the rise in the number of website defacements that were experienced by the countries involved in conflicts (Ronczkowski, 2004, ch. 6). These cases are in general different because of the absolutely decentralized structure without clear evidence pertaining to the typical phases of the organization life cycle. We may only assume operational adaptation or alliances between crime and terrorism but there is an action and achieved targets. The behavior is anonymous and independent; the motivation may be political or personal ambition. The environmental factor and actors are not evident. In this case it is not the market that creates business, but business creates its media market and platform for action instead. In consequence, analysis has to reflect the network nature of the cyber space.

Policy implications

Understanding the problems associated with the convergence of terrorist and organized crime could give the law enforcement community the knowledge necessary to exploit their weaknesses. The analysis shows that terrorist and crime groups face several managerial problems. *First,* every communication, even if it is secret and despite the technological advances, bears the potential risk of being compromised. *Second,* coordinating activities, without centralization, increases the likelihood of errors and creates space for more independent actors. *Third,* maintaining internal discipline poses difficulties to keep members focused on the mission and ideology. *Fourth,* maintaining the logistics in transportation, funding and housing is detectable. *Fifth,* training realized by secrecy is also vulnerable. The *sixth* problem is financing and it is related to the leadership of the organizations.

Analysts and investigators must consider and evaluate these weaknesses outlining a possible strength to be gained by law enforcement (Ronczkowski, 2004, ch. 2). The counter-terrorism and organized crime policy measures are not the main focus of the article. Without examining in detail different policy opportunities and constraints we could outline five main factors that bear on the effectiveness of anti-terrorism and anti-organized crime policies: strong government and political will, good legislation, consistent enforcement, deterrent sentencing, and innovative solutions. On the regional and global level this can take the form of: (1) placing the convergence between organized crime and terrorism on the agenda of G-7, G-20, OECD; (2) improving intelligence-sharing between intelligence services and law enforcement authorities within countries and between countries; (3) working with international institutions and organizations to address the corruption not like an intervention but like a part of multilevel cooperation (Treverton, et. al., 2009, pp. 142-149); (4) starting with a regulated system and then moving to more liberal one, rather to begin with a liberal program which risks a bad reputation (Apostolou, 2013, p. 31); and (5) NGO participation in policy making and

legislation (Apostolou, 2013, p. xl); (6) global strategic information campaigns.

Conclusion

In conclusion, usually, we are focusing on the differences between terrorism and organized crime but the changing organizational patterns of both types of groups overcome the distinction between them. Furthermore, there is growing recognition that the interconnection between organized crime and terror organizations is deepening and becoming more complex. We can no longer see the terrorist and crime group in terms only of organizational charts or ethnic conflicts. Instead, we should think of them as a shared reality. It would be counterproductive for the law enforcement and regional cooperation to define the groups as terrorist or criminal but rather as compatible organizations. Yet, in terms of security threat, the transition from terrorist to organized crime activities is a pressing concern through the high-level impact of corruption on business, the institutions of law and leadership, given that there is no a victimless corruption. Political protection only makes the crime syndicates look natural.

The synergy between groups, sharing resources and tactics, permits them to acquire power, undermine security and take over political and economic control. Modern groups are transnational and loosely organized with cells operating like corporations, with own funding and training. Whether driven by money, loyalty or religion, there is something that keeps the structure throughout. Although these organizations are facing the poor and discriminated groups, their members are educated and middle-class and they practice disrespectful violence. There are also forces beyond our control which favor these unlawful activities. These are globalization, technological progress, organizational convergence of terrorism and organized crime and psychological mechanism of human's reactions. To understand them, we have to extend and mix our analytical and political framework.

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