



# The Criminalization of The World Economy

BY ILAN BERMAN

A review of **Servants of the Devil: The Facilitators of the Criminal and Terrorist Networks** by Norman Bailey and Bernard Touboul, World Scientific Publishing, 2021.

**B**etween 2014 and 2016, when it was at the pinnacle of its power, the Islamic State was estimated to be generating as much as \$2 billion in annual revenue, a sum that made it the best-funded terrorist group in recorded history. It did so through a variety of means, ranging from informal value transfer networks such as *hawala* to the taxation of the captive citizens under its control. In all, according to a 2016 report by the U.S. House of Representatives Homeland Security Committee, the Islamic State's complex financial infrastructure encompassed seven distinct pillars: black market oil and natural gas; black market commodities; antiquities; extortion, taxation, and robbery; kidnappings for ransom; support from nation-states in the Gulf; and fraudulent financial activities.

Fast forward half a decade, and the situation remains far too familiar. Despite the ignominious end of its self-declared caliphate in Iraq and Syria, Islamic State is still fiscally solvent—and dangerous.

Just this spring, the U.S. Treasury department estimated that, in spite of the international community's best efforts, the world's most notorious terror group still had access to around \$100 million in cash reserves in safe havens across the Middle East, more than enough to enable it to carry out global operations on an ongoing basis. Moreover, the government memo laid out, these funds are

being replenished by multiple sources, including associates in Turkey, smugglers in Iraq, and other facilitators.

The Islamic State's ongoing solvency owes a great deal to the contemporary economic environment, where the lines between licit and illicit commerce have become progressively blurred, and where the connections between criminal groups and terrorist organizations are increasingly intimate. That nexus is the subject of *Servants of the Devil*, a collection of studies curated by veteran financial experts Norman Bailey and Bernard Touboul. Their central contention is stark but compelling: that the global economic context has changed fundamentally. Gone, they argue, are the days when criminals and terrorists represented qualitatively different things, with separate worldviews and agendas. Instead, propelled by rapid globalization, we are now witnessing growing interplay among—and cooperation between—a wide range of malicious actors.

It's an idea that has gained currency among scholars and national security practitioners in recent years. For instance, researchers at the National Defense University, America's premier institution for the higher education of its military, have in recent years advanced a

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theory of “convergence” that highlights the growing proximity between transnational criminal organizations and terrorist groups. Bailey and Touboul, however, take the concept further. According to them, what has taken place is nothing short of the “criminalization of the world economy,” and that shift “has caused irreparable damage to the world and a transformation in the nature of its actors.”

Those actors are diverse. There are the “professional facilitators”—a category encompassing not only crime syndicates (for whom illicit activity is a stock in trade)

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but also businesses and corporate entities. By their nature and functioning, such entities serve to legitimate corrupt transactions and provide them with a veneer of authenticity. By doing so, they help “to transform illegality into legality.” And their significance cannot be

overstated. In the authors’ estimation, they now represent “the key factor in the infiltration of crime and terrorism into the economy, politics, and the functioning of society.”

Then there are the “financial facilitators,” institutions like banks and financial services firms which help move large quantities of funds around the global system. With some deft maneuvering, these entities allow rogue states and other bad actors to skirt international sanctions, evade critical oversight, and acquire critical economic sustenance. Meanwhile, “business facilitators” (legitimate businesses active in gray and black markets) give criminal groups and syndicates the ability to access and exploit the increasingly opaque, interconnected nature of today’s financial system. And non-governmental organizations, both domestic and international, have—under the guise of charitable or humanitarian assistance—been used as conduits for funds that have flowed to malevolent causes, with terrorist groups the major beneficiaries.

All the above, in turn, has been greatly enabled by the advancement of technology. The advent of the internet has provided new modalities for criminality (such as on-line gambling and the “dark web”) and made the transfer of sensitive data much simpler. Secure communications and encrypted applications have propelled the field further still, allowing criminals and terrorists to interact away from the prying eyes of authorities and reducing the risk of them being caught.

The international community has not yet begun to grapple in earnest with this new and increasingly inhospitable financial terrain. As Bailey and Touboul note, “the

criminal economy is totally globalized, while the laws combatting crime and terror remain essentially territorialized.” Their point is apt. The prevailing approaches adopted by world governments have long focused on the “where” and “what” of crime and terrorism: the geographic places bad actors operate, and the types of activities they engage in. That’s perhaps an unavoidable feature of today’s international system, which (despite the inexorable drift toward globalization) still puts a premium on sovereignty and territorial boundaries. Yet it’s also woefully insufficient, because the very groups they are hunting are moving freely across borders and exploiting a variety of means not only to survive but to thrive.

They are also increasingly ubiquitous. “Today’s reality is that a very significant portion of the world’s economic and financial activity is now controlled by criminal syndicates, often allied with terrorist organizations looking to finance their nefarious activities,” Bailey and Touboul warn. The key to severing this link, they believe, is by raising the costs to the facilitators themselves. Those entities, be they banks or law firms or charities, have up to now largely escaped scrutiny—let alone punishment—for their role in perpetuating today’s crime-terror nexus.

So how should they be held to account? Parallel to the “frontal” assault on crime syndicates and terror groups taken by assorted world governments, the authors argue, the international community needs to embrace an “interdisciplinary approach” that raises the reputational and transactional risks for supporting entities. Via tactics like “naming and shaming,” as well as targeted sanctions, it may be possible to ratchet up the costs of doing business for the middlemen and intermediaries who have assumed a crucial role in perpetuating crime and terror.

Bailey and Touboul, at least, believe so. “The day this starts to happen is the same day that the massive threat to Western society—its economic, political, social, moral, and ethical structure—from the criminal/terrorist networks will begin to recede,” they contend. In the face of today’s increasingly complex threat environment, it’s certainly a proposition worth testing. ◆

