

The Vulnerable State: A Research Review on How Organized Crime Influences the State and Municipalities

Carina Gunnarson



Summary

Sweden is traditionally described as a country exhibiting a low risk of corruption. Despite the fact that various corruption indices over the years indicate that Sweden is one of the least corrupt countries in the world, developments during the last decade have to some extent altered this perception. Swedish institutions have turned out to be vulnerable to infiltration, corruption and welfare fraud. In several reports, government agencies highlight the risk of infiltration, pressure and undue influence aimed at Swedish public administration. In spite of this, there is still only limited research on how and to what extent organized crime exerts influence on the Swedish state and municipalities.

The purpose of this report is to present an overview of how organized crime exerts influence or may exert influence on government agencies. This overview is based on international research on organized crime, whereas the parts concerning Sweden are primarily based on reports from Swedish government agencies and organizations, media reporting and the author's own research in the Swedish town of Södertälje. The report offers a broad overview of a relatively new research field in which there is still a very limited amount of research on Sweden. By looking at research from other countries (e.g., Italy), we may learn more about the methods of organized crime and its relationship to the state.

The report focuses on how organized crime exerts influence on public administration at the municipal level. There are many reasons for this choice. First, Swedish municipalities are vulnerable to influence by criminal actors. A large amount of resources related to welfare are distributed at the local level, institutional reforms have been imple-

mented in recent decades while municipal auditing processes are weak. Second, experiences from several Swedish municipalities, including Södertälje, have shown that criminal actors are able to systematically exploit these vulnerabilities.

The issues highlighted by the report are:

- › How do different models describe the relationship between organized crime and the state?
- › Which institutional and contextual factors make local public administration in Sweden vulnerable to influence by criminal actors?
- › Which methods are used by organized crime to exert influence on politics and public administration?
- › Which sectors at the local level are particularly vulnerable to influence by criminal actors?

The report identifies four typologies regarding the relationship between organized crime and states: the evolutionary model, the power struggle model, the clientelistic model and the network model.

The review shows that criminal groups differ with regard to the type of organization and in their desire and ability to influence politics and public administration. In some cases, there is a desire to “stay under the radar” to avoid confrontations with government agencies. In other cases, however, there is a clearer ambition and ability to approach political actors and public administration. The strategies used may vary from open confrontation to consensus and cooperation.

In recent years, research on organized crime has increasingly focused on analyzing networks and grey area issues arising in the intersections between the legal and the illegal spheres. This involves highlighting actors who in various ways provide information or services enabling criminal activities, such as doctors, lawyers, bank employees, politicians or public officials. The networks may also involve other occupations, such as mechanics, suppliers, drivers, “spies” or violent individuals who facilitate criminal behaviors in other ways.

The point of identifying different models concerning the relationship between organized crime and the state is that they illustrate how this relationship may vary between different contexts, between different criminal groups, between different sectors and over time. The relationship may also vary depending on the criminal actor’s desire and capacity to influence the state. Some aspects to take into account in the

analysis include the group's leadership, organization and capacity to interact with the state. This relationship is also affected by how the state acts and reacts to crime. For example, it is important to analyze whether politicians are aware of the problems, whether the political parties have a willingness to fight crime and how the relevant legislation is designed.

Several factors makes the Swedish municipal level vulnerable to criminal actors. Swedish municipalities have a high level of self-governance in terms of functions, resources, personnel and tax collection: 23 percent of the total Swedish workforce and 81 percent of all public sector employees are employed at the local level. The majority of resources linked to welfare are distributed at the municipal level. Public officials at the local level also play an important role as decision-makers, with important financial consequences for citizens. Important decisions concerning economic activities, such as licensing and land development, are also made at the local level. Several risk factors are identified based on existing research on corruption, such as reforms enabling private actors to offer publicly funded welfare services. Other vulnerabilities highlighted in the report include a high level of discretion for public officials, weak municipal auditing processes, and geographical and social proximity between public officials and citizens as well as societal norms.

The methods used for exerting influence may vary between different criminal actors. *Violence and threats* represent the most visible form of influence. However, threats may be communicated in a variety of ways, ranging from subtle to more explicit threats. Several Swedish reports have analyzed how civil servants, journalists and law enforcement in different sectors are affected by pressure in the form of threats and violence. A hidden form of influence by criminal actors may be to use social networks to access information in order to influence a decision or prevent a particular action.

Exerting influence through *corruption* is still relatively understudied empirically in Sweden, and there are no studies analyzing the extent to which organized crime is involved in corruption aimed at Swedish government agencies. Corruption is hidden and is thus difficult to detect and prove, which also means that it is rarely visible in crime statistics. Corruption may also occur indirectly through an intermediary where coercion is used to force the different parties to respect an agreement. An additional variety is the type of influence carried out by *infiltrating*

government agencies. By having access to contacts via “insiders,” criminal actors may get access to information enabling them to carry out criminal activities. This type of infiltration may also affect government agency decisions, lead to investigations or reports disappearing, that controls are not performed as they should, that actors are warned prior to controls and that public officials choose not to act due to self-censorship. Infiltration is difficult to investigate and prove.

The report also highlights that influence by criminal actors may also occur at the political level. Possible methods here include political mobilization prior to elections, influencing election boards, spreading rumors about political candidates or through funding political parties. Journalists have highlighted several examples indicating that links do exist between criminal actors and politicians at the local level. However, such links are not only difficult to investigate but also difficult to prove.

The research overview identifies several sectors and areas that are vulnerable at the local level. The activities carried out by criminal actors in Södertälje span a broad spectrum. Interviews and observations from various collaborative meetings in the municipality of Södertälje show that organized crime has influenced and still exerts influence in all areas of the municipality. Analyses of verdicts, investigative material and interviews are needed to further illustrate how such influence is exerted in practice. The vulnerable areas identified and described in the report are welfare fraud, population registration offenses, public procurement, the construction sector, land allocation and land development, the waste sector and grants to associations. The report also presents examples of different kinds of crimes based on media reporting from Södertälje and other municipalities.

Consequences

The presence of advanced organized crime often puts a great deal of strain on the state and its agencies. Swedish government agencies describe this as a threat to the system as a whole. The values at stake concern some of the core issues in political science, namely the state’s monopoly on violence and its control over its territory, the rule of law and the democratic rights of citizens. These problems end up becoming particularly serious if organized crime infiltrates the political

process and, by means of corruption, influences political decisions and the exercise of public authority. Such a development means that the legal principle requiring a norm-based, impartial and objective exercise of power with respect for the notion that everyone is equal before the law is undermined.

Corruption is hidden, thus undermining the ability of citizens to demand political accountability for decisions. Influence by criminal actors also violates the rule of law as it leads to an unequal distribution of public resources. Other risks related to corruption include soaring costs for work and services and less transparency, resulting in a general waste of public resources. In a long-term perspective, there is a risk of loss of trust in democracy, public institutions and politicians. This may also have a negative impact on social trust and trust in the Swedish model. Long-term consequences may include that people are less willing to pay taxes, participate in elections, report crimes or in other ways engage in various societal issues. The case of Italy also shows that the presence of organized crime severely hampers economic development and democracy.

Recommendations

The report concludes with recommendations to researchers, politicians as well as to government agencies and municipalities.

TO RESEARCHERS: MORE BASIC RESEARCH IS NEEDED

We need more knowledge in terms of how criminal actors influence politics and public administration in Sweden. Despite alarming reports from Swedish government agencies, there is a lack of research on how and under what circumstances Swedish public administration is subject to influence by criminal actors. Three research questions should be studied further:

- › Are some public administration models or sectors more vulnerable/more resistant than others? If so, how do we explain possible differences? Which methods are used by criminal actors to exert an influence on the public sector?
- › How could more efficient control instruments be designed in order to reduce the risk of such influence?
- › Do norms and values in society affect the vulnerability of the state? If so, how?

It should be stressed that while this type of research is necessary, it is also difficult and time-consuming to carry out in practice. It needs empirical data related to individuals in politics, public administration and the local business sector. A prerequisite for carrying out this type of research is that an ethical review permit is granted.

**TO POLITICIANS: POLITICIANS MUST LEAD
THE FIGHT AGAINST ORGANISED CRIME
AND CHOOSE BETWEEN CONFLICTING GOALS**

Organized crime poses major challenges to the exercise of public authority. A fundamental prerequisite for combating organized crime is a political desire to prioritize and pursue this issue. Experience from Italy shows that such efforts must be carried out continuously and over a very long period of time. At the municipal level, the political leadership must provide support and mandates to the managers and civil servants tasked with combatting crime. The report identifies conflicting goals that needs to be addressed at the political level:

- › Control of clients versus help and support to clients.
- › Control versus efficiency.
- › Costs of controls. How much may the control activities of government agencies cost?
- › Collaboration between government agencies (information-sharing) versus privacy of individuals.
- › Control of employees versus trust in employees and safeguarding their privacy.

**TO POLITICIANS AND MANAGERS AT THE LOCAL LEVEL:
HIGHLIGHT PROBLEMS AND DEVELOP WORKING METHODS**

Politicians and managers at the local level are responsible for

- › leading this work
- › systematic documentation of attempts to exert an influence on civil servants
- › breaking cultures of silence
- › developing working methods that protect the integrity of public officials (e.g., removing decisions from individual public officials to boards)

Institutional responses from the state are required to combat organized crime (e.g., through legislation, altered working methods and increased controls). In addition, long-term preventive work is needed to increase the resilience of society and to counter values, norms and habits benefitting organized crime. The Italian example shows that these types of efforts should not only target specific individuals or groups but should also involve preventative measures that include all citizens.

About the author

Carina Gunnarson is an associate professor of political science and affiliated with the Department of Government at Uppsala University. Her main position is as a researcher at the Swedish Defence Research Agency (FOI).