


## **RELATIONSHIP BETWEEN ECONOMIC AND ORGANIZED CRIME IN MODERN SOCIETY**

**ABSTRACT:** Organized crime and related economic crime are the focus of interest for all modern, well-organized states. Theoreticians generally agree that organized crime has closely followed the development of modern states, while economic crime has evolved with the development of the economy and business, both at national and supranational levels, alongside the expansion of information and communication technologies. Despite being viewed as two distinct types of crime, economic and organized crime are highly interdependent and interconnected. While a small number of economic crime offenses lack the characteristics of organized crime, a significant number of criminal activities exhibit organized elements within the realm of the economy and economic activities. Thus, the relationship between these two types of crime is directly proportional, wherein the development of organized crime follows the development of economic crime, and vice versa. In addition to the introduction and conclusion, the paper consists of three interconnected and interrelated parts. The first part elucidates the philosophy of organized crime. It highlights the problems of defining, the lack of a unique definition, and its multidisciplinary nature. Additionally, it presents the most significant characteristics and manifestations of organized crime in theory and practice. The second part deals with the issues of economic crime. Similarly to the first part, it discusses the process of determining and defining the concept of economic

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crime, presenting its basic characteristics and contemporary types. Finally, the third part of the paper examines the relationship between these two categories of crime.

**Keywords:** *economic crime, organized crime, criminal offenses, modern society, criminal groups, criminal activities.*

## 1. Introduction

In conditions of general interconnectedness, free movement of people, goods, and capital, there has been evolution not only in general social development but also in the execution of numerous illegal activities such as those falling under organized and economic crime, terrorism, etc. The process of globalization and the associated rapid growth and development of information and communication technologies have enabled the exchange of ideas and knowledge worldwide at an incredible pace.

Organized crime and the related economic crime are the focus of interest for all modern well-organized states. In addition to the states themselves, international (regional and global) organizations and institutions also deal with the issues of these two types of crime. Economic crime, as the name suggests, has evolved with the development of the economy and business, both at the national and supranational levels, alongside the expansive development of information and communication technologies. It can be said that the relationship between these two types of crime is directly proportional, meaning the development of organized crime follows the development of economic crime, and vice versa.

In addition to the introduction and conclusion, the paper consists of three interconnected and interdependent parts. The first part presents the philosophy of organized crime. It highlights the problems of defining, the lack of a unique definition, and the multidisciplinary of the concept of organized crime. Additionally, it presents the most significant characteristics and manifestations of organized crime in theory and practice. The second part covers the issues of economic crime. Similar to the first part, the second part addresses the process of determining and defining the concept of economic crime, presenting its basic characteristics and types in contemporary conditions. The third part of the work presents the relationship between these two types of crime. Additionally, in the final part of the work, it also addresses the consequences that economic and organized crime have on the state and society.

## **2. Criminological overview of the concept, characteristics, and divisions of organized crime**

Legal, as well as related criminalistic and criminological, and other related scientific disciplines, do not have a unified opinion on the concept and definition of organized crime. However, theoreticians from these scientific disciplines generally agree that organized crime began to evolve with the development of modern states. At the current level of societal development, organized crime is the subject of consideration for an increasingly broad range of scientific disciplines. In addition to legal, criminalistic, and criminological science and practice, organized crime is increasingly gaining importance in economics, sociology, political sciences, and security sciences.

One of the most influential and cited foreign theoreticians dealing with organized crime is Howard Abadinsky. Abadinsky (2010) views organized crime as “a non-ideological association, existing among a certain number of closely connected individuals who are hierarchically organized” (p. 2).

Mijalkovski (2010) defines organized crime as “groups that execute systematic and persistent criminal attacks in various spheres of socio-economic life, through which certain organized groups of criminal delinquents, as well as members of criminal organizations, closely linked at a hierarchical level with divided roles that are unconditionally respected, achieve high criminal profits through ruthless and highly professional delinquent tactics and techniques” (p. 118).

Bjelajac (2015) regards organized crime as “the activity of criminal groups or organizations whose goal is the illegal conduct of business or the commission of criminal offenses for profit or dominance in specific areas of social life” (p. 70).

Based on the statements, general characteristics of organized crime can be highlighted: “universality and international character, multitude of diverse forms, connections with power and other influential societal institutions, a combination of corrupt and violent methods in operations, specificities in forms of criminal organization, criminal profit as the ultimate goal” (Mijalkovski & Tomić, 2014, pp. 149–156). Bošković and Skakavac (2009) delineate the following characteristics of organized crime: “criminal organization – criminal syndicate, hierarchy – responsibility and subordination, network structure, flexibility in operations, infiltration into state and economic structures, ties with authorities and other (public and private) institutions, violence as a method, profit as a goal, professionalism as a characteristic, etc.” (p. 205). A highly significant characteristic of organized crime is its transnational nature. Namely, “the discrepancy in criminal law solutions in the field of detecting, preventing, and controlling crime, the liberalization of the global economic market, exceptional mobility and transfer of money and capital,

the state's inability to reconcile supply and demand in times of economic crisis" (Matijašević, 2008, p. 88) are some of the reasons for the wide maneuvering space for certain forms of organized crime.

Among theorists, there is no unanimous opinion on the classification and types of organized crime. In this context, Ignjatović (1998) lists the following manifestations: "extortion, gambling, drug trafficking, usury, disposal of hazardous materials, other illegal activities such as cigarette smuggling, pirated reproduction of copyrighted works, theft, robbery, prostitution, pornography, as well as corruption, money laundering, false bankruptcies, and insurance fraud" (pp. 69–87). Furthermore, Božić and colleagues (2017) adopt Bošković's classification, according to which, acts of organized crime include terrorism, corruption, money laundering, the trafficking of drugs, and other dangerous goods, illegal trafficking of children, people, and human organs (p. 278). At this point, it is worth noting another classification. Jašarević (2013) divides all forms of organized crime into basic and other forms. He lists as basic forms: "drug trafficking, terrorism, corruption, money laundering, human trafficking, extortion or modified form of blackmail, cybercrime, arms and nuclear material trafficking," while he classifies as other forms: "vehicle smuggling, cigarette and tobacco product smuggling, oil and petroleum derivatives smuggling, trade in cultural goods, war loot trading, trade in rare plants and animals, environmental crime, maritime piracy, organized illegal gambling, prostitution, etc." (pp. 190–224).

### **3. The criminology view of the concept, characteristics, and significance of economic crime**

Similar to organized crime, economic crime is "a serious security risk, present in all countries" (Matijašević & Lakićević, 2022, p. 18).

Similar to the theoretical determination of organized crime, there isn't a single opinion or stance on the definition of economic crime. Depending on the perspective from which it is observed and analyzed, various authors from different scientific disciplines have provided their views on the concept of economic crime. The phenomenon of economic crime, in many ways, is similar to other types of crime, especially organized crime and some forms of modern crime such as cybercrime, which further complicates its issues.

Edwin Sutherland is one of the most cited authors in the context of economic crime. This American criminologist used the term "white-collar crime" in studying economic crime. Through this term, Sutherland defined crime that occurs in the field of business as follows – "manifested forms are most often

manipulations related to the buying and selling of various stocks, false advertising of goods, false representation of the financial status and operations of certain corporations, bribing business partners, direct or indirect bribery of officials to secure favorable business arrangements, embezzlement, misappropriation of funds, tax evasion, and similar acts” (Radojičić, 2013, p. 332). While dealing with the issue of economic crime, Sutherland was among the first to refute the established belief that only the poor social strata engage in crime.

The lack of a unified definition of economic crime is also contributed to by “the differences in political and economic systems worldwide, as well as the fact that economic crime encompasses various types of criminal offenses, both those against the economy and those against official duties, and partly offenses against property” (Banović, 2002, p. 13). Bošković (2006) views economic crime as criminal offenses directed against the economy, that is, “criminal offenses relating to abuses and other forms of unlawfulness within the economic system and financial operations. From a criminological perspective, economic crime, in addition to criminal offenses, includes economic misdemeanors and violations, as well as acts directed towards material goods, i.e., all other forms of property offenses” (pp. 337–338).

One particularly important point is that different terms and definitions are used for the same or similar unauthorized activities. Thus, alongside the concept of economic crime, terms such as commercial crime, business crime, market crime, corporate crime, etc., appear in theory and practice.

Taking into account the aforementioned definitions and practice in the legal-criminalistic context, the basic features of economic crime can be identified. The main characteristics of economic crime “include the following: concealment, dynamism (variability of manifestations), specialization and professionalization of perpetrators, specificity of evidence and means of proof, and specialization in combating economic crime” (Đukić, 2017, p. 144).

In addition to these, there are other characteristics of economic crime. In this context, they should be supplemented: by a diversity of manifestations, prevalence and international character, motive of greed, unethical behavior, etc. Economic crime is manifested through its various forms that depend on the area in which criminal activities are carried out.

Just as there is diversity in defining the concept of economic crime, there are also different classifications of its manifestations in legal theory.

Mičo Bošković has classified all forms of economic crime into 12 groups, noting that they are characteristic not only of the situation in the sphere of economic crime specific to the Republic of Serbia, but also for all countries worldwide. These are the types of economic crime presented in the following table:

**Table 1.** Manifestations of Economic Crime

No.	Basic Forms of Economic Crime	Types of Basic Forms of Economic Crime
1	Forms of economic crime in production	Criminal offenses of abuse of official position
		Criminal offenses of embezzlement
		Criminal offenses of negligent work in business operations
		Criminal offenses of unauthorized production
2	Forms of economic crime in trade	Forms of economic crime in the purchase of goods
3	Forms of economic crime in foreign trade operations	Forms of economic crime in the sale of goods
4	Forms of economic crime in property transformation	Forms of economic crime in the export of goods
5	Forms of economic crime in the field of taxes	Forms of economic crime in the import of goods
6	Forms of economic crime in foreign exchange transactions	/
7	Forms of economic crime in banking operations	/
8	Forms of economic crime in warehousing operations	/
9	Forms of economic crime in cashier operations	/
10	Forms of organized economic crime	Counterfeiting money and putting counterfeit money into circulation
		Money laundering
		Corruption
		Smuggling and illegal trade of various valuable goods
11	“White-collar” crime and corporate crime	/
12	Other manifestations of economic crime related to the following activities	Credit operations conducted in economic relations with foreign countries
		Transfer of technology and equipment
		Execution of investment works abroad
		Bankruptcy proceedings
		State public procurement and sales
		Construction industry
		Toll booths on highways and main roads

Source: Bošković, (2009). pp. 38–125.

Addressing the issue of economic crime, Carić and Matijašević Obradović identified the following dominant manifestations of this type of crime: “forms of economic crime in the industry and production sector, forms of economic crime in construction and urban planning, forms of economic crime in internal trade (buying and selling), forms of economic crime in foreign trade (import and export), forms of economic crime in the transfer of technology and equipment, forms of economic crime in foreign exchange transactions, tax evasion, forms of economic crime in banking operations, forms of economic crime in property transformation, forms of economic crime in insurance, forms of economic crime in bankruptcy proceedings, money laundering, corruption, counterfeiting money and putting counterfeit money into circulation, misuse of payment cards, smuggling, and illegal trade” (Carić & Matijašević Obradović, 2017, p. 112).

#### **4. Relationship between Economic Crime and Organized Crime in Modern Society**

Taking into account the previously presented definitions, characteristics, as well as forms of organized and economic crime, it is possible to recognize and indicate the interconnectedness of these types of criminality. Considering the mode of organization (as a group, gang, organization, association, etc.), internal structure (in terms of hierarchy, discipline, code of silence, etc.), goals that often have a profit-driven but also political character, methods of operation, and the level and quality of established connections (between members of organized criminal groups and authorities at various levels, political parties, economic and financial institutions, and organizations), certain manifestations of criminal activity can be classified as both economic and organized crime.

From a criminological perspective, clear connections between organized and economic crime are evident. A large number of authors agree that economic crime is actually a distinct form of organized crime. Thus, Šikman (2010) views economic crime “as a narrower concept of organized crime, and certain forms of economic crime can be subsumed under the activities of organized crime if these forms of criminality contain all the elements that characterize organized crime” (p. 80).

Economic crime can be viewed in two ways. It can be manifested as a form of criminal activity within organized crime. However, it can also be executed in a manner that does not possess elements of organized crime.

Areas where organized criminal activity is most present within the sphere of economic and financial operations include banking, stock trading, insurance, wholesale trade, etc. According to Carić and Matijašević Obradović (2017), “perpetrators of economic crime in the mentioned and similar areas of economic and financial operations are businessmen, which makes it invisible and diminishes its significance and danger, as they endeavor to organize criminal activities through careful planning of illegalities, involving other individuals, exerting necessary influence, all with the intention to increase profit or unlawfully gain financial benefits” (p. 57).

The functioning and conduct of activities by organized criminal groups in the economic sphere can have drastic consequences not only in the field of the economy or its sectors but also in the overall functioning of the entire state. Disrupted economic conditions within a state pose a significant threat to its national security.

Organized criminal groups “through the commission of criminal offenses, not only in the economic and financial field but in all economic and other criminal offenses of this category, seek to achieve the highest possible financial gain or profit and legalize it. Numerous criminal offenses fall under the category of organized economic crime, but the most common include: counterfeiting money, counterfeiting and misuse of payment cards, smuggling of goods and people, money laundering, tax evasion, and similar. The commission of these and other criminal offenses in the field of economic crime by organized criminal groups, when manifested on a larger scale, leads to disturbances in the state’s monetary system, the creation of budget deficits, social tensions and dissatisfaction, political instability, etc., thereby endangering the economic security of the state, which generally has direct consequences on the national security of a country” (Nicević & Ivanović, 2012, pp. 95–96).

Especially concerning the context of compromising national security due to the mutual relationship between economic and organized crime and the functioning of criminal groups, one should not disregard activities that diminish the sense of security among citizens in society, as well as the operations of business entities in the contemporary business environment.

## **5. Conclusion**

By analyzing the facts and perspectives presented in the study, one can form a general stance on organized and economic crime in contemporary living and working conditions. With the overall development of society, the



diversification of national economies, the process of regional and broader international integration—i.e., globalization—destructive social phenomena have also evolved. Organized crime achieved its rapid “development” in rapidly growing industrialized countries over the past two centuries. States undergoing property and social transformation have only contributed to the further development of organized criminal activities.

Regarding organized crime, significant attention has been devoted to this issue over the last 50 years. Due to the substantial interest and the impact organized crime has on society as a whole, numerous theorists have provided their definitions of this concept. Apart from legal and criminological theories, there exist a considerable number of definitions and recommendations for defining this concept due to significant societal losses on a normative level.

Similar to the issue of organized crime, the problem of economic crime faces the absence of a unified definition and approach.

The recommendation that arises concerning both organized and economic crime is that there must be a dual perspective on both types of criminality, considering them in both narrow and broader contexts. Both types of crime deal with highly complex phenomena subject to daily influences from various social spheres.

It's challenging to differentiate and classify various criminal offenses into a single type of criminal activity (completely separate from another type of criminal activity) because many criminal offenses simultaneously belong to both economic and organized forms of criminal activity. Generally speaking, delineating boundaries between specific types of crime is highly difficult; hence, some theorists use the term “contemporary crime.” This type of crime exhibits characteristics of both economic and organized crime.

Considering them as two distinct types of crime, economic and organized crime are to a large extent interdependent and interconnected. A small number of criminal offenses in the realm of economic crime do not possess elements of organization, while conversely, a large number of criminal activities with organized elements occur within the domain of economy and economic activities.

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## **ODNOS PRIVREDNOG I ORGANIZOVANOG KRIMINALA U SAVREMENOM DRUŠTVU**

**APSTRAKT:** Organizovani kriminalitet i sa njim povezan privredni kriminalitet u fokusu su interesovanja svih moderno uređenih država. Teoretičari se u načelu slažu da je organizovani kriminalitet u stopu pratio razvoj savremenih država, dok je privredni kriminalitet evoluirao sa razvojem ekonomije i privrede, na nacionalnom i nadnacionalnom nivou, kao i sa ekspanzivnim razvojem informaciono-komunikacionih tehnologija. Posmatrajući ih kao dve posebne vrste kriminaliteta, privredni i organizovani kriminalitet su velikoj meri uslovljeni i međusobno povezani. Mali broj krivičnih dela iz oblasti privrednog kriminaliteta nema i karakter organizovanog, dok s druge strane, veliki broj kriminalnih aktivnosti sa elementima organizovanog vrši se u okviru privrede i privredne delatnosti. Može se reći da je odnos ove dve vrste kriminaliteta direktno proporcionalan, odnosno da razvoj organizovanog kriminaliteta prati razvoj privrednog i obrnuto. Pored uvoda i zaključka, rad se sastoji iz tri međusobno povezane i uslovljene celine. U prvom delu predstavljena je filozofija organizovanog kriminala. Ukazano je na problematiku definisanja, nepostojanja jedinstvene definicije i multidisciplinarnosti samog pojma organizovanog kriminaliteta. Pored ovoga predstavljene su najznačajnije karakteristike, kao i oblici ispoljavanja organizovanog kriminaliteta u teoriji i praksi. Drugi deo obuhvata problematiku privrednog kriminala. Slično prvom delu, i u drugom delu ukazano je na postupak određivanja i definisanja pojma privredni kriminal, predstavljene su njegove osnovne karakteristike i ukazano je na vrste ovog oblika kriminaliteta u savremenim uslovima. U trećem delu rada predstavljen je odnos ova dva oblika kriminaliteta.

**Ključne reči:** *privredni kriminalitet, organizovani kriminalitet, krivična dela, savremeno društvo, kriminalne grupe, kriminalne aktivnosti.*

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