

Scientific Bulletin of Mukachevo State University

Series

Economics

Volume 10, No. 1, 49-57

Journal homepage: <https://economics-msu.com.ua/en>

UDC 330.101:338.2

DOI: 10.52566/msu-econ1.2023.049

Criminal economy of Cuba, Venezuela, and Colombia: Structure, intersection points, profitability assessment

Andrejs Vilks*

Doctor of Law, Professor
Riga Stradins University
LV-1007, 16 Dzirciema Str., Riga, Latvia
<https://orcid.org/0000-0002-5161-0760>

Aldona Kipāne

Doctor of Law, Associate Professor
Riga Stradins University
LV-1007, 16 Dzirciema Str., Riga, Latvia
<https://orcid.org/0000-0001-6408-3456>

Abstract. The spread of the criminal economy is the biggest problem in the global financial environment. Cuba, Venezuela, and Colombia are characterised by a fairly high level of economic crime. In these countries, criminal economic activity flourishes, which reduces the social development of states and spreads unemployment and poverty in their territories. That is why the issue of the criminal economy of Cuba, Venezuela, and Colombia and the specifics of the structure, intersection points, and assessment of the level of profitability in these countries is quite relevant. It is in these areas that the problem of developing the criminal economy is poorly regulated and along with criminal activities there is a problem of poverty and the presence of military conflicts. That is why the purpose of this study is to investigate and generalise aspects of the criminal economy of Cuba, Venezuela, and Colombia, and to determine the features of its structure, intersection points, and assessment of the level of profitability. Theoretical methods were used during the study – analysis and synthesis. In particular, it was determined that the intersection points of the criminal economies of Cuba, Venezuela, and Colombia are focused on the activities of the transnational criminal organisation National Liberation Army. It is established that the main structural elements of the criminal economy in cooperation in these countries are drug trafficking, fuel smuggling, illegal gold mining, prostitution, and human trafficking. The assessment of the level of profitability showed that the countries under study are disadvantageous, which is explained by the presence of a high level of criminal economy. Based on the results of the study, measures were developed and proposed to combat the criminal economy in relation to the intersection points in Cuba, Venezuela, and Colombia. It is determined that the main areas for reducing the level of the criminal economy should be measures aimed at combating the transnational criminal group – the National Liberation

Received 19.01.2023 Revised 21.02.2023 Accepted 07.03.2023

Suggested Citation: Vilks, A., & Kipāne, A. (2023). Criminal economy of Cuba, Venezuela, and Colombia: Structure, intersection points, profitability assessment. *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 10(1), 49-57.

*Corresponding author

Army, actions to eliminate businesses for the production and sale of drugs, fuel smuggling, prostitution, and human trafficking in the territory of the considered countries. Thus, the practical significance of the study is that the identified measures to combat the criminal economy can be used in Cuba, Venezuela, and Colombia to improve the social situation in these countries and raise the standard of living in these areas

Keywords: drug trafficking; money laundering; fuel smuggling; human trafficking

Introduction

In the modern world, the criminal economy plays an important role in the functioning of financial markets. In the course of the research, it is advisable to consider the essence of the concept of "criminal economy" and the features of its origin. The term "criminal economy" is considered one of the components of the shadow economy. Yu. Biliavska *et al.* (2023) noted that the shadow economy consists of a grey economy, a white economy, and a criminal economy. The researcher considers grey economy as a production or entrepreneurial activity that is accompanied by partial or complete tax evasion. The researcher considers the white economy as a sphere of activity that does not produce anything but only deals with the redistribution of income that was obtained illegally. At the same time, the researcher interpreted the concept of "criminal economy" as a sphere of activity in the aspect of income generation, which is accompanied by criminal liability. The author identified drug trafficking, prostitution, fraud, and trafficking in counterfeit medicines and weapons as examples of criminal economic activities.

O.M. Podmazko interprets the concept of "criminal economy" as an illegal economic activity that inherently violates the law. The researcher identifies drug trafficking, sex trafficking, human trafficking, large-scale smuggling, arms production and trade, racketeering and the use of force as a manifestation of criminal economics (Podmazko, 2013). I.V. Suprunova explains the criminal economy as a set of legally prohibited activities. The researcher also includes drug trafficking, prostitution, illegal production, robbery, usury, smuggling, and adds gambling to this aspect. That is, the criminal economy is considered to be an activity aimed at attracting income that is directly prohibited by law (Suprunova, 2020). D.A. Nesterpova also considers the criminal economy as an activity that is aimed at generating income by violating criminal legislation. The researcher notes that the criminal economy can be carried out through unorganised crime (bribery, petty fraud and violations in the form of cheating by counting or weighing) and on the basis of organised crime, which is also associated with corrupt municipal and state employees (Nesterpova, 2016). G. Gutiérrez, considering the current state of the criminal economy, noted that economic organised crime is always accompanied by political crimes and corruption. In other words, the author draws special attention to the fact that the high level of criminal economy in the country is accompanied by the participation of government officials at various levels. After all, organised crime would not be possible if the functions of civil

servants and politicians were fully fulfilled (Gutiérrez, 2015). M. Button, B. Gok and D. Shepherd note that the criminal economy is formed based on the functioning of economic crime. The authors pay quite considerable attention to economic crimes, which build the development of the criminal economy. These crimes include fraud, bribery, corruption, economic cybercrime, money laundering, and industrial espionage (Button, 2022). Thus, it can be concluded that the criminal economy is an activity aimed at generating income through strict violation of criminal legislation. Examples of such activities are drug trafficking, prostitution, human trafficking, money laundering, smuggling, and bribery, while cybercrime is also gaining momentum in this regard. The advantage of the criminal economy, among the composition of the shadow economy, is that it can be combated.

Nowadays, every country has a criminal economy to some extent. The highest level of criminal economy is typical for states that have both internal and external armed conflicts. There are states that have a well-defined criminal economy and have armed conflicts between the government and criminal groups. These countries are Colombia, Venezuela, and Cuba. It is Colombia that is characterised by constant armed conflicts between the government and criminal organisations, in which Venezuela and Cuba were involved. That is why it is advisable to establish the specifics of the intersection points of the criminal economy of Cuba, Venezuela, and Colombia, while finding out its structure and determining the level of profitability.

Materials and Methods

The theory and methodology of the study are based on the research by Ukrainian experts and scientists from Sweden, Mexico, Europe, Latin America, the United States of America, and the European Union on the development of the criminal economy and the specifics of the functioning of criminal organisations. The following methods were used in the study. A systematic approach was applied to determine the category of "criminal economy", establish the essence of criminal activity, and determine the main aspects of the structure of the criminal economy. This method was also used to determine the main intersection points of the criminal economies of these countries.

Using the analysis, the current state of the criminal economy of Cuba, Venezuela, and Colombia was considered, data on the generation of the gross domestic product of these countries were systematised, and the dynamics of money supply indicators in Colombia and Venezuela were

developed. This method was also used to determine data on Colombia's revenue and expenses. The analysis allowed investigating latest studies by researchers from Sweden, Mexico, Europe, Latin America, the United States of America, the European Union, as well as Ukrainian scientists on the interaction of Cuba, Venezuela, and Colombia in the development of the criminal economy to determine the specifics of carrying out tax measures to combat crime in Colombia and Venezuela. The paper considers the specifics of the activities of the transnational terrorist group National Liberation Army (ELN) on the Colombian-Venezuelan border.

In the study of the structure and intersection points of the criminal economies of Cuba, Venezuela, and Colombia, the subject-object method was used to determine the main areas of economic crime development during the interaction of these countries. This method was used to determine the specifics of the state of the criminal economy in each country under study and identify the main shortcomings of crime management. The study also used a mathematical calculation that allowed building an estimate of the level of profitability in Colombia. Using the method of induction and deduction, the features of the current state of interaction between the criminal economies of Cuba, Venezuela, and Colombia were determined, and the main aspects of drug production and sale in these territories were considered. This method also established the main principles for the development of fuel smuggling on the Cuban-Venezuelan border. The method of induction and deduction revealed features of illegal mining and sale of gold in these states and highlighted the features of the functioning of prostitution and human trafficking. It also provided an opportunity to consider the interaction between the activities of transnational criminal groups in the aspect of the criminal economy of the countries under study. Through an integrative approach, the main areas of combating the criminal economy at the intersection points of Cuba, Venezuela, and Colombia were identified.

The information base of the study is the papers by Ukrainian scientists as well as researchers from Sweden, Mexico, Europe, Latin America, the United States of America, and the European Union on the criminal economy, articles and research papers by experts from the Crisis Group of Latin America, the Stockholm International Peace Research Institute on the structure and intersection points of the criminal economies of Cuba, Venezuela, and Colombia. The basis for profitability assessment was data from the World Bank (GDP..., 2021; Unemployment, total..., 2021; Broad money..., 2021); (Expense..., 2021; Revenue, excluding..., 2021) in relation to the indicators of GDP, money supply, income and expenses of each country.

Results

The existence and development of a criminal economy in any country negatively affect the world economy as a whole. The open conduct of the criminal economy in one country serves as an example for citizens of other states in the aspect of the deployment of criminal activities. Some

of the most world-famous countries with high levels of uncontrolled crime are Colombia, Venezuela, and Cuba. In the course of studying the features of the criminal economy of these countries, it is advisable to identify the main problems with crime in each specified state.

In Colombia, the authorities have been fighting crime for decades. Colombia is officially considered a coffee country, but in the criminal world, this state is the main producer and seller of drugs (Golovchenko, 2018). According to this, large-scale armed conflicts continued between the authorities and the main criminal group (the Revolutionary Armed Forces of Colombia), which ended with the conclusion of a peace agreement. The Colombian government is fighting various criminal groups: the National Liberation Army, the People's Liberation Army, and the Gaitanist Self-Defence Forces of Colombia. At the same time, armed conflicts between these organisations continue. The Gaitanist Self-Defence Forces of Colombia are also known by the name of the Gulf Clan, which is considered one of the most powerful criminal entities in the country and is focused on fighting the drug business (Armament..., 2021).

It is important to note that the criminal group National Liberation Army has a transnational level and is present in Venezuela. This organisation focuses its activities on the control of drug trafficking, human trafficking, illegal mining and smuggling in both of these countries. The government of Colombia is actively fighting the criminal economy and crime in the country, according to which it provides data on criminal entities. In Venezuela, this trend is not observed, and the current government most likely supports criminal activity in the state. In accordance with this, in 2020, a military conflict unfolded between these countries on the basis of Colombia's accusations of Venezuela of harbouring criminal armed groups in Colombia (Armament..., 2021). It follows that the Venezuelan authorities contributed to the spread of the criminal economy in the field of drug trafficking, human trafficking, smuggling, and illegal mining. In 2022, the Venezuelan authorities were fighting criminal transnational Colombian groups. The Venezuelan Armed Forces warned of possible terrorist attacks and destroyed a drug lab of Colombian criminal organisations (Newman, 2022).

As for Cuba, this state has a totalitarian regime of government and the authorities keep information about crime and the state of the criminal economy closed both from its own citizens and from the whole world (Tymchuk, 2010). But during the unfolding conflict between the Colombian government and the National Liberation Army group in 2019, it was Cuba that did not hand over the members of this criminal group to the authorities for trial (Loaiza, 2020). In 2021, there was a high number of refugees from Cuba to Colombia, which is explained by the low social standard of living of Cubans against the background of high crime and criminal economy and inaction of the authorities (Stavridis, 2021). Accordingly, it can be concluded that Cuba also leads the criminal economy and supports

it at the government level. Based on the study of the features of the criminal economy of Cuba, Venezuela, and

Colombia, the features of its structure and intersection points were determined (Fig. 1).



Figure 1. Structure and intersection points of the criminal economy of Cuba, Venezuela, and Colombia

Source: developed by the author

The main point of intersection of the criminal economy of Cuba, Venezuela, and Colombia is the functioning of a transnational criminal group – the National Liberation Army (ELN – Ejército de Liberación Nacional) (Disorder on the Border..., 2020). This criminal entity extends its activities to Colombia and Venezuela and receives support and shelter from Cuba. That is, if the authorities of Colombia and Venezuela are actively fighting the National Liberation Army, then the state authorities of Cuba continue to receive and shelter high-ranking leaders of this criminal organisation. In general, the criminal aspects of Cuba's activities are hidden, but it is known that prostitution is legalised, arms trafficking, black market fuel, drug trafficking (cannabis, marijuana, and cocaine), human trafficking, and money laundering are present in the country (Shaw, 2014). That is why Cuba is more likely to support the criminal group of the National Liberation Army because it works closely with it in the implementation of the criminal economy.

Drug trafficking is at the forefront of the criminal economy in Colombia, Venezuela, and Cuba. United Nations researchers found that coca cultivation in Colombia increased by 24% compared to 2019, and in 2021, more than 41,711 hectares were sown in Norte de Santander (Disorder on the Border..., 2020). After processing, narcotic drugs are transported to Venezuela and Cuba, and then enter the international market. Fuel smuggling is a fairly significant component of the criminal economy of the countries under study. Fuel is similarly transported from Colombia to Venezuela and more likely to Cuba, where it is further illegally sold. Some of the smuggled fuel is used in laboratories in the manufacture of drugs. In addition, the crisis caused by the spread of the COVID-19 pandemic forced the poor segment of the Venezuelan population to illegally extract gold. This gold is transported to Colombia

and is already being sold there on the international market. Colombian and Venezuelan criminal organisations operate a network of human trafficking, mainly for the purpose of sexual exploitation (Disorder on the Border..., 2020). It can be assumed that Cuba cooperates with Venezuela and Colombia in this aspect, because, as noted earlier, prostitution in this country is legal.

In the course of further research, in order to assess the level of the criminal economy in Cuba, Venezuela, and Colombia, it is advisable to consider unemployment rates and gross domestic product, as these indicators characterise the shadow economy (Kirzhetsky, 2009). Since the shadow economy in these countries is built on the basis of a criminal one, these concepts are identical.

Table 1 shows that the level of GDP in Colombia during the study period decreased by 15.3% and at the end of 2021 amounted to USD 314.3 billion, which indicates the expansion of the criminal economy. Cuba is experiencing GDP growth of as much as 46.8%, which can be explained by the legalisation of criminal activities in the country and the direction of revenues from the criminal economy to the state budget. As for Venezuela, GDP figures according to the World Bank are reflected only for 2012-2014, and in this period its value increased by 26% (GDP..., 2021). This trend indicates a narrowing of the criminal economy in the country by improving state regulation.

According to preliminary studies, it is known that the expansion of the money supply in circulation reflects the growth of the shadow economy in the country. That is why it is advisable to consider the dynamics of the level of money supply in the countries under study. It is important to note that according to the World Bank, Cuba did not reflect this indicator, and indicators for Venezuela are provided only for 2012 and 2013.

Table 1. Dynamics of gross domestic product (GDP) and unemployment rates in Cuba, Venezuela, and Colombia during 2012-2021

Indicator	Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth rate, %
GDP, billion USD	Colombia	370.9	382.1	381.1	293.5	282.8	311.9	334.2	323.1	270.3	314.3	-15.3
	Cuba	73.1	77.1	80.7	87.1	91.4	96.9	100.1	103.4	107.4	-	46.8
	Venezuela	381.3	371.0	482.4	-	-	-	-	-	-	-	26.5
Unemployment rate in % of labour force	Colombia	9.7	9.1	8.6	8.3	8.7	8.9	9.1	10.0	15.0	14.3	54.4
	Cuba	3.5	3.3	2.7	2.4	2.0	1.7	1.7	1.7	2.6	2.8	-24.2
	Venezuela	6.6	7.5	6.9	6.1	5.3	5.1	5.0	5.1	6.6	6.4	0.4

Source: (GDP..., 2021; Unemployment, total..., 2021;)

Table 2 shows that the money supply relative to GDP occupied a high share and ranged from 42-58%. This trend indicates a high level of the shadow economy in these countries. Since the shadow economy is based on criminal activity in these countries, it can be concluded that the criminal economy forms 42-56% of the GDP level (Broad money..., 2021). The money supply in Colombia increased relative to GDP in 2012-2020, but in monetary terms, it decreased by 0.7%, which can be explained by a decrease in the GDP indicator itself. Therefore, it can be concluded that the criminal economy in Colombia developed during 2012-2020. As for Venezuela, according to existing data, only for 2012-2013, there was an increase in cash in cir-

ulation, which indicates the development of the criminal economy in this country. Cuba does not reflect data on the money supply at all, because criminal activity is the main aspect of the functioning of government bodies. That is why it can be concluded that the criminal economy is the main characteristic of the functioning of Cuba.

In the course of further research, it is advisable to assess the profitability of the considered countries. During the development of the data set, it turned out that the World Bank reflects income and expenses indicators only for Colombia, while data on Venezuela and Cuba are not available. Therefore, it is impossible to assess the level of profitability in Cuba and Venezuela.

Table 2. Dynamics of the money supply in Venezuela and Colombia during 2012-2020

Indicator	Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth rate, %
Money supply, % of GDP	Colombia	42.7	45.4	46.4	49.0	48.9	49.0	48.0	48.7	58.3	36.3
	Venezuela	45.73	52.9	-	-	-	-	-	-	-	15.7
Money supply, % of GDP	Colombia	158.6	173.4	176.8	143.8	138.4	152.9	160.5	157.4	157.5	-0.7
	Venezuela	174.4	196.3	-	-	-	-	-	-	-	12.6

Source: (Broad money..., 2021)

Table 3 shows that expenses as a percentage of GDP in Colombia during 2012-2020 increased by 45.4% and ranged from 25-36%. This trend reflects an increase in the level of expenses in the country, which can be explained by the expansion of government activities in the fight against crime. In monetary terms, Colombia's expenses during 2012-2020 increased by 6% and amounted to USD 98.4 billion at the end of 2020 (Expense..., 2021). At the same time, revenue as a percentage of GDP during the study period decreased by 8.6%, which is accompanied by a decrease in the level of GDP in the country. Colombia's monetary revenues for 2012-2020 decreased by 33.4% to USD 65.1 billion at the end of 2020 (Revenue, excluding..., 2021; Electric power..., 2021; Poverty head..., 2021). This trend in revenue dynamics suggests that measures to combat the criminal economy in Colombia are ineffective and there is an outflow of funds

from the budget to the shadow economy. Based on data on revenue and expenses, it was possible to determine the specifics of generating profit in Colombia. Table 3 shows that the profitability in Colombia was present only in 2012 and amounted to 4.8 billion USD. In the subsequent period of the study, Colombia was unprofitable, and there was no level of profitability (Sergeev, 2022; Castillo & Marquardt, 2021). The loss had unstable dynamics and at the end of 2020 was high and amounted to USD 33.3 billion. The lack of profitability in Colombia proves the effectiveness of the criminal economy in this state. Due to the widespread criminal activity in the country, the state budget receives a low share of revenues, incurs high costs, and generates losses (Calamunci, 2020).

Based on the conducted research, it is possible to determine the main further ways to combat the criminal economy in the countries under study (Fig. 2).

Table 3. Assessment of the level of profitability in Colombia during 2012-2020

Indicator	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth rate, %
Expenses, % of GDP	25.0	33.3	30.2	26.8	28.6	27.5	29.9	31.3	36.4	45.4
Expenses, billion USD	92.9	127.2	115.0	78.7	81.0	85.8	100.0	101.1	98.4	6.0
Revenue, % of GDP	26.3	24.5	23.4	24.1	24.2	22.6	23.5	25.6	24.1	-8.6
Revenue, billion USD	97.7	93.6	89.4	70.7	68.5	70.4	78.5	82.7	65.1	-33.4
Profit, billion USD	4.8	-33.6	-25.6	-8.0	-12.5	-15.3	-21.6	-18.4	-33.3	-789.6

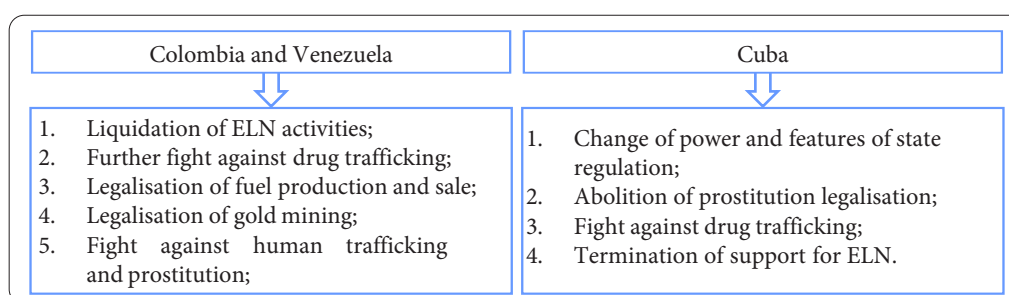


Figure 2. Ways to combat the criminal economy in relation to intersection points in Cuba, Venezuela, and Colombia
Source: developed by the author

A high level of the criminal economy in any country hinders social development and is a guarantee of poverty and high mortality. In order to improve the economy, the countries under study need to implement a number of measures aimed at combating the criminal economy. First of all, Colombia and Venezuela should direct all measures to eliminate the largest transnational criminal group among them – the National Liberation Army. At the same time, it would be advisable to intervene in the formation of Cuba's state regulation and, by changing the government completely, eliminate interaction with the National Liberation Army (ELN) (McIntosh & Li, 2012; Mills *et al.*, 2013). Having lost support from Cuba and with the assistance of the authorities of Colombia and Venezuela, this criminal group will be eliminated. Eliminating the activities of the National Liberation Army on the territory of Colombia and Venezuela would allow fighting the main part of drug trafficking, legalising the extraction and sale of fuel, legalising gold mining, and eliminating human trafficking and prostitution in these countries. At the same time, a change in state power and the specifics of the country's governance in Cuba would allow not only abolishing the legalisation of prostitution but also further fighting it and drug trafficking. It is quite important to implement all these measures simultaneously, because in this case, the level of criminal economy in Cuba, Venezuela, and Colombia will be significantly reduced.

Discussion

The specifics of the criminal economy of Cuba, Venezuela, and Colombia are currently under-investigated. It is

important to note that the issue of intersection points of the criminal economies of Cuba, Venezuela, and Colombia has not been previously studied, and only reviews of the shadow economy and crime for each country are available separately. V. Golovchenko conducted research on the specifics of the path of social reconciliation in Colombia. In this study, the researcher calls Colombia the country of drugs and identifies two main classes of drug lords in this country – Medellin and Cali. It was the fight against these drug groups that turned the country into the most terrorist state in Latin America. The researcher also notes that the fight against drug trafficking in Colombia was hindered by Venezuela. In the 21st century, when the conflict between the Colombian authorities and criminal drug trafficking organisations unfolded, then-President Hugo Chavez quite openly supported the partisans of Colombia and allowed them to settle on the territory of Venezuela or retreat to it under the attacks of Colombian state troops. The author notes that further, the Venezuelan leadership supported the Colombian authorities in the fight against drug trafficking (Golovchenko, 2018). The researcher identified political aspects of the development of Colombian-Venezuelan relations, but the foundations of the criminal economy are only considered with the activities of criminal organisations.

E. Newman conducted a study of the specifics of Venezuela's offensive against criminal groups in Colombia in February 2012. The author notes that the Venezuelan Armed Forces continue to carry out operations against military and criminal organisations operating on the Colombian-Venezuelan border. The Venezuelan government

believes that criminal groups act with the Colombian authorities, destroying drug production laboratories (Newman, 2022). In 2021, J. Stavridis noted that although Colombia has a number of criminal groups, it is already in a better place compared to previous years. The researcher also focused on the fact that due to poverty, lack of work, medical disasters, including COVID-19, and repression by the presidential dictatorship, there is a high level of migration from Venezuela to Colombia. It is noted that Venezuela, as well as Cuba, can be declared a state that supports terrorism and criminal activities (Stavridis, 2021). These studies superficially determine the relationship between Cuba, Colombia, and Venezuela and form only assumptions about the intersection points of the criminal economy of these countries.

In the study by the Latin American Crisis Group on border disorder and the preservation of peace between Colombia and Venezuela, quite significant attention is paid to the intersection points in the development of the criminal economy of these countries. The study showed that it is poverty and weak state institutions along the Venezuelan-Colombian border that require the implementation of the provisions of the Colombian peace agreement on rural development and broad economic reconstruction in Venezuela. It is also noted in this paper that Colombia and Venezuela need to hold peace negotiations with a criminal group – the National Liberation Army – because providing assistance to victims of crimes of this group significantly reduces the level of profitability of these countries. It is noted that although there was a closure of the borders between Venezuela and Colombia in connection with the COVID-19 pandemic, but the weak level of state regulation in these countries leaves the same attraction of income illegally and slows down the official level of the economy. Informal criminal trade at the borders of these countries is flourishing and since 2013, subsidised fuel and food products have been smuggled from Venezuela to Colombia. It is also noted that the drug trade in this region is quite effective. The sharp increase in fuel smuggling was a shock, as US sanctions were imposed on the oil industry. Sanctions against Venezuelan crude oil exports have significantly weighed on Venezuela's import of light fuel for transport, which has become more scarce in Venezuela and reduced the level of gasoline smuggling to Colombia. This study also explains that fertile and hilly land in the Colombian border state of Norte de Santander has become the main centre of drug production in the world and a major factor in the spread of the criminal economy in the region under study. The researchers note that smuggled Venezuelan fuel and illegally extracted gold are the main sources of income for criminal syndicates, armed groups, and corrupt border security officers. Human trafficking is also distinguished among the criminal economies in this study. It is also recommended to conclude peace agreements with the main transnational criminal group ELN, which, according to researchers, will solve violent incidents in these countries (Disorder on the Border..., 2021). Scientists also pay more attention to criminal activity on the border of Venezuela and Colombia, but although the main components of the criminal economy are

noted, the issue of the intersection points of the criminal economies of these countries with Cuba is not disclosed at all.

Research led by M. Shaw, in terms of defining the global crime index, considers the illegal sale of weapons to be the main focus of Cuba's criminal activities. It is noted that Cuba helps stimulate the global and regional illegal arms trade by supporting criminal groups in Venezuela. Cuba has a significant shortage of oil reserves, according to which there is a strict fuel rationing regime. This led to the emergence of a local black market for stolen gasoline and fuel. Government employees or thieves often redirect fuel from objects or tanks, and law enforcement officers allegedly cooperate with robbers, giving them way to state facilities in exchange for bribes. The study also shows that the main criminal figures in Cuba are government employees and officials. Supply shortages have set the stage for several black markets in the country. This has led to the endemic illegality that underpins much of the economy. Military, intelligence, and law enforcement agencies are actively involved in such markets, which control a significant part of them. In addition, state entities participate in currency manipulation, control businesses, distribute activities in the grey market, and use their enterprises for the purpose of illegal enrichment or money laundering. The study also notes that Cuba's economy is centralised, meaning that it is the state authorities who own and control all businesses, while preventing the development of the private sector and limiting legitimate economic opportunities. It is precisely this regime of state regulation that does not provide the necessary goods and incomes to a large number of Cuban households and, consequently, creates a high level of criminal economy. Cuban legislation controls all aspects of money laundering, but does not control financial institutions that carry out operations related to the proceeds of the international drug trade (Shaw, 2021). This review focuses on economic crime in Cuba and does not address the specifics of the country's criminal financial ties to transnational criminal groups in Venezuela and Colombia.

Thus, comparing the results obtained with previous studies on the criminal economy of Cuba, Venezuela, and Colombia, it was found that they do not determine the main points of intersection of the criminal economy and do not provide an analysis of the financial indicators of these countries. The conducted research, in contrast to the previous ones, not only establishes the features of the structure and intersection points of the criminal economy of Cuba, Venezuela, and Colombia, but also defines the main ways to combat the criminal economy in the aspect of the interaction between these states. At the same time, the study allows using economic indicators to assess profitability and form an idea of the level of criminal economy in Cuba, Venezuela, and Colombia.

Conclusions

A study of the criminal economies of Cuba, Venezuela, and Colombia has helped to establish that these countries have high crime rates, as a result of which the main component

of the country's economy is income from illegal activities. It is important to note that in connection with the conduct of the criminal economy, Cuba and Venezuela do not highlight the indicators that form the financial system of these countries. Using the present indicators of the countries under study, it can be concluded that they are characterised by a high level of criminal economy. The main point of intersection of the criminal economies of Cuba, Venezuela, and Colombia is the functioning of the transnational criminal group National Liberation Army, because its activities are focused on the Colombian-Venezuelan border and are supported by the Cuban authorities. The structure of the criminal economy in these countries is based on drug trafficking, fuel smuggling, illegal gold mining, prostitution, and human trafficking.

The analysis of GDP and unemployment indicators in the considered countries showed that, despite active efforts to combat criminal activity, there is a high level of criminal economy in Cuba, Colombia, and Venezuela. The lack of indicators of the money supply, income and expenses of Cuba and Venezuela only confirms the focus of the authorities on the development of a criminal economy. Colombia, on the contrary, is actively trying to reduce the level of the criminal economy, but the increase in the money supply in circulation and the presence of damage in this country indicates

the ineffectiveness of the authorities' actions in overcoming the criminal economy.

That is why it is quite important, in order to eliminate the criminal economy both in the countries under study and in the world, firstly, to review the specific features of public administration in Cuba and it is recommended to change the features of the organisation of power. It is necessary to eliminate the focus of the authorities on criminal activities, abolish the legalisation of illegal industries, and stop any support for the National Liberation Army. At the same time, Colombia and Venezuela should direct all their forces to fight the above-mentioned criminal organisation. At the same time, it is important to focus attention on drug production and sale, fuel smuggling, and illegal gold mining.

Further research on the specifics of the criminal economy of Cuba, Venezuela, and Colombia should be based on the study of the economic criminal relationships of these states in the field of drug trafficking, illegal extraction of minerals, and fuel smuggling.

Acknowledgements

None.

Conflict of Interest

None.

References

- [1] Armaments, Disarmament and International Security. (2021). Retrieved from https://razumkov.org.ua/images/sipri/SIPRI_2021_ukr.pdf.
- [2] Biliavska, Yu., Mykytenko, N., Romat, Ye., & Biliavskiy, V. (2023). Category management: Industry vs trade. *Scientific Horizons*, 26(1), 129-142. doi: 10.48077/scihor.26(1).2023.129-150.
- [3] Broad money (% of GDP). (2021). Retrieved from <https://data.worldbank.org/indicator/FM.LBL.BMNY.GD.ZS?view=chart>.
- [4] Button, M., Hock, B., & Shepherd, D. (2022). *Economic Crime*. London: Routledge
- [5] Calamunci, F., & Drago, F. (2020). *The Economic Impact of Organized Crime Infiltration in the Legal Economy: Evidence from the Judicial Administration of Organized Crime Firms*. Retrieved from <https://docs.iza.org/dp13028.pdf>.
- [6] Castillo, A., & Marquardt, B. (2021). *Socio-political analysis: Latin America and the Caribbean region in 2021*. Retrieved from <https://jsheld.com/insights/articles/socio-political-analysis-latin-america-and-the-caribbean-region-in-2021>.
- [7] Disorder on the Border: Keeping the Peace between Colombia and Venezuela. (2020). Retrieved from <https://www.crisisgroup.org/latin-america-caribbean/andes/colombia/84-disorder-border-keeping-peace-between-colombia-and-venezuela>.
- [8] Electric power consumption. (2021). Retrieved from <https://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC?view=chart>.
- [9] Expense (% of GDP). (2021). Retrieved from <https://data.worldbank.org/indicator/GC.XPN.TOTL.GD.ZS?view=chart>.
- [10] Golovchenko, V. (2018). *Juan Manuel Santos: The thorny path to national reconciliation in Colombia*. Retrieved from <http://www.americanstudies.history.knu.ua/wp-content/uploads/2018/02/20-Holovchenko.pdf>.
- [11] Gutiérrez, R. (2015). *The criminal economy*. Retrieved from <https://brooklynrail.org/2015/02/field-notes/the-criminal-economy>.
- [12] Kirzhetskiy, Y.I., & Franchuk, V.I. (2009). Analysis of shadow economy assessment and detection methods. *Scientific Bulletin of the Lviv State University of Internal Affairs*, 1, 1-11.
- [13] Loaiza, L. (2020). *US pressure on Cuba to extradite ELN leaders unlikely to succeed*. Retrieved from <https://m.facebook.com/InSightCrime/posts/2883836764999223>.
- [14] McIntosh, C., & Li, J. (2012). *An introduction to economic analysis in crime prevention: The why, how and so what*. Retrieved from <https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/cnmc-nlss/index-en.aspx>.
- [15] Mills, H., Skodbo, S., & Blyth, P. (2013). *Understanding organised crime: Estimating the scale and the social and economic costs*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/246390/horr73.pdf.
- [16] Nesterpova, D.O. (2016). *Development prerequisites and the essence of the shadow economy phenomenon*. *Problems of the Systemic Approach in Economics*, 2(56), 103-107.

- [17] Newman, E. (2022). *Venezuela continues offensive against criminals paid by Colombia*. Retrieved from <https://www.radiohc.cu/en/noticias/internacionales/285978-venezuela-continues-offensive-against-criminals-paid-by-colombia>.
- [18] Podmazko, O.M. (2013). *Shadow economy: Essence and structure*. *Foreign Trade: Economy, Finance, Law*, 1, 148-155.
- [19] Poverty head countratioat national povertylines (% of population). (2021). Retrieved from <https://data.worldbank.org/indicator/SI.POV.NAHC?view=chart>.
- [20] Revenue, excluding grants (% of GDP). (2021). Retrieved from <https://data.worldbank.org/indicator/GC.REV.XGRT.GD.ZS?view=chart>.
- [21] Sergeev, A.L. (2022). Political and legal transformations of the economy in the concept of Cuban socialism. *History of Law*, 75(2), 64-76.
- [22] Shaw, M. (2021). *Cuba. Global organized crime index*. Retrieved from <https://ocindex.net/country/cuba>.
- [23] Stavridis, J. (2021). *U.S. and Colombia Can Bring Order to Caribbean Chaos*. Retrieved from <https://www.bloomberg.com/opinion/articles/2021-08-03/u-s-and-colombia-can-fight-dictators-in-cuba-venezuela-nicaragua>.
- [24] Suprunova, I.V. (2020). *The essence of the shadow economy as a structural component of state security*. *Investments: Practice and Experience*, 15-16, 153-157.
- [25] Tymchuk, O.L. (2010). *Crime in Latin America: A criminological analysis*. *Bulletin of Zaporizhzhya National University*, 3, 164-170.
- [26] Unemployment, total (modeled ILO estimate). (2021). Retrieved from <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?view=chart>.

Кримінальна економіка Куби, Венесуели та Колумбії: Структура, точки перетину, оцінка рівня прибутковості

Андрейс Вілкс

*Доктор юридичних наук, професор
Ризький університет імені Страдіня
1007, вул. Дзірцема, 16, Рига, Латвія
<https://orcid.org/0000-0002-5161-0760>*

Альдона Кіпане

*Доктор юридичних наук, доцент
Ризький університет імені Страдіня
1007, вул. Дзірцема, 16, м. Рига, Латвія
<https://orcid.org/0000-0001-6408-3456>*

Анотація. Поширення кримінальної економіки є найбільшою проблемою у світовому фінансовому середовищі. Досить високим рівнем економічної злочинності характеризуються Куба, Венесуела та Колумбія. В даних країнах процвітає кримінальна економічна діяльність, котра знижує соціальний розвиток держав та поширює безробіття та бідність на їх територіях. Саме тому питання кримінальної економіки Куби, Венесуели та Колумбії та особливості структури, точок перетину та оцінки рівня прибутковості в даних країнах є досить актуальним. Адже саме на цих територіях проблема розвитку кримінальної економіки є низько регульованою та поряд зі злочинною діяльністю існує проблема бідності та наявності воєнних конфліктів. Саме тому метою даної роботи є дослідження та узагальнення аспектів кримінальної економіки Куби, Венесуели та Колумбії та здійснення визначення особливостей її структури, точок перетину та оцінки рівня прибутковості. Під час дослідження було використано теоретичні методи – аналіз, синтез. Зокрема, було визначено, що точки перетину кримінальної економіки Куби, Венесуели та Колумбії зосереджені на діяльності транснаціональної злочинної організації Національній визвольній армії. З'ясовано, що основними структурними елементами кримінальної економіки при взаємодії в даних країнах є наркобізнес, контрабанда палива, незаконне добування золота, проституція та торгівля людьми. Проведена оцінка рівня прибутковості показала, що досліджувані країни є збитковими, що пояснюється наявністю високого рівня кримінальної економіки. З урахуванням отриманих результатів дослідження, були розроблені та запропоновані заходи стосовно шляхів боротьби з кримінальною економікою відносно точок перетину в Кубі, Венесуелі та Колумбії. Визначено, що основними напрямками зниження рівня кримінальної економіки мають стати заходи, спрямовані на боротьбу з транснаціональним злочинним угрупованням – Національною визвольною армією, дії стосовно усунення на території досліджуваних країн бізнесу з виробництва та реалізації наркотиків, контрабанди пального, проституції та торгівлі людьми. Таким чином, практична значимість дослідження полягає в тому, що визначені заходи боротьби з кримінальною економікою можуть бути використані в Кубі, Венесуелі та Колумбії з метою покращення соціального стану даних країн та підвищення рівня життя на даних територіях

Ключові слова: наркобізнес; «відмивання» грошей; легалізація доходів; контрабанда пального; торгівля людьми