# GENERAL INTRODUCTION

## What is organized crime?

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What are we to understand by organized crime (henceforth OC)? This is *the* question that an introduction to a four-volume collection of papers and book chapters on the subject must attempt to answer. The concept has a chequered history: over the past hundred years, it has been used to refer to diverse phenomena often with overtly political and partisan intentions, leaving readers unsure as to what it means. New constructs have emerged vying for attention, stealing some of its attributes and indirectly suggesting that the old one is obsolete. Thus, OC has fallen into disrepute among a number of scholars. American criminologist Dwight C. Smith as early as 1971 suggested that it is 'a concept so overburdened with stereotyped imagery that it cannot meet the basic requirements of a definition – it does not include all the phenomena that are relevant; it does not exclude all the phenomena that are not relevant'.[2] The aspiration of these remarks is to outline the evolution of the concept over the past century and sketch a viable definition of OC that does not overlap with other constructs such as 'illegal (or illicit) enterprise' and 'criminal network', and that is capable of generating hypotheses and empirical predictions.



The Introduction is organized as follows. Section 1 charts the evolution of the definition of OC over the past 100 hundred years drawing upon the content analysis of 115 definitions used in the period 1915–2009 in a variety of academic and official documents. It focuses on two aspects of OC definitions, namely structure and activities. Section 2 offers some critical remarks on selected aspects of the evolution of the concept. Section 3 suggests a tentative definition of OC. Section 4 concludes by presenting the papers collected in this anthology.

### 1. Content analysis of 115 definitions of organized crime

How has OC been defined in the past hundred years? The first systematic content analysis of definitions was conducted by Hagan in a paper published

in 1983. The 13 definitions under analysis originated from American sources in the period 1969–1981, all but one from academic writers. The picture that emerges from Hagan's review is one of consensus and convergence on a coherent designation, namely that OC involves the pursuit of profit through illegal activities by an organized hierarchy that shows continuity over time (11 out of 13 definitions). Among the *means* discussed, the use of violence (n = 10) and corruption (n = 10) are the most recurrent. The study is based on a very small sample of definitions and is now in need of an update. Also, the categories chosen by Hagan collapse diverse dimensions and give the misleading impression that scholars agree on a basic set of elements. For instance, one item coded by Hagan is 'organized continuing hierarchy' which covers most authors in the sample. However, such a construct is too wide, combining authors who thought that OC should be understood as a monolithic and highly regulated rational bureaucracy with those who referred to OC as an entity that displays only some signs of 'continuity'.

In order to update and extend Hagan's review, I have conducted a content analysis of 115 definitions of OC used from 1915 to 2009. The main source is the list compiled by Klaus von Lampe and freely available on the web (http://www.organized-crime.de/OCDEF1.htm). I have supplemented it with definitions contained in Maltz (1976) and Hagan (1983). The data set includes authors from 23 different countries, although the overwhelming majority are American. Forty-one per cent of definitions originate from official documents, such as statutes, laws and government reports, while 4.3 per cent are contained in legal or social science dictionaries. Popular sources are excluded. The data are biased towards criminology and criminal justice sources, while other disciplines such as history, politics, sociology and economics are hardly present, thus the analysis below should be considered as charting the evolution of the concept mainly among criminologists, criminal justice practitioners and in official documents, including some statutes (see Tables A1 and A2 in the Appendix for some descriptive statistics of the data set).[3] For the purpose of this preliminary analysis, I have used a 'bottom-up' coding strategy. Namely, I first read all the definitions and listed the key words and concepts that appeared. I then re-read and coded all definitions using the list I had devised. A few of the dimensions I use were present in the original Hagan review, such as 'violence', 'corruption' and 'monopoly', but most of my coding categories are new and derived from the texts (see Appendix for the complete list). Since the data set contains publication dates, I grouped the definitions by decades, in order to obtain a chronological picture of the evolution of the concept. The reader should note that the number of definitions produced in the first two time-periods (before 1950, and 1950–1959) is limited (three and four, respectively). Drawing on these results, I discuss below issues related to the *structure*, and then to the *activities* of OC.

### *1.1. Structure*

In this section, I review how authors have characterized the structure of OC over the years. I will focus upon a selected number of features, namely 'specialization', 'hierarchy', 'illegal enterprise' and 'La Cosa Nostra'. Figure 1 summarizes the trend over time. In order to interpret Figure 1 accurately, the reader should note that the lines have been smoothed by the software I have used (Microsoft Excel). The underlining data matrix includes only one data point for each decade.

#### *Specialization*

Starting in the mid-1850s, the expression 'organized crime' is used in the USA to refer to phenomena ranging from plumbers conspiring to raise prices in New York City,[4] through a lynching mob in Barnwell, Southern Carolina, operating with the tacit support of the local authorities,[5] revolutionary fervour in 1840s Europe[6] and the Camorra in Naples,[7] to the collusion between city officials and brothel owners in Manhattan.[8] It is not until the twentieth century that references to the internal structure of a criminal group begin to emerge.[9] For instance, a Report of the Chicago City Council Committee on Crime dating from 1915 maintains that an organized crime group has 'its own language; it has its own laws; its own history; its tradition and customs; its own method and techniques; its highly *specialized* machinery for attacks upon persons and property; its own highly *specialized* modes of defence'.[10] In the decade up to 1949, one out of three definitions in the data set mentions specialization, as does one out of four in the subsequent decade.



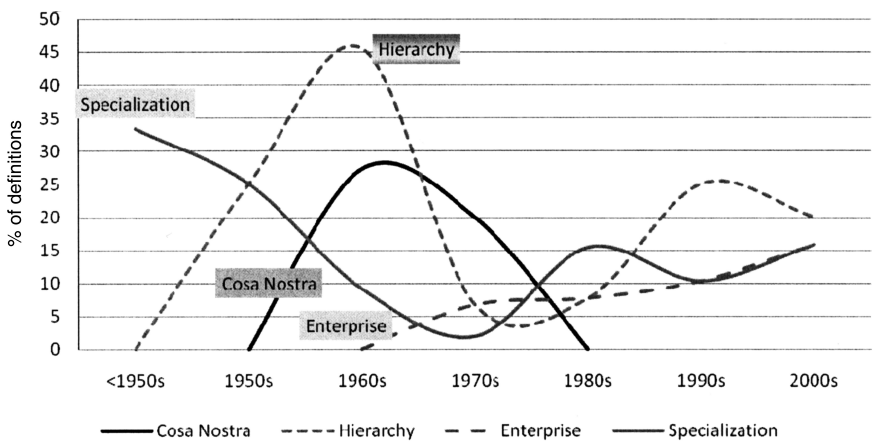


*Figure 1* Structure-related keywords in definitions of organized crime, 1915–2010.
*Sources*: Maltz 1976, Hagan 1983 and Von Lampe, http://www.organized-crime.de/OCDEF1.htm, accessed 29 September 2009.

### *Hierarchy*

From the 1920s to the 1940s, the concept of OC virtually disappeared from public debate,[11] and the term 'racketeering' was used more widely.[12] The 1950s saw a return of favour for the expression 'organized crime' thanks to the 1950 Senate Committee chaired by Estes Kefauver, whose televised hearings of criminal figures being questioned on gambling, narcotics and corruption made 'Taking the Fifth' part of the American vernacular.[13] By this time, 'hierarchy' had entered academic and official definitions of the phenomena: in the 1950s, one out of four definitions mention 'hierarchy' explicitly. This value grows in the 1960s to five out of eleven definitions (45.5 per cent).

Donald Cressey, a consultant on the 1967 US President's Commission on Organized Crime,[14] was the academic champion of the view that OC was hierarchically structured. For this American criminologist, OC was an organization rationally designed to maximize profits by performing illegal services and providing goods that were demanded by society. In a 1967 paper included in this collection, he writes:

> The organized criminal, by definition, occupies a position in a social system, an 'organization,' which has been rationally designed to maximize profits by performing illegal services and providing legally forbidden products demanded by members of the broader society in which he lives.[15]




Cressey maintained that, as legitimate firms grow in size and complexity, so do criminal groups: in order to cut costs, pool capital, coordinate corruption of law enforcement and ultimately gain territorial or product monopolies, roles in illegal organizations grow in number and complexity.[16] Cosa Nostra stands at the pinnacle of such a continuum of rational development towards a complex hierarchy: it has codified internal roles such as *Enforcer*, *Corrupter*, *Corruptee* and, above each 'family', stands a *Commission* that oversees, plans and coordinates the activities of all subgroups across different cities and possibly abroad.[17]

### *La Cosa Nostra/Italian American Mafia*

Cressey's depiction of OC was intimately linked to the efforts of some American investigative agencies and the Johnson Administration (1963–1969) to prove the existence of an 'organization variously called "the Mafia", "La Cosa Nostra" or "the syndicate" '.[18] Indeed, Cressey makes it clear that his work is in great part aimed at generating social alarm.[19] American congressional authorities started to focus on Italian gangsters in the 1950s at the time of the Kefauver Committee (1950–51), which stated that 'a sinister criminal organization known as the Mafia' operates in the US.[20] The

November 1957 conclave of Italian mobsters at Joseph Barbara's house in Apalachin, New York gave further support to the view that a foreign (Italian) nationwide conspiracy was controlling illegal activities in most American cities.[21] When Joe Valachi, a 'soldier' in the Genovese crime family, gave his televised testimony to the Permanent Subcommittee on Investigations of the US Senate Committee on Government Operations (best known as the McClellan Committee) in 1963, many were convinced of the existence of a national organization able to take decisions, to supervise and ensure a high degree of compliancy among its members, and to survive changes in leadership. The Mafia was a far cry from a transient and unstructured urban gang.[22] By 1963, the FBI had reversed its earlier position of scepticism on the existence of La Cosa Nostra and had started to collect (between 1961 and 1967) material comprising more than 300 volumes of electronic intercepts, only a small portion of which has ever been made public.[23] This material supposedly confirmed Valachi's testimony.[24] In this period, academics such as Cressey and official reports alike used the expression OC as synonymous with the Italian American Mafia. For instance, W. J. Duffy writes: 'organized crime is a combination of two factors: (1) lucrative income producing criminal activities [. . .] (2) a criminal organization variously known as the Mafia, the Outfit, Cosa Nostra or Crime Syndicate'.[25] This trend is reflected in the data set, as shown in Figure 1. In the 1960s, 27.3 per cent of the entries define OC as the Italian American Mafia or La Cosa Nostra (20 per cent in the 1970s).



*Enterprise*



Cressey converted to the the view of OC as a nationwide conspiracy formed by Italians when faced with the evidence presented to him while serving on the 1967 President's Committee.[26] Yet his book, *Theft of a Nation* (1969), failed to convince his colleagues. Starting with Hawkins in 1969, the view of OC as a monolithic entity, perfectly rational and organized along military lines by Italians, came under sustained and relentless academic criticism.[27] Possibly the most influential of such critics is Dwight C. Smith, author of *The Mafia Mystique* (1975) and the paper 'Paragons, Pariahs and Pirates' included in this collection (1980). Smith tries to direct the debate on OC away from an emphasis on 'conspiracy' and 'ethnicity', and argues for a view of OC as a business activity. Criminals are not a class apart, but rather entrepreneurs who operate under conditions of illegality.[28] Smith, like Cressey, acknowledges the importance of ethnic ties in reducing uncertainty and increasing trust in the underworld.[29] He also accepts that a connection between production of goods and services and the establishment of territorial monopolies might exist.[30] Yet, Smith departs from Cressey in highlighting that illegal entrepreneurs operate in an environment characterized by uncertainty, where regulation to ensure order and protect property rights is absent.[31] Rational organization and predictable rules in the underworld were a figment of the official imagination.

From the mid-1980s, in a series of ground-breaking and highly influential papers and books, Peter Reuter further undermined the view that criminal groups are large enterprises that exercise control over illegal markets.[32] Rather, markets such as numbers (a form of illegal lottery), loan-sharking and bookmaking in New York City are populated by numerous, relatively small and often ephemeral enterprises that are in competition with each other.[33] Illegality is the main variable that prevents an OC group from growing. In order to reduce the threat of being arrested, individuals who run illegal businesses tend to reduce the amount of information available to employees and customers. As information does not spread, it is harder to reap the benefits of division of labour and economies of scale in areas such as reputation-building. Reuter adds that opportunities for vertical integration are limited in the underworld. Internalizing a function implies higher risks of arrest and seizure of assets and higher costs of managing an expanding and more diverse workforce. The latter costs, in particular, are likely to escalate rapidly. In fact, it is very difficult to monitor the performance of employees who, given the illegal nature of the business, also need to work in covert settings and minimize the production of written documents that can become proof of their illegal activity. Thus, illegal enterprises are likely to have lower capitalization, fewer personnel and less formal management than comparable legal enterprises.[34] Illegality also (by definition) means that contracts are not enforceable in courts, thus making transactions less predictable.[35] It follows that such small enterprises cannot hope to control sizeable sectors of illegal markets: if they tried, they would have to collect a significant amount of information on their competitor, enhance their reputation and use violence to prevent market entrants. Any such actions could attract the attention of law enforcement and lead to arrest.[36]



The historian of organized crime in Chicago, Mark Haller, endorses Reuter's analysis and extends it back in time and beyond New York City. Haller's point of departure in a paper titled 'Illegal Enterprise' (1990) included in this collection is that Italian American groups were far from able to control most illegal markets, and in any case they emerged after illegal enterprises had already shaped American cities.[37] When it comes to discussing internal structure, Haller outlines the existence of business partnerships and cooperation among illegal entrepreneurs (often aided by corrupt police officers) who remained independent illegal operators, rather than joining a single (or few) structured, hierarchical organizations. 'Partnerships' allowed several entrepreneurs to pool resources, provide local management and share risks in a single enterprise.[38]

While these scholarly efforts were underway, a major piece of legislation, the Racketeer Influenced and Corrupt Organizations Act (1970), introduced the concept of 'enterprise'. According to this Act – widely known as RICO – an individual who belongs to an *enterprise* that has committed any two of 35 crimes within a 10-year period can be charged with racketeering.[39]

The combined efforts of scholars like Smith, Reuter, Haller and RICO paid off: references to 'enterprise' start to appear in the definitions in the 1970s and continue to grow decade after decade (Figure 1). We should also note that references to 'Cosa Nostra' decline in the 1970s and disappear in the subsequent decades (Figure 1).[40] Indeed, during the 1970s and 1980s, 'hierarchy' also declines significantly (it is present in, respectively, 6.7 per cent and 7.7 per cent of the definitions), but it returns in the 1990s and 2000s, these latter results being driven to an extent by characteristics of European definitions.

### *Networks and harm*

Recent developments include the emergence of concepts such as 'networks' and 'harm'. Although they belong to different analytical levels (the former refers to structure, while the latter to the consequences of OC), we shall briefly review them together. Since the 1970s, there has been an exponential growth of sociology publications that contain 'social network' in the abstract or title, as documented quantitatively by Borgatti and Foster.[41] Such a growth has also been felt in the field of OC research since at least the 1990s.[42] 'Network' has even entered a (still limited) number of definitions of OC, namely 3.4 per cent in the 1990s, and 5.2 per cent in the 2000s (Figure 2). For instance, McIllwain reframes some classical definitional issues – such as the provision of illicit goods and services – with references to network structures:



> Human relationships form the least common denominator of organized crime. The actors composing these relationships engage in the process of social networking for the provision of illicit goods and services. They also protect, regulate and extort those engaged in the provision or consumption of these goods and services.[43]

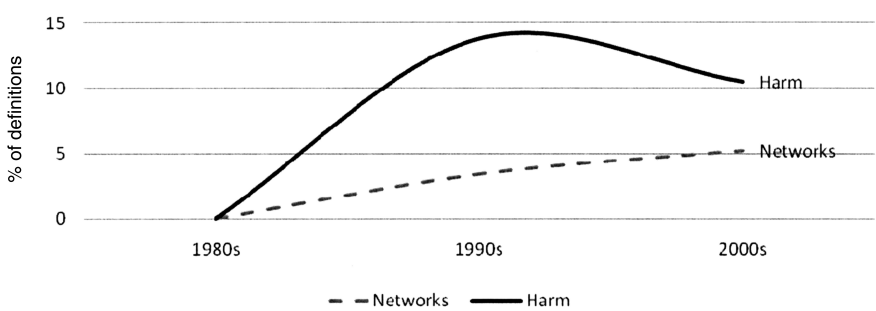


*Figure 2* 'Networks' and 'harm' in definitions of organized crime, 1980–2010.
*Source*: Von Lampe, http://www.organized-crime.de/OCDEF1.htm, accessed 29 September 2009.

Some criminologists have gone beyond advocating the use of network data for the study of OC organizations and proposed a more general 'criminal network perspective' for the understanding of organized crime. A proponent of such a perspective, Carlo Morselli, writes that 'a network is a self-organizing structure that is driven by the emergent behaviour of its parts'.[44] The network perspective is able to capture 'a flexible order', structural arrangements that are lighter on their feet than 'slow moving' hierarchies and quick to adjust to changing situations and opportunities.[45] Such a framework can account for organizational systems ranging from simple co-offending to attempts at monopolizing markets or territories, from one-time partnerships to membership in quasi-structured organizations, from ties based on family, to those based on friendship, background affinities, resource-sharing and so on. Criminal opportunities are generated – and collaboration to seize such opportunities occurs within – networks.

Although analytically distinct, we also observe a rise in references to the 'harmful' consequences of OC (Figure 2, 13.8 per cent and 10.5 per cent respectively). Rather than trying to specify what OC is, several authors define OC by the harm that it causes. The rise of references to harm is likely to be related to the emphasis on harm reduction in other realms of the criminal justice system, such as drug use, prostitution and the public's protection against violent and sexual offenders.[46]

In conclusion, Figures 1 and 2 suggest a trend towards a higher level of generality within definitions of OC. From the 1950s, OC was depicted narrowly as a highly structured entity, often a synonym for a single crime group, the Italian American Mafia. As this perspective came under sustained criticism in the 1970s, a more general term, 'enterprise', came to be preferred by many scholars of the phenomenon. From the 1990s, an even more general term appears in the von Lampe data set, namely 'network'. As OC is being defined more broadly, it loses specificity, paradoxically leaving it *more* open to political interpretations, or with analysis of specifics being subsumed by practical concerns such as its harmful effects. The OC label can now be applied to any criminal activity deemed harmful or 'serious'.



### *1.2. Activities*

We now turn to a review of what OC does, as it emerges in the definitions analysed. Figure 3 summarizes some key words – 'monopoly', 'the provision of illegal goods and services', 'illegal activities' and 'predation' – used by authors describing the activities of OC.

#### *Monopoly*

'Monopoly' has the highest percentage of entries in the 1950s (2 out of 4). References to monopoly continue in the subsequent decade (3 out of 8;

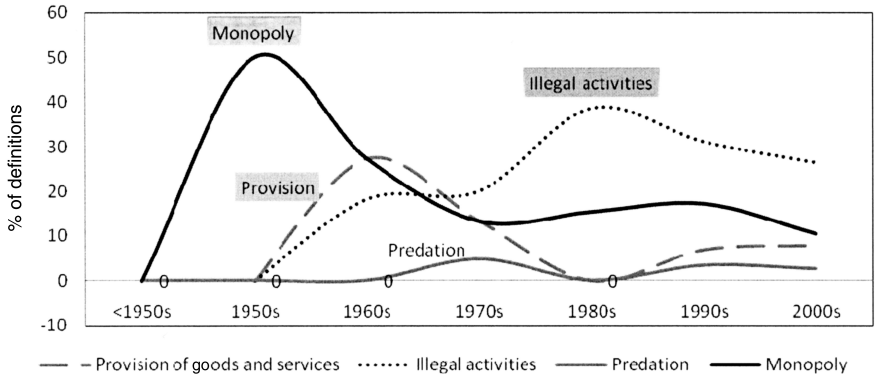


*Figure 3* Activity-related keywords in definitions of organized crime, 1915–2010.
*Sources*: Maltz 1976, Hagan 1983 and Von Lampe, http://www.organized-crime.de/OCDEF1.htm, accessed 29 September 2009.

27.3 per cent). An advocate of such a view is Thomas C. Schelling, who served together with Cressey on the 1967 US President's Commission on Organized Crime and was awarded the Nobel Prize in Economics in 2005. In his two papers on OC (1967 and 1971, both included in this collection), the American economist introduces a crucial distinction between producers of illicit goods and services, and organized crime. The former category includes the bookmaker, the loan-shark and the brothel keeper. As for the latter, he writes:



> Evidently [by OC] we do not merely mean 'crime that is organized' . . . The characteristic [of OC] is *exclusivity* or, to use a more focused term, *monopoly*. From all accounts, organized crime does not just extend itself broadly, but brooks no competition. It seeks not only influence, but exclusive influence. In the overworld its counterpart would be not just organized business, but monopoly.[47]

Some businesses, continues Schelling, lend themselves more to monopolization than others. For instance, bars provide a focus for would-be monopolists, since they are fixed establishments, while marijuana distribution may be moved around more easily.[48] Certain structural features, such as technology, the market, consumer demand and personnel requirements, may well help predict which markets are more likely to become monopolized than others. Once a monopoly is in place, it breeds violence: large-scale monopolistic entities cannot allow competition any more than a tax authority can.

Schelling differs from Cressey in one crucial respect. For Cressey, ordinary criminals are wholly predatory, while organized criminals offer a service to society. Schelling reverses this perspective, arguing that it is OC that is wholly predatory. Monopolization does not bring any benefit to the criminal entrepreneur: 'The interpretation that I want to suggest is that

organized crime does indeed have a victim. The victim is the bookmaker – the man who sells illicit services to the public. And the crime of which he is the victim is the crime of extortion. He pays to stay in business'. For the future Nobel Prize winner, OC operated like a taxing authority but provided no benefit to its victims.[49]

### *The provision of illegal goods and services*

The view that OC is involved in attempts to monopolize markets or territories coexists in the 1960s with another characterization, namely that the essence of OC is to provide illegal goods and services (Figure 3). For instance, the Task Force on Organized Crime of the 1967 President's Commission asserted in its first page, 'the core of organized crime activity is the supplying of illegal goods and services – gambling, loan sharking, narcotics, and other forms of vice – to countless numbers of citizen customers'.[50] Cressey follows suit by arguing that organized criminals offer a service to a segment of society. 'If La Cosa Nostra were suddenly abolished, it would be sorely missed because it performs services for which there is a great public demand'.[51] A link between the official consensus that the Italian American Mafia dominates OC in the US and is involved in supplying the public with goods and services is confirmed empirically by a correlation analysis among the seven items, which shows that 'Cosa Nostra' and 'the provision of illegal activities' are strongly related, with a 0.910 coefficient (significant at 0.004).



### *Illegal activities*

In parallel with the rise in 'enterprise' discussed above, the 1970s see a growth in authors who favour references to illegal activities as the core activities of OC and a decline of the 'monopoly' view ('enterprise' and 'illegal activities' have a 0.720 correlation coefficient).[52] An example is the following definition by the British Home Office from the early 1990s, which combines references to 'enterprise' and 'illegal activities' (note also the mention of transnational activities): 'Organised crime constitutes any *enterprise*, or group of persons, engaged in continuing *illegal activities* which has as its primary purpose the generation of profits, irrespective of national boundaries'.[53] Schelling's contention that monopolization amounts to extortion almost failed to be picked up,[54] as illustrated by the 'predation' variable in Figure 3.

The results of the analysis above mirror those referring to 'structure'. Over the century, authors have moved away from mentioning specific behaviour patterns, such as attempts to monopolize markets and supply illicit goods and services, in favour of the more general term 'illegal activities'. Notably, hardly any author mentions 'predation' – logically, predation is a subset of 'illegal activities' – as a feature of OC.

## 2. A critical and selective view of OC perspectives

How are we to evaluate the trajectory of the definitions of OC in the past century? Below I touch upon only a few selected issues, namely Cressey's model and the rise of the concepts of 'enterprise' and 'networks'.

In many academic reviews, Cressey comes across as the main foe of OC studies. He is criticized for his over-reliance on the Valachi testimony, his emphasis on ethnicity, and more generally for his description of the structure of OC.[55] As for the first charge, he should be given a suspended sentence. The American criminologist acknowledged that Valachi's testimony was at times contradictory.[56] Moreover, he noted that the statements contained in the testimony were often the product of interactions whereby senators interrupted the witness, typically failing to return to issues that the mobster had raised.[57] Recent evaluation of Valachi's testimony suggests that in many parts it is consistent with other sources. Historian David Critchley has concluded that Valachi gave valuable intelligence to US law enforcement. Critics were 'incorrect to assert that Valachi's public evidence "was not corroborated on any essential point". Nor was Valachi's testimony noticeably marred by any "coaching" he allegedly received from his FBI handlers'.[58] Surely, Valachi's recollections were partial and, as Mafia boss Joseph Bonanno claimed, he did not see the entire picture. Yet, his evidence was substantiated by the later memoirs of Nick Gentile and Bonanno himself.[59] Overall, the description of Cosa Nostra as a set of hierarchically structured crime groups of Italian-American extraction coordinated by a Commission has been confirmed.[60]



Yet, Cressey's work fails to stand the test of time for at least two reasons. His prediction that criminal groups will continue to grow in size and complexity into a Weberian ideal-type rational bureaucracy failed to acknowledge that, as with any other organization, an OC group is based on a set of agency relationships. Any organization faces problems of asymmetric information, imperfect monitoring and opportunistic behaviour, although such problems are pervasive in the underworld. Political and economic institutions in the overworld arise to alleviate agency problems: committees monitoring the behaviour of members of parliament, legal machinery to enforce civil and property rights, and so on. In the overworld, long, multi-stage chains of agency relationships have developed to mitigate agency problems. But the longer the chain, the harder it is to monitor agents. On the contrary, the shorter the agency chain, the easier to solve the governance problem.[61] Agency problems are the most acute in the underworld. Thus one would expect that OC groups are localized, relatively small and unable to control members perfectly. Subsequent historical research has in fact ascertained that, contrary to Cressey's assertion, Italian American Mafia families are localized, the 'boss of bosses' has *not* 'absolute control over Mafia members' and the Italian hegemony over OC in the US has always been limited.[62]

Secondly, Cressey failed to distinguish the loan shark, the brothel keeper, the prostitute and the abortionist from those who aspire to govern transactions in the underworld by providing services of dispute settlement, cartel enforcement and more generally governance of illegal transactions. Ultimately, Cressey assumed that vertical integration of functions was an inexorable trend of firms, legal and criminal alike. Indeed, he even predicted that Cosa Nostra would gradually shift from a rank-oriented to a task-oriented enterprise. Such a prediction also was predicated on the assumption that the organization was able to integrate more and more tasks and to ensure significant coordination among its different branches. He failed to see that gaining and maintaining control over such a large entity was far from likely.[63]

The 'enterprise perspective' championed by authors such as Smith, Reuter and Haller crucially highlighted the agency problems that obtain in criminal organizations, drawing upon advances in industrial economics, and in particular the work of Oliver E. Williamson on transaction-cost economics. Yet these authors are not unanimous on the extent to which an economy exists beyond the individual firms. For instance, Reuter's dissection of the organization of illegal markets suggests that external capital markets are virtually impossible to develop: 'growth' – he writes – 'must be internally financed out of profit'.[64] Haller's example of the Colonial Inn criminal partnership suggests instead that in certain cases external capital *was* available as well as mechanisms to reduce risk. The Colonial Inn was an illegal casino that opened in 1945 in Florida. A variety of entrepreneurs joined forces to establish such an enterprise: Mayer Lansky arranged for political protection; Frank Ericson, Frank Costello, Vincent Alo and Joe Adonis provided starting capital; while Mert Werthmeimer was appointed as the manager.[65] The appointed manager of the Colonial Inn, Mr Werthmeimer, had agreed to cover 50 per cent of any losses that might occur. In order to ensure himself against such risk, Werthmeimer approached Jack Guzik (a partner of Tony Accardo, the boss of the Chicago 'Outfit') for insurance against financial losses, offering him 50 per cent of his profits in exchange for covering 50 per cent of his potential losses. Guzick agreed and both benefited from the high earnings of the Casino.[66] Thus, it transpires that a rudimentary capital market and ways to insure against risk did exist, and Italian organized crime was able to make criminal markets operate smoothly.



Most crucially, the 'enterprise perspective' in the 1970s and 1980s did not emphasize the distinction between producers of goods and services, and providers of services of dispute settlement and protection in criminal markets. Such a distinction would prove to be crucial in distinguishing groups that are likely to engage in violence to control territories and markets, and groups that are happy to compete on the open market.

The network perspective draws attention to a fundamental tool for the study of human societies, social network analysis (SNA). Three papers included in this collection use this technique – Sparrow (1991), Morselli (2003)

and Morselli and Petit (2007).[67] SNA is a methodology for coding and analysing a special type of data. Such data have a peculiar structure: actors are located both on the rows and the columns of a data matrix, while standard representations of data in a matrix list cases on the rows and variables on columns. Network data thus capture an essential feature of social interaction, namely the interdependence of actors in the social world.[68] SNA is particularly apt at representing the informality of relations within OC groups. To the extent that a particular group has some formal roles – such as boss, underboss and soldier – SNA is able to describe and model the informal patterns among members and how they evolve over time. The position of a soldier strategically placed near the Boss in the informal pattern of ties can help predict future interactions and conflict above and beyond formal titles. Ultimately SNA is a technique of data analysis and any organization can be thought of as a network-based social system. For SNA, hierarchies too are networks. Whether an organization is 'slow-moving' or 'quick on its feet' is an empirical question rather than a theoretical premise or assumption.

The network perspective of OC remains at a high level of of generality, subsuming almost any form of co-offending, ranging from car thieves to structured groups that aspire to control territories and markets. In order to generate hypotheses, the perspective is in need of identifying a more specific object of study. One route it could take is to focus on the problem of enforcing deals and promises among criminals (a central theme in the study of OC) *in the absence of* third-party enforcers. Many contributions in applied game theory, experimental economics, anthropology and economic history since at least the 1970s have shown that appropriate punishments can be inflicted so as to reduce future payoffs of any defector (and transmitting information on such defectors) in bilateral continuing relationships and within the context of small groups.[69] Punishment takes the form of refusing future interaction. A minimum of collective action is then required to ensure that information on cheats flows to others in the group. Throughout the economic history of several countries some clever informal systems of governance have emerged before the rise of national states and have extended quite beyond extremely small groups to people who did not know each other. Greif's (1993) fascinating study of Maghribi traders' system of communication and collective punishment is such an example, as is Greif, Milgrom and Weingast's (1994) exploration of how groups of traders (guilds) in late medieval Europe created a system of informal judges able to record accurately and reliably traders' past history so that they could punish cheaters by refusing to trade with them in the future. If the network perspective were to focus on the conditions under which we could expect such informal systems of punishment to emerge and collapse, it would make a significant addition to the study of OC.[70] SNA (the data technique) would not be mandatory to study these arrangements.

Ultimately, the enterprise and the network perspectives conceptualize OC too broadly. In section 3 below I will argue for a narrower definition. I will

also introduce a distinction between OC and Mafia, and will define the latter analytically, rather than just in reference to a specific criminal organization such as Cosa Nostra, and argue that OC and Mafia belong to the same genus of states and insurgencies.

## 3. OC and Mafia as forms of governance

I propose to consider the phenomenon of OC as part of a broader category, namely that of governance. The concept of 'governance' has been used widely in business studies, economics, politics and sociology since the 1980s.[71] As any other concept, it has been deployed to refer to a variety of objects. Two applications, however, have been given an analytical definition, namely *corporate governance* and *economic governance*. The former refers to the way a corporation is managed internally and the way it deals with its shareholders and the outside world. In the formulation of Oliver E. Williamson, the latter refers to the 'study of good order and workable arrangements'.[72] Broadly speaking, economic governance is the set of rules and norms that regulate exchange.[73] Although corporate governance and economic governance are connected,[74] I will concentrate on economic governance (henceforth, governance).

Ordering of exchange may emerge spontaneously, through repeated interaction, or be supplied by an institution. As for other social arrangements, there is also a dark side to governance. Property rights can be protected for some at the expense of others, resources can be mobilized in order to secure benefits for a select few, even at the expense of overall long-term economic efficiency.[75] Thus, the study of governance should include also less-than-good arrangements.[76] A focus on governance should also help us dispense with the artificial dichotomy between the economic and political nature of OC,[77] while retaining the crucial distinction between producers of goods and services, and suppliers of forms of regulation, protection and governance. Below, I will discuss OC and the Mafia as forms of governance while making some reference to the state and insurgent groups. Each section below starts with what I consider a viable definition of OC and Mafia respectively.



### *Organized crime*

**Definition: an organized crime group (OCG) attempts to regulate and control the production and distribution of a given commodity or service unlawfully**. As stated by Schelling, burglars may be in the underworld but do not seek to govern it.[78] Such an aspiration requires investments in a special set of resources, which are not necessarily available to illegal entrepreneurs. The most crucial such resource is violence. The group is bound to clash with others who also wish to engage in the sale and distribution of the commodity the group wants to regulate. Thus an OCG must be stronger than the individuals who operate in its area of influence. Only those who possess force

can guarantee that their decisions will be respected and their punishments executed.[79] Information is also a crucial resource, as the group needs to know who deals in what in a given market, in order to prevent them from doing so.[80] The above characterization does not imply any particular organizational structure. However, for OC to be effective, one would expect the presence of a rudimentary structure, a system for issuing orders, and someone who benefits from such governance and some continuity over time – all features that have been mentioned over the past century as being part of OC.[81] Empirically, we could take gang wars and truces, and market sharing arrangements, as suggesting the presence of OC.

The humorous Exemplary Story by Miguel de Cervantes *Rinconete and Cortadillo* ([1613]1998), included in this collection, points to the existence of what we mean by OC. When two delinquents, a cardsharper and a pickpocket, start to practise their trade in the city of Seville, they soon discover that an underworld syndicate controls crime in the city. Rather than being 'a free trade', as Cortado expected, stealing is regulated by a society headed by crime boss Monipodio, who acts like a 'father and a leader' and along the way ensures protection against the officers who deal with vagrants, confers upon the two men a new name, and tells them when and where they can carry out their trade.[82] Severe penalties are in place for those who break the rules of the syndicate. In a light-hearted manner, this short story suggests that attempts at controlling crime are not new.



For an in-depth and analytical exploration of an instance of an OCG one can turn to the case explored in the paper by Levitt and Venkatesh (2000) included in this collection. The group, defunct at the time of their writing, had been located in an inner-city neighbourhood of a large, industrial American city.[83] The structure of drug selling in the city was rather elaborate. The top level included four to six individuals responsible for the long-term strategy of the organization and for maintaining ties to suppliers and affiliates in other regions. Other individuals at the top were responsible for collecting dues, overseeing recruitment and serving as a liaison to the community. The next level down included local gang leaders with a specific territorial responsibility for one gang, and this is the level for which the authors have data. Gang leaders paid a fee to the superior level and were the residual claimant on the profits. At this level, the gang had some formal roles, such as enforcer, responsible for ensuring the safety of the members, treasurer and runner, who transported drugs to and from the supplier. At the street level, foot soldiers sold the goods and reported to the enforcer. At the periphery of the groups were individuals ('rank-and-file') who were not full members, paid duties to the gang to receive protection and status and supplied drugs to sell in other parts of the city.

The group was in charge of a territory, controlling access to the drug market in that area, and was involved in wars with a competing gang to increase its market share. Drugs were sold either by gang members, or by independent

sellers who paid 'the gang leader [. . .] in return for the right to sell heroin on the gang's turf'.[84] During the period for which Levitt and Venkatesh have data, the gang fought prolonged and costly wars for control of territory from which to sell. In particular, it was involved in a series of violent conflicts with a rival gang that controlled an area immediately to the north, culminating in the conquest of the rival gang's twelve-square territory.[85] The participants themselves made it clear that they used violence on their competitor's turf as a strategy for shifting demand to their own territory.[86] The income recorded by the leader increased significantly after the war, although the conflict was costly: 'Gang surplus and drug revenues are [. . .] almost double the mean values for these variables observed over the sample.'[87] Since many of the customers came on foot, increasing the gang's turf from 12 to 24 square blocks substantially reduced competition.[88]

Schelling (1971) maintains that OC is purely predatory. In this case, it is clear that the overall organization was supplying a service. The gang leaders who paid a fee to the 'central leadership' received in return 'protection (both on their turf and in prison), stable alliances with other gang sets such that gang members can travel to other areas of the city with relative safety, access to reliable sources of wholesale drugs, and the possibility for members to rise up the hierarchy into the upper echelon'.[89] Gang members (officers and foot soldiers) were paid a wage, while the financial data also record expenses for funerals and disbursements to families of deceased members. Rank and file, who had to pay the gang, received in return – write the two authors – 'protection, status, and a reliable supply of drugs for those who deal independently'.[90] Overall, the gang was selling a product to its customers, offered protection and other services to its members and clients, and received in turn protection from the higher level of the organization.



It would not be enough to describe this gang as just a network or an illicit enterprise. Although it would be correct to depict the group as a network, such a description would only be the obvious starting point of analysis. Two co-offenders stealing a car are also a network, but for all other respects this network would differ from this gang. It would also be correct to suggest that the gang was an enterprise. Indeed, its main aim was to sell drugs and make a profit. However, it also bore greater ambitions, namely being the *only* seller of drugs. In order to do so, it developed special skills, such as violence, and engaged in wars with other firms. Clearly, the gang was a special type of enterprise, aspiring to conquer a market. On the other hand, to regard all illicit enterprises as organizations that aspire to govern territories or markets would be misleading.

Under certain conditions, an OCG can evolve into something else. Certain variables, such as technological innovation, might increase or *reduce* the

ability of an OCG to fulfil its aspiration to control a given market. For instance, the impact of pagers and mobile phones and the newer 'one-shot' mobiles that cannot be easily traced, deserves further study. Rather than pointing to a weakness of the definition, this would qualify as a dynamic specific to a situation and would require conceptualizing the resulting entity as something different from OC. Even if the scope for controlling certain markets shrinks and an OCG turns into an illicit enterprise in competition with others, it does not follow that the definition is not viable.

### *The Mafia*

**Definition: a Mafia group is a type of OCG that attempts to control the supply of *protection*.** A drug syndicate may aspire to be the sole supplier of drugs in a given domain, while a Mafia strives to be the sole supplier of protection. Thus, the scope of a Mafia group is much wider than that of an OCG, since it aspires to protect *any* transaction, not just those related to, say, drugs, in a given domain. As in the case of OC, violence and the ability to collect reliable information are two key resources for a Mafia group, and one would expect some rudimentary hierarchical structure to develop.

Since the 1990s, a series of ethnographies have claimed that the Sicilian Cosa Nostra, the Hong Kong Triads, the Russian Mafia and the Japanese Yakuza are essentially forms of governance specializing in the supply of protection.[91] Extracts from these works are included in this collection (Gambetta 1993, Chu 2000, Varese 2001, Hill 2003). This body of research suggests that such groups can be collectively referred to as 'Mafias'. The *Mafia* is a set of Mafia groups that share the same rituals and rules. For instance, a number of Mafia families operate in Sicily and the 'Sicilian Mafia' is the collective entity of which they are a part. At different points in the history of each Mafia, different arrangements regulate (or fail to regulate) the relations between Mafia groups. The relations between groups are often dependent on clever institution builders and historical circumstances.



Contrary to Schelling's claim (1971), extensive evidence exists that the services offered by Mafias are ultimately genuine. For instance, scholars have established that Mafias are able to supply genuine services like protection against extortion; protection against theft and police harassment; protection in relation to credit obtained informally and the retrieval of loans; and the settlement of a variety of social disputes. The Mafia offers protection services to entrepreneurs of illegal commodities, such as protection for thieves, prostitutes, loan sharks and drug dealers. Mafiosi also protect their clients against law enforcement.[92]

The following extract from the memoirs of Antonio Calderone, the *vice-rappresentante* of the Catania Mafia family, appears to be an instance where the Mafia intimidated a firm.

> [In the mid-fifties] We Mafiosi were in dire economic straits. But the idea of wholesale extortion never entered our heads. The only instance I remember was an extortion that took place in the late fifties or early sixties against the Rendos, who had the largest construction firm in Catania. The goal was to do the Costanzo brothers [the main competitors of the Rendo] a favour. A bomb was placed in the chimney of the Rendo offices; after that, the usual phone call asking for money was made.[93]

In this case, extortion and protection are a matter of perspective. As Mafia boss Joe Bonanno put it in his autobiography, 'what is seen as extortion from the outsider is viewed as self-protection by the insider'.[94] From the point of view of the Rendos, the Calderone family was engaged in predatory behaviour. From the point of view of the Costanzo brothers, Tonino Calderone was protecting them *vis-à-vis* competitors. In a protected market, a firm faces a cost of entry higher than it would face were the market *not* protected. The firm trying to enter might well consider this a form of extortion, while those who operate in the market would consider it a genuine service of protection, that is, protection against competition.[95]

An even more sophisticated form of market protection undertaken by Mafias is the enforcement of cartel agreements, as explored by Reuter (1984), a paper included in this collection. Producers have an incentive to enter into cartel agreements but also to undercut fellow conspirators, placing themselves in a classic Prisoner's Dilemma. The Mafia offers to enforce the cartel agreement among producers, thereby deterring conspirators from cheating on the deal. It not only punishes defection with violence, but is also able to monitor compliance in cartel conspiracy that includes a large number of conspirators.[96]



It does not follow that Mafias provide protection on the basis of universal criteria, such as fairness or merit. Indeed, the Mafia operates without consideration for justice, fairness or the well-being of society at large. In the world run by the Mafia, there is no such thing as a 'right' even to the protection for which one has paid. Mafiosi can ask for more favours or more money, or collude with other Mafias against dutifully paying clients, and there is no higher authority to which a victim can appeal.[97]

Under certain conditions, criminals associated with the Mafias described above have engaged in extortion, the forced extraction of resources for services that are promised and *not* provided.[98] For instance, the shorter the time-horizon of the Mafia group, the more likely it will engage in extortion. However, several confusions and selection biases conspire to overplay such a phenomenon. For instance, many confuse the imposition of protection with extortion. Surely, Mafias force victims to pay, but it does not follow that what it is paid for is inevitably bogus. Also, if individuals living in a Mafia territory believe that the mafioso 'life expectancy' is short, they will be more reluctant to pay protection, and a greater degree of coercion will be

required.[99] As the level of coercion increases, it is more likely that evidence will filter out of the underworld, while voluntary transactions are less likely to be reported and exposed.[100]

As for the case of an OCG, it would be misleading to refer to Mafia groups as just social networks or enterprises. Mafias deal in protection as a commodity rather than as a right, but the logic of protection leads them to acquire features of the state. A key reason for this is that protection is a natural monopoly, as both Lane (1958) and Nozick (1974) have stated in texts included in this collection. Once a group has the ability to govern a given market, say drugs, it should have what it takes to govern neighbouring markets. If this logic is taken to its extreme consequences, OCGs would evolve into fully fledged Mafia groups. Indeed, such a dynamics is at work in the the case studied by Levitt and Venkatesh (2000). One type of income recorded by the gang leader was 'street taxes', namely money extracted from individuals and some companies that were conducting business on the gang's turf. Grocery store owners, unlicensed taxi drivers, people dealing in stolen goods (fences), and those providing services such as auto or plumbing repair are among those required to pay street taxes.[101] Interestingly, this income stream is rather small in the first year for which the authors have data – $1,200 – but it increases to $5,800 by the last year of the gang's existence. This is not an isolated case. For instance, journalist Mark Stevenson has recently documented a similar transition from OCG to full-fledged Mafia in Ciudad Hidalgo, in Mexico, in a reportage titled, 'Mexico cartels go from drugs to full-scale Mafias'.[102] Thus, the arguments advanced by Reuter discussed above suggesting that criminal firms are bound to be small seem to apply only to situations where state policing is generally effective, such as in parts of the United States. OCGs and Mafias can grow in size, scope and complexity when States fail to control territories within their borders. Yet, it would be rash to expect that under all circumstances OCGs do evolve into Mafia groups, as suggested by Hill (2003). Such a transition is likely only in conditions of ineffective state policing or when the state representatives have decided to withdraw from certain areas and markets, as was arguably the case in much of Japan in the twentieth century. Not surprisingly, the Yakuza has grown in size and complexity.

Both OCGs and Mafia groups have been defined here against the backdrop of existing states, with which they compete for offering services of governance. Logically, all share a crucial aspiration, that of governing exchanges. The state is indeed the most common and most well developed institutional structure, which provides governance for those having assets and wanting to exchange them. At its core, the state is a third party that uses violence to protect assets and enforce agreements (contracts) among individuals, and a territory where these individuals reside demarcated by the reach of the enforcer's enforcement power.[103] In the process of enforcing contracts, it delineates rights. The rights that the state delineates are designated as 'legal'.

Economic or natural rights not backed by legal rights are not part of the scope of the state.[104]

One implication of the perspective presented here, namely that OC, Mafias and states belong to the same category, points to the existence of some hybrids, such as insurgencies and paramilitary groups. Paramilitary groups in Northern Ireland are reported to be the main players in the protection market (some police estimates suggest that they control as much as 80 per cent of it).[105] Other insurgent groups – such as Indonesian Free Aceh Movement and the National Liberation Army in Columbia – behave in the same way as their Northern Ireland counterparts and impose their system of taxation on the population living in their territories.[106] The FARC is the major insurgent group in Columbia, controlling an area of some 42,000 km$^2$. In this territory, it carries out regular censuses and establishes a specific 'tax' rate for each member of the community under its control and it also protects coca plantations and laboratories.[107] After the Cali and Medellin cartels were dismantled in the early 1990s, the FARC began to provide protection to the smaller trafficking groups that replaced them.[108] There is evidence that the protection offered by the FARC is genuine and that a rudimentary judicial system is in place. The system 'is made up of a network of complaint offices staffed by members of the guerrilla that hear all types of cases'.[109] Reportedly, residents are pleased with the efficiency and fairness of these tribunals.[110] Setting aside political and moral considerations, insurgent groups can be conceptualized as lying on a continuum from the Mafia to the state.



Table 1 summarizes some key distinctions. An OCG aspires to govern a given market, while a Mafia attempts to govern several markets in a given domain. Thus, both criminal organizations share crucial features with states and insurgent groups. What distinguishes each of them is the set of collective action mechanisms that constrains institutions of governance and makes them accountable to the people, who in turn could be defined as victims, customers,

*Table 1* Key features and differences between OC, Mafia and state.

| Collective action mechanisms constraining the institution of governance: | Single market controlled | Several markets controlled/ market for protection |
|---|---|---|
| Present | * | State ↑ Insurgencies ↑ Mafia group/Mafia |
| Absent | OCG ⇢ | |

* In this cell, one could place institutions that control markets with the sanction of the state, such as guilds and trade unions. It should be noted however that states ultimately enforce such a control.

or citizens. A possible evolutionary trajectory would go from OC to Mafia to state. To chart this trajectory is a complex task, which goes beyond the confines of this introduction.[111] It should be noted that such entities lie on a continuum.

## 4. Conclusions

This Introduction has analysed the evolution of the concept of OC as present in 115 definitions collected mainly in the von Lampe data set. The analysis presented in Section 1 has uncovered a clear trend over the past century. OC started by being defined in rather narrow terms, with reference to the Cosa Nostra, hierarchical structure, monopolization and the provision of illegal goods and services. By the 1970s, this perspective – mainly associated with the work of Donald Cressey and US official Commissions on OC – came under severe academic criticism. References to more general concepts such as 'illicit enterprise' and 'illegal activities' have become popular since the 1970s. In more recent times, we observe a rise in allusions to 'networks' and an emphasis on the harmful consequences of OC. The overall trajectory is towards definitions that are less and less specific in characterizing OC. In Section 2, I discuss selected issues related to the evolution of this literature, in particular the contribution of Cressey and the rise of both the 'enterprise' and the 'network' perspectives. Ultimately, I argue that these perspectives have contributed to making the object of study, OC, a rather elusive entity. In Section 3, I advance what I believe is a narrower yet viable definition of OC, capable of identifying a specific type of criminal entity and generating testable hypotheses. I compare and contrast OC with Mafia, arguing that they all belong to the same set of phenomena, which can be referred to as governance.



The collection is organized as follows. Three papers of Volume 1 discuss the definition of OC (Maltz, Hagan, Paoli). Several theories are then addressed in the following papers: OC as 'queer ladder for social mobility' (Bell, Lupsha); the enterprise perspective (Smith, Haller, Hobbs); the theory of OC as a monopoly (Schelling, Buchanan, Rubin); and the view that the core business of OC and the Mafia is the supply of private protection (Lane, Nozick, Tilly, Gambetta, Skaperdas). The last two papers address two different types of data used for the study of OC, namely official records and network data (Cressey, Sparrow).

Volume 2 is devoted to the origins of the Sicilian Mafia (Bandiera), the Russian Mafia (Varese), the Yakuza (Milhaupt and West), OC in America (Rockaway, Haller) and the Triads in Hong Kong (Chu). The remainder of Volume 2 reproduces studies that discuss Mafias' organizational structure (Gambetta for Sicily, Anderson and Morselli for the US, Chu for the Triads, Varese for the Russian Mafia, and Hill for the Yakuza) and the role of women (Pizzini). The extract from *Wiseguys* by Nick Pileggi highlights that a reputation for violence is a key resource for a mafioso.

Volume 3 addresses the role of OC in both legitimate and illegitimate markets. Several papers touch upon the ability of OC groups to operate as cartel enforcers (Gambetta, Reuter, Alexander, Chu) and to supply protection (Frye). Among the markets that OC managed (or failed) to penetrate, the volume presents papers on street vending (Chu), the movie industry (Chu), labour (Jacobs and Peters), construction (Gambetta, Chu), loan-sharking (Anderson), bus services (Chu), fruit and vegetable markets (Gambetta, Chu), prostitution (Landesco, Light, Chu), drugs (Levitt and Venkhatesh, Chu), gambling (Anderson, Steffensmeir and Ulmer, Chu, Hing) and human trafficking (Coluccello and Massey), in settings such as Libya, Italy, Poland, Russia, the USA, Hong Kong and Macau.

Although criminal groups cannot advertise their services openly, in certain conditions popular culture and the film industry have performed this function, hence the two studies of representations of OC in popular culture that open Volume 4 (Varese, Matich). The volume then focuses on the relationship between OC, the state and politicians. Some papers suggest that, in the presence of (perceived) higher threats against a state, such as during a world war, relationships can be cooperative (Lupo, Block). Others explore the extent to which politicians benefit from the support of OC (Landesco, Chin and Godson). At times, however, states have confronted OC, by the passing of new legislation against OC (Morselli and Kazemian, Hill) or fighting against specific activities (e.g., drug distribution, Morselli and Petit; the cartelization of a legitimate industry such as waste disposal, Jacobs and Hortis). The final section explores the relationship between OC and terrorism (Schneider and Schneider, Makarenko) and the ability (or lack thereof) of OC groups to expand beyond their territory of origin to Northern Italy (Varese), the Netherlands (Weenink and van der Laan) and China (Chu). The last two papers (Reuter, Zhang and Chin) address the conditions under which OC might decline.



Any selection reflects the biases and the knowledge of the editor, and is also shaped by practical considerations, not least occasional failures to obtain copyright permission to reproduce certain texts. The editor and the publisher hope the reader will find this selection a rich base for teaching and research.

## Notes

1 I am most grateful to Paolo Campana, who read several drafts of this paper and gave me most valuable advice on conceptual issues as well the data analysis. Liz David-Barrett offered substantial and stylistical comments. David Critchley, James Ogg, Alex Sutherland, Gavin Slade and Klaus von Lampe were generous with their suggestions. Craig Webber, an Oxford graduate in Criminology, has masterfully managed the copyright clearance process and worked beyond the call of duty to ensure the completion of this project. Simon Alexander, Senior Development Editor at Routledge, has put on a brave face while waiting for

this delayed Introduction and has steered the production of the collection with great competence.

2 Smith (1971: 10). Scholars who have rejected the possibility to produce a viable definition include von Lampe (2001: 113), Levi (1998: 335) and van Duyne (1996: 53). See also Finckenauer (2005), von Lampe (2006: 80) and von Lampe (2009).

3 I have excluded from the von Lampe sample non-academic dictionaries.

4 *New York Times* (18 September 1883: 4).

5 *Brooklyn Eagle* (30 December 1889: 2). See also *Brooklyn Eagle* (22 March 1888: 2).

6 *New York Times* (27 October 1857: 4).

7 See also the use of 'organized crime' in reference to the Camorra in Appleton (1868: 641).

8 See the 1896 Report by the New York Society for the Prevention of Crime, headed at the time by the reformist Reverend Charles Parkhurst, cited in Gilfoyle (1994: 406 fn23 and 418 fn2). Parkhurst had gone undercover to expose the collusion between the police and brothel owners in Manhattan in 1892. His efforts marked the beginning of the progressive reform movement that years later succeeded in passing the alcohol prohibition laws (Gilfoyle 1994: 299; see also Dash 2007: 48, 68n, 107).

9 But see the rather fictionalized account of a gentleman undergoing an initiation ritual in a New York gang published in 1835 (HHR 1835: 155). In an interview with the *Brooklyn Eagle*, police officer Timothy Phelan stated, 'crime is bad, but organized crime is worse', in reference to gangs that, under the influence of alcohol, 'rob and kill'. *Brooklyn Eagle* (9 March 1890: 12).

10 Quoted in Tyler (1962: 5), emphasis added. The definition appears to be compatible with the overall approach of the so-called Chicago school of sociology. See Haller (1968: x–xi).

11 von Lampe (2001: 105).

12 In the 1920s, the term 'organized crime' was replaced by 'racketeering', a somewhat narrower concept. Historian Andrew Cohen has traced its origin to 1927 Chicago, where Gordon Hostetter, an antiunion activist, used the term to describe – and smear – workers' unions and trade associations (Cohen 2003).

13 Wade (1996: 405) and Sifakis (1999: 193–195). The original reports are available online at http://www.onewal.com/maf-kef.html. These hearings were the first to be televised live (Wade (1996: 403)).

14 The full name was President's Commission on Law Enforcement and Administration of Justice. See Cressey (1967) and Albanese (1988).

15 Cressey (1967: 107).

16 Cressey (1967: 108) and Cressey (1969: 74). See also Albini (1988: 342).

17 Cressey (1969: 210, 228 and 316), and Cressey (1972).

18 Cressey (1967: 103). An early critic of the practice of equating Cosa Nostra to OC is Schelling (1971: 73).

19 See, especially, Cressey (1969: 54–71).

20 US Senate Special Committee to Investigate Organized Crime in Interstate Commerce (1951: 2). See also von Lampe (2001: 105). The Kefauver Committee had relatively little to say about OC internal structure (Smith 1980: 366).

21 The 1961 appointment of Robert Kennedy as Attorney General gave further impetus to the fight against organized crime. Until the early 1960s the bulk of OC convictions originated from IRS tax investigations (Albanese 1988: 60).

22 Smith (1980: 367).

23 Smith (1980: 367). Notoriously, J. Edgar Hoover, the director of the FBI from 1935 to 1972, refused to devote many resources to the fight against syndicates. For speculation as to Hoover's motives, see Messick (1967: 287) and Cressey (1969: 21–24).

24 E.g. Cressey (1967: 104). To top this sustained official attention to the Mafia, in 1969 Mario Puzo published *The Godfather*.
25 Cressey (1967: 29). See also the Task Force Report: 'Today the core of organized crime in the United States consists of 24 groups operating as criminal cartels in large cities across the Nation. Their membership is exclusively men of Italian descent, they are in frequent communication with each other, and their smooth functioning is insured by a national body of overseers' (1967: 1).
26 Cressey (1967). Contrary to claims by Smith (1980: 375), there is no evidence that Cressey disagreed with Daniel Bell's theory that blocked social mobility for ethnic minorities explained the presence of so many Italian-Americans in OC at this particular historical juncture in US history. Indeed, Cressey refers approvingly to Bell (1953). See Cressey (1967: 102).
27 Hawkins (1969), Albini (1971) and Ianni (1972). See also Paoli (2002: 54).
28 Smith (1980: 375). See also Smith (1980: 370).
29 'Ethnic ties provide the strongest possibility of ensuring trust among persons who cannot rely on the law to protect their rights and obligations within cooperative but outlawed economic activity' (Smith 1980: 375).
30 'The results of efforts to protect an entrepreneur's core technology is the creation of a territory, or domain: a set of claims staked out in terms of a range of products, population served, or services rendered' (Smith 1980: 376).
31 Smith (1980: 373 and 375). Yet he acknowledged that 'regulators' do also exist in the underworld (see Smith 1980: 376).
32 Thanks to his clear and engaging exposition style and infrequent use of mathematical formulas, Peter Reuter has arguably been the most influential economist among scholars of organized crime. Susan Rose-Ackerman's work on corruption has had a similar impact among non-economists.
33 Reuter (1985: ix).
34 Reuter (1985). See also discussion in Paoli (2002: 66).
35 The difficulty of monitoring distant agents due to product illegality also drastically reduces the geographical expansion potential of criminal firms (Reuter 1985: 21–22).
36 Reuter (1985); see also Reuter (1983) and (1987).
37 Haller (1990: 208).
38 Haller (1990: 215 and 222).
39 See Morselli and Kazemian, 2004.
40 Some definitions continue to have references to specific groups. E.g., the President's Commission on OC, created by Reagan in 1983, listed, in addition to Cosa Nostra, other organized crime entities, such as outlaw motorcycle gangs, Colombian cartels, the Japanese Yakuza and Russian gangs. See Albanese (1988: 59 and 62) and Paoli (2002: 56).
41 Borgatti and Foster (2003: 992).
42 See, e.g., Potter (1994), Finckenauer and Waring (1998), Coles (2001), von Lampe (2003) and Chattoe and Hamill (2005).
43 McIllwain (1999: 319).
44 Morselli (2009: 11).
45 Morselli (2009: 11).
46 Harm reduction is a movement within the criminal justice system that advocates the adoption of pragmatic and evidence-based public health policies designed to reduce the harmful consequences of various high risk activities (Marlatt 2002).
47 Schelling (1971: 72 and 73). Emphasis in the original.
48 Reuter (1985: 31). For an example taken from illegal abortions, see Schelling (1967: 75).
49 Schelling (1971: 76); Schelling (1967: 67).

50 Task Force Report (1967: 1).
51 Cressey (1967: 107).
52 For a recent critique of the 'monopoly' view, see, e.g., Allum and Sands (2004).
53 Huber (2001: 216), available at: http://organized-crime.de/OCDEF1.htm. Emphasis added.
54 For a partial exception see the following definition by Block and Chambliss (1981: 12): 'Thus we suggest that organized crime is a term that refers to those illegal activities connected with the management and coordination of racketeering (*organized extortion*) and the vices – particularly illegal drugs, illegal gambling, usury, and prostitution.' Emphasis added.
55 See Hawkins (1969), Albini (1971), Ianni (1972) and Smith (1980).
56 Cressey (1969: 37).
57 Cressey (1969: 37).
58 Critchley (2009: 167).
59 Critchley (2009: 167). See Gentile ([1963]1993) and Bonanno (1983).
60 See, e.g., Graebner Anderson (1979), Pileggi (1985), Maas (1997), Pistone ([1989] 1997) and (2007).
61 Stiglitz (1999).
62 Critchley (2009: 189). Cf. Cressey (1969: 38).
63 Cressey (1969: 242–244). An additional reason that makes Cressey's work dated is the ultimate aim of his book, namely that of raising awareness of the danger of organized crime in the US, rather than analysing the phenomenon.
64 Reuter (1985: 14).
65 Some partnerships were particularly successful and far reaching, such as the one involving Al Capone in the city of Cicero, outside Chicago (Haller 1990: 218 and 221).
66 Haller (1990: 217).
67 See also Varese (2006a).
68 When it comes to data analysis, standard methods – such as general linear model analysis – cannot be used because they assume independence of observations (Robins and Kashima 2008). Several continuous-time Markov chain models of social networks have been formulated in order to test hypotheses of tie formation over time. See Snijders (2001).
69 See Dixit (2008), on whose paper this section draws.
70 For such an exploration see the study of the drug market in the paper by Varese (2006b) included in the collection.
71 Williamson (2005: 1).
72 Williamson (2005: 1).
73 See Dixit (2008).
74 Dixit (2008). The fundamental contributions of Coase (1937) and Williamson (1975) have highlighted how the boundaries of a corporation are themselves endogenous and that a firm might consider it more efficient to solve problems of governance by vertically integrating a trading party. See also Williamson (1995).
75 For insightful examples referring to the modern state, see Lane ([1941]1966) and ([1942]1966).
76 Cf. Williamson (2005: 1).
77 Paoli has pointed out that such a dichotomy is misplaced for Mafia groups (Paoli 2002: 74 and Paoli 2003: 172). See also Cressey (1969: 110).
78 Schelling (1971).
79 Gambetta (1993).
80 Gambetta (2009).
81 See, e.g., Smith (1994: 135) who derives the emergence of organizational structure from the conditions of illegality, uncertainty, self-interest and investment.

82 Cervantes ([1613]1998: 80). For a discussion of this story from a different angle, see Ruggiero (2003).
83 Levitt and Venkatesh (2000: 759). The data available to the authors include detailed records of earnings and expenses that had been kept by the gang leader.
84 Levitt and Venkatesh (2000: 765).
85 Levitt and Venkatesh (2000: 764).
86 Levitt and Venkatesh (2000: 782).
87 Levitt and Venkatesh (2000: 781).
88 Levitt and Venkatesh (2000: 782). Expansion was a bonus but also a cost, both financially and militarily. Levitt and Venkatesh speculate on why it was harder in the instance of these two gangs to agree on a collusive equilibrium rather than fight costly wars and suggest that part of the explanation is due to the inability of the leadership to control foot soldiers.
89 Levitt and Venkatesh (2000: 762).
90 Levitt and Venkatesh (2000: 762).
91 Sabetti (1984), Gambetta (1993), Chu (2000), Varese (2001) and Hill (2003).
92 For detailed references to the relevant authors, see the review in Varese (2006b: 412–413), included in this collection.
93 Arlacchi (1993: 53).
94 Bonanno (1983: 79).
95 Gambetta (1993: 31–32).
96 See also Landesco ([1929]1968), Reuter (1987), Gambetta (1993: 195–225), Gambetta and Reuter (1995).
97 Gambetta (1993: 33), Varese (2001: 6 and 190).
98 For detailed references to the relevant authors, see the review in Varese (2006b: 412–413), included in this collection.
99 Gambetta (1993: 33).
100 Gambetta (1993: 33).
101 Levitt and Venkatesh (2000: 766).
102 *AP* (16 August 2009). This development is explored in greater depth by Brophy (2008).
103 Barzel (2001: 22).
104 Barzel (2001).
105 *Irish News* (21 February 2003).
106 See, respectively, *Jakarta Post* (23 January 2003) and *The Houston Chronicle* (28 October 2001).
107 Perez Garcia (2001: 16–17).
108 *New York Times* (21 April 2000).
109 Perez Garcia (2001: 11).
110 *San Francisco Chronicle* (18 December 2000), cited in Perez Garcia (2001: 11–12). Some observers maintain that the FARC remains involved in predation, such as cattle theft (Rangel 2000). Others have suggested that cattle theft is a form of punishment for those who fail to pay FARC taxes. Kidnapping is a cottage industry protected by FARC. Although most observers suggest that the FARC is directly involved in kidnapping, it appears that independent gangs carry out the kidnapping and hide their victims in the territory controlled by the FARC. In effect, the FARC protects gangs of kidnappers, in much the same way as states once protected pirates and Mafias protect thieves (Perez Garcia 2001).
111 This theme has been addressed by, e.g., North and Thomas (1973), Kiser and Barzel (1991) and Olson (2000).

## Appendix: Descriptive statistics of 'OC definitions data set'

The definitions contained in the data set come mainly from the von Lampe collection (N = 105). Three sources are present in both von Lampe and Hagan (1983). The total cases recorded are 115. For these data, I have coded 44 variables, such as the author(s), year of publication, type of source (academic, official or dictionary), discipline of origin, country of origin, and key words or concepts.

Table A1 presents the descriptive frequencies of the countries in the data set.

*Table A1* Frequency and percentage of definitions by country of origin.

| *Country* | *Frequency* | *Percent* |
|---|---|---|
| USA | 69 | 60.0 |
| Europe (excluding UK) | 17 | 14.8 |
| UK | 10 | 8.7 |
| Canada | 5 | 4.3 |
| Africa | 4 | 3.5 |
| Asia | 3 | 2.6 |
| Oceania | 3 | 2.6 |
| International | 2 | 1.7 |
| Americas (excluding USA) | 2 | 2.6 |
| Total | 115 | 100.0 |



Table A2 presents the frequencies of definitions by decades.

*Table A2* Frequency and percentage of definitions by decades.

| *Decade* | *Frequency* | *Percent* |
|---|---|---|
| <1950 | 3 | 2.6 |
| 1950s | 4 | 3.5 |
| 1960s | 11 | 9.6 |
| 1970s | 15 | 13.0 |
| 1980s | 13 | 11.3 |
| 1990s | 29 | 25.2 |
| 2000s | 38 | 33.0 |
| Total | 113 | 98.3 |
| Missing | 2 | 1.7 |
| Total | 115 | 100.0 |

Table A3 presents the frequencies of the type of source of the definitions in the data set.

*Table A3* Frequency and percentage of OC definitions by type of source.

| *Type of source* | *Frequency* | *Percent* |
|---|---|---|
| Academic | 63 | 54.8 |
| Official | 47 | 40.9 |
| Dictionaries | 5 | 4.3 |
| Total | 115 | 100.0 |

For the type of source, I have included in the 'official' category all reports and statutes. Among the academic sources, I have included books and journal papers, as well as some academic reports.

In reference to the discipline of origin of the authors, I have coded nine disciplines: Criminology, Criminal Justice, Law, Sociology, Politics, Economics, History, Security Studies, and Social Science. I defined the discipline of a paper as follows: for academic authors, either they have published their paper in a journal with a clear disciplinary title (e.g. 'criminology') or have written a book in that field (e.g. a criminology textbook). If the interpretation was not clear, I have ascertained the department in which they hold/held their position at time of writing. Criminal Justice includes reports originating from criminal justice agencies, such as the British Home Office and the various American 'Task Force Reports'. 'Law' includes actual statutes and law dictionaries.



The key words and concepts that I have identified can be grouped broadly in six groups: Structure, Activities, Means, Goals, Effects, and 'Others'. Typically, one definition makes reference to more than one dimension (e.g. continuity, organization, violence and corruption). The full list is as follows: (*Structure*): Organized, Continuity, Hierarchy, Restrictive Membership, Specialization, Internal Codes and Rules, Planning, Coordination, Network, Enterprise, Flexibility, Patron–client Relations, Cosa Nostra, Triad, Social System, System of Power; (*Activities*): Provision of Illegal Goods and Services, Public Demand, Illegal Activities, Extortion, Theft, Fraud, Monopoly; (*Means*): Violence, Corruption, Graft; (*Goals*): Power, Profit; (*Effects*): Harm; (*Others*): Organized Crime Concept Cannot Be Defined, Number of People, Conspiracy, Non-ideological, National/International Dimension Mentioned.



I have created a summary variable defined as 'predation' from 'extortion', 'theft' and 'fraud'.

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