

Studies of Organized Crime 11

Dina Siegel
Henk van de Bunt *Editors*

Traditional Organized Crime in the Modern World

Responses to Socioeconomic Change

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Editors

Traditional Organized Crime in the Modern World

Responses to Socioeconomic Change

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Preface

Dina Siegel and Henk van de Bunt

Imagine a world dominated by the most powerful and well-known mafia organizations. Imagine that these organizations have developed into global criminal enterprises that are not only running the show in the illegal markets but are also in control of the wider economic sphere and the political arena through investments in legal markets and the widespread corruption of public administrators. It takes little imagination to envision what would happen in such a world. In all likelihood there would no longer be a rule of law to protect citizens and businesses from arbitrariness and violence. In a world controlled by organized crime the only law that counts would be the law of the powerful and the inevitable outcome would be immense social inequality.

In countries such as Mexico, Colombia, and Nigeria this fantasy is close to reality. These are countries where the authority of the State has been eroded and the difference between the legitimate authority of the State and the principle of 'might is right' has become blurred. Politicians are known to be involved in criminal activities and known criminals hold positions of political power. Some of the contributors to this volume paint a distressing picture of organized crime in their native countries, where a public office appears to be little more than a setup to facilitate the private pursuit of profit. Then again, it should come as no surprise that 'failed states' provide a fertile ground for the growing power of organized crime in their territory.

One of the issues we asked our contributors to address was the role of the State and its impact on developments affecting organized crime. From a historical perspective, the emergence of organized crime has always been in one way or another related to a lack of government authority and ineffective public administration. Yet, the question can be raised whether the rise of organized crime is a direct consequence of a failing government. The answer might seem obvious, but we should be wary of jumping to conclusions. First of all, while it may be true that, for example, the chaos during the period of privatization in Russia or the

disorder in Mexico has led to more organized crime, it has also led to more conflicts between criminals and to more inter-gang violence. Generally speaking, weak states do not produce strong organized crime. Just like ordinary citizens and businesses, criminal enterprises need a functioning infrastructure, a certain level of predictability, and a degree of peace and quiet. What we have here is a growth paradox: when a State is increasingly being weakened by the rise of organized crime, sooner or later a turning point will be reached. An extreme weakening of the State will also hamper the operations of criminal groups. The situation is comparable to that of a parasite that needs its host to stay alive.

In the past two decades many countries have joined in the fight against organized crime and money laundering. Partly in response to 9/11, governments around the world have introduced new penalization policies, expanded powers of investigation, and witness protection programmes. The contributors to this volume have examined the effects of this empowerment of the State. Interestingly, organized crime seems to have been dealt serious blows in countries such as Italy and the U.S. Rewarding former members of criminal organizations for their cooperation with law enforcement agencies has proved to be a particularly successful strategy. The *pentiti* programme in Italy demonstrates that smart measures can be effective in breaking the power of criminal organizations. It is not just the State, but also citizens and organizations who sometimes take a stand against organized crime. Italy, for example, has witnessed strong civil protests against the activities of the Mafia. Particular incidents such as the murder of the judges Falcone and Borsellini prompted widespread demonstrations. In countries such as Mexico and Colombia there has been little public protest despite the many civilian casualties resulting from the violence perpetrated by criminal gangs.

The second issue we asked our authors to examine was the ability of established criminal organizations to adapt to the modern world. To what extent do these organizations take advantage of the challenges of our time? Are the unprecedented opportunities offered by increased mobility, communication, and technology being taken up by these established criminal 'institutions'? At first sight, these organizations appear to suffer from a lack of both mobility and adaptability. After all, their core purpose has always been the dominion over their own social environment and the control over specific economic sectors or regions by means of infiltration, violence, and bribery. Their position of power enabled them to extort money from companies and citizens and to manipulate the outcome of public tenders. However, this type of local embeddedness can pose an obstacle to the exploitation of new business opportunities. The Sicilian Mafia, for instance, appears to be limited by territorial affiliations and therefore unable to capitalize on the trading opportunities of the modern world. In other countries, on the other hand, established criminal organizations seem to have been able to develop entrepreneurial activities and these organizations are becoming more and more businesslike. The development from 'immobile' organizations into criminal enterprises is often accompanied by a loss of decorum. In Russia and Turkey, for example, there is now less emphasis on the rites, symbols, and other paraphernalia of the criminal brotherhoods of the olden days.

What is interesting is that in each of the countries discussed in this volume there has been a different dynamic affecting organized crime, as every country goes through its own societal changes. The uncertainties surrounding the transition in the former Soviet Union (most notably the process of privatization) offered criminals an opportunity to enrich themselves to an extraordinary degree and many of them were quick to transform themselves into ‘businessmen’. This tells us that criminal organizations can, as it were, hitch a ride on societal developments. To give another example, the central position of Turkey in the context of East-West relations, global trade, and global politics has undoubtedly contributed to its current pivotal role in the heroin trade between the ‘East’ (Afghanistan) and Western Europe. The diverging histories of established criminal organizations described in this volume clearly demonstrate the extent to which these organizations are intertwined with particular societal conditions and developments. There is no doubt that organized crime has many faces, but it is also holding up a mirror to every society in which it is able to manifest itself.

About this Book

This book is divided into five parts, each including contributions from a specific part of the world: Europe, Asia, the United States, Latin America, and Africa. Starting with ‘old Europe’ (part 1) and the ancient Chinese Triads (part 2), the analysis of transformations and changes taking place in and around organized crime groups shifts to the ‘new world’: the United States, where Italian and Chinese immigrant communities played a significant role (part 3), and then on to the relatively ‘new’ manifestations of organized crime in Latin America (part 4) and contemporary Africa (part 5). In this way, the book tries to follow the historical development of different forms of organized crime, from the oldest to the more recent. In each part one or more examples of organized crime are presented.

Although all three are situated in Europe, there are major differences between Italian, Russian, and Turkish organized crime, both historically and in the contemporary situation, in regard to criminal markets, relationship with the state, and legal business activities. **Ernesto Savona** focuses on three major manifestations of organized crime in Italy: the Cosa Nostra, the Camorra, and the ‘Ndrangheta. He emphasizes the asymmetries caused by centralized anti-mafia legislation and a centralized law enforcement and judicial system. The author asks why the same legislation in Italy has had a different impact on the three organizations and what the similarities and differences are between them, from the use of extortion and territorial control to major changes in criminal activities and the reputation of the organizations in Italian society. **Dina Siegel** shows the continuity between historical organized crime in Russia and organized crime in the Soviet Union, before focusing on the changes that took place within its elite (*vory v zakone*) at the end of the twentieth and the beginning of the twenty-first centuries. The author analyzes the conflict between the traditional underworld and a new generation of

post-reform criminals with strong ties to business and politics in contemporary Russia. **Mark Galeotti's** contribution describes how the romanticized underworld of 'old men', feuds and blood oaths of Turkish society is being relegated to the past by the socio-economic realities of the modern world, expanding markets, growing technological and communication opportunities. In this rapidly changing situation, the old loyalties and family- and clan-based forms of organization have become much less relevant, leading to the rise of business-oriented criminal groups that are increasingly active in transnational organized crime activities.

Wing Lo and **Sharon Ingrid Kwok** provide an account of the structure and activities of the traditional Chinese triads and analyze how the triads have changed in both Hong Kong and in mainland China, especially in the face of the rise of information technology, which has drastically changed their criminal business. In the twenty-first century, Hong Kong has experienced a process of mainlandization of its political, economic, and legal systems and it has strengthened its anti-triad regulations. It appears that due to these processes the survival strategy of triad societies has changed from the mutual protection and brotherhood of the post-war decades to new forms of entrepreneurship in the 1990–2000s.

Immigrants from Europe and Asia to the United States have had a major impact on the rise and development of organized crime in different periods of American history. The two contributions to this part of the book focus on Italian and Chinese criminal organizations. **Jay Albanese** analyzes the major changes that have taken place in the United States in the context of efforts to combat organized crime, particularly the Cosa Nostra, including multiple mass arrests of Cosa Nostra suspects in recent years, which continue a 25-year surge constituting the most significant organized crime prosecution effort in U.S. history. **Sheldon Zhang** argues in his paper on the criminal activities of Chinese Tongs that the tongs as community organizations are unlikely to have played any important roles in emerging illicit enterprises. The tongs are historically known for their neighbourhood-based and vice-related enterprises. The extent of their criminal empire is typically limited to the physical boundaries of the Chinese community. In recent decades, however, an increasing number of transnational criminal activities involving Chinese nationals have gained much notoriety in America, most notably drug trafficking and human smuggling.

The next part is dedicated to organized crime groups in Latin America. **Francisco Thoumi** describes the development of the illegal drug industry in Colombia in the twentieth century. Since the 1970s, organized crime has penetrated the political structures of many Colombian regions and government agencies and it has generated widespread corruption. The author argues that in spite of the modern part of Colombian society's participation in the ongoing process of globalization, much of Colombia is still in a pre-modern state, which helps to facilitate the activities of organized crime and its acceptance by general society. **Luis Astorga** examines the relationship between the configuration of political power and the phenomenon of organized crime in Mexico, a country dominated by illegal drug trafficking organizations and plagued by alarmingly high levels of violence.

In the final part, **Obi Ebbe** argues in his contribution on organized crime in Africa that heads of states in Nigeria have a tendency to run the country like crime bosses and that state governments and federal government departments operate very much like units of a mafia organization. This situation makes it virtually impossible to control organized crime in Nigeria.

Contents

Part I Organized Crime in Europe

- 1 **Italian Mafias' Asymmetries** 3
Ernesto U. Savona
- 2 ***Vory v zakone*: Russian Organized Crime** 27
Dina Siegel
- 3 **Turkish Organised Crime: From Tradition to Business** 49
Mark Galeotti

Part II Organized Crime in the Asia

- 4 **Traditional Organized Crime in the Modern World:
How Triad Societies Respond to Socioeconomic Change** 67
T. Wing Lo and Sharon Ingrid Kwok

Part III Organized Crime in the United States

- 5 **The Cosa Nostra in the U.S. Adapting to Changes in the Social,
Economic, and Political Environment After a 25-Year
Prosecution Effort** 93
Jay S. Albanese
- 6 **China Tongs in America: Continuity and Opportunities** 109
Sheldon Zhang

Part IV Organized Crime in Latin America

7 Colombian Organized Crime: From Drug Trafficking to Parastatal Bands and Widespread Corruption. 131
Francisco E. Thoumi

8 México: Organized Crime Politics and Insecurity 149
Luis Astorga

Part V Organized Crime in Africa

9 Organized Crime in Nigeria 169
Obi N. I. Ebbe

About the Authors. 189

About the Editors 193

Index 195

Part I
Organized Crime in Europe

Chapter 1

Italian Mafias' Asymmetries

Ernesto U. Savona

Abstract Italian organized crime groups—namely, Cosa Nostra, the Camorra and the ‘Ndrangheta—have often been identified with the single name “mafia”. However, despite some similarities especially in the business of private protection, Italian mafias present several differences which become asymmetries due to a centralized anti-mafia legislation and a centralized law enforcement and judicial system. They have had a different impact on criminal organizations with different cultures, traditions and power over the territory, as well as different regard by the State and civil society. After a brief outlook on the main features of the three criminal organizations and the changes they have experienced in the last decades, this chapter focuses on the broad spectrum of illegal activities conducted and the business opportunities exploited by each of them in order to highlight the main differences. On the basis of these differences, reactions of the State and the civil society are then examined, pointing out how the same legislation has had a different impact on the existence and the activities of the three Italian mafias.

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Introduction

Italian mafias have been the criminal center of the limited world of organized crime during the last century. Although they may be divided into three main separate organizations, they have been identified and perceived under a single name “the Mafia” which is often associated with the Mafia in Sicily. Today, in the era of globalization with more active international groups, they have become less prominent. This has occurred in the United States with the Cosa Nostra’s decline (Reuter 1995) and in Italy. The Mafia in Sicily has gone through a strong restructuring process. Not participating in international criminal markets it keeps its sovereignty over its territory stable, focusing on extortion and infiltration in the legitimate business world. The Camorra with its pluralistic structure is strongly diversified according to its different areas of influence. Beyond traditional drug trafficking it has also developed innovative criminal activities. The ‘Ndrangheta in Calabria, which has attracted the attention of U.S. authorities,¹ is significant for its internationalization although it maintains a pervasive infiltration into the administration and economy of Calabria and has colonized other Italian regions. Its international dimension is used for trafficking drugs and investing proceeds from crime. These differences between the three mafia organizations are the result of centralized anti-mafia legislation and centralized law enforcement and judicial system. They may be regarded as asymmetrical developments among the three Italian mafias which are worthy of consideration. The fourth mafia group “La Sacra Corona Unita” will not be considered here as it is mainly an offshoot of the Camorra in Apulia, another Italian Region.

After a brief overview of each of these groups, this paper will consider them all in the light of providing answers to three main questions:

- What is their core business and what are the other markets they exploit?
- Are they local and/or international?
- What has been the impact of various action against them (legislation, *pentiti*, civil society)

Finally similarities and differences among the three criminal groups will be explained, outlining the main challenges organized crime is going through in Italy.

Overview

Before moving to the analysis of Italian mafias, the following is a brief overview of the three main groups which have demonstrated continuity and a strong public reputation.

¹ In June 2008, the ‘Ndranghet was added to the U.S Treasury Department Office of Foreign Asset Control (OFAC) Foreign Drug Kingpin list (U.S. Department of State 2011).

The Mafia in Sicily

The historical origin of the Mafia is controversial. The word Mafia made its first official appearance in 1865 in a report by the prefect of Palermo, Filippo Antonio Gualterio (Lupo 2009: 3). The term Mafia was transformed into Cosa Nostra due to American influence. The American Mafioso Joseph Valachi, testifying before the Permanent Subcommittee on Investigations of the U.S. Senate Committee on Government Operations in 1963 revealed that the American Mafiosi referred to their organization as *Cosa Nostra* (“our thing” or “this thing of ours”) (Time 1963). This term gained wide popularity in the United States and started to be used in Italy in 1984 when the Mafia *pentito* (turncoat) Tommaso Buscetta first and Antonino Calderone and Salvatore Contorno later confirmed the use of *Cosa Nostra* to describe the Mafia (Paoli 2003: 24). The Sicilian Mafia has used other names to describe itself throughout its history, such as “The Honoured Society”. The Mafiosi are known among themselves as “men of honour” or “men of respect”.

Beyond the history of the concept and its use, the organization referred to as the Mafia and later *Cosa Nostra* was well known to the police and the Italian government at the beginning of twentieth century. The first systematic repression of the Mafia was ordered by the Italian government on 20 October 1925 when Cesare Mori was appointed Prefect of Palermo in charge of disrupting the Mafia (Petacco 2004: 101). The result of this operation is controversial. One of the results was the migration of Mafiosi to outside Italy, mainly to the United States. During the second world war—and in particular during the American occupation of Sicily in 1943—the connection between the American Mafiosi in the US army and the local Mafiosi facilitated the occupation by the U.S. Army and empowered the Mafia in Sicily.

After World War II, the Mafia expanded initially in the countryside and later, with the boom of urbanization in major Sicilian cities such as Palermo and Catania, it became an urban Mafia, connected with the construction industry. In the middle of the twentieth century the alliance between the Mafia and local and national governments conditioned the economic and social development of Sicily together with national politics. The emergence of the Mafia in the international drug market from the mid-1970s to the mid-1980s made it increasingly richer and more powerful until the beginning of the 1990s. Following the killing of the magistrates Falcone and Borsellino in 1992, the Mafia adopted a strategy of silence. This has continued even after the conviction of Provenzano, the Mafia boss and fugitive for 23 years, which occurred in April 2006. During these years the Mafia's strategy could be defined as *sommersione* (submerged) or *inabissamento* (sunken). There has been no violence, less

visibility, less attention from law enforcement and more business, mainly concentrated in Sicily.

The Camorra in Campania

The first official mention in police records of the Camorra as an organization dates back to 1820. That year a written statute was also discovered by the police indicating a stable organizational structure in the *underworld*. Another statute was discovered in 1842 which included initiation rites and funds set aside for the families of those imprisoned (Behan 1996: 12). For a long time, the Camorra in Campania has been a semistructured organization. *Nuova Camorra Organizzata* and *Nuova Famiglia* have been the two rival groups. At the beginning of the 1990s serious transformations occurred. Old bosses were killed or convicted and a new generation of bosses produced today's Camorra.

Unlike the Mafia, which is unified and structured, the Camorra is a label that covers different criminal organizations competing among themselves and all located in Campania, a region in the south of Italy which shares with Sicily and Calabria low levels of development. Different groups exist in different territories of the region and various reports have tried to pinpoint where the different criminal factions of the Camorra are operating. This fragmentation is more evident in the city of Naples and its suburbs, where different groups overlap.

The 'Ndrangheta in Calabria

The 'Ndrangheta is located in Calabria. Since the 1880s, there has been ample evidence of 'Ndrangheta-type groups in police reports and sentences issued by local courts. At that time they were often referred to as the *picciotteria*, *onorata società* (honored society) or *camorra* and *mafia* (Paoli 2003: 36). For a long time this organization did not attract the attention of the media and law enforcement. Limited violence and a hierarchical, unified and secret structure combined with pervasive collusion with local politicians, administrators and law enforcement have allowed this organization to avoid the impact of anti-mafia legislation. Its long-term internationalization is stable following the migration of the Calabresi to north-mid Italy and abroad, in Switzerland, Germany, Australia and Canada. The 'Ndrangheta, which has spread in minor and major cities in Calabria, is structured in three sections (*mandamenti*). Each of them is composed of families ('*ndrine*). There is a Board called *il Crimine* (the Crime) whose function is to manage the entire structure.

The Mafias' Core Business: Extortion

Extortion and protection are the core businesses of the Italian mafias. It is possible to find extortion throughout the entire history of organized crime activities in Italy. Its function is to achieve territorial sovereignty. According to Paoli (2003), the mafias in Sicily and in Calabria achieve “territorial sovereignty” through the exercise of extortion racketeering. Most of the licit and illicit enterprises operating in Sicily and in Calabria are forced to pay extortion money to local mafia groups (Paoli 2003: 164). Extortion is connected to protection. This connection has been analyzed by Gambetta (1993) from the perspective of the mafia as an “industry which produces, promotes, and sells private protection” (Gambetta 1993: 1). Protection becomes extortion when “the mafia does not, in other words, supply a real service but merely practices extortion” (Gambetta 1993: 28). Moreover, Gambetta (1993) stresses the possible positive and negative externalities deriving from the payment of extortion money. The request for protection is made regardless of the will of the individual and “whether one wants or not, one gets it and is required to pay for it” (Gambetta 1993: 31).

Extortion is important for the mafias for the following reasons:

- extortion racketeering enables mafias to gain control over a specific territory and its economic and political activities. Moreover, the regular use of extortion also consolidates the ‘Mafiosa culture’. That means the willingness of local people to accept and collaborate with the mafia in order to gain benefits. In fact, the entrepreneurs or shop-owners who have to deal with the mafias gradually become used to the presence of the mafia in their affairs and in their territory, and they often come to reach collusive agreements;
- extortion’s function is also to achieve a territorial division of criminal activities and control among mafia-type criminal groups (*cosche*);
- extortion is still the main source of financing for mafia-type criminal organizations. The income collected from extortion payments is put into the so-called *cassa comune* (common fund), which is the group’s main financial basis. This money is used for the group’s main expenses: purchasing arms, financing its activities and paying its legal costs;
- extortion enables the mafia to penetrate the legitimate businesses being extorted and when entrepreneurs are no longer able to pay the extortion money, the mafia group takes over these businesses. As stressed by Monzini (1993: 2), extortion is a means used by the mafia to infiltrate the legal economy. This is also one of the main differences between common criminality and mafia criminality (Rossi 2005: 147).

As Letizia Paoli points out in her book, the expansion of extortion has been driven by the factors that make it a profitable crime to commit. Extortion is in fact

an easy crime to carry out and an easy way to make money rapidly: it does not require a high initial investment, it carries low managing costs and, in areas where the state's protection is not regarded as adequate or reliable, it is also a low-risk operation (Paoli 2003: 165).

Another characteristic of extortion carried out in mafia contexts is the professionalism with which the mafia group assesses the economic resources of the victim in order to calculate a feasible amount of extortion money. This sum is calculated so that the victim is willing to pay it without calling in the police. The amount of extortion money is not merely imposed on the victim but is also subject to negotiation: in fact, this stage in the victim/extortionist relationship is also of importance for establishing some sort of complicity between the two parties, and it is not rare for the victim to be grateful to the extortionists. The extortionists often accept a smaller amount of money so that they are certain that it will be paid by the victim. This perverted relationship between the extorted and the extortionist often assumes the features of the "Stockholm syndrome". Another point to be stressed is the flexibility of the relationship. The amount of extortion money requested is not fixed once and for all: it can fluctuate according to both the necessities of the criminal group and the economic situation of the victim. In fact, if the financial resources of the criminal group are depleted, the extortive demands will increase in their amount. On the other hand, mafia criminal groups are also understanding toward the victim if, for example, he or she is experiencing economic difficulties. This relationship, which is mostly represented as friendship, increases the victim's gratitude to the extortionists. Of course, it is not only a matter of gratitude and esteem, but also of trust and possible future joint economic relations and affairs.

What also appears to be clear from this description of the traditional *modus operandi* of Mafiosa extortion is, it serves an important "function in a criminality that is going to be organized" (Grasso 2002: 77). It allows acknowledgment of the existence and the superiority of the criminal group, and in this case of the mafia. It should be stressed that, at the very beginning of the extortive relationship between the racketeer and the victim, the latter is targeted not randomly but according to his or her vulnerability. The victim's business has to be carried out in the territory where the Mafioso group is able to exercise its power and the business must be of interest to it. Other key features in the selection of the victim seem to be the instruments and infrastructure necessary for the production of his or her income. These must be exposed and well visible, so that they are easy targets for extortionist offences and attacks. If restaurants, shops, hotels, agricultural machinery or vehicles are destroyed, the owner's business will be incapacitated and neither party would benefit from this. After the first attacks the key role in the development of the extortion against the victim is determined by him or her. It is up to the victim to decide whether to pay or to resist the mafia. If the second option is chosen, and most of the time it is accompanied by desperation and confusion on the part of the entrepreneur, the mafia goes on the offensive once again and will

have to consider how to convince the victim to pay. In most cases, the extortionists decide to step up the pressure on the selected victim, mainly through anonymous night-time telephone calls, threats of violence against the victim's children or close relatives. The message is that the entire family will be the target if the entrepreneur does not pay the extortion money. If the victim once again tries to resist, the strategy commonly used by the mafia to test the victim's effective vulnerability or capacity to resist is a bomb attack against the shop or damage to its shutters or the victim's front door. Arson is also sometimes used to intimidate the victim. In all cases, decisions concerning the violent means to be used to subdue the victims are mainly dependent on the mafia's aim: either to persuade the victim to pay the protection money or to make an exemplary attack that demonstrates the mafia's power to other entrepreneurs. In some cases the mafia does not want to take all the risks related to such attacks and will therefore proceed through perpetrating minor criminal acts which will make the victim even more afraid of more violent attacks in the future.

All these acts are aimed at frightening the entrepreneur but not to the extent that he or she is prepared to report them to the police. It is at this point that the figure of the *amico buono* (good friend) begins to emerge.

Beyond Extortion

More than just a single activity, extortion is a hub where different activities intersect. It either takes place in the criminal market (extortion of other criminals) or in the legitimate business world in order to engage in a legitimate activity and produce other collateral benefits such as laundering the proceeds from other crimes. This means that separating criminal from non-criminal activities for organized crime is in name only and, in this case, is only limited to covering those activities that refer to producing, commercializing and trafficking goods or services considered to be prohibited by the law. In reality, criminal and non-criminal activities for an organized crime group are part of a continuum. Criminals decide to engage in illicit and licit activities evaluating opportunities and risks. In the case of the Italian mafias, as their propensity for risk is low and opportunities in the criminal and legitimate business are high, their preference goes to both. Choices about what to do and how to do it differ considerably according to many variables: know-how, social and economic context, the power of intimidation and corruption, and the perceived capability of law enforcement to detect criminal activities. Among the three mafias there are some similarities, such as the extortion and infiltration in the public construction industry and in public administration. There are also some differences that depend on multiple factors: culture, organization and know-how. A

combination of these factors creates opportunities and provides an explanation about why the Camorra has been involved in waste disposal and in counterfeiting goods whereas these activities are not engaged in by the Mafia in Sicily. Contrariwise the same could be said for drugs. Today the 'Ndrangheta and Camorra traffic drugs whereas the Mafia in Sicily, who were very active in this area in the 1970s and the 1980s, no longer do so. When a problem becomes an organized crime business the disruption of organized crime is a pre-requisite for the solution to the problem. This could happen when the perimeter of the problem is limited to a given area where an organized crime group holds a monopoly. This is the case of "innovative" criminal activities such as waste disposal, counterfeiting and illegal gambling in which the Camorra is specialized but it is not the case for drug trafficking or human trafficking which are more traditional and more open.

Today the problem of waste disposal has still not been solved in Naples and some parts of Campania. People in Naples and other nearby towns still live with waste in front of their homes. For a long time the phenomenon has been characterized by a mix of different causes that point to the Camorra organizations, which have a great interest in controlling the entire cycle of waste disposal, from finding unauthorized places for disposing of the waste to its transportation to the official sites (Commissione Parlamentare d'inchiesta sul ciclo dei rifiuti 1998). This industry involves small Camorra enterprises who have the trucks and employ many people in an area characterized by a high level of unemployment. The demand for solving the waste disposal problem has not been met by the public administration with its mixture of inefficiency and corruption. Three main actors play different roles in this:

- (a) the public administration which spends considerable sums of money on employing many people and keeping political consensus;
- (b) private industries: some of them earn money because they send their toxic waste to Campania at lower prices than through the official channels while others are involved in different ways in the toxic waste cycle and
- (c) more prominent Camorra organizations who exploit the inefficiencies of the public administration and collude with private industries.

The market for waste disposal has recently expanded and it has become more national than local. A recent operation that took place in January 2010 called *REPLAY* and which was conducted by the prosecutor's office in Busto Arsizio, near Milan, detected the trafficking of toxic waste to Lombardia and from Lombardia to Campania run by Salvatore Accarino (DNA 2011: 325). Salvatore Accarino is a well-known criminal specialized in the area of waste disposal who was prosecuted in 2002 by prosecutors in Naples in connection with the operation against Camorra organizations named *L'ORO DI NAPOLI* (the Gold of Naples) (DNA 2010: 308).

Waste is linked to other criminal activities run by mafia-type organizations where extortion plays an essential role. A recent case against Giuseppe Buttone and Pasquale Di Giovanni, together with the two brothers Salvatore and Domenico Belforte,² demonstrates the connections. Investigators detected a criminal organization operating in Caserta and particularly in the town of Marcianise which was accused of having committed the following crimes:

- Homicides
- Extortions
- Illicit traffic of waste
- False documents for supporting the trafficking of toxic waste
- Fake invoices
- Bankruptcy
- Laundering proceeds from crime through investments in legitimate activities.

From the above list of crimes it can easily be deduced that while illicit waste was at the center of the criminal activity, it was surrounded by other instrumental activities. A more precise analysis (using the script approach) could explain how these activities interrelate with each other. Illegal gambling is part of the organized crime tradition. In Italy this activity is changing from illegal gambling to a more sophisticated activity which entails exploiting the legal avenues. It is occurring in Campania and in Calabria. The system works by providing slot machines to bars and other gaming houses, manipulating their connections and registration in order to avoid paying taxes or manipulating the machines to reduce the players' probability of winning. Under organized crime in Campania the gaming industry is quite innovative and more and more a gray area where organized crime groups overlap with non-official criminal entrepreneurs. In his comments regarding the decision to validate the arrest of Renato Grasso and other Mafiosi, the *Giudice per l'Udienza Preliminare* (judge for the preliminary audience) mentioned that those who are operating in this market are, officially, enterprises with a high participation of criminals which use the imposition and force of intimidation to get a monopoly of the business.³

Estimates from private associations and law enforcement say that counterfeiting is estimated to amount to 1.5–7 billion euros (Indicam 2005 data) and is increasing in Europe and in Italy. What is the role of the Italian mafias in this market? It is mainly the Camorra which is leading them. The Camorra organizations are involved in the production of some counterfeit products when the technology required is low, such as music piracy. They buy good quality counterfeit goods in China, Korea and Thailand in order to sell them in the local markets. The commercialization phase is the most important. They use two channels: the informal

² Office of Prosecutors in Naples request for prosecution of 31 March 2010, n. 56053/09.

³ Proceeding n. 59337/09 against Renato Grasso of 12 May 2010.

one in the streets, mainly run by illegal migrants, and the legal one, commercializing counterfeit goods in the official commercial chains. In the first case consumers are aware that the goods sold are counterfeit. In the second case defraud is committed against the final consumer. This market structure is sustained by the sovereignty of the territory, giving the control of distribution chains in the streets and the intermediate level of licit shops to the Camorra organizations. In fact, the Camorra organizations use their powers of intimidation to persuade legal shops to sell counterfeit or adulterated goods. This happens with food, pharmaceuticals and any kind of product that requires authorization and the payment of taxes. Entrepreneurs are enticed by the advantages of commercializing counterfeit goods to unknowing consumers, because they earn more and pay less (only the primary cost and no taxes). This explains why this market could evolve in the direction of a pervasive control of the distribution chains by organized crime. They have the control of the primary sources, producing or buying abroad, and they have an interest in the commercialization of such goods. There are also indications that the Camorra organizations are moving toward the international market of counterfeiting too.

The recent operation entitled GOMORRAH conducted by the Italian *Guardia di Finanza* (economic police) and Italian police in 2009 and 2010 detected an international organization connected to the Camorra group of Mazzarella. This organization, based in Naples, was distributing counterfeit goods in Europe which were produced in China. Electrical and mechanical goods were among the products with labels bearing the names of expensive brands such as Bosch, Honda, Hitachi (DNA 2010: 296).

This case demonstrates an international evolution of the counterfeiting business mainly as an import–export chain: importing from China and exporting to Europe. That means collusion with other organizations, knowledge of commercial shipment systems, the capability to influence and corrupt customs and law enforcement abroad, and at the end of the chain being able to find dishonest shops to sell counterfeit goods as licit ones. Is this a signal that Italian mafias are moving toward a greater level of internationalization and are restoring the strong reputation they had a few decades ago in the global arena?

Migration, Transplantation, Colonization

The answer is no. Their internationalization is mainly the result of processes of migration, reinterpreted as transplantation or defined by prosecutors in Reggio Calabria as colonization (Office of Prosecutors of Reggio Calabria 2008). Italian mafias do not have the international vocation that Chinese or Russian mafias have. They move only when they are forced to do so. In the main conclusions of his recent book Varese writes:

In all the cases narrated in this book, Mafiosi find themselves in the new locale not of their volition; they have been forced to move there by court orders, to escape justice or mafia infighting and wars. They are not seeking new markets or new products but are instead making the most of bad luck ... What might appear the product of globalization is in fact the consequence of state repression exporting the problem to other countries ... (Varese 2011: 8).

Having clarified that the mafias' "transplantation", to use Varese's concept which is more precise than the concept of migration (p. 6), is happening not for market purposes but as result of different forms of pressure, let us consider when and where this transplantation has occurred. The Mafia, the Camorra and the 'Ndrangheta have transplanted themselves to many different parts of the country and beyond. The differences are where and when and not in the *modus operandi*.

Investigative files have shown that some mafia families such as the Francesco Pastoia Mafia family are active in the Emilia Romagna, province of Modena. They are involved in the public construction industry. Enterprises coming from Sicily are connected to this activity (DNA 2010: 60). Usually, in order to avoid the possibility for the Mafiosi to be traced, front men are used in the relationships with public administrations and managing capitals. The same thing has happened in Tuscany where Sicilian Mafiosi have participated in public procurement. In Genoa investigations revealed enterprises connected to Piddu Madonna working in the sector of subcontracting in the dockyard area. In the area of Milan, the presence of the Sicilian Mafia and the 'Ndrangheta is well known (DNA 2010: 60).

A recent exploratory analysis carried out in 2011 by Transcrime (Savona 2011) which mapped the assets that have been confiscated from organized crime in the north of Italy has shown an increasing number of assets confiscated between 1983 and 2011 with some trends that could be summarized as follows:

- 1983–1992: assets are concentrated around Milan;
- 1991–1997: confiscation of assets widens to other main Northern Italian cities: Turin, Bologna, Brescia, Lecco;
- 1998–2010: confiscation of assets widens to suburban areas, minor towns and holiday resorts: Lecco, Lake district, Cuneo province;
- 1983–2010: progressively passing from Real Estate to companies and movables.

An investigation in 2008 entitled "Il Crimine"⁴ enabled a reconstruction to take place of the present situation of the 'Ndrangheta in Lombardia and in other parts of the world. This investigation confirmed that the 'Ndrangheta is a unified mafia organization established in the territory of Reggio Calabria; that this organization is run by a centralized command center in Calabria which takes the main decisions and that many different branches of this organization exist outside Calabria which follow the model of colonization (the outside branches are dependent on the center).

⁴ Office of Prosecutors of Reggio Calabria (2008).

Although each of the three criminal organizations are predominantly active locally in the region where they operate, at different times and to a varying extent, all three have had an international dimension in the past and still have one today. The Mafia has developed its international activities on many different occasions. Two such occasions were the migration of Mafiosi to the United States during the fascist era to avoid the strong repression and the drug trafficking which relocated to the United States in the seventies and the nineties. Today, the Mafia in Sicily is not involved in international trafficking circuits as it is more concentrated on extortion and the infiltration of the public construction industry. The Camorra and the 'Ndrangheta, to different degrees of organizational flexibility, are both local and international; their international dimension mainly involves drug trafficking and counterfeiting but in this they do play different roles. In the case of the 'Ndrangheta, the international dimension is more stable and started with migrations to Canada and Australia from Europe.

Europe is the place where today's expansion of Italian mafias is balanced by the need to migrate, the existing opportunities and the existing risks due to the high level of police and judicial co-operation. A recent 2010 operation entitled "il Crimine II"⁵ shows how the 'Ndrangheta is well organized through *locali* (sections) abroad which are dependent on the central command center. In Europe, Germany and Switzerland would seem to be the most important as well as those countries further afield, namely Canada and Australia. Analyzing the situation in these places it is clear that the centralized model of the 'Ndrangheta in Calabria has been replicated. This explains why the prosecutors of Reggio Calabria use the term of "colonization" for indicating the expansion of the 'Ndrangheta outside Calabria either in other parts of Italy or in Europe, Australia and Canada (DNA: 85).

Migration together with other variables is the main driver behind the Italian mafias' internationalization. Migration to the United States at the end of the nineteenth century and continued migrations to Canada and Australia involved great numbers of the southern Italian population. These migration flows mainly originated in the southern regions where organized crime was present. Networks between the countries of birth and countries of arrival were established. These networks were functional when for different reasons the migration involved criminals who were escaping from repression in Italy. Migration has also been a working asset used by mafia organizations in trafficking activities. In the eighties, the Sicilian Mafia trafficked drugs internationally. Today the 'Ndrangheta and the Camorra are involved in cocaine trafficking with the Colombians and Mexicans.⁶ They collude mainly at an intermediate level: they buy from those who offer the

⁵ Tribunal of Reggio Calabria, Office for preliminary investigations (*Ufficio del giudice per le indagini preliminari*), Proc. N. 1389/2008 R.G.N.R. D.D.A., n. 1172/09 R.G. G.I.P. D.D.A. n. 98/10 R. OCC.

⁶ Operations Igres (Reggio Calabria, RGNR 4966/2000) and Stupor Mundi (Reggio Calabria, RGNR 4651/2002).

best price for the best quality and sell to those who can distribute at a local level. They compete with foreign criminal groups who can import and distribute along the same ethnic chain such as the Albanians, Bosnians and Russians.

When mafias are involved in other trafficking activities such as counterfeit goods, this also happens at a sporadic level. There are no stable agreements but more a mix of local and international relations. They can produce local counterfeit goods if they are cheaper and buy others in China and sell them in Italy. This happens in Campania where the Camorra has control of local manufacturers. In cases involving contraband tobacco and human trafficking they play different roles but they never adopt a monopolistic position. Their opportunistic approach is determined by geo-political conditions, such as the instability in the countries close to Italy, the strength of foreign groups trafficking migrants or tobacco to Italy and the reaction of Italian law enforcement. Analyzing recent trends as documented by judicial cases it could be said that the international role of Italian mafias is mainly as intermediaries and/or facilitators. They buy from other groups and/or sell to other groups or help criminal organizations trafficking migrants to Italy. Their level of internationalization is quite low and sporadic compared to those groups that act at a transnational level such as the Chinese and the Russians. Their main market is Italy and here they operate developing their core business.

Mafia Infiltration in Legitimate Business

For Italian mafias, infiltration in legitimate business is also linked to the phenomenon of extortion. The 2008 study (Transcrime 2008) developed the following hypothesis:

There are two different types of extortion racketeering (systemic and casual) linked to three main variables:

- (1) the organizational structure of the criminal crime group that engages in extortion racketeering;
- (2) its strong presence at local territorial level;
- (3) the victim-offender relationship.

These three variables are reciprocally related: the more the organized crime group focuses its activity on the local territory, being facilitated by its monopolistic position and hierarchical structure, the more it conducts criminal transactions with politicians and administrators, the more it infiltrates legitimate business, the more extortion becomes systemic [spreads and continues], and in becoming systemic provides more resources and closer control over the territory, the more criminals establish symbiotic relationship with the victims and the more the legitimate economy is infiltrated (p. 7).

A recent book edited by Rocco Sciarrone (2011) provides an in-depth analysis of this phenomenon. The starting point which explains why mafias are investing more and more in the legal economies is related to the different levels of risk compared with investments in the criminal markets. For the Mafiosi, the penetration of legitimate economies is less risky and more productive in terms of opportunities and operational activities (p. XVII). This is what control of territory means and why its productivity is beyond the revenue of extortion.

Risk and opportunities drive the selection of activities to be placed under control. Among these activities, construction and commercial distribution have been selected because of their low level of technology and high level of employment. Others, as in the case of illegal gambling and waste disposal, are more recent. All these activities, whether traditional or new, have a common denominator. They are related to sectors regulated by public authorities and have become attractive because of the combination of the two powers wielded by organized crime: corruption in relation to public authorities and intimidation in relation to competitors. For Mafiosi entrepreneurs, controlling the territory means working in a protected market where risks are low and opportunities are high. They have the right information, they know who makes the relevant decisions and know-how to influence, corrupt and intimidate such people and organize the work. Great support for these activities comes from what has been called the gray area (Amadore 2007): legitimate entrepreneurs, lawyers, accountants and administrators who facilitate the opportunities for Mafiosi infiltration so that it is convenient for organized crime and legitimate industry to belong to this gray area and less risky for them due to the protection they receive.

Reactions

Italian mafias are sensitive in different ways to reactions from the state and society. As their main asset is the monopolistic sovereignty of territory, they need to acquire consensus from many sources, using intimidation and violence against politicians and administrators who exchange public contracts for votes and are thus subject to corruption; businesses which exchange extortion for protection; enterprises with whom they do business who enter a protected market; members of the population who receive employment in exchange for votes during political and administrative elections. When one or more of these components changes the situation and withdraws from the cycle of exchange, the risk for the Mafiosi

increases and opportunities decrease. With regard to this, two reactions should be outlined: those of legislation and civil society.

Legislation

Legislation against organized crime in Italy is mainly due to the attention attributed to the Mafia in Sicily. It has been developed as a result of the most prominent killings: in 1982 the Rognoni-La Torre Law, a main pillar in the modernization of the legislation, was passed a few days after the death of Prefect Carlo Alberto Dalla Chiesa. New legislation was passed immediately after the killings of Falcone and Borsellino in the summer of 1992. Between the eighties and the mid-nineties, anti-mafia legislation was empowered by creating new crimes and providing law enforcement agencies with strong instruments. Legislation favoring cooperative witnesses in 1991 has provided police and prosecutors with crucial information for prosecuting, arresting and convicting members of the Mafia families. A new article 41 bis in 1992 to the penitentiary regulation, limiting freedom in prison, has made it impossible for convicted bosses to run their organizations from prison. Since 2000 and up until the current day this legislation has entered the second phase of normalization. Criminal law has been maintained at a strong level whereas procedural laws have been weakened making it more difficult to prosecute economic crimes related to organized crime such as corruption. *Pentiti* law was changed in 2001 and article 41 bis has been weakened for humanitarian reasons.

The freezing and confiscation of criminal assets has been an important policy that still works today. Criminals have invested in real estate and it has been possible to detect, seize and confiscate some of these assets. When the investment is in stocks or shares in industries, which are more volatile assets than real estate, the chances of finding mafia assets decrease. There is the risk that new investments might be redirected toward more volatile assets.

The Camorra organizations go through rapid changes in their leaderships. When the heads are convicted new bosses emerge. This explains why these organizations are able to maintain a strong operational capability after many different losses. Their flexibility helps them to adapt to the different conditions of the territory. The high unemployment in the Campania Region stimulates the recruitment of young manpower to the organization. The seizure and confiscation of criminal assets work well but it is mainly limited to real estate and other volatile assets such

as cars. Just as is the case for the Mafia organizations, it is difficult for prosecutors to find evidence of companies infiltrated by the Camorra organizations and subsequently confiscate their assets.

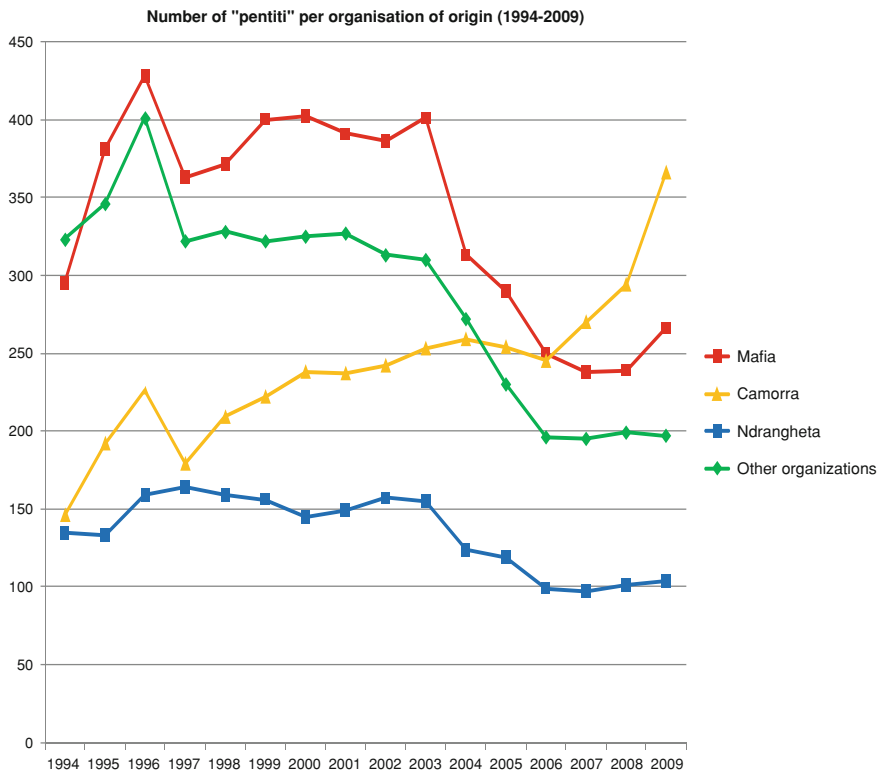
While anti-mafia legislation has had a strong impact upon the transformation of the Mafia in Sicily, the same thing cannot be said for the 'Ndrangheta. The low-scale violence compared to the high-scale Mafia violence in the 1980s attracted only marginal attention to the phenomenon. While the Mafia was involved in the killings of prosecutors and judges, the 'Ndrangheta assumed a more inconspicuous role, preferring to focus on the infiltration of economic activities and exploiting the strong collusion with administrators and politicians. When the Mafia retired from drug trafficking activities and mainly started focusing on extortion and public contracts, the 'Ndrangheta was expanding in the drug trafficking business following the paths of those "families" who had emigrated to Europe, Australia and Canada. The action against the three mafias also had a different impact on *pentiti*. This phenomenon can be observed throughout the history of the three organizations.

Impact on "Pentiti"

The analysis I made during my presentation on 19 February 2007 at Erasmus University Rotterdam is still valid today. Speaking about "Italian experiences in combating organized crime and with collaborators of justice" three patterns were outlined:

- (1) **Revenge** against the criminal organization (between the seventies and eighties before the 1991 legislation),
- (2) **Bargaining** with institutions (after the legislation of 1991 up until 1996),
- (3) **Opportunism** (using the advantages of *pentiti* but continuing some incognito criminal activities). From 1996 up until 2007.

Looking at data on the number of *pentiti* 4 years after this analysis, it could be assumed that the phenomenon of *pentiti* depends on two main variables: the impact of legislation and the social perception that this legislation is effective. The more effective the legislation against organized crime (increasing number of convictions and more seizures and confiscation of the proceeds from crime), the more members leave the criminal organization they belong to, so as to benefit from relative impunity for crimes committed, together with protection and economic assistance from the state. This is demonstrated by the data below:



Source: Transcrime' elaboration on data from the Italian Ministry of the Interior

The number of *pentiti* is larger among members of the Mafia in Sicily than in the other organizations. This number has been on the decline up until today.⁷ Why do these asymmetries between organizations exist when the legislation covers the entire Italian territory?

An explanatory hypothesis could be that Italian legislation against organized crime has been drafted and implemented having had the Mafia in Sicily as its main focus. The different timing of this legislation is in relation to the events which occurred in Sicily. The Camorra and especially the 'Ndrangheta were not the subject of public attention in the nineties. The *pentiti* legislation was enacted in 1991 when the first major Mafia *pentito*, Tommaso Buscetta, started cooperating with prosecutors providing them with details of the criminal organization. More information means more action and more action means more people identified and at risk, and more people prosecuted and convicted. The information Tommaso Buscetta provided to prosecutors in Sicily enabled them to prepare the Maxi Trial in

⁷ There are no data before 1994 because it was not collected at that time.

1986 and to convict the most prominent heads of the Mafia in Sicily. This big success reinforced the common perception and belief that the Mafia could be fought. Two main results emerged: larger numbers of *pentiti* started escaping from the Mafia and there was greater participation from civil society. The number of *pentiti* and the participation of civil society increased after the two killings of Judge Falcone and Borsellino in 1992 (represented by the curve in 1994 in the above graph). Some years later the legislation in favor of *pentiti* was restricted in 2001⁸ making it less advantageous to become a *pentito*. Consequently the number of *pentiti* decreased (representing by the declining curve after 2001). Recently the public's attention to the mafias has become more intensive and widescale (including the Camorra and the 'Ndrangheta). For the Mafia in Sicily this attention is mainly driven by civil society. For the Camorra the attention has been the result of a combination of killings, the reactions of both prosecutors and civil society which have consequently led to a greater number of *pentiti*. For the 'Ndrangheta there have been only killings. The homicide of the Vice-President of the region Francesco Fortugno in October 2005 and the killings in Duisburg (Germany) on August 2007 started a process. A special Prefect with very extensive powers was sent to Reggio Calabria in October 2005 and new prosecutors were sent there in 2008. It is possible that once again, as with the Mafia in Sicily, when violence spreads and action from the State becomes and is perceived as stronger, results can be obtained. Moreover although the curve in the graph representing the 'Ndrangheta *pentiti* appears stable and unaffected by any impact from Italian legislation, very recently a limited number of informants from the 'Ndrangheta have emerged.⁹ This may be an indication that the situation is moving in the right direction.

Civil Society in Assisting the Victims of Extortion Through Public and Private Interventions

The reaction of civil society is interlinked with the phenomenon of extortion. This means that civil society and businesses have been able to act together. The arrest of Salvatore Lo Piccolo (the head of a very important Mafia family in Palermo) on 5 November 2007 provided prosecutors with the list of businesses that were victims of extortion in Palermo together with the amounts of the extortion paid. This list has forced businesses to report the victimization that they suffered and has consequently reinforced the action of prosecutors who have identified the extortionists and partially dismantled the extortion system in Palermo. Whether this is a temporary process or the beginning of a trend it is difficult to say at this stage. Extortion still continues together with a public debate about it and there are

⁸ Law n. 45 of 13 February 2001.

⁹ The author was provided with this information by the Chief Prosecutor in Reggio Calabria Giuseppe Pignatone on 18 May 2011, during his lecture at the Catholic University in Milan.

awareness campaigns which try to link more private industry with public institutions to reinforce the prosecutors' action and law enforcement investigations. They are at the beginning of a cycle of events which is occurring more in Sicily than in Campania and Calabria. This cycle consists of a greater number of prosecutors taking strong action against organized crime and its extortion business, so that more evidence was being found about entrepreneurs who were cooperating with the Mafia. In turn, the more the press was quoting these events, the more the Union of entrepreneurs was becoming officially separate from the single associates who were reporting having paid extortion money and this once again meant that more entrepreneurs were reporting their victimization to the police. Moreover, a great number of civil society movements have been reacting in favor of businesses who were reporting their victimization and against the conspiracy of silence of some victims. This cycle has nothing to do with the public interventions against extortion throughout the rest of the country such as the Solidarity Fund for the victims of the extortion racket (*Fondo di solidarietà per le vittime delle richieste estorsive*) established in 1999¹⁰ and the Solidarity Committee for the support of extortion racket and usury victims (*Comitato di solidarietà per le vittime dell'estorsione e dell'usura*). The same applies to the Government Extraordinary Commissioner who coordinates the initiatives at an operational level throughout the national territory and any other activity to combat extortion and usury.

So it would appear that a great contribution has been produced by civil society movements in counteracting extortion. Among others there is *Addiopizzo* (goodbye extortion) which was created in 2004 in Palermo and has initiated several activities in order to raise awareness, for example:

- anonymous stickers or banners bearing phrases such as “a person who rebels against the Mafia and refuses to pay the *pizzo* is a free person”;
- the publication of a list of over a hundred shopkeepers and entrepreneurs in the city in Palermo who had stated that they were prepared to resist the racket [“extortion-free shopkeepers map”];
- promoting the “culture of legality” within the schools;
- “Addiopizzo Travel” that proposes racket-free tourism promoting those operators who claim not to pay extortion money while the above “extortion-free shopkeepers map” has been re-edited and also translated into German.

Conclusions

The three Italian mafias have similarities and differences which are relevant for understanding their development and societal reactions. Among the similarities there is the use of extortion as an instrument for controlling the territory.

¹⁰ Law n. 44 of 23 February 1999.

Extortion is not only a crime in itself but also, when practiced extensively, a channel for entering the legitimate market. Extortion is the core business of the Mafia in Sicily and a permanent feature in the activities of the Camorra groups. The 'Ndrangheta, because of its well-known extensive power, is able to collect "voluntary contributions" paid by businesses, a form of non-violent extortion. Another similarity between the three organizations is the wide control they exert over the territory where they operate. This provides an explanation for the connections with administrators and politicians. The control over the territory means that in exchange for electoral influence they provide employment to large sections of the population who are out of work. Controlling the votes means that political consensus is achieved and this also means that public contracts are awarded to enterprises which have a close relationship with organized crime groups. Another similarity is that in the three regions criminal groups of foreign origin have not developed. There is no competition between Italian and other nationalities and forms of collusion are rare. The Italian situation differs from that in the United States where, when La Cosa Nostra started to decline at the end of the 1990s, other groups entered the market and replaced Cosa Nostra's positions.

If the similarities between the mafias are relevant for understanding their development and societal reactions, then the differences are even more relevant. Looking at their recent life cycle, the three organizations have a different history. In terms of dates, the Mafia in Sicily underwent a strong development between the 1970s and the 1990s and today it is going through a major transformation. The Camorra changed from a duopolistic structure to a more fragmented one at the end of the 1990s and today it is a powerful label that franchises a multiplicity of criminal groups. The 'Ndrangheta has not changed in recent years, only its perception by society has varied from being a marginal criminal organization to the number one organization.

Why has the same legislation had a different impact on the three organizations? In this, different factors among the three organizations should be taken in account: cultures, tradition and the level of power over the territory. Other factors from within the judiciary and law enforcement are relevant because an understanding of the Camorra and even more so of the 'Ndrangheta has been neglected for a long time. On both sides there has been a cycle linked to violence connecting actions with reactions. High-scale intra-organizational violence and violence against members of institutions have produced widespread reactions from the media and changes in public opinion. This has resulted in a greater level of effective action from public institutions. A consequence has been the rising number of *pentiti* who, to avoid the increased risk of being convicted, have struck bargains by providing information and receiving assistance. More information received by prosecutors about the criminal organization has produced more judicial evidence in the courts and more convictions and ultimately more results in the fight against organized crime. In the last stage of this cycle, the reaction from civil society has been to offer increasing support to public institutions in this fight. This cycle of events occurred for the Mafia in Sicily between the end of the 1970s and the beginning of the 1990s. In a fight between the armed faction of the Mafia and the military forces

more than 100 institutional victims were killed and thousands of members of the Mafia were killed and/or convicted. The relatively less violence perpetrated by the Camorra and almost no violence perpetrated by the 'Ndrangheta provide an explanation as to why this cycle has not properly started in these organizations.

This is the state of affairs regarding the Italian mafias today. What are the challenges for the future? To answer this it is necessary to consider the main factors which play a relevant role in determining risks and opportunities. Looking at the risks for organized crime it cannot be said that the viscosity between criminals and politicians has been brought to an end. Italian politics at both a central and local level are heavily corrupted by criminal organizations. A new Minister of Agriculture recently appointed in the national government (June 2011), Saverio Romano was accused by prosecutors in Palermo of having cooperated with the Mafia in Sicily. The same accusations were directed against other leaders of the governing party. Nicola Cosentino, a leading politician in Campania, has been accused of being the person of reference for Camorra organizations. Corruption is spread throughout the country and prosecutors, in Milan or Palermo, are working to identify the mechanisms. While all the anti-mafia legislation was also recently amalgamated by the Italian Government into one text in order to make its implementation easier, there is strong controversy as to whether this law, which will come into force on 7 September 2011, will be more or less effective in the fight against mafias (Il Fatto Quotidiano 9 August 2011).

In this context law enforcement agencies and prosecutors are working hard. Investigations all over the country have shown how mafias have colonized and exploited many economically developed regions such as Lombardia and Emilia Romagna. Many criminal assets have been traced and confiscated and many well-known mafia leaders and politicians connected with them have been successfully prosecuted. It is expected that civil society and other sectors such as unions and the business world will help this process.

These changes go hand in hand with changes in the structures of the Italian mafias. If in Sicily and Calabria the demographic changes in the mafias have followed the paths travelled by their fathers, in Campania new organizations are emerging and competing with the old ones. These are the most innovative organizations looking for new opportunities as their concentration on the business of counterfeiting, waste disposal and illegal gambling shows. The same thing cannot be said for the Mafia and the 'Ndrangheta. The former has not changed its strategies and organization. It would appear that despite being decimated by the conviction of the main bosses, the organization is still alive although it is suffering from the costs of the imprisonment of its members and the reactions of civil society. Extortion and the infiltration into the legitimate economy are its main pillars. There is no competition among the different factions and it would seem that a unified command is still in action. The 'Ndrangheta is stable in its organization and activities, but its lack of flexibility could mean that it could become a vulnerable target today.

It depends on whether the promising action by the prosecutors in Calabria will be capable of initiating the cycle of punitive action that was produced in

Sicily 20 years ago. In the presence of intimidation but without many prominent homicides, their action could also be effective in the long term. The prosecutors were moved from Palermo to Reggio Calabria, they have considerable experience in the fight against the Mafia and are not involved in collusive relationships with local politics and administration. Their action and prosecutions, as demonstrated by operations such as *il Crimine I* and *II*, have started a process of change bringing legal action against all the major heads of the 'Ndrangheta *locali*. The future will bear witness as to whether this action will indeed lead to significant changes, and among these, if the voice of civil society in Calabria will be raised.

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Chapter 2

Vory v zakone: Russian Organized Crime

Dina Siegel

Abstract This article discusses major changes in the criminal traditions, rituals and activities of Russian organized crime, the role of *vory v zakone* throughout history, and the creation of a new image and a new reputation of the Russian Mafia in the post-Soviet period. Organized crime has always existed in Russia, but the years of reform and transition have been crucial in the emergence of new criminal groups and new forms of criminality. The latest events in the Russian underworld are described to highlight the conflict between the traditional *vory v zakone* and the new generation of post-reform criminals who have strong ties to business and politics and are currently trying to oust the *vory* from their traditional leading position.

Historical Background

Criminal Groups in Tsarist Russia

The history of Russian organized crime is a history of bandits and gangs. The formation and activities of these criminal groups during various periods in Russian history depended on the socio-economic conditions and power relations within the state. Organized crime in Russia developed in an environment with a strong

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patriarchal tradition. Until the eighteenth century, Russia was far behind most European countries in economic terms. After the war with the Tartars in the 1200s, a system of serfdom emerged. Thousands of homeless peasants settled on the land of rich landowners and became almost totally dependent on their masters.

Since the reign of Ivan the Terrible in the sixteenth century, the Russian Tsars had followed a consistent policy of transferring political power from the nobility to themselves. During this period of centralization of authority, serfdom increased steadily. By the seventeenth century the Russian Tsars enjoyed autocratic rule over their noblemen. In return, they were forced to grant the noblemen more power over their serfs. In the code of laws called the *Sobornoe Ulozhenie*, completed in 1649 under Tsar Alexei Michailovich, serfs were defined as the private property of the landlords, who were allowed to buy or sell them, lose them in card games and punish them physically. Sexual exploitation of female serfs was common. There were many cases of violent, sadistic punishment, especially of women.¹ The violence was one of the main reasons for peasants to escape to the so-called 'free land' (forests and cities), to organize peasant revolts, and to form units of robbers and thieves. The most capable of the outlaws established professional criminal groups. Some of the first gangs emerged as protest groups against the existing political system and the injustices of the existing social order, while other groups were involved in robbery, fraud and petty crimes without any political connotations (Gurov 1995; Konstantinov 1997; Dyshev 1998). As almost everywhere else in Europe, crimes in rural areas were committed by social bandits, and by urban criminals in towns and cities (Shelley 1981).²

Russian Social Bandits

The sixteenth century *razboiniki* (brigands) were often regarded as miraculous heroes, liberators or even holy men. The German concept of *Rauberromantiek* ('bandit romanticism') can be applied to these figures. The local population gave the *razboiniki* moral and material support and viewed them not as criminals, but as defenders of justice against the local gentry. Among such well-known criminal heroes of Russian history as Ermak, Razin, Bulavin and Pugachov, it was the legendary Kudear who people sympathized with and loved the most.³ Kudear

¹ Cheloukhine mentions the case of Darya Saltykova, a noblewoman who ordered the killing and torture of 138 of her serfs, mostly women and girls (2008: 355).

² Hobsbawm described "social bandits" as robbers with a special status, Robin Hood types, who were admired and protected by the peasants against landlord oppression (1969). Anton Blok, who criticized Hobsbawm's 'ideal type' of the social bandit, argued that it was an idealized image, far removed from social reality (Blok 2001).

³ Legend tells us that he once served as an *oprichnik* (guard) for Tsar Ivan IV, but disobeyed him in choosing his bride. When the Tsar ordered Kudear's young wife to be killed, Kudear devoted his life to taking revenge on the bloodthirsty monarch.

stands out for his extreme violence and military talent; his gang resembled a real army and his violence was praised as a necessity against injustice and lawlessness.

From the sixteenth to the eighteenth century, criminality was mainly attributed to the Cossacks, who formed communities of free peasant raiders and developed mobilization strategies for their campaigns. Their profits were divided equally, and the *ataman* (leader) or *bat'ka-ataman* (father-leader) personally tested and recruited new members. These were fraternities based on group solidarity. The line between 'good' and 'evil' was often blurred and, as in the cases of other bandits of that period such as the *haiduki* in the Balkans or the *haidamaks* in the Ukraine, the local peasants interpreted the sins of the *razboiniki* as virtues and their violence and cruelty as noble deeds carried out for the sake of justice. There was a huge difference in the perception of the same actions such as robbery or theft committed by social bandits or by petty bandits. A social bandit was considered to be a hero, while the petty bandits were disliked, distrusted and received no support. A possible explanation is that the role of social bandits was to create an alternative and to meet the people's need for justice, which the state was unable to provide at the time. The relationship between the Russian state and the Cossacks has always been complex. The Cossacks recognized the authority of the Russian Tsar, but they would not let the authorities arrest runaway serfs once they had been accepted into the Cossack community, despite the fact that according to the *Sobornoe Ulozhenie* serfs who escaped from their masters had to be returned and the Cossack movement was not directed against the institution of serfdom itself. The emphasis was on the idea of freedom, expressed in the rule: 'there is no extradition from the river Don'.

Urban Criminals

As elsewhere in Europe, Russian cities in the sixteenth and seventeenth centuries were dangerous and violent places plagued by armies of pickpockets, forgers and swindlers. McIntosh described urban criminal practices in Europe as follows: 'These are the crafts of picking pockets, ... stealing from market stalls and from shops, stealing from inside houses, counterfeiting money or other valuables, cheating at gambling games ...' (McIntosh 1975: 35). In Russia, this new criminal subculture marked the introduction of new kinds of relationships amongst thieves, a new argot (*fenya*), new codes of behavior and new criminal bosses. It is quite possible that since this time banditry in Russia came to be considered a profession. As a rule, young bandits only married women connected with the criminal world.⁴ Organization and separation from the outside world guaranteed them freedom, mutual support and independence. In the long gallery of famous Russian criminals, Ivan Osipov, alias Vanka Kain, is regarded as one of the first criminal bosses in Russian organized crime. Osipov was a thief who later became a *donoschik* (police informer).

⁴ In later times, *vory v zakone* were even not allowed to marry or to have children.

He never received payment for his reports but he was allowed to extort money from local merchants and former gang members.⁵

In the nineteenth century Tsarist Russia, dependence on the Tsar was strong and the boundaries between ‘legal’ and ‘illegal’ were almost invisible. Bribery and the abuse of power were common throughout society, including amongst high ranking officials (Cheloukhine 2008: 356). In this period, in contrast to earlier revolts led by peasants and Cossacks who lacked the economic and political knowledge to implement reforms, nineteenth century revolutionary ideas entered the minds of the noblemen.⁶ Tsar Alexander II abolished serfdom in 1861 and in 1864 legal reforms were introduced which included trial by jury and peasant courts to judge small offenders in villages according to customary law. In the Penal Code punishment by the *knut* (whip) and branding iron was abolished.

Criminal Arteli

At the end of the nineteenth century, professional criminals started to unite in groups headed by a *pakhan* (authoritative leader). There is a consensus among the authors on Russian organized crime that the first criminal professional organizations were established as *arteli* (Konstantinov and Dikselius 1995: 49 etc.). An *artel* is an old Russian form of cooperative, which includes joint occupation (similar to guilds), communal lifestyle, group activity, mutual support and solidarity (Gilinskiy and Kostjukovsky 2004: 185).⁷ Among the criminal *arteli* in Russia the most important were: robbers; professional thieves such as safe-crackers (*medvejatniki*), burglars, horse thieves, pickpockets, etc.; *Ivans* (professional beggars); and swindlers, including ‘players’ (card swindlers), *farmazonschiki* (swindlers of precious stones), swindlers of money, counterfeiters, etc. (ibid: 186; Cheloukhine 2008: 356). Swindlers were considered to be the elite of the criminal world because their operations demanded intelligence and planning.

In the 1870 and 1880s, there were two centers of professional criminal groups: Rostov and Odessa, called in argot ‘Rostov-papa’ and ‘Odessa-mama’. The bandits of Rostov, a city on the river Don which was traditional Cossack territory, were well known for their strict organization and extreme violence. Odessa was a cosmopolitan seaport, populated by various minorities (mostly Jews and Greeks). The well-known godmother of Russian organized crime, Sheindl Bluvshstein, alias *Sonka Zolotaya Ruchka* (Sonka, the Golden Arm), and her gang ran operations in these two cities, and later all over Russia and abroad. Sonka was one of the most

⁵ The memoirs of Ivan Osipov (*The life of Vanka Kain, told by himself*) revealed his talents as gang leader and negotiator with the police and other officials.

⁶ For example, the *Dekabristy* (Decembrists).

⁷ The criminal *arteli* of horse thieves were known to be especially well-organized with a rigid hierarchy, leaders, assistants, horse thieves, buyers and members responsible for security and protection (Gilinskiy and Kostjukovsky 2004: 186).

admired female criminals in European history. Her beauty and ‘seduction skills’, as well as her organizational talents were praised in Russian oral tradition and literature. There was a clear division of roles among the members of her gang. Sonka was not just the leader and manager of her gang, but she also participated in the theft of diamonds, jewels and money. She spoke several languages and maintained international connections. Inside Russia she was the only woman who was fully accepted as an equal in the *vorovskoi mir* (the world of thieves) and she was highly respected by other criminal bosses. She advocated solidarity and mutual support, including the introduction of a communal cash fund (*obschak*) to assist members of criminal gangs who were in prison or on the run.

The Criminal World Under the Soviets

Almost all of the leaders of the October revolution of 1917 started their career as ordinary criminals: Joseph Stalin was involved in several robberies, including the famous bank robbery in Tiflis (Tbilisi) in 1907, another communist leader Yakov Sverdlov was *fortochnik*.⁸ They often took bandits’ nicknames: Stalin was known as ‘Koba’ (a famous Georgian brigand), Dzerzhinsky as ‘Iron Felix’, Bauman as ‘Rook’, etc. Later, when they entered politics they adopted the features of social bandits. It was not only their nicknames, but also their modus operandi which was very similar to that of the social bandits: they presented themselves as liberators, avengers and protectors of the poor they robbed, and they humiliated and killed the rich. Some of these operations were given euphemistic names: robbery, for example, was renamed ‘expropriation of property in the name of the Motherland’. The illegal acts of the communists were justified within the framework of the socialist ideology (Hobsbawm 1969: 112).

The growth of the revolutionary movement and its repression by the Tsar’s policy against it led to the emergence of new political prisoners, who had no knowledge of criminal habits and rules, but found themselves regarded the same as criminals. The mutual influence of professional criminals and political prisoners was great and new ideological principles were developed, which later became manifest in the so-called Code of the *vory v zakone*.

The general amnesty in March 1917 resulted in the release of thousands of criminals (Gurov 1995), many of whom joined the ranks of the Communist Party, while others renewed their criminal activities. Illiterate workers and peasants were hired in newly formed *militia*, but their capacity to combat professional criminals was negligible (Cheloukhine 2008: 358). As a result, after the October Revolution of 1917, hundreds of violent gangs operated all around Russia. The new authorities

⁸ Lit. ‘window leaf’, a small window at the top of a regular one. Because of his small posture he was able to slip into apartments through such a window and open the door for his criminal partners.

reacted with extreme measures, wiping out whole gangs and imprisoning crime leaders on a wide scale. For example, the Chekists⁹ claimed the ‘right’ to issue a death sentence for a whole gang without even listing the names of the members and to destroy the gang without any investigation (Konstantinov 1997: 60).

In the 1920s, Russian prisons and camps were crowded with ‘old’ and ‘new’ prisoners, among whom were on the one hand *urka* (traditional authority figures) and on the other hand *zhigani* (ideological criminals, including former officers of the Tsar’s army), who introduced new rules. The criminal war between *urka* and *zhigani* was finally won by the *urka*, who had more power inside the penitentiary system (Gilinskiy and Kostjukovsky 2004: 191). However, the old-style criminals learned how to make use of the traditions of the pre-revolutionary criminal world in a new reality. The culture of these criminal groups—their language, manners and ideas—is known as the culture of *vory v zakone*. Their basic new idea was opposition to the Soviet state, where *vory v zakone* were not allowed to take part in the work of society, to take up arms on behalf of the state or to work within the justice system (either as victims or witnesses). A *vor v zakone* was a professional criminal, who chose crime as an occupation, had a good reputation in the criminal world, obeyed the law of the thieves and occupied a leading position on the criminal ladder. A *vor* is literally a thief, one who steals, but in Russia this word has a deeper meaning, including criminals irrespective of the kind of crime they commit (ibid). *Zakon* means law, but in combination with ‘thief’, it means a special law of criminals, a code of behavior adhered to by the criminal community.

The Code

A *vor v zakone* is supposed to live according to the *ponyatiya* (lit. “the notions”, or “understandings”), the rules of conduct (or code of honor). These *ponyatiya* are observed both in and outside the prisons and camps. There are basically two kinds of rules, the so-called *vorovskiyie ponyatiya*, ‘the rules for vors’, formulated in the Code, and the *ludskie ponyatiya*, ‘the rules for folk’, required for all prisoners, which include specific rules on interrelationships, on the distinction between different categories of prisoners¹⁰ and on certain taboos. The Code is an oral law, mainly learned in prisons, which regulates all emotional and material aspects of the life of a *vor v zakone*. The *vorovskoi zakon* (thieves’ law) is passed down from generation to generation, but some rules have been changed during *schodki* (meetings). The most important rules of the Code are the following:

⁹ *Chrezvichainaya Komissiya po borbe s kontra-revolutziei, sabotazhem i spekulatsiei, CheKa* (The Extraordinary Commission to Fight Counter-revolution, Sabotage and Speculation) operated between 1918 and 1922 under the leadership of Felix Dzerzhinsky. It was the forerunner of the KGB (*Komitet Gosudarstvennoi Bezopasnosti*), Committee of National Security.

¹⁰ The *petuchi* (roosters), the lowest layer of inmates, are subjected to constant humiliation.

- A *vor* does not have emotions
- A *vor* must leave his family to avoid any attachment other than to the brotherhood
- A *vor* must not have a family of his own,¹¹ but he can have as many women as he wishes
- Never and under any circumstances is a *vor* allowed to have a job or property
- A *vor* should live only on what he has stolen, won at card games, acquired by deception
- A *vor* does not adhere to the Soviet laws
- A *vor* is not allowed to be involved in political activities
- A *vor* must not participate in public activities or organizations, or serve in the army
- A *vor* must not be a witness in a court
- *Vory* have their own laws and systems of arbitration (*skhodka*)
- A *vor* must respect and obey the decisions and verdicts of the council of thieves
- A *vor* must acquire a leading role in the camps and prisons, be a ruler and a judge in the criminal world and protect the basic needs of criminals and prisoners
- A *vor* must help other *vory* materially and morally and share all he has with other *vory*
- A *vor* must refrain from using violence
- A *vor* must have a good command of *fenya* (criminal slang)
- A *vor* must educate young criminals in the *vory*'s way of life
- A *vor* must never deny his status of *vor*
- A *vor* is not allowed to leave the brotherhood¹²

(sources: 1935; Monachov 1957; Shalamov 1994; Varese 2001: 151–152; Gilinskyi 2004).

In the 2000s there have been speculations that the Code is no longer in use, but *vor v zakone* Vitaly Diomochka stated in an interview that in camps and prisons the Thieves' Code is still as respected today as it was in the past.¹³

Prison was and still is the place where criminal bosses recruit soldiers for their future operations. It was traditionally also the place where a new *vor* was 'crowned'. Today, initiation rituals can also take place outside prison, at gatherings held in luxury restaurants or on board ships. Traditionally, the initiation included a recommendation of two or more *vory*, who promised to take full responsibility for the behavior of the novice and for his loyalty to the *vorovskaya ideya* (thieves' idea), followed by a ceremony during which the novice swore an

¹¹ This rule was changed in the 1980s.

¹² Becoming a *vor* is considered to be entering a lifelong contract, from which the only escape is death or permanent expulsion from the brotherhood. The uncrowning of a *vor* is considered a very serious punishment.

¹³ Interview with *vor v zakone* Vitaly Diomochka, alias Bondar, in: Gentelev 2010.

acceptance oath. He was then given a *klichka* (nickname) and ‘stars’—tattoos on the shoulders or knees indicating his official status as a *vor*.

The lives, activities and interrelationships of *vory* with other prisoners and especially with the authorities in the Soviet Gulag are widely discussed subjects. The attempts to destroy the *vory* during World War II and in the 1950s during the so-called *Suchiya Voina* (Bitch War), when different camps within the *vorovskoi mir* fought each other while the authorities tolerated and encouraged the bloodshed, are described in detail and analyzed elsewhere. Their secret codes and clandestine language of tattoos, nicknames, symbols and rituals are also described in various sources (Solzhenitsyn 1974; Shalamov 1994; Gurov 1995; Varese 2001; Siegel 2005).

Less is known about the changes in their traditions and customs in the period of Gorbachev’s reforms and the transition to a new socio-economic order in the 1990s. In this period, the threat of the so-called Russian Mafia spread throughout the world. What happened to the traditional Russian *vory v zakone* after the collapse of the Soviet Union and how did they respond to actual changes? Are they still the elite of the Russian criminal world?

Vory v Zakone Today: Russian Mafia?

When Gorbachev’s reforms legalized the private sector, the former *nomenklatura* (high ranking officials) saw an opportunity to increase their wealth by taking advantage of the ‘privatization’ policies. In 1988, the law on Cooperatives permitted the establishment of private companies, thereby legalizing all kinds of shadow businesses. Almost overnight, the *nomenklatura* turned into bank directors and managers of commercial enterprises and they transferred the Communist party’s money to their new private enterprises. Money and power did not change hands and many *nomenklatura* bureaucrats became wealthy businessmen through their connections and influential positions (Wilson and Donaldson 1996: 48–49). KGB officers who had accumulated personal wealth in the Soviet period transferred billions of US dollars out of Russia. *Komsomol* (Young Communists) activists also used the assets of their institutions for private businesses.

The younger generation realized that there were plenty of opportunities to make money without the need of education or experience. The old *nomenklatura* was joined by new young entrepreneurs, the so-called *Novyie Russkie* (New Russians), who had no government money but enough motivation and talent. Informal networks and trust relations formed the basis for the first private businesses. Thus, ‘most “pioneers” of Russian business acknowledged that their registration documents were prepared by friends or contacts’ (Ledeneva 1998: 184). It was easy to solve financial difficulties through personal contacts. Goods, services and bank loans were also obtained through personal channels.

In this period of transition the traditional *vorovskoi mir* began to change. During *perestroika* there were still about 600 recognized *vory v zakone* within the territory

of the former Soviet Union, among them 400 Georgians and Armenians (Dyshev 1998: 28). Varese provided more detailed numbers on the post-reform period: ‘The number of *vory* went from less than one hundred in the late eighties to 740 in 1994, and then declined sharply to 387 in 1999’ (2001: 167). In May 2011, the list of *vory v zakone* issued by the Prime Crime news agency included 1,876 names of crowned *vory v zakone*, 633 of whom were dead and 197 uncrowned.¹⁴ From these statistics it appears that 1,243 *vory v zakone* are active in different parts of the former Soviet Union, in Europe, the USA and Dubai. Georgian thieves make up approximately half of all the names.¹⁵

The new opportunities appeared to enable a *vory* to acquire a ‘respectable position’. Whereas traditionally the title could only be given in prison or in a camp and only after spending some time there, in the 2000s one could buy it with money (Varese 2001: 168). This act of ‘buying a title’ is not really recent, according to Gurov it had already happened in the mid-eighties (ibid). The price of an initiation ceremony varies from 150,000 to a million dollars. In some cases, however, criminals paid nothing at all, simply declaring themselves *vory v zakone* (ibid: 169). The new role of *vory v zakone* was directly related to the emergence of a new market situation. Some of them became involved in the ‘business of protection’ and faced competition with young and strong new criminals. Other *vory v zakone* realized the changing situation in the legal world; they entered criminal business enterprises, bought real estate, grounds, ships, publishing houses, etc. and became leaders of criminal groups. However, there were also *vory* who lost their influence and prestige and descended into street crime (Finckenaer and Waring 1998: 109–110).

In the beginning new young criminals, often called ‘new bandits’, worked together with the *vory*, who were experienced in arbitrating the gang conflicts which were taking place on the streets of Russian cities. On the other hand, this young generation, which included *sportsmeny* (sportsmen) and *Afghantzi* (former soldiers who fought in Afghanistan) criticized the old-fashioned ascetic *vorovskoi mir* and refused to accept the code and authority of *vory v zakone*. In the 1990s, there were several contract killings of *vory v zakone* resulting in a criminal war which only ended in 1998 (Cheloukhine 2008: 367) and at times during 2010–2011 there were also recurrences in big cities. Criminal bosses from both sides, *vory* and new bandits, were killed in Moscow, St. Petersburg, the Far East and in many other regions. According to the American criminologist Shelley,

¹⁴ An uncrowned *vory* is one whose status and rights are taken from him as punishment for his behavior, which is usually a violation of the rules of the Code. The decision to uncrown a *vory v zakone* is considered a very serious matter and is usually taken by the council of *vory* at *schodka*.

¹⁵ This is a calculation by the author based on the lists of names of *vory v zakone* published by the Prime Crime news agency, see English version at: <http://russianmafia.com>. Though this is an important source, the data lacks many names of important *vory v zakone*, especially those who operate internationally, one can therefore expect that the ‘dark number’ is significant and there are many more *vory v zakone* than indicated here.

the survivors were often criminal leaders who were operating internationally (Shelley 2004: 571).

According to Alexander Gurov, after Gorbachev's reforms *vory v zakone* changed drastically: 'they married, they built *dacha*' (luxury summer houses), etc.'¹⁶ The appearance of old-style *vory* was also different from the new bandits. One of the main features of the modern new-style bandit is his *krutost* (coolness), which he demonstrates in public. 'Men with scarred faces, broken noses, thick necks, and bulging biceps were seemingly everywhere in Moscow' (Klebnikov, 2000: 34). They also use a new *blatnoi* (criminal) argot, which is highly 'economized' (Ledeneva 1998: 191).

The dominant view in critical studies is that the economic chaos and the situation of lawlessness in the transition period in Russia made it difficult for any business to survive without state protection. The government was also unable to provide economic order. Business fell under the so-called *krysha* (roof) which was protection by a criminal organization. Usually *krysha* is associated with extortion, but that is not always the case today. Often Russian and foreign businessmen seek *krysha* themselves, in order to safeguard the proper functioning of their companies. 'The "krysha" model is a key component of a significant post-communist development in Russia—the integration of the criminal and legal economy' (CSIS 1997: 29). This report refers to protection not only against petty criminals, but also against competitors and 'unprofessional racketeers'. Varese gives various examples from leading Russian newspapers, in which businessmen are advised to acquire a safe 'roof', to guarantee their success in the business world (2001: 59).

At first, *krysha* was only provided by criminals, but later a *militseiskaya krysha* (a 'roof' by police) also emerged. According to Gurov: 'All police units provided *krysha* to bankers. First they started to ask money for this, then it became profitable, and then the police started to extort the banks. If they had to kill—they killed'.¹⁷ *Vory* usually tried not to have anything to do with businessmen who had police *krysha*, 'so as not to incite the police'.¹⁸

The Changing Structure of the Russian Underworld

There are different accounts of the structure and organization of Russian organized crime. The structure seems to remain the same in all sources: it is hierarchical and clearly defined (Varese 2001; Konstantinov 1997; Cheloukhine 2008, etc.). At the head of the organization is a *vor v zakone*, who is 'just like a member of parliament. His mission is basically to help people',¹⁹ beneath him are the deputies of

¹⁶ Interview with Alexander Gurov, in: Gentelev 2010.

¹⁷ Interview with Alexander Gurov, in: Gentelev 2010.

¹⁸ Interview with *vor v zakone* Vitaly Diomochka, alias Bondar, in: Gentelev 2010.

¹⁹ Interview with *vor v zakone* Alimzhan Tokhtakhounov, alias Taiwanchik, in: Gentelev 2010.

various sections, team leaders and soldiers. The net of connections among criminals is called a *bratva* (brotherhood). A good example of such a structure is the *Solntsevskaya bratva*, sometimes called the *Solntsevskaya brigada* (Karyshev 1998). A group of several brigades forming a larger unit is called a *zveno* (chain; Konstantinov 1997).

Each organization has its own account, separate from the private accounts of its members. It is a new form of the traditional *obschak* (communal cash fund). The presence of soldiers or well-trained and well-armed members is important for the survival of the groups. After the reforms many wrestlers, boxers, weight lifters, hockey players and karate experts joined criminal organizations. Some of them were members of the old Soviet Olympic Team. They were employed by different criminal groups as ‘security guards’ and enforcers (Klebnikov 2000: 34).

The criminal groups are named after the home location of their founders and first spheres of influence. Thus *Solntsevskaya*, *Izmailovskaya*, *Luberetskaya*, *Podolskaya*, *Dolgoprudnenskaya* appeared—all these names stand for various neighborhoods in and around Moscow and *Kazanskaya* and *Tambovskaya* in St. Petersburg. Traditionally *vory v zakone* never had a strong position in St. Petersburg, in contrast to Moscow. The ‘new criminals’, or ‘guys with bad luck, former sportsmen, former *Afghantsy*, simple people, who had difficulties in their life’ became the first extortionists (Konstantinov 1997: 177). The leaders of these groups are interconnected. The criminal world in Russia at the end of the 1990s could be described as a mosaic, where each piece stands for an exclusive criminal group with its own military unit, spheres of influence and commercial structure. Some of these groups were led by well-known *vory v zakone*, others by new bandits, who did not have a strong position in the traditional professional underworld. Traditionally, the Thieves’ *schodka* (meeting) is considered to be a governing entity and its participants make important decisions, including how much money goes to the *obschak*, how to manage criminal businesses, whom to give a bribe, etc. These meetings still take place regularly in the 2000s. However, the new criminals do not feel obliged to fulfil the decisions of the *vory* and have their own ways of resolving disputes (mainly through violence) and investing criminal money (mainly in real estate or foreign bank accounts).

Is the Russian Mafia Really Russian?

In addition to the geographical location, economic activities, size and structure of the criminal groups, ethnicity plays an important role in the post-Soviet criminal world. With the collapse of the Soviet Union ethnic sensitivities—which for generations had been silenced under the communist regime—emerged in the form of ethnic conflicts and wars among different groups. Politicians were not immune to these sensitivities either.

In the West, the Russian mafia was seen as a single homogeneous criminal organization. This concept of the ‘Russian mafia’ is however too vague. Post-Soviet

organized crime is a complex and multi-faceted phenomenon, it is not a single entity and it manifests itself in various sectors in different forms and sizes in Russian society (Shelley 2004: 570). Ethnic minorities are important participants in 'Russian' organized crime. What they have in common is that after the reforms ethnic gangs used to operate not only within their own regions, but also (and mainly) in the big cities of Russia, the Ukraine and other former Soviet republics, and that in the late 1990–2000 s they expanded to the international market. In 1997–98, there were 34 organized criminal formations in Moscow alone: 20 originally from Moscow, seven from other cities and seven ethnic, which usually means Caucasian. They provide *krysha* and protect their compatriot businessmen. 'In the end of the 1990s they were organized in 116 criminal groups, among them 30, Azerbaijani; 20, Chechen; 20, Dagestanian; 17, Armenian; 14, Georgian; 9, Ossetian; 4, Ingushetian, and so on' (Dyshev 1998: 63). There were also 'guest gangs' which still exist and which arrive in the city and spontaneously organize specific criminal acts, in contrast to local ethnic criminal gangs who have settled in the big cities (Konstantinov 1997).

In present-day Russia, the word 'Chechen' has become synonymous with 'criminal' and the Chechens are held responsible for most crimes and acts of terrorism in Russia. The Chechen occupy a special place in organized crime; they are considered to be the elite of the post-Soviet criminal world. Being as 'free as wolves' and only under obligation to their own clan (Smith 1998: 9), Chechen criminal gangs were operating on an international scale long before the fall of socialism. They were, for example, engaged in stealing cars in Turkey and Eastern Europe in the late 1970s. After the reforms they developed an interest in banking and laundered profits from smuggling operations (especially in oil and gold) through major Russian banks. Chechen criminal capital is increasingly being invested in legal businesses (Konstantinov 1997). Their focus on financial criminal activities, counterfeit money, and the smuggling of opium from Afghanistan are often linked to their terrorist activities and political ideas. Chechen criminals do not recognize the authority and the Code of the *vory v zakone*, but instead emphasize their own tradition and religion as the only right one.

Georgian criminals, on the other hand, have always been well-represented in the *vorovskoi mir* and they have a reputation of being 'criminals with a rich past'. Among the *vory v zakone* two-thirds were Russians (33%) and Georgians (31%), the others were Armenians (8.2%), Azerbaijanis (5.2%) and the rest Ukrainians, Kazakhs, Kurds and Abkhazians (together 21.9%; Cheloukhine 2008: 368). In the 1990s, Georgia came to be divided into three criminal areas, each of them engaged in drug-trafficking operations (the purchasing of opium and morphine in Tajikistan and the smuggling of heroin into Turkey), as well as in speculation in petroleum products, extortion and trafficking in arms from the former Soviet military in the Caucasus.²⁰ In the early 1990s, Georgian *vory v zakone* who were imprisoned outside Georgia were convoyed back and received amnesty. Almost immediately

²⁰ La Depeche Internationale des Drogues, no. 44, June 1995, at: <http://www.ogd.org/gb/44AGEGTA.html>.

they started to return to Russia. At the end of the twentieth century, about 50 Georgian *vory v zakone* were living permanently in Moscow (Dyshev 1998: 64). According to the Russian Ministry of Internal Affairs, over a half or more than 1,200 *vory v zakone* are immigrants from Georgia, only about 100 of them reside in Moscow, many of whom have forged documents or live there illegally. The president of Georgia, Mikhail Saakashvili, has stated that: 'Our major export to Russia is not wine, but *vory v zakone*. About 90% of organized crime leaders in Russia are today our compatriots'.²¹

Under the Soviets both in Georgia and Azerbaijan illegal private businessmen 'would operate more openly than in other parts of the country, these (business) meetings traditionally take the form of banquets lasting several hours, during which the decisions are made, business is discussed, and revenues are distributed' (Simis 1982: 161).²² The Russian authorities consider Azerbaijan the second nest for criminal activities after Chechnya. In Moscow and St. Petersburg Azerbaijani criminal groups are involved in drug dealing and illegal gambling.

Other ethnic groups include Armenians, Kazakhs and Uzbeks. They focus on specific criminal activities on the one hand, but are often challenged and compete with 'Slavic' criminal organizations on the other hand. Some of them are led by professional *vory*, but the majority are new criminals, who emerged after the break-up of the Soviet Union.

Transnational Russian Organized Crime

There are various forms of organized crime in Russia in the 2000s, not only due to the huge territory and criminal tradition in different parts of the country, but also due to the proximity of southern Russia to the conflict areas in the Caucasus, to the world-drug producer Tajikistan, and to western criminal groups from Europe in the western parts of Russia (Shelley 2004: 570). These geographical and economic conditions are not only a basis for transnational operations such as drugs and arms smuggling, human trafficking, illicit trade in art, vehicles, exotic animals, human body parts, etc. into and out of the country, but also for the further expansion of Russian organized crime activities in the territories of foreign countries. In addition, as a result of the rapid growth of capital accumulated by protection (*krysha*) activities, in the 2000s the necessity arose to launder criminal money and make investments abroad. In the late 1990s Russia became too small for Russian criminal organizations, which started to 'migrate' to Europe, the USA and Canada. Varese uses the term 'transplantation' when referring to the ability of a mafia

²¹ Prime Crime, 'Georgian "thieves-in-law" are the most influential', http://russianmafia boss.com/news/2009-04-01_4069, 01.04.2009.

²² For many years the Sumgait Mafia, named after Sumgait a city in Azerbaijan, has controlled a large part of the Afghan opium traffic through Kirghizia. The opium is processed into heroin at Sumgait and then transported via the 'Caucasian route' to Turkey.

group to operate outside its homeland and he discusses the example of the successful expansion of the *Solntsevskaya* organization in Hungary. His explanation for this is that it is a result of a sudden expansion of legal markets and lack of Hungarian governmental control (Varese 2011). Though not all attempts by mafias to 'migrate' are successful, in many cases Russian criminal organizations did manage to establish their branches and to settle in various countries around the world, mainly following their influential leaders.

Numerous reports from the USA, Germany, UK, France, Israel and the Netherlands presented evidence of the Russian mafia's activities in their territories and its potential threat to their economy and democracy (Finckenauer and Waring 1998; Galeotti 1995; Ruthland and Kogan 1998; Siegel 2005; Varese 2011; Williams 1997). The emphasis placed on the transnational character and 'global' intentions of Russian crime organizations by Russian scholars also contributed to the idea of a worldwide threat (Gurov 1995; Konstantinov 1997; Dolgova and Diakov 1996; Gilinskiy 1998, 2000).

With regard to *vory v zakone*, many of them have settled outside Russia, however, there is no precise data on their numbers and activities. In 1997, 15 Russian *vory v zakone* were living in Germany, two of whom are the most influential figures in the Russian underworld, Rafael Bagdasarian, alias Rafik Svo and Alimzan Tokhtakhounov, alias Taiwanchik²³ (Konstantinov 1997: 454). Prominent *vory v zakone* such as Evsei Agron and Vyacheslav Ivankov, alias Yaponchik, continued their criminal careers in the United States. According to the Israeli police, the Russian criminal bosses who operated at the end of 1990s in Israel were registered on the 'list of 32'. Many criminal leaders obtained Israeli citizenship, or passed through or lived in Belgium, Italy, France, Spain, Cyprus and other countries in the 1990s (Siegel 2005).

Following the criminal careers of the bosses operating outside of Russia, it is remarkable how high the degree of mobility is in Russian organized crime in the world. Criminals do not stay long in one country; each country has its function, some countries appear to be more attractive and useful for criminal activities for Russian organized crime than others, and the criminals are always on the move.²⁴

It is not only the expansion of legal economic markets and the demand for protection which unstable governments were not able to provide, but also the presence of relatively large immigrant communities which played a role in the transnational activities of Russian organized crime. In countries with large numbers of immigrants, such as the USA, Germany and Israel, criminal groups are involved in the extortion of wealthy compatriots, drug trafficking and human trafficking.²⁵

²³ Taiwanchik lived in Israel, Italy and France before he moved back to Russia in 2009.

²⁴ The Netherlands, for example, appears to be less interesting for Russian criminals than Germany or Belgium (see Siegel 2005); the attempt of the Russian mafia to 'transplant' to Rome was less successful than that to Budapest (see Varese 2011).

²⁵ In Belgium, these groups have been engaged in diamond smuggling and the sale of stolen or counterfeit jewels (Siegel 2003: 57); in Germany, in arms smuggling, car theft, and the illegal trade in smuggled art and antiquarian articles (ibid: 59).

Large criminal organizations send their representatives to establish new contacts and search for new clients in Diaspora countries, such as the *Dolgoprudninskaya* organization (based in Moscow), the members of which settled in Germany, where they were laundering criminal profits derived from the illicit drug and art trade, and dealing in real estate (Siegel 2003: 60) and the *Tambovskaya* organization (with its headquarters in St. Petersburg), which for more than 12 years was active in Spain, involved in arms trafficking, contract killings, drug smuggling, tax fraud and money laundering.²⁶

In 2010, the European operation Java took place against the Georgian mafia. In Austria 25 people were arrested, including two *vory v zakone*, Zaal Makharoblidze and Gocha Antipov. The other arrests took place in Austria, Germany, Switzerland, France and Italy. In Spain 21 arrests were made, including two *vory v zakone*, Kakhaber Shusganashvilli, who controlled the gang's *obschak*, and Koba Akhvlediani. The register of the gang's money transactions was captured by the police which contained important evidence about the gang activities. In Switzerland 11 people were arrested, though no *vory v zakone* were among them. According to the police the *vory* who were not detained either went 'underground' or moved abroad, presumably to Turkey or another Middle Eastern country. The main target of the Java operation, the *vory v zakone* Lasha Shushanashvilli, managed to escape arrest in Greece. The chief allegations against his gang were burglary, theft, drug trafficking, arms smuggling, money laundering, conspiracy, extortion and conspiracy to murder.²⁷

Every Diaspora country plays its own role in the international network of Russian organized crime. For example, *vory v zakone* organize their meetings in Israel, while in Spain and France they invest criminal capital in real estate. The evidence of different 'specializations' in each country where Russian criminal groups have operated since the beginning of mass emigration from the former Soviet Union as of the end of 1980s, constitutes proof of the transnational character of Russian organized crime (Siegel 2003: 61–62).

Sophisticated Russian Mafia

Another significant change in post-reform organized crime in the former Soviet Union is its sophistication. Finckenauer and Waring defined the 'criminal sophistication' of the Russian mafia as 'the ability to carry out complex, high-stakes (high risk and high return) crimes' (1998: 119). Russian criminal organizations have employed hundreds of highly educated professionals, such as

²⁶ *BBC News*, Spain raids 'major Russian gang', 13 June 2008, at: <http://news.bbc.co.uk/2/hi/7453388.stm>.

²⁷ *BBC News*, 'Georgian mafia suspects arrested in six countries', 15 March 2010, at: <http://news.bbc.co.uk/2/hi/8567653.stm>; *Prime Crime*, 'Details of the famous operation', http://russianmafia boss.com/news/2010-03-22_4325, 22.03.2010.

economists, chemists, computer specialists, professional soldiers and members of the former KGB. Unemployment in Russia was the main reason for these professionals to join criminal organizations, which in many cases were the only organizations which were interested in their skills and knowledge. The main targets were banks and other financial institutions. As early as 1994 the Russian police had arrested members of criminal gangs who specialized in financial schemes in Russia.

By following the criminal careers of several crime bosses this specific feature of sophistication becomes obvious. Whereas in the beginning of the 1990s their criminal groups started with extortion and *krysha* for new Russian businessmen, in 2010–2011 they mainly became involved in complex financial crimes. In the context of ‘sophisticated Russian mafia’ the chief figure is Semyon Mogilevich, alias Seva, or Clever Don. Graduated from the University of Lviv in economics, he is a former high ranking KGB official, an Israeli citizen, lives in Hungary and is known as a crime boss who surrounded himself with highly trained specialists and who specializes internationally in financial and cyber-crimes, art fraud and other illegal activities. In 2003, Mogilevich was charged in the USA with securities fraud, wire fraud, mail fraud and money laundering. He and his two partners are also wanted for their earlier participation in a multi-million dollar scheme to defraud investors in the stock of YBM Magnex International Inc., during which investors lost millions dollars at the end of the 1990s.²⁸

Organized Crime, Economy and Politics

In the 1990s there were approximately 3,000 so-called ‘banks’ in Moscow alone. For many years being a banker was the most dangerous occupation in Russia, amongst businessmen bankers were killed most frequently. According to an Interpol official ‘there was no single bank without criminal influence’ and ‘criminals became vice presidents of banks’.²⁹ Since the break-up of the Soviet Union everyone could open his own bank, providing he had three board members and 80,000 (later 120,000) dollars. According to an FBI report in the United States in 1998 half of the banking sector in Russia (about 550 banks and financial institutions) were controlled by criminal organizations, which operated together with corrupt politicians and businessmen.³⁰ Through banks criminal organizations laundered criminal money, performed illegal transactions to their private accounts

²⁸ The company pleaded guilty to securities and mail fraud and paid 3 million dollars as part of a plea bargain.

²⁹ Interview with Vladimir Ovchinsky, in: Gentelev 2010.

³⁰ INAF New Bulletin, 1 November 1998, at: <http://www.emu.edu.tr/%7Einaf/English/newsbul/011198.html>.

in European banks and received information about rich new Russians—potential subjects for extortion.

In the 2000s organized crime in Russia has penetrated all sectors of the economy and politics and the most influential criminal leaders control their criminal enterprises in the country from outside Russia. They have joined legal businesses and have become members of the boards of directors at commercial companies and banks. As bank directors they are able to exercise total control over the money. When other Russian bankers did not agree with them or contested their authority, they were killed.³¹

Today they donate their former criminal money to sports and welfare institutions, orphanages and hospitals. One of the paradoxes is that some criminal groups even supply local police with fuel and cars (Dolgoва 2004). In other governmental institutions criminals also provide financial help. As one *vory v zakone* explained: ‘The government cannot feed the prison system. The administration of prison regularly turns to us (criminals) and we provide them with supplies and help them out’.³² According to Interpol official Vladimir Ovchinsky: ‘Russian laws were written under the strict control of the mafia. They (criminals) are embedded in the governmental structures and have a very strong influence on significant economic and political decisions’.³³

In recent years new criminals who have strong ties to business and politics are replacing the *vory* in their traditional leading position. According to Russian criminologist Vadim Volkov, “*Vory* are still strong in the gambling and retail trade, but their significance in the Russian economy and society is rather low”.³⁴ Large criminal organizations have moved from extortion to legitimate business.

The *vory v zakone* have played down the situation: ‘Show me one person in Russia who does not have a criminal record! Give me one name!’.³⁵ And according to another *vory v zakone*, Taiwanchik, the role of organized crime groups in the former Soviet Union was temporary and has now changed: ‘There were criminal times ... We must forget these times today. These people (criminals) are not bad, they are just products of those times. Everything has improved. There is no organized crime in Russia now. It’s finished!’.³⁶

³¹ Among the murdered bankers were directors of Proftech Bank, the Bank for Development of the Wood Industry, the Techno Bank, the Pragma Bank, the Eurasia Bank and the Agroprom Bank. None of these murders was solved.

³² Interview with Vitaly Diomochka, alias Bondar, in: Gentelev 2010.

³³ Interview with Vladimir Ovchinsky, in: Gentelev 2010.

³⁴ Quoted from an interview in the *New York Times* ‘Vory v Zakone has hallowed place in Russian criminal lore’, Tuesday, 29 July 29 2008. Vadim Volkov (European University at St. Petersburg) is the author of *Violent Entrepreneurs. The use of force in the making of Russian capitalism*.

³⁵ Interview with *vory v zakone* Leonid Belunov, alias Makintoch, in: Gentelev 2010.

³⁶ Interview with *vory v zakone* Alimzhan Tokhtakhounov, alias Taiwanchik, in: Gentelev 2010.

New Mafia Wars in Russia?

On 28 July, 2009 *vor v zakone* Vyacheslav Ivankov, alias Yaponchik, was killed at the entrance of a restaurant in Moscow by a sniper. Though killings are part and parcel of the *vorovskoi mir* in Russia, this specific case may be seen as more than just another assassination. Yaponchik was considered by many to be a symbol of the rise and fall of the old-style *vory v zakone*. In the 1960s Ivankov became a member of a Moscow gang. He was crowned as a *vor v zakone* in 1972 in the Far East and became the ‘godfather’ of the region. In 1980 he was sentenced to 15 years for robbery, but his name, stature and connection with politics led to his release in 1991. At the decision of the *schodka* he was sent to the USA to establish the so-called *Organizatsiya*, with headquarters in Brighton Beach in New York. In 1995 he was convicted for extorting \$3.5 million from two Russian immigrant businessmen. He was extradited to Russia in 2004 to face charges of murder. However, under the pressure of numerous politicians, public figures and artists with whom he kept close contacts, he was once again released.

Having been in prison in the USA for such a long time did not work in his favor. Though still highly respected as a *vor v zakone* he belonged to an old-style criminal camp and was unable to find his place in a changing world, where new young criminal businessmen had taken over the criminal activities and had begun to dominate the Russian criminal scene. Ivankov adopted a position of neutrality, he had no ‘business partners’ and no gang of his own. His role was restricted to arbitrating conflicts between criminals.

One of these disputes was between the Kurdish *vor v zakone* Aslan Usoyan, alias Ded Hasan, and the Georgian Taniel Oniani. Some speculated that Ivankov would be on the side of Ded Hasan. Together Yaponchik and Ded Hasan had allegedly called for Oniani to be uncrowned as *vor v zakone*. According to a former Ivankov attorney Yaponchik’s allies were ready to kill Oniani at the first opportunity and it is possible that Oniani was one step ahead. Another reason that Ivankov was killed is allegedly that he cooperated with Ded Hasan against Oniani in attempting to take control of construction rackets for the Sochi Olympics Games in 2014 which were worth about \$80 billion.³⁷

The actual motive for the murder remains unknown. At Yaponchik’s funeral, the Slavic *vory* promised to find the person who ordered his killing and to avenge him in the same way. One year later, on 16 September, 2010, Ded Hasan was shot in Moscow by a sniper in the same way as Yaponchik had been, in the stomach. Perhaps the supporters of Ivankov thought that the order to kill Yaponchik actually came from his friend Ded Hasan. On the other hand, the symbolic message of the shooting could mean that all rivals of Oniani would be destroyed in the

³⁷ *Moscow News*, Yaponchik’s death to provoke gang war, 19 October 2009, at: <http://www.themoscownews.com/proetcontra/20091019/55390717.html>.

same way.³⁸ Oniani himself was blamed for the killing of *vor v zakone* in the criminal *bratva* and is now in danger, and two of his underworld allies have already been killed in Europe.³⁹

The latest events in the Russian underworld confirm that the conflict continues between traditional *vory v zakone* and a new generation of post-reform criminals so that Taiwanchik's wishful thinking about the end of the 'criminal period' in the post-Soviet era is just not a reality. The mafia is still alive and has also produced numerous victims in Russia in 2011. Similar to previous historical periods, today we observe not only a struggle for the control of territory, clients and markets, but also for the survival of the *vorovskaya idea*, the ideological justification for criminal behavior. Russian law enforcement has little hope of solving the killings as mentioned above, due to a lack of evidence and because the Code of the *vory v zakone* prohibits them from assisting in official investigations and encourages the members to avenge their bosses themselves, which in its turn initiates yet another new round in the Russian mafia wars.

Conclusion

The so-called Russian mafia has a rich history and there has always been a nexus between organized crime, politics and the economy. By the end of the twentieth century, the chaos caused by rapid privatization had almost disappeared. Criminal bosses had accumulated huge capital and were able to slowly transform themselves into respectable and legitimate businessmen. Many of them joined Russia's political and economic elite. Today, the Russian mafia has embedded itself in all sectors of Russian society thus becoming legitimized. Illegal financial activities, such as demonstrated by the example of Semyon Mogilevich, illustrate the parasitic involvement of organized crime in international business. On the other hand there are also crime bosses who invest their capital in legal businesses, expecting that over a period of several years the origins of their money will have become obliterated in multiple transactions and be integrated in legal commerce, while their criminal records will also be 'laundered' by their legal and philanthropic activities.

The former Soviet Union is too small a territory for the activities of post-Soviet criminal organizations, which are always in search of new markets, new illegal products and new clients. Russian organized crime is active in many European countries, the USA and Canada, and is continuously searching for new markets, clients and opportunities.

With regard to the traditional criminal world of *vory v zakone*, it would appear that though many old-style criminals have been able to adapt to the new business-oriented

³⁸ In 2010, Usoyan survived an attempt on his life. He now lives in a suburb of Moscow guarded by a dozen armed men.

³⁹ Oniani was extradited to Spain at the request of Interpol.

situation like chameleons, for hundreds of them the traditional Code and *ponyatiya* remain important. The conflict between two generations of Russian criminals manifests itself in an ongoing mafia war in Russia.

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Chapter 3

Turkish Organised Crime: From Tradition to Business

Mark Galeotti

Abstract Turkish organised crime has traditionally been defined in terms of its cultural legacies, ethnic and clan loyalties and the failings of a state still going through a difficult transition to modernity and all-too-willing to co-opt gangsters into the ‘deep state’ dominating politics behind the facade of democracy. However, a colourful and increasingly mythologized underworld of ‘old men’, feuds and blood oaths is being swept away by the pressures and opportunities of the contemporary world, especially one in which Turkey’s location makes it an ideal bridge to and from the European Union. While Turkish-based gangs have been involved in trafficking a wide range of illegal commodities, from human beings to stolen cars, they are above all connected with the narcotics business, especially Afghan heroin. Having become Europe’s wholesale suppliers of heroin, they have diversified into a range of associated activities, from money laundering to other drugs, including methamphetamine, cannabis and Latin American cocaine. In the process, the pursuit of profit has eroded old loyalties and clan- and family-based forms of organisation, leading to the rise of a business-minded criminal elite willing and able to forge alliances across ethnic and national divides (including old splits between Kurds and ethnic Turks). While still powerful, the Turkish gangs are thus much less distinctive in the modern, globalised underworld.

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Origins and Organisation

Organised crime in Turkey has long and strong historical and cultural roots, especially in respect of the international drugs trade, but its development to a considerable extent parallels that of its Italian counterpart. In Italy, the Mafia drew on a romanticised tradition of the bandit who is also a local figure of social authority to portray itself as somehow a positive force, criminals in the eyes of the state but allies of the peasantry (regardless of the reality, which was that they preyed rapaciously on the ordinary people). Likewise, in Turkey the urban *kabadayi*, local strongmen who took advantage of the transition between the old model of policing by Janissary soldiers and modern law-enforcement agencies also provided an archetype on which the gangsters could draw (Deal 2010).

The romanticised notion was that at a time when the state could not maintain law and order, they filled the vacuum. They were “men who protected a neighbourhood or a district in Istanbul. Brave men with a heart that was good, strong men who knew how to use a knife, experienced men who went to prison again and again to pay for their deeds... They preserved the peace and kept their area safe” (quoted in Bovenkerk and Yesilgoz 2004: 203). In practice they tended to be petty urban warlords more than Robin Hoods of Istanbul. Nonetheless, this image is still invoked to provide a spurious legitimacy to organised crime groupings which emerged essentially from an uneven economic and social transition into modernity and a state which was often illegitimate but proved willing to work with or tolerate criminals able to be useful (Yesilgoz and Bovenkerk 2004).

Even back to the eighteenth century, there were organised crime gangs operating in Istanbul, at least, especially associated with theft, prostitution, counterfeiting and protection racketeering (Zarinebaf 2011). However, it appears to have been in the twentieth century that they moved from being essentially local and often transient gangs operating in the margins of society and cohering around a charismatic leader or family ties into more extensive and sophisticated groups also able to develop connections with elements of the state or elite. By the 1940s, some babas were involved in the drug trade (Tebib 2011), but it was especially after the Second World War and the rise of a modern economy and multi-party democracy after 1945 that this process began to accelerate. Largely a product of the 1960s and 1970s, these gangs originally combined traditional values and social organisation with exploitation of the weaknesses and disconnections of the emerging Turkish state (Bovenkerk and Yesilgoz 2004). In the 1980s, the expanding opportunities from the drug trade, as well as massive opportunities for embezzling state resources in alliance with corrupt officials and politicians, helped transform smaller scale and local gangs into major organised crime operations (HatipKarasulu 2005).

Organisation

Turkish organised crime has historically been dominated by a handful of clans or extended families: in the 1990s, some sources suggest 12, others put the figure as high as 20, but the higher figures probably erred in counting lesser branches of major groups as separate gangs (Galeotti 1998). They were typically dominated by a senior *baba* ('father' or 'old man'), a head of family, and his immediate allies and kin, but even by then they were no longer organised strictly or even primarily by bloodline. Instead, they were becoming increasingly inclusive and fluid in their structures, 'adopting' useful new recruits regardless of kinship and abandoning pyramidal hierarchies for a compartmentalised network of semi-autonomous cells.

This is particularly the case since 2006 with the conviction in the UK of Abdullah Baybasin who, with his brother Huseyin (convicted of drug smuggling in the Netherlands and sentenced to life in 2002) ran arguably the most powerful Turkish organised crime network across Europe, one specialising in heroin trafficking and also involved in protection racketeering, money laundering and a host of other crimes (Thompson 2002). The Baybasin clan, which began importing and processing heroin in Turkey's south-eastern Lice district, close to the Syrian border, in the 1970s, rose to become key players within the European drug market in the 1990s. The Baybasins represented an interesting transitional case, in that they rose as old-fashioned babas and relied on kin relationships for recruitment and loyalty as they rose to power, but they proved willing to step outside that and attract and promote outside their personal circle. They blended traditional charismatic leadership with a managerial approach that emphasised efficiency and advancement by results which helps explain their rise within a Turkish criminal milieu which until that point had often been characterised by amateurism, tradition and clientelism (Whittam 2007).

Their very stature proved their undoing, though, in that not only did it focus law-enforcement attention upon them, it also encouraged them to be especially brazen in their activities. In London, for example, having initially worked with the 'Kurdish Bulldogs' street gang, Abdullah Baybasin then raised a gang of young Turkish mobsters who went by the name the *Bombacilar* ('Bombers') and acted as his enforcers in an increasingly violent series of incidents. In 2001, for example, Turkish and Albanian criminals engaged in a daylight firefight when the former ambushed the latter in response to their efforts to challenge the Turks' dominance of the heroin importation business. In 2002, the so-called 'Battle of Green Lanes' saw up to 40 Turkish and Kurdish criminals clash with knives, baseball bats and pistols, leading to one fatality and numerous serious injuries. In this instance, the *Bombacilar* were facing off against partisans of the Kurdish separatist movement the PKK who, according to which account one accepts, were either seeking to prevent Baybasin's gang from extorting local Kurdish businesses or else were feuding over who got to run the local protection racket (Carlson 2005).

The Baybasins' network stretched from Turkey through the Balkans and into Germany, Belgium, the Netherlands and the UK. In the process, it was able to

manage the heroin market to a degree and also forced the key actors to recognise certain broad rules of behaviour. Given that it was in their interests to be able to work with the Baybasins, other Turkish gangs had to accept their primacy as first among equals. This led to a reduction in internecine conflicts, as the Baybasins also acquired a secondary role in resolving inter-gang disputes in Turkey and among heroin traffickers. There was no grand unification of Turkish gangs in Europe: studies in Germany, the UK and the Netherlands underscored that they remained “a galaxy of independent dealing enterprises” (Paoli and Reuter 2008: 20) which nonetheless operated within a broadly common underground market (Paoli 2000; Bovenkerk and Yesilgoz 2007; SOCA 2009–2010).

Although Abdullah Baybasin was released from prison in 2010 and a dozen family members remained active and on Interpol’s radar (Thompson 2002), their network largely fragmented while he and his brother were in prison and the result has been to introduce a renewed element of competition and freedom to the European heroin industry. Less flexible and effective smuggling organisations have been vulnerable either to rivals or to the police. The market is increasingly characterised by flexible but often short-lived alliances between smaller, more entrepreneurial gangs willing to cooperate across clan, ethnic and national lines.

Within Turkish organised crime, this has led to a paradoxical polarisation. Smaller gangs are once again often based on tight family or clan lines, as this offers a greater degree of loyalty and security. This has been demonstrated to be the case, for example, within gangs operating in the Netherlands on the basis of the Turkish diaspora there (Bovenkerk and Yesilgoz 2007). On the other hand, they operate within looser and often temporary networks, within which semi-autonomous gangs and individuals may even have links with more than one of the major clans. The days of the *baba* that combined clan and gang authority are all but gone, and the typical new gang leader is younger, less interested in traditional status within a clan and more of an entrepreneur interested in profit and the trappings of success but much less about traditions, ancient feuds, ethnic identity and custom. A study of organisations which came to police attention around the turn of the millennium, for example, found that structurally these gangs resemble business firms more than the old-style personal followings of charismatic clan leaders (HatipKarasulu 2005: 224–230). In other words, they are organised to maximise efficiency and in accordance with the needs of their ‘businesses’ rather than reflecting personal loyalties, kin relations or other cultural or sentimental factors.

Ethnicity

In this, the Baybasins were also catalytic. Ethnically, they are Kurds, but they proved good businesspeople and unusually willing and able to ignore traditional enmities with the Turkish majority. Turkey is overwhelmingly populated by ethnic Turks (accounting for up to 80% of the total), with a substantial Kurdish minority (15–18%), especially in the south-east of the country, and a variety of much

smaller minorities, from Abkhazians to Zazas. Organised crime has historically very much followed ethnic lines, with Turkish, Kurdish and other groups constituting themselves on the basis of cultural, clan and family lines. This traditional form of organisation offers a range of advantages, from denser internal ties of loyalty and mutual interest to a pre-existing social support base in which to find sanctuary and from which to draw new recruits.

Following the Second World War, and especially from the 1960s, there was a significant outflow of young workers and migrants from Turkey, above all into northern and western Europe. This also facilitated a limited expansion of Turkish organised crime operations, as gangs relied on ethnic and family links among immigrants and temporary labourers in other European countries (especially West Germany) for local contacts, and above all their drug distribution networks. In the process, Turkish (and Turkish Kurd) gangs worked extensively with criminals from other cultures but nonetheless retained their own distinct identities.

The 1980s, though, saw a substantial expansion in their heroin trafficking activities, and faced with the challenges of running major operations with a continent-wide market, these gangs increasingly withdrew from efforts to sell drugs retail (except on a small-scale basis within their own emigre communities) and instead focused on the wholesale trade, selling consignments on to local groups. While the Turkish diaspora within the European Union remains a key strategic asset, providing local agents, contacts and security (Europol 2011: 9), they also began to adopt an increasingly flexible business model, sub-contracting distribution to other gangs outside their own communities. It led to an increased reliance on criminals of other nationalities. In the 1990s, for example, they began depending heavily on Albanian gangs for actually transporting and distributing heroin shipments in Europe (Xhudo 1996). Turkish and Albanian gangs together remain the dominant heroin importers into Europe as of 2011 (Europol 2011: 8). On a microscale, in the Netherlands, Turkish gangs use Dutch drivers as heroin couriers because they are less likely to be stopped (Bruinsma and Bernasco 2004: 87). Furthermore, the scale of operations and the profits to be made also broke down traditional barriers between Turkish and Kurdish gangs and while Turkey and a Kurdish insurgency were still very much at war, with both combatants relying on links with 'their' criminals for intelligence, resources and coercive capacity, those criminals themselves also demonstrated a willingness to cooperate regardless of ethnic divisions and conflicts. When the Baybasins clashed with PKK loyalists in London, for example, they did so over control of a lucrative protection business and not for political reasons.

Politics and the 'Deep State'

A further complication within the Turkish underworld has been the presence of overtly political factions, for whom narcotics trafficking was originally adopted as a vital source of revenue, even if in many cases it soon became the end rather than

the means. Behind their political rhetoric, many of these groups either came to resemble the ‘genuinely’ criminal groupings or actually became incorporated within them.

The Kurds, people living in south-eastern Turkey, northern Syria and Iraq and western Iran, have since 1984 been fighting an often bitter war for independence or autonomy. As is discussed more fully below, the Kurdish guerrillas of the *Partiya Karkeran Kurdistan*—Kurdistan Workers’ Party (PKK) have traded in drugs to fuel their operations, being named under the US Foreign Narcotics Kingpin Designation Act in 2008. In practice, the PKK has largely managed to avoid losing its political identity and is not so much directly involved in the trade as charges ‘rents’ to gangs for the use of PKK-held territory to grow opium, site processing facilities or simply for safe transit routes, although there is some evidence that this is changing. In addition, they have been involved in other criminal activities such as migrant trafficking and protection racketeering.

Narcotics have reportedly also been trafficked by Turkish Marxist revolutionary groups such as Dev Sol (the Revolutionary People’s Liberation Party-Front) as well as pro-government (or at least anti-PKK) elements, including Kurdish leaders and militias co-opted by the government as local auxiliaries and informants such as the Village Guards. In 1985, the government began recruiting Kurdish militias, originally simply to protect pro-government settlements but increasingly to take a more active role in the war. These Koruculari (from the official term *Geçici ve Gönüllü Köy Korucuları*, ‘Temporary and Voluntary Village Guards’), who numbered at peak almost 60,000 paramilitaries, were mostly recruited from a handful of clans and loyal to traditional leaders. Originally, they were simply subsidised from the state budget, but in some cases they took advantage of their privileged position to raise revenues (part of which goes on the war effort), by protection racketeering and drugs trafficking (Nezan 1998). According to a 2006 report from the Turkish Interior Ministry, of the 57,757 Koruculari, almost 5,000 of them were involved in criminal activities (Today’s Zaman 2009).

They were not the only ones who took advantage of their role and protection to engage in extortion and drugs trafficking. The right-wing Grey Wolves terrorist faction was linked with government death squads in the 1970s, as well as attacks since, including the murder of more than 60 Kurdish intellectuals in 1992. It has since reportedly been able to draw on its variety of shadowy and useful contacts, which it has been able to use to develop its international drugs trafficking. Turkish organised crime has thus worked with and played off a whole array of political factions and figures, from the PKK to the extreme right. In the process it became associated with the so-called ‘deep state’ (*derin devlet* in Turkish), a shadowy state-within-a-state within which conspiratorial actors including military and security officers are assumed to have dominated the country’s politics behind the scenes using, among other tools, criminals and paramilitaries.

Lest this sound like paranoia, it is worth noting that former prime minister Suleyman Demirel and current counterpart Tayyip Erdogan have both attested to the existence of the ‘deep state’ from the 1970s through at least to the early years of the twenty-first century (Gingeras 2010: 154–156). Thus, there is good reason to

accept that while successive Turkish governments have sought to combat organised crime, there have also been—in the recent past, at least—close and collusive alliances between elements of the state and the underworld, not least in the war against Kurdish insurgents, and the preservation of the political status quo.

Corruption

This has had a corrosive effect on Turkish political culture. Administrative corruption is still endemic, especially when concerning sectors known for their criminal penetration (such as the construction industry and banking). There has also been ample evidence of corrupt links between officials and criminals willing to pay for intelligence and impunity. This reached a high point in the 1980s and 1990s. The late İnci Baba, for example, one of the most notorious leaders of Turkish underworld, was frequently photographed alongside Suleyman Demirel, president from 1993 to 2000 (Nezan 1998). In 1995, Turkey's late President Turgut Ozal was implicated in business dealings with another powerful *baba*, convicted murderer Alaatin Cakici. These collusive relationships were best illustrated by the infamous 'Susurluk incident'. On the night of 3 November 1996 at Susurluk in western Anatolia, a truck hit a car, killing three of the passengers and wounding one other. Two of the dead were local police chief Huseyin Kocadag and organised crime leader Abdullah Catli, at the time on Interpol's wanted list and officially on the run from the Turkish police since 1978, and yet who was carrying six different sets of identity documents issued by the Turkish authorities (Jenkins 2008). The wounded man was parliamentarian Sedat Bucak, a representative of the True Path Party (DYP) and a key figure behind the Village Guards. The wreckage of the car also contained several handguns, two machine pistols with silencers, police identity cards and diplomatic passports (Bovenkerk and Yesilgoz 2004).

Susurluk proved something of a turning point. The independent enquiry established to review the case, rather than the anticipated cover-up, proved to be a serious and fairly comprehensive report and for the first time formally acknowledged the informal links between organised crime and the state. Interior Minister Mehmet Agar was forced to resign when it emerged that he had met the three men just before the accident. Tansu Ciller, leader of the DYP and prime minister 1993–1996, publicly praised Catli after his death for his role in a secret death squad established by Agar to fight the PKK, the Armenian terrorist movement ASALA, and later faced allegations of corruption that have neither been confirmed nor disproven in court (Nezan 1998). While it would be premature to say that Turkey has turned its back on such relationships since then, the Susurluk incident did change the political environment, at least in part. It brought previously-covert relationships to the surface, empowered the media to investigate and comment on them and, in the process, helped in a small way to erode the culture of impunity which had previously existed when it came to officials and politicians being able to use and make alliances with criminals (Robins 2008).

The Turkish Connection: Narcotics Trafficking

Turkey has long been involved in the transnational narcotics trade, not least as a result of its position and consequent role as a hub for trade between the powers of the age, whether Islam and Christendom in the medieval and early modern era or Europe, Asia and the Middle East today. Opium has been grown there since the eighth century and by the nineteenth century, Turkey had become a key European supplier of the drug (Chouvy 2010: 19). Whole regional economies became heavily dependent upon opium production. The western town of Afyon, for example, used to be called ‘Afyonkarahisar’: literally, ‘black castle of opium’ (Whitaker 1987: 304). In the 1920s, Turkey had become a haven for “semilegal and clandestine factories” established to process heroin, even if by the 1930s the industry largely relocated to Asia (Paoli et al. 2009: 32).

From Producer to Wholesaler

Between the 1950 and 1970s, morphine base from Turkey and the Lebanon was converted into heroin in and around Marseilles by Corsican groups. Some was trafficked in Europe, much (through the so-called ‘French Connection’) shipped to North America. In the 1970s, the Turkish government bowed to mounting international pressures and began a heavy-handed campaign to eliminate the domestic production of opiates (Chouvy 2010: 172–173). This was a substantial challenge: as of 1971, 40% of Turkish farmers were cultivating poppies as their main or a subsidiary crop, while whole regional economies were dependent upon opium production (Whitaker 1987: 301). Nonetheless, domestic production did decline, but the country’s role as a transshipment point continued as the groups involved simply abandoned production and concentrated on the trafficking of opiates from the Golden Triangle (Burma, Laos, Thailand) and, especially, Golden Crescent (Afghanistan, Pakistan and, later, post-Soviet Central Asia). As importantly, the Turks developed closer links with the Sicilian Mafia, and processing moved to Palermo, using precursor chemicals (ether, acetic anhydride and hydrochloric acid) from sources ranging from France to Bulgaria. At its peak, in the early 1990s, up to 85% of the heroin in Europe had been processed in or traveled through Turkey: some 4–6 metric tons each month (Marotta 1995: 231).

Since then, there has been a diversification of the European narcotics industry and new players have entered the scene, including the Apulian *Sacra Corona Unita* and Calabrian *ndrangheta* in Italy and Russian and other East European groups. Furthermore, the ‘northern route’ through Russia has become an increasingly important alternative channel for Afghan opiates. Nonetheless, for the moment Turkish-based drug-trafficking organisations still dominate the wholesale heroin supply to the continent. The drugs arrive from Asia either across land borders with Georgia, Armenia, Azerbaijan, Iran, Iraq and Syria or by sea from or via Syria and the Lebanon (SOCA 2009–2010: 25–27).

The Kurdistan Haven

Drug-trafficking organisations also made full use of the opportunities provided by the long-running Kurdish insurgency in eastern Turkey. To an extent, the Kurdish guerrillas of the PKK trade in drugs to fuel their long-running war against the Turkish (and now Iraqi) state, but they also rely on ‘rents’ charged to Turkish and Kurdish organised crime gangs for the use of fields to grow opium within their area of operations and ‘tolls’ for the use of safe transit routes through these areas. After all, while Turkish government forces do not recognise any parts of Kurdish Turkey as ‘no go areas’, nonetheless they are severely constrained in their operations there (Curtis and Karacan 2002: 19–21).

The PKK’s exact revenue from its direct and indirect involvement in the drug trade is a matter of dispute. Estimates range from \$50 to 100 million a year (Steinberg 2008) to a rather less plausible \$2.5 billion (Cagaptay 2008). The presence of the PKK also in areas outside Turkey, such as Lebanon’s Beka’a Valley, further complicates these estimates, but a general consensus is that the total revenues may be around the \$100–200 million mark, although it is uncertain how much of this reaches the PKK’s central coffers and how much is skimmed off by individuals. After all, in a pattern familiar to ‘narco-terrorist’ movements across the globe, the PKK’s involvement in drug trafficking, while adopted as a means of raising operational funds, increasingly has subverted the ideological purity of the movement and led to the rise of individuals within it more interested in enriching themselves under the false flag of ethnic liberation.

While for obvious reasons the Turkish government wants to present the PKK as the dominant force within the heroin trade through the country, this is also a distortion of the truth. First of all, even within Kurdish regions, pro-government elements are also engaged either directly in trafficking or in taxing and protecting the traffickers. Secondly, the majority of the wholesale heroin trafficking in Europe is handled by non-Kurdish Turkish gangs. This demonstrates that even if most of the shipments passing through Turkey do so across Kurdish territory, this does not translate into Kurdish dominance of the trade. Instead, this is a pan-Turkish business able to transcend political and ethnic divisions in the name of profit and security (Mincheva and Gurr 2008; Jonsson and Cornell 2008).

Organising the Business

Turkey-based organised crime groups are in an interesting and distinctive position in that they handle neither the production nor the end-sale aspects of the trade so much as marshal the business as a whole. The overwhelming majority of the opiates they traffic is produced in Afghanistan, with smaller amounts grown in Pakistan and elsewhere. The opium poppy crop is bought or seized by local warlords and sometimes processed in the region, but more often sold on to criminals associated with the Turks. Increasingly, these are Iranian middleman,

in some cases linked to the Iranian Revolution Guard. A leaked secret US diplomatic cable from 2009, for example, refers to claims that Azerbaijan-based Iranians were acting as agents for the Revolutionary Guard, “obtaining spare parts and equipment” paid in part by “managing Iran-origin narcotics trafficking” and also highlights the business connections between supposed Iranian agents and Turkish criminal and business organisations (US State Department 2009).

The opiates are usually processed in Afghanistan, Pakistan or Iran—some Turkish Kurdish gangs now reportedly have interests in heroin laboratories operating in Iran near the border—(US State Department 2011) or in rare cases processed in Turkey or the Balkans after being smuggled raw into south-eastern Europe. The traditional ‘Balkan Route’ is by land through Pakistan and Iran into Turkey, and thence into Europe via the Balkans. However, this has been supplemented by a ‘Black Sea Route’ from Afghanistan and Pakistan via Iran, Azerbaijan, Georgia and Ukraine directly into the EU via Romania, Hungary and (through Belarus) to the Baltic, and also a ‘Northern Route’ through Azerbaijan, Georgia, Russia and Ukraine and into Central and Northern Europe. A fourth key route is a maritime one, using vehicle ferries to move customs-sealed TIR cargo trucks with hidden heroin consignments into Italy from Greece and Turkey, and then into the rest of Europe.

Turkish-based gangs are largely not involved in the street-level distribution of the drugs, beyond some activities within their own ethnic diasporas (above all in Germany) and in a few other areas where they have established networks (such as Lombardy in Italy) (EU 1996: 19; Ministero dell’Interno 1995: 171). Instead, they sell on to local gangs or else to regional distributors. These gangs have since the turn of the century also become increasingly diversified in their narcotics operations, seeking to maximise their profits but also protect themselves from competition for heroin markets and the market’s own vicissitudes by dealing in a range of other drugs. Thus, Turkish gangs are involved in the growing importation of cocaine from Latin America, often traded for heroin (Europol 2011: 10). Likewise, they swap heroin from their Western Balkans stockpiles for ecstasy from Belgium and the Netherlands (Europol 2011: 11). The synthetic drugs are then sold in Turkey or trafficked on into the Middle or Far East. Iranian synthetic drugs are also trafficked into Europe, the Middle or Far East. Indeed, Turks are also involved in funding or managing methamphetamine laboratories both within Turkey and also in the Lebanon (UN INCB 2010: 99–100). Likewise, the Turks deal in cannabis grown in North Africa or in Albania and the Kosovo region, in the latter case often being swapped for heroin (Europol 2011: 13).

Laundering the Proceeds

The global narcotics trade is lucrative, and organisations involved in it are faced with the need to launder substantial amounts of money. Turkish organised crime is heavily involved in this, especially given the lack of effective money laundering legislation in Turkey until relatively late (only in 1996 did the Turkish parliament

pass Statute 4208, a law on money laundering) and the existence of a virtually institutionalised laundry in Turkish-occupied northern Cyprus. The criminals have invested heavily in the latter, especially in casinos and other gambling centres and a banking system grossly disproportionate to the island's needs. The territory has thus also become used by Italian, Russian and other criminals, not only for money laundering but also as a safe haven, and as a neutral ground for meetings. The British Serious and Organised Crime Agency has noted that not only does Northern Cyprus function "as a 'business hub, with criminals from the UK and Turkey travelling to conduct business at meetings facilitated by northern Cyprus-based brokers" but "The unique political situation in northern Cyprus means that some criminals view northern Cyprus as a safe haven" (SOCA 2009–2010: 26, 27).

Gradually improving control over money laundering within Turkey has, if anything, shifted more such activity to Cyprus, as well as encouraging the renewed use of alternative remittance systems such as hawala (an informal, honour-based system based around the personal relationships of brokers). Even though illegal, criminal funds are also often transferred to and through Turkey via the informal sector. These work through wholly independent brokers as well as a range of apparently legitimate businesses, notably money exchange bureaus, jewellers, travel agents and pawn brokers. Much of the revenue from heroin trafficking is reinvested in genuinely or overtly legal businesses. Germany emerged as second only to Turkey itself as a magnet for Turkish criminal profits, much reinvested in government bonds, property, businesses, the tourism and leisure industries (EU 1996: 77). However, in recent years Turkish gangs have diversified their activities, taking full advantage of the new freedoms in investment and banking systems to move money especially into other parts of Europe, the Middle East and North Africa.

Developments and Prospects

Clan and family remains powerful building blocks within Turkish society and thus so too for its criminals. Likewise, the Turkish diaspora is the largest non-European immigrant group in the European Union, with currently more than three million immigrants, their descendants and naturalised citizens and refugees, two-thirds of whom are in Germany, but otherwise scattered throughout the continent (Manco 2002). Nonetheless, the modern Turkish underworld is increasingly being shaped by business opportunities rather than its political and social roots, and in the process becoming less distinctive, if no less significant.

The Changing Narcotics Business

Turkish organised crime remains dominant within the wholesale heroin importation into Europe, but it is being challenged by new actors as increasingly open borders and new communications routes offer alternative opportunities.

For example, while 98% of seizures in Turkey are on the Iranian border (UN INCB 2010: 98), Europol has noted an increasing use for heroin trafficking of commercial and freight air links to the European Union from Pakistan, Iran, India, either directly or via West and East Africa. This has allowed Pakistani and Iranian groups to operate increasingly independent of the Turks who previously commanded the most economical and secure routes (Europol 2011: 8–9). In general, the rise of the ‘Black Sea Route’ and the ‘Northern Route’ has also led to a greater involvement in the business by Russian and other gangs from post-Soviet Eurasia and Eastern Europe.

The actual routes the drugs take do not necessarily demonstrate who runs and benefits from the traffic, though. The ‘Northern Route’ via Russia is certainly an increasingly important one for Afghan heroin, accounting for perhaps 25% of Afghanistan’s total exports (UN INCB 2010: 107). However, while many Russian-based groups benefit considerably from this business, a substantial share is financially underwritten and organised by Turks. Much the same is true of the growing involvement of Bulgarian and Western Balkan gangs in trafficking both cocaine and heroin, in that a considerable proportion of their activities is carried out under the aegis of the Turks, who at the very least receive a share of the proceeds.

Beyond that, the Turkish gangs are identifying new allies, activities and areas of operation. In North Africa, for example, Morocco appears to be a new sphere of interest (Europol 2011: 9). Turkish criminals have begun using it for trafficking of both African marijuana and Latin American cocaine, Moroccans in the Netherlands, Belgium and Spain have been identified as Turkish drug couriers and Turkish and Moroccan criminals have also begun branching out into new areas of cooperation, including cybercrime. The 2005 Mytob and Zotob computer worm attacks, for example, were tracked to Turkish and Moroccan hackers and reflect a shift away from a reliance on traditional criminal specialities (FBI 2006). Turkish gangs are also increasingly involved in ‘polydrug’ operations, diversifying from their traditional reliance on heroin to becoming ‘one stop shops’ able to provide a range of narcotics, including cocaine, methamphetamines and cannabis.

Besides which, even as their direct control of Europe’s drug trade may be being eroded by the rise of new routes and players, Turkish gangs are assuming a new and often-lucrative role as facilitators for a wide range of other criminal organisations, mostly also involved with the narcotics business. For example, West African networks have become increasingly active in bringing cocaine into the Nordic countries, using air couriers. The courier traffic, though, is often organised from Istanbul, and sometimes the drugs move through North Africa with Turkish assistance (Europol 2011: 8). Likewise, Georgian groups traffic South American cocaine into the Caucasus and Russia which has been shipped into Turkey before being moved by land into Greece and across the Black Sea by ship (Europol 2011: 10).

People Trafficking and Migrant Smuggling

Experience in smuggling drugs, a convenient location and a trans-continental network of allies and contacts has also led to the Turks becoming involved in the smuggling of illegal migrants into Europe as well as people trafficking into Europe and the Middle East. In the 1990s, Turkish gangs were involved in people smuggling to a certain degree, with illegal migrants acquiring Turkish passports and taking advantage of an international agreement on visa-free traffic to pass through Bosnia–Hercegovina into Poland, and then typically Germany. As Germany tightened its border security, an increasing number was instead smuggled into Italy through Albania, taking advantage of its long and hard-to-police eastern coast. In this, Turkish and Albanian gangs worked with their Italian counterparts (Galeotti 1998).

However, by 2003, the Turks were playing a growing role in smuggling illegal migrants into Europe and people trafficking. To an extent, the expansion of human smuggling opportunities reflects a growing desire to move to Europe, but it is also a product of developments in international cooperation to block the flow of illegal immigrants along established maritime routes. Europol has noted that “In 2010, a sharp reduction in the use of sea routes was accompanied by a substantial increase in illegal overland entries, overwhelmingly concentrated on the Turkish-Greek border” such that Turkey has become “the main nexus point for illegal immigrants on their way to Europe” such that “illicit entries of migrants from Turkey have increased by over 500 per cent between 2009 and 2010” (Europol 2011: 16, 17). The country’s relatively lax border controls and the relative ease with which entry visas can be obtained help the smugglers’ activities, but again it is noteworthy that while Turks are involved as both smugglers and traffickers, the majority are of different nationalities, predominantly Chinese, Russian, Vietnamese, Albanian, Indian, Iraqi and Pakistani.

Other Commodities and Services

Turkish gangs, while not involved to any great degree in production of counterfeit currency, provide distribution networks for Bulgarian gangs able to produce high-quality euro banknotes (Interpol 2011: 26). Likewise, although Turkish gangs do produce counterfeit consumer goods, they are much more active in importing and distributing Chinese-made products. These arrive by sea at Black Sea, Ionian and Adriatic ports, are often warehoused in the Western Balkans and then distributed to Europe and, to a far lesser extent, the Middle East.

Beyond their engagement in more varied forms of trafficking, the previous sections demonstrate a shift into becoming a service provider for other criminals. This emphasises the Turkish gangs’ demonstrated ability to build long-term and mutually beneficial relationships with a wide range of other criminals. In some cases this is made easier through common linguistic or cultural ties, but is by no means constrained to such cases. Their growing involvement in human smuggling

and trafficking has also led to new alliances with Chinese gangs already engaged in this trade, for example (SOCA 2009–2010: 47). From Iran and Azerbaijan to Russia and West Africa, Turkish-based gangs have begun developing for themselves a niche in facilitating the activities of other criminals, often who lack their established relationships and capacities, or who seek their access to narcotics, or who are hungrier and willing to accept risks the Turks are unwilling to take and would thus prefer to outsource. The increasing efficiency of policing trafficking routes within Europe and consequent tempo of arrests and seizures, for example, is one reason why Turkish gangs are especially eager to encourage other criminals to take on this role. From their point of view, after all, it is safer to concentrate on managing the overall business of transnational heroin trafficking and delegate the actual handling of the drugs within Europe to others.

Conclusions

Within Turkey, there are slow and sometimes two-steps-forward-one-step-back moves to tackle the institutional structures and incapacities which have nurtured and protected organised crime. Anti-corruption measures have become increasingly serious and there is talk that the *Koruculari* are eventually to be phased out. The PKK is, as of writing, in decline, facing both redoubled pressure from without and defections from within, and despite new opportunities to operate in Kurdish Iraq its future is questionable. Of course, this will not mean an end to Kurdish drug trafficking, but any erosion of the PKK's ability to deploy military force or social capital to shield criminal operations will be a gain.

Nonetheless, as Europol warns, "Of all the [criminal] hubs the South East has seen the greatest expansion in recent years, as a result of increased trafficking via the Black Sea, proliferation of numerous Balkan routes for illicit commodities to and from the EU, and a significant increase in illegal immigration via Greece. ... Albanian-speaking, Turkish and Former Soviet Union criminal groups are seeking to expand their interests in the EU, and may exploit opportunities in the possible accession of Bulgaria and Romania to the Schengen Zone, and recent and prospective EU visa exemptions for Western Balkan states, the Ukraine and Moldova" (Europol 2011: 6). As long as heroin addiction is not a serious problem within Turkey itself and some feel that the criminals might be useful, there will necessarily be problems mobilising the necessary political will to launch a comprehensive campaign against domestic organised crime (Paoli et al. 2009: 288).

Since the turn of the millennium, there has been a distinct upturn in the scale of the Turkish state's campaign against organised crime and drug trafficking (Robbins 2008; Paoli et al. 2009: 288). This reflects a whole collection of reasons, from decreased public and international tolerance of malign state-crime relationships to a growing awareness of the costs of inaction, not least to Turkey's hopes of being regarded as a credible partner in Europe. This is in parallel to a similar slow but noteworthy shift away from the acceptance of corruption within business, because of both domestic and external pressures (Ogotcu 2005).

However, the challenge from Turkish-based organised crime will not disappear in the foreseeable future. Furthermore, as it loses its cultural distinctiveness and becomes one more collection of actors in a global underworld characterised by entrepreneurialism, profit-seeking and short-term alliances with other criminals regardless of creed, nationality or opinion, its capacity to offer drugs, services and tradecraft to new generations of criminals will only increase. In this respect, the ‘upperworld’ may yet come to feel some nostalgia about the old days of *babas*, blood feuds and clans, when Turkish organised crime was less entrepreneurial, flexible, networked and unpredictable.

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Part II
Organized Crime in the Asia

Chapter 4

Traditional Organized Crime in the Modern World: How Triad Societies Respond to Socioeconomic Change

T. Wing Lo and Sharon Ingrid Kwok

Abstract A triad society is a well-established, cohesive branch of Chinese criminal organizations focally aimed at monetary gain. Abiding by the same code of conduct and chain of commands assured the formation of blood brothers with one solitary aspiration. With such authority and manipulation amid the triad syndicate, this aspiration inevitably resulted in the running of illicit activities in triad-controlled territories. As the intimacy between Hong Kong and China grew deeper, an upsurge of cross-border crime has emerged since the 1990s. Prosperity in China caused a process of mainlandization of triad activities because of an ever-increasing demand of licit and illicit services in Chinese communities. Consequently, triad societies have changed from a rigid territorial base and cohesive structure to more reliance on flexible and instrumental social networks. They are entrepreneurially oriented and involved in a wide range of licit and illicit businesses based in Hong Kong but spread to mainland China.

Introduction

The Chinese triad society, or Hung Mun, was founded in the seventeenth century in China with a strong patriotic doctrine, but since the Second World War it has gradually disintegrated into a number of triad societies operating independently of each other in Hong Kong. They are organized criminal syndicates using triad names

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to pursue monetary gain. In Hong Kong, it is unlawful for anyone to act as a member of a triad society. It was found that there were 294 active youth gangs in Hong Kong, under the control of 19 triad societies¹ (Lo 2002). The three most active triad societies are the 14K, the Sun Yee On, and the Wo Shing Wo (Liu 2001: 57).

This chapter outlines the conventional triad structure and activities and highlights how the triads change in response to the socioeconomic changes in Hong Kong and mainland China. It is argued that because of the stepping up of anti-triad measures in Hong Kong and the growing prosperity in mainland China, a process of mainlandization occurs whereby triad societies are attracted to launch some of their operations in the mainland. Because of this move, structurally they become disorganized and business-wise they become more entrepreneurial.

Conventional Triad Structure and Activities in Hong Kong

Traditionally, triad organized crime was facilitated by an established organizational structure (Fig. 4.1). The chairman of a triad society was known as Shan Chu (secret triad code 489), who was assisted by the Fu Shan Chu (Deputy Chairman, 438) and had the authority to make final decisions in all matters relating to the society. Assisting him were two officers of equal standing, Heung Chu (Incense Master, 438) and Sin Fung (Vanguard, 438), who had seniority in ranking and age. They were responsible for initiation and promotion ceremonies, as well as recruitment and the expansion of the society. At the middle-level were three officers: Hung Kwan (426), Pak Tsz Sin (415), and Cho Hai (432). Hung Kwan in Chinese means 'red pole', signifying a weapon used in fighting. This officer is well-trained in Chinese martial art or tough and brave in fighting. He is the leader of fighters during triad warfare and also responsible for inflicting punishment on traitors. Pak Tsz Sin in Chinese means 'white paper fan', used by intellectuals in ancient China. This officer is the mastermind of the society and normally appointed from amongst the most intellectual and educated members. He is the society's advisor, thinker, and planner. Cho Hai in Chinese means 'straw sandal', often used by messengers and travelers of ancient time. Being the liaison officer of the society, he becomes the intermediary between the society and its branches. At the bottom of the hierarchy are Sze Kau (49) or ordinary members, who form the majority of the society. Under the Sze Kau, there is a kind of affiliated membership called Hanging the Blue Lantern. The former has undergone a formal initiation ceremony in order to become a triad member, while the latter has not. Both terms are now used to identify triad members of the lowest rank.

Triad subcultural values included loyalty to the gang, righteousness, secrecy, and sworn brotherhood. There were clear rules, rituals, oaths, codes of conduct and

¹ They were 14K, Big Circle Gang, Shui Fong (Wo On Lok), Wo Hop To, Wo Shing Wo, Wo Shing Yee, Wo Yee Tong, Wo Kwan Lok, Li Kwan, Chuen Yat Chi, Lo Tung, Lo Wing, Dan Yee, HunanGang, Sun Yee On, Fuk Yee Hing, Luen Kung Lok, Luen Ying Society, and Hwok Lo.

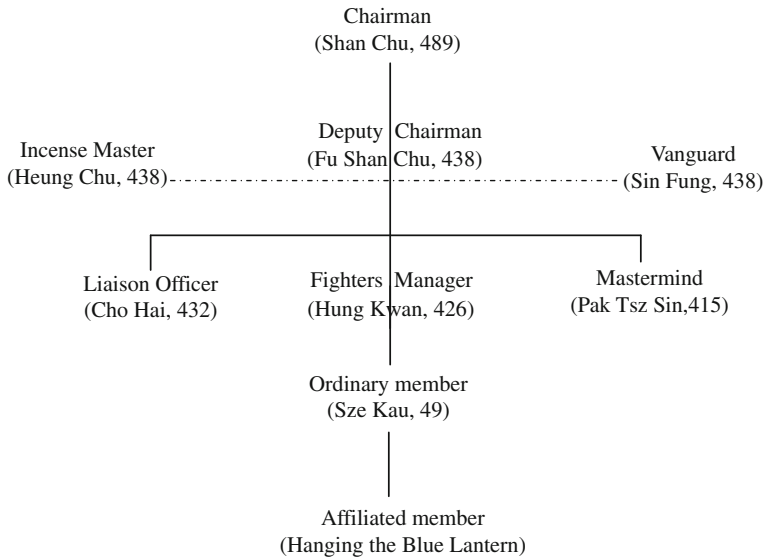


Fig. 4.1 Structure of a traditional triad society by rank

chains of command, as well as a central control over the behavior and activities of the triad’s members. Triad norms and control mechanisms directed members in what they should do and not do, thus fostering cohesiveness and unity within the triads. Such structural and subcultural control facilitated the triads in compelling gang members to run illicit activities. Triad members were required to regard themselves as one family and blood brothers; they were expected not to do harm to their brothers even under untoward circumstances and to sacrifice themselves for the triad society (Chin 1990; Lo 1984). Triad members would take revenge if their brothers were attacked by rival gangs.

Territoriality was another key element of triad organized crime. Even today, different triad societies have their own turf or monopolize certain economic sectors, without interfering with one another (Zhao and Li 2010). Clashes and violence occur when rival gangs cross the line and step into their territory. The sense of ‘triad territory’ is reflected in the following case:

On 13 February 2003, at 2 a.m., a leader of the Wo Shing Wo triad, Ying Kit, self-identified as the ‘Tiger of Jordan’, yelled at the patrolling police in front of his followers, “I am in charge of this area after midnight!” He is the first triad member to ever state such a taboo topic in public.

Triad societies have been involved in different forms of violence and street crime in Hong Kong (Chu 2000; Fight Crime Committee 1986; Leong 2002). Broadhurst and Lee (2009) summarize them as follows:

Typical triad-related offences in HK include blackmail, extortion, price fixing, and protection rackets involving local shops, small businesses, restaurants, hawkers, construction sites, recycling, unofficial taxi stands, car valet services, columbaria, wholesale and retail

markets and places of public entertainment such as bars, brothels, billiard halls, mahjong gaming, karaoke, and nightclubs (...) Triads often engage in street-level narcotic trafficking, or operate illegal casinos, football gambling and loan sharking (...) Prostitution, counterfeit products, pornography, and cigarette and fuel smuggling are also important sources of street-level illicit profit for triad societies (Broadhurst and Lee 2009: 14–15).

In addition to conventional criminal activities, some triad societies also engage in legitimate businesses. For instance, they “monopolized the control of home decoration companies, elements of the film industry, waste disposal, and non-franchised public transport routes” (Broadhurst and Lee 2009: 14–15).

Triad Activities in the Era of Political Transition and Economic Convergence

Hong Kong was a British colony between 1842 and 1997. Britain handed Hong Kong back to China as a special administrative region on 1 July 1997. The Sino-British Joint Declaration guaranteed that Hong Kong would maintain high-level autonomy and retain its capitalist system for 50 years under the model of ‘one country, two systems’. China’s resumption of the exercise of sovereignty over Hong Kong not only changed Hong Kong’s political and social life but also produced significant changes in the social order of Hong Kong.

The Issue of 1997 and the Triad Exodus

Before the handover, there was concern about a triad exodus to the West and an expectation that they would expand their activities overseas for fear of a communist takeover. The issue of 1997 worried people from all walks of life. Some wealthy criminals headed for Australia and North America by means of investment, at the time a general trend in Hong Kong society. Like many respectable citizens, some triad gangsters migrated to obtain a foreign passport as an insurance against communist rule. But this by no means implied that they would give up their criminal career. Their money-making drive remained the same. Whenever and wherever there were opportunities to make money, they would seize them, whether it was in Toronto, New York, London, Sydney, Shanghai, or Hong Kong. The positions of triad members who settled down abroad were taken over by their followers or other triad gangs. Due to the increase in legal and illegal business opportunities in mainland China, the expected triad exodus from Hong Kong to the West never happened (Lo 1995; Zhao and Li 2010). Rather, the prosperity of Hong Kong and the surrounding region increased the demand for licit and illicit services provided by the triads, such as the entertainment business and the smuggling of scarce goods.

Cross-Border Crime

Since China began its economic reform in the 1980s, smuggling goods to mainland China, from cell phones, automobiles, electrical appliances to industrial diesel oil, had become a blooming business. Following the growing integration between Hong Kong and the mainland, the 1990s were characterized by the rise of cross-border crime. High-speed vessels containing smuggled goods crossed the sea between Hong Kong and the Chinese border (Lo 1992). Attempting to capitalize on the booming China business market, the triads further forged cooperative relationships with mainland criminal groups. Gangsters from southern China were employed by Hong Kong triads to commit crimes across the border, ranging from contract killings to armed robbery (Liu 2001). Hong Kong triads also invested in the entertainment business in southern China and simultaneously collaborated with local gangs in illegal activities such as drug trafficking (Laidler et al. 2000). Triad societies increasingly invested in legitimate businesses and teamed up with entrepreneurs to monopolize the newly developed Chinese market (Chu 2000, 2005; Lintner 2004). The cheaper vice services and drugs available in Southern China attracted Hong Kong customers to use these services across the border.

In the old days, triad gang wars usually involved only chopping weapons and seldom harmed innocent people. With the rise of cross-border crime, Molotov cocktails were used to fight for triad territories; AK47 machine guns and grenades were used in armed robberies of banks and goldsmith shops in broad daylight. Robbers traded shots with the police with their powerful weapons and turned the busy streets into temporary battlefields. Notorious violent criminals and robberies plagued the early 1990s. It was believed that members of the Big Circle Gang and Hunan Gang (gangsters with China connections and military training) were involved in these violent crimes.² They committed crimes in Hong Kong and hid themselves in Southern China, thus making police investigation difficult.

On the other hand, due to political, cultural, and legal differences, the colonial Hong Kong government had no formal agreement with mainland China in handling criminals. Before starting up the semi-official cooperation to combat cross-border crime in 1985,³ Hong Kong constantly rejected rendition requests from the mainland, because returning criminals to China would “violate Hong Kong’s domestic commitment to the rule of law and international obligations under human

² Amongst them were Yip Kai Foon, who used AK47 assault rifles to rob jewelry stores; Cheung Tse-keung, a notorious kidnapper, robber and arms smuggler, who kidnapped several business tycoons in Hong Kong; and Kwai Ping-hung, formerly Hong Kong’s most wanted man for shooting down police officers while resisting arrest.

³ The PRC-Hong Kong-Macau police started their first semi-official cooperation through the structure of INTERPOL in 1985 to combat coinage crime, smuggling, drugs, and hijacking, and this enforcement platform was extended to other types of organized crimes such as kidnapping, car thefts, and commercial crimes in 1987. Between 1987 and 1997, Guangdong and Hong Kong exchanged 471 notes for mutual assistance (Wong 2004).

rights treaties” (Wong 2004: 21). Because of the lack of close cooperation between the two jurisdictions and the absence of the death penalty in Hong Kong, Hong Kong became a safe haven for fugitives who escaped justice from mainland China. Very little could be done by the mainland police if the criminals hid in Hong Kong (Wong 2004).

The 1997 handover enabled much closer communication and more collaboration between the provincial governments of Southern China and the Hong Kong special administrative region government. The situation is very much different from the era of British rule in Hong Kong. Today, both Hong Kong and mainland China are no longer favorable hiding grounds for absconding criminals, and violent cross-border robberies were rarely seen in the 2000s.

Patriotic Triads

On 31 March 1992, the Minister of Public Security of China, Tao Siju, remarked that some triad members were patriots. Since then, some influential Hong Kong triad leaders were absorbed by the Chinese government through its united front tactic (Lo 2010) for three main reasons. First, it was to avoid disturbing Hong Kong’s law and order and to ensure social stability before and after the transfer of sovereignty. Second, the triads would not be further involved in pro-democratic activities in China, such as the Yellow Bird Action, where over 100 pro-democracy student leaders were smuggled out of China by triad members after the Tiananmen crackdown in 1989. Third, the existence of powerful triad friends in Hong Kong was obviously to China’s advantage because it would bar the infiltration of Taiwanese gangs into Hong Kong to join forces with anti-Beijing liberals or to influence local elections as they did in Taiwan⁴ (Chin 2003). Thus, rather than suppress triad activities, the triad leaders were conferred a ‘patriotic triad’ label by Chinese leaders. This indirectly facilitated them to establish *guanxi* with officials and state enterprises and enabled them to locate and gain access to licit and illicit business opportunities in the mainland (Broadhurst and Lee 2009; Lo 2010). *Guanxi* is defined in China as the “personal relationship and reciprocal obligation developed through a particular social network” (Lo 2010: 853) Williams and Godson suggest that *guanxi* relationships “provide a basis for the global activities of Chinese criminals” (2002: 330).

⁴ In post-war decades, both the Sun Yee On and the 14K triads were closely associated with the Taiwanese government.

Regulations of Triad Activities in Hong Kong

Combating Police Corruption in the 1970s

Before the 1980s, triad activities were fostered by rampant police corruption. The most salient feature of syndicated police corruption was the existence of an informal hierarchy with middle-ranking Chinese officers—usually the detective staff sergeant—acting as the leader. These officers collaborated closely with triad syndicates to govern the criminal world (Cheung and Lau 1981; Lo 1993). As a notorious drug syndicate boss confessed in court, “law did exist: police enforcing it did not...my money did” (Hong Kong Law Report 1984, II: 282). In 1973, the escape of an expatriate Police Chief Superintendent who was under investigation for corruption, elicited mass public outcry and demonstrations by university students and young people. As a positive response, the government established the Independent Commission Against Corruption (ICAC) in 1974. The ICAC made their primary aim the elimination of corruption syndicates in government departments, especially the police force (Lo 1993). On 28 October 1977, two thousand policemen held a mass assembly and marched to the Police Headquarters to present a petition. Industrial action by policemen was proposed, threatening law and order. The Governor responded by issuing an amnesty which fulfilled two functions. First, it signified a cut-off line, an ultimatum. The pardon gave the police only one chance. Second, the limited human resources of the ICAC could be focused on the present situation instead of the past, and thus corruption was no longer a low-risk crime (Lo 1993). In the following years, statistics show that police corruption dropped sharply and syndicated corruption disappeared. Without this protective umbrella, the triads had to rely on their own network and their power had been substantially weakened.

Triad Renunciation Scheme

The government continued to tackle triad activities by introducing the Triad Renunciation Scheme (TRS). A Triad Renunciation Tribunal, independent of government departments and directly reporting to the Governor, was established in 1988. TRS was part of an anti-triad package that attempted to reduce the soaring number of triad activities in the 1970–1980s. Under the Societies Ordinance, a person who had joined a triad society was liable to prosecution whether or not he remained an active triad member, hence the adage ‘once a triad, always a triad’. The Ordinance was amended so that those who were, or believed themselves to be, triad members were allowed to renounce their triad membership. Having renounced, they would be free from prosecution for offences relating to triad membership that predated the renunciation. After 5 years from the date of renunciation, legal proceedings for these offences would lapse and the renouncer would be left with a clean record in respect of these offences.

Under the TRS, triad members had to self-disclose their triad connections to the tribunal. The act of reporting to the authorities of one's triad connection is regarded as a serious breach of triad norms governing loyalty and brotherhood, thus deserving the most serious punishment. This deterred the participation of members of active triad societies (Broadhurst and Lee 2009). Thus, the TRS was criticized as ineffective as it failed to address the underlying structure and sub-culture of triad societies, and consequently, it ended in failure (Huque 1994).⁵

The Organized and Serious Crime Ordinance and Other Related Ordinances

Later, another new legislation, the Drug Trafficking Ordinance 1989, was introduced to control triad organized crime. Due to the complexity of the law and its failure to address the structure of triad organized crime, it tended to target the perpetrators of the crime instead of triad controllers or leaders. As such, it was criticized as ineffective in reclaiming and targeting the wealth of the triads (Broadhurst and Lee 2009). In responding to the problems with existing legislation, the government enhanced police and prosecution powers by the enactment of the Organized and Serious Crime Ordinance (OSCO) in 1994. As a powerful legislative tool to tackle the triads, it enhanced police capability with new powers of investigation and greater control over the proceeds of crime. Its essence was "to redefine organized crime offences, target the wealth of criminals and the means to launder illegal proceeds, to enhance penalties and to prepare the ground for production of evidentiary materials, orders and witness orders" (Broadhurst and Lee 2009: 30).

Before the introduction of OSCO, there was only one piece of legislation defining and governing triad organization and activities, i.e. the Societies Ordinance. According to Section 18 (3) of the Societies Ordinance, *every society which uses any triad ritual or which adopts or makes use of any triad title or nomenclature shall be deemed to be a triad society*. In addition, other specified offences relating to triad membership are outlined in Sections 19 and 20 of the Societies Ordinance: being an office-bearer or claiming to be an office-bearer of an unlawful society; acting as a member of an unlawful society, or attending a meeting of or paying money to an unlawful society; being a member of a Triad Society, claiming to be a member of a Triad Society, attending a meeting of a Triad Society or possessing any books or accounts, writing, lists of members,

⁵ The failure was evidenced in the number of applications to the TRS and the number of successful renounced triad members. About 1,100 triad members applied to renounce their triad membership. Among them, about three quarters were inmates of prisons, and about 45% were young people (between 11 and 20 years old). Eventually, only about 620 applicants successfully renounced (Lo 1991). The scheme was described as ineffective because of its temporary nature and shortage of staff (Huque 1994).

seals, banners or insignia of any Triad Society. Although the ordinance does not specify what rituals constitute triad membership, Section 39 of the ordinance gives the magistrate or judge the right to refer for the purpose of evidence to “*The Triad Society or Heaven and Earth Association*” by William Stanton and to any other published books or articles on the subject of unlawful societies which the magistrate may consider to be of authority to determine if the accused is a triad member. Triad expert testimony is also commonly used in court for determining triad membership.

The OSCO has resulted in substantial changes in the use of evidentiary materials. According to Section 2 of the OSCO, organized crime is defined as any activity connected with the activities of a particular triad society; activity related to the activities of two or more persons associated together solely or partly for the purpose of committing two or more acts, each of which is a Schedule 1 offence and involves substantial planning and organization; or any activity that is committed by two or more persons, which involves substantial planning and organization and involves loss of life, serious bodily or psychological harm, or serious loss of liberty of any person. The offences listed in Schedule 1 of the Ordinance include murder, kidnapping, and other statutory offences related to firearms, drugs, smuggling, counterfeiting, and gambling.

Instead of emphasizing the rituals and titles of conventional triads, the OSCO redefines organized crime groups as any group of two or more persons associated solely or partly for the purpose of engaging repeatedly in offences. The redefinition broadens the range of organized crime subject to the extended investigation powers, and allows for easier identification of triads with a view to investigation and prosecution. The introduction of civil forfeiture regimes for the recovery of criminal proceeds in OSCO not only helps to curb the wealth and income generated from organized crime, but also helps to combat money laundering by the triads.

Furthermore, two other ordinances were enacted in the 2000s. The Interception of Communications and Surveillance Ordinance, enacted in 2006, enhanced the investigative powers of law enforcement agencies by allowing the use of regulated telecommunications interception to investigate crime networks, which increased the level of risk for triads and criminal syndicates. The Witness Protection Ordinance was enacted in 2000. Both pieces of legislation further strengthened the surveillance power of OSCO in controlling triad activities and facilitating law enforcement agencies to produce evidentiary materials for successful prosecution. Before the enactment of OSCO, most law enforcement resources were directed at tackling the hierarchical structure and subculture of triad societies, but this hindered them from effectively dealing with triad societies as criminal enterprises (Broadhurst and Lee 2009). The OSCO allows them to refocus their limited resources and target the changing nature of triad organized crime.

Since the formation of the ICAC in 1974, the introduction of anti-triad regulations, and the empowerment of law enforcement agencies in the 1980–1990s, triad activities have continued to drop (see Fig. 4.2). The triads were forced to move their business away from conventional triad crime to the less regulated illegitimate market; run quasi-legitimate businesses within the legal gray area;

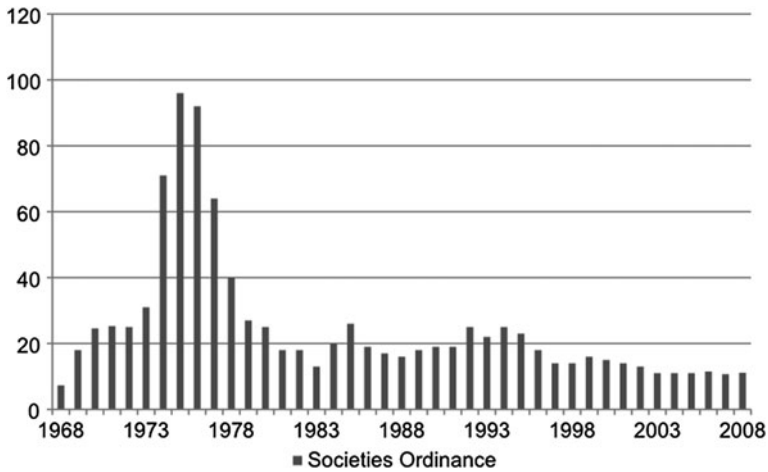


Fig. 4.2 Reports of triad society ordinance offences (Rate per 100,000 population 1968–2008). *Source* RHKP Annual Reports 1968–1997 and HKP Police Review 1998–2008, cited from Broadhurst and Lee (2009: 17)

reform their street crime operations to business enterprises; and move their operations to neighboring regions or overseas countries (Lintner 2004; Liu 2001). These changes will be discussed below.

Socioeconomic and Legal Environment in Mainland China

China's Rapid Economic Growth

The GDP in China has been steadily rising since 1996. It has quadrupled from around 70,000 million yuan in 1996 to around 300,000 million yuan in 2008. Among other things, China is the biggest consumer of energy products. According to the World Bank, China accounted for half of the global growth in metals demand, and one-third global growth in oil demand in 2004, and became the world's largest auto market in 2009. China contributed to one-third of the global economic growth in 2004 and achieved 14% of the world economy on purchasing power parity basis in 2005 (second only to the United States). Foreign exchange reserves exceeded \$1,000 billion (exceeding Japan), and are growing at about \$200 billion a year. The GDP per capita in China rose from 119 yuan in 1952 to 16,084 yuan in 2006. It skyrocketed in the last decade, with a GDP per capita in 2006 double that of 5 years earlier. Compared with other nations around the world, China is the fastest-growing economy in terms of GDP accumulated growth. The above data show that China is catching up as one of the world's largest economies.

The economic prosperity of China is also reflected in its stock markets. Since 2002, both total market capitalization and total stock turnover have been rising. The former rose more than three times from 3,832,900 million yuan in 2002 to 12,133,600 million yuan in 2008. The total turnover increased almost six times from 2,799,000 million yuan in 2002 to 16,711,300 million yuan in 2008 (National Bureau of Statistics of China 2010). The structural changes in the Chinese stock markets, such as a jump in listings and the allowance of short sales in 2010, have boosted stock trading and market fluctuation. As the triads will go where the money lies, they will be attracted to the flourishing economy of China.

Corruptibility of Officials

Corruption is rampant in mainland China (Lo 1993; Jiang 2008). It is a major contributor to the growth of a black economy and the persistence of criminal activities. As Harris (2003: 90–91) observes about the notorious Yuanhau case in Xiamen: “wherever else the black economy became mainstream, and virtually all the city’s most senior officials were working against the interests of Party, Province and Beijing (...) corruption and smuggling, though ultimately destructive, in the short term fuel the local economy.” Transparency International publishes an annual Corruption Perceptions Index which ranks nations in terms of the degree to which corruption is perceived to exist among politicians and public officials. Over the last decade, China’s score remained below 4.⁶ In 2009, China was ranked 79th with a score of 3.6, suggesting that corruption has not been under control. Once government officials and law enforcement officers are corruptible, the risk for being arrested and sentenced is low for the triads.

A Lack of the Rule of Law

A rule of law society does not allow individual or political goals to be placed above the law, thereby minimizing the human element, arbitrariness, or manipulation during law enforcement and criminal justice processes. These conditions are not always met in China. Many unique concepts, such as ‘rule by the people’, ‘absence of the presumption of innocence’, ‘leniency for self-confession, severity for resistance’, and ‘toeing the Party line’, prevail in the Chinese criminal justice system (Lo 2011). The exertion of external influence and pressure, the unpredictability of court decisions, and the violation of human rights in law enforcement put China in a state characterized by the ‘rule by person’ or, at most, the ‘rule by law’, rather than the ‘rule of law’ (Jiang 2008). The rule by law fosters selective

⁶ A higher score out of 10 indicates less perceived corruption.

targeting, patronage, scapegoating, politically driven agendas, and inconsistent law enforcement. A judicial system that toes the Communist Party line further offers unreasonable or disproportionate punishment and sanctions in the fight against crime. Because of weak external control, those in power are able to distort the legal process to preserve their own interests. Against this background, the triads can make use of these loopholes to benefit from their *guanxi* with those in positions of power.

Protective Umbrellas

It has been suggested that there are ‘protective umbrellas’ in China (Zhang and Chin 2008) which means that criminal syndicates connect with officials through the offer of a range of interests, such as luxurious gifts, overseas travel, clearing of gambling debts, sex services, or simple bribery, in exchange for protection in legal and illegal business activities. Because of the absence of the rule of law and the prevalence of *guanxi* and corruption, protective umbrellas have developed rapidly alongside China’s booming economy (Zhao and Li 2010). Thus, Article 294 of the Criminal Law of China stipulates that government officials offering protection to triads or allowing triads to commit illegal activities will be sentenced to 3 years’ imprisonment, and in serious cases, 3–10 years imprisonment. This move by the Chinese government confirms the existence of protective umbrellas in the mainland.

Changing Triad Activities in the New Millennium

In the 2000s, the convergence between Hong Kong and mainland China sparked off close collaborations between criminals and businessmen in both territories, as well as in other jurisdictions. Many triads formed alliances with local syndicates and other ethnic criminal groups in the trafficking and distribution of narcotics in Australia, the U.K., the United States, and Canada. Investments in legitimate business enterprises for the purpose of laundering money are common practice in North America and Southeast Asia (Curtis et al. 2003). In the following, selected examples of changes in the activities of triad organized crime are outlined.

Triad Involvement in Transnational Organized Crime

A US Congress report in 2003 disclosed that some triads, in particular the 14k and the Sun Yee On, were actively involved in the domestic drug market and the import and re-export of narcotics in countries such as the Netherlands, Canada,

Thailand, the Philippines, and South Africa (Curtis et al. 2003). For instance, in the Netherlands, Hong Kong triads were in “full control” of importing heroin from China and Southeast Asia. They were also involved in the domestic sale of heroin and used the Netherlands as a transit point for smuggling heroin to other parts of Europe (Curtis et al. 2003: 10–11). In South Africa, the Sun Yee On group competed with other ethnic groups to dominate the importation of methaqualone (Curtis et al. 2003: 36). In Thailand, Hong Kong triads were known to be in charge of the trafficking of heroin and other types of narcotics from Burma to Thailand and their re-export to other countries.

Smuggling women for prostitution is a transnational crime in which triads are commonly involved. According to the US Congress report, triads involved in the international sex trade transported women from their countries of origin to destinations in the West via the Philippines. In Thailand, the 14K triad dominated the trafficking of women from China to Bangkok, while the Sun Yee On was well known for utilizing the false and stolen passport market to assist in its transport of prostitutes to Japan in cooperation with the Yakuza (Curtis et al. 2003).

Although the abovementioned US Congress report argued that triads are actively involved in different types of transnational crimes across regions, their findings remain inconclusive, and the role of triads in transnational crime is still unclear. This is partly due to the ambiguous definition of triads, as the term sometimes includes other Chinese criminal syndicates from Mainland China and Taiwan. In addition, the research does not provide detailed evidence to support the level of involvement of the triads in these transnational organized criminal activities.

In contrast, a report by the US National Institute of Justice indicated that the relationship between triads and transnational crime is relatively weak (Finckenaer and Chin 2007). Zhang and Chin (2002, 2003) argued that triad involvement in transnational human smuggling is restricted to the actions of individual triad members. The perpetrators are often individuals from different backgrounds who only share the same money-making goal. They are not bounded by the rigid triad structure or subculture, but team up through informal social networking on a tentative basis (Chin 1999; Zhang 2008; Zhang and Chin 2003).

Prostitution

Prostitution, operated mainly through one-woman brothels, guest houses, and karaoke clubs, used to be a major source of income of Hong Kong triads. The solicitation of customers is confined only to triad-controlled territories where the triads themselves maintain order so as to avoid police intervention. However, in the last decade, Hong Kong triads have faced keen competitions from the cheaper sex services provided by criminal syndicates in Southern China. The 24-hour cross-border passage to China gives Hong Kong residents the convenience to visit nightclubs or brothels in the mainland. Consequently, while triad-run brothels (operated in guest houses) still exist, their business has declined substantially.

Since Chinese nationals are now granted tourist visas more easily than before, Hong Kong has become an entrepôt for prostitutes. The previous model of smuggling women to Hong Kong and abroad begins to diminish. Triad members visit Chinese cities to connect with local criminal groups for the selection of women. Upon arrival in Hong Kong, Macau, Singapore, Japan, and Australia, these women are forced to work long hours in brothels, hotels, or guest houses, first to recoup their passage, food and accommodation, and then to earn their ‘wages’. Of course the triads take a large share for the organization and operation. The women are highly disciplined in soliciting customers and providing the service (or have been pre-disciplined by the local gangs before they left mainland China), knowing that they cannot leave the territory or cause any trouble. When their tourist visa expires, another group of women arrives to replace them. Because of the tourist status, short-term stay, and high turnover of the sex workers, both the cost and risk of running such operations are lower than in the old days of human smuggling.

From Heroin to Psychotropic Drugs

In the 1970–1990s, the Hong Kong triads often derived the largest part of their income from the trafficking of drugs. If each recorded drug addict in Hong Kong (about 10,000) consumed 1 g of heroin per day, the sum totals to 10 kg of heroin a day or 3.6 tons of heroin a year, and this is only the basic consumption, excluding money generated from re-exports.

In recent years, the Golden Crescent has become the major source of heroin trafficked into the nearby Xinjiang province of China, and heroin is now mainly locally consumed in Chinese cities and rarely transited to other nations via Hong Kong, as happened in the old days (So 2011). Along with this change in drug consumption in China, the use of heroin has been in sharp decline in Hong Kong. In the 2000s, the triads replaced it with psychotropic drugs such as ice, ecstasy, and ketamine. Ketamine, nicknamed ‘k-tsai’, is now becoming popular in Hong Kong due to its low price⁷ (especially compared to cocaine and cannabis), convenience of consumption (compared to heroin), and availability to young people. Since ketamine is available in tablet form, amateurs—usually young drug users—are being used as couriers for trafficking (So 2011). The distribution network of ketamine and ecstasy used to be venue based. It started in the local entertainment venues and gradually moved across the border to nightclubs in Southern China. Some youth buy drugs in these nightclubs for personal use and then take the rest back to Hong Kong to sell to their schoolmates. The easy transport of psychotropic drugs not only accelerates the spread of drug use among youngsters and students,

⁷ The street price of ketamine is HK\$100 a gram, compared to HK\$600 a gram for heroin and HK\$80 for a single ecstasy tablet (South China Morning Post 29 November 2009).

but also changes the drug business model from venue or territorially based operations to the sale of drugs through social networks (So 2011).

In order to shift the target market from adults to young people, the drug business has been revitalized and modernized through the adoption of business management concepts such as the introduction of marketing strategies to attract new customers and the innovation of the drug sales networks. Brand building is an important strategy to reach new customer segments. Brand repositioning is accomplished by changing the image of drugs among young people from negative (the stereotype of the emaciated heroin addict) to positive (the sociable and energetic psychotropic drug user). The triads emphasize the positive aspects of psychotropic drug use (such as the slimming effect of drugs to attract female customers) and promote false perceptions such as “psychotropic drugs can generate excitement and help relieve stress”; “psychotropic drugs are not addictive like heroin”; “psychotropic drugs are a gateway to social involvement”; and “taking ketamine is a contemporary and chic way of life”. In addition, the triads also redesign the appearance of ecstasy tablets by using different shapes and stamping fashion logos or cartoon characters on the pellets. Various types of drugs have been renamed with fashionable and fancy names to connect with popular youth culture. Free trials are another strategy to promote psychotropic drug use among young people. The triads use small amounts of “free trial samples” to attract new customers. This helps to further expand the size of the market and recruit non-triad drug peddlers to sell drugs in schools. This development has forced the Hong Kong government to propose the introduction of random drug tests in secondary schools in order to contain the problem of drug use among students.

The Information Age and Triad Business

The triads have always been one of the largest producers of counterfeit CDs, VCDs, and DVDs. The rise of information technology has changed the business of the triads as much as it has changed the lives of many ordinary people. On the one hand, the rise of point-to-point free downloading systems and broadcast networks has led to the decline of pirated audio-visual products and the pornography industry, while on the other hand, the internet has helped the triads to expand their business operations across national borders, further fostering the convergence of criminal activities in mainland China and Hong Kong. The anonymity of the internet also helps to conceal their operations and identity.

Internet-driven illicit gambling is becoming one of the main sources of income for the triad syndicates. Before the spread of the internet, illicit betting on horse racing was the major gambling business of the triads, but it has now been replaced by soccer gambling. Compared to other forms of organized crime, many triad members have prospered from the gambling business, given its low risks, high profits, and perpetual nature. With only a telephone and a computer, triad members can control the business from a distance. They often cooperate with criminal partners in mainland China and Southeast Asia.⁸ The convergence of triad

operations across the region not only facilitates their business expansion, but it also makes police detection difficult. In order to maximize their profits derived from illicit soccer gambling, the triads also attempt to manipulate match results. In 2009, a Hong Kong court trial confirmed that a bookmaking syndicate from mainland China had tried to manipulate soccer game results in Hong Kong by providing advantages to a soccer player.

Financial Crime

Since the 1990s, there has been a change in triad organized crime from street crime to financial crime. Since many influential Hong Kong triad leaders were absorbed into the united front of the Chinese government through the ‘patriotic triad’ label, triad leaders were able to act as if they had been given a passport to enter China’s business world. This enabled them to establish relations with officials and directors of state enterprises. Lo (2010) has reported on financial crimes committed by the Sun Yee On (in collaboration with a Hong Kong listed company) through the use of social capital developed in the Chinese business world. The Sun Yee On leader and his associates were shown to have taken advantage of privileged business information obtained from mainland companies to realize enormous profits from insider trading and market manipulation.

Conclusions

From Localization to Mainlandization

In the new millennium, Hong Kong has experienced a process of mainlandization of its political, economic, and legal systems. In the socio-political arena, mainlandization is regarded as “[the] policy of making Hong Kong politically more dependent on Beijing, economically more reliant on the Mainland’s support, socially more patriotic toward the motherland, and legally more reliant on the interpretation of the Basic Law by the PRC National People’s Congress” (Lo 2007: 186). Similar tendencies appear in the sphere of organized crime. Triad

⁸ According to several news sources, 2010 was an active year in illegal cross-border soccer gambling. In the first half of 2010, over 670 cases were reported to the police in various parts of China; many of them had overseas connections. During the World Cup in July 2010, a joint police operation between Hong Kong and Guangdong smashed a cross-border bookmaking syndicate, which led to the arrest of 74 criminals in Hong Kong and 29 in southern China, and the seizure of around 7 billion yuan (679.9 million pounds) of illegal bets (Reuters July 9, 2010). The International Criminal Police Organization (INTERPOL) disclosed that from June 11 to July 11, 2010, police in China, Hong Kong, Macao, Malaysia, Singapore, and Thailand raided nearly 800 illegal gambling networks across Asia that had accepted an estimated US\$155 million in bets; more than 5,000 people were arrested and US\$10 million was seized (Volkov 2010).

societies in Hong Kong have also gone through a process of mainlandization, which is defined here as the process of making Hong Kong triad societies more reliant on mainland China for financial gain through social networking with Chinese officials, enterprises and criminal syndicates and taking advantage of legitimate and illegitimate business opportunities resulting from China's economic growth and rising demand for goods and services. In view of increasing licit and illicit opportunities in the mainland (the pull factor) and tightening control of triad activities in Hong Kong (the push factor), triad societies have gradually shifted their business focus to mainland China.

Mainlandization is different from crime transplantation (Lintner 2004), colonization (Varese, 2006), or displacement (Broadhurst and Lee 2009). It is difficult for the Hong Kong triads to be *transplanted* to, or to *colonize* the underworld of mainland China due to the established social networks between local crime syndicates and government officials under the protective umbrella (Zhang and Chin 2008). *Transplantation* and *colonization* would create strong resistance from local criminal syndicates against Hong Kong triads (Chu 2005) and as such, the only way they could survive in the mainland is by collaborating with local Chinese counterparts in win-win situations. Moreover, although some triad activities are *displaced* to the mainland as a result of Hong Kong's strengthened anti-triad regulations, the triads still maintain their business operations in Hong Kong, the base of their 'black power'. Thus, *displacement* is one of the elements of mainlandization, but it is insufficient to describe the causes of convergence of triad activities between Hong Kong and mainland China.

From Triad Brotherhood to Entrepreneurship

Because of mainlandization, the survival strategy of triad societies has changed from mutual protection and triad brotherhood in the post-war decades to entrepreneurship in the 1990–2000s. Their business decisions are now made with the consideration of benefit, risk, and cost in organized crime. Using the logic of businessmen, they set objectives, choose targets, and find the right marketing strategies to achieve their money-making goal (Zhao and Li 2010). They understand the principle of minimizing cost and risk and maximizing benefit. If the ends do not justify the means, they will refrain from committing the crime. If they know the risk and cost of the crime is too high relative to the return, they will go for a more cost-effective alternative, or even consider a legitimate option if it will give them a generous financial return. These activities require stamina, good social networks, and coordination among the collaborators (Zhang 2008). Economic prosperity and a wildly fluctuating stock market in the mainland provide ample opportunities to generate profit, whereas the cost and risk are low because of the corruptibility of judicial, municipal and police officials, the absence of the rule of law, and the existence of *guanxi* and protective umbrellas in mainland China (Zhang and Chin 2008).

In the process of mainlandization, the triads have increasingly forged partnerships with criminal syndicates in the mainland, providing them with crime techniques and intelligence, in return for cheap manpower, drugs, and sex workers. Like organized criminal syndicates around the world (Bruinsma and Bernasco 2004; Hobbs 2001; Williams and Godson 2002), they use social networks to advance illicit enterprises. Prostitution, gambling and drugs, the three-layer cake of traditional triad activities, continue to flourish because of constant demand in the market. The triads are providing services that are not provided by the authorities. The profits generated in these markets provide sufficient incentives for the triads to pursue these criminal activities. The triads run their crime operations as if they are running corporations and enterprises. They derive a substantial and regular income from the underground economy without much competition from the legitimate commercial sector. In addition, some triad members who migrated overseas fearing communist rule over Hong Kong and Macau, have become the triads' overseas partners. They possess the necessary skills, experience, and subcultural values and they understand the norms of triad societies. Because of the emphasis on entrepreneurship, members from different triads, or triad members and ordinary businessmen, are working together to achieve the same money-making ends, while triad brotherhood is nowadays a less-valued subcultural element.

From Cohesive Structure to Disorganization

In the past two decades, triad societies have undergone an organizational transformation. The internal structure of the modern triad society has been altered and many triads have adopted a more flexible hierarchical structure. Some traditional positions, such as Shan Chu, Sin Fung, and Cho Hai, have fallen into disuse. The rank of Pak Tsz Sin has also lost its popularity. The ranks that are still widely used in the modern triad structure are Hung Kwan, Sze Kau, and Hanging the Blue Lantern (Chu 2000).

The headquarters has also been simplified and is now usually composed of a Cho Kun (chairman), a Cha So (treasurer), and perhaps a Heung Chu (Incense Master), who are all elected from among the triad officers (Fig. 4.3). This central committee has the authority to control promotions, enforce discipline, and settle disputes, but it does not assign illegal activities to its members. The leaders do not derive any income from the activities their members engage in. In fact, the leaders derive most of their money—in the form of 'red packets' (lucky money)—from occasions such as Chinese New Year, initiation ceremonies and promotion ceremonies (Chu 2000).

The most organized part of a triad society can be found at the middle level of territorially based gangs headed by a Hung Kwan (Red Pole) and consisting of Sze Kau (49) members and Blue Lanterns (Fig. 4.3). These gangs are organized by area and if the area is large enough, one or more gangs might occupy the same area while working under different area bosses. They engage in criminal activity at the street level and their influence extends to local youth gangs. Violence is often used to maintain and exert the gang's dominance over the area (Chu 2000).

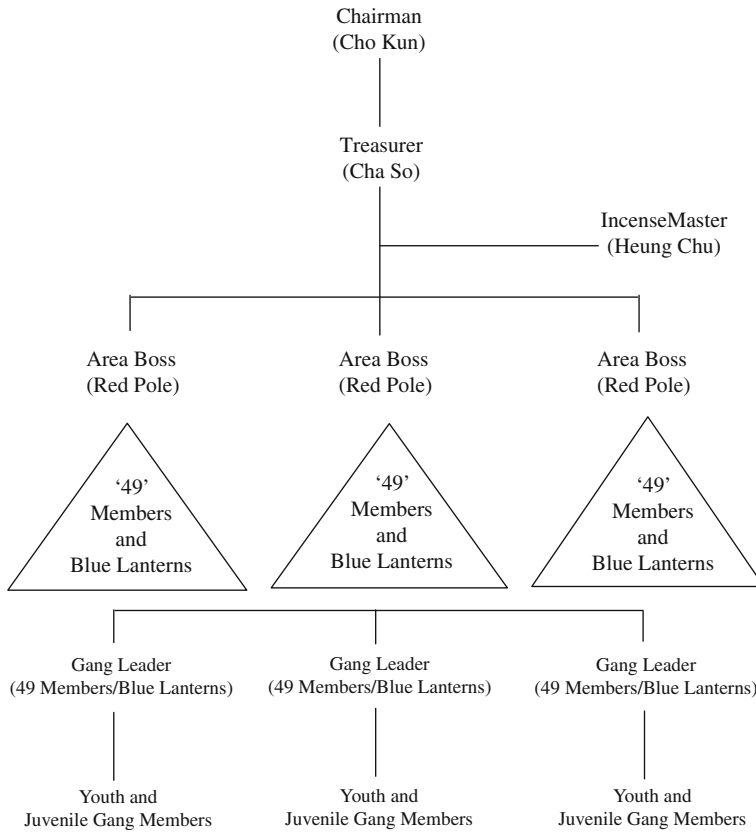


Fig. 4.3 Structure of a modern triad society (Chu 2000: 28)

There have also been radical changes in the ideology and aims of the triads. Rituals and initiation ceremonies have been greatly simplified or even abandoned and there has been a decrease in the use of hand signs and poems as secret methods of communication. The traditional triad principles of brotherhood and loyalty have more or less disappeared or have been modified, depending largely on the members' interpretations. Gang cohesiveness and member loyalty have begun to diminish. Procedures regarding promotion, recruitment, and communication have not been followed closely and the headquarters of triad societies no longer have full control over the sub-branches. Incidents of internal conflict have increased. It is now up to the individual triad gangsters instead of the organization to run the illicit businesses. Members of different triad societies can team up to pursue their own financial goals, and permission from the organization is no longer necessary (Chu 2000, 2005; Zhao and Li 2010). According to a police triad expert, "since triads are disorganized, it is more appropriate to name them gangs. They are opportunists, you can find their footsteps wherever the money lies" (Ming Pao 2007: A12).

There are several reasons for the changes in triad structure. The long chain of command and the strict hierarchical structure of the triads increased the risk of exposure of their activities, especially after the enactment of OSCO and other related legislation. As the triads are moving toward entrepreneurship, greed and profit rather than brotherhood have become the driving factors in building bonds between triad members, and this has diminished the importance of triad rituals. In addition, triad rituals and titles also increase the risk of prosecution as they are essential elements in the prosecution of triad-related offences. Consequently, instead of facilitating triad operations, these rituals pose a risk to the organization. In view of the government's increased control of triad activities and a rapidly changing social environment, triads have to be flexible in their operational structure and be responsive to changes in both market demands and social conditions (Broadhurst and Lee 2009).

From a 'Patriotic Triad' Policy to Cross-Border Collaboration in Combating Organized Crime

The 'united front' effect of the 'patriotic triad' policy implemented two decades ago has begun to diminish. The Chinese government has become aware of the potential risk of triad displacement to the mainland. In order to control this trend, the Chinese government amended its Criminal Law in 2002 and Article 294 now stipulates that members of triad societies outside China coming to recruit members or develop the societies in China will be sentenced to 3–10 years of imprisonment.

Since 2000, cross-border cooperation between Hong Kong and mainland China has become more formalized and frequent. Public security officials in the mainland and the Hong Kong police started launching large-scale and successful joint operations⁹ against the criminal syndicates (Xiang 2004). In addition, the 'Arrangements on the Establishment of a Reciprocal Notification Mechanism between the Mainland Public Security Authorities and the Hong Kong Police', which began operation in 2001, marked a milestone in formal administrative agreements to combat cross-border crime. The cooperative framework has been further strengthened in later years, including the opening of a Beijing Office in 2002 to assist Hong Kong citizens who have been arrested and detained in China (Broadhurst and Lee 2009); the setting up of a working group to outline strategies for combating cross-border crime;

⁹ According to the Hong Kong police, operation 'Fire Phoenix' was aimed at targeting triad activities, drug trafficking, violent crime, illegal firearms, and organized illegal bookmaking activities. There were approximately 2,000 police officers involved in the operation and 990 persons were arrested. In this operation, the police dismantled 41 crime syndicates and seized over 80 pieces of offensive weapons, four hand-guns and 30 rounds of ammunition, 5,000 g of heroin, 1,000 g of ice, over 17,000 tablets of ecstasy, over 17,000 g of ketamine, over 100 kg of cannabis, over 15,000 tablets of psychotropic substances, about \$34 million worth of betting slips, and \$160,000 cash (Government Information Centre Press Release, 25 June 2002, cited from Xiang 2004: 110).

and the launch of a 24-hour notification system in 2002–2003 to facilitate immediate exchange of information and intelligence about commercial, drug-related, and violent crime (Xiang 2004). The various policy and administrative changes reflect that the regulation of triad organized crime has become a major concern of the governments on both sides of the Chinese border.

To conclude, the above observation that patterns of organized crime are affected by the political and socioeconomic changes in a society has also been made in the West (see, for example, Hobbs 2001; Paoli 2003; Shelley 2003). In the context of Hong Kong, triad societies have moved from a cohesive structure and a fixed territorial base toward more reliance on flexible and instrumental social networks. They are entrepreneurially oriented and involved in a wide range of licit and illicit activities that are based in Hong Kong but have spread to mainland China in a process of mainlandization that has already taken place in the legal, political, social, and economic spheres of Hong Kong.

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Part III
Organized Crime in the United States

Chapter 5

The Cosa Nostra in the U.S. Adapting to Changes in the Social, Economic, and Political Environment After a 25-Year Prosecution Effort

Jay S. Albanese

Abstract Multiple mass arrests of Cosa Nostra suspects in recent years continue a 25-year surge the most significant organized crime prosecution effort in U.S. history. The reasons behind this effort, the impact of terrorism on this initiative after September 11, 2001, and the impact of the major social, political, and economic changes occurring over the same period are considered. Three keys to the short-term prospects for the Cosa Nostra in the U.S. are examined: their linkages with non-Cosa Nostra groups, shifts to fraud and other non-traditional organized crime activities, and their willingness to settle for a piece of the criminal activities of other groups. Long-term prospects for the Cosa Nostra in the U.S. are also examined, involving the entrenched challenge of corruption, generational shift, and international connections with other organized crime networks.

The Cosa Nostra in the U.S.

120 members from seven U.S. mafia groups were arrested in 2011 in the largest coordinated arrest in FBI history. The charges involved drug trafficking, arson, loan sharking, illegal gambling, witness tampering, labor racketeering, extortion, and murder. The arrests were based on 16 unrelated indictments, involving separate criminal schemes, and were centered in New York City, but also occurring in nearby New Jersey and Rhode Island (Rashbaum 2011a; U.S. Department of Justice 2011). These arrests were followed by an indictment against 13 members

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and associates of the Philadelphia organized crime family of the Cosa Nostra, including its current boss and underboss. The indictment charged crimes involving racketeering conspiracy, extortion, loan sharking, illegal gambling, and witness tampering (Markon 2011).

Three years earlier, 62 members and associates from three New York City Cosa Nostra families were charged in one of the single largest indictments in U.S. history. The indictment contained 84 separate charges including conspiracy, racketeering, and murder spanning more than three decades. The most serious charges involved Cosa Nostra involvement with extortion of private companies doing business at large New York City area construction sites. The indictment was made possible principally through evidence generated by recorded conversations of an informant, a trucking company executive who was the victim of extortion by Cosa Nostra figures. Both the acting boss and underboss of the Gambino crime family were indicted in this case (Rashbaum 2008; Richburg 2008; U.S. Department of Justice 2008a).

Three months after those arrests, 23 members and associates from two Cosa Nostra families were charged in New Jersey with operating an illegal gambling enterprise, extortion, and racketeering. The 30-count indictment alleged the operation of an illegal gambling internet website for betting on sporting events and casino games, and using extortionate means to collect gambling debts. In a separate scheme involving the same suspects, personal identification information was obtained fraudulently from retail customers and ongoing purchases made without the knowledge of the customers (Anastasia 2008). The following month, 22 Cosa Nostra members were charged in a 17-count indictment involving conspiracy, racketeering, and murder in attempting to commit crimes and seek control within the Colombo family. The acting boss and underboss of the Colombo family were included among those arrested (Hays 2008).

These cases are not unique, nor are they unusual, as the U.S. continues its relentless efforts against the Cosa Nostra in the U.S. In fact, the last 25 years has witnessed the most significant organized crime prosecution effort in U.S. history. The first major racketeering indictment (called RICO for the “Racketeer Influenced and Corrupt Organization” provisions of the 1970 law) against the Cosa Nostra occurred in 1985, spurring a flurry of prosecutions and by 2003 the heads of all five New York City Cosa Nostra families were in jail. Convictions in federal court of traditional organized crime figures (i.e., Cosa Nostra) totalled 10,066 from 1986 to 2010. The number of convictions fluctuates year-to-year, but the trend has generally been upward. The convictions have been both numerous and significant with more than 100 significant mafia-related cases against group leaders over this span with an average prison sentence of 20 years per defendant (Albanese 2011a; McShane 2007; Transactional Records Clearinghouse 2011).

These efforts have weakened the Cosa Nostra in the United States and have forced it to change its methods of operation and its mindset. The size and influence of the Cosa Nostra has declined as the result of the prosecutions, so remaining organized crime figures have adapted by changing to a “crime as business” mindset in which individual gain trumps the earlier traditions of the Cosa Nostra

perhaps most clearly illustrated by the testimony in 2011 of former Cosa Nostra boss, Joey Massino, against his former associates in order to seek a sentence reduction for himself. Massino was the first Cosa Nostra boss in the U.S. to testify as an informant for the government (Rashbaum 2011c). This shift in the nature of the Cosa Nostra will be explained here, using court and government documents, as well as excerpts of interviews with experts and suspects in the effort against the Cosa Nostra.

History

The Cosa Nostra in the U.S. is a term used interchangeably with the “mafia,” because it is comprised of Italian-Americans and its modern organization descended from a gang dispute in 1931. The roots of the American mafia can be traced even further to 1890 when David Hennessey, Police Superintendent of the City of New Orleans, was shot and seriously wounded by a group of unknown assassins. He implicated recent Sicilian immigrants in the shooting and, although the suspects were acquitted at trial for lack of evidence, a group of citizens stormed the jail and shot nine of the defendants and publicly hung two others (Smith 1975). This public outrage reflected the anti-immigrant feeling of the period toward Italians who were the newest influx of immigrants into the U.S., and it impacted U.S.–Italy relations for a period. These events spurred talk of an imported Italian “mafia” to the U.S., similar to the way in which crimes by recent immigrant groups to the U.S. are referred to today (such as Cubans, Mexicans, and Asians). Although none of these groups are disproportionately involved in organized crime activity, the fear of non-English-speaking foreigners and competition for jobs makes intolerance of the newest immigrant groups a peculiar feature in the U.S., a young nation comprised largely of first and second-generation immigrants.

The term “mafia” fell out of use in the U.S. during the early part of the twentieth century. Organized crime during this period was dominated by the Prohibition era and the likes of Al Capone and Lucky Luciano, who were referred to as city gangsters, rather than organized crime figures. The term “mafia” made a dramatic re-entry to the American scene in 1950 when a U.S. Senator, Estes Kefauver, with his sights set on running for President, held televised hearings on organized crime (at a time in which there were very few television channels). The impact was enormous. Kefauver’s Committee concluded that “There is a sinister criminal organization known as the Mafia operating throughout the country. The Mafia is a direct descendant of a criminal organization of the same name originating in the island of Sicily” (U.S. Senate Special Committee 1951a). Although subsequent analyses have debunked the Kefauver Committee for its failure to conduct a real investigation or provide any evidence to support its findings, despite drawing its sweeping conclusions, the impact of the televised hearings was to bring the notion of organized crime and the mafia to public attention as a national

issue, and something more insidious than local city gangs (Moore 1974; Rawlinson 1998; U.S. Senate Special Committee 1951b).

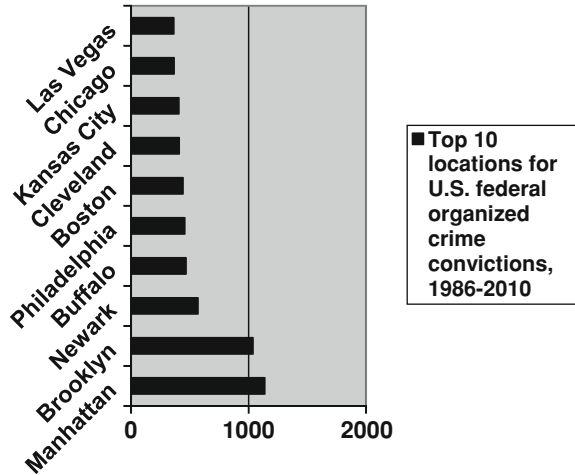
The Apalachin Incident in 1957 served to put a face on Kefauver's allegations, when 65 Italians, some with criminal records, were taken into custody while visiting the home of alleged mob figure Joseph Barbara in rural upstate New York, located several hundred miles from New York City. Those arrested refused to testify, but their convictions for obstruction of justice were ultimately overturned because no evidence of criminal conduct was produced (Smith 1975; U.S. v. Buffalino 1960). Yet, this incident demonstrated that organized crime figures meet to discuss things, suggesting that organized crime might indeed be coordinated across city boundaries. It was not until former Cosa Nostra boss Joseph Bonanno took the unprecedented step of writing his autobiography in 1985 that the true purpose of the meeting was made publicly known: to discuss the implications of the intra-mob murders earlier in 1957 of Frank Scalise and Albert Anastasia, as the New York City Cosa Nostra groups vied for power (Bonanno 2003).

The Cosa Nostra

It was the televised testimony of Joseph Valachi before a U.S. Senate Committee in 1963, which introduced the term "Cosa Nostra" to America. Valachi was the first "insider" to speak publicly, an event caused by the fact he had murdered a fellow inmate in prison, believing that his "boss," Vito Genovese, had sent someone to kill him. Valachi testified to escape a potential death sentence for that murder in prison. It was Valachi who testified about the 1930s gang dispute he called the Castellammarese War, out of which came the five New York City "families," which have since been named after their most successful or influential leaders: Bonanno, Colombo, Gambino, Genovese, and Lucchese. Of course, members of the crime "families" are not necessarily related and most are not; they share only Italian ancestry. Subsequent fact-checks of Valachi's testimony have been unable to corroborate many of his claims, but his descriptions of the now-familiar hierarchy from "boss" down to "soldiers" was compelling and widely believed (Hawkins 1969; Block 1978; Nelli 1981). Interestingly, Valachi claimed he never heard the term "Mafia" and that "Cosa Nostra" was the name of the organization. Law enforcement agents testified they had not heard the term Cosa Nostra prior to Valachi, and since that time "Cosa Nostra" and "Mafia" have been used interchangeably in the U.S. to refer to Italian-American organized crime.

The size of Cosa in the United States has been a subject of some debate. Joseph Valachi identified 16 Cosa Nostra groups in 1963. Five families were identified in New York City, and there was one group each in Boston, Chicago, Cleveland, Detroit, Los Angeles, New Orleans, Philadelphia, San Francisco, Tampa, and Utica (in upstate New York). Since then, testimony from other informants and from the FBI raised the total to 25 or 26 groups, adding smaller Midwest and western cities (Albanese 2011a). According to the FBI, there are now more than

Fig. 5.1 Top 10 locations for convictions in U.S. organized crime cases



3,000 members and associates in the U.S. with the largest groups centered in New York, New Jersey, and Philadelphia (FBI 2008).

Geographically, the centers for organized crime activity in the U.S. have not changed much over the years. The graph in Fig. 5.1 illustrates the top 10 locations for federal organized crime convictions covering the period 1986–2010, which corresponds with the major U.S. prosecution effort against the Cosa Nostra (Transactional Records Clearinghouse 2011). These top 10 locations account for more than half of all federal organized crime convictions in the United States. Manhattan and Brooklyn in New York City lead the way in convictions and, when combined with Newark, New Jersey (located only 10 miles away), these three jurisdictions account for 27% of all U.S. organized crime convictions over 25 years. Clearly, the New York City metropolitan area is the major center for organized crime activity in the U.S.

Despite the original hierarchy of the Cosa Nostra first described by Joseph Valachi in 1963, the boss-to-soldier organization never operated with the strict discipline that the structure implies. There appear to be as many case examples of bosses, underbosses, captains, soldiers, and associates disobeying the wishes of their fellow group members as there are of individuals actually following orders (Bonanno 2000; DeStefano 2007; Maas 1999; Pistone 1989; Pileggi 1985). The working relationship within and among the families was always informal, as Valachi described it in 1963.

SENATOR JAVITS: Now, what he (Vito Genovese) got out of it then, your actions and these of other members of the family, was to kill off or otherwise deal with people who were bothering him; is that right?

MR. VALACHI: Anybody bothering him, naturally he has the soldiers.

SENATOR JAVITS: That is the function of the family?

MR. VALACHI: Right.

SENATOR JAVITS: That is mutual protection?

MR. VALACHI: Right.

SENATOR JAVITS: Otherwise, everybody operates by himself. They may take partners but that is their option.

MR. VALACHI: Right.

The benefit of being associated with a Cosa Nostra family, therefore, lies primarily in its reputation (U.S. Senate 1963). The affiliation accords a certain level of respect in the criminal world, and makes others less willing to challenge you or your criminal undertakings, due to fear of retaliation from the larger group with which you are associated.

The Prosecution Effort Against the Mafia

The massive prosecution effort against the Cosa Nostra in recent years has had a significant impact. Membership in Cosa Nostra families is down, according to the testimony of informants. When Frank Lino was arrested in 2003, for example, the Bonanno family consisted of only 12 captains and 100 soldiers, and since then more than 50 members of the Bonanno family have been convicted. Mafia families in some cities, such as Cleveland, Los Angeles, and Tampa are said to be nearly gone (McShane 2007). In South Florida (Miami), the FBI has stated that Russian-based organized crime is now a more serious problem there than the Cosa Nostra (Weaver 2011). Clearly, the prosecution effort has impacted the core membership of U.S. Cosa Nostra groups.

The success of the prosecution initiative in securing convictions has created momentum, resulting in fewer Cosa Nostra figures willing to challenge the government's evidence. In the words of one New York FBI agent, "You arrest ten people and you have eight of them almost immediately knocking on your door ... 'I want to cut a deal'." The head of the FBI's organized crime division in New York summarized the decline of loyalty within the group and omerta silence. "It's been several generations since they left Italy. It's all about money." An FBI supervisor in South Florida said, "You have guys running around doing their own thing. They don't have the work ethic or the discipline that the older generation had" (McShane 2007).

It is important to identify the elements of the government prosecution initiative which led to its success. What enabled this dramatic impact on organized crime in the U.S.?

The USA enacted its racketeering law in 1970 (enabling the prosecution of individuals and enterprises when their acts constitute a "pattern" of ongoing criminal activity), but the complicated law was not used against organized crime leaders until the 1980s. As experience with the racketeering law increased, its targets shifted from individuals to larger groups and enterprises, naming not only entire Cosa Nostra families, but also their legal and illegal businesses, and seizing

Table 5.1 Targets of U.S. organized crime prosecutions over 25 years

All U.S. organized crime convictions	1986–2010	2002–2010 (since 9/11/2001)
Involving traditional organized crime groups	7,812 (78%)	2,376 (60%)
Involving emerging organized crime groups	2,254 (22%)	1,579 (40%)
Totals	10,066 (100%)	3,955 (100%)

the assets of those businesses when it could be proved they were used to conduct or conceal criminal activity (Jacobs et al. 1994, 2001).

Given the prosecution success of the last 25 years, the reach of the racketeering law is growing with new cases employing it to prosecute criminal gangs and terrorists, as well as traditional organized crime operations. Anti-gang task forces have used the racketeering law to pursue leaders and “have a broader impact on the gang,” including “putting them out of business,” according to Maryland U.S. Attorney Rod Rosenstein, whose office used racketeering laws against the MS-13 gang (Haberkon 2008; U.S. Department of Justice 2008b). In a similar way the post 9/11 U.S. anti-terrorism law has also been used against street gangs, showing the similarities among organized forms of criminal conduct. These laws have been used in broader contexts for two reasons. First, they have been applied successfully against organized crime enterprises and, second, they provide for longer prison sentences after conviction than do other laws. For example, a member of the Mexican gang “St. James Boys” was convicted under the U.S. terrorism law because his gang had terrorized Mexican-Americans in the Bronx through violence and intimidation and therefore fit under the anti-terrorism law. In a similar way, the Virginia terrorism law was used to convict John Muhammad for the 16 sniper shootings in the Washington, DC area which resulted in the deaths of ten people (Williams 2006). The choice of the precise law used by the prosecution depends on the facts of the case and whether any differences in the elements of proof required offset the potential for significantly longer prison sentences upon conviction.

Table 5.1 illustrates trends in federal prosecutions in the U.S. It shows that traditional mafia-based prosecutions dominated the government’s prosecution effort from 1986 to 2010 constituting 78% of all federal organized crime convictions over that period. However, when you separate organized crime cases after the terrorist attacks of September 11, 2001, it reveals that emerging (non-mafia) organized crime groups are increasingly drawing attention of authorities, accounting 40% of organized crime convictions since 2002. It cannot be determined the nature or extent of the relationship between the terrorist attacks of 9/11 and a changing focus on the nature of organized crime, but Table 5.2 attempts to shed additional light on this notion.

Table 5.2 offers another indirect look at the connection between changing organized crime prosecutions in the post-9/11 environment. 2 years prior to September 11, 2001 were selected (1995 and 2000) together with two post-9/11 years (2005 and 2010). It can be seen that prosecutions of traditional (Italian-American) organized crime groups began to drop before 9/11 and have continued

Table 5.2 Traditional and emerging organized crime prosecutions versus terrorism prosecutions in the U.S.

Convictions (U.S.)	1995	2000	2005	2010	Trend
Traditional groups	579	329	276	135	-444
Emerging OC groups	3	139	184	261	+258
Terrorism—domestic	5	27	68	80	+75
Terrorism—international	1	3	34	24	+23

to drop since. The net result is a marked decrease in Cosa Nostra prosecutions since 1995. On the other hand, prosecutions of emerging (non-Italian) organized crime groups in the U.S. have risen quite dramatically from only three convictions in 1995 to 261 in 2010.

The last two rows of Table 5.2 display trends in terrorism prosecutions in the U.S. against both domestic and international groups. A steady increase is noted since 1995, although the largest jump in convictions occurred after September 11, 2001. It can be concluded that terrorism prosecutions have increased, although the number of terrorism convictions is still much fewer than organized crime convictions. This is likely due to the fact that organized crime is a more common event than is terrorism, but it may also be a function of political (government) investigative priorities (U.S. Department of Justice 2005, 2010), and the fact that proving an organized crime case is often easier than proving a terrorism case (due to the greater difficulty in demonstrating political or ideological objectives in addition to underlying criminal activity). So it is possible that at least some organized crime convictions occur because terrorist objectives beyond the organized crime profit-making activity cannot be proven. The recent mass arrests of Cosa Nostra figures in the New York City area illustrate the link among organized crime, corruption, and terrorism, as the indictments allege mob control of the large seaport area there. Mob control allowed contraband to go through, whether it was marijuana or nuclear material, as long as the right people were being paid to allow it to pass (Henry 2011; Rutkoff 2011). Both organized crime and terrorist groups seek funding from criminal acts, and need to launder these funds to evade detection (Leong 2007). So there may be overlap between organized crime groups and terrorist organizations both in terms of their criminal activities and funding sources (Finklea 2010; Shelley 2006). Therefore, the distinction between organized crime and terrorist activity may be thin indeed, when the profit motive sees no distinction between traditional vice activity and terrorist threats.

It is important to keep in mind that no effort occurs in a vacuum. The beginnings of the U.S. effort against the Cosa Nostra occurred during the mid-1980s when major world events were unfolding that changed the social, political, and economic landscape creating new criminal opportunities. The collapse of the Soviet Union, rise of new emerging democracies, civil unrest, and economic instability in many parts of the world, forced migration that resulted from these uncertainties, the globalization of economic exchange and trade, communications, and the ability to travel across international borders each contributed to a dramatic increase in criminal opportunities to exploit these changes. Growth in human trafficking, fraud, counterfeiting, commercial sexual exploitation, and money

laundering are manifestations of this phenomenon (Albanese 2011b; Shelley 2010). It is not possible to separate distinctly the individual influences of these massive social, political, and economic changes on the Cosa Nostra in the U.S. However, the future of the Cosa Nostra will depend in part on how it reacts to these changes around the world, in addition to the many successful prosecutions against it.

Short-Term Future

Despite a series of successful prosecutions against Cosa Nostra families in recent years, the groups persist. The best evidence of this is that significant cases continue to be made against remaining members, although the nature of these cases is changing. There are three keys to assessing the short-term prospects for the Cosa Nostra in the U.S.: their linkages with non-Cosa Nostra groups, shifts to fraud and other non-traditional organized crime activities, and their willingness to settle for a piece of the criminal activity of other groups.

Three reputed leaders of the Lucchese family were among 27 suspects arrested for operating a \$2.2 billion sports-betting and loan sharking enterprise in New Jersey. The New Jersey Attorney General, Anne Migram, reported “an alarming alliance” between the traditional mob family and the Bloods (non-Italian) street gang in a bribery scheme to get contraband (illegal drugs and cell phones) into prison. In addition to the arrests, authorities obtained court orders to freeze 16 bank accounts, seize 16 motor vehicles, and place liens against seven properties (Anastasia 2007a). This case illustrates the growing use “marriages of convenience” with other crime groups by the Cosa Nostra to avoid engaging the high-risk hand-to-hand transactions that make organized crime activity vulnerable to detection (e.g., drug transactions, smuggling). Case-by-case arrangements with unaffiliated crime groups enable the Cosa Nostra to maintain illicit income even as it shrinks in size, while reducing the risk of detection. Sociologist Mary McIntosh has suggested that improvement in the government’s ability to detect crime forces criminals to become more organized in order to remain successful. As she explained, “criminals and their opponents are thus engaged in an all-out war which has a tendency to escalate as each side improves its techniques to outwit the other” (McIntosh 1975). Following this reasoning, Cosa Nostra groups may be reorienting their activities to reduce the possibility of apprehension and thereby increase their chances for illicit success.

Arrangements between Cosa Nostra and other crime groups demonstrate a growing shift toward non-traditional organized crime activity. Vincent Artuso, a member of the Gambino crime family, was charged with supervising others (including his son) in a racketeering enterprise involving theft of credit card information, fraudulent magazine subscriptions, and deceptive real estate transactions (U.S. Department of Justice 2008c). These traditionally “white collar” crimes illustrate the movement of traditional organized crime groups into new kinds of crime in the hope of maintaining illicit income, while reducing the risk of detection.

It might be said that Cosa Nostra families have moved increasingly toward a business model (making money) regardless of method, rather than a traditional group based on ethnic ties (Glaberson 2003; Weiss 2003). As the Criminal Intelligence Service of Canada (CISC) has reported, “traditionally, organized crime was understood as being comprised of hierarchically structured groups that were ethnically, racially, or culturally homogeneous. Instead, more multiethnic criminal groups are detected by law enforcement today. Many organized crime groups are loosely structured, competitive networks with fluid linkages between members and associates, with a diverse range of leadership structures” (CISC 2010). Russian organized crime groups that operate in the United States also exhibit less of a traditional hierarchical structure, and form their networks based more on the skills needed for particular crimes, rather than on affiliation with a particular group (Finckenauer and Albanese 2005).

The Cosa Nostra in the U.S. has never been brilliant, but it always has been clever. Most of those involved are not well-educated and their scams are not ingenious, but they display an enduring knack for exploiting any profit-making opportunity that arises. If someone else finds it first, they use extortion to insure they receive a cut of the illicit profits.

The traditional businesses of the Cosa Nostra have not been forgotten: gambling, loan sharking, extortion, corruption, and bribery (with business infiltration focused especially in labor unions and the construction industry) although it has shown the ability to adapt to the local situation. For example, the Cosa Nostra has a penchant for “taking a piece of the action” from the criminal enterprises of others. Because of long-term dominance of organized crime activities in the much of the New York City metropolitan area for many years, other groups enter this territory at their peril. Cosa Nostra groups have shown a willingness to allow this criminal activity to occur as long as they are paid “tribute” (a percentage) for the right to operate in their area. There are many examples of this kind of scheme, most notoriously in New York City where Russian immigrants bought fuel during the 1990s, sold it as diesel, charged customers taxes, but never paid those taxes to the government. This scam involved payment by the Russians to Cosa Nostra families for permitting them to operate the scam in the New York City area (Finckenauer and Albanese 2005; Murray 2001; Moore 1995).

Long-Term Future

In a world increasingly preoccupied with terrorism, organized crime continues to show signs of greater frequency and resilience. The Millennium Project of the World Federation of United Nations Organizations reported that organized crime remains the world’s top problem (cited in Bergman 2007). There are three keys to assessing the long-term prospects for the Cosa Nostra in the U.S.: the challenges of corruption, generational shift, and international connections.

Corruption is probably the single leading contributing cause to the continuing problem of organized crime. Even in developed nations with strong legal and law enforcement systems, there continue to be cases where public officials and private citizens are too easily corrupted. In the U.S., for example, there are more convictions each year for federal, state, and local government corruption than there are convictions in organized crime cases. Over the last 25 years there have been nearly 50% more convictions for corruption than there have been for organized crime (Transactional Records Clearinghouse 2011). In a New Jersey case, 11 public officials were charged in a bribery scheme, where money from \$1,500 to \$17,500 USD was taken in exchange for their influence in awarding government contracts. In the words of the U.S. Attorney in announcing the indictment, “I thought I could no longer be surprised by a combination of brazenness, arrogance and stupidity, but the people elected in this state continue to defy description” (Anastasia 2007b).

In a related way, organized crime interests will continue to test the integrity of honest public officials. Carmen “The Cheese Man” DiNunzio, a reputed Cosa Nostra underboss in Boston, was secretly recorded paying cash to a person he thought was a Massachusetts Highway Inspector in an attempt to secure a \$6 million contract to provide needed soil for a large highway construction project. DiNunzio’s corruption effort failed, despite his promise of a 5% kickback on the contract amount. He was arrested, along with two others, for his role in the scheme (Murphy and Murphy 2008; Alleged Underboss 2008).

A generational shift in Cosa Nostra leadership is occurring, which has been hastened by the government’s prosecution effort. In addition to Cosa Nostra leaders serving long sentences up to life in prison, many are also dying. Joseph Bonanno (original leader of the Bonanno crime group) died in 2002, and his son, Bill, died in 2008. Vincent “The Chin” Gigante (boss of Genovese crime group) died in 2005. John Gotti (Gambino crime group) died in prison in 2002 as did Anthony “Tony Ducks” Corallo (Lucchese crime group) in 2000. Carmine “Junior” Persico (Colombo crime group) is serving a life sentence, as are many other bosses and supervisors of Cosa Nostra groups. The result has been a group of younger leaders, who often lack the Italian family traditions and secrecy, who feel less loyalty to the group, and show little willingness to serve prison time to protect others or the group. The characteristic of selflessness and self-sacrifice were common among the passing generation of Cosa Nostra leaders in the U.S., but are clearly lacking today. The result has been the dramatic growth in criminals who place self-interest above traditions of secrecy, group loyalty, and sacrifice. In the words of Francesco (Frank) Fiordilino, age 37, an informant associated with the Bonanno crime family, “As for loyalty and respect, I never seen it. I could recall hundreds of conversations in which guys would sit around a table bad-mouthing each other. I’m so glad that’s behind me” (Marzulli 2008). He was rewarded with a lenient sentence for testifying against Bonanno family members.

Generational succession has its problems. Unlike the legal business world where new talent can be obtained from persons of any background and in any location, the Cosa Nostra is different. It must seek replacements from within its

Italian–American tradition, so it cannot easily go outside its existing talent pool (Feuer 2008). That talent pool has shrunk with the massive prosecution effort of the last 20 years, combined with the aging of the original Cosa Nostra leaders. The leadership and organizational abilities of the emerging leaders have not re-established the loyalty and traditions of the original groups, but perhaps no leader could in the current generational climate of self-interest.

Given the successful prosecutions in recent years, the Cosa Nostra will have to become more sophisticated in its operations to maintain acceptable levels of success. As noted earlier, Mary McIntosh has suggested the “technology” or sophistication of organized criminal activity responds to law enforcement effectiveness. Once law enforcement strategy becomes more effective, as the mob trials indicate, “we can expect the criminal technology to reach rapidly the same level of efficiency in order to maintain acceptable levels of success” (McIntosh 1975). This sophistication may take the form of greater dealings in the financing of criminal activities than in the operation of criminal enterprises. Gambling and narcotics sales have been claimed to be the two largest sources of organized crime revenue in the U.S. It is possible that traditional racketeers, who wish to remain in the gambling and narcotics business will back off from operating these higher-risk enterprises and be content to finance other illicit entrepreneurs for a percentage of the profits. Illegal profits can then be laundered through legally owned businesses, such as restaurants and nightclubs. In order to accomplish this, there may be greater effort among organized criminals in the future to infiltrate legitimate businesses to obtain access to money for financing and to have the means to launder illicitly obtained cash (El-Ghobashy and Gardiner 2011; Glaberson 2003).

The U.S. Department of Justice released its report *Overview of the Law Enforcement Strategy to Combat International Organized Crime* to establish a framework for the government strategy against organized crime, looking to continue the success it has enjoyed domestically against the Cosa Nostra in recent years. Like traditional organized crime, international networks still “have economic gain as their primary goal”, but “international organized criminals have evolved toward loose network structures and away from traditional hierarchical structures” (U.S. Department of Justice 2008d). This international focus is necessary as the success against domestic organized crime has provided greater opportunities for other groups. For example, successful law enforcement actions against U.S. methamphetamine labs have created opportunities for Mexican drug cartels to supply to existing U.S. demand. It is estimated that Mexican drug gangs now produce 80% of the methamphetamine consumed in the U.S. (Ordonez 2008).

The Barragan family drug organization in Mexico (led by three brothers) used multiple cell phones, exchanged drugs in supermarkets and hotels, drove in inconspicuous cars, spoke in code (“stamps” meant money and “fish” or “cream” meant methamphetamine). The Barragans operated within their own family as much as possible, even using their children for cover. Twenty-two members of their organization were arrested in 2008, however, with the seizure of 90 pounds of methamphetamines and 50 firearms. As long as the demand remains high, it is likely that other groups will work to claim a share of the market in illicit drugs,

stolen property, and other illicit goods and services. In place of a handful of large drug cartels in Mexico, it is likely that smaller groups are developing as they are better able to avoid attention in recent law enforcement crackdowns in Mexico (Ellingwood 2008). It remains to be seen the extent to which Cosa Nostra groups will continue to play a role in these markets when the “product” (drugs in this case) are sold in areas where Cosa Nostra traditionally has controlled most criminal activities.

Organized crime groups will continue to evolve tactically as well. Many significant Cosa Nostra cases were built on evidence from wiretaps and room microphones. To avoid being implicated in wiretapped conversations, Bonanno leader Joey Massino demanded that his name never be used in conversation. Instead, the speaker would tug an earlobe when referring to him (DeStefano 2007). Another series of cases was developed using informants within the Cosa Nostra, compromising those who were already facing criminal charges. The government’s most recent success in very large cases which involve scores of defendants provides insight for the future. Although these cases appear unwieldy and result in protracted delays, they produce distrust with the group while the case is pending, and produce informants willing to testify against others in exchange for shorter sentences.

In John A. Gotti’s 2006 racketeering trial, the son of the late Gambino family leader John Gotti claimed as a defense that he had left the crime group and was no longer involved in organized crime. In a recorded conversation in prison he said, “I mean, I know-I know my father loved me, but I got to question how much. He put me in with all these wolves” (Williams 2006). In a similar way, James “Big Louie” Tartaglione decided to testify against Joey Massino (a successor to Joseph Bonanno) at trial, even though Tartaglione was a free man. Why? Tartaglione believed it was only a matter of time before he was named in an indictment because, Salvatore Vitale (Massino’s underboss and brother-in-law) had already agreed to testify against Joey Massino at trial, so few secrets would remain. In the Massino case, five former associates testified against Joey Massino at his trial for two reasons: they wanted to avoid long prison sentences themselves, and were often treated badly by their own family in terms of the respect and support accorded to them and their families (DeStefano 2007). This situation reflects the continuing decline of the Cosa Nostra tradition in favor of a “crime as business” mindset where everyone is in it for themselves. In fact, as noted earlier, Joey Massino himself testified as a government informant in 2011 against a former Cosa Nostra associate, marking the first time a Cosa Nostra family boss had ever cooperated with the government. He did so in order to be considered for a sentence reduction (from his life sentence) (Dwyer 2011; Rashbaum 2011b). This provides a clear example of selfish personal motives becoming more important than loyalty or even the survival of the group.

The multiple mass arrests of Cosa Nostra suspects in recent years continue a 25-year surge which constitutes the most significant organized crime prosecution effort in U.S. history. In the short-term, the prospects for the Cosa Nostra in the U.S. lie in whether they are able to continue making linkages with non-Cosa

Nostra groups, shift to fraud and other non-traditional organized crime activities which are better insulated from detection, and their willingness to settle for a piece of the criminal activity of other groups. Over the long term, the vulnerability of public and business officials to corruption, the generational shift within the group toward self-interest, and the ability to maintain profitable international connections will determine the viability of the Cosa Nostra in the future.

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Chapter 6

China Tongs in America: Continuity and Opportunities

Sheldon Zhang

Abstract Tongs are probably the most cited terminology when referring to Chinese organized crime in North America, although the terminology has faded somewhat in recent years from academic writings. However, to most U.S. law enforcement agencies and legislative bodies, tongs are still used to signify the underworld in Chinatowns. Depending on which government source one uses, tongs maybe considered a form of non-traditional Asian criminal enterprises, resembling street gangs more so than the traditional triads in Hong Kong or Yakuza in Japan.

Introduction

Tongs are probably the most cited terminology when referring to Chinese organized crime in North America, although the terminology has faded somewhat in recent years from academic writings. However, to most U.S. law enforcement agencies and legislative bodies, tongs are still used to signify the underworld in Chinatowns. Depending on which government source one uses, tongs maybe considered a form of non-traditional Asian criminal enterprises, resembling street gangs more so than

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the traditional triads in Hong Kong or Yakuza in Japan.¹ In other contexts, tongs are simply lumped together with the Italian mafia, Russian mafia, and Japanese Yakuza, as “traditional” organized crime networks that the U.S. law enforcement had battled for the most part of the twentieth century (Finklea 2010).

Despite the fact that tongs have not been mentioned much by the research community or even in the news media, this paper argues that they are still powerful community entities that cast a long shadow in Chinatowns that few illicit market activities, such as vice and criminal rackets, can escape its control. As a terminology that has its roots in Cantonese dialect, “tongs” may have assumed different identities in an increasingly diverse ethnic Chinese population in North America, but their influence has remained unchanged.

Chinese organized crime is not static. Tongs have also changed over time and come under different names. But the terminology, as a quick or shorthand reference, can still serve as a convenient conceptual start point from which different criminal enterprises involving Chinese nationals can be observed, compared, and interpreted. In later sections, this paper will lay out its argument that criminal enterprises in North America’s Chinatowns should be grouped into two broad categories—traditional neighborhood-based activities and transnational or non-territorial activities. Criminally influenced tongs, in U.S. law enforcement’s parlance, may still represent the most powerful community organizations that guarantee the smooth transactions of all neighborhood-based vice activities.

Chinese Organized Crime in Its Many Forms

Chinese organized crime is not a singular concept. The best approach to understanding Chinese organized crime remains geo-cultural (Chin 1990, 1996; Finckenauer and Chin 2006)—Hong Kong-based triads, Taiwan-based organized gangs, U.S.-based tongs, and Chinatown street gangs. More recently, organized crime in mainland China has received some attention from the research community (Zhang and Chin 2008). Except for their common Chinese descent, these criminal organizations operate in vastly different territories and develop niches in the provision of illicit goods and services. Their operational and organizational characteristics need to be examined in the contexts of their varied historical, cultural, social, and economic conditions that gave rise to their organizational characteristics. Before the discussion of the U.S. tongs, a brief summary is provided for the main types of Chinese criminal organizations.

¹ For instance, see current FBI’s official description of Asian organized crimes in the U.S. where criminally influenced tongs are differentiated from other traditional Asian criminal networks, <http://www.fbi.gov/about-us/investigate/organizedcrime/asian>.

Hong Kong-Based Triads

Triads are probably the best known Chinese criminal organizations, and there have been many books written about them (Bresler 1981; Posner 1988; Booth 1990; Chu 2000; Lintner 2003). Triads are secret fraternities based in Hong Kong. There have been different theories as to how they first emerged. A common account stems from the patriotic secret societies formed centuries ago to fight against the Qing dynasty—a foreign invasion by the Manchurians from the north. The word “triad” loosely translates into “the harmony of three essential elements”—heaven, earth, and humanity. When the Qing dynasty (1644–1911) collapsed in 1911 and the Republic of China was established, these societies began to be involved in criminal activities (Morgan 1960).

There are some 50 triad societies in Hong Kong, of which only 15 come to regular police attention (Leung 1999). According to crime statistics published by the Hong Kong Police Force, triad-related crimes appear to be on a steady decline over the years.² Triad organizations participate in illegitimate enterprises (such as gambling and prostitution) as well as legitimate businesses (such as restaurants and import-exports) (Chu 2000). Some triad societies are believed to be well organized, their members highly disciplined, and their leaders the most influential figures in Hong Kong’s underworld (Booth 1990). Triad activities are not limited to Hong Kong and its adjacent regions such as Macau. Law enforcement agencies in China have in recent years also reported triad activities. The relationship between Hong Kong triads and the mainland Chinese government has long been suspected. Historically and during the colonial time, the Chinese communist party used triads to maintain its presence in Kong Hong (Gertz 2010). In recent years, there were also reports that triad societies were setting up shops in adjacent areas inside China’s Guangdong Province (World Daily News 2000). Triad leaders from Hong Kong are believed to be expanding their social capital into mainland China, forming various business relationships with mainland government officials to gain economic foothold and participated in various economic ventures (Lo 2010).

Taiwan-Based Organized Gangs

Organized crime in Taiwan appeared in the 1930s, during which rapid social and political changes took place after the Japanese ceded its control over the island. Besides the traditional trades (e.g., operating or protecting illegal gambling dens, prostitution houses, collecting debts, and extorting money from store owners), organized crime is also believed to have infiltrated the legitimate businesses. Known members of crime groups were long reported to own restaurants, coffee shops, nightclubs, movie companies, cable television companies, magazine companies, and construction companies (Chi 1985). Large-scale and high-end commerce such as

² Crime statistics issued by Hong Kong Police can be found at: http://www.police.gov.hk/ppp_en/09_statistics/csd.html.

futures trading and the stock market were also thought to be infiltrated by criminal organizations (Chen 1986). In recent decades, criminal gangs were also reported deeply involved in drug trafficking (Posner 1988), people smuggling (Myers 1994), arms trafficking, collusive bidding for government projects, and other more sophisticated crimes (Cheng 1993). In recent years, criminal organizations are believed to engage in political activities such as local elections to place their own members or corrupt politicians into public offices (Chin 2003).

Organized Crime in Mainland China

Reports on criminal organizations in the news media are becoming common in China these days. In some places, criminal organizations are thought to have total control of local government officials and major economic sectors. For instance, two criminal organizations were taken down in Yangjiang, a coastal city with a population of 2.4 million in Guangdong Province.³ The two godfathers, Lin Guoqin and Xu Jianqiang, built their empires the old fashion way, by running gambling dens, brothels, and extortion schemes. Over a decade or so, these two criminal organizations had grown into massive empires in the region, controlling 20 different business sectors, with some 30,000 followers. Businesses such as cement, wholesale fish distribution, taxi service, restaurants, and hotels were completely controlled by these two organizations in the city. The local law enforcement and government agencies were thought to be on the take and have protected these two criminal organizations for years. The central government in Beijing reportedly had to use special investigative forces from other regions to crack the case. In November 2007, hundreds of police were mobilized from far-away regions to assist in the arrests of the two mafia bosses and their top lieutenants during a banquet. After three years of lengthy legal battle, Xu Jianqiang was executed in December 2010, while Lin had a two-year stay on his death sentence.⁴

Criminal organizations based in mainland China are a recent development, although the Chinese government only acknowledges their existence as mafia-type societies (or organizations characteristic of a “dark society”). Organized crime in mainland China was largely non-existent during the early decades of the communist regime. The rapid economic development in the past 30 years has brought about major changes in social mores and engendered an environment conducive to illicit enterprising activities. Organized crime re-emerged since the mid-1980s and has become more complex and mature in the past decade (Liu and Jiang 2011); many are actively involved in such activities as extortion, drug trafficking,

³ The case was widely reported in China in 2007. A collection of news reports (in Chinese) can be found at: <http://yj2971520.blog.163.com/blog/static/55882492007115111832231/>.

⁴ News reports of the death sentence can be found at: <http://news.sina.com.cn/c/p/2010-12-24/004621696855.shtml>.

business monopolies, vice activities. Much has been published in recent years about organized criminal activities in China by Chinese scholars. He (2003) explains that two main conditions contribute to the emergence of criminal organizations—political corruption and weakened social control.

In summary, Chinese criminal organizations differ significantly in their historical and cultural backgrounds as well as geographical origins. However, these crime groups also share many similarities, such as hierarchical structure, restricted membership, monopolistic practices in their involved commercial activities, use of violence to control competition or manage inter-group conflicts, and establishment of rituals for group identity and self-perpetuation. Furthermore, these crime groups tend to be territorial; cross-group affiliations or collaborations are rare.

Historical Background of Tongs in America

Following the lures of the gold rush and employment opportunities in railroad construction, rural farmers from southern China, mainly Guangdong Province, first migrated to San Francisco and later to New York and other parts of the country. Facing racism and hostile European laborers who resented the threat of cheap labor from the Far East, these Chinese immigrants kept to themselves with their linguistic and cultural practices but isolated from the mainstream society.

Tongs in the United States first appeared in San Francisco in the 1850s after the initial waves of Chinese immigrants. The word ‘tong’ is the phonetic translation of the Chinese word “堂”, which means ‘hall’ or ‘gathering place’. Prior to the emergence of tongs, Chinese communities in the United States were controlled by dominant families or district associations. Much in line with their homeland cultural practice, migrants who had the same last names (suggesting a shared ancestral lineage) were able to seek refuge and protection from these family associations. Migrants with different last names or from unrelated villages were excluded by these established associations (Chin 1990). To fend for themselves, they banded together and established the tongs, usually under some benevolent names. Tong members came from diverse backgrounds and sought solace among their compatriots. These were typically low-skilled migrants whose livelihood was restricted by the confines of the Chinatown. Because there were no special entrance criteria by the tongs, they expanded rapidly. More than thirty tongs were formed in the United States at the turn of the twentieth century. Many of these tongs still exist in Chinatowns in America. A stroll down the main streets in Chinatown today in San Francisco or New York City, one can still spot these gathering places.

Based on research by Chin (1990, 1996), these tongs, like the familial associations, provided many services to newly arrived immigrants who otherwise would be exposed to a foreign and hostile environment such as referrals for jobs, housing, networking, and recreational activities (e.g., gambling, prostitution, and

opium dens). These days English and even citizenship classes are offered under the auspices of these organizations. During major Chinese holidays, tongs are also among the most active community members who organize parades and other cultural events.

More than a century ago and till today, tongs are powerful brokers in the Chinese community, mediating individual and group conflicts. Most tong members are gainfully employed or have their own businesses. They pay dues to their tongs and visit them occasionally to meet people or to gamble, and attend the association's banquets and picnics a few times a year. Leaders of the tongs are typically prominent community members, often interacting with local government agencies on behalf of their constituents. These tong leaders also make decisions and control the groups' daily affairs.

Chin (1996) found that members of tongs were active not only in vice but also in developing stakes in conventional businesses. For example, Chin found in his fieldwork in New York's Chinatown that tong members also owned or operated restaurants, retail stores, vegetable stands, car services, ice cream parlors, fish markets, and video stores. At a higher and more professional level, they also owned or operated wholesale supply firms, factories, banks, and employment agencies.

Changing Demographics and Evolving Tongs

There is no monolithic Chinese criminal organization in the U.S. But one thing has remained constant. All reported cases of Chinese organized crime have thus far involved first generation immigrants, living either inside or close to Chinese communities and engaging in activities that are mostly injurious to their own ethnic group. As Chin (1996) points out, Chinese organized crime in the U.S. is a complex social phenomenon, reflecting the diverse geographical regions where the immigrants come from. For instance, in communities where large numbers of Cantonese speaking Chinese immigrants reside, tongs have emerged as the predominant community structures where criminal elements congregate. Triad elements are likely to reside in communities where large numbers of immigrants from Hong Kong congregate. Taiwan-based criminal organizations are likely to find accomplices among immigrants who migrated from the island.

To understand Chinese organized crime in North America, one needs to recognize the complexity of geo-cultural and linguistic influences as well as the degree of assimilation. For one thing, multi-generation Chinese-Americans, whose ancestors came to the U.S. many generations ago, are often well integrated into the mainstream society. Most no longer speak Chinese and have no contact with the new immigrant community. There are quite a few of these fully Americanized Chinese in America. There have been no documented cases to suggest that these Chinese are involved in any form of organized crime.

Then there are a large number of new immigrants, those who arrived in North America after the 1950s. Although all ethnic Chinese, they come from different cultural backgrounds and speak different dialects, and as a result tend to form different social networks. While the well educated professionals may have a much wider range of settlement choices, the majority of Chinese immigrants, particularly those with limited language ability, tend to concentrate in areas of shared social and cultural characteristics.

According to the U.S. Census Bureau, ethnic Chinese make up the largest group of the Asian population in the U.S., about 22% or roughly 3.5 million.⁵ As a whole Chinese-Americans grow steadily over the past few decades due to rapid immigration from mainland China, Taiwan, Vietnam, and Southeast Asia. Chinese immigrants tend to concentrate in a few states in the U.S., including California, New York, Texas, and New Jersey. By and large, Chinese populations live in urban areas. The three metropolitan areas with the highest concentration of ethnic Chinese, based on the 2009 American Community Survey by the U.S. Census Bureau, are New York City, San Francisco-San Jose area, and the greater Los Angeles area.⁶ In recent years, Chinese immigrants have also spread in large numbers to other urban centers, including Houston, Seattle, Boston, and Chicago.

Tongs and Organized Crime

Chinese tongs have always attracted some levels of official attention in the U.S. As recent in 2010, the Congressional Research Service (the official non-partisan research arm of the U.S. Congress) continued to acknowledge the law enforcement's continued battle through most of the twentieth century against such traditional organized crime networks as the Italian Mafia, Russian Mafia, Japanese Yakuza, and Chinese Tongs (Finklea 2010: 4). Some of their most profitable activities included gambling, loan sharking, narcotics trafficking, extortion, prostitution, bootlegging, and fraud.

Historically, tongs are active in operating or providing protection for opium dens, gambling clubs, and brothels. Their role in the vice industry was inevitable, as early Chinese immigrants were isolated from the mainstream society and sought comfort and companionship amongst their own. These early immigrants engaged in the same vice activities that were common in their home country. However, for such illicit enterprises to survive in a hostile foreign environment, it was only natural for tongs to organize, coordinate, and protect these activities so their members could access with minimal safety concerns. It should be noted that many of these so-called vice activities were not only legal but also common in their home country at the time. However, these vice activities further isolated the

⁵ Figures obtained from the U.S. Census Bureau at <http://factfinder.census.gov/>.

⁶ Survey statistics can be retrieved at <http://www.census.gov/acs/www/>.

Chinese community as they were viewed with either disdain or open hostility by the American mainstream society, thus further reinforcing the dominant role of tongs among Chinese immigrants.

So long as the Chinese immigrants kept quiet to themselves within their ethnic enclave, few noticed or cared about their existence. As the number of tongs expanded, the Chinese community became fragmented along these powerful associations. Disputes started to emerge that often escalated into fights between tongs. Many disputes originated from attempts to assert one's control over vice activities in the neighborhood. Members of rival tongs often claimed to be abused or bullied by the other, resulting in demands for "compensations" or "face-saving offers." Soon tongs were drawn into street battles known as the 'tong wars' (Dillon 1962). For instance, Huston (2001) explained that because the vast majority of early immigrants from China were male laborers, tongs were involved in importing women from China to serve as prostitutes. Disputes soon arose from control over brothel activities. During the tong wars, hired killers, the "hatchet men", were used to carry out bloody turf wars for the protection of vice businesses (Dillon 1962). Once violence caught the outside attention, police quickly learned that most "trouble makers" belonged to one tong or another, and that they banded together in their attack against their enemies. Because tongs were long considered the controlling forces behind otherwise faceless Chinese immigrants, they soon came to symbolize Chinese organized crime.

Tongs, either as community gathering places or criminal organizations, have generally kept a low key in their operations, legal or illegal. The same tradition continues today. The low-key style of operations, however, is punctuated by occasional flare-ups that have attracted much attention from both the Chinese community and the authorities. In one recent case, Allen Leung, a well-known power of two fraternal organizations in San Francisco's Chinatown, was gunned down when a masked man entered his store in an attempted robbery (Van Derbeken and Hua 2006a). A long time member of Hop Sing Tong and the Chinese Freemasons, Leung played a very public role in the community. He opened a martial arts studio, operated an import/export business, and was named to a city task force by two San Francisco majors (Van Derbeken and Hua 2006b). The case remains unsolved, but police strongly suspect that it was the work of a criminal organization because the robber did not leave the store with any valuables, and the victim reportedly refused to pay extortion fees to a criminal gang (Van Derbeken and Hua 2006b). By and large, criminal organizations in Chinatown have learned over time that any such flares attract unwanted attention from the authorities and everybody would lose.

Another aspect of Chinese organized crime in North America is the street gangs. Unlike tongs that are typically quiet in their operations, street gangs tend to be raucous in the community and thus draw much attention from the authorities. Youth gangs in the Chinese community are often thought to maintain an ambiguous relationship with the tongs. Mostly made up of teenagers and men in their twenties, they typically claim territories and are thought to be under some protection of legitimate social, benevolent, and commercial groups called tongs

(Curtis et al. 2002). It would be naïve to assume that these youth gangs can simply trample neighborhood businesses. They are often paid to carry out the dirty work of the tongs, such as guarding gambling dens, disrupt businesses that refuse to submit to the tongs' control, and collecting debts from delinquent clients. The relationship between youth gangs and the tongs is hierarchical but membership and group structure are fluid and change over time (Chin et al. 1998).

According to Chin (1996), the first Chinese street gang, the Continentals, was formed in 1961 by native-born Chinese high school students; their primary objective was self-protection. Subsequently, new gangs such as the White Eagles, Black Eagles, Ghost Shadows, and Flying Dragons, began to emerge. During the early stage, Chinese gangs were, in essence, martial art clubs headed by *kung fu* masters who were also tong members. Overtime, these self-help groups transformed into predatory gangs and preyed on their own people for financial gains. According to Chin's fieldwork (1996), these gangsters terrorized the community by demanding food and money from businesses and robbed illegal gambling establishments. The elders in the tongs, whose businesses were affected, decided to hire these youths as needed to protect their businesses from troubles caused by these gangs (Chin 1996).

Beyond the old Chinatowns in major urban centers, Chinese youth gangs have also started to appear in cities such as Los Angeles, Oakland, Dallas, Houston, Falls Church, Arlington, Philadelphia, Chicago, and Boston. It should be noted that the U.S. authorities generally consider Chinese street gangs part of organized crime. In the 1990s, almost all major street gangs in the United States had been indicted as racketeering enterprises (Chin 1999). Although news media and government agencies often lump Chinatown street gangs and tongs together, Ko-lin Chin of Rutgers University, who has done extensive fieldwork in New York City, contends that youth gangs are not under the direct control of any tongs (Chin 1990, 1996).

Wherever there are large Chinese communities, youth gangs are likely to appear. For instance, youth gangs such as the Fuk Ching, White Tigers, Tung On, Green Dragons, Golden Star, and Born-to-Kill have attracted much attention in the peripheries of New York's Chinatown and in the outer boroughs of Queens and Brooklyn, following the growth of Chinese businesses and residents. From time to time, these youth gangs cross one another, fights break out that often end in deaths, and then the police are involved. For instance, since the late 1980s and early 1990s, the infamous Fuk Ching gang in New York City came to dominate the news media with its brutality against rival gangs (Chin 1996; Finckenaer 2007a). The Fuk Ching gang was a splinter from the Association of Fukien Youths, people who migrated from Fujian Province in Southern China. Like many other so-called community organizations, elements of the group became involved in the protection business and debt collection, particularly because the vast majority of illegal migrants in the late 1980 and 1990s came from Fujian. Their familiarity with the regional culture and dialect made them effective in extorting money and collecting debt. Early in 1990s, gun fights broke out in Teaneck, New Jersey, and four were killed reportedly because of disputes over the distribution of the proceeds from the human smuggling operations (Faison 1993). This outbreak of violence attracted

the attention of the federal authority, which also coincided with its increasing effort to crackdown on human smuggling activities in New York City. Later in 1993, the gang leader Guo Liang Qi (also known as Ah Kay) and 14 of his associates were arrested, effectively putting an end to an unusual period of violent gang wars in New York's Chinatown (Liu 1993). According to Finckenaue (2007a), the Fuk Ching gang is not sophisticated in its use of violence. There does not appear to be any clear control by higher ups over its members' violent activities, which sometimes seemed rather random.

On the West Coast, Chinese organized crime has mostly been reported in San Francisco area, although large Chinese communities in Los Angeles are also experiencing youth gang problems. In the mid-1990s, there were quite a few gang fights between rival Asian gangs, the best known of which were probably between the Wah Ching and the Asian Boyz on turf disputes. In one incident, a brawl broke out in a pool hall followed by a shootout that killed one gang member. The event was captured in full by the security camera and later went viral on the internet. The case took another decade for the law enforcement to solve when key members were extradited from overseas (Los Angeles Police Department 2008).

A review of recent cases indicates that these earlier gang rivalries have largely faded away. Instead new criminal organizations have attracted the attention of the authorities. For instance, the federal agency recently broke up two large Chinese criminal organizations, charging 51 individuals for racketeering offenses, attempted murder, extortion, operating large-scale illegal gambling businesses, debt collection, loan sharking, money laundering, and trafficking in counterfeit goods (U.S. Attorney's Office 2004). The government was also seeking tens of millions of dollars in the forfeiture of their criminal proceeds and properties. Not related to any existing tongs or gangs, these two criminal organizations were named after their leaders i.e., the Lim Organization (headed by Mr. Lim Shang) and the Wang Organization (headed by Mr. Wang Shao Fen). Although not tied to any Chinatown tongs, these two organizations modeled after their predecessors, engaging mostly in neighborhood-based enterprising activities. Their criminal networks were vast and illicit enterprises diverse. The Lim Organization, for instance, ran a vast empire and often used force or threats of force to settle disputes or collect debts. Several individuals were beaten and one almost killed in the hands of Lim and his followers. Lim later pleaded guilty on racketeering charges and attempted murder and received a sentence of more than 12 years in prison (U.S. Attorney's Office 2008). Thirty-seven associates of Lim's organization were also convicted and sentenced.

Emerging Illicit Enterprises

Tongs are historically known for their neighborhood-based and vice-related enterprises. The extent of their criminal empire typically ends at the physical boundaries of the Chinese community. As Zhang and Chin (2003) theorized, this is

probably because the structure and membership of tongs are more suited for neighborhood-based activities than for enterprises that do not rely on specific locations or captive customers. These neighborhood-based illicit enterprises have not changed much for more than a century, but new criminal opportunities have sprung up around the world.

In recent decades, an increasing number of transnational criminal activities involving Chinese nationals have gained much notoriety in America, most notably drug trafficking and human smuggling. Despite repeated claims by news media and official sources, there has been no creditable evidence to suggest any systematic involvement by tongs in these activities. These transnational criminal enterprises appear to have been dominated by a different breed of criminals, well-traveled and well-connected. They typically have the financial resources to find legal channels to migrate in and out of North America. What is more is that they do not forge alliances with any local tongs or Chinese organizations, but rely on their own social networks.

Heroin Trafficking

The Chinese community has had a long history of opium use, dating back to the initial immigrant settlement in San Francisco (U.S. Senate 1877). In the 1980s, law enforcement officials in the U.S. began noticing increased number of heroin trafficking cases involving Chinese nationals, and claimed that Chinese drug traffickers were responsible for about 20% of the heroin imported into this country (President's Commission on Organized Crime 1984). By 1990s, law enforcement authorities in the U.S., Canada, Australia, the Netherlands, and Britain claimed that the Chinese dominated the heroin trade in their respective jurisdictions (Bryant 1990; Dubro 1992; Dobinson 1993; Schalks 1991; Black 1991). Chinese drug traffickers remain one of the most active groups in international heroin trade (Chin et al. 1998).

Authorities long charged that tongs and triads were the main culprits in the heroin trade (President's Commission on Organized Crime 1984; Seper 1986; Powell 1989; Penn 1990). However, this claim was long suspected by the research community. A careful review of the heroin cases reported in the media involving Chinese offenders also suggested that only a small number of Chinese gang leaders and a small number of ordinary gang members were ever involved (Buder 1988; Esposito and McCarthy 1988; Marriott 1989; Treaster 1991). After extensive fieldwork in New York City, Chin (1996) found little evidence to suggest that established tongs in Chinatown were ever involved in the drug business.

For instance, in one recent case involving heroin trafficking, Frank Ma, the leader of a transnational heroin trafficking organization, was sentenced in early 2010 to life in prison in a U.S. federal court for ordering the murder of two individuals in Toronto, Canada (U.S. Attorney's Office 2010). His lieutenant, the one who carried out the hit job, was sentenced to 35 years. According to the FBI

investigation, from 1991 to 1996, the Ma organization imported heroin worth millions of dollars from Asia into the U.S. for distribution in New York City. In the summer of 1994, at the request of his key supplier in Hong Kong, Ma organized a hit job to kill the supplier's partner in Toronto, Canada. Ma brought in his contacts from California and New York, and supplied location information and money for the hit job. Ma's lieutenant and his team stormed the intended target's business and killed two innocent officer workers. It took the next 10 years and some 13 convictions of members of Ma organization for law enforcement agencies of both countries to catch up with Frank Ma himself. No tongs were ever implicated in any of these convictions.

As one researcher put it during the heyday of cross-pacific heroin trafficking, the connection between drug trafficking and Chinese organized crime (gangs, tongs, or triads) is weak at best (Dobinson 1993). One may assume that transporting heroin across vast distances requires significant investment and coordination. Triads and tongs would be ideal partners in this transnational enterprise. However, empirical research seems to suggest that heroin trafficking, at least in the trans-Pacific context, is primarily carried out by groups of daring entrepreneurs from diverse backgrounds including community leaders, business people, restaurant owners, workers, and the unemployed (Chin and Zhang 2007). Heroin traffickers use their legitimate businesses such as restaurants, trading companies, and retail stores as "fronts" and also to launder the illicit profits. Most of them enter the drug trade with short-range objectives, but soon find the immense profits intoxicating and hard to quit. Low-level couriers tend to be heavy gamblers and illegal immigrants who are in debt.

Human Smuggling

Illegal Chinese immigration in organized manners to North America has been going on for more than two decades, although it only catches public attention occasionally when some daring operations ended in disasters, such as the death of 58 illegal Chinese immigrants inside a refrigerator truck while attempting to cross into England in Dover (Woods 2000). Tragic incidents only illustrate the aggressiveness of the smuggling organizations, their extensive global network, and the resolve of those yearning to reach the foreign shores.

Economic growth, greater exchanges of commerce, easier travel between countries, and the proliferation of telecommunications have expanded the range of criminal activities (Zhang and Gaylord 1996; Zhang 2008). Because of the limited immigration quota for Chinese nationals, few have the legitimate opportunity to immigrate to the United States. Consequently, entrepreneurs are providing essentially an underground travel service.

Human smugglers are called "snakeheads" both in China and overseas Chinese communities. There are several methods used by the smugglers to transport Chinese nationals into the U.S. One strategy is to travel to Mexico or Canada "by

some means” and then illegally cross into the United States (Asimov and Burdman 1993). A second strategy is to fly into the United States via several transit points outside China. These by-air illegal immigrants have travel documents that enable them to enter the country (Lorch 1992). As a third strategy was by fishing trawlers or freighters (Zhang 1997). American officials claim that Chinese smuggling organizations are globally connected and their web of transportation practically covers the whole world (Freedman 1991; Mydans 1992).

Organized Chinese illegal immigration is considered lucrative enough to rival heroin trafficking and aggressive enough to threaten the integrity of the legal immigration system in the United States (Myers 1994). Most U.S. law enforcement sources believe that organized crime groups are behind the smuggling activities (Zhang 1997). After all, moving human beings in large numbers across vast distances require an extensive network of committed and organized individuals. In other words, human smuggling is an organizational behavior rather than an individual’s effort. However, years of empirical research seem to suggest that human smuggling should not be viewed as a traditional organized crime, as defined in criminological literature (Maltz 1994), but, a crime that is organized (Finckenaue 2007b). Individual members of tongs and street gangs may be involved in the smuggling business; but their participation is hardly ever sanctioned by, or even known to, their respective fraternal organizations. Empirical research thus far suggests that tongs do not play any significant roles in the smuggling trade. Rather, it is a “business” controlled by numerous groups of entrepreneurs (Zhang 2007). These groups rely on their own resources and develop their own routes.

Tongs and Emerging Criminal Entities

In light of the immense profits, one must wonder why tongs or triads have not marched into these emerging transnational territories. After all, any transportation of illicit goods and humans across multiple nations requires planning and coordination that only organizations seem capable of, not individuals. However, this is obvious and even logical assumption has not received much empirical support. Instead, research thus far has consistently found quite the opposite—tongs and triads are rarely implicated in any such cases.

Although different in their commodities, heroin trafficking and human smuggling are similar in many aspects. Both enterprises have been dominated by loosely associated risk-takers that are well traveled, possess international links, and are familiar with either the source or transit countries. These enterprises depend on flexible international networks, entrenched in the infrastructure of the opium growing and immigrant-sending communities as well as the transit countries. Their alliance is a business arrangement involving only those with valuable resources to contribute.

Organizationally, they are best described as *ad hoc* groups or task forces. The ever-changing market constraints and operational uncertainties seem to determine

the organizational characteristics of both criminal enterprises. For instance, in human smuggling, the clandestine nature and the limited pool of eligible clients seem to allow only entrepreneurs or small groups to survive in this business. There is little vertical structure within smuggling organizations, even though their operations may involve highly specialized tasks. Operationally, heroin traffickers and human smugglers mostly engage in one-on-one transactions. The task force orientation is the principal feature of these criminal organizations. Because of the illicit nature of their business, and permanent fear of arrests and asset forfeiture, people involved in heroin trafficking and human trafficking stay low and seek as little attention as possible.

Because both transnational enterprises involve vast distances and a series of dyadic transactions, the success of the entire operation hinges heavily upon the success of each and every stage. Any mishap along this chain of events will spell the end of the operation or even the entire group, such as the Dover incident (Woods 2000). Therefore, in circumstances where contingent transactions are the norm and sequential operations are hazardous, small groups (or task forces) are well fitted for expanding and contracting in response to market uncertainties. Faced with risky market conditions, small-group exchange relations (with minimal organizational structure and limited hierarchies) serve to maximize profits for each involved individual since hierarchical structure creates redundancy and reduces efficiency. Furthermore, shared expectations and commitment are easily promoted in small groups, which further reduce uncertainty and improve the transactional atmosphere. The dyadic exchange relations serve to reduce internal tension, increase personal accountability, simplify transactions as well as safeguard against unscrupulous partners. Exposure to law enforcement activities is reduced and personal safety maximized with limited contacts with other members of the network. Clearly in illicit enterprises such as human smuggling and heroin trafficking, small-group exchange can offer transaction terms far superior to those of any traditional crime groups.

In contrast, traditional neighborhood-based tongs have a different set of organizational imperatives, such as continuity, group identity, and preservation of secure and stable income. Transnational illegal commerce cannot guarantee any of the benefits that the neighborhood-based enterprises enjoy. Furthermore, the transnational marketplace is open to any risk-takers with or without the backing of any organization.

It appears that Chinese organized crime is evolving along two separate tracks. More specifically, one is on a stable track tied to an ethnic enclave while the other changes with time with no tendency to settle. The traditional tongs (or whatever one chooses to call them) remain entrenched in the community that gave rise to their status and dominance, enabling them to continue their influence over territorially based criminal enterprises. These organizations have been playing an influential role in the community for as long as there are Chinatowns in North America. But another group of Chinese enterprising agents follow emerging opportunities where they may be.

Zhang and Chin (2003) presented a structural deficiency perspective as a way to explain how criminal organizations specialized in running traditional neighborhood-based enterprises are ill-fit for emerging transnational operations. The market conditions of transnational illicit enterprises differ significantly from those of local racketeering activities, thus requiring different set of skills and resources. One easy way to differentiate the two groups is to examine the socio-economic backgrounds of those involved in different types of illicit enterprises. The emerging transnational criminal enterprises require connections and contacts that are not easily accessible to the average Chinese immigrants. If people arrive in the U.S. illegally or seek assistance from the local tongs, mostly likely they have few resources. Even when these new immigrants follow the tongs into criminal enterprises, they are mostly only capable of handling neighborhood-based activities, watching over a gambling den or safeguarding drop houses for human smugglers.

Discussion

Tongs in North America, whether in their original or contemporary form, are unique community-based organizations. They have historically provided much needed services that offer comfort and insulation for the newly arrived. At the same time, they are also the gathering place where criminal elements congregate. With any sizeable population, demand for fringe services is bound to emerge. Most neighborhood-based criminal enterprises such as prostitution, gambling and drug distribution are in need of protection and coordination so that disputes or conflicts can be effectively managed or controlled.

It should be noted that tongs as community organizations are rarely implicated in criminal investigations. However, members of tongs have (Chin 1996). One explanation for this peculiar development is that tongs themselves are mere physical spaces occupied by criminal as well as law abiding members of the Chinese community. Therefore tongs may provide covers but are not directly functional in any criminal activities. Crime bosses have been successful in using tongs toward their advantage, such as recruiting new members, negotiating with rival tongs, and buying influence and favor from the government. However, criminal investigations are typically launched against individual deeds, not organizations. This situation is not much different from that of the Japanese Yakuza, where crime bosses have long been watched and investigated by the authorities but the criminal organizations continue to exist (see Hill 2006; Adelstein 2009). Whether they are called “tongs” or some other names (such as Fuk Ching or Fukien Youth Association), the presence of organized crime in Chinese communities should be a given, because of the rampant vice activities. As long as there are illegal prostitution and gambling operations, business owners must procure protection or insurance against unscrupulous customers as well as predatory youth gangs. In other words, without established underworld power structure, common vice activities such as gambling and prostitution will not survive.

At the same time, with the rapid changes in the composition of Chinese immigrants, these community organizations (or tongs) are not static either. The rising waves of new immigrants from overseas have greatly altered the socio-demographic landscape of traditional Chinatowns in North America. New criminal opportunities are emerging. Based on the author's field work in the past decade that involved interviews with community informants and review of court cases and media reports, the most likely scenario would be that while individual members of tongs may participate in transnational criminal activities. Tongs, as community organizations, are not playing any direct roles in these emerging enterprises, particularly those of transnational nature. Instead, organized by their ancestral and linguistic lineage for ease of operations as well as protection, the new criminal organizations have the financial wherewithal and connections to take advantage of the increasingly globalized environment.

Historically, law enforcement agencies have found the clannish social networks inside the tongs and the myriad dialects impossible to penetrate because of the cultural and linguistic barriers (Liu 1993). The situation remains largely unchanged today. Mandarin speaking officers are difficult to find in any law enforcement agencies in the U.S., those who speak southern Chinese dialects, such as the Fujianese, are almost nonexistent, thus hampering any effective surveillance and investigations. As long as there are no serious cases that warrant the mobilization of significant resources and procurement of special language skills, local, and federal authorities typically ignore what is going on inside the Chinese community.

Because "tongs" as a terminology has been ingrained into the vernacular of law enforcement and research community alike, it can be treated as a shorthand reference to Chinese organized crime in North America. Viewed from this angle, it is perhaps still convenient to use the terminology. But there is always the risk of conjuring up imagined connection between the old Chinatown-based organizations and the newly formed criminal alliances. Chinese organized crime in North America appears to be evolving along two dichotomous paths, with one rarely intersecting with the other. The neighborhood-based tongs are good at profiting from local vice activities. As Gambetta (1993) argues, their most profitable service is not so much in running any of these illicit enterprises, but in providing protection and insurance policy against predatory business practices or dishonest transactions. The emerging criminal alliances, on the other hand, are not attached to any specific neighborhoods and thrive on their transnational mobility to cash in on the ever-growing globalized underground economy. Human smuggling and drug trafficking are just a few such examples. Other activities that have seen a rise in the prominence of Chinese organized criminals include counterfeit goods, identity theft, credit card frauds, and intellectual property violations. For the same reasons that law enforcement agencies have found it difficult to investigate cases involving Chinese criminal organizations, there is a severe shortage of empirical research on this topic due to cultural and linguistic barriers. The last time anyone

who has conducted fieldwork in North America to examine tongs and their roles in the illicit economy was two decades ago. Much empirical research is needed to investigate and explore the changes in the underground economy inside Chinatowns.

A new conceptual framework of Chinese organized crime is also needed to account for the changing landscape of the Chinese community and the emergence of these new groups of transnational organized criminals. Such research need to cast its focus beyond criminality per se, but on the various functions of community organizations in Chinatowns. Important questions include how these organizations are formed, how membership is developed and where new members are recruited, any differentiation between core and peripheral members in their activities and compensations, and whether an organization ever disbands. It is not important whether these organizations are called “tongs” or some other names, what is important is to understand what their organizational imperatives are—the latent functions other than what their official charters say.

To summarize the earlier discussion, there are two main reasons that new conceptual tools are needed to explain these diverging trends in Chinese organized crime: the changing Chinese population in the U.S., and the emerging transnational opportunities. First, Chinese community is not static but changes over time. New immigrants from different parts of China bring along increasing cultural and linguistic diversities. Chinatown was once a primary Cantonese speaking territory, but newcomers speak multiple dialects from Fujian or Zhejiang. They have also brought along their own cultural habits that trace back to different areas in mainland China, Taiwan, and Southeast Asia. In addition, newcomers have their own problems, ranging from low employment skills, illiteracy, and illegal immigration status that must seek assistance from community organizations. Second, while the old-fashioned racketeering activities continue in the Chinese community, there are many more new transnational opportunities, nonterritorial and transient. They each need a specific kind of entrepreneurs. One type is entrenched in the neighborhood (i.e., tongs and street gangs), while the other is a global businessman.

This paper argues for the continued use of the term “tongs” as shorthand reference so that different criminal organizations can be explored and compared. This is similar to the fact that all Hong Kong’s criminal organizations are lumped together as “triads” even though there are many well-known organizations such as the Wo group and 14 group, and scores of splinter groups. The multitude of criminal organizations in Japan are broadly called the “Yakuza” or “Boryokudan” as if they were all the same when in fact the majority of their daily activities were rather mundane and non-criminal (Adelstein 2009). By using a specific terminology, law enforcement agencies and researchers alike can quickly differentiate a broad category of criminal enterprises from other types of criminal activities. Barring the use of such a convenient terminology, one may find it a clumsy exercise to describe Chinese organized crime in North America.

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Part IV
Organized Crime in Latin America

Chapter 7

Colombian Organized Crime: From Drug Trafficking to Parastatal Bands and Widespread Corruption

Francisco E. Thoumi

Abstract This essay traces the evolution of Organized Crime (OC) in Colombia in the post WWII period. It also highlights the country's structure: its geography, historical and institutional development that made it very vulnerable to the development of transnational OC. By today's definition, OC has always existed in Colombia but it was a local fixture. The development of the illegal drug industry in the 1970s globalized Colombian OC. It is shown that when the illegal cocaine industry started it was dominated by two large cartels (drug lords) and then in their adaptation to government actions it evolved into one controlled by warlords (guerrillas and paramilitary groups) and finally, after the government improved its capacity to fight the guerrillas and negotiated with paramilitary groups, has become fragmented and dominated by parastatal bands that control the political establishment in many areas and also have become involved in many other criminal activities. These bands have increasingly developed links with international criminal organizations. In this process, OC has penetrated the political structures of many regions and many government agencies and it diversified from illegal drugs into illegal money making activities, generating widespread corruption. The essay also schematically compares Colombia with Mexico and presents a few conclusions that are not optimistic about the possible modernization of the Colombian state in the short term.

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Introduction

Economic crime defined simply as activities that generate income and wealth breaking laws has been a constant main activity in Colombian history. Since the Spanish colony, contraband trade has been a way of life in several border areas. In the Guajira peninsula in the Caribbeans, for example, it has been a principle source of income and employment since the sixteenth century and has remained strong until the present (González-Plazas 2008).¹ During the nineteenth century after the country separated from Ecuador and Venezuela, Colombia had at least nine civil wars in which one of the main issues for the conflicting parts was the control and property of the land. In the twentieth century, as the country modernized, crime also developed: smuggling organizations flourished with the incentives provided by very high tariffs and other strong policies to protect industry; gangs engaged in illegal emerald mining and exports were quite sophisticated; car theft and home breaking and entering were common activities of small bands. The high level of violence that the country has experienced continuously in this period led to the development of a small arms black market.² In the 1931–1991 period Colombia maintained a foreign exchange control regime and holding foreign exchange was illegal. There was however a well-organized foreign exchange black market that was obviously illegal but tolerated. Whether the groups that participate in these economic crimes are called organized crime (OC) or common criminals depend on how these activities are defined.

For decades the country has experienced a continuous social conflict that most of the time has been violent. It expressed itself in “*LaViolencia*” of the 1940s and 1950s from which strong guerrilla organizations evolved that are still active today. During this period the liberal and conservative party contenders had strong ideological discourses but a main purpose of the confrontation in many regions was to capture land, displacing opponents (Bushnell 1993: 203–204). While the conventional wisdom presents these events as something similar to a civil war, they had strong OC characteristics according to today’s criteria. Land ownership has always been a main status symbol in the country and the weak and frequently undefined and questionable rural property rights have encouraged the formation of OC like groups.

Contraband, black market foreign exchange dealing, and the use of violence, force and political power to accumulate land are just a few of a long list of illegal activities that highlight the social acceptance of law breaking behaviors within significant groups of the population. As argued extensively in other works

¹ For example, “in 1970 a group of politicians from the region sent a letter to the president of the country disapproving new measures to control contraband because ‘one cannot prohibit merchandize contraband trade, the only means of subsistence of the majority of the population’” (Tirado 1978).

² While there is little or no research done on these types of crimes, the newspapers are full of references to them.

(Thoumi 1995, 2003, 2009a) the Colombian central state has never controlled the country's territory and it has not been capable of formulating a national project that would allow the establishment of the rule of law. In practice, there are many conflicts between the formal norms (constitution, laws, etc.) and the socially accepted behavior norms of large segments of the population. One main reason for this has been the country's geography. The country is beautiful but communications and transportation have been and still are extremely difficult: very high mountain ranges and thick unhealthy tropical forests have made integration very costly and difficult. This promoted the development of strong local identities and a very weak national identity. Indeed, it may be asserted that Colombia is a country but not a nation in the sense of having an identity that generates cohesion among its members. Colombia is a country with very low levels of trust, solidarity, reciprocity and empathy (Yunis 2003).

It is interesting that Colombians learned to live in an environment with many organizations that today would be considered criminal. In other words, these were accepted as normal and justified because of poverty, inequality, social exclusion and other reasons or accepted as part of modernization. In this environment what might be called OC has always been an important feature of Colombia. However, while many of the country's regions were very isolated, OC was very much a local problem. In the post war economic development and technological change have made the country increasingly connected with the outside world and when the country became a main actor in the cocaine industry, its OC became transnational organized crime (TOC).

The following section sketches the evolution of the illegal cocaine industry actors in Colombia. It shows that when the industry started it was dominated by two large cartels (drug lords) and then in their adaptation to government actions it evolved into one controlled by warlords (guerrillas and paramilitary groups) and finally has become fragmented dominated by parastatal bands that control the political establishment in many areas and also have become involved in many other criminal activities. Colombian trafficking organizations have also developed international links and have become globalized.

Section 3 makes a short comparison with Mexico that has been having a very high level of drug-related violence reminiscent of Colombia in the 1980s and early 1990s.

Section 4 presents some examples of other criminal organizations involving the political establishment that have controlled the agency that manages the assets seized to drug traffickers, have controlled the construction of large infrastructure projects and the numbers' game monopoly, stealing huge amounts of government funds and generating widespread corruption. Other common crime has followed suit and has increased drastically.

The essay ends with a short section on reflections and a few conclusions that are not optimistic about the possible creation of a future modern State in Colombia.

The Development of the Illegal Drug Industry: From Traditional Marijuana and Coca, to Drug Lords, to Warlords, to Parastatal Bands

Coca has grown in Colombia for centuries. It is used by Indians in rituals and for sustenance but its use has been minor compared to Bolivia and Peru as Indian communities have been only a small proportion of the country's population. After the Conquest, the mixing of the races was very fast and most Indian groups were either assimilated or wiped (Jaramillo-Uribe 1989). The ones that survived remained isolated and had weak links to the market economy. Coca use was limited to a small number of Indian groups who chewed it, used in their social rites and for medicine. Some peasants and country folk also used it this way. Ruiz-Hernández (1979: 111) traces the use of marijuana back to 1925, albeit its use was concentrated in the ports and limited to marginal members of society. Marijuana use in the Atlantic coast was widespread in the late 1930s and 1940s and by 1952 marijuana was exported in small quantities through Santa Marta (Sáenz-Rovner 2007: 210–211). By the mid-1960s marijuana was grown in large plots in the Sierra Nevada de Santa Marta on the Caribbean coast (Ruiz-Hernández 1979: 116). Partridge (1975) found a well-organized business in 1972 that produced for the domestic and export markets although the country at the time was not a significant world producer. When Mexico and Jamaica pressured by the U.S. fumigated marijuana with paraquat in 1975 fearful U.S. consumers sought other sources and farmers in that area responded to the foreign traffickers' demand for marijuana expanding cultivation and exports (Camacho-Guizado 1981). Soon after, they developed their own export trafficking networks. The marijuana boom did not last because the more potent *sin semilla* variety was developed in the United States where hydroponic plantings developed indoors, and because in 1978 the Colombian government under pressure from the U.S. implemented a strong eradication campaign (González-Plazas 2008).

The experience with marijuana showed how quick profits could be made in an illegal drug market; Colombians had well developed smuggling organizations and realized that cocaine offered much greater returns. They started purchasing and importing coca paste and cocaine base from Bolivia and Peru and processing them into cocaine to be exported. They organized distribution networks abroad and a cocaine boom materialized. The illegal industry included many independent operators although two loosely organized large syndicates developed based in Medellín and Cali. Other significant trafficking groups developed in Bogotá and the Caribbean coast. These became known as “cartels”, clearly a misnomer that is today widely used. “There is no doubt that it is politically useful for many groups to call the cocaine export organizations cartels, an adjective that conjures unpleasant memories of OPEC, of raw market exploitation, and that conveys the image of a conspiracy against the consumers” (Thoumi 1995: 142). The cartels, however, have not had any monopoly power. Indeed, the retail price of cocaine in the American markets declined sharply, “by 1995, after adjusting for inflation,

they were about one-third of their 1981 levels” (MacCoun and Reuter 2001: 30). Since then they have remained relatively stable although the last World Drug Report (UNODC 2011) shows a recent increase.

The demand for coca base and cocaine paste by cocaine traffickers was a strong incentive to establish coca plantings that by the late 1970s had grown as a ‘backward linkage’ of cocaine manufacturing and trafficking although most coca bases used in refining cocaine continued to be imported.

The two large syndicates required armed branches to protect their leaders and their investments, to enforce deals and to intimidate the government, the press and others who opposed them. The Colombian government signed an extradition treaty with the United States in 1978 and traffickers, mainly those associated to the Medellin cartel, responded with terrorist tactics and a war against narco-terrorism ensued after the April 31, 1984 assassination of the Justice Minister. In the following years there was a very high level of drug-related violence in which many judges, policemen, politicians and journalists were killed. Simultaneously, several guerrilla groups had also become active. To solve the persistent internal conflict and the narco-violence, a Constitutional Assembly was convened and a new Constitution enacted in 1991 that eliminated extradition, a measure that had strong public support by then. President Cesar Gaviria then offered a way out to the traffickers: those who confessed one’s crime could turn themselves in and serve a relatively short sentence in Colombia. Pablo Escobar, the main leader of the Medellin cartel built a prison outside that city and turned himself in. This, however, did not stop him from running his business and having control over the prison, even killing some of his comrades who visited him (Thoumi 1995: 228).

The government then tried to take over control of the prison but Escobar well-oiled network allowed him to escape. The chase was on and the government received technological support from the U.S. and intelligence support from splinter traffickers’ groups who had been threatened by Escobar and by the Cali cartel (Chepesiuk 2005: Chap. 8). Escobar was killed on December 2, 1993 and by 1994, most members of the Medellin cartel were dead or in jail.

Trafficking organizations do not operate in a vacuum and need support from social groups and government officials. The Medellin cartel was formed mainly by traditional Colombians and invested its profits heavily in rural land that had to be protected against guerrilla groups. To do so, it developed links with the military and organized its own armed branch, which became one of the roots of the paramilitary movement. This group attacked the national police which fought the cartel. The Cali trafficking organization had a more modern outlook and invested mainly in urban areas. It developed strong networks within the city and links with its police force (Chepesiuk 2005). Both groups also developed support networks with politicians and local economic elites.

After the 1994 election of President Ernesto Samper evidence was uncovered that showed that his campaign had been funded by the Cali cartel. This scandal forced the government to go after the Cali cartel and by 1995 most of its leaders were either captured or killed.

The disruption of the cartels led to a restructuring of the illegal industry. Some of the cartel members continued to traffic from jail but their control of the industry weakened, and a large number of small '*cartelitos*' and a few mid-sized ones emerged. Their number was never established but DEA documents suggest that by 1995 there were 200–300 smaller trafficking groups (Zabludoff 1996).

Small trafficking organizations have strong incentives to purchase, coca paste, cocaine base and cocaine locally and heroin trafficking could be more attractive to them because of its higher price per unit of weight and volume. These changes promoted the expansion of coca and the development of poppy plantings and heroin trafficking. The organizations cannot have large armed groups. They started hiring guerrillas and paramilitary groups for protection. These groups soon realized that having the weapons allowed them to control important parts of the illegal industry and became increasingly involved in it. Guerrillas and paramilitary groups gained control over coca and poppy planting regions. They also became involved in the refining process. Guerrillas controlled most illegal plantings areas while paramilitary groups were predominant in the manufacturing and trafficking stages.

Poppy cultivation was first detected in Colombia in 1986. Colombian and American fixation with cocaine allowed poppy, opium and heroin production to grow unnoticed until the early 1990s (Thoumi 2003: 91). Around 1993, however, Colombia became a main heroin supplier to the United States. The spread of poppy in the early 1990s involved several Indian communities. Vargas and Barragán (1995) found that violence had increased in most poppy growing locations and that traditional Indian communities were being disrupted and their ancestral authority structures challenged. This was a main reason for Indian community associations to negotiate with the government programs to eliminate poppy. However, no negotiations took place with non-Indian poppy growing peasants.

From 1995, the data shows a sharp decline in poppy plantings that continued into the 2000s to less than 400 ha in 2009. It is not clear why heroin did not take off as cocaine did and why poppy cultivation fell so sharply. Newspaper reports suggest that small trafficking groups continue to export small amounts of heroin. In January 2009 it was reported that a "Queen of heroin" had been captured with a stash of 10 kilos (El Espectador 2010). The last World Drug Report 2011 of UNODC estimates that Colombia may produce about 1 ton of heroin a year.

In the 1990s coca plantings exploded in Colombia. This was the result of changes in the structure of the trafficking organizations and other factors. The FARC guerrillas had strong links to and received funding from the Soviet Union and the ELN from Cuba. After the collapse of the USSR both lost the funding provided by those patrons. Then "taxes" on coca and poppy plantings and drug trafficking became an attractive substitute and important income source. The paramilitary movement that developed in response to the guerrillas threat to landlords and by the traffickers' response to the government's anti-drug policies also required funding and illegal crops and cocaine and heroin processing and trafficking provided a good share of it. Both armed organizations promoted the expansion in coca and the start of opium poppy plantings. In 1990 Colombia opened its economy which increased competition in agricultural product markets.

The economic reforms in Vietnam in 1986 allowed the expansion of coffee production and the breaking down of the International Coffee Agreement in 1989 that established export quotas and supported coffee prices allowed Vietnam to compete successfully in the international markets. These changes led to a rural crisis in parts of the Colombia, spanning rural–rural migrations to coca growing regions where immigrants became *cocaleros*.³

The 1991 Constitution ‘guaranteed’ important economic rights to education, health and housing and strengthened systems to transfer funds from the central to local governments.⁴ This meant that, for the first time, poor municipalities in isolated regions had significant revenues. Many of these did not have administrative capabilities or accountability systems. Guerrilla and paramilitary groups realized that they could profit from controlling coca- and poppy growing areas and municipalities. Territorial control allowed them to induce voters to elect the candidates they supported and then to obtain revenues from municipal investment projects and employees including those in education and in the health sector. They profited from illicit drugs, extortion (“protection” services) and ransoms from kidnappings. They also invested in licit businesses to complement their income and launder some of their illicit profits. These vary depending on the location and cover a wide range of activities including, ranching, agricultural business, transportation (trucking and busses), casinos, urban real estate, etc. (Garzón 2008). In summary parastatal bands “own” the areas under their control.

The illegal industry’s fragmentation, the agricultural crisis of the 1990s and the armed groups’ territorial control led to the boom in illegal coca plantings that turned Colombia from a marginal coca producer in 1975 to the third largest world producer in the 1980s. By the turn of the century, Colombia had become, and has remained, the largest coca grower in the world.

The need of the illegal industry to have strong social support to protect their profits and their underground activities-induced traffickers to develop links with the political establishment. These started in the early 1970s. By April 1978 president Turbay was accused of having links to the illegal industry (Craig 1981: 252; Tokatlian 1990: 294). This led him to sign an extradition treaty with the United States in 1978. Traffickers responded building strong links with the political establishment. Pablo Escobar built a support base in Antioquia to be elected to Congress and Carlos Lehder founded a nationalistic political movement with some Nazi overtones (Thoumi 1995: 141). Most other traffickers including the Cali cartel did it indirectly. They were confident that “buying” politicians was a more

³ Other version for the increase in coca cultivation in Colombia argues that this was just a “balloon effect” of the decline in Peru that resulted from the successful “air bridge denial” policy implemented by the Fujimori administration with US support. This version is however inconsistent with data on coca prices in Peru’s coca growing areas and on neutralized airplanes and with the involvement of Vladimiro Montesinos, Fujimori’s right hand, in the drug business (Thoumi 2009b).

⁴ I use ‘guaranteed’ in inverted commas, because the Constitution did not establish a credible funding mechanism to pay for the rights it granted the citizenry.

effective way to protect their assets and networks than being active in politics (Chepesiuk 2005). The links between the drug industry and the political establishment became clear when the financing by the Cali cartel of President's Samper campaign in 1994 was uncovered (Lee and Thoumi 1999; Dugas 2001; Chepesiuk 2005: Chap. 12). His administration had to devote almost all its energy to deal with these accusations while guerrillas and paramilitaries gained power and control over large areas of the country.

The social support networks of the drug industry were based on the historically weak central state's control of the territory. As noted above, illegal economic activities were common and accepted. Drug trafficking was just another one and the "illegal drugs problem" was defined as one of the United States and Western Europe, the main consumers. It only became a Colombian issue when drug related violence spiked in response to the extradition treaty.

The next president, Andrés Pastrana (1998–2002) was elected on a peace platform and he proceeded to grant a 42,000 km² safe haven to FARC where peace discussions could take place. This included large coca growing areas, it was out of bounds to the Colombian police and armed forces and allowed to control that region and impose its own laws and a primitive justice system. FARC used this area to deepen its participation in the illegal drug industry controlling coca and cocaine production and building landing strips from where the illegal trade could be conducted.

FARC's main presence is in the south and the paramilitary groups gained control mainly in the Atlantic coastal departments in the North. The paramilitary began in part as a movement by landlords who were victims of guerrilla extortions and kidnappings those who wanted to protect their investments. In the past, they have fought guerrillas for control of coca-producing areas and trafficking corridors but in some regions, guerrilla and paramilitary fronts colluded to profit from the illegal drugs industry dividing coca and poppy growing areas, manufacturing cocaine and heroin and selling them to the same trafficking networks. In other locations, FARC oversaw coca production and sold it to the paramilitary, which refined and sold the cocaine to traffickers or exported it itself. Ironically, cocaine strengthened the warring power of guerrillas and paramilitary groups but weakened the ideological and political zeal and frequently have partnered in the illegal business (Garzón 2008: 69). They gained military power but lost public support as they became increasingly akin to OC.

President Pastrana realized that it was imperative for the State to have a strong military force, to establish its presence in and control, the country's territory. From the Colombian government perspective the main goal was to deal with the guerrilla threat. In late 1998, with the collaboration of the U.S. the government formulated "Plan Colombia" with substantial U.S. financial and military support. The US goal was the elimination of the illegal drug industry and earmarked its assistant to that purpose. After September 11, 2001, FARC and paramilitary groups were declared terrorists by the U.S. and freed Plan Colombia funds to go after those groups. Plan Colombia has been instrumental in expanding government control over parts of the national territory formerly controlled by guerrillas. It has achieved better results weakening FARC than eliminating the illegal drugs industry.

The “Peace Process” with FARC floundered. FARC figured that it could gain military strength while confronting a weak State and sought to delay negotiations indefinitely or at least until it had a stronger bargaining position. After more than three frustrating years, Pastrana canceled the safe haven zone in early 2002. This failure disillusioned many Colombians and facilitated the election of Álvaro Uribe in 2002 on a platform of heavy-handedness against FARC. Uribe’s agenda emphasized state control over the territory and the establishment of “democratic security”, in practice this meant the ability of citizens to reclaim their rights to move freely around the country without fear of loss of life, kidnaping or extortion. Uribe’s hard hand forced FARC into a more passive position. It was also been applied to drug traffickers. Indeed Uribe extradited more than 1,200 traffickers, about four times the number extradited between 1984 and 2002.⁵ Extraditions have continued in the Santos government (2010–2016).

In 2004 Uribe started negotiations with paramilitary groups and introduced a bill in Congress to enact a law on “Peace, Justice and Reparation”. He agreed to give a safe haven to paramilitary leaders in Ralito, a small town in the north coast region where negotiations took place. These resulted in a massive demobilization of approximately 37,000 paramilitary fighters—a far greater number than the 14,000 that had been expected.⁶ The negotiations, however, resulted in a law of “Peace and Justice” with no reparation, in which paramilitary personnel who accepted the terms of the law received significant concessions including short sentences for ranking paramilitary and membership in a social reinsertion program for low ranking ones that included education programs and financial support from the government. To participate in the negotiations and obtain benefits paramilitary membership was required. Some traffickers without links to the paramilitary “purchased” paramilitary fronts to appear as paramilitary leaders and participate in the demobilization offered by the Uribe administration (Garzón 2008: 54).

Drug traffickers have accumulated very large amounts of land. Some of it was purchased from owners of large plots but a significant proportion was obtained by threatening peasants who owned small plots. Worse yet, in many cases paramilitary and guerrilla groups have accused peasants of supporting their opponents forcing them to flee their lands. Colombia is today the country with the second largest number of displaced citizens in the world after Sudan.⁷ This has resulted in a dramatic increase in land tenancy concentration (Reyes 2009).

⁵ It is remarkable that while in the late 1970s and through the 1980s extradition was the main issue behind narco-terrorism, today even massive extraditions barely make the evening news.

⁶ According to the government, the large figure is the result of non-combat personnel turning themselves in. This might be true for many but it is also true that many others have taken the opportunity to qualify for the benefits granted by the government.

⁷ The Internal Displacement Monitoring Centre estimates the number of displaced Colombians as of June 2010 at 3.3–4.9 million out of a population of 45.7 million. See [http://www.internal-displacement.org/8025708F004CE90B/\(httpCountries\)/F3D3CAA7CBEBE276802570A7004B87E4?opendocument&count=10000](http://www.internal-displacement.org/8025708F004CE90B/(httpCountries)/F3D3CAA7CBEBE276802570A7004B87E4?opendocument&count=10000).

The elimination of the large cartels led to smaller trafficking organizations. Among them, the North Valle was the only one that became large enough to try to replicate the old ones. The new structure was very fluid and alliances shifted continuously making it impossible for an outside researcher to paint an accurate picture. It, however, was more prone to intra industry violence. The old cartels leaders avoided conflict among the structure's parts and solved conflicts when they arose. The new small trafficking groups had to protect their turf and required armed protection from their competitors and law enforcement agencies. Attempts of some North Valle cartel members to negotiate their surrender to the U.S. led to an internal war that killed several cartel leaders and broke down the illegal industry further (Garzón 2008: 51–53; López-López 2008).

The new groups' need for armed protection led to the establishment of "collection offices". These started as groups of paid assassins used when drug deals went wrong, but they soon discovered that their skills could be profitable in other criminal activities: selling "protection" to many business (extortion), assaults, kidnappings, prostitution, gambling, retail drug sales in local markets, etc. The "offices" also hire freelance criminals for specific criminal tasks which provide cover from prosecution as the individual that commits the crime has contact only with one person linked to the "office" that remains unidentified (Duncan 2006). They have increasingly involved underage kids to commit crimes including killings because by law they are subject to lenient sentences.

The above-mentioned paramilitary demobilization left thousands of warriors and supporters that provided logistic support unemployed. The government made a strong effort to reincorporate them into civil life and the legal economy. Medellín, for example, developed a complex reinsertion program. This effort did not prevent a number of demobilized to form new "emerging bands". These also include paramilitary members that did not demobilize, former guerrillas and new criminals. Most of them are active in coca growing regions and engage in cocaine refining and trafficking and also participate in other illegal activities. In urban areas they control low income neighborhoods with a tradition of conflict and violence. The line separating paramilitary groups and OC was always a blurred one and today the two have become deeply intertwined (Garzón 2008: 68).

There are other criminal groups that specialize in the drug export business. There is little information about them but high ranking police reports suggest that there are an increasing number of small groups (baby cartels) of low profile, educated individuals, with good international connections who have developed drug trafficking networks. These groups have sought markets outside the United States. The growing relevance of the Mexican traffickers in the American cocaine markets supports this assertion.

Presently there is no clear picture of the current structure of the illegal drug industry in Colombia. There are signs, however, that it is rapidly changing and that new actors are appearing. Colombians lost market share in the U.S. to the Mexican groups but they have sought other markets in Europe and South America. Their presence has been documented in East Africa and other countries although they do not control the most distribution networks in them.

Today's drug groups include groups that are involved in diverse criminal activities. What is more worrisome, the lines separating paramilitary activities, is that drug trafficking, gambling agencies (similar to the numbers game in the U.S.) and local politics in a significant number of regions are becoming increasingly harder to identify.

The links between paramilitary and politicians have become clearer and the evidence of their strength is overwhelming: about 90 congressmen and women have been indicted with various charges of participating in paramilitary activities, receiving funding or working with those groups. Similar links between the armed forces and the paramilitary are also evident (Rangel 2005; Duncan 2006; Corporación Arco Iris 2007; Garzón 2008; López 2010). In rural areas the links are stronger; "the essential characteristic of the Llanos (Eastern Prairies) is not that a large part of its political and economic class was transformed by illegal organizations but rather that it surged from them" (Ávila-Martínez 2010: 103).

A combination of factors allowed these developments. Colombia has experienced high levels of violence for at least three generations and has a very large number of displaced people. These had no roots in the places they reside and most have experienced violence. They do not consider themselves part of the State and they distrust the central government. While most of these Colombians are not criminal, these factors make them vulnerable and increase the risk of their involvement in OC.

The government calls the new armed bands "bacrim" for "criminal bands". This name however, implies that they are simple criminal but the territorial control that they have achieved allows them to capture the budget of many municipalities and to supplant the government. This is why the name "parastatal bands" is more appropriate. Ironically, since a main source of local government funds are transfers from the central government, taxpayers have been funding these parastatal organizations!

Summarizing, the evolution of the illegal drug industry in Colombia has been dramatic. It started with the development of marijuana plantings with much of the product exported. It evolved into a large cocaine refining and trafficking industry. It diversified products and the heroin branch was also developed although this has not been a large industry branch. The pioneer trafficker organizations were small but as cocaine grew two large cartels concentrated the industry. When the government managed to break down the cartels but the industry became fragment and many "cartelitos" appeared. These needed protection and hired armed groups for that purpose. Having the monopoly of violence allowed the armed groups to control significant parts of the industry and warlords became main industry actors. The government's fight against guerrillas and the negotiation with paramilitary groups weakened those groups and the industry evolved into one that includes a variety of organizations: the parastatal bands that control the illicit crop, refining and exporting activities and a number of local governments and budgets, and a large but unknown number of small trafficking groups that specialize in the export side of the business. Since criminal organizations cannot act in a vacuum, they need social support groups and have deeply penetrated government agencies, the political establishment and local business elite.

A Short Colombia-Mexico Comparison⁸

The recent sharp increase in drug-related violence in Mexico has led to frequent journalist references about the “colombianization” of Mexico. Indeed, there are strong similarities between the illegal drug industries in Mexico and Colombia and their social consequences, but there are also many strong differences that call for different policy treatment.

To start, there is no correlation between illegal drugs and violence in the world: “Even without the protection of the state and courts, illegal drug markets are generally peaceable. However occasionally specific markets exhibit high levels of violence” (Reuter 2009: 275). Mexico, for example, has had drug trafficking for over a century as a producer and supplier of marijuana and heroin for the U.S. market (Astorga 2003). Until the late 1990s there were individual cases of murder associated to drugs but the illegal drug industry was relatively peaceful. Indeed, the high level of illegal drug and OC associated violence in Colombia and the current one in Mexico are anomalies which cannot be considered “natural” or intrinsic to those activities.

Since the beginning, drug leaders have been tied to power structures.⁹ Some started their illicit careers with the experience they gathered as former police officers, like the pioneer Arturo Vaca (Astorga 2005) in the 1930s, and more recently, Miguel Angel Felix-Gallardo, the kingpin of Mexico’s top smuggling syndicate in the 1980s (Lupsha 1992; Astorga 2005). Other complex drug organizations emerged from the ranks of deserters from the Mexican Army Special forces, like the Zetas, a gang which split from the Gulf Cartel. But many others have conformed to the control pattern established by the Institutional Revolutionary Party (PRI), which “regulated” the drug smuggling industry while in power from 1929 to 2000. “Dating back at least as far as 1960s, according to most sources, drug producers and traffickers have been the most rewarding, if not the primary, targets of police and politician’s extortions” (Paoli et al. 2009: 291). For decades during PRI rule, governors, senators and other high authorities maintained close ties to drug groups often ensuring authorities targeted rivals. The well-oiled machinery built by the PRI began to crack in the late 1980s, when the party lost governor’s races in some northern states. A lack of institutional PRI control created fierce territorial rivalries that fueled drug violence that increased when U.S. anti-narcotics efforts focused its actions on Mexico.

Mexico’s proximity to the United States contributes to the country’s involvement in illegal drugs but it does not explain its evolution. PRI developed a strong bureaucracy and the proliferation of local and state police forces with overlapping functions weakened law enforcement accountability. Under the PRI, there have even been reports of police commanders who allegedly paid government officials

⁸ This section was inserted at the suggestion of Professors Siegel and Van de Bunt.

⁹ The first documented case of this close relationship between the power structures and drug organizations is Cornel Esteban Cantu, Governor of Baja California controlled the drug trade in the region according to U.S. officials, (Astorga 2003: Chap. 1).

to be assigned to profitable posts along the border and other strategic drug regions (Andreas 1998: 163).

A weak central state, coupled with powerful local caudillos including state governors, used corruption as an instrument to exert control over the country's territory. Civil society was also very weak and anomy was common among the population. PRI exerted such tight control over civic organizations that the few that were allowed to exist were co-opted by party machinery.

This combination of factors remained strong until the mid-1980s. The Colombian success against the large Medellin and Cali cartels opened opportunities for Mexican organizations and the beginning of the PRI's loss of political power in the 1980s culminated with Mexico's passage from a single-party political regime to a multi-party system in 2000. The Mexican trafficking organizations reacted to these changes, introduced new trafficking technologies and displaced the Colombian organizations in many American markets.

The similarities of Mexico with Colombia are clear: a central state that cannot control large areas of the country and local political establishments intertwined with OC. The differences are also clear: Mexican geography offers much greater possibilities for central government control: there are no deep tropical jungles and high mountain ranges comparable to Colombia's and the transportation and communication infrastructures are much better than in Colombia. Besides, the modern economy and the country's links with the United States are much greater with means that within society there is a stronger anti-drug constituency. Not surprisingly, despite the high current level of violence in Mexico, it is much lower than in Colombia, where people are enjoying a relatively low homicide rate compared to those of the past. However, it is twice that of Mexico.¹⁰

The "Colombianization" of Mexico is simply an attempt to do a short cut to the study of each society and its vulnerabilities in a modernizing world. The only way social problems and conflicts are solved is to their in depth study. Violence and drugs are the result of a complex set of forces including economic ones but also each country's productive structure, culture and institutions. Because of this, transferring social policy recipes from one country to another is always dangerous.

The Generalization of Criminal Activities and Corruption in Colombia

The reasons why Colombia concentrated on the illegal drug industry are a subject of academic debate. For a long time I have argued that the concentration of the illegal cocaine industry in Colombia cannot be explained without a social structure

¹⁰ The 2009 homicide rate in Mexico was 17 per 100,000 people (<http://www.mexicomaxico.org/Voto/Homicidios100M.htm>) compared to 35.2 and 34 in 2009 and 2010 in Colombia (<http://www.opeak.net/en/item/5107-reduccion-tasa-de-homicidios-en-colombia.html>).

and culture that made the country very vulnerable (Thoumi 1995, 2009a). Gaviria (2008: 95) has argued that his position based in “a sociological determinism and our permanent deep-rooted scorn for the law and rules of social coexistence” is not valid. He argues that the development of the illegal drug industry in Colombia is “a product of history, of a set of fortuitous and irreproducible events” (Gaviria 2008: Chap. 4). Gaviria’s position attributes the development of the illegal drug industry to bad luck but it implicitly argues that the inability of the Colombian state to impose the rule of law, the constant regional challenges it has experienced and the persistent social violence are neutral factors. In other words, culture (attitudes, values and beliefs) is irrelevant. Besides, he cannot answer a simple question: why Colombia has much greater competition in the international coffee, bananas and flower markets than in cocaine? I agree with Gaviria in one important point: the illegal drug industry has been a catalyst that has encouraged the development of other criminal activities and today criminal behavior is widespread and considered by many as a normal way to achieve material goals. The following recent cases illustrate the situation.

In 2008 the “false positives” scandal was uncovered: young men were either been kidnaped or enticed with offers of jobs away from their residing regions. They were then killed and passed off by the armed forces as guerrillas killed in battle. As of January 2009 American Ambassador William Brownfield reported that there were 1,099 possible such cases (SEMANA 2010).

The National Drug Directorate (DNE) is in charge of managing drug traffickers seized properties. Management has been very weak and highly questionable. In 2007, its Director Mr. Vives-Menotti was investigated in Panama for possible money laundering in a case related to his brother Patricio convicted on drug trafficking charges in the U.S.A. in 2001. In December 2010 the office of the National Attorney General (*Procuraduría*) indicted him along with two former Secretary Generals of DNE accused of having proceeded in a questionable manner regarding a contract to establish the registry of all assets managed by DNE. In November 2010 the *Procuraduría* opened disciplinary investigations on Carlos Albornoz, Mr. Vives-Menotti’s successor, for presumed irregularities in the contract to manage a Hotel under DNE guardianship. The *Procuraduría* also opened an investigation of Mr. Albornoz’s successor who had faced other scandals when it was revealed that his father was negotiating contracts on the DNE managed assets.

The new Santos administration (2010–2014) appointed a new Director, Juan Carlos Restrepo-Piedrahita who has started a campaign to clean up DNE’s operations. The new Director, appalled by what he found, referred to DNE as “the amusement park for the mafia and corruption”.¹¹ On November 2, 2010 the *Procuraduría* opened a preliminary investigation against DNE aiming to identify the administrative irregularities, asset mismanagement and internal corruption. This took place after the press reported the presumed existence of three criminal

¹¹ SEMANA, November 6, 2010.

organizations that bribed DNE staff to grant the management of seized assets to members of the drug trafficking organizations and their front men.

Colombian transportation infrastructure is among the worst in Latin America and a main bottleneck to development. The Uribe government devoted a large amount of resources to develop highways to integrate the country and to link the inland cities to the ports. Bogotá also faces a mobility crisis and funded a large program to improve its street, build a new airport and expand its successful “Transmilenio” articulated bus system. These programs were captured by the “merry-go-round” of the highway and cityworks construction that has been in all media in the last few months. Builders without financial backing have received huge contracts with very large cash advances that they confess were used to pay “commissions” and personal expenses. Meanwhile the projects are started, advance at a very low pace and are not finished. The “merry-go-round” of infrastructure construction dominated by the Nule group took a huge but undetermined amount of money from the government. It is likely to have been in the high hundreds of USD millions. They moved to Miami and argued that they were bankrupt victims of corrupt officials and are willing to return to Colombia appealing to “the principle of opportunity”, that is, expecting to be set free if they testified against corrupt officials.¹² This could be the largest illegal capital outflow case from Colombia on record.

Similar “merry-go-round” systems are controlled by criminal organizations that dominate other activities like the numbers’ game mentioned above, controlled by Enilse López “La Gata” who has dominated politics in a substantial part of the Caribbean Coast of the country and whose son is now in congress. Ms. López was indicted on paramilitary charges and sentenced to nine years in jail but medical certificates allowed her to have home detention from where she runs her empire.

These are just a few examples of current criminal behaviors in Colombia. The problem is that among broad parts of the population many illegal activities are legitimate, in other words, they are socially acceptable and frequently encouraged. This has allowed the flourishing of practices like “express kidnaping”: people are assaulted and forced to withdraw large amounts of cash from ATM machines; identity theft rings that steal real property: false identities are used to transfer properties and obtain deeds. Several transactions are then made before the property is sold to an unsuspected buyer that then has to confront the original owner.

Not surprisingly, despite official data declines in the homicide rate, common crime in various forms, old and new, has increased substantially in the country and coexistence has become increasingly difficult. Personal security is an important issue and private security firms have boomed. In Colombia, the best a wealthy person can achieve is to live within a golden cage.

¹² The interested reader is referred to the web page of SEMANA (<http://www.semana.com/Home.aspx>) where evidence about this case is continuously appearing. As of March 29, 2011 there were 268 references to “Nule”.

A Few Reflections and Conclusions

Ever since its independence from Spain the Colombian state has waged a losing war trying to establish the rule of law. Today criminal organizations have supplanted the state in significant parts of the country, including some poor urban neighborhoods of large cities. These parastatal groups have penetrated the local governments' administrations and politics.

Parastatal bands seek profits but more important, they also seek power and de-facto, fill a power vacuum left by the central government's inability to impose the rule of law. The central government is not passive and attempts to challenge their hold, but the parastatal bands are flexible and they can use their own resources effectively to prevent the state's actions. At the same time, the plurality of parastatal bands tends to increase the possibility of conflicts among them.

The current situation raises big questions. First, whether the government should negotiate with those bands and if so, what to negotiate and how to make sure that the terms of the negotiation are implemented and respected. The history of failed negotiations with FARC and with the paramilitary groups suggests that the possibility of success in negotiations with parastatal bands is quite low.

Second, can the parastatal bands that control and/or have strong influence in many places be used to start building a modern state? These bands' values, attitudes and beliefs are premodern and their behavior indicates that their concept of power conflicts with that of a modern democracy. Their incorporation and assimilation into any modern state is very unlikely.

Colombia is a fragmented society in which one may live in the first world or in a pre-modern society. The modern society is sophisticated and globalized but most of the rest is not. This pre-modern society is not unified either as regional isolation for several centuries led to cultural diversity (Yunis 2003). In order to build a modern state it would be necessary to incorporate these people into it. Parastatal bands present a big obstacle and a challenge to be overcome in order to do so. This is why the future does not look optimistic.

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Chapter 8

México: Organized Crime Politics and Insecurity

Luis Astorga

Abstract The text below characterizes the phenomenon of organized crime in Mexico, which is dominated by illegal drug trafficking organizations and provokes high levels of violence, and its relationship with the configuration of political power. In order to understand the dimensions of the problem, this contribution also explores the definitions that have been used to characterize organized crime. It also examines the available data on the illegal drug market to show inconsistencies and inadequacies that are often overlooked. Finally, it weighs the strategies that the Mexican government has deployed during the Calderón administration to combat drug trafficking and the widespread social dissatisfaction with the high levels of violence and the number of fatalities.

Introduction

Mexico is a society characterized by high levels of poverty, inequality, corruption and impunity; by recent and major changes in the fields of politics and drug trafficking and the links between them and their modalities; by the transit from a one-party-state to a system of competition between political parties alternating in power; and by the problem this creates when there is a weak civil society and the political class lacks a national vision and clearly does not contribute to the consolidation of democracy. This creates a fertile ground for the advancement of

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power groups, legal and illegal, armed and unarmed and for an organized crime network that feeds primarily but not exclusively off the illegal drug trade.

According to the PGR, the Procuraduría General de la República (the Attorney General's Office):

The concept of organized crime [was] incorporated in our country's legislation, by the decree of September 2nd 1993 that amends Articles 16, 17 and 119 and derogates Article 107 paragraph XVIII of the Constitution, published in the Official Journal of the Federation the 3rd day of the same month and year.¹

According to Article 16 of the Constitution of the Mexican United States "organized crime is defined as an organization made up of three or more persons with the purpose of committing crimes in a permanent or repeated manner, in the terms of the law on the matter."² The Mexican Federal Law against Organized Crime was enacted on November 7, 1996. Article 2 defines the subject under consideration as follows:

When three or more persons agree to organize themselves or to be organized to carry out, in an ongoing or repeated way, actions which themselves or related to others, have as a goal or result to commit one or more of the following crimes, they will be prosecuted for that very fact, as members of organized crime.³

The long list of crimes mentioned under the law includes terrorism, international terrorism, drug crimes, counterfeiting or the alteration of currency, transactions with funds of illegal origin, collection of arms and their trafficking, alien smuggling, corruption, pornography, pandering, sexual tourism and trafficking of persons who are under eighteen years of age or who are not able to understand the meaning of the act or to resist it, vehicle theft, human trafficking and abduction.

There may be many offenses that fall under the purview of this law, but to talk about organized crime in Mexico is to refer generally to criminal organizations whose income is obtained mainly if not exclusively from the trafficking of illegal drugs. The legal universe defined as "organized crime" includes drug offenses (or the trafficking of illegal drugs) as a subset. Historically and in practice, the field of drug trafficking has had a relatively greater weight in economic terms and in its capacity to impose its logic on others through the use of force. While not all drug trafficking organizations carry out other activities considered to be organized crime, they are in a position of dominance over other groups engaged in those activities and they are also in a position to expand their interests toward other types of crime if they so choose.

¹ <http://www.pgr.gob.mx/Combate%20a%20la%20Delincuencia/Delitos%20Federales/Delincuencia%20Organizada/Antecedentes.asp>

² <http://info4.juridicas.unam.mx/ijure/fed/9/17.htm?s=>

³ <http://www.diputados.gob.mx/LeyesBiblio/pdf/101.pdf>

These organizations are credited with the most violent murders in the country. They are the ones that have caused, and are causing, the biggest problems of governance and they are often of a transnational character. Based on federal government data, it is possible to affirm that about 70% of intentional homicides allegedly linked to drug trafficking are attributable to organizations led by drug dealers from the state of Sinaloa, who were previously part of a broad coalition. The rupture of the links between groups that were formerly associated has led to an extremely bloody fratricidal war. The remainder of the deaths are due to confrontations within the organizations themselves and within existing coalitions struggling for hegemony in the field of illegal drug trafficking.

It has become commonplace to designate illegal drug trafficking organizations as ‘cartels’ when in reality they are not. Since the early eighties the label ‘cártel’ or ‘cartel’, depending on the country, began to be used by prosecutors from South Florida and by the Drug Enforcement Administration (DEA) to refer to groups of Colombian traffickers engaged in violent and merciless competition with the Cubans in Florida for control of the cocaine distribution market. From the very beginning, the word has had the effect of a spell among those who adopted it to unify and symbolically capture through language these social organizations operating outside the law, including the media, who undertook its reproduction. Such has been the success of this nominal fiction that its use has spread to politicians and even to the academic world.

Strictly speaking, given the original meaning of ‘cartel’ in economics, the use of the word was inappropriate from the beginning. The Dictionary of the Royal Spanish Academy (RAE) lists two definitions:

- (1) the economic definition: “An agreement between several similar companies to avoid mutual competition and regulate the production, sale and prices in certain industrial fields”, and
- (2) a more recent definition: “An illegal organization linked to the trafficking of drugs and weapons”.

No illegal drug trafficking organization, past or present, fits the economic definition but there are undoubtedly criminal organizations engaged in one or more of the activities identified by the law as ‘organized crime’. Virtually all of the groups engaged in any or all of these activities, regardless of their size, fit the second definition given by the RAE. Journalists have had a hard time getting rid of this addictive linguistic fetish and they are not the only ones. But as if that were not enough, journalists and officials even speak of ‘mini-cartels’ and ‘macro-cartels’. It would not be odd if they added the label of ‘nano-cartels’ to the list and it is perfectly possible that the list of erroneous and inconsistent labels will continue to expand.

There is no doubt that it is as difficult to capture in language the criminals that make up these organizations as it is to find the right words to account for their diverse and rapidly changing activities. In a very important, well-documented and large study of the world’s illegal drug economy, Reuter and Trautmann state that “the illegal drug markets are largely competitive, not vertically integrated or

dominated by major dealers or cartels”.⁴ For those interested in the phenomenon this is an empirical and demystifying statement of great importance in the search for and the construction of more appropriate categories.

Recently, key figures such as Gil Kerlikowske, director of the White House Office of National Drug Control Policy (ONDCP), have been giving statements that challenge the appropriateness of the ‘cartel’ label. Gil Kerlikowske has said in reference to drug trafficking organizations:

It is now very clear to me [that] we should not call them drug cartels, because they are involved in so many other things [...]. They are multifaceted companies [...]. If we continue to call them drug cartels, even though that still remains a large part of their profits, then we will continue to think we have to deal with them through some kind of drug legislation, regulation, and so on.⁵

Gil Kerlikowske did not seem to disagree with the use of the word ‘cartel’ previously, but he does not agree to use it to designate the current organizations that have expanded their criminal income. Even within the Mexican government there seems to be a greater awareness of the misuse of the ‘cartel’ label. The Ambassador of Mexico to the United States, Arturo Sarukhan, questioned the use of the term when he said that “a cartel colludes to agree on prices and on the control of the market. But this is the last thing that organized crime in Mexico is doing. That is why the violence has escalated.”⁶ In a text I wrote 20 years ago (published in 1995), I pointed out that it was an exaggeration to affix the word ‘cartel’ to every existing group, organized or not, that was engaged in illegal drug trafficking. I warned against the transformation of the language that pointed toward the creation of a universal semantic field whose main words were ‘cartel’ and the prefix ‘narco’⁷ (not all illegal drugs are narcotics). Both are fetish notions of the discourse on illegal drug trafficking. Therefore, I have never referred to drug trafficking organizations as ‘cartels’ or to the social agents involved as ‘narcos’. This text is no exception. Instead, I will speak of organizations, coalitions and illegal drug traffickers.

How Is the Drug Trafficking Field Composed?

A document by the Ministry of National Defence (SEDENA) presented by its representative General Guillermo Galván to Congressmen and members of the National Defence Commission in September 2010, partially published in the weekly publication *Proceso*,⁸ lists seven large trafficking organizations as the most

⁴ A report by Reuter and Trautmann (2009), p. 13.

⁵ See Díaz Briceño (2011).

⁶ El Universal, May 18, 2011.

⁷ Astorga (1995), p. 11.

⁸ Cervantes (2011).

important and powerful in Mexico: Sinaloa (“Chapo” Guzman or Pacific), Arellano Félix (Tijuana), Beltran Leyva (South Pacific), Carrillo Fuentes (Juarez), La Familia Michoacana (Michoacan), Tamaulipas (Gulf of Mexico) and the Zetas. Besides the above mentioned, the document lists other smaller organizations that are associated in one way or the other to two of the larger coalitions, Sinaloa and Tamaulipas: Milenio, Diaz Parada, Unidos de Jalisco, la Resistencia, y la Sierra de Guerrero.

According to the Ministry of Defence, both the Sinaloa organization—which, according to the Ministry, is engaged in drug trafficking and not in kidnapping and extortion and has a linear and regionalized leadership—as well as the Tamaulipas organization have a ‘traditional style’ command structure and avoid confrontation with the armed forces. Sinaloa “systematically” avoids confrontation while Tamaulipas “generally” avoids it. On the other hand, the Zetas are also engaged in kidnapping and extortion, have a greater presence in the country, are responsible for most of the violence, deliberately attack the armed forces and are therefore seen as the criminal organization that poses the highest risk to internal security. The Ministry of Defence refers to the Zetas as “a military-style organization that enforces discipline within its members through violence.” It points out that most attacks against the military, 264 of 805 (32.7%), have been carried out by that group. La Familia is characterized as a radical, fundamentalist organization that has succeeded in displacing the authorities in some municipalities of Michoacan. We must clarify that it is not the only one that has done so in its area of influence. The document published by the SEDENA does not specify whether the displacement has been deliberate or de facto through the inaction of the authorities. Nor does it state whether there have been agreements between criminal and political groups to achieve mutual benefits. About the organization’s leader, Vicente Carrillo, the document says that he is violent, uncompromising and non-negotiating and that he recruits gang members from Ciudad Juarez for his own organization. On the Beltran Leyva organization it points out that besides drug trafficking it also carries out robberies, kidnappings and extortion and that it uses extreme violence. Regarding the Arellano organization it says that it is a family company that pays dues and is “the weakest” out of the seven.

General Galvan told legislators that: “[currently] there is no State in Mexico free of criminal manifestations derived from drug trafficking.” He proceeded to present some scenarios that could reduce the violence caused by criminal organizations: 1. The coalition Gulf-Family-Sinaloa consolidates and manages to eliminate the Zetas, 2. Government action compels organizations to reach “agreed unification” so that they conduct their activities “without violence, and secretly.” However, General Galvan did not venture to establish a time frame in which these hypothetical scenarios could be observed. The note in the weekly paper does not indicate whether the document raises other, less optimistic scenarios.

The leaders of the organizations Sinaloa, Tijuana, Juarez and Pacífico Sur all originated from the state of Sinaloa and until the late eighties they formed a hegemonic coalition in the field of drug trafficking in Mexico under the leadership

of Miguel Angel Felix Gallardo. Gallardo was arrested in 1989. The first to split from the Sinaloa organization were Joaquin Guzman and his partner Hector Palma in 1988. The second to split was the Arellano organization in the early nineties; the third one was the Carrillo organization, in 2004; and the fourth one, the Beltran Leyva organization, in 2008. The organization of Tamaulipas emerged powerfully during the Salinas administration (1988–1994) and became a competitor to the Sinaloa organization. In 1999, its leader, Osiel Cardenas, recruited a group of former elite military members who adopted the name “Zetas”. Cardenas was captured in 2003 and extradited to the US in 2007. The Zetas split from the Tamaulipas organization in 2008, but there were no violent confrontations until 2010. The “La Familia” organization appeared publicly with that name in 2006 in the state of Michoacan, although some of its leaders already had previous contacts with the Sinaloa organization and the Zetas.⁹ Currently, Mexican and US authorities have indicated the formation of new partnerships between the groups: on one side the Sinaloa, Tamaulipas and La Familia, and on the other Beltran, Carrillo and the Zetas. The Arellano organization had already started negotiations with the Sinaloa organization but apparently it did not want to become directly involved in the bloody struggle between the new coalitions.

Meanwhile, the Ministry of Public Security of the federal government (Secretaría de Seguridad Pública) stated that after the death of the main leader of La Familia, Nazario Moreno, in December 2010, Enrique Plancarte y José de Jesús Méndez had become the new leaders of the organization. In early 2011, the differences between the two began and there was a split: Plancarte and Servando Gomez formed another group called “the Knights Templar” (Caballeros Templarios). Mendez remained as the leader of la Familia or of one faction of the organization formerly known as La Familia. According to the Ministry of Public Security (SSP), the arrest of 36 members from this organization by the Federal Police at the end of May 2011 has weakened the organization and it may seek support from other groups to face the Knights Templar.¹⁰ Another source quoted in the press, allegedly from “federal intelligence” and without a date, indicated that the organizations of Sinaloa and el Golfo had sent a group of gunmen to Michoacán in late 2010 to eliminate seven of the people closest to Nazario Moreno.¹¹ This highlights the differences between the versions of the Ministry of Defence and the Ministry of Public Security or, in other words, the lack of coordination between the two major institutions that the federal government relies on for its security strategy.

It can be said that the structure of the drug trafficking field in Mexico is predominantly oligopolistic instead of “cartelized” and that (as of the moment of writing this text) there is no group or coalition that has achieved hegemony. In just

⁹ For more details see: Astorga (2005, 2007, 2011).

¹⁰ See: SSP, Press Release Number 325, May 28, 2011.

¹¹ See: “Detecta reporte caza de capos”, *Reforma*, May 28, 2011.

over two decades there has been a reconfiguration in the field—accelerated during the Calderón administration—where significant divisions can be observed that have led to new, more or less flexible criminal coalitions of uncertain duration and stability, especially in light of the fact that some of the new partners (for example, Sinaloa and el Golfo) were bitter enemies until a few years ago and the clashes between them were some of the bloodiest.

Political Reconfiguration and Insecurity

There are regions under the overall control of certain organizations and there are other regions where at least two organizations are vying for supremacy. These are, for example, ports or places along the coast that can be used to smuggle in chemicals for the manufacturing of methamphetamines or cocaine from South America; areas of production of marijuana or poppy; areas where there are laboratories producing methamphetamines; routes to the US-Mexico border; border crossings; and cities where illegal drug use is more prevalent and significant profits can be made by organizations in control the retail traffic. This mainly takes place in states and municipalities where power positions are occupied by members of various political parties. While President Felipe Calderón belongs to the Partido Acción Nacional (PAN), the data in May 2011 show a reconfiguration of the political field where most of the state governments (15 out of 32) and municipalities (921) are in the hands of the Partido Revolucionario Institucional (PRI), or in the hands of the PRI in coalition with the Green Party of Mexico (PVEM), which represents four more governorships. The Partido Acción Nacional (PAN) governs in 6 states and 488 municipalities and in three more states with the coalition formed with the Partido de la Revolución Democrática (PRD), while the PRD rules in 4 states and 286 municipalities.

These days, there is political pluralism in Mexico but there are no joint efforts to improve the security of the nation. The federal government, every state and most municipalities have their own police unit, bringing their number up to 2,000. The training of police officers is uneven while the police and corruption agencies are highly uncoordinated as well as divided by partisan political differences. The police chiefs are appointed by local political authorities and they are given a budget for public safety. The government of Felipe Calderón (2006–2012) in October 2010 proposed an initiative to create a “single subsidiary state police authority”, a police model that would be “flexible, decentralized and of a civil, non-militarized nature”. In practice, there are only a few municipalities in certain states that have integrated the scheme of a state police with a single authority. The federal government’s balance sheet shows the scale of the problem: “Only 12 of the 31 states have a police force in all municipalities and more than 400 municipalities in the country do not have their own public security force, while almost 90% of those who do have a police force, have less than 100 officers. The 25 largest police bodies account for 26% of the

current force strength.”¹² The National Governors’ Conference (CONAGO) agreed to hold their first joint police operation in the country on the 11th of July 2011, with the participation of 32 states and 310,000 policemen. The week-long police actions targeted kidnapping, extortion, theft of cars and homes, assault and arms trafficking, among others.¹³ It was the first national attempt to coordinate public safety issues. Such coordination should be permanent and should go beyond the purpose of merely impressing the criminal organizations.

The party-state system, which lasted 71 years, during which time the PRI dominated the political life in Mexico, had relied since 1947 on a political police with extra-judicial powers. The Federal Directorate of Security (Dirección Federal de Seguridad) was first directly accountable to the President and later to the Interior Ministry. In addition, there was the Federal Judicial Police (Policía Judicial Federal), under the Attorney General’s Office (Procuraduría General de la República). In a system where the federal executive branch predominated in an absolute manner over the legislative and the judiciary branches, both security institutions, especially the Federal Directorate of Security (DFS), played an important role in suppressing political opposition and in controlling and protecting criminal groups such as illegal drug traffickers. All the weight of the authoritarian state would fall on those social actors, political or criminal, that were designated as enemies. In this scheme, the traffickers had three options if they decided to not play by the rules: go out of business, go to jail or be eliminated. The DFS disappeared in 1985, as a result of political pressure from the US following the murder of a DEA agent in 1984 in which members of that institution had participated. The political changeover in states’ governments began in 1989 when the PAN won the gubernatorial election in Baja California. In later years, the PRI continued to lose governorships and municipalities and in 1997 it lost for the first time its absolute majority in Congress. In 2000, the PRI was out of the presidency and replaced by the PAN candidate.

The reconfiguration of the political field is a relatively recent development which began to accelerate in the late eighties. In the political changeover, the central power faced a complex problem: the federal security institutions were corrupt and weakened, with thousands of local police officers being dependent on politicians of different parties. There was a political changeover, but a political pact to create a State security policy was missing. Short circuits on security issues were reproduced across the country and at all levels of government. Trafficking organizations as well as police bodies became more autonomous from the central political power. Faced with the economic power and the weaponry of the traffickers the political class had three alternatives: to do nothing and let the traffickers dominate, to establish relations of mutual convenience with the criminals, or make a political pact to develop and implement a State security policy. The first two have been observed in practice. The third exists only in the discourse of certain leaders.

¹² See: SESNSP, “Iniciativa de mando único policial”, http://www.secretariadoejecutivosnp.gob.mx/es/SecretariadoEjecutivo/Iniciativa_de_Mando_Unico_Policial.

¹³ Véase: M. Castillo, Notimex (2011a, b).

Markets

Estimates of the illegal drug market for which the Mexican trafficking organizations are competing vary according to the sources. The fact that these estimates come from official sources does not make them more reliable. The figures most often cited come from various agencies of the US government, but they are not derived from sound methodology. Generally speaking, these numbers are inventions, very rough estimations, or simply political statements rather than calculations based on scientific rigor. However, they are disseminated by the media as if they were revealed truth and are believed and accepted by many people who appear unwilling to make the slightest effort to maintain a critical detachment. Take, for example, the following US government figures. The ONDCP has estimated the amount spent by Americans on illegal drugs at \$65 billion a year, an estimate from 1999 that still appears on the website of the DEA in 2011. In 2006, the ONDCP said that profits made by Mexican traffickers in the US amounted to nearly \$14 billion; in 2008, the Department of Justice estimated wholesale sales by Mexican and Colombian organizations in the US to be in a range of \$18–39 billion; in March 2009, Secretary of State Hillary Clinton stated in Monterrey, Mexico, that Mexican traffickers earnings amounted to \$25 billion a year; in the same month and year another State Department official estimated the figure at a range of \$17–38.3 billion; in May 2010, a State Department document on money laundering and financial crimes estimated the amount repatriated to Mexico from the US by drug trafficking organizations to be between \$8 and \$25 billion; and in June 2010, the Secretary of Homeland Security, Morton, estimated the amount introduced to Mexico by these organizations at somewhere between \$19 and \$29 billion. In other words, the US government has as many estimates as agencies with competence in drug issues. It does not have a unified estimate with verifiable and transparent sources, methodology or hypotheses. A study by RAND from 2010 that does meet these requirements, estimated the earnings by Mexican organizations from wholesale export to the US at \$6.6 billion. These include marijuana, cocaine, methamphetamine and Mexican and Colombian heroin. The authors present estimates of the US retail market, except for marijuana, which would be \$55 billion.¹⁴

¹⁴ Véase: National Drug Intelligence Center, US Department of Justice, *National Drug Threat Assessment*, 2008; “Cárteles reciben de EU 25 mmd al año”, *El Universal*, 27 March 2009; Johnson (2009, March, 18), Assistant Secretary of State Bureau of International Narcotics and Law Enforcement Affairs, Department of State, Statement before the Subcommittee on the Western Hemisphere of the House Foreign Affairs Committee, Washington, DC; US Department of State, Bureau for International Narcotics and Law Enforcement Affairs, Money Laundering and Financial Crimes Country Database, May 2010; Informe “Estados Unidos-México: estudio binacional de bienes ilícitos”, presentado por Morton, subsecretario estadounidense del Departamento de Seguridad Interna del Servicio de Inmigración y Control de Aduanas (ICE), citado en *La Jornada*, Jueves 3 June 2010; Kilmer (2010), p. 30; Appendixes, p. 47.

The Ministry of Public Security (SSP) of Mexico's federal government on the other hand made its own calculations and estimated the retail consumption of marijuana, cocaine, amphetamines, ecstasy and heroin in the US at just over \$64 billion. According to the SSP its calculations are based on information from the 2009 World Drug Report of the UN (2009 WDR).¹⁵ For Mexico, the calculation gives a figure in the retail market of \$8.78 billion. The SSP calculated the marijuana market in Mexico based on an "estimated" price per gram slightly higher than the price established for Canada (\$15), which is absurd. For methamphetamine and ecstasy there are no data for Mexico in the 2009 WDR, but the SSP said that it based its estimations on information from the Federal Police (PF). The SSP calculated the price of these drugs in Mexico at about half the maximum price in the US. While there is an obvious distortion in these estimates, there is no doubt that the illegal business generates a lot of money. There are people with large personal fortunes and a significant portion of their wealth is used to arm their private armies and to corrupt the authorities in charge of combating them. It is not known how much this business is worth or how it is distributed; all that is certain is that it fuels violence and lawlessness in many parts of the country.

Forbes magazine has made its own but no less fanciful calculations.¹⁶ In this case, the calculations are based on the alleged fortune of Joaquin Guzman, the leader of the criminal organization of Sinaloa. In 2009, the magazine estimated his fortune at \$1 billion. In 2011, he was still on the list, with the same amount. When discussing the estimates of illegal businesses or the income of criminals one cannot be precise or conclusive because of the very nature of these activities. To claim otherwise would amount to lying, either out of ignorance or deliberately. Forbes magazine estimated the fortune of Carlos Slim, the Mexican businessman who, according to Forbes, is the world's richest man, at \$74 billion in 2011. Assuming that the Forbes figures are correct, the fortune of Guzman would be equivalent to 0.089% of Mexico's GDP (\$1,114 billion in 2010), while Slim's fortune would represent 6.64%. If Guzman is supposed to be the richest among the drug traffickers, then the remaining 63 or 64 billion—depending on which figures are chosen, the calculations of the US government or those of the SSP—would be spread among a multitude of traffickers (Mexican citizens and other nationalities) who are selling in the US market, across the long chain of the illegal business. Politicians and the media often refer to various US government figures, but never choose the lower range; instead, they choose the higher range or the one they make up.

Estimates of the number of hectares planted with illegal crops and the number of people who make up the world of the drug trafficking business in Mexico suffer from the same uncertainty and are subject to the same statistical, political and media manipulations. For example, in 2008, the head of the Ministry of Defence

¹⁵ See: Secretaría de Seguridad Pública, presentation Genaro García Luna, January 2011.

¹⁶ See: *Forbes*, March 2011: <http://www.forbes.com/wealth/billionaires/list?country=224&industry=-1&state=>

(SEDENA), General Guillermo Galván, presented data to a group of congressmen on the number of people (in round numbers) involved in the entire chain of drug trafficking in Mexico, from growers to leaders of organizations, and came up with a total of 500,000. For his part, Johnson, from the U.S. State Department, said in 2009 that the figure was 450,000, of which 300,000 could be linked to marijuana cultivation. An official of the National Commission for the Development of Indigenous Peoples estimated the number of indigenous people involved in the illegal business at 50,000. It is still a mystery how they were able to establish such accurate numbers, which always ended in zeros and were different from each other. Regarding the areas reserved for illegal crops, the UN World Drug Reports usually point to US government estimates instead of the estimates given by Mexico and in some of these reports they make it clear that the Mexican government does not recognize these calculations because the US has not made its methodology known. The Mexican government has no estimates on the hectares under cultivation, only on those that have been destroyed. This, however, has not been an obstacle for the president of the Superior Agrarian Court of Mexico, Ricardo García Villalobos, who has made several fanciful statements on illegal crops in recent years. In 2006, García Villalobos said that the land used for illegal crops in Mexico, such as poppies and marijuana, comprised about 2 million ha, or approximately 20% of the arable land. In 2007, the figure rose to 6 million and in 2009 to 7 million ha or about 33% of the total arable land in the country. The UN 2009 World Drug Report estimated the total number of hectares used for illegal crops in the world (coca, poppy and cannabis) to be in the range of 624,700–1,066,500 ha. For Mexico, based on information from the US, the Report estimated that 6,900 ha were used for the cultivation of poppy; 15,000 ha in 2009, according to the State Department, which also estimated that 8,900 ha of cannabis were cultivated in 2008 and 12,000 ha in 2009. In other words, according to García Villalobos, the area designated for illegal crops in Mexico would be more than 7 times the total area worldwide!¹⁷ Unfortunately, absurd and irresponsible statements like these are common among officials. By giving them space and credit, the media feed the ignorance and contribute to the making of myths.

Regarding the consumption of illegal drugs in Mexico it is not uncommon for officials to interpret the data incorrectly. For example, the head of the SSP, Genaro García Luna, stated that in Mexico there were “more than 1.5 million cocaine users and 3 million people addicted to marijuana.” The 2008 National Survey on Addictions (México 2008), which measured the frequency of consumption of legal and illegal drugs in a population of 12 to 65 years old (representing a total of 75,125,037 people), showed that 2.37% (1,780,463) reported having used cocaine (in the US more than 36 million in the same year), while 4.19% (3,147,739) reported having used marijuana *once in their lives* (over 102 million in the US). The latter cannot be considered regular users, let alone “addicts”. The percentage of those who reported having used cocaine in the last

¹⁷ See: Merlos (2008, 2009); Arreola (2009); UNODC (2009); Méndez (2007); Notimex (2009).

month was 0.27% (202.837 vs. more than 1.8 million in the US) and 0.67% for marijuana (503.337 vs. more than 15 million in the US). To start with, the name of the survey does not reflect what it measures. It only provides a picture to be used for comparison with previous surveys, provided that they followed similar methodologies, and to observe trends in the consumption of certain substances in the age groups mentioned. Regarding marijuana, Mexico (the third largest producer in the world) has a lower consumption rate—in terms of percentage of the total population of the age groups questioned in the survey—than Canada, the USA, Spain, Chile, Argentina, England and Wales, Portugal and Holland, among others. The same holds true for cocaine consumption in these countries (except for Portugal, where consumption is slightly lower) taking into account that, according to the DEA, between 90 and 95% of the cocaine consumed in the United States comes through Mexico. Regarding amphetamines, ecstasy and opiates, Mexico is also below those countries in terms of consumption, except for Chile, where the levels are similar to those of Mexico for the first two drugs mentioned (marijuana and cocaine).¹⁸ Thus, in Mexico it can be observed that an exchange value is attached to the drugs instead of a consumption value. The value of these drugs in the US market is without a doubt what mainly fuels the criminal organizations and what determines the struggle to cover most of the supply to this market or to achieve a quasi-monopoly on this side of the border.

Violence and Political Power

What has shocked Mexican society and the international community the most in recent years has been the frequency, expansion, levels and modes of violence exercised by criminal organizations against each other, against the State security forces and against civil society. The database of the federal government states that between December 2006 and December 2010, 34,612 deaths have occurred “because of alleged criminal rivalry”. Out of that number, 546 deaths have been classified as “aggression towards the authorities”, 3153 as “fighting against the authorities and among criminals” and 30,913 as “intentional murders whose victims and/or perpetrators are presumably members of a criminal group”, also classified as “violent death by execution”.

Another document from a federal source, quoted in the press in October 2010, assessed the murders attributed to rivalries between criminal organizations. Out of a total of 22,701 murders, the struggle between the Sinaloa organization and the Carrillo Fuentes (Juarez) organization has caused 8236 deaths; the struggle between the Sinaloa organization against the Beltran Leyva organization has caused 5864 deaths; el Golfo and Sinaloa organizations against the Zetas, 3199; Sinaloa against Arellano Felix (Tijuana), 1798; La Familia against el Golfo

¹⁸ See: SSP (2010); UNODC (2009); México (2008); USA (2008).

organization and the Zetas, 1744; el Golfo against the Zetas, 1328; la Familia against the Beltran Leyva organization, 56; and 476 are undetermined. That is, 15,898 or 70% of the deaths are attributed to a fratricidal war between organizations whose leaders all originate from the state of Sinaloa. Until the late eighties, these men were partners in the country's most powerful coalition.¹⁹

Out of the ten states with the highest number of killings allegedly linked to drug trafficking, five were ruled by the PRI through 2010 (Chihuahua, Sinaloa, Durango, Tamaulipas, Estado de México), two by the PAN (Sonora and Jalisco), two by the PRD (Guerrero and Michoacan) and one (Sinaloa) that was lost by the PRI and is now governed by the coalition PAN-PRD-Convergencia, from January 2011 onwards. According to the document, Chihuahua has witnessed more than ten thousand murders and Sinaloa more than four thousand. Of the 80 municipalities with the most violence, 48 (60%) have governments headed by the PRI; 12 municipalities (15%) have governments headed by the coalition PRI/Partido Verde Ecologista de México (PVEM); 12 (15%) by the PAN; and 8 (10%) by the PRD. For example, from December 2006 to December 2010, there were 6300 intentional murders in the town of Juarez (PRI), Chihuahua; 1809 in the municipality of Culiacán (PRI), Sinaloa; and 1559 in Tijuana (PRI/PVEM), Baja California. In summary, 7 of the 11 municipalities with the highest number of intentional killings (Juarez, Culiacan, Chihuahua, Gomez Palacio, Mazatlan, Torreon and Durango) were ruled by the PRI; 3 (Tijuana, Acapulco and Navolato) by the PRI/PVEM coalition and one (Nogales) by the PAN.²⁰

It is important to observe the distribution of the positions of political power in the country and to relate them to the violent deaths and the organizations that are responsible for these murders and the regions where they are fighting for supremacy. The political parties that are in positions of power should be able to prevent a certain amount of crime and to enforce the law. They have not done so either because of a lack of interest, inability or complicity with the criminal groups. Those in power are potentially corruptible since they are the ones who can provide protection and immunity to the criminal groups. However, they cannot evade their responsibilities and neither can the federal government evade its responsibility regarding its strategy, objectives and results. There is a shared responsibility among the various actors but nobody is willing to bear the political cost of their mistakes. For example, the former mayor of Ciudad Juárez (2007–2010, PRI), Jose Reyes Ferriz, accused the former governor of Chihuahua (PRI) and the former prosecutor of that state of not cooperating with him and the federal government in trying to combat the criminal groups that have made Juárez the most violent city in the country. He stated as follows:

The governor Jose Reyes Baeza mistook my request to the federal government for cooperation in combating drug trafficking as a political strategy to become governor, when

¹⁹ See: Mosso (2010).

²⁰ See: <http://www.presidencia.gob.mx/base-de-datos-de-fallecimientos/> and the official websites of Political Parties and States.

that was not the case. In retaliation he never supported the Joint Operation Chihuahua (OCCH). He did not support the strategy financially and as if that was not enough, the state prosecutor, Patricia Gonzalez Rodríguez, released more than nine thousand five hundred criminals that we had put at their disposal.²¹

As for the PAN, a recording was released by electronic means of the then-candidate Fernandez, who was running for mayor of San Pedro Garza Garcia, speaking with his supporters. The recording showed that he had adapted his security plan to the needs of the Beltran Leyva organization. According to part of the transcript, Fernandez, a member of one of the country's richest families, said (original syntax):

... We either assemble this security apparatus as a whole, which they are not against, because it is for their own families... in other words, what I'm going to try to do, so far I am realizing that is not as complicated as I imagined, because the Beltran Leyva agree.....²²

In the PRD, Julio César Godoy Toscano, the brother of the governor of Michoacán, was elected as a congressman. The PGR accused him of having links with the La Familia organization. Members of his party managed to make it possible for him to take over as a congressman, but at a later stage recordings were released of his talks with one of the leaders of the said criminal organization. Julio Cesar Godoy Toscano was stripped of his immunity and is currently a fugitive of justice. Another case is that of the former governor of Nuevo Leon (1991–1996), Rizzo (PRI), who stated in a lecture at the Faculty of Law at the Autonomous University of Coahuila that during the time the PRI was in power:

There was control and there was a strong State, a strong President, a strong Attorney's General Office and there was tight control by the Army. Somehow, they would tell them: 'You go through here, you go over there, but do not come into these places (...)' The old men talk of a time where there was control, the PRI government made sure that the drug trafficking would not disturb the social peace; somehow it had decided that drug trafficking should not create more problems.²³

The latter example refers to forms of control that existed during the time of the State Party system, when the field of drug trafficking was subject to the political power.²⁴ The former examples reflect the current strategies of local authorities to interact with criminal organizations and with the central government in a phase of alternation of power and a reconfiguration of the political field. It is in this context of qualitative changes in the correlation of political forces, greater political diversity and autonomy but also the weakness of the local authorities to effectively

²¹ See: Dávila (2010).

²² See: Fernandez (2009).

²³ See: Rizzo (2011a, b).

²⁴ For a detailed analysis of this historical process see: Astorga (2003, 2005).

control their own police agencies, that the trafficking organizations—more economically powerful as a result of the growth and diversification of the market—saw an opportunity to become more autonomous from the political power and to dispute some of its powers through corruption and the force of arms.

The authoritarian security of the era of the State Party system has given way to the real insecurity inherent in the process of political alternation. In the field of drug trafficking there is a struggle for hegemony and a struggle for the monopoly on unlawful violence, while the armed confrontation between the criminal organizations and the security forces is threatening the monopoly of legitimate force by the State. Some groups, especially those that are characterized by organizational structures and activities of a mafia-paramilitary type, have gone from mere territorial presence to real or attempted control, not only in isolated rural regions but also in some urban centers.

Epilogue

In Mexico, drug trafficking gangs are engaged in ultra-violent warfare against each other and in the use of material and symbolic violence against the police, the military and the civil society. No illegal armed group operating in this way can be contained without the State resorting to the legitimate use of force. In a democratic state of law, the use of force should never be the only recourse but when the security agencies are unable to deter organizations from violently vying for dominance in their own criminal field, the reaction of the state—at least in the short term—can never be exclusively peaceful, unlike the attitude of the neutral observer waiting for the perpetrators of violence to kill each other off.

The predominantly punitive strategy of the Calderón's administration has been catastrophic in terms of deaths resulting from conflicts between traffickers, conflicts between traffickers and the security forces and the deaths of innocent people caught in the crossfire, deliberately or by mistake. Did the Calderón administration act without being fully informed when it decided to 'stir the hornets' nest'? I doubt it, although lately the authorities have partially adopted the discourse of the critics who claim that the authorities acted without knowing the size of the problem or the corrupting, predatory and destabilizing capabilities of the criminals. At the time, the amount of publicly available information on drug gangs was overwhelming and the confidential information would have had to be even more accurate. In the absence of resounding results in the short term, the authorities assumed that their failure is due to an alleged ignorance of the challenges involved in a frontal attack on the criminal organizations, thereby avoiding the need to focus the debate on the lack of agreement among the political parties on matters of state security and on the inefficiency and lack of coordination on the part of the institutions responsible. Others have argued that President Calderón only decided to fight the traffickers with the aid of the military and the police in order to legitimize his government after his narrow victory in the 2006 presidential election, as if he had invented an enemy overnight

and as if no politician has ever attempted to legitimize him- or herself before. The problems associated with drug gangs and the institutions responsible for combating traffickers, such as the Attorney General and the Ministry of Defense, are not new and the danger is not a recent invention. What has changed is the political system and its control mechanisms, the correlation of forces in the political and the drug trafficking fields, their mutual interactions and the global market for illegal drugs, while on the other hand some institutions with extra-legal powers dating from the era of the State Party system have disappeared, such as the Federal Security Directorate with its capacity to simultaneously contain and protect the traffickers. Nothing more and nothing less. It is no small deed.

No state fights all the criminal organizations at the same time, with the same intensity and the same strategy, and neither does it exercise repression in a perfectly balanced manner. It can only do so in its discourse. The Mexican government cannot and should not apply its force to all criminal gangs at the same time and implement the same measures, with or without US support. The Colombian government understood this and did not simultaneously attack Pablo Escobar and the Rodriguez Orejuela brothers. Such an all-out attack is not feasible in a young democracy with weak institutions, as it would be based on the assumption that there is a clear separation among politics, legal businesses and drug trafficking, and that therefore the actions of the government will not have uncontrollable multiplier effects in any of these fields. This is not the case; not in Mexico, Colombia or in any other country for that matter.

The public outcry for an end to the bloodshed in Mexico is understandable, and so is the demand that the federal, state and municipal authorities once and for all coordinate their actions against crime, prevent corruption and stop the security forces from violating human rights. We must also demand from the political class that it assumes its responsibility, that it acts less in terms of partisan and short-term electoral interests, that it legislates for the good of the country and that it acts fully as part of the State and not only during the distribution of the budget. The law must be applied to the criminals, they must be prevented from imposing their own law by means of terror and the force of arms and their actions should not be perceived as normal and natural.

In summary, in the context of the reconfiguration of the Mexican political landscape, all political parties, alone or in coalition, that hold positions of power have three options in the face of the drug gangs' increasing tendency to exercise paramilitary-mafia strategies:

- (1) create a common front to enforce the law, which would imply the creation of a state security policy in which all parties take responsibility and join forces;
- (2) establish mutually beneficial strategic relations between governing politicians and the leaders of criminal organizations;
- (3) do nothing and allow the criminal organizations to impose their own laws.

The last two options involve the consolidation of authoritarian and corrupt relationships to the detriment of the society. There are no democratic criminal organizations and neither are there any immediate solutions to turn Mexico into a

strong democracy, to stop the military operations against organized crime, or to legalize currently prohibited drugs. This does not mean that there should be inaction or neglect toward these aspirations, just as the search for a more just and equal society with better living standards should not be abandoned. In the relationship with the United States, the government should continue to insist on US responsibility regarding the consumption of drugs and the smuggling of arms and money into Mexico. At the multilateral level, the government can take advantage of the loopholes in the drug conventions of the UN and try to change these conventions through the pressure of an organized and knowledgeable Mexican civil society that is able to induce its government to engage in smart and daring diplomacy in collaboration with countries that are less orthodox when it comes to drug-related matters and with the Global Commission on Drug Policy, which has shown a willingness to contribute to changing the international prohibitionist regime.

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Part V
Organized Crime in Africa

Chapter 9

Organized Crime in Nigeria

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Abstract This study concentrates on the cultural, political, economic, neo-colonial etiologies of organized crime in Nigeria. Also, the study analyzes the nature and structure of Nigerian organized crime. Unique in Nigerian organized crime is the head of state leading his people like the boss of a mafia organization, and each state government and each federal government department operate like the unit of a mafia organization. In effect, controlling organized crime in Nigeria becomes a wild-goose chase. On the whole, the operations of Nigerian organized crime, in the main, surround more in the area of natural resources and government appropriation of the national cake than in business organized crime. Weak government is the modus operandi of organized crime, and Nigerian organized crime finds that expedient.

Introduction

Economic crimes, especially domestic and transnational organized crime, have become the global phenomena today. Nigeria is not an exception. Traditionally, economic crimes were associated with southern Nigeria. Prior to Nigerian independence in 1960, the northern region of the country was predominately inhabited by Hausa-Fulani Muslims, who equated poverty and begging with virtues of grace. In effect, the rate of economic crimes such as burglary, theft, robbery, and other property crimes was lower in the north than in the south of the country. However,

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since Nigerian independence and the moving of the capital of Nigeria from the south to the north, economic crimes have not only increased in numbers but are now almost evenly spread throughout the country.

Post-independence Nigeria saw a rise in the number of high schools and universities. This resulted in a large number of high school and university graduates, and therefore in an increase in the number of persons with access to criminal opportunities throughout the country. In the 1960s, the concept of organized crime was unknown in Nigeria, and crime was not a subject of study at any of the five Nigerian universities. Whereas what constitutes organized crime today might have been present in colonial Nigeria and in the first decade of post-independence Nigeria, the rate of its occurrence was not significant enough to constitute a social problem or a subject of study.

The study of organized crime in Nigeria requires a conceptual definition of organized crime. There are as many different definitions of organized crime as there are scholars on the subject and there is little consensus (Albanese 1990; Abadinsky 1990; Kelly 1978; Potter 1994). Every criminal event is organized to some extent, but not every organized criminal activity is organized crime. This lack of an adequate definition makes the phenomenon difficult to study. As Abadinsky (1990) notes, “the fact that organized criminal activity is not necessarily organized crime complicates the definition process”.

The definition of organized crime even varies among individual states in the United States. Taking two U.S. states as an example, Mississippi law defines organized crime as “two or more persons conspiring together to commit crime for profit on a continuing basis.” By contrast, California law states: organized crime consists of two or more persons who, with continuity of purpose, engage in one or more of the following:

- (a) the supply of illegal goods and services, i.e., vice, loansharking, etc.
- (b) predatory crimes, i.e., theft, assault, etc.

Several distinct types of criminal activity fall within the definition of organized crime. These types may be grouped into five general categories:

- (1) Racketeering—criminal activities organized.
- (2) Vice operations—continuing business of providing illegal goods and services, i.e., narcotics, prostitution, loansharking, gambling.
- (3) Theft/fence ring—groups organize and engage in a particular type of theft on a continuing basis such as fraud and bunco schemes, fraudulent documents, burglary, car theft and truck hijackings, and purchasing stolen goods.
- (4) Gangs—Groups who band together to engage in unlawful acts.
- (5) Terrorists—Groups of individuals who combine to commit spectacular criminal acts, example, assassination, kidnapping of public figures to undermine public confidence in established government for political reasons or to avenge some grievance (Ebbe 1996, 1999, 2003, 2009; Abadinsky 1990).

California’s definition emphasizes the types of illegal activities that fall within the generic term ‘organized crime,’ and is therefore very relevant in the investigation

of organized crime in Nigeria. All the illegal activities that fall under organized crime in California are also crimes in Nigeria. However, there is no underlying concept of organized crime in Nigerian law. Instead, the Nigerian Criminal Code and Penal Code clearly defines those illegal activities that fall under organized crime in California as felonious offences. Additionally, by decrees, the Nigerian military government (1966–2000) defines narcotics possession and smuggling, counterfeit currency trafficking, smuggling contraband, bank fraud, and terrorism as special tribunal miscellaneous offences punishable by life imprisonment. Nigeria has no law specifically targeting organized crime, because Nigeria has a law against conspiracy, and in every organized crime event there is a conspiracy (Ebbe 1982, 2003; Abadinsky 1990; Schatzbergand and Kelly 1996).

Organized crime in Nigeria is imported and a new criminal structure. Nigerian organized crime syndicates employ some basic principles and codes of the Italian mafia and American organized crime.

The rest of this chapter will be presented as follows: Methodology, Etiological factors in the emergence of organized crime in Nigeria, Structure of organized crime in Nigeria, Controlling organized crime in Nigeria, and Conclusion.

Methodology

The collection of data on organized crime in Nigeria started in 1996 and continued through 2010. My ethnographic observations of organized crime in Nigeria started as early as 1970. Most of the data were gathered through personal interviews with criminal actors, content analysis of Nigerian newspapers and magazines (Daily Times 1980–2010; Punch, Vanguard, Guardian (1980–2010); West Africa Magazine (1981–2009); Nigerian Times International, The African Guardian, Newswatch Magazine (1980–2008); Concord, Nigerian Record, Nigerian News Update, Thisday, Nigerian Times (1980–2009); Internet Naijanews, World Igbo Congress (2000–2010),¹ and a review of relevant books and articles on organized corruption and state crimes in Nigeria. Personal and telephone interviews were carried out in 1998 with eight self-exiled former cabinet ministers of the Nigerian military and civilian governments who are living in Europe and the United States; six permanent secretaries of military government departments; twelve ex-senior civil servants; seven Nigerian self-exiled renegades; seven self-exiled Nigerian senior military officials living in Europe and the United States; sixteen current senior civil servants, and ten senior law enforcement officers in the country. Additionally, the data include my personal experience as a native of Nigeria with the various Nigerian governments, politicians, and the people of Nigeria. Lastly,

¹ The following sources of data are Nigerian newspapers: *Daily time, Punch, Vanguard, Guardian, Nigerian Record, Nigerian news Update, Thisday, and Nigerian Times*. The following are magazines: *West Africa, The African Guardian, Nigerian Times International, Newswatch, The News, New Breed, African Concord, and Africa Report*.

twenty-eight “area boys” (unemployed youths who roam about the cities), who watch the young members of the “419” organized crime syndicates, were interviewed (Ebbe 1999, 2003).

The data collection focused on structured organizational, systematic operations of criminal enterprises in legitimate and illegitimate business activities. Also investigated are collaborative patterns of executing criminal activities among politicians, civil servants, and top officials of the federal government agencies and statutory corporations. Furthermore, data collection efforts investigated the extent to which the Nigerian government is a predatory state and the place of the rule of law in dealing with all crimes.

Etiology of Nigerian Organized Crime

Political Factors

Nigeria is a colonial amalgamation of three major ethnic groups (Hausa, Igbo, and Yoruba), who did not unanimously consent to the idea of “one Nigeria” as a united country in 1914. There were clearly defined natural boundaries as well as distinct cultural differences between the three regions. The colonial administration redefined the boundaries of the three regions, effectively remaking Nigeria.

Nigeria’s national resources, which were controlled by the colonial administration, and later by the Nigerian federal government following independence in 1960, are often referred to as “the national cake.” Throughout the colonial administration, the three regional representatives were competing and struggling with each other to get a larger share for their regions or ethnic groups. What happened after independence was predictable.

When the administration of the Nigerian federal government was handed over to Nigerian nationals on October 1, 1960, and all British colonial administrators in government agencies departed, the struggle by each ethnic group for its share of the “national cake” intensified. Each politician representing his own region/ethnic group in the federal administration resorted to embezzlement with impunity of federal property entrusted to his care (Ebbe 1982). In effect, expropriation and appropriation of the “national cake” became the sport of every federal government office holder. The politicians led the way, and the civil servants followed. Effective law enforcement was impossible, because the centralized Nigerian Police Force (NPF) was also ethnically divided. In effect, despite the laws against bribery and stealing from the government, there was no sense of guilt in graft, pilferage, and wanton malfeasance among some politicians and top civil servants.² Consequently, corrupt activities went unchecked. The inability of the government to

² See “Background to Nigeria’s Coup”, *West Africa* (9 January 1984: 51). Also, see “British Trial Reveals £7 m Fraud”, *West Africa* (27 April 1987: 840).

control the wholesale criminal activities of the politicians and top civil servants led to public agitation for a change of government, and the military overthrew the elected government of Nigeria's first prime minister, Abubakar Tafawa Balewa, in a bloody coup d'état on 15 January 1966 (Ebbe 1999, 2003).

The overthrow of the Balewa administration on charges of wholesale corruption and hostilities against the Igbos of Eastern Nigeria, led to the collapse of "one Nigeria" on May 30, 1967, and to the secession of the Eastern Region of Nigeria, which declared itself the Republic of Biafra. The secession of Eastern Nigeria led to the Nigerian Civil War (July 6, 1967–January 12, 1970). Biafra lost the war and Eastern Nigeria was brought back into the fold of "one Nigeria" (Ebbe 2010).

The ostensible reason for the Nigerian military's overthrow of the Balewa regime was to erase corruption. Unfortunately, the military themselves, once in power, became even more corrupt than the preceding civilian government. The same extreme ethnic allegiances that fuelled corruption in the Balewa administration also haunted the military regimes.³

The overthrow of the Balewa administration was led by an Igbo army major, Chukwuma Kaduna Nzeogwu. In the coup, many top politicians of Hausa and Yoruba origins were killed, but not a single Igbo politician lost his life. Many Hausa and Yoruba people, therefore, perceived it as an "Igbo coup" to take over leadership of Nigeria. Additionally, after the January 15, 1966 coup, the most senior army officer in the Nigerian army at the time, Major General Thomas Umunnakwe Aguiyi Ironsi (an Igbo), was installed as military Head of state. On July 29, 1966, a company of Hausa army officers attacked and killed him and installed their own man, Major General Yakubu Gowon, in August 1966. It was the cold-blooded assassination of Major General Ironsi by the Hausa soldiers, the genocidal massacre of the Igbos living in the north and west of Nigeria in August 1966, and the consequent failure of the Aburi accord that led to the secession of Eastern Nigeria and the consequent Nigerian Civil War (Ebbe 2010).

From August 1966 through December 2000, Nigeria has had seven military regimes and only one democratically elected civilian regime—the Second Republic (October 1, 1979–October 1983). Every one of the seven military regimes (Gowon, 1966–1975; Mohammed, 1975–1976; Obasanjo, 1976–1979; Buhari, 1984–1985; Babangida, 1985–1993; Abacha 1994–June 1998; and General Abubakar, June 1998–2000) ruled and behaved like an organized crime family. They nullified the role of the Nigerian Police Force, ruled by martial law, and consigned the rule of law to oblivion. What would have constituted a Third Republic was overthrown by General Buhari in December 1983. Each regime appointed its own Inspector General of Police who would not check, monitor, or

³ See "Jobs for Sale" in the Nigerian Government. *The African Guardian* (15 January 1990: 17). Also see, "Corrupt Politicians List Out Soon", *The African Guardian* (6 February 1989: 17). This refers to Nigerian politician who have accounts in Swiss Banks: Chukwuemeka Gahia, Emenike Okorie, Ray Echebiri and Tunde Oguntoyibo. "Changing Tidal Waves: Nigeria Britain Brace up for New Ties—Special Report", *The African Guardian* (15 May 1989: 11–14).

investigate malfeasances and syndicated criminal connections in the government.⁴

The “national cake,” controlled by the federal government, was seen by every politician and top Nigerian civil servants as something ‘up for grabs’. The various ethnic groups devised criminal techniques to secure their own share. The military head of state represents his own personal interests and the interests of his ethnic affiliation. Patriotism was forsaken. The concept of Nigeria as a nation, of a people with a destiny, faded and became an increasingly distant memory. Many Nigerians seeking outlets for their talents, found none, and instead experienced mounting feelings of hopelessness. On the other hand, for past and present military heads of states, their ethnic status, and the members of the criminal syndicates, everyday was pay day.

Ethnic rivalries in both colonial and post-colonial regimes prevented the rise of nationalism and loyalty to the state. The Second Republic was corrupted by the military that preceded it, because they continued to exert a great deal of influence on the leaders and ministers.

Every military regime in Nigeria suspended the Constitution and ruled by martial law. The first six Nigerian military regimes also suspended the rule of law.⁵ In other words, martial power was used to overthrow the rule of law. Like an American organized crime family, each regime ruled by intimidation, threats, and murder. Journalists and politicians who criticized the military leaders’ policies and flagrant criminal activities were either assassinated, detained, imprisoned after trial on trumped-up charges, or driven to self-exile. Some regimes have been referred to as “Bida Mafia” and “Kaduna Mafia” by Nigerian journalists and the people.⁶ The assassination of a famous Nigerian journalist, Dele Giwa, is remembered by many Nigerians. A letter-bomb was dispatched to him by top army politicians, because he exposed their illegal narcotics trafficking, which they operated through organized criminal groups.⁷ The military regimes had no need to obey the laws,

⁴ See “Why Oyakhilome Was Removed”, *New Breed* (1 April 1991: 5–26). The Nigerian Head of state, Babangida and his wife were implicated in a narcotics deal by the only non-Hausa senior police officer, Deputy Inspector General (DIG) Oyakhilome. Oyakhilome was removed so that the Inspector General of Police and his other senior police officers could suppress evidence already exhumed by Oyakhilome.

⁵ Journalists and other individuals who criticized the military regime were arrested and thrown into jail without trial for months and years. See “Detained Journalist in Court”, *West Africa* (11 June 1984: 1239–1240); “Press Decree Published” and “Journalist Held”, *West Africa* (23 April 1984: 960, 964).

⁶ See “Who Killed Dele Giwa?” *West Africa* (19 October 1987: 2089); “Fawehinmi in Dele Giwa Court Battle”, *West Africa* (2 March 1987: 436). Also see “Senator Obi Wali Murdered”, *Nigerian News Update* (13–16 May 1993: 2). See also “Assassins on the Prowl Again in Lagos: Gunmen Attack NADECO Chief”, *Daily Times* (15 January 1977); and an attempt to assassinate the Chief Justice of Nigeria, Mr. Onagorua, which led to the assassination of his son. See “General Abacha Comforts Onagorua”, *Daily Times* (14 January 1997: 1).

⁷ See “Tribunals Move Center Stage” and “Illegal Importation of Goods” and “Illegal Transfer of Money by Politicians”, *West Africa* (11 June 1984: 1204–1205).

because the decrees in existence were their own decrees and enforced by them. They were judges in their own cases. Nobody had either the courage or the will to charge them with legal violations. The judiciary is not independent of the military warlords either. In effect, the judiciary is intimidated and rendered incapable of performing its legal duties. The population in general lacks social and moral controls. This has a profound effect on Nigerians in general and especially on young people of both sexes who resort to the criminal lifestyle of their national leaders. Nigeria has become a disorganized society where law has little meaning. The laws are not enforced because of bribery and corruption among the leaders and the law enforcement agencies.

The Nigerian Police Force (NPF) is impotent because it is controlled by the military and is used by them to realize their criminal and noncriminal interests. The successive military regimes failed to attend to the welfare and interests of the junior police officers and other ranks, to the point that some have resorted to begging for money in the streets and on highways. Others use extortion and robbery to get by. The military turned a newly formed, strategic law enforcement unit into a witch-hunting unit for their own political advantage.

Even the only elected civilian government of Shehu Shagari (October 1979–December 1983) collapsed, because the predatory state of the previous military regimes swept into the civilian government. This was not surprising since some of the top politicians in the Shagari administration were accomplices in the criminal enterprises of the previous military regimes. During the civilian government of Shehu Shagari, the political–criminal nexus reached epidemic proportions, because the seeds of a wholesale predatory state of organized crime had been sown by the military regime. Under the civilian regime, the top military warlords had nothing to fear by continuing their organized criminal ventures. The military and the top politicians became allies in wholesale organized crime.

The political upheavals in Nigeria have shown that the British colonial administration had imposed some degree of order in the country, which the post-independence governments, even the military ones, were unable to accomplish. There were criminal groups in the colonial days, but they were not connected to the colonial government. The links between the government and the criminals were forged when the military took over the government.

Economic Factors

The Nigerian leaders were greedy and bent on appropriation and expropriation of the revenue that came from the natural resources of Nigeria, and displayed their ill-gotten wealth in conspicuous consumption. This lifestyle of getting money without having to work for it became a culture among the masses of Nigeria. In effect, the agricultural sector of the economy, which was the life-wire of Nigerian society, was marooned. Prior to the 1970s, Nigerian farmers were producing enough food for the Nigerian population at the time. All of the traditional

export crops, cocoa, palm produce, groundnut, cotton, soybeans, copra, etc., were being produced and exported throughout the 1950s and up to the mid-1960s, when the military seized power. In fact, throughout the 1960s, Nigeria was still exporting agricultural products such as palm produce and cocoa and competing internationally. But the irrational economic and political policies of the military regimes coupled with the appearance of the “oil boom,” destroyed Nigeria’s agricultural economy.

When the military regime failed to develop the agricultural economy, the young and the old left the rural towns in large numbers and migrated to the urban areas in search of jobs that were not there. After some months and years of remaining unemployed, some of the adults formed various types of criminal gangs and criminal syndicates. Worst of all, schools and universities were neglected throughout the 30 years of military regimes, because the Nigerian military was grossly anti-higher education. The civilian regimes that followed the military regimes did not revive the fallen interest in higher education. Consequently, a low standard of education coupled with a high degree of both high school and university graduate unemployment created incentives for the emergence of organized crime.

Unmistakably, there is no legitimization crisis about whether to commit crime or not, when men and women are determined to survive, but have no means of livelihood, while the leaders of their country provide the masses with rationalizations for crime by engaging in wholesale stealing, appropriation and expropriation of the natural resources and treasury of the country.

The Oil Boom, Nigerian Civil War, and Socio-Cultural Factors

The emergence of the oil industry and the end of the Nigerian Civil War in 1970, coupled with a sharp increase in worldwide oil prices, provided uncontrolled incentives for criminal slicing of the “national cake” (Ebbe 1999, 2003). There was surplus national wealth which was neither invested in agriculture nor in constructing small scale industries. Instead, the military regimes resorted to personal enrichment and conspicuous consumption through organized graft, embezzlement, and blatant malfeasance (Ugochukwu 1984; Whiteman 1981; Okoli 1982).

Every top army, navy, or air force officer was also a politician. Each established his own criminal gangs to secure some of the federal government revenue through one or more of the federal government corporations, agencies, or departments.⁸ The military head of state was involved in the mass expropriation of the “national cake,” and it was he who appointed the senior military officers who took bribes

⁸ Gahia et al., op. cit., pp. 11–14. Also see “Extradition bid Fails”, *West Africa* (20–26 February 1989: 289); and “Extra Misled: Iwuanyanwu to Government”, *Thisday* (31 December 1997: 1).

from contractors and embezzled money entrusted to their care.⁹ He demanded his own share of their booty, and, of course, they obliged in order to retain their lucrative appointments. When the head of state leads the way in corruption and malfeasance, who will control the law breakers? Top police officers were also drawn into the criminal conspiracy.¹⁰ Civilian politicians without federal or state office allied themselves with top army officers and became registered contractors without any obvious expertise for the work and received payments for fictitious services.

The end of the civil war and the emergence of the oil boom brought a high degree of sophistication to domestic and international organized crime in Nigeria. When the war ended, the Igbos returned to Nigeria. It was an uncomfortable reunion with the Igbos for the Yorubas and Hausas, because the Igbos had the reputation of amassing huge wealth from little capital. Consequently, the Yorubas and Hausas who were in control of the Nigerian economy and who also had the political power, resorted to intensified expropriation of federal properties before the Igbos had a chance to assert themselves. In the process, the Yorubas and Hausas became enemies and remain so. The Igbos were observers until 1975, when General Murtala Mohammed overthrew the government of General Yakubu Gowon and gave some Igbo politicians political offices. The old three-way interethnic struggle for the “national cake,” resumed in earnest. At this stage, in the mid-1970s, the military politicians and their cronies developed various forms of organized crime strategies to amass wealth. These went far beyond the “national cake,” which nevertheless remained a target.

The socio-cultural factors that led to the emergence of organized crime can be summarized as follows: the inter-ethnic scramble for a share of the “national cake;” a culture that honors conspicuous consumption, wealth-oriented secret societies, and untouchable (osu)-sorcery societies.

The pressure of these cultural expectations and the desire to succeed economically led some to join secret societies that guarantee members opulence and prosperity. There are many secret societies in Nigeria, but only two types are directly involved in organized crime: “wealth-oriented secret societies” and “untouchable (osu)-sorcery societies.”

In certain respects, the “wealth-oriented secret society” resembles a satanic cult whose adherents will do anything to amass wealth in their business enterprises. Members must be willing to sacrifice their nearest and dearest to the satanic entity which, in return, will make them fabulously rich. This might involve a wife, son,

⁹ See “Buhari’s New Year Broadcast”, *West Africa* (9 March 1984: 56–57); see also “Towards 1992 Corruption and Indiscipline”, *West Africa* (31 August 1987: 1688–1690); and “Kaduna, Police Corruption in the State”, *West Africa* (2 March 1987: 438).

¹⁰ See “£5bn (5 billion pounds) Racket, Government Steps-in”, *West Africa* (19 September 1983: 2204). Also see “National Seminar on Corruption”, in *West Africa* (2 May 1983: 1089). The money stolen by the politicians including the Head of state are smuggled out of Nigeria by their agents. See “Illegal Dealing in Naira”, in *West Africa* (2 May 1983: 1093); “Nigeria’s Foreign Exchange Crisis”, in *West Africa* (10 May 1982: 1274).

daughter, mother, father, friend, or whoever is held most dear and is acceptable to the entity. Demands might also extend to the member's own body, anything short of life threatening—an eye, a hand, a leg. Once a member has confronted the satanic oracle, there is no going back. The principles, rules, and missions of the cult are secret. From time to time, however, members attempt to leave and enter spiritual churches in an attempt to protect themselves from being mysteriously killed by the satanic cult priest's agents. It is then that some of the secrets are revealed to the public. The existence of this type of cult is a matter of general knowledge in Nigeria and throughout African societies. It is well documented in African law and literature about Nigerian customs. Although some members of the wealth-oriented secret society belong to the untouchable (*osu*) caste, others outside of the group have joined following the emergence of Christianity in Nigeria in the 1860s. If a cult member becomes a politician, he is protected by the cult through its chief priest. This protection may increase motivation to engage in the activities of organized crime.

The wealth-oriented secret society is the oldest type of traditional organized crime in Nigeria. In the Yoruba ethnic group, it is called "*Ogboni*". Its members run all kinds of businesses, both legitimate and illegitimate, without any government interference. Much like organized crime groups in the United States, these societies support political candidates who can protect their enterprises. Nigerian politicians know the cult members and respect them for their fabulous wealth.

The untouchable sorcery society has its roots in Eastern Nigeria, especially among the Igbos, and has since grown to embrace others with similar life experiences in various parts of Nigeria. Individuals become members by virtue of their status as outcastes or "*osu*". They are not freeborn by birth. Their ancestors committed atrocities and were dedicated to the gods. They worshiped the holy shrine (god) to which they were dedicated. Their descendants also became outcastes or untouchables simply by being born into such a family, and were treated accordingly (Ebbe 1999, 2003). There is a certain injustice in a culture which punishes someone for the crimes of one's ancestors.

Unfortunately, forming a secret society became a kind of coping mechanism for the untouchables. Today, they claim to use witchcraft to fight against the freeborns, even those who had not wronged them in any way (Ebbe 1999). In Eastern Nigeria, some people believe that untouchable sorcery society members also use witchcraft to destroy the businesses of the freeborn, and that their gangs of murderers assassinate the men and women who segregated them, or freeborn politicians who opposed their members in their constituencies. Politicians from untouchable families may be more prone to join organized crime syndicates and the money making opportunities associated with it, because they believe that wealth and opulence will lead to general acceptance and positions of authority in the country.

The untouchable sorcery societies are known to engage in assassinations, and since the 1970s, they have killed many prominent Igbos and non-Igbos in Eastern Nigeria. Their methods are well known, but nothing can be done, because many of them are in political leadership of Nigeria, some in the topmost echelons.

Their members in the media prevent adverse reporting on their illegal activities. Some are highly educated, because they were the first to go to church and school when the Europeans came to Nigeria. Among their ranks are lawyers, judges, medical doctors, professors, engineers, and other professionals. They identify their own through a “password” or sign that acknowledges membership of the outcaste (osu) institution, even when they are meeting each other for the first time.

External Forces

The oil boom of the 1970s attracted many foreign industrialists to Nigeria, and with their arrival, a large market for Western manufactured goods sprang up. Some foreign companies and foreign contractors who were prepared to launder illegal money in overseas banks amassed fabulous wealth through illegal business deals with Nigerian politicians and military war lords. Some specialized in carrying out illegal and fraudulent business transactions with Nigerian politicians as part of a Nigerian organized crime partnership operating across the Atlantic and Indian Oceans.¹¹ Throughout the 1970s and 1980s, every major bank in Western Europe, Japan, and China had Nigerians as customers in both legal and illegal bank accounts. There are laws against money laundering in Nigeria, but like most Nigerian business laws, they are not enforced (Nwankpa 1998; Olowo 1987; Aina and Tulfare 1989).

The Structure of Nigerian Organized Crime

There are four principal divisions of organized crime syndicates in Nigeria. There is Head of State/Politicians organized crime, State Governors organized crime, Government Departments organized crime, and Business organized crime. Each division has different sub-types of organized crime.

Head of State/Politicians Organized Crime

Head of State/Politicians organized crime includes political party leaders and statutory corporations’ Chief Executives. The target of this division of organized crime is the control of the oil revenue and all other sources of federal revenue.

¹¹ See “Why Oyakhilome was Removed”, *New Breed* (1 April 1991: 5–26). The head of state, Babangida and his wife were implicated in a narcotics deal by the only non-Hausa senior police officer, Deputy Inspector General (DIP) Oyakhilome. Mr. Oyakhilome was removed so that the Inspector General of Police and his other senior police officers could suppress evidence already exhumed by Oyakhilome.

The head of state appoints the Chief Executives of the statutory corporations. The budget and revenues from the government corporations are expropriated and appropriated by the head of state and cabinet ministers connected with the operations of the corporations. The governor of the Central Bank of Nigeria is appointed by the head of state and his appointments are always approved by the Senate, because his political party always controls both the Senate and the House of Assembly. The Audit Department's Chief Executive is brought into the criminal conspiracy of government organized crime. In effect, checks and balances are nullified.

Furthermore, the cabinet ministers in charge of government departments make sure that the head of state gets about 10–15% of their departments' annual budget, otherwise they will be dropped in the next cabinet reshuffle, which is always held 2 years into the President's 4-year term. There is no doubt that the Nigerian head of state is little more than a "mafia boss" but, unlike Italian and U.S. mafia bosses, he has no law enforcement agency to fear. This is because the chief executive of the Nigerian Police Force (NPF) is a cabinet minister who is appointed by the head of state, and can be removed from office by the head of state at any time. The principal code of "mafia" (organized crime) operations is "manliness," and manliness means to operate without the law. In other words, nullify law enforcement before you set out on a criminal endeavor. In Nigerian head of state/politician organized crime one sees manliness at work. The Head of State/Politicians Organized Crime group is in close relationship with the State Governors' organized crime groups of their own political party.

State Governors/State Ministers Organized Crime

The system of allocation of federal revenue to states is on the basis of the population of the state. The head of state, his political party leader, and the Governor of the Central Bank of Nigeria determine how much money is available to be distributed to the 36 states of Nigeria and Abuja Capital Territory.

When the state governor gets his state share of the federal allocation, like the head of state and his cabinet ministers, he divides the state allocation with his State Ministers of departments. He and his cabinet ministers will decide how much to allocate to the Local Government Areas (counties). So, many state responsibilities are not performed, because the governor and his criminal cliques have shared the money. Roads, water supply, garbage collection, schools, teachers' salaries, health care, etc., are all neglected with impunity. At the Local Government Areas (LGA), the chairman, like the State Governor, shares his LGA allocation with key members of the council, and many expected services to the Local Government Areas are not done. In effect, the entire country remains a lawless society, and a community in the dark. The State Governors/State Ministers Organized Crime group is in close relationship with the Local Government Area (LGA) Chairpersons in the State, and both execute their white collar organized

crime in symbiosis, because the State Governor allocates revenue to every LGA every year.

Furthermore, in the area of medical, technological, and foreign food supplies, the State Governors/State Ministers organized crime groups operate in cooperation with Nigerian criminal groups in diaspora (United States, Britain, Germany, France, Italy, China, etc.) in perpetrating their white collar organized crime enterprise.

Federal Government Departments Organized Crime

At the head of each federal government department is a permanent secretary, who is as powerful as the minister in charge of the department. He is the principal actor in the award and execution of federal contracts, both domestically and internationally. In all contracts, he has agents who secure 10–20% in kickbacks from the contractors. The agents, who get their own share of the money, secure the kickback and hide it for him. The permanent secretary shares his cut with the minister of the department and sends some to the head of state, so that he will not be removed from his position of permanent secretary or be forced to retire.

There is no federation of organized crime syndicates in Nigeria, but at the federal level, the head of state operates like the head of a latent federation of organized crime units operating within the government.

Since each federal government ministry has many sub-departments, those sub-departments collect illegal money through bribes, kickbacks, etc. The leaders of these sub-departments send part of the illegal money to their immediate bosses, and their bosses send some to the permanent secretary or to the minister of the department in order to secure their positions. In effect, bribery and corruption is the modus operandi of the Passport Office, the License Office, the Citizenship Office, the Customs and Excise Office, the Immigration Visa Office, various departments of the Judiciary, etc. Federal Government Department organized crime is also allied with criminal Nigerians in the diaspora and uses them as fictitious international supply contractors for illegal imports and money laundering.

Business Organized Crime

In the category of “business organized crime” in Nigeria we find narcotics smuggling, human trafficking, the smuggling of legal drugs, counterfeit currency, kidnapping for ransom, contract killings, “419” (four-one-nine) organized crime, prostitution, ghost contractors, and bootlegging domestic and foreign manufactured goods.

In the 1980s, *narcotics smuggling* had the blessing of the Nigerian military head of state. When a head of state is the head of a drug smuggling organization, who

will stop others from participating in this lucrative criminal enterprise? Since the 1980s, Nigeria has become an important transit country for drug smuggling and human trafficking for American and European destinations. Nigerian narcotics smuggling is carried out by three groups: those who smuggle illegal drugs into Nigeria, those who distribute them in Nigeria, and those who smuggle them in small packets and portions to Europe, the United States, and Canada. Police and customs are paid off to neutralize law enforcement. Criminal Nigerians in the diaspora facilitate the distribution of the drugs in their countries of residence. They also help Nigerian drug smuggling organized crime groups to legally invest their money in the United States and in other Western countries.

Nigerian *human trafficking* has its roots in the Nigerian Civil War (1967–1970). During the war in the Eastern part of the country, many men, women, and children were displaced and scattered in refugee camps. Some Nigerians began what appeared to be humanitarian services of moving women and children to safe locations. Unfortunately, some women and children ended up being sold into bonded labour, slavery, prostitution, and child pornography rings. The end of the civil war intensified the trafficking in women and children across the Atlantic and to other African countries.

In the *smuggling of legal drugs*, the perpetrators are well educated university graduates and pharmacists who use their knowledge of the legal drug industry to smuggle medicines from the United States, Europe, Canada, and Asia into Nigeria. This legal drug smuggling group operates in alliance with criminal Nigerians in the diaspora, who may also be in the medical profession. Some of those in the diaspora have been caught in the United States, and they lost their licenses to operate in their medical professions. In Nigeria, there are medical doctors, pharmacists, and nurses who are members of this organized crime syndicate. The customs and the police are paid off to allow the medicines into the country. This legal drug smuggling also engages in supplying medicines that are not approved for consumption in the United States, Europe, and Nigeria. Given that the Nigerian federal government does not adequately supply medicines to both public and private hospitals in the country, there is a large market for this type of organized crime in Nigeria.

Counterfeit currency organized crime is a product of the Nigerian Minting and Printing Factory, which was established in the early 1960s after Nigerian independence. Since then, there have been several redenominations of Nigeria's currency, which necessitated the printing of new bank notes. Before the printing of new Nigerian currency notes, criminal organizations made up of top government leaders and some top officials of the Central Bank would print counterfeit currency notes to the tune of millions of pounds (in the 1960s) and Naira (1970–present) in order to dump these notes into the Central Bank of Nigeria as legitimate deposits through commercial banks. When the old currency was replaced by the new, the counterfeit notes were burned along with the old currency notes.

Organized crime groups also print counterfeit currencies on their own printing presses. With the cooperation and collusion of corrupt commercial bank officials, they smuggle these counterfeit currencies into the bank vaults to be issued to

unsuspecting customers. These syndicates also print counterfeit money orders, cashier's checks, and traveler's checks.

Kidnapping for ransom emerged in the 1990s and this phenomenon has become a nightmare to all Nigerians from 1996 to the present. This type of organized crime is associated with wealth-oriented secret societies, untouchable secret sorcery societies, and "419" fraud syndicates. Organizations such as these target persons whose dependents can afford the ransom money. Kidnapping for ransom began to involve more than three persons per year when, in 1998, several foreign employees of oil companies operating in the Delta region of Nigeria were kidnapped by the region's youths and ransom money was paid to secure their release. It was at that time that other criminals in Nigeria realized that kidnapping was an easy way to make money and the kidnapping of rich businessmen, politicians, mothers, wives, daughters, and sons of rich persons really took off. From 1992 to 1997, less than five people per year were kidnapped in Nigeria, but in 1999 there were 24 cases (World Kidnapping Statistics 2001). In 2010, Nigeria recorded 633 cases of kidnapping. In that year, a school bus was hijacked and 15 school children were kidnapped. The children were later rescued by the Nigerian Police detachment in the city of Aba. All of the kidnapping cases in 2010 involved ransom demands. In 2009, some of the kidnapping cases were for assassination and involved politicians as victims.

The number of *contract killings* in Nigeria has also grown by leaps and bounds. The criminal groups involved in this type of activity are not afraid to murder their victims in broad daylight. These syndicates have the police in their areas of operation on their side. In other words, law enforcement is neutralized before an assassination is carried out. In 2010, the Assistant General Manager of the Assurance Bank, Kingsley Osualla, was shot in broad daylight in front of his driveway in his hometown of Umuobom by a gang of three, who drove away immediately after the murder. The Nigerian police later caught the murderers, but as yet they have not been tried. Many Nigerian politicians and their supporters have been murdered in this way by organized crime. Some of the killers are current members of the Nigerian police force or ex-police officers.

The "419" syndicates have branches in London, Paris, the United States, India, Pakistan, Bangkok, Thailand, Brazil, Colombia, Ethiopia, Italy, Ghana, Cameroon, Kenya, South Africa, Japan, Mexico, etc. They engage in all sorts of fraudulent schemes and activities as well as the trafficking of women and children issued with forged passports and visas (Ebbe 1999, 2003, 2008).

In the 1980s and 1990s, "419" organized crime established commercial banks in Nigeria through which they defrauded individuals as well as businesses until the Obasanjo administration put a stop to their activities. Many Nigerians in the United States believe that a significant number of Nigerian State Governors appointed between 2006 and 2011 are the products of "419" organized crime.

Some "419" affiliates also operate *prostitution rings*. They traffic women and children domestically and internationally for sale to brothels and for pornographic purposes. Some women are smuggled to Lebanon, Egypt, Saudi Arabia, Italy, and other countries for slave labor. These prostitution rings are many and each ring is

made up of three to five persons including the buyers. These organizations are often connected with similar groups. Due to corruption in the Nigerian police and custom services, prostitution rings operate with very little interruption. Nigerian criminal groups in the diaspora have formed alliances with Nigerian organized crime groups involved in prostitution in Nigeria. These criminal elements in the diaspora facilitate the transference of the trafficked women to foreign brothels.

Ghost contractors are found at both state and federal government levels. They are registered contractors for construction and supplies, but they have no operating personnel. They only exist in name. Both state and federal departments' top officials collude with these ghost contractors to rip off the public. They are awarded contracts and are paid for services that are never rendered. The members of these criminal organizations brag about getting paid by the government for doing nothing. Nobody will investigate them, because their accomplices at the head of the departments sign the documents stating that the contract terms were fulfilled.

Bootlegging syndicates counterfeit domestically and internationally manufactured goods such as CDs, videos, cassettes, clothes labels, etc. They operate with impunity because there is no intervention by the police or any other government agency. For these criminal organizations, bootlegging and counterfeiting is a sport and fun. In fact, they do not see their actions as criminal. The members of these groups are high school graduates and unemployed university graduates or dropouts. In Nigeria, there is a large market for bootlegged materials. The syndicates also operate in neighboring African countries in cooperation with Nigerians living there.

Controlling Organized Crime in Nigeria

Some Nigerians have wondered how to start to correct the social disorganization in Nigeria. This is because the problem of lack of adequate social control in the country started from the leadership of the country. Therefore, it will require getting a fearless head of state who has the moral courage to intervene and stop the widespread white collar and business-related organized crime. Controlling organized crime in Nigeria will require a total reorganization of the police, the adoption of adequate pay scales for the police, and the creation of an intelligence agency totally unaffiliated with the police to investigate allegations against the police. Furthermore, the relationship among the police, other law enforcement agencies, and the politicians must be weakened so that law enforcement agents can go about their work without fear of retaliation by politicians. Also needed is a well-trained, non-political intelligence agency charged with investigating and controlling organized crime in general, and the "419" type of organized crime in particular.

The Nigerian police should also be decentralized, with each state allowed to set up its own police force. At present, Nigerian police officers are often posted to states where they do not speak the language of the people, which severely limits their effectiveness. Under the auspices of the federal government, a non-political intelligence unit for controlling organized crime, white collar, and political crime

should be established. The main obstacle to controlling organized crime in Nigeria is that many top Nigerian politicians are privy to organized crime activities. Consequently, Nigeria always has heads of state and politicians who run with the hare and hunt with the hounds, a state of affairs reminiscent of what Quinney (1977) termed “contradictions of capitalism”. This involvement of Nigerian leaders in organized crime makes control of organized crime very difficult. Also, since the Nigerian leaders use the police and customs service to cover up their crimes, those agencies find it very difficult to enforce the law on other citizens. Receiving bribes becomes their coping mechanism. Nigerian leaders must be held accountable by all means suggested hereunder.

Corruption is a cancer that weakens and kills governments. More deadly to statehood than corruption is when a government is a predatory state like the military governments of Nigeria since 1966. Efforts to combat corruption in Nigeria must be swift and stringent and come from the very top. Any head of state who is sincere about ending organized crime in Nigeria and wants to be trusted, must declare his assets on taking office and clean his household of corruption and of all criminal connections.

Essential reforms must also be instituted throughout the legal system. As Leiken (1997) has suggested, legal reforms including laws against illicit enrichment, required financial disclosure for all public office appointees and holders, anti-bribery legislation, extradition of self-exiled corrupt officials, and stringent enforcement of money-laundering laws bolster the system against corruption. There should also be horizontal accountability in judicial reforms. The judiciary must be assured of independence and personal security. Codes of ethics for judges must be stringently enforced and to rid the ranks of corrupt judges, their activities need to be regularly monitored. In addition, increased investigative capacity of strategic law enforcement agencies will be required, as well as witness protection programs. A separate, well-trained, anticorruption agency with specialized sections to deal with the various types of corrupt activities known to exist in different government departments, will help root out criminal dealings and clean up the civil service.

Administrative reform of the Nigerian civil service will require a series of broad ranging initiatives including constant independent auditing, adopting, and enforcing uniform standards of conduct, merit-based entry examinations and promotions, removing politics from the civil service, ending quotas, and creating performance-based incentives in both the civil service and statutory corporations.

The entire procurement system in the government departments and statutory corporations should be overhauled and a transparent bidding system adopted. Anti-bribery pledges should be required of officials in government departments and statutory corporations. A reorganization and restructuring of all federal agencies, especially customs and immigration, should include the creation of independent, anti-bribery enforcement units, not associated with the departments or agencies. Economic reform is needed to privatize some statutory corporations, initiate equitable tax collection procedures, end corrupt practices, stabilize the Naira currency, and improve road transportation, air transportation, and telecommunication (domestic and international) systems.

There should be vertical accountability involving community participation in policing, anonymous tip telephone hotlines to inform law enforcement agencies of legal violations in government departments and statutory corporations, support and protection for “whistle blowers” against politicians, permanent secretaries, and military officials in government departments and corporations, and last, but not the least, freedom of the press and protection of investigative journalism.

The current Economic and Financial Crimes Commission (EFCC) agency established by the federal government has lost some of its agents to organized crime assassinations, because the federal government did not provide them with adequate security. EFCC agents should be armed at all times and their leaders provided with bodyguards.

Finally, Nigeria needs bilateral treaties of extradition with other countries for any Nigerian politician who fled the country with millions of dollars stolen from the Nigerian government. In addition, international cooperation is needed to stop the flight of capital.

Conclusion

Both the police and the judiciary are essential agencies for a well-ordered society. Nigeria should therefore rid these agencies of bribery and corruption. Organized crime activities flourish in Nigeria because law enforcement is weak or nonexistent at all levels. The police were corrupt even before organized crime emerged in its present form in Nigeria. Since “corruption is necessary for the successful operation of organized crime” (Salerno and Tomiki 1974), the structure and operation of the Nigerian police, together with the activities of corrupt heads of state and corrupt politicians, made Nigeria a fertile ground for organized crime. When those who make the laws and those who enforce the law are shamelessly corrupt, the entire society is corrupted. These leaders are supposed to be the role models for the younger generations in Nigeria. Instead, they represent what Sykes and Matza have termed the “condemnation of the condemners”—a technique for rationalization of wrongs by underprivileged elements of Nigerian society who willingly engage in criminal activity (Sykes and Matza 1957).

Nigerian politicians became involved in organized crime for the same reasons as the leaders of most organized crime syndicates—to amass huge wealth and for the power money can buy—both political and economic (Gage 1976). However, the Nigerian case is made worse by an almost total absence of accountability, oversight, or enforcement. Some wealthy Nigerians have vast holdings in real estate or manufacturing industries, but nobody ever asked them how they came by it. Then there is the extraordinary example of the directors of Nigerian Airways who all either own an airline or have a controlling share in one. Nobody questioned how they got the money, because some past and present Nigerian heads of state were privy to the criminal conspiracy.

What is needed to end Nigerian organized crime is a total reorganization of society through value reorientation. However, in a country like Nigeria where no drafted constitution works, the anomie and social disorganization favoring organized crime will always reign supreme and render all efforts for crime control fleeting at best.

The validity of the data on organized crime in Nigeria presented here is supported by the fact that in 1996, the head of state of Nigeria, General Abacha, returned all money and properties he acquired illegally to the Nigerian people and government and ordered the members of his cabinet, other politicians, and directors of statutory corporations to do the same. Also in 1996, General Abacha's government mounted a thorough investigation into the operations of "419" organized crime syndicates and the activities of senior bank officials while he was, at the same time, an active participant in "419" enterprises. The result was the arrest of over 2,000 bank managers and bank accountants on charges of fraud, embezzlement, and illegal financial manipulations (Ebbe 1999, 2003). In principle, the Nigerian military governments have not supported organized crime. While this may appear to be inherently contradictory, it is important to understand how organized crime works in Nigeria. The head of state has his own criminal connections, while his cabinet ministers also have criminal connections but in different enterprises. For instance, General Abacha withdrew hundreds of millions of dollars from the Nigerian Central Bank from time to time as if it were his own personal bank. Since he died years ago, many of his aides have been arrested for keeping hundreds of millions of dollars in their homes. They subsequently revealed how the money was withdrawn on the General's orders, while at the same time, General Abacha was trying to control organized crime in some government departments. Not every "419" bank manager is affiliated to a politician, and the Nigerian government is not, as a rule, affiliated to "419". However, some Nigerian heads of state, during their term of office, were affiliated to some "419" banks. When there was a huge public outcry against some fraudulent bank failures, the head of state found himself in the uncomfortable position of having to enforce the national law against the "419" banks.

Unfortunately, the democratic government of Nigeria today is worse than its predecessors in controlling organized crime and other crimes. There are more organized crime syndicates in Nigeria today than there have ever been. Now the masses are agitating against the lawlessness in the country. There is hope that President Goodluck Jonathan, elected in April 2011, will help the newly elected House of Assembly to tackle the problem of organized crime and the lack of security of life and property in the country.

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Index

“419” (Four-One-Nine), 181

A

Aburi Accord, 173

Afghanistan, 35, 38, 56, 60

B

Baba, 51, 52, 55

Baybasin, 51–53

Brotherhood, 33, 37, 68, 74, 83–86

Bulgaria, 56, 62

C

China, 11, 12, 67, 68, 70–72, 76–83, 86, 87, 109, 111, 113–122, 125, 179, 181

Chinatown tongs, 118

Chinese organized crime, 110, 114, 116, 118

Clan, 38, 51–54, 59, 63

CONAGO: National Governors’

Conference, 156

Corruption, 9, 10, 22, 55, 73, 77, 100, 103, 133, 155, 177

CosaNostra, 3, 5, 21, 93–106

Coup d’état, 173

Criminal Enterprises, 43, 75, 104, 109, 119, 122, 123, 125, 172

Cross-border crime, 67, 71, 86

D

DEA: Drug Enforcement Administration, 136, 151, 156, 157, 160

Deep State, 49, 53, 54

DFS: Federal Security Directorate, 156

Disorganization, 84, 187

E

ENA: National Survey on Addictions, 159

Entrepreneurship, 83, 86

Europol, 53, 58, 60–62

F

Financial crime, 82, 157, 186

G

Gambling, 9, 11, 29, 39, 43, 59, 70, 75, 82, 93, 94, 104, 111–113, 117, 123, 140

Generational shift, 92, 102, 103, 106

Ghost Contractors, 181, 184

H

Hausa-Fulani Muslim, 169

Heroin, 38–40, 49, 51–53, 56–60, 62, 79–81, 119–122, 136, 138, 142, 158

I

Igbo, 171–173, 177
 Iran, 54, 56–58, 60, 62
 Italy, 3–6, 11, 14, 16, 50, 56, 95, 98, 181, 183

K

Kabadayi, 50
 Kidnapping for Ransom, 181, 183
 Koruculari (Village Guards), 54
 Kurdish Workers Party (PKK), 51, 53, 57, 62
 Kurds, 38, 49, 52, 54

M

Mafia, 3–5, 9, 23, 27, 34, 37, 39, 40, 41–46, 50, 56, 93–96, 98, 99, 110, 112, 115, 144, 163, 164, 169, 171, 174, 180
 Mainlandization, 67, 68, 82–84

N

National cake, 169, 172, 174, 176, 177
 Netherlands, 40, 51–53, 58, 60, 78, 79, 119
 Nigerian civil war, 173, 176, 182

O

Ogboni, 178
 ONDCP: White House Office of National Drug Control Policy, 152, 157
 Organized and Serious Crime Ordinance, 74
 Organized crime, 3, 4, 6, 9, 11–15, 21, 22, 39–45, 68, 69, 74, 75, 95–106, 115–125, 171–178

P

PAN: National Action Party, 57, 155, 156, 161, 162
 Patriotic triad, 72, 82, 86
 People trafficking, 61
 PF: Federal Police, 58
 PGR: Attorney General's Office, 150, 162, 156
 PJF: Federal Judicial Police, 156
 PKK: Kurdistan Workers' Party, 51–55, 57, 62
 PRD: Party of the Democratic Revolution, 151, 161, 162
 PRI: Institutional Revolutionary Party, 142, 143, 155, 156, 161, 162
 Prosecution, 10, 73–75, 86, 93, 94, 97–99, 104, 105, 140
 Prostitution umbrella, 73, 83
 PVEM: Green Party of Mexico, 155, 161

R

Racketeering, 7, 15, 50, 51, 54, 93, 94, 98, 99, 101, 105, 117, 118, 123, 125, 170
 RAE: Dictionary of the Royal Spanish Academy, 151
 Regulation, 16, 87, 152
 Renunciation, 73
 Republic of Biafra, 173
 Revolutionary Guard, 58
 Risk, 7, 9, 15, 16, 18, 21, 41, 73, 75, 77, 80, 83, 86, 101, 104, 121, 122, 124, 141, 153
 Rule of law, 71, 77, 78, 133, 144, 146, 173, 174
 Russia, 27, 32, 34, 36–40, 42, 46, 56, 58, 60, 62

S

SEDENA: Ministry of National Defence, 152, 153, 159
 Susurluk incident, 155

T

Territory, 3, 4, 7, 8, 11, 13, 15–18, 20, 21, 30, 34, 39, 45, 54, 57, 59, 69, 80, 102, 125, 133, 138, 139, 143, 180
 Terrorism, 38, 93, 99, 100, 102, 135, 150, 171
 Tongs, 109, 100, 113–121, 125
 Triad society, 67–69, 73–76, 84, 85
 Turkey, 38, 41, 50, 51–62
 Turkish organized crime, 49, 51, 52, 58, 59, 63

U

Untouchable Sorcery Society, 178

V

Valachi, Joseph, 5, 96–98

W

WDR: UN World Drug Report, 158
 Wealth-Oriented Secret Society, 177, 178, 183

Y

Yoruba, 172, 173, 178