

ORGANIZED CRIME AND ITS ORIGINS: A COMPARATIVE CASE STUDY

Jenna L. Coriddi

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Approved by:

Gary Marks

John Stephens

Donald Searing

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## ABSTRACT

JENNA L. CORIDDI: Organized Crime and its Origins: A comparative case study  
(Under the direction of Gary Marks)

This thesis seeks to shift away from the traditional direction of research concerning organized crime, such as an organization's characteristics, role in society or affect on international crime. Instead it determines the societal elements which allow for the initial appearance of criminal organizations and that permit them to strengthen and expand. By tracing the history of the two case studies, those of the Sicilian Mafia and the Russian Mob, and closely examining the environments in which they developed, five salient traits have been identified as crucial in the manifestation of organized crime. The combination of these five characteristics proves to create a climate where criminal organizations can easily emerge.

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## **CHAPTER 1**

### **INTRODUCTION**

The issue of organized crime has been and continues to be prominent in both popular culture and politics. Media representations such as *The Sopranos* or *The Godfather* trilogy portray mafia organizations in a manner both dramatic and romantic, fascinating audiences. In actuality, criminal organizations are often similar to their fictional counterparts. Shrouded in secrecy and governed by long-established rules and laws, mafia variations around the world have developed into one of the most dangerous threats to international stability and safety today. These criminal groups exploit increasingly porous borders and facilitated communication to make their business of providing illicit goods and services a global endeavor. The market they operate in is expansive and provides many options for profit, including illegal weapons and narcotics trade, human trafficking, money laundering and extortion.

Research on criminal organizations has primarily focused on how they operate and the role they play in domestic and international society. However, little work has been done on the origins of such groups. Academics and politicians alike are more concerned with established organizations. Considering the recent enlargements of the European Union and the general aim of facilitated communication and trade, cross-border expansion for criminal organizations is now much easier. Understandably, international organizations and

governments are forced to address the present existence and danger of these groups instead of scrutinizing them to learn how they have come to be in the first place.

Unfortunately, there is great value in understanding how such a powerful menace emerges; once origins are recognized, the development of future criminal organizations can be prevented. This article will present a comparison between two of the most nefarious criminal organizations that exist today: the Sicilian Mafia and the Russian Mob. These two organizations make excellent case studies for exploration and comparison, as they both qualify under any definition of organized crime.

They emerged at different times under different political and economic conditions. The development of individual criminal characteristics occurred in different orders and for different reasons. Despite their vast historical and environmental differences, the resulting criminal organizations are strikingly similar in business, structure, methods of survival and function in society. Examining the development beginning earlier than traditional academia dates their emergence, other similarities begin to surface. These will be the foundation for the explanation of how both criminal organizations came to be so thoroughly entrenched in society, politics and business, and why certain other organizations have failed to grow to such magnitude.

An in-depth exploration of the political, economic and societal environments in Sicily and Russia will expose the consequences of the governments' failure to fulfill basic responsibilities guaranteeing order and legitimacy, and how increasingly influential criminal subcultures exploited these government failures. Over time, they established themselves as viable alternatives to ineffective governmental institutions. They exploited difficult situations and forced society to become reliant on illegal means to access goods and services,

and for protection of business and self. What propelled these corrupt groups of individuals to organized crime giants, however, was their utilization of poorly managed political and economic transitions on the part of the government. The abolition of feudalism and the unification of Italy provided Sicilian Mafiosi the opportunity to become indispensable to the everyday workings of society. The gradual deterioration of political effectiveness and the complete collapse of communism in Russia presented mobsters with the same chance. In the following sections, we will see how similarities and differences between the two cases have affected the two criminal organizations as they exist today. The first will provide a basic academic outline of organized crime. Next, general similarities between the two case studies will be outlined, emphasizing the requisite components for an organized crime powerhouse. These key elements will be made visible in the following sections where the origins and development of both the Sicilian Mafia and Russian Mob are discussed at length.

## **CHAPTER 2**

### **ORGANIZED CRIME AND THE ISSUE OF DEFINITION**

Academic and political definitions of organized crime vary widely. The reason is that different forms of organized crime will develop in different environments. Variations in the extent of organization and societal penetration also lead to debate as to what qualifies. However, there are some generally accepted political and economic causes and characteristics of organized crime. A weakness in one facet of a society will often lead to a corresponding strength in organized crime.

Politically, a state is seen as susceptible to organized crime if there are ineffectual or limited national institutions (Curtis, Gibbs and Miró 2004: 6). A weak government will have incomplete or ineffective legislation. Their incapacity will likely extend to the police state, leading to poor enforcement of existing laws and a general lack of respect for the rule of law in the society (Curtis, Gibbs and Miró 2004: 6). Poor governance allows organized crime to grow and compete with national institutions for power in society, using methods of corruption and violence.

One of the most important and least addressed issues is the monopoly of violence. In strong, well-established states, governments are responsible for organizing and monopolizing violence that is regulated and delegated to the police and armed forces (Tilly 1985: 171). When they are unable, individuals and organized groups can arm themselves and use violence on one another, making order difficult to maintain. An essential characteristic of



organized crime is the ability to use, and reputation for the use of violence or threats of violence to facilitate their criminal activities or to gain control of an illegal market (Hagan 2006: 134). The capacity for violence by criminal organizations is made easier when the state has little or no control over it.

Corruption is one of the main characteristics of organized crime. Organized crime networks will exploit the weakness in government by corrupting public officials to assure immunity for their operations and to reduce competition in the criminal market (Hagan 2006: 134). Criminal networks will seek to neutralize or nullify government institutions by paying off public officials such as police, prosecutors and judges. This will allow the criminal organizations to avoid investigations, arrests, and convictions, and to operate with immunity. Through bribes and kickbacks, they also are able to gain access to legitimate businesses, and further undermine political structures and law enforcement. (Finckenauer 2005: 67).

The organized criminal networks that develop in a poorly governed state will have a continuing hierarchy; 'continuing' implies that the group is self-sustaining and perpetuating beyond the participation of key members. This resembles an authoritarian, centralized government, which serves to organize those involved as well as members of society (Hagan 2006: 128). Being well-structured helps a criminal organization to compete with government for local influence, power, and immunity.

A state susceptible to organized crime frequently has unfavorable economic conditions as well. Examples of economic distress include high levels of poverty or non-transparent financial institutions that are easily corrupted and infiltrated. A failing national economy is a highly influential background factor to organized crime (Curtis, Gibbs and Miró 2004: 6). These conditions make corruption of public officials, previously mentioned,

an easier task. The predominant forms of organized crime provide goods and services that are illegal, regulated, or in short supply, including things government should provide, such as protection or jobs (Finckenauer 2005: 67). When a society is economically vulnerable and the government is incapable of assistance, they are more likely to seek help and trust in criminal organizations.

While the system of cause and effect is complex, we can distinguish generally accepted characteristics: the use and monopoly of violence and threats, corruption, legal immunity, an organized hierarchical structure and profits from illegal activities. Another generally accepted characteristic is a lack of ideology; that is to say they do not have a political agenda and are not terrorists dedicated to political change (Finckenauer 2005: 65). Some academics include a code of secrecy, rituals, or a restricted membership based on ethnicity (Hagan 2006:129). Despite the varied levels of criminal organization and the wide range of traits associated with it, two organizations that qualify according to all scholars are the Sicilian Mafia and the Russian Mob.

## **CHAPTER 3**

### **SIMILARITIES**

An extensive review of the Sicilian Mafia and the Russian Mob reveals five major underlying similarities. These five traits will reveal themselves to be essential in the growth and creation of these two organized crime syndicates. They fall into three categories: environment, opportunity and course of action.

#### **Environment**

Two of the similarities are environmental traits: a weak, distant or failed government, and the presence of criminal groups. An ineffectual government is one of the most prominent and expected traits of a society riddled with criminal organizations. This is the case for a number of reasons. First, a state in crisis for whatever reason is unable to fulfill basic functions: maintaining law and order, ensuring an open, fair economy, and dispute resolution. An arbitrary state creates a need for alternative sources of rule and law. Informal networks and rules emerge, eventually becoming more effective than the state's administration methods. The networks provide legislation, enforcement, and even informal judicial systems (Černík, Hulíková, Vintr and Krištof 2005).

The second result of an ineffective state is a lack of trust, interest, confidence and identification by the general public. When the people lose faith in a government because of

its failures, they will inevitably seek order and leadership in other organizations, which may or may not be entirely legal. Repeated failures and disappointments by governing powers can lead to the extreme reaction of militant opposition to government rule, even an anarchist dislike of State law or coercion. Independence of local power will evolve, and frequently the local power is in the hands of organized crime networks (Hess 1970).

Weak or remote government is also incapable of controlling the monopoly of violence. According to standard political theory, protection is never supposed to find its way onto the market (Gambetta 1993). In both Russia and Sicily, criminal organizations took control of the violence market and used it to gain power over the local populations. Violence, out of the hands of the state, can be used for extortion, private protection, or just general threats. This is also a mutually reinforcing characteristic: once the state has lost the monopoly of violence, sometimes their only course of action is to recruit private groups to control troublesome areas, perpetuating those groups' authority and power.

The other environmental trait found in both the Russian and Sicilian cases is the established presence of criminal groups that are organized, practical, powerful and respected, both among themselves and in society. They both have roots that extend much earlier than the established emergence of organized crime. They have rules and laws that they live by that do not correspond to popular thought, morality or state regulations. These groups are not connected by ethnicity or family, although the alliances often reach a point where members become more like family than family itself; they are connected by profit-seeking, a mutual participation in criminal activities for economic gain (Finckenauer and Voronin 2001). The fraternization occurs when an unchanging group of criminals share a social network either in small, bounded territory or in a prison setting. They establish rules of operation and impose

those ideologies on other criminals that operate in their jurisdiction (Finckenauer and Voronin 2001).

## **Opportunity**

One of the key traits that differentiate these two groups from other criminal organizations is the manner in which they both took advantage of significant transitions. It is remarkable to recognize that both Russia and Sicily underwent three different variations of transition: political, economic and national/territorial. The three took place within a very short period of time, making the state of government and society volatile and uncertain. In both cases, criminal organizations were able to expand rapidly during these phases of uncertainty and skepticism in traditional institutions of rule and law, establishing themselves as viable alternatives for services normally provided by government. This is not to say that the people voluntarily took to organized crime, or that they did so with confidence in the results; in fact, engaging with crime syndicates was frequently forced upon them under threat of violence or ruination (referring mostly to business).

Although these transitions will be discussed and accentuated more in the following sections, it is necessary to briefly clarify what is meant by political, economic and territorial transitions. Political transitions refer to significant changes in political systems, not just a new party or government. Sicily went from being under control of the distant ruling monarchy of the Bourbons to being ruled from Naples under the Kingdom of the Two Sicilies to being conquered by Garibaldi and incorporated into the new Italian state, all within the span of less than half a century (Blok 1974). Needless to say, Sicilians lost faith in

the capabilities of formal rule. A similar rocky change occurred for Russia as the Soviet Union deteriorated, eventually resulting in the full collapse of communism.

Economic transitions refer to changes in the type of economy or organization of economic transactions or order. In 1812, the Bourbons attempted to abolish feudalism on the island of Sicily, but their failure to take an active role in monitoring and ensuring the abolition meant a perpetuation of the same economic situation and social hierarchy (Dickie 2004). However, the legal preconditions for a property market had been established, an essentially capitalist system, and peasants were understandably yearning for a better position in society. In Russia, a very similar transition took place. The end of communism resulted in a rapid shift from state-controlled economy to free market. Shortages and regulations led many to the shadow economy to satisfy their needs. In both cases people were unprepared for the options and challenges presented in these new systems.

The last type of transition refers to national and/or territorial changes. In both situations, legal and state frontiers were altered rapidly and drastically. Sicily was incorporated into a new Italian state to which they felt no affiliation, and who saw no comparison to them either. The Soviet Union's significant decrease in state control saw rapid uprisings of nationalist movements and the country began to fragment almost immediately. All three types of transitions, although not violent or overtly threatening, resulted in a complete loss of confidence in government by the people, if any had been left to destroy. The transitions complicated government effectiveness and corruption; as the old political orders lost legitimacy and the new ones had yet to be consolidated, corruption became impossible to identify (Philip 2002). It was in these uncertain times that organized

crime leapt forward to entrench themselves in society, where their presence would prove to be enduring.

### **Course of Action**

The last two similarities pertain to how both criminal organizations managed to make themselves such durable forces: private protection and corruption. These are both business methods and techniques that have made it difficult to extract criminal influences from society. Private protection, sometimes referred to as extortion, seems to be an essential part of criminal activity. Groups force businesses and individuals under threat or use of violence to purchase protection from them, thus establishing a continuous dependent relationship. This is different than popular perceptions of organized crime, where the syndicates focus their attention on illegal arms or drug trading. If that were the case in actuality, it would be much easier for government and police institutions to extract criminal organizations from society, as they would (theoretically) be operating in very different circles. However, in Sicily and Russia, the groups infiltrated society with their corrupt practices, making them harder to pick out. In both cases, the growth of the market increased the demand for protection, and the state was unable to supply adequate safeguards for budding business. As in any case of supply and demand, increased supplies of protection began to emerge, except these alternate sources were provided by organized crime (Varese 2001: 55). Private protection is also referred to frequently regarding organized crime as clientelism, which is a network of social relations where personal loyalty to the patron prevails against modern alternatives of market relations, democratic decision-making and professionalism in public

bureaucracies (Sajó 2002: 3). An interesting point that will be seen more in detail in the following sections is that private protection varied significantly between the Sicilian and Russian cases. In Sicily, it was initially legal and used to protect wealthy landowners from local bandits and thieves. In Russia, it was initially illegal and used by government agents during the Soviet period to line their pockets in difficult economic times. Regardless, the method has continued to this day to be a significant source of power and money in their respective societies.

Lastly, but perhaps most frequently focused on in academic study, is corruption. This refers to the extensive infiltration of politics by organized crime. Technically, corruption involves a public official (A), who, acting for personal gain, violates the norms of his/her office and harms the interests of the public (B), in order to benefit a third party (C), who rewards A for access to goods and services which C would otherwise not be able to attain (Philip 2002: 57).

Corruption, like private protection, takes very different forms in the two case studies. Whereas corruption in the Soviet nomenklatura went hand-in-hand with organized crime as early as the 1970s, Sicilian criminals were able to infiltrate state politics only after unification, as government officials sought any way possible to control the rampant lawlessness on the island. Soviet members of government sought profit-making schemes regardless of legality; while the Italian government had no choice but to cooperate with the organized crime syndicate. In Sicily, extensive political corruption did not occur on the mainland for a long period of time following unification. The next two sections will go through the historical precedent, emergence and growth of criminal organizations in Sicily and Russia, addressing the five key traits as they appear.



## CHAPTER 4

### THE SICILIAN MAFIA: A CLOSER LOOK

The history of the mafia can be traced to the beginning of the 19<sup>th</sup> century; however, the society that permitted its growth has roots that begin much earlier. In the 13<sup>th</sup> century, Frederick II of the Norman kingdom established dominion over southern Italy, and developed Sicily and other areas economically, culturally and militarily. Part of the economic development included the introduction of feudalism to territories under his control. In 1231 Frederick issued a new constitution which marked the beginning of an autocratic, centralized state that would spread its rule across Europe. This included the Kingdom of the Two Sicilies, the territory of which Sicily was part. The highest priority was the imposition of social order, and local officials were responsible only to the king (Putnam 1993: 122). Centuries passed, but the trend of distant foreign rule remained. For the majority of the 18<sup>th</sup> and 19<sup>th</sup> centuries, the ruling power was the French House of Bourbon. The feudal system introduced in the 13<sup>th</sup> century was left in place with the barons in the south gaining power and autonomy. As time passed, a steep social hierarchy took root, dominated by the landed aristocracy. The system remained essentially unchanged until the 19<sup>th</sup> century (Putnam 1993: 124).

The constant dominion of Sicily by foreign rule led to a high level of independence regarding quotidian administrative details, with the feudal barons at the helm until the early 19<sup>th</sup> century. Large estates, or *latifondi*, constituted the basis of an extensive agro-pastoral

economy, with a strong division between wealthy landowners and near destitute peasantry. The structure of Sicilian society also worked against the establishment of central institutions: poor development of roads and markets and the latifondi-centered production resulted in strong, specific interdependencies between landlords and peasants in very small areas. The weak and distant governance of the Bourbons only increased the prevalence of insecurity in the countryside both regarding employment and physical well-being (Blok 1974: 54). This provided the barons with unrivaled domination over local affairs.

The emergence of the Mafia was a due in part to wealthy landowners seeking to maintain the current social hierarchy and public order for their own benefit. Considering the inability of the Bourbons to guarantee public order without a monopoly on violence, the landowners took into their own hands the business of self-protection. With vulnerable and valuable crops such as lemons and oranges growing on their properties, the barons hired local strongmen, known as *gabellotti*, to maintain law and order and supervise other employees, such as stewards, field guards, tax collectors, etc. (Blok 1974: 32). This practice of hiring private methods of protection was not unusual in Sicily. As early as the 14<sup>th</sup> and 15<sup>th</sup> centuries, small groups of unarmed men, called *bravi*, were hired by barons for protection from invasions of bandit-type groups (Hess 1970: 15). Due to Sicily's exposed position in the center of the Mediterranean, invasion and conquer was relatively common. Constant juggling of dominion over Sicily had produced a strong anarchist dislike of central governance, systems of law or coercion. Constant forced acceptance of arrogation of power by changing individuals resulted in a passive reaction of resigned submission by the peasants (Hess 1970: 18). Both characteristics were optimal for the Mafia's reorganization of society in their favor.

The feudal system was abolished in 1812, but the barons retained their position. The peasantry emerged from social servitude only to fall into new forms of dependency. Land and labor power were both turned into commodities (Blok 1974: 90). Peasants were not in a position financially to invest in land, and the wealthy landowners' had no competition for peasant labor, so the feudal structure was perpetuated with the peasants in complete dependence. The large estate remained the fundamental unit of villages, and anti-feudal reforms had the effect of making the wealthy, wealthier, and the peasants poorer. Feudal rights and privileges were abolished by law, and the Bourbon state tried to curb the power of the traditional landowning aristocracy by encouraging the emancipation of peasantry and a radical redistribution of property (Blok 1974: 10). However, this only increased tensions between Sicily and the Bourbons: landowners wanted to maintain control over their estates, and peasants were even further disappointed as they wanted to improve their life circumstances and the Bourbons had done nothing to enforce their anti-feudal reforms. After 1816, the Bourbons restored their capital to Naples from Spain, and hoped to encourage the rise of the peasants as a class of small landholders (Blok 1974: 90). The assumption was that they would provide a more stable social base than landless laborers with sporadic work and inconsistent incomes. This new social group would help the Bourbons to integrate Sicily into the framework of a centralized state and reinstate some power over them, but as previously stated the efforts were not enough to challenge the entrenched position of the barons.

The role of the gabelotti transformed slowly into one of corruption and intimidation reminiscent of what is now recognized as a Mafioso. As metropolises such as Palermo began to flourish in Sicily, the barons with their accumulated wealth were increasingly compelled to relocate to the cities. The responsibility for the large estates was then delegated to the

gabellotti, who acted as mediator between the aristocratic landowners and the proletariat. Gabellotti, who traditionally came from peasant backgrounds but had somehow managed to acquire some money and rise above their former status, soon realized that they could significantly increase their income. They commenced with a two-fold profit-making scheme that involved extreme exploitation of sub-tenants and day laborers on one hand, and reduction of their financial obligations to the absent landowners on the other. They used their increased profits (and the landowner's decreased profits) and their talent for violence to push the landowners to sell (Hess 1970: 37). New legislation, the debt of the former feudal lords and the introduction of the market into rural settings assisted the fragmentation of large estates (Blok 1974: 93). The gabellotti perpetuated the system of latifondi, which was proving to be exceedingly profitable, through the use of physical violence. They kept potentially socially-mobile peasants in submission; however, those who qualified as substantially 'violent' were allowed to transcend their social position and be recruited by the gabellotti to maintain the system.

The role the gabellotti created for themselves reinforced their local power. In turn, created powerful links with the distant rulers under whose reign they remained, who were forced to use their power to control the local population. The relative isolation of levels and spheres in the agrarian south strengthened their position of authority over the peasants. The absence of the landowners, who were in charge of these private armies, allowed the gabellotti become their own bosses, and they flourished. They used their private use of violence as a means of control, expanded and organized amongst themselves to maintain law and order and create a relatively structured environment for commerce. They associated with the groups privately recruited by the Bourbon government, *compagnie d'armi*, to maintain order and

provide local law enforcement (Blok 1974: 94). The *compagnie* and the *gabellotti* had similar tasks and goals, and thus worked together to exercise jurisdiction on the local level. Ironically, despite the *gabellotti*'s exploitation of the peasantry and their use of violence for control, they gained local respect for administrating affairs. In the absence of centralized control over the means of violence, they were seen as powerful local strongmen dependable for living and security. Responsibility extended past just their own estates to mediating local disputes, and managing tensions and struggles by providing a specific order through which the various social classes arranged themselves (Blok 1974: 92). At the same time, in the decades following the abolition of feudalism, the middle and upper classes grew as large estates fragmented and more people became landowners, making the long-established social hierarchy unstable. The necessity for those who could secure control over these new tensions increased, and the *gabellotti* filled these holes. While it is impossible to pinpoint the exact moment when *gabellotti* transformed into *Mafiosi* as they are known today, it is here that I will make that transition.

In 1860, Italy unified following the invasion of Sicily by Giuseppe Garibaldi and his troops (Dickie 2004: 56-57). The Italian government that formed was unable to take control of Sicily and the lawlessness that abounded, and political mistakes made only boosted the development and fortification of the mafia. At that time, the prevailing model of state-building was the highly centralized Franco-Napoleonic model. With the slogan “*Fatta l’Italia, dobbiamo fare gli italiani*” (We’ve made Italy, now we need to make Italians), a strong central authority was thought to be the best method to unite Italy’s weakly integrated regions (Putnam 1993: 18). For more than a decade and a half following unification, Italy was ruled by a loose coalition called the Right consisting mostly of conservative landowners

from the north. The opposition was an even looser coalition called the Left that drew most of its support from the south. The Left favored a less centralized democracy that would allow higher government spending in necessary areas such as the south and Sicily (Dickie 2004: 69). However, with the Right in control, power remained in the hands of the central state government. They tried to suppress Sicily militarily through numerous invasions. By 1874, the Right realized its methods of repression to eradicate crime and lawlessness in Sicily were not working and that they had begun to completely lose control of the situation. They attempted to use the crime issue to discredit the Left opposition coming from Sicily by accusing them of being Mafiosi. They wanted to be seen as the anti-Mafia government standing up to the pro-Mafia left; however, some of the Left members were property owners and victims of the Mafia who began to feel threatened by their association with the Left (Dickie 2004: 71).

The result of the government rejecting the opposition and damaging their reputation was the creation of a power vacuum in Sicily. The politicians of the Left were unable to accomplish anything with the Right in power. While the Right was occupied trying to crush the Mafia presence in Sicily militarily, they were unable to actually govern it. The Mafia filled in the hole by assuming responsibilities for functions normally reserved for the government, such as contracting public works, providing protection, and solving disputes, albeit with an informal justice system (Finckenauer 2005: 74). One reason they were able to become so powerful was that they exploited the gaps between the people and the Italian government rather than closing or destroying them (McIllwain 2000: 311). By making themselves integral to Sicilian society politically, they made it harder to be eradicated. The ineffective method of a strong, central authority to unify Italy politically was the first mistake

made, the second being the inability of the central government to monopolize violence in Sicily.

Repressive measures to remove the power of violence from the Mafia were unsuccessful. The long established hierarchy of feudal nobility and peasants and the well-established system of Mafia dominance via violence were unable to be demolished by the new Italian government. As the government attempted to establish functional institutions and courts, the sects took control and corrupted their efficiency. The law became sectioned off and privatized by different Mafia sects throughout Sicily (Dickie 2004: 58). The government's inability to monopolize the violence throughout the new Italian state would increase the problems of lawlessness and chaos concerning Sicily and the resident Mafia, and decrease the measures that it was in a position to take.

Leopoldo Franchetti, who traveled through Sicily in 1875 and witnessed the rampant criminality, wrote *Condizioni Politiche e Amministrative della Sicilia* (Political and Administrative Conditions in Sicily) to describe the situation. Over a century later, his work is still considered the authority on the subject. Franchetti argued that the origins of Sicily's dangerous system of law and order lie in the failed transition from feudalism to capitalism. He emphasized the division between the landowners and landless peasants, saying when feudalism was abolished, the reforms were not backed by a large middle class or central authority to ensure fair distribution of wealth and land. He continued, pointing out that the only 'institution of violence' that was now accessible to the general population was conducted by organized criminals (Dickie 1999: 65).

The significant changes that Sicily underwent created new niches, needs, social classes and regulations in society. Entrepreneurs of politics, violence, commerce and social

order, organized criminals now known collectively as the Mafia, filled the gaps in society. They exploited every government failure and societal weakness, took control of violence and infiltrated or corrupted every state institution that could hinder their progress or destroy their existence. Other criminal groups have attempted to accomplish the dominance in society that the Sicilian Mafia has, but most have failed. One that has succeeded, and continues to develop, is the Russian Mob. In the next section I will describe the origins and expansion of this group. The similarities between them and the Sicilian Mafia regarding weak and failed states, the existence of criminal groups, mishandled political and economic transitions, the use of private protection business and corruption will become apparent.



## CHAPTER 5

### THE RUSSIAN MOB: A CLOSER LOOK

Looking at the Russian Mob case, while keeping in mind that of the Sicilian Mafia, brings to light interesting parallels between the two. The transformation from Czarist state to communism and then to a supposed free market system in the early 1990s is quite similar in effect on society as Sicily's transition from a feudalist system and then incorporation into a unified Italian state. Other parallels that will be addressed include the existence of a strong criminal subculture, corruption in government and the use of private protection as a criminal enterprise during periods of stagnation under Leonid Brezhnev and privatization under Gorbachev during the late 1980s and early 1990s.

First to address is the criminal subculture that developed during the 1920s. The civil war and social changes that Russia underwent in 1917 and 1920 resulted in the emergence of a totalitarian state that began with ideas and hopes of social transformation and ended with a poverty-stricken population that was completely disenchanted with the ideas of central government. However, in the beginning many were struck with romantic ideals of revolution and rebellion against the czar and repressive governments, a Robin Hood-esque concept of taking from the rich and giving to the poor (Černík, Hulíková, Víntr and Křištof 2005: 7). In the 1920s, Bolshevik dogma saw 'law' as a bourgeois instrument for maintaining social inequality, and their revolution aimed to reduce the role of the state to a simple tool for implementation of totalitarian doctrine. It involved more a management of society, such as

class structure and planned economy, instead of rule of law. It is at this point that a blurring of licit and illicit activity in the Soviet Union became a trademark of society, government and criminality.

What emerged from this blurred line of criminality was a growing number of criminals, who spent most of their lives in labor camps and prisons. As many as 18 million people passed through the Soviet prison system during the span of the Soviet Union, and resettlement policies by the state resulted in a high percentage of former convicts residing together in certain regions (Varese 2001: 125). Furthermore, the Russian penal system was based on the principle of imprisonment in groups, meaning that cells were over crowded with anywhere from a dozen to one- or two-hundred inmates. The result was a very social detention period, involving a common language, culture, norms and a system of social classes (Oleinik 2003: 49). These men created a brotherhood called *vory v zakone*, translated as 'thieves with a code of honor'. It was a secret criminal fraternity that had its own code of behavior and ritual for initiation of new members. They had a strong code against murder and violence in general; any use required a valid justification. Prison remained their native home, and the number of years they spent incarcerated became a source of prestige (Varese 2001: 155-156).

The prison system provided a forum for bonding and trust formation for these men, functions that are satisfied by a shared ethnicity in places such as the United States (Finckenauer and Voronin 2001: 5). The bonds created a sense of trust that is necessary for organized crime, similar to the necessary coordination between *gabellotti* and the *compagnie d'armi* recruited by the Bourbon rulers forged to maintain supremacy over Sicilian society. As the *vory* strengthened and increased in number, they began to impose their strict

ideologies on other criminals. They achieved a leading role over the *blatnye*, the professional criminals who aspired to be inducted into the vory (Varese 2001: 125). Criminal networks grew and became more powerful, and eventually took on the role of arbiters in the criminal community. As the communist state deteriorated and finally collapsed, these firmly established criminal organizations were in place to infiltrate society and make themselves as immovable as the Sicilian Mafia.

The vory and other criminals were not the only ones engaging in crooked behavior; government officials became more corrupt and coordinated with organized crime increasingly as time progressed. The end of World War II is seen as the turning point of the relationship between the criminal environment and the Soviet state and society. The former shifted towards the Soviet establishment and a link was established between the underworld and the *nomenklatura*, which indicates the government's high-level officials. Stalin's death in 1953 ended the tough regime of war communism and revolutionary terror that had been imposed on both society and government officials, the latter of whom saw the first opportunity for personal enrichment (Černík, Hulíková, Vintr and Krištof 2005: 8). This period also saw the development of the shadow economy, including the black market, which will be discussed further shortly.

The first organized crime groups appeared at the end of the 1960s, and a three-tiered structure began to take shape, collectively known as the Russian mafia. The top level consisted of corrupt high-level government officials and party bureaucrats. The second level involved the underground or shadow economy participants who exploited jobs and connections with the state-command economy for personal gain. The bottom level consisted of professional criminals who ran illegal businesses, such as drugs, gambling, prostitution,

extortion, etc (Finckenauer and Voronin 2001: 6). Before this period, the three levels existed separately.

The shadow economy provided for a significant percentage of income for the criminal organizations. It provided goods that were in high demand by Russians who were unable to get them elsewhere; considering the small number of suppliers and the illegal nature of the transaction, black market dealers were able to swindle the consumers (Treadwell and Pridemore 2004: 454). The shadow economy produced goods and services ‘off the books’, meaning outside of state-mandated production quotas, providing normally regulated goods that were difficult or impossible to acquire legally. As the state offered no form of protection, consumers were completely at the mercy of the criminal suppliers. The shadow economy was not exempt from government corruption; tribute gained from the black markets passed up the three-tiered pyramid to the nomenklatura, and was governed by a vast system of rewards and punishments. The government not only allowed this criminal activity to occur, but encouraged, facilitated and protected it, because it also benefited. This underground economy and government corruption thrived during the period of stagnation under Leonid Brezhnev from 1964-1982. The system worked its way from top to bottom, ultimately including state finances, industry, trade and the system of public services (Finckenauer and Voronin 2001: 6).

The shadow economy provided both goods and services that were unavailable from the state, including protection. As in the case of Sicily, Soviet society did not feel protected by formal government institutions, and resorted to paying corrupt groups to ensure their well-being. Initially, the *krysha*, or ‘roof’, was created by the corrupt nomenklatura as a veil for private transactions. It was slang for protection, and used during the Soviet period to refer to

activities by KGB, GRU and MVD agents, which refer to the state security organization, central intelligence agency and internal affairs, respectively. The krysha was a small fee extorted from individuals or businesses for protection purposes, and was originally used to cover for people doing reconnaissance (Varese 2001: 59). As the latter end of communism proceeded, these activities were adopted by criminal organizations as well, and krysha came to refer to their racketeering of businesses and individuals. Organized crime and government were working very closely together by the 1980s, and privately sold state protection became available to those who could pay.

The rapid privatization that began under Mikhail Gorbachev, who served as the last leader of the Soviet Union from 1985-1991, transformed society in all aspects, both positively and negatively. Gorbachev encouraged private enterprise in the form of cooperatives, signifying a shift from the former Soviet socialist model where most private enterprise was outlawed. Unfortunately, it had many unforeseen effects, including the strengthening and expansion of organized criminal activity. The vory expanded, incorporating criminal groups not bred in the prison system or under the subordination of their thieves' code; the krysha, or protection, became under the concentrated control of criminal groups; the privatization process was criminalized, funneling mass amounts of state funds and property for criminal profit; and government corruption became even more widespread as their political system completely collapsed.

At the end of the 1980s as communism was in its final stages, the vory grew rapidly and began to encompass many different types of criminals. This is due to the expansion of the shadow economy, the larger attraction to criminality and the growing unemployment for those trained in violence. The unjustifiably high costs of legal economic activity pushed

many to find alternative justice mechanisms, i.e. criminal organizations who had taken up the role of arbiters during the expansion of the shadow economy in the preceding decades. High costs were attributed to predatory and complicated taxation, intricate and unstable character of bureaucratic norms, corruption and arbitrariness of executive powers (Volkov 2002: 48). The growth of illegal activities created a high demand for criminals, and vory were forced to transform their standards and rules to adapt to the changing environment and retain their prominence. More financial resources and higher unemployment resulted in younger criminals paying their way into the vory organization. The significant increase and fracturing of groups into territorially-defined organizations also led to mafia wars and the introduction of violence into the vory world (Varese 2001: 169). Lastly, the collapse of the Soviet Union and its political and cultural enterprises freed a number of violent and unoccupied individuals onto the organized crime scene. These included former militia and special paramilitary employees, former athletes of professional and commercial sports circuits who had relied on the state until it collapsed, and 19-20 year old former soldiers returning from the Afghanistan war in 1989 with combat experience and postwar syndrome. Men who had been trained in all one would need for racketeering (fighting skills, willpower, discipline and team spirit) were suddenly unemployed and looking for some way to market their skills (Volkov 2002: 6, 11). Additionally, previously isolated criminal groups merged to cohesively control more extensive areas and further economic interests. By the beginning of the 1990s, the criminal underground had rapidly expanded and possessed the financial and political clout to exploit the transitions that were afoot.

Privatization of state property expanded and solidified the complex relationship between legal and illegal groups in society. Because of its connections to the state and the

shadow economy, as well as its significant assets, organized crime played an unexpectedly large role in the privatization process. It allowed them, with their economic and political power, to set up legal businesses as fronts for illegal activities. Their considerable status, thanks to participation in the shadow economy and private protection businesses, gave them the credibility to assume government functions such as dividing territories among competing economic actors and regulating business markets (Finckenauer and Voronin 2001: 7). Organized crime took advantage of the evolution into the 'free market' system, moving into key industries, the money and banking sectors and the emerging stock market. They used tactics such as fraud, illegal exports (including capital) and more straightforward violence to frighten off and take control of legitimate businesses (Finckenauer and Voronin 2001: 20)

Beginning in the late 1980s the growing criminal organizations began to collect tribute from private businesses, replacing the corrupt government officials who had used to do the same. The extortion led to protection rackets, which led to more sophisticated activities referred to as 'enforcement partnerships' (Volkov 2002: 135). Extortion is the main business of organized crime, as seen both in Sicily and Russia. Between 1989 and 1992, crime grew between 20-25% a year, mostly due to this form of private protection (Volkov 2002: 2). The rapid privatization between 1992 and 1995 caused large new segments of the economy to be exposed to the world of free market relations, which included legal and institutional problems, physical and economic risks, and steadily increasing unpaid debt.

The unfortunate aspect of the extortion business is that it is perpetuated on both sides: businesses also employ criminal groups that front as security firms for debt collection and personal protection because the court system is inefficient and outmoded for free market

financial disputes, and it is easier and more efficient to use criminal organizations (Finckenauer and Voronin 2001: 22). The legalization of private protection in 1992 under the Private Detection and Protection Activities Act has still not eliminated extortion by criminal organizations, although the existence of private protection companies (PPCs) has weakened the economic base of organized crime and limited its expansion (Volkov 2002: 143).

One of the main characteristics of Russian organized crime in the post-Soviet era is the extensive use of government apparatus for protection; most businesses are obligated (unofficially) to operate with the *krysha*, which is provided by police or security officials operating outside of their 'official' roles. Money laundering, drug trafficking and weapons trafficking benefited from the bonds between Russian criminal organizations and those of the other NIS (Newly Independent States) that existed due to the old *nomenklatura* connections, and increased the profitability of cross-border activities of Russian criminal organizations. *Nomenklatura* corruption created a vacuum of power and government service that has been filled by criminal organizations taking over government functions and gaining support of segments of society that would be expected to oppose them. Security agencies infiltrated criminal activities as early as 1991 attempting to control them internally and break them down, but soon their financial interests got the best of them and they joined the ranks of the criminal and corrupt (Černík, Hulíková, Vintř and Křištof 2005: 9). Corruption did not only infiltrate politics, but business; top businessmen encouraged financial collapse and the weakening of the ruble by selling oil and goods abroad for USD to make a profit (Crace 1998: 11). More recently, and very reminiscent of the Sicilian case, prominent Russians have spoken in favor of striking a deal between established criminal groups and the state to



produce quick and easy results in the fight against crime and to give political leaders some stability in the underworld (Varese 2001: 181).

All of these effects of the failed transition to capitalism did nothing to increase public support of government apparatus. The rule of law was disregarded, as any form that existed was most likely controlled by criminal organizations, the legal system and banking system both failed to adapt themselves to the new system and regain the faith of the people and the most consistently dependable order and rule was maintained by organized crime. As previously reviewed, the Russian Mob has eerie parallels to the Sicilian Mafia in the realm of weak states, criminal subcultures, failed economic and political transitions, use of corrupt government and of private protection that have enabled both organizations to firmly entrench themselves in society.

## **CHAPTER 6**

### **DIFFERENCES**

The economic and political systems that underwent significant transitions in Sicily and Russia vary widely and somewhat obviously. In Sicily, origins of organized crime grew in a society ruled by the distant Bourbon kingdom and under a feudal system. Russian organized crime grew in a state marked by communism and state-controlled economy. Although both criminal organizations feature severe levels of government corruption and the use of violence, the characteristics emerged in a different order and for very different reasons.

The weak or failed states in each case perhaps have the least amount of differences. Both suffered from distant or removed ruling powers that lost the faith of society, and allowed for the growth of alternative sources of rule and law. Both failed to monopolize the use of violence both before and after significant transitions. This type of state is an obvious prerequisite for the growth of organized crime; even in the best possible state government scenario, there is a demand for illegal goods and protection. With a less than ideal state, private protection and demand for product is sought even more. For these reasons, differences in time and location are made inconsequential in the development of organized crime.

The two criminal subcultures, however, varied slightly more. Both developed out of necessity for subsistence, social bonding and societal need for law and order, even within the

criminal world. However, in Sicily's case, the gabbellotti began their positions as private protectors at the request of wealthy landowners; it was only once the landowners abandoned their role as supervisors for a cushy life in the city that the gabbellotti realized the kind of profits that could be extorted from both the estate owners and the estate employees and began organizing themselves to maintain their dominant positions. In Russia, the Soviet penal system forced millions into prisons where men created social order for survival. Even once released, the government's relocation policies kept them within close quarters. These men established an organized internal system that would allow them to lead relatively civilized lives bound by general rules of order. Regardless of how each group came to be, the end result is that there existed such a criminal group capable of exploiting weaknesses in government and society once each realized that a profit could be found.

The transitions have surprisingly few differences considering the variations in time and place. Sicily's transition from feudalism to a free market system and Russia's transition from communism to capitalism both involved a change from a highly controlled economic environment with little to no social mobility to a privatized economy that encouraged entrepreneurialism. However, these differences matter less than the inefficient handling of transitions themselves, which allowed for extensive exploitation. In turn, it led to a perpetuation of social hierarchies and a continued inability for the governments to regain control of society.

Private protection has an interesting variable between the two cases. Sicily's private protection began as a legal venture by estate owners looking to protect their territories from roving bandits and was outlawed by the Italian government after unification after they realized the amount of control organized crime had accumulated through payment of tribute

and promises of protection. Instead, corrupt Soviet officials illegally demanded krysha from businesses and individuals under the guise of collecting information and cracking down on organized crime. When organized crime became more involved in racketeering and extortion during the period of transition that significantly lacked government protection, the new Russian state decided to legalize it so that private corporations could establish legitimate protection agencies. It had the positive effect of reducing the base of operation for criminal organizations and preventing their spread.

Corruption developed in the same opposite direction as private protection. In Italy, corruption occurred when the new government found itself backed into a corner with the rampant lawlessness in Sicily and was forced to delegate responsibilities to the most powerful locals, i.e. Mafiosi. In the Soviet Union, nomenklatura officials voluntarily got involved with criminal organizations for personal gain; they suspected the end of communism was nearing and worried about saving themselves financially instead of salvaging a government or state. In both cases, criminal connections to government helped to sustain organized crime in the long and short runs.

## **CHAPTER 7**

### **CONCLUSION**

Using as case studies two of the most infamous criminal organizations in existence provides us with plausible evidence of salient characteristics for the development of organized crime. The Russian Mob and the Sicilian Mafia have all the necessary traits, regardless which academic's definition one chooses to follow. Boiling down the cases to extract general environmental and procedural similarities has resulted in five key elements that present convincing arguments for their necessity in a society that can be infiltrated by organized crime.

The five similarities, placed in the three categories of environment, opportunity and course of action, are the presence of a weak or failed state, of a criminal subculture, failed political, economic and national transitions, the use of private protection and extensive government corruption. These are all fairly understandable preconditions for criminal expansion and organization. The conclusion that I have reached is that despite the order, reasoning or practicality involved in the presence of these conditions, the deciding factor has been solely their presence. That is to say, despite variations between the two, organized crime was able to grow and entrench itself in society because those characteristics came to be, period.

Many articles that I read pondered the uncertainty of the future of Russian organized crime. Some academics believe that they do not have the reproductive capacity that the

Sicilian Mafia does. This is a comment made in light of the number of Russian criminals dwindling in the late 1990s and early 2000s. After the heyday of pure criminal arrangements from 1991-1994, illegal krysha began to dwindle or evolve into legal versions under pressures of capitalization, competition and law enforcement. As Russian government continues to reform to adapt to international competition, pressures from a free market system and high-level susceptibility to corruption, organized crime's control over economic and legal aspects of society decreases. One method that Russian criminal organizations have attempted to maintain profit accumulation is increased involvement in cross-border crime such as drugs, arms and human trafficking. It will be interesting to see if criminal organizations adapt to the changing system and survive within Russian borders.

Despite this thesis' focus on historical development of the two cases, it is certainly pertinent to today's international society. Increasingly porous borders in the European Union and technological advancements in transportation and communication have allowed traditionally local criminal organizations to expand internationally and exploit other communities for financial gain. The Russian Mob is frequently mentioned in studies of human trafficking rings that have stretched across Western Europe from former Soviet states and Eastern Europe. The Sicilian Mafia has a number of offshoots internationally, most notoriously La Cosa Nostra in the United States. The Sicilian Mafia, which traditionally remained close to home to operate business, has recently been popping up in other cities. In August 2007, six Italians were murdered outside a restaurant in a small town in Germany, spilling over from a feud that originated back in Italy (Connolly 2007: 3). This event shows that criminal organizations are no longer solely the responsibility of a single government; effects are felt across national borders. The importance of studies such as this increase when

it is realized how many states are undergoing important political and economic transitions, in Africa and Latin America, for example. If failed transitions are in fact a significant prerequisite for organized crime to appear, it would benefit the international community to ensure smooth execution of transitions. As international cooperation continues to strengthen to combat threats to national security, organized crime is a threat that could plausibly be eradicated.

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