

# **A Response to “The Mobility of Criminal Groups”**

**A reflection in light of recent research  
on Mafia movements**

by

**Dr. Federico Varese**

University of Oxford

prepared for

Research and National Coordination  
Organized Crime Division  
Law Enforcement and Policy Branch  
Public Safety Canada

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## **Table of Contents**

Executive Summary	p. 3
0. The Mobility of Organized Crime Groups	p. 5
1. Morselli et al's framework	p. 6
2. A Modified Framework of Organized Crime mobility	p. 8
2.1. Supply	p. 9
2.2. Local Conditions	p. 11
3. Application of the Framework	p. 13
4. Conclusions and Recommendations	p. 19
References	p. 23
Endnotes	p. 26

## Executive Summary

This paper offers some remarks on the framework proposed by Morselli et al. (2010) for understanding the various factors underlying the mobility of organized crime groups. Second, it presents a slightly modified framework. Third, it applies the new framework to several cases. Finally, it concludes with a list of policy recommendations and suggestions for future research.

Morselli et al. organized their review around ‘push’ and ‘pull’ factors. The former are forces that drive criminal groups *from* a setting; the latter are forces that *draw* criminal groups to a setting. Morselli et al. then introduce a distinction between ‘strategic’ and ‘emergent’ contexts. In the former, “criminal groups [...] intentionally or strategically mobiliz[e] themselves to seize opportunities in various geographical locations across the world” (p. 2). In the latter, “criminal groups are the product of offenders’ adaptations to the constraints and opportunities surrounding them”. They conclude that past research supports the view that organized criminals do not strategically seize opportunities but rather adapt to their context.

First, this paper suggests the distinction between ‘strategic’ and ‘emergent’ organized crime groups might not hold. Members of OC [Organized Crime] groups can be *pushed out* of their territory but still exercise strategic thinking in deciding *where* to go and in the new territory they will adapt to the local conditions: in this scenario, all elements are present are present (push factors; strategic thinking and adaptation to the local environment). The paper also suggests that strategic motivations for mafia groups to move are diverse and must be unpacked analytically. In particular, a key strategic motivation to send an envoy abroad is to find ways to invest the proceeds of crime in various licit and illicit business ventures in different countries (ultimately, money laundering). This motivation gives rise to incentives to create outposts abroad, even if the main function of the outpost is not to penetrate markets or offer specific services, at least in the short run.

Second, this paper suggests a modified framework for OC migration and applies it to a number of cases explored in depth in Varese (2011). The modified framework consists of three elements: ‘supply’, ‘local conditions’ and ‘demand for OC’. A ‘supply’ of criminals might find themselves abroad as a consequence of strategic thinking, in order to seek *resources, markets and/or opportunities to invest the proceeds of their crime* (money

laundering). Among the unintended reasons for movement of OC criminals the paper highlights *generalized migration; mafia wars* and *law-enforcement repression activities*. Among the 'local conditions', the paper discusses the level of trust, the presence of newly formed market economies, booming markets and incentives to create cartels, large illegal markets, size of the locale, and presence of existing OC/Mafia groups. It then shows how these factors can be positively or negatively correlated to the emergence of a demand for OC services and lead to successful mafia transplantation.

Third, the paper applies this framework to the mobility of crime groups to several settings: the movements of the `Ndrangheta from Calabria to Piedmont and Veneto (Northern Italy); the Sicilian mafia to New York City and Rosario, Argentina; the Russian mafia to Rome and Hungary; and Taiwanese triads to mainland China.

This paper concludes by recommending scholars to study transplantation in a comparative framework. Among the policy recommendations, it highlights the risk that unregulated booming markets pose; the fact that small locales are *ceteris paribus* more vulnerable to OC penetration than larger ones; and that law enforcement should gather intelligence on the mafia hot spots of the world in order to be prepared to face the incoming 'supply'.

## *The Mobility of Organized Crime Groups*

Do organized crime groups and mafias ever move outside of their territory of origin? It is often difficult to gauge what the police, judicial authorities, or press reports mean when they claim, for example, that the Russian mafia is active in at least twenty-six foreign countries, or that the Calabrese `Ndrangheta is present in more than twenty countries.<sup>1</sup> From the few academic studies that mention the phenomenon, we know that mafias are rather stationary. Peter Reuter, while discussing U.S. “illegal enterprises” (of which organized crime and mafias are a subset), notes that they tend to be “local in scope.”<sup>2</sup> In *The Sicilian Mafia*, Diego Gambetta writes that “not only did the [Sicilian] mafia grow mainly in Western Sicily, but, with the exception of Catania, it has remained there to this very day.” More generally, the mafia, he adds, “is a difficult industry to export. Not unlike mining, it is heavily dependent on the local environment.”<sup>3</sup>

Still, transplantation does take place. In his memoirs, Catania mafia boss Antonino Calderone reminisces that during his time, there were two recognized branches of Sicilian mafia families in central and northern Italy. Another family operated for a while in Tunis, its existence having been recorded since at least the 1930s.<sup>4</sup> In his study of southern Italian mafias’ expansion and entrenchment in nontraditional territories within Italy, Rocco Sciarrone shows how a concatenation of mechanisms accounts for the expansion of the Neapolitan Camorra in the neighboring region of Apulia in the late 1970s and early 1980s.<sup>5</sup>

Moving beyond Europe, we encounter other instances. The charismatic leader of Taiwan Bamboo United, a major triad group, has been living in Cambodia for several years, where he appears to broker deals between visiting businesspeople and the local elite. At least thirty other Taiwanese gangsters live and operate in Phnom Penh.<sup>6</sup> According to reports, the reign of Evgenii Petrovich Vasin, a Russian mafia boss of the Far East, has been succeeded by that of a triad boss, Lao Da, now “the main organized crime figure in Vladivostok.”<sup>7</sup> Xiang Du, a Chinese national, led a gang in the Russian city of Khabarovsk for four years (1997--2001).<sup>8</sup> But at the same time Russian groups moved westward. Two subsidiaries of the Moscow-based crime group Solntsevskaya operated in both Rome and Budapest.<sup>9</sup> As for the Japanese case, although Peter Hill—author of *The Japanese Mafia*--downplays the presence of the yakuza abroad, he suggests that “the presence of non-Japanese criminals in Japan is

likely to become more significant in the future.”<sup>10</sup> Thus, transplantation seems to be a real phenomenon in need of an explanation.

Carlo Morselli, Mathilde Turcotte and Valentina Tenti have written a timely and in-depth report for Public Safety Canada in which they review studies that have tried to suggest factors explaining the mobility of criminal groups.<sup>11</sup> The authors organize their study in three sections: Criminal Market Research; Research on ethnic-based criminal groups; Research on criminogenic conditions in legitimate settings. For each section, ‘push’ and ‘pull’ factors are identified. The former are forces that drive criminal groups *from* a setting; the latter are forces that *draw* criminal groups to a setting. Morselli et al. then introduce a distinction between ‘strategic’ and ‘emergent’ contexts. In the former, “criminal groups [...] intentionally or strategically mobiliz[e] themselves to seize opportunities in various geographical locations across the world” (p. 2). In the latter, “criminal groups are the product of offenders’ adaptations to the constraints and opportunities surrounding them”. They conclude that past research supports the view that organized criminals do not strategically seize opportunities but rather adapt to their context, despite some sensationalist journalistic accounts that suggest the opposite.

This paper continues as follows. First, it offers some remarks on the framework proposed by Morselli et al. Second, it presents a slightly modified framework. Third, it offers some evidence that supports the new framework. Finally, it concludes with a short list of policy recommendations. Below, remarks are limited to organized crime and mafia groups, broadly defined as groups that offer a product that is demanded.<sup>12</sup>

### *1. Morselli et al.’s framework*

The following comments on the otherwise illuminating Review by Morselli et al. are three fold. First, they pertain to the use of the word ‘strategic’; second, they pertain to the need to unpack the different strategic motivations that might motivate groups to move to a different territory; third, they pertain to the presence of strategic thinking even in cases where migration is less than voluntary.

The expression ‘strategic’ as used in Morselli et al. refers to “criminal organizations that are intentionally or strategically mobilizing themselves to seize opportunities in various

geographical locations across the world” (p. 10). It should be noted that ‘strategic’ is used in a very narrow sense. A reader might be surprised to find that criminals who react to law enforcement would have to be classified as ‘non-strategic’. Morselli et al. refer to a somewhat *centralized form of decision making* taken by the organization, thereby excluding the possibility that a member of the group autonomously decides to move abroad and, when in the new location, links back with fellow members.

Second, strategic decisions to move might be the product of several motivations. The authors could draw more directly on standard macro-economic theories and business studies to identify the different motivations of ordinary firms to open outposts abroad and then see whether organized crime groups have mirror motivations. In Section 2 below, I unpack such motivations.

Third, an element of strategy might be present even in the case where criminals are forced to move out of a given territory: those who are forced out might still exert some strategic thinking in deciding *where to go* (clearly, in order to escape law enforcement a fugitive would not board a plane at random, but he would choose a location where to go *strategically*) and in the new territory they will adapt to the local conditions: in this plausible scenario, all elements are present: push factors; strategic thinking and adaptation to the local environment.<sup>13</sup>

Ultimately, ‘strategic’ does not seem to be the opposite of ‘emergent’. In this context, the opposite of a strategic decision to move is ‘unintended’, ‘unwilling’ and ‘unplanned’ movement. Morselli et al. rightly encourage scholars to explore the local conditions that give rise to organized crime in a given context, but by doing so they risk subsuming the phenomenon of crime groups mobility into the more general study of the factors conducive to the emergence of organized crime. Clearly, the two are closely related, but still specific dynamics explain mobility as opposed to home grown phenomena.

## *2. A Modified Framework of Organized Crime Mobility*

I suggest to recast Morselli et al.’s framework around a simple ‘supply—local conditions—demand for OC’ scheme.

## Supply

How does a 'supply' of criminals end up in a new territory? Some will move willingly, putting into action a long-term plan to expand to new lands (the 'strategic' scenario identified in Morselli et al.), while others move there to escape prosecution at home, mafia infighting or for reasons unrelated to crime, such as poverty and generalized patterns of migration (I call this 'unintended organized crime movement').

*Strategic decisions to move.* At least in theory, one should spell out the strategic motivations behind a decision to move. In Varese (2011), I suggest three different reasons: mafias might be after specific resources or investment opportunities, or wish to invade a new market.<sup>14</sup>

1. *Resource-seeking:* For a legitimate firm, the decision to open a branch abroad may be motivated by the desire to acquire a specific resource, such as a mineral or labor, at a lower cost. Resources also include intangible goods like knowledge, innovation capabilities, and management or organizational skills.<sup>15</sup> The motivation to open a branch abroad is predicated on the fact that the resources desired by the firm cannot be simply bought on the open market or accessed remotely. For a mafia, resource-seeking motivations might include looking for labor, a key input factor. Other resources of interest to mafias include technical equipment (such as arms, hideaways, and spying technology), passports, and bank accounts.
2. *Investment-seeking:* A legitimate firm might wish to reinvest the proceeds of its core activity in other businesses. Such decisions might be motivated by tax and performance incentives provided by governments, or by the desire to operate in more efficient financial systems. It is harder for a mafia group than for legitimate firms to monitor remote investments. Like other firms, mafias seek to reinvest their proceeds in profitable enterprises. Mafia investments, though, are informal and often involve cash, and no recourse to the legal system exists in the event of a dispute. Moreover, money laundering and investments in the legal economy can involve several hundred one-shot transactions between business associates of the criminal group and legitimate firms in foreign and inhospitable countries. Those tasked with undertaking these decisions enjoy a significant amount of discretion and are hard to monitor. Investments can go wrong, and the bosses back home cannot easily verify claims and reports. This situation generates specific incentives for bosses to go abroad to monitor transactions with legitimate entrepreneurs directly.

3. *Market-seeking*: A legitimate firm might open a subsidiary in a different country in order to carry out its main activity in a new market. For mafias, the core business of the firm is control of a territory or market(s). Thus, at least in theory, mafias might wish to invade a profitable untapped market.

*Unintentional movement.* Rather than being motivated by a strategic decision to move, the mafia of origin or its individual members might not intend to open a branch abroad. Simply, they are forced to leave their territory by reasons unrelated to crime, such as poverty, or they are pushed out by the action of law enforcement or other criminals.

1. *Generalized Migration* is the explanation for mafia transplantation most often cited by the press, academics, and prosecutors.<sup>16</sup> Although never properly unpacked, a straightforward quantitative logic lies at the root of this theory: assuming that a given proportion of a population consists of criminals, the greater the migration of individuals from that population, the larger the number of criminals that will reach a new territory. Moreover, migration from territories of origin where there is a high proportion of mafiosi appears to carry the greatest threat of mafia transplantation.<sup>17</sup> The view that links migration to mafia transplantation can take simplistic and crude forms. Within Italy itself, the Northern League labels all southerners as a potential crime threat and has called for controls over south-north migration in order to prevent the spread of organized crime. The notion that Italian migration alone is responsible for the creation of the Italian American mafia in the United States is part and parcel of the now-discredited “alien conspiracy theory” of organized crime.<sup>18</sup> The presence of migrants from mafia territories, although clearly a contributing factor, is not sufficient for the establishment of new mafias, otherwise we would find mafias in every country to which southern Italians have migrated in the past.
2. A specific push factor for mafia transplantation in the case of Italy was the perverse policy of forcing convicted mafiosi to reside outside their area of origin as a form of punishment.<sup>19</sup> Based on a naive view of the mafia as a product of backward societies, forced resettlement (*soggiorno obbligato*) started in 1956 and was predicated on the assumption that away from their home base and immersed in the civic, law-abiding culture of the North, mafiosi from the South would abandon their old ways. Since the mid-1950s this policy has brought hard-nosed lawbreakers to the northern regions of Italy, including Lombardy, Piedmont, and Emilia-Romagna. The mafioso-turned-

state-witness Gaspare Mutolo commented that the policy of forced resettlement “has been a good thing, since it allowed us to contact other people, to discover new places, new cities.”<sup>20</sup> The *soggiorno obbligato* policy selected for forced migration individuals with specific mafia skills, and unintentionally allowed them to expand their networks and knowledge of the world.

3. Criminals, including members of mafia groups, are also pushed to migrate in order to *escape mafia wars* or *police repression* in their areas of origin. *Yurii Yakovlev* (fake name), the Solntsevskaya boss in Rome, was eager to move from Moscow to Italy because he was afraid of being killed by the Solntsevskaya ruling elite.<sup>21</sup> Vyacheslav Kirillovich Ivan’kov, often described as the Solntsevskaya envoy to the United States tasked with creating the Russian mafia in that country, in fact left Russia in 1992 because “it became too dangerous for him there.”<sup>22</sup> Many yakuza active in the Philippines are actually ex-members who have been expelled from their groups.<sup>23</sup> Georgian *vory-v-zakone* (a type of mafia boss in the Soviet Union) “migrated” to Russia whenever there was a change at the top of the Georgian Soviet republic’s political elite, since whenever a new first secretary came to office he would try to impress Moscow by conducting purges as well as cracking down on corruption and crime.<sup>24</sup> Following the Rose Revolution of 2003-5, the new Georgian president launched a harsh repression of what was left of the Georgian *vory*, referred to now by their Georgian-language equivalent of *kanonieri kurdebi*. A direct consequence of the repression was the escape of several leaders to Moscow (again), Spain, and other countries.<sup>25</sup> Similarly, Taiwan’s campaigns against organized crime in 1984, 1990, and 1996 facilitated the relocation of triad bosses to China. As crime expert Ko-lin Chin put it, “Even though initially they [Taiwanese triad members] had no intention of staying away from Taiwan for long, they ended up living abroad for months, or even years. . . . As many fugitives started new lives abroad, they not only became entangled in the affairs of the overseas Chinese community, but also established connections with local crime groups in the host societies”.<sup>26</sup> Fascism’s repression of the Sicilian mafia led to families emerging outside the island, such as Tunis, and some leaders arriving on the shores of the American continent, both in New York City and Rosario. A systematic study of a Camorra clan shows that out of fifty-one members, only four individuals resided abroad, in Aberdeen and Holland. All four were escaping from the Italian police.<sup>27</sup> Thus, a neglected aspect of globalization is at work here: repression in one corner of the world has an unintended effect on another.<sup>28</sup>

### *Local Conditions*

Once in the new locale, *local conditions* either facilitate the criminal activities of OC figures, or they do not. This is where the ‘emergent processes’ identified by Morselli et al. would feature. Such conditions are conducive to the birth of crime groups, local or newly arrived. The conditions that I will list below might give rise (or not) to a demand for the services that the incoming criminals are able to offer, depending on how local authorities deal with such conditions.

1. *Low trust*: The level of generalized trust (trust in others who we do not know) in the new land is, for some authors, an important variable that could explain the entrenchment of mafias. James Coleman has pointed out that a low level of trust reduces actors’ ability to cooperate and communicate, inhibiting collective action.<sup>29</sup> The less trust exists among law abiders, the less likely it is that civil society will organize to oppose the entrenchment of a mafia group. One can further predict that the lower the trust among lawbreakers, the greater their demand for protection services will be; a mafia facilitates exchanges among criminals who distrust each other by offering the enforcement of deals and promises. This line of reasoning implies that mafias are more likely to transplant successfully to regions with little trust among law abiders and lawbreakers (each condition is independent of the other).
2. *Newly formed market economies*: In a market economy, a key function of the state is to define and protect property rights and to settle disputes among market actors. In legal markets, the more incapable a state is of protecting its citizens and settling disputes among actors in the economy, the greater will be the demand for alternative sources of protection. Such demand arises because of the state’s lack of competence to act as a credible third-party enforcer of agreements.
3. *Booming markets and incentives to create cartels*: Demand for protection emerges when entrepreneurs seek to sell legal commodities illegally. This might take the form of trying to wipe out competition or organize cartel agreements with mafia support. A sector of the economy that typically generates high incentives to create cartels is construction: firms compete on a local market, and the barriers to entry are relatively low. Construction cartels often emerge without the need for mafia enforcement. A small number of firms simply corner the market. Yet a sudden explosion in the

construction market would open up the market to new entrants. Market incumbents might then develop a demand for protection against outsiders. Given this, construction sector booms might lead to a demand for criminal protection. On the other hand, economies that are export-oriented will generate less demand for mafia protection: the mafia cannot help exporters to penetrate distant markets by harassing another entrepreneur who lives in the same place but exports to a different part of the world. For the mafia to be effective, producers must compete in the same market. On the other hand, several exporters of the same product to the same market would benefit from mafia protection.

4. *Large illegal markets:* The demand for property rights protection in illegal markets is rife. Not only is state protection absent by definition, but state action is aimed at arresting actors in such markets and confiscating their “property” (“That’s what the FBI can never understand,” says Henry Hill in the book *Wiseguy*, “that what Paulie [mafia member Paul Vario] and the organization offer is protection for the kinds of guys who can’t go to the cops”).<sup>30</sup> As a consequence, illegal assets are highly vulnerable to lawful seizure and theft, and property rights are disputed to a much greater degree than in legal markets. Moreover, information about the quality of goods as well as the identities and whereabouts of the actors is particularly poor in illegal markets; entrepreneurs in these markets cannot freely advertise their good reputation, creditors disappear, informants consort with the police, and undercover agents try to pass themselves off as bona fide fellow criminals. As documented by several studies, mafias offer protection to criminals in the underworld and, in so doing, make illegal markets run more smoothly. It is thus plausible that the larger the illegal markets are, the greater will be the demand for protection. When there is a time lag between the emergence of a demand for protection and the provision of suitable local supply, the opportunity to supply mafia services may be seized by transplanted groups.
5. *Size of the locale:* *Ceteris paribus*, the smaller the new territory or the market, the easier it is to penetrate it. As mentioned above, the construction market is vulnerable to mafia penetration. It is easier to control a construction sector populated by thirty players than one populated by three hundred, however. If a mafia tries to penetrate politics through the control of votes, it is easier to control politics if the district is small. It takes more voters to influence the election of the mayor of a large city than of a smaller one.

6. *Presence of existing illegal protectors*: Where local protectors, such as mafia or fragments of the state apparatus, are present and effective, it might be next to impossible for incoming mafiosi to dislodge them.

Large constituencies or markets and export-oriented economies are negatively related to a demand for mafia protection and thus transplantation, while construction booms and large illegal markets are positively related to such a demand.

### *3. Application of the Framework*

Table 1 lists a selected number of factors that I have explored in Varese (2006) and (2011).

Table 1. Selective List of Factors facilitating OC transplantation

	<b>Factors facilitating mafia transplantation:</b>
<i>SUPPLY of Mafiosi</i>	Generalized Migration
	Mafiosi migration (willing/unwilling)
<b>LOCAL CONDITIONS</b>	Level of trust/civic engagement
	Presence of local illegal protectors
	Size of Locale
	New and/or Booming Markets
<i>DEMAND for mafia services</i>	YES/NO
<i>TRANSPLANTATION</i>	

Among the “local conditions,” I include the level of trust in the new locale, the presence or absence of local criminal competitors (e.g., an existing mafia or corrupt officials and police), and the size of the locale. By “new and booming markets,” I refer to whether the economy has undergone some sudden change. For instance, a construction boom would qualify as one. Also, a wholesale transition to the market economy or the sudden outlawing of alcohol consumption would create new and booming markets. This is a limited and selective list of factors, although there is virtue in trying to group as many factors under few headings. Some such factors are causally linked to others: a construction boom, the sudden outlawing of

alcohol, or low levels of trust could give rise to a demand for services provided by OC. Such a connection, however, is not mechanical; if actors in a given market are able to regulate the sudden changes in the market and cope, they would not develop such a demand. If the state is efficient at defining and protecting property rights in a new market economy, a demand for criminal protection would not arise. If the operators in the drug market are able to settle disputes without recourse to a third-party criminal enforcer, such a demand again would not emerge.<sup>31</sup> Such a scheme would also be predictive, namely a police force could identify local conditions potentially conducive to the emergence of OC even in the absence of OC yet.

In Varese (2011), I have applied this framework for the study of the migration of mafia groups in seven cases, the movement of the Calabrese `Ndrangheta to Bardonecchia and Verona in the 1960s and 1980s; the movement of the Russian mafia to Rome and Budapest in the 1990s; the movement of Sicilian Mafiosi to New York City and Rosario at the end of the 19<sup>th</sup> century; and the movement of members of OC groups from Hong Kong and Taiwan to mainland China. A key selection criterion was variation in the “dependent” variable (transplantation).<sup>32</sup> I have used three further criteria for selection. First, among the territories of destination, I discuss both advanced market economies and newly created ones. Variation on this dimension allows me to establish whether similar (or different) reasons account for transplantation to newly created and advanced market economies, and make it easier to generalize from my findings. Second, I include regions, among the territories of destination, where the level of interpersonal trust and civic engagement was high along with those where it was low before the arrival of the mafia. In particular, Piedmont and Veneto are high-trust regions in Italy, while Rome, Budapest, and China have low levels of interpersonal trust. Since the level of trust in the territory of destination is a factor that I suspect might affect the ability of mafias to entrench themselves, variation in this independent variable was crucial. In all the cases I have examined, mafiosi find themselves in the new locale not of their own 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 just making the most of bad luck, in line with Morselli et al’s findings in their Review. When forced to move, Mafiosi do not choose their new destination at random: unless they are told by the court where to go, they usually join relatives, trusted friends or previous contacts.

Is the presence of mafiosi in a new territory enough for a mafia to emerge? No. A special combination of factors must be present. First, no other mafia group (or state *apparati* offering

illegal protection) must be present. It is too much of an uphill struggle for an incoming mafia to set up shop in the presence of a powerful local competitor. Second, a mafia group is most likely to succeed in transplanting when its presence coincides with the sudden emergence of new markets. To the degree that the state is not able to govern new markets, the possibility of mafia emergence or entrenchment from abroad is strong. States might be unable to clearly define and protect property rights, and market operators hence would develop a demand for alternative sources of protection. In addition, states by definition cannot protect dealers of illegal commodities. In both instances, significant opportunities exist for mafias to govern access to valuable markets, offer genuine services of dispute settlement and protection, enforce cartel agreements, reduce competition, and thus serve the interests of a sector of society. These opportunities can be easily taken up when a supply of people trained in violence, either local or from abroad, is at hand.

The presence of a supply of mafiosi and the inability of the state to govern markets are the key factors that link cases of successful transplantation, such as the `Ndrangheta in Bardonecchia and the Russian mafia in Hungary. In Bardonecchia, disenfranchised migrant workers from outside the region accepted illegal employment over unemployment, thereby forgoing membership in trade unions and more generally state-sponsored protection. Entrepreneurs not only hired illegal workers but also schemed to restrict competition. The structure of the local labor market and the booming construction industry (in which firms compete locally and there is a strong incentive to form cartels) led to the emergence of a demand for illegal protection. Members of the `Ndrangheta Mazzaferro clan resided in this territory. They offered certain firms privileged access to this market, and were able to settle disputes between workers and employers.

Although Piedmont does not have a new market economy like those of Eastern Europe, a striking parallel exists in the successful transplantation of the Russian mafia's Solnstevo criminal group in Budapest. In that instance the state failed to create a system to adjudicate disputes quickly and effectively, thereby leaving significant sectors of the emerging market economy unprotected by the law, as was the case for immigrant workers in Bardonecchia. When vast numbers of economic agents operate in an unprotected market, they develop a demand for nonstate forms of protection. In both Bardonecchia and Budapest, skilled criminals were available to organize a mafia group and offer a variety of services, such as the settlement of disputes and elimination of competitors in local markets.

A powerful set of mafia groups emerged in the United States around 1910 because of the unintended consequences of police reform and it was able to expand significantly later thanks to Prohibition. Until then, illegal markets were protected by a combination of local politicians and corrupt police officers. When the mayor of New York enacted far-reaching reforms that curbed grand graft, illegal markets such as gambling and prostitution were in search of new protectors. In legal markets, like garment production, poultry, garbage collection, and construction, existing operators were only too happy to turn to an agency able to ensure the continuation of cartelization. Unemployed immigrant workers, mostly from southern Italy and equipped with some mafia skills, stepped in.

The case of China allows us to spell out in greater depth some crucial mechanisms. The state has been unable to offer swift and efficient avenues of dispute settlement for the new players in the rapidly emerging market economy, and a significant sector of the workforce operates in the informal economy, where state protection is absent. In addition, large illegal markets, such as in prostitution, gambling, and drug trafficking, have developed since the opening of the Chinese economy in the 1980s. On the “supply-side” of the story, “brothers” (triads members) from Hong Kong and Taiwan have moved to the Middle Kingdom. They have failed (so far) to become entrenched and offer generalized protection, because a powerful actor is already in place to offer such services—that is, corrupt fragments of the state apparatus, which work as the “protective umbrella” for both legal and illegal businesses. In the cases of successful transplantation, no other mafia (or bent state apparatus) was already on the ground to compete with the outsiders.

Varese (2011) contributes to more general debates on the effects of globalization on organized crime and suggests that globalization hinders mafia transplantation in a way that has escaped most contributors. In the case of two of the failed attempts to transplant mafias, the local economies relied on exports—Verona on exported furniture, and Rosario on exported agriculture. There is no demand for cartels in the export-oriented sector of the economy since producers export to different parts of the world. In order to stop competition for producer A in, say, northern Europe, the mafia would need to scare away producers in a variety of different countries who all export to northern Europe. Thus, as economies become more export-oriented due to globalization, the likelihood that mafias will transplant themselves may diminish.

Migration as such is clearly not a cause of mafia transplantation. Despite roughly similar patterns of migration from the south to the north of Italy, a southern mafia did not transplant itself in either Rome or other towns of Piedmont. Only when migration is coupled with illegal employment and the absence of state protection does a demand for criminal protection emerge that can be met by a mafia. In other words, migration—even from regions with a high mafia density—does not necessarily carry the seed of a new mafia. Rather, it is the state’s failure to offer effective legal protection and the lack of avenues for legitimate employment that set in motion a chain of events that might give rise to a new mafia.

The Italian policy of *soggiorno obbligato*, flawed as it might have been, cannot be blamed for successful transplantation. In the case of Bardonecchia, the supply of foreign mafiosi went hand in hand with a genuine demand for criminal protection. When it did not, transplantation failed. Moreover, other parts of Piedmont and northern Italy also experienced an influx of skilled mobsters forced to migrate due to the *soggiorno* policy, but mafias did not develop. Similarly, the Russians in Rome failed to establish a successful group because there was no demand for their services. Even a supply of specialized criminals (as distinct from generalized migration) is not enough to produce successful transplantation.

Contrary to what is suggested by the seminal work of Robert D. Putnam, a high level of generalized trust and “social capital” among the law-abiding population is not enough to prevent transplantation. The study of Bardonecchia suggests that high levels of trust among the general population are not sufficient to prevent transplantation and social capital might remain high while a mafia flourishes. The mafia was able to offer to a large enough section of the local population protection against competition, a workforce cheap enough to reap the opportunities generated by the construction boom, and more generally capital and employment. Those who rejected this state of affairs, recognizing that it was built on violence and disrespect for the law, were soon ostracized and marginalized.

Not only do I show that a mafia can transplant itself in highly civic northern Italy and that some local groups can rally to its defense, but I also establish that in Verona, the dense network of social trust allowed the drug trade to operate without recourse to third-party enforcers. This network reduced the demand for third-party enforcement by the mafia and thereby inhibited mafia migration. The more general point is that social capital can be used for good or ill, depending on the goals of the actors involved.

In all the cases I have examined, mafiosi were forced to move, but once in the new territory, started investing in the local economy, as the Russian mafia did in Rome and the triads did in China. Yet investments alone are not sufficient to lead to long-term transplantation. When investments combine with a supply of mafiosi and a specific demand for protection services, a group can become entrenched.

Finally, the incentives to open outposts abroad in order to obtain resources such as labor, intelligence, and specialized equipment are few, and decrease as the mobility of goods and people increases. Globalization will increase the ability of mafia groups to obtain some of the resources that they need without having to move. To put it more generally, globalization will affect the way crime is committed in a given locale. For instance, labor mobility *toward* traditional mafia territory can well increase, allowing mafias to import labor from trusted suppliers. A feature of globalization that we observe in legitimate firms—the ability to outsource work, such as opening call centers in India—will not be an option for mafia groups; workers cannot be located in India to run protection rackets in New York City. To the extent that mafias seek specialized technical equipment, like arms, globalization could increase the number of international locations from which a mafia group obtains its resources, but will reduce the motivation to open outposts abroad.”

### *Conclusion and Recommendations*

The conclusions will touch upon three areas: the Morselli framework; recommendations for future research; and policy recommendations.

#### *Morselli et al's framework:*

The main limitation of the framework is the characterization of the strategic vs. emergent contexts. I would incorporate such a characterization into a simple scheme that spells out reasons why the ‘supply’ reaches a certain territory: intentional/willing movement vs. unintentional arrival. Among the intentional/strategic motivations, I would consider at least three motivations: acquisition of resources; search for investment opportunities; and search for new markets. One then needs to spell out the local conditions *potentially* conducive to the emergence of a demand for a service that OC could supply; to establish whether local actors

have acted so that the local conditions do--or do not--lead to such a demand; and finally, to state whether transplantation has taken place.

*Recommendation for future research:*

A challenge for future research is to adopt a more clearly comparative approach. It is as yet hard to evaluate which of the Pull and Push Factors listed in Morselli et al. is more important than another, and under which conditions. The first step would be to undertake targeted comparisons, between two cases that are as similar as possible for as many features as possible, and differ in the outcome (mafia was successful or not in transplanting). I have tried to undertake this work in Varese (2006): both cities selected for the study—Bardonecchia and Verona--are part of the same country and the attempt at transplantation was taking place roughly at the same point in time, and by the same mafia group (‘Ndrangheta). Such a design allows scholars to control for some common factors, such as the level of corruption, and to evaluate the effect of other factors, in the particular case of Varese (2006) being generalized migration and the *soggiorno obbligato* policy as the cause of the successful transplantation.

*Policy recommendations:*

Local conditions can generate a demand for organized crime services. Ultimately and quite simply, policy makers must ensure that such a demand does not emerge. More specifically, my work suggests that booming markets must be regulated in order to avoid market operators turning to OC to reduce competition or form illegal cartels. How do we improve the regulation of booming markets? First, firms that wish to enter a new market—and compete with market incumbents--must be able to do so without risking retaliation from incumbents. Since markets such as construction and garbage collection have relatively low barriers to enter, an effective way to reduce competition for market incumbents is to use violence. By ‘regulation’, I refer to provisions that ensure easy entry into a market, thereby increasing competition in it. I do not refer to provisions that increase barriers to enter a given market. Simple registration norms, easy access to authorities in case of disputes, an effective civil law system are all key provisions to ensure easy entry into a market and its smooth functioning. If a market is already organized as a cartel backed by the use of organized crime violence, authorities should consider establishing their own companies to document cartel practices and break into a market. Such companies would not be easily scared away by market incumbents, since they are backed by direct access to police power.

A large workforce that operates outside the framework of the law gives rise to opportunities for forming extra-legal forms of governance. Workers that cannot turn to state-sponsored forms of dispute settlement will welcome the provision of such services even if supplied by OC. Such situations should not be allowed to emerge. Rather, the workforce should be integrated in the legal economy. How do we ensure integrated/enfranchisement of workforces? The first step is to fight illegal immigration. Immigrants should enter the country lawfully and thus be able to use state-sponsored services of protection. Cultural programmes for new immigrants should be aimed at making it easy for new residents to turn to local and federal agencies in case of need. Strong partnerships with community leaders should be forged, so that federal authorities are not perceived as alien institutions. If undocumented migrants are in considerable numbers, authorities should consider legalizing their status, thereby bringing them back within the fold of state-provided forms of protection and dispute settlement. Authorities might wish to consider some forms of ‘don’t ask/don’t tell’ provisions regarding immigration status of workforces in order to sap their reliance on illegal forms of governance.

A further piece of policy advice that emerges from this work concerns the importance of locale size. Everything else being equal, it is easier for incoming OC criminals to control small towns, such as Bardonecchia, than large cities, such as Verona. In a place like Bardonecchia, OC need to control only a handful of votes to be able to interfere with the democratic process. How do we prevent OC infiltration in smaller municipalities? As far as the electoral process, I suggest to keep the size of electoral constituencies as large as possible. More generally, authorities must be aware of the risk of OC capture of smaller municipalities and must be prepared to disband local councils if proven that the electoral process has been tampered with. Beyond elections, one should consider local regulatory powers. Local authorities often have regulatory power over construction projects and other key areas of the local economy. Non-elected officials that oversee the granting of licences must be scrutinized with care. A careful system of checks and balances must be in place to ensure that delicate decisions regarding permits are taken according to the law. Ideally, outside expert opinion should be considered when key permits are granted. Policy makers might also wish to consider a system of *office rotation*, so that a given individual does not serve in a given position for a long period of time. Routine rotation would make it harder for an office incumbent to forge long-term ties to OC figures that wish to influence the administration.

Finally, it is imperative for law enforcement to monitor what takes place in other countries. Criminals forced out of their territory of origin because of mafia infighting and local law anti-mafia drives have an impact on other countries. Through targeted intelligence, law enforcement agencies should monitor the OC hot spots of the world in order to be prepared for possible mafia migration in the direction of their countries. How can law enforcement agencies better monitor OC hotspots for signs of mafia migration? Each embassy abroad should task a member of staff to write regular reports on local OC policies and activities. Such person should also be tasked to liaise with local law enforcement and, more crucially, to co-ordinate with her nation's law enforcement and intelligence gathering services to ensure better preparedness in case of mafia migration. The example of migration of Russian criminals to the United States in the 1970s is an instance where Federal authorities failed to properly scrutinize such movement, leading to several prominent OC figures reaching the shores of the US.

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ENDNOTES:

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<sup>1</sup> On the data for Russia, see *Itar-TASS*, July 21, 1998; for the `Ndrangheta, see Varese 2006 and 2011, 34.

<sup>2</sup> Reuter 1985, 21.

<sup>3</sup> Gambetta 1993, 249, 251.

<sup>4</sup> Arlacchi 1993, 28; Gambetta 1993, 251, 314; see also MA 1937.

<sup>5</sup> Sciarrone 1998, 155-212.

<sup>6</sup> Chin 2003, 200. In this paper, I use the expression “Taiwanese triads,” but organized crime groups in Taiwan are normally called *jiaotou*.

<sup>7</sup> Lintner 2004, 93.

<sup>8</sup> He 2003, 201-3.

<sup>9</sup> Varese 2011.

<sup>10</sup> Hill 2004, 111-12; see also 2002, 55.

<sup>11</sup> Morselli, Tuecotte and Tenti 2010.

<sup>12</sup> For a definition of, respectively, organized crime and mafia see Varese 2010.

<sup>13</sup> I discuss these issues in Varese 2011, especially chapter 2.

<sup>14</sup> A typology first advanced by John Dunning (1993), and subsequently modified and expanded by Srilata Zaheer and Shalini Manrakhan (2001), focused on “resource-seeking,” “market-seeking,” and “efficiency-seeking” motivations.

<sup>15</sup> Zaheer and Manrakhan 2001, 670.

<sup>16</sup> See, for example, Bovenkerk 2001; Waldinger 1995; Williams 1995.

<sup>17</sup> See, for example, CRP 1983, 54, 68--69; CPA 1994, 854. TT 1990, 32 (quoted in Sciarrone 1998, 123) makes a rather crude link between migration and crime.

<sup>18</sup> Kefauver 1951.

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<sup>19</sup> Massari 2001, 12; Veltri and Laudati 2009, 198; see also TT 1990, 32 (quoted in Sciarrone 1998, 123), claiming that the soggiorno obbligato of Calabresi in the Canavese valleys is partly responsible (along with Calabrian migration) for the increase in crime.

<sup>20</sup> Quoted in Massari 2001, 12.

<sup>21</sup> Varese 2011.

<sup>22</sup> Finckenauer and Waring 1998, 112-13; see also Grant 1996. Claire Sterling (1995, 5; see also *ibid.*, 1) instead inflates Ivan'kov's role in the United States, and assumes that he was tasked by the Solntsevskaya to turn "an assortment of unruly and loosely-articulated Russian gangs on American soil into a modern, nation-wide crime corporation," as (she assumes) Lucky Luciano did with the Italian American Mafia.

<sup>23</sup> Hill 2004, 112.

<sup>24</sup> Glonti and Lobjanidze 2004, 32, 37-38; Kukhianidze 2009, 220.

<sup>25</sup> Kukhianidze 2009, 228-29.

<sup>26</sup> Chin 2003, 193.

<sup>27</sup> Campana 2010.

<sup>28</sup> Broude and Teichman (2009) touch upon this point.

<sup>29</sup> Coleman 1990, 302.

<sup>30</sup> Quoted in Pileggi 1987, 60-61.

<sup>31</sup> Varese 2011: 27-29.

<sup>32</sup> On the possibility principle, see Mahoney and Goertz 2004. On the logic of the comparative method more generally, see the restatement in King, Keohane, and Verba 1994.