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THE MODERNIZATION OF CRIME

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THE MODERNIZATION OF CRIME

Table of Contents

	ACKNOWLEDGEMENTS	i
	ABSTRACT	ii
	SUMMARY	iv
	IMPLICATIONS	ix
Chapter I	INTRODUCTION TO THE RESEARCH	
Chapter II	THE POLITICAL ORGANIZATION OF ORGANIZED CRIME	
Chapter III	THE ECONOMIC ORGANIZATION OF ORGANIZED CRIME	
Chapter IV	HISTORICAL CONTINUITY IN ORGANIZED CRIME	
Chapter V	MIGRATION AND MOBILITY AS SOURCES OF CHANGE IN ORGANIZED CRIME	
Chapter VI	CHANGING CRIMINAL ORGANIZATION IN A CHANGING ENVIRONMENT	
Chapter VII	ORGANIZATIONAL COGNATES OF ORGANIZED CRIME	
Chapter VIII	ORGANIZED CRIME IN CANADA	
	BIBLIOGRAPHY	

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All of the research was done in Toronto, chiefly in the library of the Centre of Criminology at the University of Toronto. The manuscript was typed in parts by a number of people, but most usually by Ms. Hazel Bartolo.

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ABSTRACT

Organized crime has a political dimension and an economic dimension, and these dimensions must be analysed separately. Even today the political organization of crime has many traditional elements suggesting comparison with a pre-industrial cognate: especially with feudalism or royal patron-client relations. The economic organization of crime, is much more modern and suggests a diversified, decentralized union of rough equals, each with its own subsidiaries and satellites: in short, a cartel. The great difference between the forms of political and economic organization in crime, and the difference in their relative "modernity", mark precisely the most visible weakness in criminal organization.

Some might argue that the basic motives and methods of organized criminals have changed very little during this century, and that what appears to be evidence of "modernization" is trivial or superficial. Yet at least in North America a variety of ethnic groups has moved through the elite (and the rank and file) of organized crime during this century. This process of circulation, linked to larger social processes of immigration, geographic migration and social mobility of particular minority groups, has at the very least changed the personnel and with it the symbolism --- the cultural trappings --- of organized crime.

The main thrust of change in organized crime has always come from changes in the environment to which crime must accommodate itself. This environment may change in ways that are detrimental to crime; for example, law enforcement technique and technology has improved in this century at crime's expense. Changes in the environment helpful to organized crime include the development of new technology (e.g. telephones and automobile) which incidentally facilitates crime, new techniques of book-keeping and banking which can serve to hide illegal wealth, and new techniques of management which prove as effective in running a Mafia business empire as in running I.E.M. Besides, the ebb and flow of prosperity, reformism and immigration in a nation, also form the context within which crime must operate. The very unpredictability of the environment is a condition to which crime must adjust.

Even though a changing mentality (a different sense of the concept "modernity") and ethnic succession will change and probably weaken the political-feudal structure of crime in North America in the future, yet by default this will raise the existing rational-cartel structure of crime to even greater importance. What is still unknown is whether a feudal-type political organization is somehow necessary for the maintenance of loyalty and internal predictability in a criminal cartel. In Quebec there is a rough, and no one knows how stable, co-existence of Mafia subsidiaries and indigenous gangs that is not to be found in the United States where the Mafia generally aims to eliminate or co-opt its local competitors. This "dual structure" may prove vulnerable than the unitary Mafia-based organization of crime.

This research has concluded that little can be done by law enforcers to capitalize upon the vulnerabilities of organized criminals, especially since these weaknesses are few and are woven into the fabric of society. To change the fortunes of organized crime means changing society as a whole: reducing the corruption in government, the public apathy and the commitment of criminals to crime by reducing social inequality, discrimination and special justice for the rich. To monitor the monopolistic practices of organized crime means monitoring the monopolistic practices of all businessmen. To prevent favours being given organized criminals means eliminating favoritism towards all supporters of legislators. Some weaker measures have been discussed, here and elsewhere, and while they have some feasibility in the fight against organized crime, they are probably quite ineffective in practice over the long run.

SUMMARY OF THE MODERNIZATION OF CRIME

Relatively little is known about criminal organization, and this ignorance makes it more difficult for agents of social control --- the police, courts and lawmakers --- to disrupt criminal activity. This ignorance likewise makes it more difficult to anticipate and prepare for future developments in criminal organization. However enough is known about crime to determine which forms of non-criminal organization crime may fruitfully be compared to. Because more is known about these comparable or cognate forms of organization, by locating strains and projecting future developments in these organizations, we are able to analyze and predict the course of crime more readily, by analogy rather than by direct investigation.

Organized crime has a political dimension and an economic dimension, and these dimensions must be analysed separately. Even today the political organization of crime has many traditional elements suggesting comparison with a pre-industrial cognate: especially with feudalism or royal patron-client relations. The economic organization of crime, by contrast, is much more modern. It suggests a diversified, decentralized union of rough equals, each with its own subsidiaries and satellites: in short, a cartel. Chapters Two and Three of the Report examine the political and economic organization of crime separately, discussing these in terms which will facilitate a formal application of feudal and cartel models later in the report. The great difference between the forms of political and economic organization in crime, and the difference in their relative 'modernity', mark precisely the most visible weakness in criminal organization. This vulnerability is given considerable attention below.

The underlying assumption of this research is that crime, like all other business enterprises, has modernized during the past century. Yet some might argue that the basic motives and methods of organized criminals have changed very little during this century, and that what appears to be evidence of "modernization" is trivial or superficial. This question is raised in Chapter Four, which examines the unchanging elements in criminal organization. Yet no one can deny that, at least in North America, a variety of ethnic groups has moved through the elite (and the rank and file) of organized crime during this century. This process of circulation, linked to larger social processes of immigration, geographic migration and social mobility of particular minority groups, has at the very least changed the personnel and with it the symbolism --- the cultural trappings --- of organized crime. Particular ethnic groups have left an indelible stamp on criminal organization, because of their very strong cultural traditions in respect to familism, centralized authority, legitimate versus illegitimate enterprise, the conspicuous consumption of ill-gained wealth, and so on. Chapter Five considers whether the present organization of crime in North America is uniquely Italian, and whether with the passing of Italian-Americans into social respectability organized crime may take a very different shape. The evidence suggests that such changes may indeed take place, for the following reasons. The main thrust of change in organized crime has always come from changes in the environment to which crime must accommodate itself. This environment may change in ways that are detrimental to crime; for example, law enforcement technique and technology has improved in this century at crime's expense. Many other changes in the environment are

helpful to organized crime. These might include the development of new technology (e.g. telephones and automobile) which incidentally facilitates crime, new techniques of bookkeeping and banking which can serve to hide illegal wealth, and new techniques of management which prove as effective in running a Mafia business empire as in running I.B.M. Besides, the ebb and flow of prosperity, reformism and immigration in a nation, for example, are all changes in the context within which crime must operate. The very unpredictability of the environment is a condition crime must adjust to, as we see in Chapter Six.

Chapter Seven, discusses the organizational cognates of organized crime more thoroughly. It suggests that even though a changing mentality (a different sense of the concept "modernity") and ethnic succession will change and probably weaken the political-feudal structure of crime in North America, yet by default this will raise the existing rational-cartel structure of crime to even greater importance. What is still unknown is whether a feudal-type political organization is somehow necessary for the maintenance of loyalty and internal predictability in a criminal cartel.

A subsequent discussion of organized crime in Canada attempts to apply the concepts and generalizations of the preceding chapters to the Canadian situation. In Canada organized crime is largely a foreign intruder or, like I.B.M., a multinational corporate citizen. There is lately an increased interest in the role played by such multinationals in Canadian life, whether they be criminal or not. Second and related to this, some parts of Canada --- most notably Montreal --- display a dual structure of criminal organization. In Quebec there is a rough, and no one knows how stable,

co-existence of Mafia subsidiaries and indigenous gangs that is not to be found in the United States where the Mafia generally aim to eliminate or co-opt their local competitors. It is unclear but possible that this "dual structure" will prove more vulnerable than the unitary Mafia-based organization of crime.

If the report ends on a pessimistic note, this is because our research has found criminal organization in Canada, as elsewhere in the democratic Western nations, to be relatively sound. Police organization is, by contrast, hampered by jurisdictional fragmentation, restrictive rules of evidence, and a public that is at best uninformed and cautious. If it were the goal of this research to formulate recommendations that might be easily implemented, then this research has failed dismally.

This research has concluded that little can be done by law enforcers to capitalize upon the vulnerabilities of organized criminals, especially since these weaknesses are few and are woven into the fabric of society. To change the fortunes of organized crime means changing society as a whole. To reduce the corruption in government, the public apathy and the commitment of criminals to crime all require major investments in the reduction of social inequality, discrimination and special justice for the rich. To monitor the monopolistic practices of organized crime means establishing a mechanism for monitoring the monopolistic practices of all businessmen. To eliminate favours being given organized criminals means eliminating favoritism towards all supporters of legislators. Some weaker measures have been discussed, here and elsewhere, and while they have some feasibility in the fight against organized crime, they are probably quite ineffective in practice over the long run.

Organized crime is, in all respects, a product of its social environment; and this environment is but little changed by the strengthening of law enforcement (e.g. stiffer penalties or greater police powers). Effective measures against organized crime will require policy decisions issued from the highest levels of federal government.

Implications of this Research For Law Enforcement

Our purpose has been to analyse the organization of professional crime in Canada in order to locate vulnerabilities which predict, or might be used to hasten, the decline of organized crime. Preceding chapters have already offered some suggestions in this regard. This chapter will generalize from our findings and offer some additional recommendations in law enforcement practice and legislation.

It is apparent from our research that organized crime is prospering; at least, it is in no immediate danger of demise. Yet we have been able to note some functional problems of organization in crime which suggest vulnerability to legislative and, secondarily, police action. More important, they suggest weaknesses that may become more serious in the future, bringing about a decline in organized crime even without action by the agents of social control.

These "functional problems", aspects of organization which threaten the survival of organized crime as it now exists, include the maintenance of (1) commitment, (2) discipline and conflict resolution, (3) business sense, (4) corruptibility of government, (5) public tolerance, and (6) general prosperity. We shall consider each of these briefly in turn.

Any organization, but particularly an organization which requires of its members a high degree of secrecy, loyalty and risk taking --- even in return for high financial rewards ---

necessarily depends upon a high degree of member commitment. Such commitment includes not only a willingness to carry out appointed tasks in a routine and careful way; but a degree of care, creativity and co-operation one rarely finds in business organizations. Indeed it demands the commitment normally reserved for expressive undertakings: in the service of love, family, country, religion and so on. There is evidence that the Mafia has, in the past, been able to assume this kind of commitment from its members, who had found themselves, because of their ethnicity and class, persons of low social standing in society.

We have observed that with time, each ethnic group which has been involved in organized crime has eventually left it as its social standing --- its ethnic acceptability and the opportunity to make a good living by legitimate means --- has improved. Commitment to organized crime has declined with increased opportunity, with social mobility and cultural assimilation. If the largest part of immigration, migration to the cities, and the cultural assimilation of minority groups is behind us, then the almost automatic commitment of large, "disenfranchised" groups to crime will also be behind us.

True, so long as Canada is a capitalist society, pockets of severe deprivation will always exist and serve as seedbeds of criminal behaviour. Yet if these deprived persons are of a diverse or constantly changing ethnic, religious, racial or regional composition, the social basis for organized crime heretofore --- namely, a poor ethnic group segregated within a large city --- will be absent.

Thus the single most vulnerable point in organized crime is that it will lose its ethnic basis, and hence its intensity of personal commitment. Generally capable young people will see organized crime as a less attractive career, as opportunities for education and occupational advancement are opened to all regardless of social class, ethnicity or race. This idea surely has been thought and expressed thousands of times and yet we are far from having done much to further that goal in the interests of crime prevention.

Second, the peculiarly decentralized, multi-level pattern of criminal organization increases the likelihood of internal deviance and unresolvable conflict. As in any organization, in organized crime, insubordination to superiors will always remain a possible problem, especially as "feudal" commitment breaks down. But beyond this, one notes a basic incompleteness in the integration of Mafia Families with other Families, with other large-scale criminals, and with small-scale criminals. In theory, conflict between Mafia Families is resolved by a national commission of 9 persons. Yet no one is certain whether that arbitration body still exists if it ever did; and it is clear that such rulings as appear to have come down from that body have not always been accepted by the participants in a dispute. If this national body is essentially a debating forum, like the United Nations, then the eruption of serious conflict between Families is always a possibility, especially in periods of economic decline or serious governmental (police) harassment.

Cooperation between the Mafia Families and other criminal groups --- black gangs in New York City or French Canadian gangs in Quebec, for example --- is arranged on an ad hoc basis and is extremely unpredictable. In particular, ethnic or racial differences between the criminal groups may exacerbate tensions growing out of economic competition. And the lack of an arbitration body as good or better than the national Mafia commission may allow a major conflict to develop from these tensions. Any major conflict would, of course, expose the workings of criminal organization to law enforcers and might also reduce the numbers of criminals through gang warfare.

Third, if a criminal organization is to maintain itself it must usually make money. Without wanting to underestimate the importance of coercion, bribery and deception in the making of money --- whether by criminals or legitimate businessmen --- one must expect to find some business sense in the criminal organization if it is to prosper. Some evidence was given in an earlier chapter to the effect that Irish-American criminals were not very businesslike; and we have seen at greater length that the Mafia finds itself saddled with what a political system that sometimes works against making money. Perhaps more than many have recognized, there is lots of room in any business for ineptitude and lots of room for ineptitude bred of nepotism, favoritism, partisanship and the like. Firing, promoting and rewarding people on such grounds as these --- or on grounds of ethnicity for that matter --- seems to promote strong commitment to the organization, as we have already noted. Yet there comes a point where such practices are unprofitable.

It is extremely difficult to judge whether that point has been passed in the Mafia or in other criminal organizations. For it is unclear how much profit criminal organizations make after paying all their expenses, and what they do with these profits. Without this kind of information we are in a poor position to judge their business sense. Yet it would seem reasonable to suppose that an organization which prefers to base its operations on non-rational considerations --- ethnicity, kinship, and the like --- will be less businesslike and less profitable than a typical business firm. This in turn suggests that if organized crime ever enters into competition with large legitimate businesses, as seems increasingly likely, it will fail providing that legitimate businessmen are as willing as the criminals to use rough tactics. The same can be said of government. The State can probably do its business more efficiently than the Mafia; and in a direct competition for markets, the State will win providing it plays by the same rules as organized crime.

Of course, this assumption of equal violence is a major and some might think an untenable one. The hallmark of organized crime is threat and coercion; as we have noted in an earlier chapter, extortion is not only a source of income, it is an available technique of persuasion in any criminal dealings. Yet the State is a coercive body too, capable of threat and punishment as well as reward. There is little difference in the coercive capabilities of organized crime and the State. This is not to argue the desirability of more State coercion; but to note that if the State wished to diminish public compliance with organized crime, it could do so with the same force that crime uses to extort this compliance.

This has digressed from the main point, that in pure business terms organized crime may be at a disadvantage in comparison with large-scale legitimate business and the State, excluding any considerations of brute force. This lack of business sense or experience may be especially evident as new ethnic groups, such as the blacks in the United States, succeed Italian-Americans as the criminal elite. As legitimate opportunities increase, fewer talented people will want to put their abilities at the service of crime, and so talent and expertise, as well as experience, may diminish in criminal organization.

Fourth, the corruption of government has been considered so much a requirement of organized crime that Cressey has defined organized crime as an organization which, among other things, has a corrupter (see Chapter Two). Many observers consider Canada fortunate in having had little government or police corruption; although surely there has been more corruption in Quebec than in Ontario and, certainly, more than one would wish. Some believe that corruptibility is a cultural or racial trait; that, for example, Anglo-Saxons in authority are too upright to cooperate with criminals, while French Canadians (or Italians, or others) are not. This type of thinking is similar to Edward Banfield's discussion of "amoral familism", which argues that certain types of people, because of their culture, will do anything that profits their family, whatever the cost to their community.

As with all stereotypes, this notion has some truth as well as a lot of untruth. The Sicilians Banfield investigated were "amoral familists" because they lived in a society that had always operated that way, for particular historical reasons.

To deviate was to go under. Yet one cannot conclude from this, as Banfield seems to do, that this characteristic is unchangeable. It is true that culture is portable and pretty resistant to change; but dysfunctional cultural patterns almost never survive for very long.

Thus the reason French Canadian officials --- or for that matter Italian officials in New York City, and so on --- behave in a way that resembles amoral familism or congenital irresponsibility is because this is the accepted pattern in their part of the world. It has a certain legitimacy through commonness of usage; it is the only available way to get ahead, as Daniel Bell's analyses have suggested; and it seems justifiable in view of the discrimination often practiced against these groups by the dominant, upright Anglo-Saxon establishment. Changes in the opportunity structure of society, changes in the quality of relations between French and English Canadians, and a just exercise of power by the government may go a long way towards reducing corruption; greater vigilance and stiffer penalties alone will not succeed here.

If we seem to keep returning to the theme of social inequality and ethnic segregation in our analysis, this is because they are central to our understanding and any effective action. The relationship of organized crime to inequality and segregation has been discussed elsewhere in the following way:

Organized crime provides a functionally integrative liaison between otherwise unconnected communities. It puts strangers in touch with one another, and thereby puts closed networks in touch with one another. To state this otherwise, the integrative function of organized crime becomes greater the more closed networks are to one another.

The "Godfather" is a patron in the grand European tradition of rural nobility, not only because he can provide services and enforce social control within his own neighbourhood, but because he also has connections with other neighbourhoods and can mobilize resources in these neighborhoods for the advancement of his "proteges". The extent and stability of organized crime is, then, an indicator of the extent of class and ethnic segregation in a society, although it is other things as well. In view of this, it appears unlikely that the policeman's war on organized crime will be successful as long as Canada or any other country is a "vertical mosaic".

Inequality and segregation help maintain the closure of networks, and this in turn elevates the functional importance of liaison people who may include professional criminals. These liaison people occupy crucial positions having great functional (integrative) importance for the system; and they receive great benefits in part as a result of their central sociometric position. One latent function of inequality and segregation on the small scale is, then, to create inequality on the large scale: to create and maintain an elite class of integrative persons that includes criminal and non-criminal elements.*

Our social policies have ensured corruption in many ways, not only by maintaining inequality and segregation. In addition we have created laws and prohibitions which are unpopular and unenforceable. The laws against gambling, marijuana consumption, prostitution and pornography are examples of this. By outlawing things the public wants, legislators ensure the public will behave criminally and a criminal supply of these desired goods will come into being, bringing high profits to the suppliers. But in addition we ensure that some number of people given the task of enforcing an unpopular law will agree to ignore infractions of that law for their own profit. They will suffer few pangs of conscience in doing so, thinking their corruption is

* From Lorne Tepperman, "Deviance as a search process," Canadian Journal of Sociology 1 (3), 1975, 277-294.

justified because it is trivial --- the law in question being trivial --- and because corruption, often in the form of political patronage, is so common in government and business.

It is only by bringing our laws into line with modern public taste that we can reduce widespread criminality by the consumers and suppliers of prohibited goods and by law enforcers who look the other way. But besides this, a greater governmental concern with rooting out corruption of whatever kind, and at whatever level, will be needed to set an example for the small-scale corruptee.

In short, there are many reasons people tolerate organized crime, for their apparent apathy or occasional sympathy towards it is rarely extorted. Public tolerance, which makes things easy for organized crime, exists because the public wants what the law prohibits and crime supplies; and because the public sees dishonest government officials and businessmen parading shamelessly as honest citizens. It is true there are some areas of criminal activity of which the public lacks knowledge, activities which it would not easily tolerate. Too, under some circumstances the public tolerates crime because it doesn't know how to prevent it or fears the consequences of speaking out. Public tolerance shows itself in a widespread unwillingness to report victimization or give testimony to police or in court. This kind of public apathy --- or tolerance --- exists in respect to all crimes, whether they be "organized" or not.

Finally, organized crime is probably dependent upon some degree of public prosperity or material surplus for its continued well-being. This is not to say that organized crime would go out

of business if another Depression occurred. Rather, just as in the last Depression, organized crime would have to change and perhaps cut back its activities, just like any other business enterprise faced with a declining demand for its product. Probably organized crime would be forced back to more labour-intensive activity. That is, it would shift a higher proportion of its activity to crimes in which many small transactions --- and hence many personnel --- were needed to earn a large profit. Organized crime seems to have been turning its back upon this form of activity in these past prosperous days; it is a form of crime which is relatively easy to police, compared with capital-intensive crime.

A decline in prosperity would have other effects as well. As in the last Depression, new organizational forms suitable to the economic environment would develop and a loss of prosperity might even, as before, increase the commitment and level of discipline within the organization. A Depression might also increase the corruptibility of government officials and the tolerance of the public towards criminals; for people are rarely reform minded, and are often looking after their own interests during a Depression. Thus the probable consequence of a decline in prosperity would be the improved organization and profit-taking of criminals, although it is very difficult to say so with any certainty.

There are few things that can be done to manipulate the vulnerabilities of organized criminals, especially since these weaknesses are few and are woven into the fabric of society. To change the fortunes of organized crime means changing society

as a whole; for to rephrase the claim made about General Motors, "What is bad for the Mafia is good for America" and vice versa. To reduce the corruption in government, the public apathy and the commitment of criminals to crime all require major investments in the reduction of social inequality, discrimination and special justice for the rich. To monitor the monopolistic practices of organized crime means establishing a mechanism for monitoring the monopolistic practices of all businessmen. To eliminate favours being given organized criminals means eliminating favoritism towards supporters of the ruling political party as well. It is doubtful we shall get the kinds of changes that are really needed to fight organized crime.

Still available for discussion are some mildly remedial or preventive measures, which many have recommended in the past with or without faith in their efficacy. The first of these measures is a greater integration of police information across jurisdictions; this may help to arrest and convict criminals where information has been collected in various places. Not unlike this, and perhaps even as a by-product of the integration of knowledge, is a need for greater public exposure to what the police already know about organized crime and its local crime figures. Some have thought that a crime probe, such as we have seen in Quebec, is a proper medium for such publicity. Such Royal Commissions as that conducted by Justice Waisberg enquiring into labour union racketeering prepare useful reports; but they are rarely read by the lay public, and so they do not serve to inform the public.

Criminal organization poses special problems for police detection and court prosecution. Some believe special allowance should be made which permits easier detection and prosecution when the accused is known to be involved in organized crime. Such allowance is made in Italy, under a system established by Mussolini and since reformed; it is said to be very effective. Probably police in North America already take some liberties with the civil liberties of known, organized criminals even without formal approval. A formalized granting of permission for "extraordinary techniques" of gaining evidence and cooperation would, if nothing else, place the full weight of official policy and public support behind what the police are already doing.

A risk is run in establishing special police tactics, special rules of evidence or special penalties for people said to be organized criminals. These might at some time be put in the service of political goals; for example, against opponents of the government. Such an eventuality would endanger Canada as a democratic society. Besides this, the stronger the powers made available to the police and courts, the greater is the incentive for criminals to try to corrupt public officials. We might end up with a slightly weaker criminal organization but, worse, with a badly corrupted political system as well.

Other schemes we might suggest to strengthen the police against organized crime would also prove trivial in the long run. Some feel that more policemen, better police education and remuneration, better police equipment, more funds for police investigation or intelligence work, and stiffer penalties (including capital punishment) for criminal behaviour might deter organized

criminals and increase police effectiveness. Others feel that less permissiveness, a strengthening of traditional institutions and morality (e.g. the church and family), the censorship of pornography and violence in the mass media, and other types of "cultural regeneration" are the key to stopping crime, whether organized or not.

All of these approaches fail to note that crime is a business, and like any business it adjusts quickly and quite rationally to changes in the environment. Just as the government's intentions to monitor legitimate business --- through the Anti-Inflation Board and anti-Combines legislation, for example --- have been underdeveloped, so its attempts to monitor criminal business will fail through underdevelopment. As long as the State persists in the belief that, outside of taxation, business is none of its business, organized crime will be safe from policemen and from legislators. And as long as the State feels that it has no important role to play in reducing inequality, discrimination and favouritism, the motives for entering a career in organized crime will remain as strong as ever.

CHAPTER ONE

Introduction to the Research

The effective prevention and control of professional or organized crime in Canada requires that legislators and law enforcement personnel be well informed about the strengths and weaknesses of criminal organization. As in military strategy, so in law enforcement strategy we may conclude that a frontal assault may be less effective than an attack on the enemy's weakest point. But how can we determine where organized crime is weakest; where it is organizationally most vulnerable?

The present research proposes to locate such weaknesses; and to project future trends in criminal organization by reviewing what has been published in books, magazines and newspapers about criminal organization and applying sociological theories of organization to these data. However much more is known about non-criminal organization than about criminal organization. Using our sparse knowledge of organized crime, we can identify other types of (non-criminal) organization which are in important respects similar to criminal organization. By fully analysing published material on these similar or "cognate" non-criminal organizations, we can identify weaknesses and trends that have a high likelihood of appearing in criminal organization. After locating these weaknesses, strategies may be devised to attack them; and after identifying trends in future criminal development, agencies of law enforcement are better able to plan strategies to thwart such development.

The Modernization of Crime

The purpose of this research is to locate organizational strains in the structure of professional crime (hereafter referred to as crime) in Canada and elsewhere; and to project future developments in the organization of crime in Canada and elsewhere, basing these projections on past trends in criminal organization and what we shall call "cognate" forms of organization.

To do this, one must begin by creating a typology of organizations, where organization is defined (as by A. Etzioni) as a "social unit (or human grouping) deliberately constructed and reconstructed to seek specific goals." Professional criminal activity --- criminal activity which is structured so as to provide stable and long-term careers for individual law-breakers --- has an ideal-typical form of organization which may be compared to other ideal-typical forms of organization embracing careers in business, the army, the civil service, and so on.

Relatively little is known about criminal organization, compared with what is known about other types of organization. This ignorance makes it more difficult for agents of social control --- the police, courts and lawmakers --- to locate organizational strains which can be manipulated to disrupt criminal activity. This ignorance likewise makes it more difficult to anticipate and prepare mechanisms of social control for future developments in criminal organization. However enough is known about crime to determine which forms of non-criminal organization crime may fruitfully be compared to. Because more is known about

these comparable or cognate forms of organization, by locating strains and projecting future developments in these organizations, we are able to analyze and predict the course of crime more readily, by analogy rather than by direct investigation. Of course, it is also desirable to utilize such direct evidence of strains and future trends in crime as may be available.

If this reasoning is correct, great significance must be attached to the selection of appropriate organizational cognates for study. In the present research, these will be chosen on the basis of a review of the literature on organized crime and criminal careers, and a review of the literature on other forms of organization and non-criminal careers. In reviewing the available information on criminal and non-criminal organizations, emphasis will be placed on examining (a) their present structure and functioning; and (b) their historical development in the past century and, particularly, their "modernization".

A considerable literature, albeit diffuse and dispersed, does exist on this topic, the modernization of organization. For our present purposes, studies of the modernization of crime extend from the historical analyses by Hobsbawm, Rude and Tilly to the contemporary work of Cressey and Ianni, and the various Royal Commissions and governmental enquiries in Canada and elsewhere. An extensive literature on modernization is to be found associated with each type of non-criminal organization; there are, in addition, large bodies of writing on bureaucracy, formal organization, leadership and management, and so on. The "modernization of organization" comprises many elements, including:

(a) an increase in technology used in the more efficient production and marketing of goods and services, and to gather information for organizational planning; (b) an increase in the size of organizational units; (c) an increase in the division of labour; (d) a greater formalization of statuses and procedures; (e) more systematization in the recruitment and training of workers and management; (f) greater routinization of career mobility within and across organizations, including movement up the hierarchy, and between line and staff; and (g) diversification of incentives to control the behaviour of employees. Most organizations have experienced the "managerial revolution", the separation of ownership and management, which gives rise to concerns with an increase in managerial expertise, and a decrease in the importance of ethnicity and kinship in hiring and promotion practices.

The more modern organizations are, we have noted, typically larger in size than their predecessors; this alone has produced some of the "modernization" of internal structure and functioning noted above. Additionally, this increase in size is associated with certain new types of relationship with the organizational environment, notably: (a) greater monopolization of the market; (b) centralization or imperialism in dealings with a multiplicity of subordinate organizations; (c) cooperation and functional interdependence in dealings with major competitors; (d) alliances with the suppliers of needed materials or services, including alliances with the government, whose compliance may be needed to achieve organizational goals; (e) the diversification of organizational activities as a buffer against economic or political

"shocks" or shifts in consumer demand; and (f) increased manipulation of public image and consumer demand, through marketing research and advertising, in order to gain voluntary public compliance with organizational wishes.

It is clear from a reading of the literature on crime that criminal organization has modernized in many, if not all, of the senses defined above. But the question remains: In what ways has crime modernized and in which directions will further modernization proceed? What are and what will be the risks and strains associated with further modernization of criminal organization; that is, what are the internal vulnerabilities and external constraints upon criminal organization? While it is true that criminal organization is in some respects unique --- being, as it is, against the law --- these questions are still most readily answerable through an analysis of organizational cognates, and so this research has been conducted.

Outline of the Report

Early in the research it became clear that organized crime had a political dimension and an economic dimension to its organization, and that these dimensions had to be analysed separately. For the political organization of crime even today has many traditional elements which suggest comparison with a pre-industrial cognate: with feudalism or royal patron-client relations, most especially. The economic organization of crime, by contrast, is very much more modern already. It suggests a diversified, decentralized union of rough equals, each with its own subsidiaries and satellites: in short, suggesting a cartel. Thus in

the two chapters that follow we examine the political and economic organization of crime separately, discussing these in terms which will facilitate a formal application of feudal and cartel models later in the report.

It is worth mentioning, even at this point, that the great difference between the forms of political and economic organization in crime, and the difference in their relative "modernity", mark precisely the most visible weakness in criminal organization. This theme will, of course, receive considerable attention below; yet it is worth noting that a peculiarity in the organization of crime required peculiar arrangement of materials for discussion in this report.

Although the underlying assumption of this research is that crime, like all other business enterprises, has modernized during the past century, yet there are some elements of organized crime which have changed only superficially. Indeed some might argue that the basic motives and means of organized criminals have changed very little during this century, and the changes we shall discuss below as evidence of "modernization" are themselves trivial or superficial. This question is raised in Chapter Four, which examines historical continuities in criminal organization.

Yet no one can deny that, at least in North America, a variety of ethnic groups has moved through the elite (and the rank and file) of organized crime during this century. This process, linked as it has been to larger social processes of immigration, geographic migration and social mobility of particular minority groups, has at the very least changed the personnel and

with it the symbolism --- the cultural trappings --- of organized crime. One might even go further to argue that particular ethnic groups have left their stamp on criminal organization, having as they do very different cultural traditions in respect to familism, centralised authority, legitimate versus illegitimate enterprise, the conspicuous consumption of ill-gained wealth, and so on. In Chapter Five we consider whether the present organization of crime in North America is uniquely Italian, and whether with the passing of Italian-Americans into social respectability organized crime may take a very different shape.

But the main thrust of change in organized crime, we argue, is change in the environment to which crime must accomodate itself. This environment may change in ways that are detrimental to crime; for example, law enforcement technique and technology has improved in this century at crime's expense. Many other changes in the environment are helpful to organized crime. These might include the development of new technology (e.g. telephones and automobile) which incidentally facilitates crime, new techniques of bookkeeping and banking which can serve to hide illegal wealth, and new techniques of management which prove as effective in the running of a Mafia business empire as in the running of I.B.M. Besides providing deterrents or aids to crime, the environment is simply a given whose change must be taken into account in analysing the change in organized crime. The ebb and flow of prosperity, reformism and immigration in a nation, for example, are all changes in the context within which crime must operate. The very changeability of the environment is itself a condition

crime must adjust to, as we see in Chapter Six.

In Chapter Seven, there is a rather more thorough discussion of the organizational cognates of organized crime than was offered in Chapters Two and Three. Even where no explicit parallel is drawn between criminal and non-criminal organization of a cognate kind, the similarities --- and implications --- are obvious. While we may rely upon a changing mentality (a different sense of the concept "modernity") and upon ethnic succession to change and probably weaken the political-feudal structure of crime in North America, yet this will raise the existing rational-cartel structure of crime to greater importance. All that is presently uncertain is whether a feudal-type political organization is somehow necessary for the maintenance of loyalty and predictability in a criminal cartel.

These chapters largely complete our theoretical discussion of the issues that framed this research. The next chapter, on organized crime in Canada, attempts to apply the concepts and generalizations of the preceding chapters to the Canadian situation. Yet there are perhaps one or two special features of organized crime in Canada which are of theoretical as well as practical interest. First, in Canada organized crime is largely of interest as a foreign intruder or, like I.B.M., a multi-national corporate citizen of this country. There is lately an increased interest in the particular role played by such multi-nationals in Canadian life, whether they are criminal or not. Second and related to this, some parts of Canada --- most notably Montreal --- display a dual structure of criminal organization.

There is a rough, and no one knows how stable, co-existence of Mafia subsidiaries and indigenous gangs in Quebec that is not to be found in the United States. It is apparently more common in the United States for the Mafia to eliminate or co-opt a local competitor; yet this does not appear to have happened in Montreal. It is unclear but possible that this "dual structure" will prove more vulnerable than the unitary Mafia-based organization of crime.

The ultimate aim of this research was to offer suggestions for more effective legislation and policing against organized crime in Canada; and an attempt is made in this direction in Chapter Nine. It might be noted that other suggestions for change are also to be found in earlier chapters of the report. As we had intended, these suggestions flow from the research (which is admittedly limited in its scope) and draw particularly upon our analysis of organizational change. If the report ends on a pessimistic note, however, this is not because our research has been unable to reach conclusions. Rather, criminal organization in Canada, as elsewhere in democratic Western nations, is relatively sound. Police organization is, by contrast, hampered by jurisdictional fragmentation, restrictive rules of evidence, and a public that is at best uninformed and cautious. If it were the goal of this research to formulate recommendations that might be easily implemented, then this research has failed dismally.

Yet we feel that in focussing on the issues, and upon the very hard choices that must be made if there is ever to be effective policing against organized crime, we may have contri-

buted something to the battle against organized crime. In a democracy the choices for police and legislative action should be made with a full public awareness of the situation and an understanding of the price that must be paid for any action or inaction. We believe we have contributed to a public debate on organized crime that may take place some time in the future.

CHAPTER TWO

The Political Organization of Organized Crime

What is Organized Crime

Cressey has defined organized crime as "any crime committed by a person occupying, in an established division of labour, a position designed for the commission of a crime, providing that such a division of labour also includes at least one position for a corrupter, one position for a corruptee, and one position for an enforcer,"¹ (Cressey, 1972: 27). This definition is not without its difficulties, but it does serve to distinguish organized or "syndicate" crime from other varieties with which it might easily be confused. Almost any crime requires a degree of organization for its commission. The organized crime under discussion here, however, is that perpetrated by individuals in a structure of some sophistication which is specifically designed to facilitate criminal activities on a continuing basis. The political structure of the organization serves to regulate the economic activities of its members and provides a measure of social control. The object of the organization is primarily an economic one insofar as its members are aiming, generally speaking, at the monopoly provision of illegal goods and services. Such an economic objective can be realized only by means of the co-operation, and therefore the corruption, of agencies of government and law enforcement.

Historically, Jews, Irishmen, and Italians have been largely responsible for this form of crime, and now blacks, Puerto Ricans, and Cubans seem to be moving increasingly into this area

at the lower echelons. Of course, the percentage of members of these ethnic groups who devote their attention to organized crime is very small. In the recent past, however, attention has been focussed in the press and in the literature on organized crime on the Italian-American crime Families and on those members of other ethnic groups who are closely associated with them, such as Meyer Lansky. For this reason, this chapter will of necessity concentrate on an investigation of the structure and activities of Italian-American crime Families, collectively known as the Cosa Nostra, or more popularly as the Mafia.

There is another justification for this concentration on the Cosa Nostra. This organization appears to be the largest and most powerful unit in organized crime, and it constitutes the greatest danger to the rule of law. Possessing its own government, laws, and means of law enforcement, as well as vast financial resources, it not only enables lesser criminals to make a better living, but produces corruption and defiance of the law on a huge scale. An investigation of its structure and functions will take us to the heart of organized crime, and reveal both the strengths and weaknesses of the organization.

The Cosa Nostra is a confederation of 24 crime Families centered in the major cities of the United States. It contains about 5000 members, exclusively males of Italian or Italian-American origin, but these men employ or work closely with thousands of other individuals. Their attention is concentrated on such illegal economic activities as gambling, loan-sharking, and narcotics trafficking, as well as on legitimate business, in

which members of the organization are deeply involved as owners or as parasites.

There are two major views of the structure and operation of the Cosa Nostra. The first is associated with the findings of the Kefauver Report; with The Challenge of Crime in a Free Society; and with the works of Donald Cressey and others. These observers have accentuated the menacing aspects of the Cosa Nostra, emphasizing its increasing rationality of organization, its threat to legitimate businesses, and its undermining of governmental honesty and efficiency. They analyse the Cosa Nostra as a political and economic system, tending to give less emphasis to its functioning as a social system. It might be noted, in addition, that they tend to concentrate on Italian-Americans as the key figures in organized crime.

It should be borne in mind that, though there is much to be said for this view, these researchers may have been influenced by certain considerations which affected the conclusions at which they arrived. Politicians, police, and others are likely to have a vested interest in defining a target against which public opinion can easily be mobilized. The greater the menace, the greater will be public reaction. The very concentration on organized crime as a system of one description or another further tends to accentuate its threatening aspects, as researchers are specifically looking for systematic organization and rule of conduct. It might also be noted that governmental agencies are often handicapped in their research by exigencies of time and money.

The second view of organized crime is associated with the work of, among others, Francis Ianni, Frederic Homer, and W.H. Moore. The tendency here is to view the Cosa Nostra as a social system, responsive perhaps less to economic demands than to changes in the traditional structure and values of Italian-American families. The emphasis is on the family as an organizing principle for both the political and economic system, as well as for inter-Family alliances. Exponents of this view are inclined to accentuate the weaknesses rather than the strengths of organized crime Families. Many writers of this school note the importance of non-Italian groups to the functioning of organized crime. These authorities, it should be said, are perhaps motivated partly by a desire to debunk some of the "official" literature on organized crime, though this fact by no means discredits their findings.

A final point might perhaps be noted with reference to the sources available on organized crime Families. A certain amount of what can be said on the subject is speculative, since the rule of silence is one closely adhered to by members of the organization. It is therefore necessary to rely on material supplied by disillusioned mobsters under police protection, on transcripts of tapes released by the FBI, and on studies done by individuals outside the organization. There are two drawbacks to using such sources. First, our information is far from complete. Many areas, particularly the financial one, remain largely mysterious. Second, there is no complete picture of the operation of even one crime Family. Information about the "executives" of various

Families is supplied by Teresa, Sam de Cavalcante, and Ianni, among others. Data on the bottom rungs of the organization have been provided by Valachi and others. But views from either the top or the bottom are likely to be somewhat distorted, and it is unfortunate that there exists no complete profile of any one Family. As a result, researchers have had to put together a composite picture drawn from many sources. This method has the additional drawback of perhaps underemphasizing the variations on the pattern that exist in different Families.

This chapter will investigate the Cosa Nostra as a political system. The structure and functioning of the organization will be examined, and some attempt will be made to evaluate the strengths and weaknesses of organized crime Families.

The Cosa Nostra as a Government

The Cosa Nostra can be viewed as a system of government. It possesses a definite hierarchical structure, a clear-cut chain of command, a code of conduct and means of enforcing it. In addition, it is engaged in providing a certain modicum of social services for its members and their families.

The structure of the Cosa Nostra as it now exists was established as a by-product of the gangland wars that occurred during the 1930's. The violence of the struggles between various Italian and Sicilian groups had the effect of disposing of much-needed skilled labour. It also drew public attention to organizations that preferred to operate in obscurity. A group of important gangsters therefore established a new structure, based on certain elements that had been present before, but formalized and

rationalized to a greater degree, with the intention of eliminating conflicts of an intra-Family and inter-Family nature.

The Last Testament of Lucky Luciano (Gosch and Hammer, 1974) gives us some insight into the historical process by which this development of subsidiary goals occurred in organized crime and resulted in a division of labour. On a general level, several organizational needs were perceived and met. First, protection from the law enforcement authorities was necessary to allow continuous and reliable "business" activities to be carried on. A "Buy Money Bank" was established with an initial deposit of \$10,000. which later developed into a payroll system involving millions of dollars. This money was used to buy off local police and later allowed the purchase of whole departments. It provided campaign money for the election of political candidates; Luciano estimated that he had put more than 80 individuals into office and had ensured the Democratic presidential nomination of Franklin Roosevelt. These political candidates were then expected to help their benefactors after they gained office. It was a fund which also posted bail, provided defense lawyers, helped secure paroles, and even bribed juries and court officials. It became an organizational feature which could not be abandoned, and the huge sums of money paid out were seen as sound investments. In addition to protecting criminal activities from prosecution, this branch of organized crime can manipulate the force of police and political power to keep competitors out of the area.

In order to ensure internal stability and control, Luciano instituted first the New York Council of six area Families and later the Commission, which dealt with affairs on a national level.

Meetings seem to have been irregular: sometimes informal and sometimes full-scale conventions. The Commission itself ranges in membership from 9-12 men who are perhaps the most powerful and who also, without any formal electoral mandate, represent the Families not directly represented on the Commission. Luciano notes several events at which most bosses were present (such as the Apalachin meeting) suggesting that the Commission may be a caretaking agency which periodically seeks to gain general approval, to ensure that all members are informed, or to gain consensus on extremely important issues. (For example, the prior murder of Albert Anastasia was discussed at Apalachin, a murder which by the rules should have been approved in advance and certainly needed post hoc ratification). This body mediates disputes; sanctions the executions, particularly of outsiders and high-ranking members; ratifies successions to the position of Boss within Families; makes policy decisions; and serves as the highest court of appeal within the organization. Its function is to prevent internecine warfare that both weakens the organization and exposes it to public view while disrupting profitable economic activities. The Commission rules on territorial conflicts and other disputes, handing down binding decisions and "sentences". In organization terms it is an integrating, unifying body.

Luciano tells us during Prohibition a lot of his liquor and men were being lost and wasted; profits were being restricted by cut-throat competition. He called a conference at which operations were rearranged so that importing, distilling, mixing, bottling, labelling, shipping, distributing, and marketing were co-operative or territorially delimited. The operation became more reliable

and efficient, with everyone gaining thereby. Luciano himself ended up owning ships, a bottle factory, a printing outfit to make labels, warehouses for storage and fleets of trucks for distribution. After Prohibition, these capital investments were put to use collecting garbage, monopolizing delivery services and as prime land investment. The primary goal of dealing profitably in illegal alcohol led to an elaborate business structure which was flexible enough to withstand the loss of the original market when Prohibition ended, and to develop other product goals.

All Cosa Nostra Bosses evidently have a say in who belongs to the Commission, and the membership is supposed to change every five years (Zeiger, 1970: 202). Not all members of the Commission have equal authority; their influence on the Commission seems to vary according to the power of their family base. Since not all bosses sit on the Commission, it may well be that certain Commission members are delegated to look out for the interests of the bosses of other Families.

The function of the Commission is, as noted, to prevent gang warfare on a large scale. For this reason, its members try to ensure that a balance of power is maintained between Families and that peace is kept within the Families. Attempts to maintain a balance of power involves the Commission's making decisions on recruitment; it decides when new members may be admitted to the organization and perhaps how many may be brought in by each Family. In addition, the Commission has a judicial function, being involved in settling jurisdictional disputes between Families, especially in "open" areas - those in which no Family has established dominance.

One of the major sources of conflict within Families is over the succession to leadership positions. Therefore the Commission has arrogated to itself the authority to appoint bosses. It can also rule a Family or make provision for others to rule in the absence of a boss. There is some question as to what extent the Commission can interfere in disputes within a Family, but it apparently prefers to do so if the conflict has the potential of leading to violence (Zeiger, op. cit.: 46).

In some areas, certainly in New York, Detroit, and Chicago, where there are two or more Families, there is a second level of government known as the Council. This is made up of one experienced member from each Family in the city or general area. New York's council, for example, has six members, one from each of the five New York Families and a sixth representing Newark (Maas, 1969: 120). Members of a council may also sit on the Commission. The council handles disputes between members of the various Families under its jurisdiction.

The Family as the Basic Unit of Government

The basic unit of government in the Cosa Nostra is the Family, a geographically-based, hierarchical organization, of which there are 24 in the United States. There may be more than one Family in a particular city, in which case the city may be parcelled out in territorial segments to various Families. Though a Family is centred in one city, it may have branches elsewhere. For example, though Sam the Plumber was based in New Jersey, his Family had a branch in Connecticut. The size of the Families, as has been noted, varies from between 20 and 800 members.

The high command of a Family is made up of a boss, an under-boss, a counsellor, and a "buffer". Below this level are the captains, lieutenants, and soldiers.

The function of the boss, as Cressey says, is "to maintain order while at the same time maximizing profits" (Cressey, 1969: 113). With reference to the first objective, the boss both keeps order among his own subordinates and maintains good relations with other bosses. His authority, subject to the intervention of the Commission, is absolute in the geographical base of the Family and in any other area where there are no competing Families.

The boss has wide powers within his sphere. He has authority over the personal lives and conduct of the members of his Family, since their activities in these areas may threaten the stability or the secrecy of the organization. Further, he is supposed to know what activities every member of the Family is engaged in, both legal and illegal. There is an economic motive for this: the boss is in a position to demand a percentage of the profits of any activities he knows about (Zeiger, op. cit.: 33). More important to the organization, however, is that the boss be in a position to check on whether his subordinates are potentially or in fact interfering with each others' sources of income or whether any activity is liable to be harmful to the organization. In addition, the boss has a judicial function, settling the conflicts of Family members with one another. Finally, the boss may be the one who arranges financial support for widows of members of the organization, old age pensions for the members after they retire, and bail and legal assistance for members who find themselves in difficulties. It should be noted

that many of these functions, particularly in less important cases, may be performed by the boss's subordinates.

In the area of relations between Families, the boss supplements the work of the Commission, making sure that conflicts between his subordinates and members of other Families do not occur, and intervening with his counterpart in the other Family when they do. Bosses of various Families may form formal or informal alliances with each other, helping to ensure co-operation. The bosses are personally acquainted with one another, and these ties may be reinforced by intermarriage.

Other positions in the Family high command are underboss, counsellor, and buffer. The underboss or underbosses are appointed by the boss and serve in his place during his absence. They may act as advisors and collect information for the boss, and may themselves exercise a fair amount of control over Family members. The place of counsellor, a position that does not exist in all Families, may be filled by an older member of the Family, who gives advice to all members but has no administrative authority. The buffer, who is on the same level as the underboss, acts as a channel of communication between the high command and the rest of the Family. He serves not only to lighten the work load of the high command, but insulates them against any contact with untrustworthy criminals outside the organization. The buffer, like the counsellor, has no administrative authority.

It should be noted that there is a certain amount of flexibility in the roles filled by members of the high command, depending on the needs of the Family and the interests and abilities of its members. In some Families, as has been noted, there is no

counsellor. In others, the interests of the boss may be focused on affairs that leave him little time for administering Family disputes, in which case his subordinates fall heir to a good part of his authority. This was the case, for instance, when Frank Costello was acting boss of the Genovese Family (Maas, op. cit.: 160-1).

Below this level there are the captains or lieutenants, section chiefs, and soldiers. The captains, sometimes assisted by aides, supervise a certain number of soldiers, who can usually only reach the boss through them. (As of the 1960's, each boss has 2 or 3 soldiers who report directly to him). Below the captains, depending on the size of the Family, there may be section chiefs. Below these again are the soldiers, who make up the basic manpower of the Family. There may be between 20 and 600 soldiers in a Family. It should be noted that although the soldiers are lowest in the Family hierarchy, they may possess a great deal of status in the criminal community outside the Cosa Nostra if they are known to have been "mobbed up". Even the lowest soldier may possess some influence and have access to channels of communication that are barred to regular criminals (cf. Maas, op. cit.)

Apart from formal positions in the Family structure, there is a position which may be held by almost anyone, and which may be held by different people at different times. This is the position of enforcer. The enforcer of the organization is responsible for maintaining "organizational integration by authoritatively arranging for the penalizing, maiming, and killing of members who do not conform to organizational law" (Cressey, 1972: 40). This role is distinct from that of the executioner, who actually

performs the killings. This position, too, is an informal one, which may be held either by lower-ranking members or by non-members. One man is not usually responsible for executing all the judicial decisions made by the high command, so that several people might hold the position concurrently. It should perhaps be mentioned that, although the basic Family structure is the one delineated above, there may be a number of satellites attached to various Family members. These men may be "proposed" members who are expected to join the organization when an opening becomes available, or they may, like Talese, be comfortable working in close association with Cosa Nostra members without wishing to join (Teresa, 1973: 97). Although Talese says he would have had to join the Cosa Nostra if he had been appointed buffer, Sam the Plumber's cousin performed this role when he was only a prospective member (Zeiger, op. cit.: 12). Sometimes these outsiders, though not "mobbed up", have close enough associations with a Family that they share in the prestige of Family members. They may get a good deal of assistance from the hierarchy, and come under supervision as close as that accorded Family members, while possessing perhaps a slightly greater degree of independence (ibid.: 38).

Recruitment and Mobility

Formal organizations vary according to the opportunity for mobility they offer within the structure. In the case of organized crime only members of the elite-core may rise in the sociopolitical control structure. Qualifications are ascriptive as well as dependent upon organizational abilities and establishment of the right connections. Administrative capabilities are empha-

sized over technical or professional expertise, although this may be changing in response to increasing organizational complexity. Financially, members may expand their operations, develop, advance, and prosper so long as they do not encroach on another's territory. Direct competition has been eliminated and is viewed as hostility. The individual must intensify his own operations, acquire partners or branch into legitimate business. Proceeds from legitimate business do not seem to be appropriated by the organization.

There is an inconsistency, then, between economic success and socio-political success. In addition, there are few ranks in the control hierarchy and since membership is for life and territory is more or less unalterably divided, mobility requires displacement resulting from death. Retirement is not permitted, although at Luciano's behest and great cost to himself, Frank Costello was allowed to retire. This retirement required Commission approval, and a loss of revenue sources; and Costello went unprotected when prosecuted for income tax evasion, which resulted in his serving a prison term. The relative lack of mobility has resulted in internal conflict, dissatisfaction and perhaps some loss of commitment to the authority structure only partially counterbalanced by economic success. Certainly economic freedom of operation and achievement are essential mechanisms for pacifying otherwise disgruntled members. It is interesting to note that this sort of frustration can only arise in the context of an organization. Individual operators have no hierarchy with which to deal and no concept of hierarchical mobility.

Though the life of a Cosa Nostra member is not an easy one, involving considerable psychological strain and subjection to discipline, there appears to be no lack of recruits. The Cosa Nostra draws primarily on two sources for their members, both of them Italian: the small-time crook of Italian origin; and, at higher levels, the relatives of the boss.

Members of the first group may be relatives, though they seem rarely to be the sons, of Cosa Nostra soldiers, or they may be members of the Italian-American community who attract the attention of a mobster. Those who are related to Family members have an advantage over those who are not; like Talese, they may be introduced while young to important mobsters, and establish good contacts early. There is thus an element of ascription in Mafia recruitment apart from the necessary membership in the Italian-American community. Those who are not related to Family members are forced to draw attention to themselves, and perform dangerous favours as Valachi did to show that he was a "man" (Maas, op. cit.: 80).

In either case, these individuals generally undergo a period of apprenticeship, proving their criminal abilities by taking part in activities such as armed robbery. Thsy they have already determined on a criminal way of life before they join the Cosa Nostra, and for any criminal there are obvious advantages in being a member of the Cosa Nostra. Not only is it more profitable to be involved in organized crime; membership in the Cosa Nostra brings with it a good deal of prestige in the criminal community. One is "'recognized as a mob guy' with connections," (ibid.: 123).

Thus there is an element of contest mobility in the race for entry into the lower ranks of the Cosa Nostra. Though relatives of Family members may have certain advantages over others, they must generally demonstrate their criminal propensities and their ability to "be a man" as everyone else does. All are competing for the favourable attention of members of the Cosa Nostra as a means of gaining entry into the society.

Sponsored mobility seems to be more common in the higher reaches of the organization, where certain relations and friends of high-ranking Family members are given special training for a period of years so that they can step into a position in the high command. Not all members of, say, a boss's Family will go into the Family business; in the case of the Lupollo family, only four of twenty-seven fourth-generation males were involved directly in the Cosa Nostra (Ianni, 1973: 85). It is not clear exactly what determines whether a boss's son will continue the family involvement in organized crime, but the eldest son of the boss generally seems to be encouraged in this direction if he shows any such inclination. It should perhaps be noted that this form of recruitment seems to have fallen into some degree of disrepute, and that nepotism seems to be regarded as increasingly questionable at the higher levels in most Families (Zeiger, 1970: 148, 258).

There is very little hard data on the subject of promotion within the ranks of the Cosa Nostra. Because the organization has an economic as well as a governmental function, many of the rewards for a new member may come in the form of increased economic opportunity rather than in promotion through the organizational structure (Salerno, 1967: 9 ff). It is also considered to

be a step up to work for, say, an underboss rather than with another soldier when one is a soldier. Little is known about how section chiefs are appointed; however, captains, underbosses and buffers are appointed by the boss. Such advancement may well be the result of connections combined with ability; seniority counts for little (Maas, op. cit.: 35). As has been noted, there has been an element of nepotism in the higher levels, although this may be of declining importance. As far as the appointment of a boss is concerned, the Family is supposed to choose, but in fact the Commission appoints a new boss when it is able to do so. In some cases an ambitious and powerful underling may forcibly retire a boss, in which case the Commission prefers to simply accept the inevitable (Maas, op. cit.: 261).

The Kinship Model of Organization

Having sketched out the basic organizational features of the Cosa Nostra, it is now possible to go on to discuss the strengths and weaknesses of this criminal society. There are two basic cohesive forces in the organization: kinship, and the related factor of the so-called "code" governing behavior.

As has been noted, the basic governing unit of the Cosa Nostra is called the "Family", and the term "godfather" has won public acceptance as being synonymous with the position of Mafia boss. This suggests that, though the formal structure of the Cosa Nostra is based on a military model, the organization bears some resemblance to an extended family. The degree of similarity varies from one Family to another, but the clan-based structure seems everywhere to be of some importance in reinforcing the authority of the boss, in setting up patterns of intra-Family alliances that

cut across the formal structure, and in reinforcing the loyalty of the members to the organization. On occasion the familial orientation of the organization may be a source of weakness, but on balance it is a major cohesive force within the organization. This force may well be weakening as members of the organization become more Americanized and less family-oriented.

Alongside the pattern of military or governmental organization runs a parallel structure which is that of a clan. The degree to which membership in the Family is monopolized by relatives of the boss varies from one Family to another. All Families, however, seem to be based to some extent on a familial model. The boss is a father-figure with the authority not only of a ruler but also of a father, and the respect that accrued to this position in the old Italian family structure reinforces the authority of the boss in his role as head of the organization. Generally, not everyone in the Family is related, but a fictive kinship system is established when one enters the organization and is assigned a "godfather" from within the organization (Maas, op. cit.: 106). This pattern may be reinforced by intermarriage among Family members and the sisters or daughters of other Family members. In addition, ties of godparenthood help to knit the organization together, as various Family members take responsibility for the religious training of the children of others. It is significant that the organization sometimes pays for the weddings of children of members, particularly if the father is a member of the high command. Similarly, all members are expected to turn out to funerals of members of the Cosa Nostra Family to which they belong. It should perhaps be noted that it is not uncommon for

marriages to take place between a member of one Family and the daughter of a member of another, a type of development that further increases the cohesion of the confederation.

There are other integrating forces at work which promote solidarity and unity. One of these is a system of mutual obligation. Many favours are done which necessitate later reciprocation, such as the sharing of information, resources, protection, killing other people's enemies, or giving loans. In addition, marital ties and godparenthood, giving of valuable presents and mutual respect and admiration tie the organization together in a normative manner. These ties may cut across hierarchical levels and Family boundaries. A member's family may be aided while that member is in jail, dead or unable to function. There is no formal mechanism providing such benefits, so the voluntary provisions of same results in ties of obligation and loyalty.

In some Families the kinship model is more explicit than this. In the Lupollo Family studied by Ianni (1973), the leadership of the organization had descended from father to son, and the grandson was heir apparent. All leadership positions to the level of "middle management" were assigned on the basis of kinship, with the most important posts going to the closest relations. Within this framework, the earlier the generation, the higher the rank of the member. The close ties of kinship among the high command were supplemented by ties of godparenthood. The Lupollo Family, however, seems to be exceptional; most Families are not united by such close ties of kinship.

Ties of kinship, even in such a close-knit unit as the Lupollo Family, are important in setting up a pattern of alliances that cut across the formal structure of the organization. In that Family, kinship, reinforced by a system of reciprocal obligations, was the most important factor in determining power alliances, though common interests and a common outlook on the Family's future also played a part. Power alliances were grounded in conflicting approaches to the organization and were thus both a product of and a generator of tensions within the Family. It seems likely that on balance the power alliances were of positive value to the organization, providing the dissatisfied with a channel through which to express their frustrations and with a sympathetic ear in the high command. A product to some extent of a generation gap between the boss and his nephews, it seems likely that the power alliances will lose some of their significance with the advent to power of the heir apparent.

Even in Families which are less based on genuine ties of kinship than the Lupollo Family, the kinship bond may be important, giving members lower down in the organizational structure a channel of direct communications with members of the high command that would otherwise be denied to them. Business or other connections with important Family members serve the same purpose. The social functions of the Family, where all mix at weddings and funerals, may also provide an opportunity to air grievances in an informal manner (cf. Maas, op. cit.). The importance of connections and family ties as a factor in recruitment and promotion has already been noted; though ability is of some importance in these areas, it is also useful to have kinship ties with those in power.

Apart from legitimating the authority structure, reinforcing the power of the boss, and knitting the organization together, the clannish aspects of organized crime Families serve to insulate them from the outside world, as well as providing a pattern of behavior and rules of conduct governing relations between members.

According to Ianni (1973), the interdependence of cultural traditions and kinship bonds which characterize Italian-American crime Families serve to create a cohesive social system which for a variety of reasons seems to provide for members of these families the largest unit within which law and order can be enforced. If the units were small ones, this characteristic would be dysfunctional. It would leave the Families, whose code of behavior and attitudes are markedly different from the behavior and stated values of the majority in the United States, an isolated group, and an easy target for suppression. However, they have managed, as Ianni notes, "to extend their familialism to include a wide range of relatives, employees and clients within their behavioral expectations and have insulated themselves from the rest of society" (ibid.: 193). It should be noted, however, that this behavioral pattern is supplemented by efforts, which are generally successful, to persuade the rest of society to leave them alone. It might also be mentioned that the cultural tradition on which the Family organization is built is breaking down under the impact of the Americanization of the younger generation.

The pattern of behavior expected from Family members is similar to that encouraged in the small Italian villages "where society was controlled by customary sanctions which... meant the

bounded network of related nuclear families," (ibid.: 183). Characteristic of such social systems is a response on the part of the entire family to any threat or injury done to one of its members; cohesiveness against outsiders generally; and a system of mutual obligations which ties the family together.

The Code of Accepted Behaviour

An outgrowth of this pattern of behavior is the Cosa Nostra "code" which regulates the conduct of Family members. Insofar as the crime Family is viewed as a government, the code serves as the law.

There are perhaps four chief tenets of this code.² The first of these is loyalty to the Family. This involves three major rules; avoid interfering with the business interests of other members; and perform your obligations to other members. An auxiliary rule to these is: do not interfere with the business interests of members of other Families. Loyalty to the Family also demands that the wives and daughters of other members be treated with respect. Valachi was told that "to violate any member's wife means death without trial," (Maas, op. cit.: 96).

A second tenet of the code involves the concept of "being a man", a characteristic that bears a close resemblance to the Italian omerta. One is expected to behave in a manner which shows both personal courage and humility, and by this means to earn and keep the respect of one's associates. A third tenet is that of secrecy, which is necessary to the continued security of the organization against infiltration from outside. Closely related to this is the demand for discretion, so that attention will not be drawn to the Family.

The code serves many functions, but only three will be noted here. First, it provides members with an accepted pattern of behavior, the violation of which will mean punishment. Thus it is an instrument of social control within the Family. It performs the same function insofar as observance of the code binds the Family together and acts as a cohesive force. Second, the code helps to protect the organization against interference from outside, permitting the continued existence of illegal enterprises. Finally, insofar as the code prohibits appeals to outside sources of authority, it buttresses the power and authority of the boss, who is both legislator and, on occasion, judge. The code thus acts as a force of cohesiveness in organized crime.

As in any organization, there are a number of areas in which conflicts arise in organized crime Families. The sources of conflict can be divided into two areas: violations of the code and the nature of the structure. Methods of conflict resolution will be dealt with after an examination of the nature of the conflicts that take place.

The first tenet of the code, that of loyalty to the Family, is the one most often violated. The autobiography of any Cosa Nostra member is liable to be filled with tales of treachery and double-crossing. Teresa (1973: 101) was told: "Never trust anyone, no matter who it is. There is always someone who'd like to get up a little higher by stepping on you." There is much evidence of members interfering with the business interests of other members. Valachi (Maas, op. cit.: 207) said: "...In New York we step all over each other. What I mean is that there is a lot of animosity among the soldiers in these families, and one

guy is always trying to take away another guy's numbers runner or move into a bookmaking operation or grab a shylocking customer." There is also evidence of partners cheating on each other (Maas, op. cit.) and of members failing to protect the interests of other members who are in jail (Teresa, op. cit.). Bosses and underbosses are liable to demand a greater share of the profits than their subordinates believe they are entitled to and to hoodwink their subordinates (cf. Maas, op. cit.; Zeiger, op. cit.). These conflicts are dangerous; not only do they tend to lead to violence; they also lead to violations of the rule of secrecy. Teresa's biographer (op. cit.: 12) says, "Teresa talked ... because of the treachery of members of his own mob."

The reasons for these violations of the code are not hard to find. Members of the Cosa Nostra are not salaried, and are therefore required to make their living as best they can. This tends to produce a situation in which all are in competition for a living, particularly perhaps in times of financial hardship. Teresa (op. cit.: 295) says of the Patriarcha Family: "Nobody in the mob failed to make money; that's why there was almost never any trouble internally." Financial troubles can lead to violations of the orders of a boss. The bosses of some Families prohibited their members from having anything to do with the drug trade, but "The temptation for quick profits was too much, and individual members particularly those short on cash, persisted in handling heroin secretly," (Maas, op. cit.: 246). Simple greed is sometimes the explanation for violations of the code; members may aspire to a life of luxury, or may already have heavy financial commitments, which encourage duplicity in their financial dealings.

In spite of the emphasis given to family loyalty in the code, the Cosa Nostra seems to be permeated by a spirit of "every man for himself and the devil take hindmost". Sharp practice is especially likely to occur when violators of the code are not likely to be found out, or when they are too powerful to be punished. In illegal businesses, no records are kept, and it may be difficult for a partner to detect cheating. When a member is in prison, he lacks the power to ensure that his interests are protected. Further, the fact that the boss is liable to demand a share of any business he knows about encourages members to keep their business interests to themselves, in spite of the usual injunction that the boss is to know about everyone's activities. This means that the boss may not always be able to perform his function of preventing members from interfering with each others' businesses. A boss is in an extremely favourable position to engage in double-dealings with his subordinates, since his authority, subject only to the Commission, is absolute within his own sphere, and the Commission is likely to intervene only when there has been a flagrant abuse of power. Thus financial pressures and the frequent opportunities for speculation mean that the code has not been internalized by members of the Cosa Nostra, with the result that internal problems are frequent. It might be noted that these same factors are frequently responsible for conflicts between Families.

Internal control cannot rely exclusively on good-will, socialization or shared values. In addition to the handsome economic rewards in which compliance results, a system of negative sanctions was necessary to deal with non-compliance. Intimidation

is generally sufficient to keep members, associates and victims in line. If that fails, then beatings, threats and attempts at murder purposely designed to fail persuade the offender to reform. Should this fail, or should the offence be severe enough to warrant it, the penalty for noncompliance is death. This penalty has to be approved, as mentioned above; however, once the sentence is pronounced it is carried out in a set form. An Enforcer³ is designated to find an Executioner who will do the job. The offender may also simply be denied protection (be "put on the shelf") in which case he is fair game for law enforcers and other criminals alike. In most cases, the assignment of an Executioner prevents uncontrolled violence.

Another tenet of the code which is frequently violated is the rule demanding discretion. The most obvious violation is built right into the kinship pattern on which the organization is, in fact, based; the large weddings and funerals which are so common in the underworld provide police with an obvious target for investigation. So do the large meetings at which major decisions are taken. The most notorious of these was the gathering of one hundred mobsters at Apalachin, New York, in 1957, where about two-thirds of those present were nabbed by the police. In addition, members of the Cosa Nostra have a dangerous propensity for high living, and seem to favour large houses filled with fine furniture, which may be difficult to explain to tax investigators. Wives, mistresses, or even secretarial help may be indiscreet. Sam the Plumber told an associate that he had taken his secretary as a mistress because she knew too much, and Genovese's wife is notorious for having testified to their high style of

living when she sued him for separation in 1952 (Zeiger, op. cit.: 71; Cressey, 1969: 216). Large-scale gambling is likely not only to attract attention but to lead to further internal problems, as members attempt to make good their losses by sharp practice at the expense of their partners or subordinates (cf. Maas, op. cit.). Old age and disease may cause underworld figures to lose their sense of discretion, as was the case with Enrico Tamaleo, who "lost respect", or Willie Moretti, who was murdered when his babblings threatened the organization. These violations of the code produce conflicts within the organization which can often be peacefully resolved, but which may lead to serious disaffection or a violent solution.

The fact that unapproved murders occur and are covered up, that narcotics are traded despite a Commission ruling to the contrary, and so on indicate that the norms are not fully internalized, that individual personal aims still exist and these may conflict with organizational goals. Luciano particularly objected to narcotics as an unnecessary risk to the organization. Members (especially Genovese) seemed to feel that the profits justified the risk and proceeded to deal in narcotics despite Luciano and the Commission. Such insubordinations are not atypical of organizations in general. Flexible organizations adapt, change and endure continual tension and stress, both externally and internally. They have no rigidly fixed procedure, and decisions taken at one point in time frequently have to be reconsidered in light of changed circumstances.

A further word on the arbitrary nature of the power of the boss is perhaps necessary. The concentration of power in the hands of the boss, subject to the doubtful intervention of the Commission, leads to two developments which persistently threaten the stability of the organization. First, the boss is tempted to break the rules of the organization, and thus undermine his own legitimacy. Eugene Genovese, for instance, went along with the ban on narcotics, but condoned trafficking in drugs if he was given a percentage of the profits (Maas, op. cit.: 246). He was also known to cheat his subordinates in business deals. Such double-dealing produces ill-will which may lead to conflicts. According to Valachi, it may also lead to an undermining of the authority of the boss to a point where the Commission is willing to accept his deposition by force, as was the case when Albert Anastasia, known as "The Executioner" was murdered by order of an underling.

There is another difficulty associated with the arbitrary nature of the boss's power. There is no formal mechanism providing for consultation on policy within the organization, and there is no means of ensuring that the boss's rule will continue to command the consent of those he governs. Further, there is no appeal from the decisions of a boss, and there is no way that grievances against him can be rectified. The result is that, in many cases, subordinates are tempted to resort to the ultimate weapon - force - in an attempt to secure a regime that is more to their liking. Thus the concentration of political and judicial power in the hands of one individual encourages a violent expression of dissatisfaction with the operations of the organization.

Conflicts within the Cosa Nostra also occur when there is a gap between power and authority, primarily when the boss possesses less influence, ability, or economic power than others within the organization. Such a situation arose in the Lupollo Family, where the influence of the underboss and another subordinate were of greater importance to the economic functioning of the Family than was the influence of the boss (cf. Ianni, op. cit.). The result was a power struggle of sorts. A more disruptive situation arose in a New York Family, where Genovese, an ambitious underboss, engineered the murder of the acting boss of the Family, Frank Costello. Valachi reports the latter had been so much occupied with other business that he had little time for the administration of Family affairs, with the result that Genovese had been able to consolidate his influence within the organization before ousting Costello. The absence of any ordered procedure for the succession or for compulsory retirement aggravates these power struggles.

Another source of conflict which should be mentioned here is nepotism, which is frequently the basis for recruitment and promotion. Although perhaps once the foundation of the authority structure, nepotism has now been undermined as a basis for organization. One of the major grievances of members of the Bonnano family, for instance, was that the boss was trying to promote his son to the position of counsellor over the heads of presumably more qualified individuals. One member of the family told the son that he had three strikes against him: "One, you can't talk to everybody on their level; number two, you're the boss's son; and number three you're too young and inexperienced," (Zeiger,

op. cit.: 148). Sam the Plumber mentioned (ibid: 258) that one boss wanted to make his cousin underboss, but that "he's afraid it'll look like a family thing." This source of conflict may be eliminated if bosses in future are more careful about appointing relatives to positions of power.

Discipline and Conflict Resolution

The most common expression of conflict in organized crime is violence. Early Mafia in North America carried with them from Italy a concept of vendetta --- fighting to the last man --- and the honour tied up with avenging wrongs done to a person or his family and friends. Competition for business was regarded as a personal insult, encroachment or open hostility, rather than as a legitimate right in common business practice. A normal utilitarian organizational response to competition would be to cut costs, increase advertising, diversify activities, reorganize structure, etc. But some of these possibilities are not open to criminal activity, particularly advertising; and organized crime is severely hampered by its normative nature and its peculiar product. Costs cannot be cut since they are often fixed (e.g. costs for protection). Reorganization is not possible given the normative basis of the organization and the necessity of supporting the personnel involved, for lay-offs are not feasible. The struggle for survival is literally a matter of life and death. Even today criminal competition demands an intensification of activities, search for new (as yet unclaimed) territory or legitimate business outside the present scope of the organization.

One response to early inter-Familial conflict was to institute the Commission and Councils to divide territory and forbid encroachment. All treaties must be approved by the Commission to prevent secret combinations and the contentious Boss of Bosses position was eliminated by Luciano, thereby eliminating competition for that position and the bloody warfare such a competition entailed. Competition was controlled and regulated; and consequently the hostility was removed by this objectification, this change from personal to structural control and organization. A certain amount of reorganization did occur, then.

Internally or between Families conflicts are resolved by mutual agreement or by the next highest level of authority. Only serious disputes go very high up the hierarchy but the mechanism of appeal is important for preserving order. Conflict, of course, courts the danger of exposure and interference with the conduct of business.

Discipline is exercised by superiors over thier underlings, and conflicts are those disputes between equals which are resolved in a somewhat different fashion.

The first resort of a dissatisfied superior in the Cosa Nostra is a warning, usually given informally. Ianni found that in the Lupollo family, most violations of the rules of conduct were a matter of behavior, and that the drawing to public attention of the violation was sufficient to bring the offender back into line. Economic sanctions may also be applied, according to Valachi. If warnings fail, or if an individual is consistently incompetent, he may be demoted, whether he is a captain or an underboss. Sam the Plumber, for instance, demoted his captain,

an individual who was a constant thorn in his side. A much more serious sanction is that of being put "on the shelf", which involves the withdrawal of protection from an offending member or associate. This is assumed to be virtually the equivalent of signing a man's death warrant. Presumably, it is used primarily against those who are not very powerful and who are not privy to many secrets, since such individuals could sell their knowledge to the police in return for protection. Finally, there is the ultimate discipline of death by violence. Although the organization dislikes this method, because it is liable to draw the attention of law enforcement personnel, it is sometimes used to dispose of individuals who threaten the stability of the organization and who can be disciplined in no other way.

The mechanisms for resolving conflicts between equals or near-equals are slightly more complex. In the most simple cases of conflicts between equals, the two individuals would go to their immediate superior, and if he cannot resolve the problem the dispute would go to the next highest level of administration. In more difficult cases, a more complicated mechanism may be resorted to. In one instance mentioned by Zeiger (op. cit.), a boss sent a committee to deal with the grievances of a suspicious underboss who was reluctant to meet him. If conflicts within a family are sufficiently severe, or if there are complicating circumstances, the Commission may attempt to intervene. In cases of disputes between soldiers of two different 'Families', the feuding members meet with their respective captains, who attempt to resolve the conflict and right the wrongs that might have been done. Again, if the problem is sufficiently disruptive, the Com-

mission may intervene, or it may appoint a member or a sub-committee to arbitrate the dispute.

The methods of discipline appear to be fairly effective in achieving their objects, as do the mechanisms that exist for resolving conflicts between lower-level members of the organization. Conflicts between members of the high command of various families, however, are less susceptible to peaceful settlement. This is because of the impotence of the Commission. An obvious weakness in the governing structure of the Cosa Nostra is that the members of the Commission are the bosses of families whose interests may well conflict with the interests of other bosses. It is therefore possible to call into question the legitimacy of the activities of Commission members. Another weakness is that the Commission has few sanctions with which to enforce its rulings. The major weapon available to the Commission is armed warfare, but this is unlikely to be used as the whole purpose of the establishment of the Commission was to try to settle disputes by other means. In the absence of any effective means of enforcing its authority, the Commission tends to stay out of conflicts which it believes it cannot settle. For this reason, it did not intervene in the Gallo-Profaci War (Homer, 1974). In other instances the Commission has to exercise its authority carefully so as not to provoke violence. When it intervened in the intra-family dispute in the Bonnano family, it did so gingerly, according to Zeiger (op. cit.). The Commission is thus a useful instrument for resolving conflicts only when their intervention has the full support of both conflicting parties.

The Incomplete Centralization of Authority

Although organized crime appears to have been effective in achieving its goals, we may still ask whether it is efficient. For example, would it not be more efficient to centralize all gambling or all loan-sharking? Centralization appears to have occurred in some areas, such as the organization of bookmakers--- some of whom were independents, some of whom were Mafia members. In terms of economic organization little distinction seems to have been made between Mafia members and outsiders. The cost of organization to the bookmaker is 50% of his take. In turn, he receives a number of benefits and in many cases, increases his absolute profits. Insurance was provided (at a cost) so that winners could be paid off. Because of this more bets could be handled. Telephone bet placement was instituted, further increasing volume and insulating bookies from the exposure to risk of arrest they once experienced. Legal services were guaranteed and harmful competition eliminated (Cressey, 1969: 75 ff). Most gambling establishments were provided with a loanshark --- sometimes under the control of the individual operating the gambling establishment, sometimes independent and sometimes under the control of another member of the organization. Organized crime early realized the advantages of giving credit at high interest rates for acquiring a person's future resources as well as his present finances.

Full centralization of crime could not occur for a number of reasons which operate in respect to all formal organizations. In addition, members put their own funds into their activities and regard them as their own in many cases. Organizationally

there are also explanations for decentralization. An organization which deals in highly predictable, low-risk business may be highly centralized and hierarchical. A high risk business must delegate authority in order to have decisions made quickly enough to minimize losses and maximize gains. A loan shark cannot afford to run a full credit check and consult his superior when a gambler wants an instant loan. He must have a good general knowledge of the prospective clientele and the authority to decide immediately on his own. The risk of exposure and arrest also necessitates looser structure, minimal written records and a reliance on lower level personnel to take care of business. There are structural safeguards to protect the organization's interests, however. Very high interest rates compensate for the risk. The loanshark, bookie, or casino operator is personally responsible for his decisions, so that he has a great deal at stake in making a decision and cannot transfer this risk to the organization. Lower level personnel are closer to the operations, better informed but also more likely to be arrested if anyone is. They require the flexibility to protect themselves, and responsibility and authority to reward them for the risk they are taking.

In addition, personnel cannot simply be hired and fired in accordance with fluctuations in business activity, for an unemployed criminal is a danger to the organization. A living must be provided to keep the membership committed and reliable. This is in part responsible for the emphasis placed on a creation of new markets and the continuous maintenance of operations. Independence of the various Families one from another is also important for internal stability and the reduction of conflict.

Attempts to establish complete control over all national operators through a "Boss of Bosses" historically resulted in conflict which seriously harmed organized crime (e.g. the Castellamerese War). There is a certain professionalism and "craft pride" operative in organized crime which necessitates regulation according to professional standards and contract negotiation rather than tight administrative control. Stinchcombe (1959) suggests this is typical of craft production which operates in a variable market situation, rather than in continuous production.

The technology itself and the nature of operations demands decentralization and contractual co-operation. There is very little "physical plant" and the activities are labour intensive in the sense that many people are needed to provide services, conduct business and ensure operational success. Thus the operations cannot be extensively mechanized or routinized.

Although there is some semblance of vertical hierarchy, the organization of crime is principally horizontal and decentralized. The hierarchy that does exist relates more to the socio-political organization than to economic control. Profits seem to flow up the hierarchy but direct administrative control does flow down it unless something goes wrong. Originally Luciano used to personally receive reports from all his operators, give out instructions, advise on planned operations, and plan some of them himself. Then as the enterprise expanded he became unable to continue doing so and his subordinates had internalized the methodology sufficiently so that he had less need to exercise direct control. The socio-political hierarchy described earlier does not correspond to an economic hierarchy. Bosses, underbosses, lieutenants, and soldiers can all run their own enterprises, of

similar kinds, in co-operation, or side by side. However, since profits often move up the socio-political hierarchy, the higher level personnel have a greater opportunity than others to accumulate capital, operate on a large scale, and invest in legitimate business interests. This leads to some economic inequalities which parallel and sustain the socio-political structure as it is.

The stability of this organizational structure and its prosperity are very much related to authority and its successful exercise. In part authority is structured within, with soldiers subject to the orders of lieutenants, lieutenants to underbosses, and ultimately everyone under the control and authority of the Boss. Each Family and its members are under the jurisdiction of the Commission. This allegiance and obedience is in some respects voluntary and provides the legitimacy which transforms power into authority. Especially in the case of the Commission which is composed of those over whom it has power, and without whom it could not enforce its directives, acceptance of authority must be voluntary and a product of the balancing of the interests and power of the constituents, since the Commission has no army or police force of its own. The Bosses themselves have authority which rests on their followers' support; and their power vis-a-vis other Bosses follows from the size and loyalty of their respective Families and the corresponding armed strength a boss commands.

Authority can only be maintained so long as the holder of it seems to warrant the privilege. Unpopular Bosses have been eliminated internally or externally and replaced with "better"

occupants: for example, (the Commission removed Joe Bonanno from his position as head of his Family). The structure necessitates an authority figure and subordinate authority figures, but authority is invested in the office from which an individual can be removed. As time goes on authority rests increasingly in the structure and decreasingly in the individual. Originally a Boss recruited his followers and controlled them personally. Bosses are now more subject to organizational necessities as the organization takes on greater importance as an entity than that of the individual status holder.

Positional authority seems to supercede expertise since those who are economically successful or technologically qualified are often outranked by less knowledgeable persons. We might argue then that administrative or organizational expertise is more important than technical know-how: that integration is an essential feature of the successful organization. Certainly many legitimate enterprises parallel this situation, with administrative (line) personnel taking precedence over technical or professional (staff) personnel. Greater reliance is placed upon professionals, however, as operations become more complex and sophisticated; and the knowledge of accountants, investment analysts, lawyers and even business administrators is called for. However, control still rests with the elite-core, and it is difficult to see the elite giving up this control.

While charisma, such as Luciano seems to have possessed, is an important unifying quality, in organized crime as in other organizations, charisma gives way to routinization and structural determination. Power comes to rest on success, reliability, arms and consistency. A Boss or superior who loses money gambling and

then presses his men for extra cash is not popular or seen as a good leader. Tony Bender, a lieutenant, lost money on the horses and Valachi, his subordinate, resented Bender's demands for more revenue. Demands for funds for accepted purposes (protection, legal services, investment) are supported, but demands to satisfy personal needs caused by incompetence are not. This suggests a definite perception of difference between personal and "corporate" needs and it also suggests a difference between organized crime and most other organizations. In most organizations, members derive income and/or benefits from the organization, but in organized crime, the organization solicits income and services from the members. To do this, the organization must be able to provide work for the member, either by protecting his activities or finding him a "trade", territory or employment situation. Luciano had a hard time keeping his men in line when business was slow; they tended to go in for petty crimes which were risky, yielded low profits, and inevitably courted disaster for the individual and ultimately the organization.

The authority structure does not ensure total control, then, but like other organizations, organized crime strives to persuade its members to see themselves as extensions of the organization. C. Wright Mills talks of the White Collar personality and the pervasiveness of organizational goals and images in the lives of middle class people (Mills, 1958). Similarly, Luciano tells us that he encouraged his men to dress respectably, behave politely and give the organization a good image (Gosch and Hammer, op. cit.: 76). Men engaged in impermissible behaviour such as dangerous sidelines or fooling around with other members' wives were per-

suaded to mend their ways. Organized crime is perhaps more successful at molding a personality totally devoted to the organization partly because of the difficulty of total withdrawal or resignation from the organization. But members also try to cultivate a respectable image in the community at large, especially in pursuing their legitimate interests. This is not, further, incompatible with the organizational goal of maintaining a low profile. However, organizational interests must receive priority even at the expense of members' private aims. This, too, is typical of many formal organizations, though the extent to which the organization can monopolize its members' energies varies greatly.

Various formal organization theorists maintain that the style of decision-making affects morale within an organization. When lower-level members make, or participate in the making of, decisions morale is higher than when members are excluded; and as a result commitment to the organization is higher. Perrow tells us, however, that freedom to make decisions may be more apparent than real since a member may be sanctioned for an inappropriate or unsuccessful decision (Perrow, 1972: 24). A clear understanding of his scope of authority and the criteria for decision-making must be made available to the member. Otherwise, conservatism, inaction and buck-passing result because members will be reluctant to take responsibility. We see in organized crime full individual responsibility for actions and decisions, rather than organizational responsibility for the costs of any failures. For example, Bugsy Siegel was not helped out of difficulty; he was displaced and his investment appropriated by

the organization. General policy is decided at the highest level of authority, but most decisions are made at the appropriate level of activity; control, responsibility and decision-making are dispersed throughout the organization. Individuals are expected to use rather than abuse this delegated authority and there are, as noted above, some insurances that this occurs. There is, however, a fairly clear delimitation of the permissible scope of decisions that is territorially and hierarchically defined. In brief, one is expected to mind one's own business. Decisions involving more than one individual or group are worked out by negotiation or taken to the next highest level of authority. Appeal to senior levels is discouraged and carries with ^{it} the possibilities of senior level dissatisfaction with all parties involved in the dispute.

Decisions once made are binding although issues may be re-opened for discussion; and daily decision-making regarding routine operations is a feature of the organization. As we noted earlier, this is demanded by the risk and variability of the operations. Nevertheless, some decisions may come to be disregarded --- as with narcotics dealing --- and the ability of leaders to enforce highly unpopular decisions is minimal. Information about deviance simply does not reach the higher levels of authority and if it does, enforcement of the rules is difficult. Luciano could not keep Genovese, his underboss, from trafficking in narcotics. This demonstrates a limitation on the effectiveness of the organization in controlling its members and pursuing goals. It implies, however, that despite an autocratic structure members are able to influence policy and rules. When members do not as a whole oppose decisions, failure to comply may result in death

because the offender did not command sufficient support to challenge the leadership. Power configurations are then important in organized crime to an extent probably not paralleled in most organizations. A close analogy might be political party purges.

What class of organization does crime occupy?

There are a number of different general types of organization. Etzioni (1964, 1975) provides a typology of three: normative, utilitarian and coercive. A normative organization, as its name implies, is structured around certain norms, values and beliefs. It recruits members in order to support these beliefs and disseminate them, seeking those whose main qualification for membership is a willingness to share and uphold the norms. Symbols are used to maintain organizational solidarity and control. The goals are social and are related to the satisfaction of expressive needs. By contrast, utilitarian organizations are oriented to the practical accomplishment of material goals. Most commonly control is attained through a system of rewards which are material in nature, with a corresponding threat of withdrawal if members do not meet organizational expectations. In the case of normative organizations, sanctions would include a withdrawal of respect, cooperation or prestige. In the utilitarian organization such ephemeral inducements are replaced by tangible (material) rewards and punishments. Utilitarian organizations emphasize qualifications for recruitment such as the ability to perform functions well in order to contribute to the organizational goal of profitability. Finally coercive organizations are concerned with imposition of certain behavioural patterns or the punishment of

unacceptable actions, As such, there is no attempt to involve members either normatively or with economic rewards. The emphasis is on punishment. Correct behaviour results in an avoidance of unpleasant consequences, not in the achievement of rewards. Recruitment is involuntary and unwilling. The organization rarely has any choice about its membership, being forced to accept those relegated to it. Nor do the members have any choice, as they are inducted into the organization under duress.

Organized crime falls into the first two categories of organization. Membership is voluntary, although membership in the elite-core is lifelong once the member has joined. That elite-core is principally a normative organization founded on values of honour, mutual support and respect, secrecy, manliness and the ascriptive qualities of Italian heritage. Not everyone may join: there is strong emphasis on sharing the values that the organization upholds. Opposition to legitimate government or at least an indifference to its existence are crucial. Also required are the ability and willingness to commit crimes ranging from petty theft to murder. However, the emphasis is not so much on a technical ability to commit crimes, in the sense of know-how or efficiency, as on a constitutional, moral and psychological capability to do so. The member must be sympathetic to crime.

The larger structure of organized crime, however, does rely on more universalistic criteria such as technical ability, contribution to profit and utilitarian value to the organization. As such high status and income may accrue to the non-core member who can provide knowledge, technology and experience. An example of this is Meyer Lansky, who could belong to the Criminal Orga-

nization or Syndicate but not to the "Mafia" or "Cosa Nostra" itself. Members of the elite-core are treated as a "family" in a fictive kinship structure strengthened by marital and normative ties such as godparenthood. But members of the organization in general are linked economically and are recruited or discharged according to performance ability. There is enough overlap of personnel between the elite-core and the larger organization so that elite-core members are also subject to performance evaluation. Failure to succeed, especially if coupled with normative deviance such as cheating colleagues, may result in discharge. Since elite-core membership is normally lifelong, this implies a withdrawal of organizational protection which exposes the member to any attack without protection or reprisal against the attacker.

Many legitimate enterprises worry about the secret information that retiring members may carry to another organization which is usually a competitor. They are limited to promises and a reliance on the individual's ethics (or fear of court action) that the individual will not join a competitor or give the competitor inside information. Organized crime functions independently of the legal structure, and as such cannot rely on court action; more important, it does not have to. The knowledge an ex-member or ex-associate possesses would not only give a criminal competitor an advantage, but might result in the destruction of the organization itself. Siegel's enterprises in Las Vegas were put into receivership and then repurchased by the organization for pennies on the dollar, thus appropriating the investments made by a number of legitimate businessmen and restoring complete control to the organization (Gosch and Hammer, op. cit.: 318 ff).

Every organization is formed for a purpose, to pursue a goal or several goals. However, in order to achieve the primary goal(s), means to do so must be elaborated. These usually result in the formulation of secondary goals. Thus the initial goal may be to make money by producing a certain commodity. However, raw materials must be obtained, personnel skilled in the various operations recruited, technology implemented, markets secured, distribution networks established, annexed or contracted, public relations and stimulation of product demand ensured.

Organized Crime as a Feudal System

In this chapter we have developed the distinction between what might be called the socio-political (normative) organization and the economic organization of crime. The selection of cognate structures will reflect this difference of organizational nature and further clarify it. The normative organization of crime will be compared to a feudal social structure. As such, it is not an organization so much as an institution. An examination of the socio-political nature of crime also indicates that many aspects of "Mafia" membership are institutional rather than organizational. Nonetheless, the elite-core is a deliberately constituted membership structure which recruits selectively, operates according to certain rules, rewards and sanctions, assesses performance, assigns tasks and possesses a hierarchy. It is a formal organization which is in many ways a parallel and reflection of an institution. Because it is an organization it is increasingly rational and decreasingly related to the institutional characteristics as time goes on. It is important, however, to consider the institutional characteristics and their functions.

Most people have vague notions of what feudalism means, when it existed and how it functioned. It existed in Europe sometime between the end of the Roman Empire and the end of the Middle Ages, being generally associated in the popular mind with the Middle Ages. The dates vary from place to place and the system itself was not static but constantly developing. The specific details and terms of feudal relations also varied and changed from time to time and place to place.

"...[F]eudalism may be regarded as a body of institutions creating and regulating the obligations of obedience and service --- mainly military service --- on the part of a free man (the vassal) towards another free man (the lord) and the obligations of protection and maintenance on the part of the lord with regard to his vassal.. The obligations of maintenance had usually as one of its effects the grant by the lord to his vassal of a unit of real property known as a fief (Granshof, 1964: xvi).

"The most striking characteristic ... was the parcelling out of sovereignty among a host of petty princes or even lords of villages;" (Bloch, 1968: cvii).

Feudalism involves a hierarchical structure of dependence (obligations) comprising individuals who possess authority at various levels and exercise it in their own interest with respect to their own domain. It is a military structure which incorporates notions of service, command and responsibility. Rights to territory correspond generally to hierarchical divisions (Granshof, op. cit.: XV). It is important to note that service and obedience are obtained not through payment of salary but through the responsibility to provide a source of income which the vassal administers himself. There are normative and symbolic ties involved in maintaining unity and order such as oaths, kinship, loyalty and

mutual obligations. Territory while not regarded as hereditary, but rather as the property of the lord who might redistribute it on the vassal's death, is normally the prerogative of the vassal during his life. In order to deprive him of his territory, the lord would normally have to withdraw his protection or pronounce sentence of death. Usually land did descend in hereditary fashion but his was custom not formal rule.

The similarities between feudalism and the socio-political structure of organized crime are striking. Organized crime families are para-military in nature and in taxonomy (soldiers, lieutenants). Power and authority are distributed throughout a hierarchy and enable the possessors to control their own domains (underlings, activities) in their own interests, to make treaties with others and to support themselves. Members are not salaried but are provided with a source of income which is territorial in nature. As in feudalism, control is generally lifelong, may be reassigned on a member's death and deprivation of such rights entails withdrawal of protection ("being put on the shelf") or death. A balance of power is maintained through hierarchical control, preservation of territorial income and distribution of power among members of the hierarchy.

Most feudal societies were unified under one individual, the king, below whom existed numerous powerful lords and their ranked followers. Not all nations possessed powerful kings, however, and sometimes the lords dominated. This resulted in warfare and occasionally in peaceful coalitions if the lords' forces were equally powerful and could maintain their territory without bloodshed or if a strong lord could impose order. The attempts of Maranzano

to subjugate all organized criminals to himself as the Boss of Bosses represents the last vestige of any form of kingship in organized crime. Luciano describes a banquet given by Maranzano to which all important organized criminals were invited and expected to pay homage to Maranzano, offering money as symbolic tokens of their loyalty. Just as the Magna Carta expressed vassal discontent with kingly overbearance, the lords of organized crime rebelled against Maranzano and deposed him. Attempts to elevate Luciano to the throne of Boss of Bosses were rejected by Luciano, as were the monetary gifts, although Luciano remained for a long time primus inter pares. Thereafter, there seems to have been a balance of power maintained through the Commission and Councils which Luciano established (Gosch and Hammer, op. cit.: 139 ff).

The Commission assumed the power to appoint new heads of Families which in fact is a matter of formal ratification. In the case of feudalism, as we noted above, although territory reverted to the king on the death of a vassal, most successions were simply approved by the king, who might appoint a guardian or new vassal if there were no one in clear line of succession, or if the successor were unable to function effectively. The Commission used its power to remove important figures such as Joe Bonanno and retroactively approved the murder of Albert Anastasia. Even ritual confirmation legitimates the system and provides an important mechanism for re-establishing order should it begin to break down.

Within Families, the Boss has absolute authority over his men and their territory. His consent is necessary to expand one's territory or operations, and he is responsible for ensuring that

his men have "fiefs" (territorial sources of income) and that they are protected. This entails, for the Mafia, both the prevention of internal strife and a payment of protection money to ward off outside threats. The establishment of order does not preclude the necessity of maintaining a military structure, since order in part depends on fear of the consequences of armed struggle. There is a sort of "cold war" wariness and reluctance to disarm, for power rests on potential as much as on demonstrated strength. However, one might assume that through disuse, peace and sedentary satisfaction, the efficiency and performance of the military would decline. Only constant warfare can serve to maintain military quality.

At each level of the hierarchy, and over specific operations, authority and control is vested in the individual although he is subject to limited and legitimate demands from his superior. All parties have rights, privileges, and obligations to each other. Decision-making and control is distributed at all levels of the hierarchy, and this reflects the nature of the operations and the high risk involved. The socio-political structure of organized crime has had an influence on crime's economic structure. These "livings", the parcelling out of territory and sovereignty under a central hierarchy are the foundation of Mafia socio-political organization. They satisfy members' ambitions to some extent, provide income and are a means of control over extensive areas.

Every organization must have some means of support, economic and social. The socio-political facet of organized crime provides internal stability and defence against external interference. In addition, public use of criminal organization (employers seeking

labour racketeer aid in opposition to unionization, purchase of smuggled cigarettes, use of drugs, gambling) supports organized crime socially as well as economically. Law enforcement and legislation are used to support the aims of organized crime by eliminating competitors through the mechanism of the law, prevention of successful prosecution, manipulation of laws which ease persecution of organized crime. Laws making certain goods and services illegal provide a market for criminal organization (who no doubt would strenuously oppose the legalization of drugs) thus facilitating the necessary task of market creation and maintenance.

Income to support the organization comes as a percentage of profits on "franchised" activities (almost a licensing and taxation system since very often administrative control is not present), interest on loans, sale of services (deliveries, knowledge of how to set up an operation), etc. Members may in turn receive salaries, percentages of the income of an operation or may keep net income after expenses and the percentage paid to the central organization. This in turn pays for protection, benefits to relatives, legal costs and also provides handsome profits for the leadership. Lowest level operatives seem to receive salaries, middle level to receive percentage incomes and higher levels (probably members of the elite-core) to receive the net proceeds. Senior level personnel may have their own operations but also get a cut of all operations.

At whatever level control is exercised the operations seem to be treated as personal rather than organizational property. The economic structure seems to provide livings for members of the normative structure while the normative structure provides a con-

text and background for the utilitarian organization. Certainly society does not provide a favourable environment for crime. The normative organization of crime does provide such an environment and we can see a symbiotic relationship of two entities organizationally distinct but significantly interrelated by shared personnel and mutual dependence. In the next chapter the economic or utilitarian organization of crime will be discussed in greater depth.

FOOTNOTES

1. An enforcer is the individual who arranges for the murder or maiming of members of the organization, and sometimes non-members.
2. Sources on the code are Cressey, (1969: 162 ff.), Ianni, (1973: 150 ff.) and Maas (1969: 96, 107).
3. A number of people may be Enforcers at the same time and one of them is contracted to attend to the matter. This seems to be regarded as an irregular function since no one is exclusively and continuously an Enforcer. Execution is not a regular occurrence, but appears to be regarded as an extreme last resort.

The Economic Organization of Organized Crime

In addition to viewing organized crime as a political system, it is possible to view it as an economic system. Here there are greater difficulties in describing the nature of the organization, for whereas the Cosa Nostra governs only itself, its economic activities involve a complex series of linkages with other organizations and with free-lancers or independent operators. At the simplest level, members of the Cosa Nostra may provide goods and services for petty criminals, supplying them with, say, narcotics or the facilities through which to dispose of stolen properties. At about the same level as these are employees of members of the Cosa Nostra - numbers runners, bookies, makers of illegal alcohol, and so on - who are not members of the Cosa Nostra but who are essential to the operation of many of its illegal enterprises. On a parallel level with the Cosa Nostra are other organizations on a smaller scale which operate in areas outside those under Mafia control. Members of the Cosa Nostra might supply such organizations with capital or technical advice in return for a percentage of the profits. Finally, there are some grounds for believing that some members of the Cosa Nostra are engaged in financial dealings with international financiers of dubious repute, such as Meyer Lansky.

These individuals are primarily non-Italian and are concerned with developing new financial opportunities at home and abroad. They draw on capital supplied by the Cosa Nostra, among other sources, and with their superior financial acumen put it to work in large-scale enterprises of a more or less legitimate nature.

A treatise on all these economic aspects of organized crime could run to many volumes, and it is therefore perhaps best to concentrate on the economic organization and activities of the Cosa Nostra. Although its financial affairs are perhaps the best-kept secret of the organization, a certain amount is known about its economic structure and financial dealings. Unfortunately, investigators have left many questions unanswered, as will emerge during the following discussion.

It has been said that the economic organization of organized crime Families had its origin in an agreement of 1931, when leaders of Sicilian Italian organized-crime units across the United States rationally decided to form monopolistic corporations, and to link these corporations together in a monopolistic cartel² (Cressey, 1969: 35). In some respects this analogy is misleading. First, organized crime Families, though they may operate rationally as economic units, do not possess a form of business organization comparable to a corporation.

For a start, it might be noted that a corporation is an association of individuals, created by law or under authority of law. Since a good many of the economic activities of the Cosa Nostra are extra-legal, the organization cannot strictly be called a corporate one. Rather, it is more fruitful to view organized crime Families as conducting a whole series of economic activities in the illegal sphere. In some of these enterprises, lines of economic and political power coincide, as they do in a legitimate company; in others they do not.

It is true that organized criminals aim at monopoly control in many areas. Monopoly control of a market enables an organization to cut costs by eliminating competitors and effecting economies of scale. A monopoly concern can also raise prices with less difficulty than competing firms can engage in collusive price-fixing. The increased profitability that accompanies monopoly control provides the capital with which to influence agencies of law enforcement and legislators on a large scale. A monopoly of protection, in turn, helps keep competitors at bay. It should, however, be noted that while the Cosa Nostra aims at monopoly control of gambling, and numbers running, as well as of protection in the areas under its control, it does not attempt to monopolize all areas of economic activity in which its members are involved.

Drug importing and distributing, theft, and armed robbery are examples of this.

Finally, it is somewhat misleading to talk of the economic organization of the Cosa Nostra as a whole as resembling that of a cartel. A cartel is defined as "an international syndicate, combine, or trust generally formed to regulate prices and output in some field of business" (American College Dictionary). There is no evidence to indicate that the Cosa Nostra is interested in regulating prices on even a national basis, since most of their customers are stationary, and it is of advantage to charge whatever the market will bear in any given area. The sort of price regulation with which they are concerned usually involves some form of extortion, though the medium of a legitimate company, such as providing a laundry service at higher prices than usual. Since they are mainly concerned in their illegal endeavours in providing services rather than goods, it is not in their interest to regulate output. In their manufacturing endeavours, the market is liable to absorb whatever they supply, but the catch here is that they supply these goods at prices below those of their legitimate competitors. It is thus to their advantage to set up a monopoly, but not necessary to establish a cartel.

The Cosa Nostra is less concerned with regulating prices and output than it is with ensuring the establishment and continued existence of the enterprises which are so profitable to them.

The Economic Activities of the Cosa Nostra

The illegal activities of members of the Cosa Nostra can perhaps be divided into five major areas. One of these is the selling or otherwise disposing of goods acquired illegally. This would include the selling or fencing of merchandise stolen from companies and from private individuals, such as credit cards, stocks, bonds, stolen automobiles, and personal goods. In this area members of a crime Family would act as middlemen, serving as the links between the small-time or big-time thieves who obtain the merchandise and the consumers.

A second area in which organized crime Families participate is in the manufacture or sale of illegal or counterfeit goods and consumables. The making and selling of moonshine alcohol and narcotics trafficking are two such areas in which the organization is involved. It is also engaged in the sale of counterfeit merchandise, from car parts to razor blades.

A major source of funds for the organization comes from the selling of illegal services. Gambling of all kinds is the most lucrative of the Cosa Nostra's illegitimate businesses.

Their gambling ventures range from betting on sports events to lotteries of one sort or another to running casinos. Loan-sharking, lending money at extortionate rate interest, is another extremely profitable illegal activity that is a standby for members of the Cosa Nostra. It might be noted that loan-sharking provides a fruitful source of labour for other enterprises, since the debtors can often be coerced into working for members of the Cosa Nostra in illegal enterprises. It is also a means of entry into legitimate businesses, as organized criminals are frequently willing to become 'silent partners' in legitimate business rather than to collect the money due to them. Labour racketeering is another well-known activity that falls within this category. Employers are willing to pay a fee in exchange for a pretence that the business is unionized. A variation of this is the "sweetheart contract", by which "a Cosa Nostra member for a fee writes a labour contract that cheats the workers out of wages and benefits that they could legitimately obtain at the bargaining table." (Cressey, 1969: 96).

Extortion of various descriptions is a fourth area in which members of the Cosa Nostra are involved. One aspect of this is labour racketeering, when people are put on the payroll of a legitimate company owned by a non-member although they perform no service.

The threat of violence is frequently sufficient to enable members of the Cosa Nostra to take over, in whole or in part, the business of others. Another angle of extortion is the provision of services at a higher rate than usual. A company may be forced to use a laundry service or to buy its alcohol from Mafia-connected sources that charge unusually high prices, or a company may have to pay extraordinary rates in order to ensure the continued co-operation of labour.

Organized criminals have also discovered numerous methods of defrauding legitimate companies of their funds. Criminals may secure control of a legitimate operation and defraud the insurance company by committing arson; they may engage a bankruptcy fraud. A more sophisticated undertaking is that of setting up dummy corporations with phony assets. Unregistered stocks, loans, and other financial documents are used as collateral on loans or as guarantees of payment for merchandise.

The operation of illegal enterprises resembles the operations of businesses in many ways. In some, there is a hierarchy of production or sales staff that corresponds to the hierarchy governing the organization. The operation is set up along prescribed lines and its operation is regular. Competition is kept to a minimum, and the use of financial controls is preferred to violence.

Experts, particularly accountants and lawyers, are consulted in order to avoid tax and other legal problems. Good relations are established with regulatory bodies, political parties and the community (White 1955. 116ff).

It should be noted that outside of the hierarchy of economic relationships in the Cosa Nostra exists an informal position which may be held by anyone with the ability - that of money - moreover. Those filling this position are responsible for finding new outlets for the organization's money, and are thus crucial to its operation. These individuals command great respect in the organization for their financial abilities.

The economic structure of the Cosa Nostra is comparable to that of a company only in some areas. In a business lines of economic and political power usually follow each other. In the Cosa Nostra, this is true only of some enterprises, of which numbers is one. The numbers racket is a form of lottery closely related to policy and bolita. The gamblers attempt to guess what three-digit number will result from some standard tabulation, such as a total of all bets placed at a given racetrack on a certain day. The lottery tickets are sold by runners, who are usually not members of the organization. At the next level is the "controller", usually a Cosa Nostra soldier, who oversees about ten runners.

He collects the money they bring in along with the day's slips. Ten or so of these controllers in turn pass the money and slips on to a "banker", often a Cosa Nostra lieutenant, who operates out of a fixed location known as the "bank". Here the slips and money are processed, and employees of the banker distribute the winnings down through the organization until they reach the bettors. Above the level of manager will be a hierarchy of "lay-off bankers", senior Cosa Nostra members who supply the bank with funds when there is an emergency.

This operation is conducted in a business-like fashion, with runners and controllers usually working on a commission basis, and men on the higher levels getting a percentage of the profits. The police are paid a fixed amount, as is the boss in whose territory the lottery operates, (Cressey, 1969; Ianni 1973).

In many of the other economic enterprises the lines of economic and political power do not follow each other so closely. A soldier may be in business for himself, or he may be involved in business with anyone in the organization from the boss on down, and he may frequently be involved in his illegal operations with someone outside the Cosa Nostra. In these ventures any of the following relationships may apply: partnership; employer-employee; buyer and seller of goods; buyer and seller of services. Alternatively, a system of reciprocal obligations may govern economic relationships, (Ianni 1975: 284 ff).

It is possible for one individual to devise a variety of arrangements for one business over a period of time. Valachi's career as a loan shark provides a fine example. He started loansharking with the profits he made in his numbers racket, and kept all the profits for himself. He then went into partnership with a man who was not a member of the Cosa Nostra. This individual financed Valachi, who in return was to develop new customers and manage the business. Unfortunately for Valachi, this man was an associate of his lieutenant, Tony Bender. When Bender, who was losing money on the track, found out about Valachi's success, he demanded a share of the profits. Although Valachi chose not to go along with this, he might easily have done so. In that case he would have been engaged within a short period of time in three different financial arrangements in one area of his activities alone, (Maas, op.cot: 165 ff).

Thus in many areas the hierarchical structure breaks down. A soldier may be engaged in any number of financial arrangements with different individuals in various of his businesses. In some cases, profits may be channeled up the organization, whether as a protection money or simply as a means of giving the boss "a piece of the action" It is not evident that the boss will be given a share of every operation in which his subordinates are involved. Indeed, subordinates seem to tend to hide their activities as much as possible in order to avoid just such a contingency.

For the ordinary soldier there are clearly disadvantages in this sort of arrangement. He is obliged to give a cut of his profits to any superior who discovers he is earning a good living or suffer the consequences. The fact that this arrangement is not standardized probably contributes to a sense of injustice. His business ventures may also be subject to certain amount of interference from other soldiers and from his superiors. Valachi was outraged when his captain, Tony Bender, interfered in a liquor transaction he had arranged, (Maas, op. cit: 170). A member may sometimes suffer financial losses in order to protect money lent to him by the boss. Renner says of Patriarcha, a boss in Boston: "No matter what deal Patriarcha was involved in, he never lost a dime Anyone who dared not to protect the padrone's money was faced with swift and violent retribution," (Teresa, op. cit: 105).

Advantages of Membership in the Cosa Nostra

These disadvantages, however, are offset by the many facilities which the Cosa Nostra provides for its members. The organization is able to supply the capital which may be necessary to begin a loan-sharking operation or to offset the losses that any bookmaker or policy-writer is liable to sustain. Capital is also supplied for investments in legitimate businesses or in the narcotics trade.

During the course of his career any individual is likely to suffer financial reverses, and the capital provided by the organization will be available to set him on his feet again.

Labour is another resource at the disposal of organized crime Families. They are able to provide the facilities for the disposal of stolen credit cards, securities, or large quantities of stolen merchandise. This service, while used by many of their own members, is also useful for thieves outside the organization. In addition, the Cosa Nostra is able to provide the prospective casino owner with men experienced in the field.

In addition, the Cosa Nostra is an excellent labour exchange. Members of the high command have first rate contacts in the criminal world and are able to bring like-minded individuals together for business purposes. During Teresa's career the underboss of the Patriarcha Family assigned two petty thieves to work under his guidance, and under his direction they became "outstanding con men and money movers," (Teresa, op.cit. 198). Contacts may provide capital or expertise, or may simply serve to increase the profitability of an enterprise by adding the amount of labour expended on a given business.

The organization is able to supply social services for its members. It may provide bondsmen and lawyers in the event that an individual is apprehended by the police, and support the family of a member during his incarceration in prison. Both Zeiger and Teresa mention that widows may be given pensions of a sort, and old-timers may be provided with a source of income. As Homer says, "In the area of social service, help is sporadic and intermittent, but some help from the larger organization is given." (op. cit: 99).

Perhaps the most important service provided by the Cosa Nostra is protection. A member needs protection from other criminals and from the law. Protection from other criminals is provided for the Cosa Nostra member. First, every effort is made by the soldiers and their superiors to ensure that the Cosa Nostra members do not interfere in each others' business interests. Second, the Cosa Nostra may secure the co-operation of criminals or criminal societies outside the organization, forming a mutually profitable association. The organization is in a position to ensure that other criminals do not infringe on members' business interests, either by offering competition or by engaging in extortion. Offenders might be done away with or turned over to the police.

Protection from the agencies of law-enforcement is a service that only a good-sized organization with substantial resources can provide, as it is likely to be extremely expensive. The Cosa Nostra is in a position not only to pay protection money to the police, but in some cases to bribe judges, thereby securing virtual immunity for conviction for its members. It is sometimes possible for the Cosa Nostra to reach the pocketbooks of legislators, who are able to provide a broader sort of protection for members. This sort of corruption is liable to be jeopardized by reform drives, but the effects of these are usually short-lived, and in any case the Cosa Nostra offers better protection than any criminal could hope to secure on his own.

The keynote of the economic operation of the organization as implied by the previous discussion, is diversification and decentralization. Most members are responsible for supporting themselves, and they tend to become involved in a whole series of businesses. While there is a certain amount of direction from above, and while some of the profits of subordinates are channeled up through the organization, economic centralization is by no means complete. It would seem that there are certain inefficiencies in the manner in which the organization operates, from the point of view of members of the high command. Two problems might be singled out the fact that some of their operations are labour-intensive, which might tend to reduce profits:

and the fact that subordinates are somewhat lax about declaring the full extent of their operations.

Most of the illegal services which organized crime supplies are labour intensive, from gambling and dealing in drugs to fencing. It might be thought that this sort of arrangement is economically irrational, since profits are diverted from the central coffers at every stage of the operation, and much of the money is siphoned off to non members of the organization. Two factors, however, should be borne in mind. One is that though in, say, the numbers racket, the boss may get only one percent of the profits, this is still an enormous amount of money, (Cressey, 1969: 137). Moreover, the costs to the boss are minimal; he may not be the one who is paying for protection, and the costs to him in supervising the operation will be small. Thus in return for what may be a minimum of supervisory activity, the boss is able to take a cut of whatever economic activity his subordinates are engaged in.

The supervising of well-established rackets is fairly straightforward, though checks are necessary to ensure that subordinates do not cheat. It is more difficult, however, for the boss to keep track of every business activity of each soldier, even with the assistance of other members of the high command.

The very flexibility of the operations of subordinates, combined with their natural desire to keep such activities beyond the official scrutiny, means that the boss is liable to have difficulty in securing what he would regard as his rightful due from his underlings. But in spite of these difficulties are advantages to be gained from the way in which the organization functions economically. When each member is personally responsible for producing his entire income, he is doubtless more efficient, energetic, and enterprising than he would be if he were on a payroll. In the illegal side of the operations, it is easier for an organization to remain virtually invisible if its operation is thus decentralized. It may also be useful for members to have such a wide degree of latitude in which to exercise their earning ability - it deflects them from power struggles within the organization and gives them a fair amount of independence. This may be valuable in view of the likelihood of their getting out of the organization. It might be uneconomic to try to assert any greater degree of control over the Family members, given the nature of the operations. Since very little of the information in illegal businesses is put down on paper, and since the organization wants to remain as invisible as possible, any greater degree of control would be impractical. By running things the way they do the executives get a maximum of profits with a minimum amount of bureaucracy.

John Gardiner (1973: 159) outlined the very complex organization of the Stern Syndicates gambling operations. There were eleven sub-banks with five to thirty writers each who reported daily to the accounting office. Writers kept thirty-five percent of the gross take and the sub-bankers themselves, after deducting winnings and expences, generally divided the remaining profits equally. Stern himself, covered the bets when there was a big win on a popular number. The importation of narcotics also appears to be a highly organized importing-wholesaling distribution enterprise, although direct control or responsibility does not extend to the street level and profit is derived from pricing, (Cressey, 1969 91). However, a given individual may engage in a number of different enterprises in different capacities, at different levels of importance, none of which are necessarily consistent with his official designation in the socio-political control hierarchy. There is a diversification and division of function, but individuals are not as clearly divided into specialized activities.

The balance sheet of criminal societies is not easy to determine. Even if accurate records are kept, and this is a dubious proposition, researchers do not have access to them. Attempts to guess the size of the profits of organized crime and to guess the incomes of organized criminals have been made (Cressey; 1971, Clark, 1970 and Homer; 1974), but their accuracy is very much open to question.

The President's Commission of Crime in America took a look at three areas of organized criminal activity. It concluded that gambling brings in \$6 to \$7 billion worth of profits annually; loansharking is "in the multi-billion dollar range"; and drugtrafficking produces \$21 million worth of profits for "organized crime groups in those few cities where almost all heroin consumption occurs," (U.S. Pres. Comm, 1968. 440 ff). Thomas Plate (1975: 92) has estimated the profits made by individuals in these businesses. The annual income of a numbers runner in Harlem is \$26,000. of a numbers controller, \$60,000. A new York loan shark could count on \$125,000 a year, while a drug distributor in Los Angeles could expect to make \$27,000. All of these incomes, of course, would be tax free.

Whatever the other drawbacks in these guesstimates, there are two limitations for our purposes. First, the profits from these businesses go to the individuals outside the Cosa Nostra, as well as to members of the organization, so that it is impossible to determine what percentage of these figures would be at the disposal of organized crime Families. Second, while it is useful to know the income attached to any given job, this does not tell us very much about the total incomes of the Cosa Nostra members since they tend to hold down several jobs at one time.

Valachi (Maas, op. cit: 271) in 1959 was loansharking, operating juke-boxes, trafficking in heroin, and running a numbers racket scheme, among other things. The first three of these businesses brought him a gross of around \$2600 a week, or about \$130,000 a year.

How Criminal Profits Are Spent

Whatever the exact figures for individual incomes and total revenues, it is clear that organized crime is a field in which money is to be made. It remains to determine how this money is spent. Part of the gross profits, of course, are eaten up by the expenses of running the organization; then the profits can be channeled into personal expenses or they can be put to work in illegitimate businesses.

Because of the prevailing uncertainty about the balance sheets of organized criminals and the enterprises they own, it is not easy to determine whether expenses are handled by individuals or by the boss on behalf of the organization. In some cases it appears that the individual is responsible for paying the expenses of his enterprises, but in other instances the boss will provide capital and finance protection.

The costs of securing co-operation from outsiders in positions of power are high. The mob is involved not only in paying protection money to the police, but in corrupting judges, municipal officers, and legislators.

Cressey notes (1967: 135) that in New York in 1960 "ninety spots in one section of Harlem alone paid police about \$2,500,000 a year for protection for the numbers racket." In "Wincanton", John Gardiner (1974: 110) found that when the Stern Syndicate was operating, proceeds from the dice game paid the mayor \$1500 a week, the chief of police \$100, and a few policemen lesser amounts. Other officials were paid off in different ways. In addition, Stern contributed funds to the primary and general election campaigns of candidates for civic office. It is estimated "that 'the underworld' contributes 15 percent of the costs of local and state political campaigns," (Cressey, 1969: 253). It is impossible to provide an accurate account of the total expenses to organized crime of these various forms of corruption, but it is clear that a sizeable amount of money is channelled in this direction.

Other expenses are incurred when the organization is unable to secure the co-operation of police and government officials. Payments for lawyers, bail, maintenance of the families of those imprisoned or killed - these can cost the organization a sizeable sum. Accountants and lawyers are also needed to guide organized criminals through the morass of tax legislation. Financial losses are incurred ~~when~~ the police seize narcotics and stolen goods, or when the individual's business collapses during his incarceration. A reforming mayor may put organized criminals out of business at least temporarily, as was the case with Stern in Wicanton.

A change of government in a foreign country can result in the loss of substantial investments, as Lansky discovered when Castro drove him out of the gambling business in Cuba. Thus organized criminals sustain considerable losses as a result of interference from the government and the police.

Other losses may result from mismanagement or bad luck. Teresa records an instance in which three mobsters lent money to a company. The son of one of the owners "was mixed up with women and gambling ... and he spent two hundred grand of the companies money," (Teresa, op.cit: 106). One member of the Lupollo Family noted some of the risks involved in loansharking on the waterfront: "Half the guys who borrow are on dope and no matter what you do they aren't going to pay you back because they end up on Rikers Island or getting shot by the cops," (Ianni, 1973: 110). It may be possible to fence certain stolen goods, or there might be a run on a popular number in a lottery operation. Such losses cannot be insured, nor are they tax deductible.

It should also be noted that wars, depressions, and recessions have an effect on the profitability of certain criminal enterprises. After the United States entered World War II, says Valachi, " ... the numbers and the shylocking go dead on me. There is plenty of money around and plenty of jobs, so who needs to borrow?"

It's worse with the numbers. The numbers are good only when times are bad," (Maas, op.cit: 144) Even demographic change may work against Cosa Nostra members: Valachi had to sell a restaurant when blacks, who "don't eat our kind of food" moved into the area, (ibid.: 184)

After these various business expenses are accounted for, a certain amount of the profits are siphoned off into the personal expenses of mobsters. Cressey notes that when Genovese's wife sued for separation in 1952, "she testified that their house cost \$75,000. another \$1000.000 for renovations and \$250,000 for furnishings." Many of them support one or more mistresses, and they may, like Sam the Plumber, take frequent vacations with them. Gambling is another fruitful drain on capital. Teresa (op.cit: 15) says, "Some of the biggest racketeers in the country that I know play the ponies, and they lose a fortune. As Homer notes, (op.cit.: 107) "Personal expenditures ... cut down on the accumulation of capital available as savings or for investment".

The remaining profits may be ploughed back into illegitimate enterprises. Investments in loan-sharking, casinos, or narcotics provide both a large profit and a quick return. However, illegal operation cannot absorb all of the capital produced by criminal enterprises: hence, in part, the Cosa Nostra's investment in legitimate business.

Upper echelon members of the Cosa Nostra seem to be tending more toward legitimate business but usually in the field of money moving' (stocks, bonds, loans) rather than administration of production. It is probable that these activities are seen as a less risky, more profitable and almost legitimate. Certainly many "legitimate" corporations are known to have laundered money, evaded taxes, established dummy corporations, and so on. Some legitimate operation is necessary for criminals to explain income or provide respectability. Some individuals seem truly disposed toward legitimate activity, but require capital they could not obtain legally in order to begin or succeed in such ventures. Some seem simply unable to extricate themselves from the criminal organization. Certainly it is the organizational nature of crime which permits such a tight hold over the individual. However, criminal organization does not seem to control or interfere with a member's legitimate business as it does with his illicit operations.

Members of the Cosa Nostra are involved in a wide variety of legitimate businesses. When the businesses of those who met at Apalchin, New York in 1957 were examined, it was found of the 75 men present:

at least 9 were in the coin-operated machine industry, 16 were in the garment industry, 10 owned grocery stores, 17 owned bars or restaurants, 11 were in the olive oil and cheese business, and 9 were in the construction business. Others were involved in automobile agencies, coal companies, entertainment, funeral homes, ownership of horses and race tracks, linen and laundry enterprises, trucking, waterfront activities, and bakeries, (U.S. pres. Comm., op. cit.: 443).

Some of the businesses of organized criminals are small-time operations, and may offer a threat to legitimate businesses only insofar as they are able to undersell the competition. There are many advantages for a criminal in owning legitimate operations: they may provide a "front"; they may serve as a cover for various forms of extortion; they provide members of the organization and their hirlings with a legitimate income for tax purposes; they confer an aura of respectability; they may even be profitable.

Some criminals are involved not only in small operations, but also control sizeable assets. The President's Commission reported that "one criminal syndicate alone has real estate interests with an estimated value of \$300 million," (ibid.: 443). In a midwestern city, "leading racketeers controlled or had large interests in 89 businesses with total assets of over \$800 million and an annual income of over \$900 million," (Chamber of Commerce, 1969: 7). There has been much speculation about the financial activities of organized criminals in the Caribbean, South America, and Europe, (cf. Messick, 1971; Reid, 1969).

Businesses controlled by organized criminals strike at legitimate enterprises both directly and indirectly. The parasitism of organized criminals legitimate businesses has already been discussed, but they have other ways of striking.

Criminal-dominated businesses may have an unfair competitive advantage insofar as they can sell goods more cheaply because the merchandise is stolen or counterfeit. Labour may co-operate to a greater extent with owners of such enterprises. Some of these businesses receive an added boost from the profits of gambling and loan-sharking. Legitimate businessmen are hurt less directly by the necessity of paying for a variety of indirect costs, such as rising insurance rates which result from "the underworld's unique set of competitive methods" (Chamber of Commerce, op.cit.; 15)

The economic structure of the Cosa Nostra, which features diversification and decentralization, has both strengths and weaknesses, which have repercussions on both the political structure and on the economic efficiency of the organization. The restrictions on membership in the Cosa Nostra do not hamper its economic functioning because of the galaxy of "proposed" members and associates who work closely with members. According to Teresa and Zeiger, the same means of social controls are exercised on members apply to non-members in such a relationship. There is little evidence of conflicts arising out of disparities between economic and political power as a result of soldiers becoming wealthier than the boss and therefore demanding more political power.

On the other hand, there are indications that economic objectives sometimes conflict with political ones. It has already been noted that the opportunity to make a fast buck frequently leads to violations of the code. Valachi thought that the fact that a partner was stealing from him "showed how this thing of ours was going to the dogs," (Maas, op.cit.: 212). Political centralization is perhaps weakened by the fact that economic relationships cut across political ones. Recruitment from the Italian-American criminal community may be something of a handicap; some of the less well-educated members of the organization make blunders that leave the organization vulnerable to attack from the agencies of law enforcement.

The very profitability of organized crime indicates a certain modicum, at least, of economic efficiency. The flexibility of the organization and the fact that it has large resources of liquid capital mean that it can take advantage of new business opportunities. The best lawyers and accountants can be hired to arrange illegal transactions. Protection money paid to officials of the legitimate government ensures a minimum of interference with the more questionable of the Cosa Nostra activities. and violence or the threat of violence is remarkably effective in securing the co-operation of competitors or clients.

Some of the expenses incurred by the organization have already been mentioned, , and it has been noted that mismanagement is sometimes responsible for losses. One or two other difficulties might be noted here. Failure to follow good office practice may result in a certain amount of business inefficiency, it is hard to believe that the chaotic state of Sam the Plumber's finances reported by Seiger was a business asset. A more serious problem is the difficulty of keeping money in circulation. The police once found \$2,500,000 hidden in a car in the garage of an independent numbers operator of Jersey City, (Grutzner, 1973: 107). This problem may be less frequent now that the Cosa Nostra has established its own banks, as well as banking connections in Switzerland.

External Relations: Association with Non-Members

In addition to its functions as a political and economic organization, the Cosa Nostra is also involved in a form of external relations. Here there are two groups which have to be considered; criminals and agencies of the legitimate government. In the first category are individuals who may be "proposed" members, those who are expected to enter the organization "when the books are opened." There are other criminals who are recruited by high-ranking Cosa Nostra members to work with members of the organization.

In another category there are groups of criminals who provide the Cosa Nostra with goods and services necessary to its operation. These may be employees, or they may be independent criminals. Finally, Cosa Nostra members may reach financial agreement with independent racketeers in regions outside their own. There are perhaps three major forces in the outside world with which the Cosa Nostra has come to terms: police, judges, and legislators.

Little research has been done on those who work closely with the Cosa Nostra without being members. They do not fit into the structure, and they may be recruited on an opportunistic rather than a systematic basis. The organization seems willing to pick up talent when it is spotted, and to put the commercial abilities of clever criminals to work for them. The "proposed" members are expected to enter the organization when an opening is available. In the meantime, they may exercise a fair degree of power within the organization. Sam the Plumber's nephew Bobby Basile, though only a "prospective member" acted as a buffer (Zeiger, op. cit.: 12). Other individuals may be unable to join the organization because they are not Italian in origin or because of some handicap. Johnny Rovilotto was unable to enter the Family to which Valachi belonged because he has a brother who was a policeman, (Maas, op.cit.: 169). Still other individuals may prefer not to join the Cosa Nostra. Teresa took this position because "when you're made by the Office, they own you, body and soul.

They more or less own you as long as you're on the street working for them anyway, but at least you have a chance to refuse to do something if you're not made,' (Teresa, op. cit.: 97).

Individuals such as these are apparently hand-picked by members of the high command. They may work directly for their employer, or may be put to work with soldiers within the organization. In any case they are subject, as Teresa indicates, to many of the same controls as are the members who are "made". They are subject to the same sort of economic regulation, and sustain an equal amount of interference with their personal lives. The same economic opportunities and punishments are applied to them, and the consequences of the withdrawal of the mob's protection is no less serious for them than it is for members. They are not "Made", but the only difference between them and members seems to be that they possess a slightly greater degree of independence.

The information that exists on the groups that have established a symbiotic relationship with members of the Cosa Nostra is vague and contradictory. It is clear, however, that the Cosa Nostra depends on a whole variety of criminal groups to provide the labour force in some operations and to supply and distribute goods. Individuals engaged in these high-risk, and less profitable areas of the businesses are not members of the organization, and may be drawn from virtually any ethnic group.

Different arrangements are made in the businesses of gambling, narcotics, and theft. The first is a labour-intensive operation, whether it is bookmaking or numbers, and the Cosa Nostra is not choosy about how it obtains its labour force. The Cosa Nostra .. soldier who is a controller may hire the runners who work under him. Alternatively, the Cosa Nostra may move in and organize groups already in existence. Cressey noted that "in the late 1950's the independent bookmakers of Suffolk County (eastern Long Island) New York, were 'organized' by a Cosa Nostra clique. Put simply, representatives of the Cosa Nostra boldly demanded 50 percent of the profits of all bookmakers in the area," (Cressey op.cit.: 75). Alternatively, the Cosa Nostra may simply allow a profitable independent to continue operating, provided that the organization gets a share of the profits. There may be a great variety of these groups operating in any given city, alongside Cosa Nostra members. It is said that in New York, which boasts no less than five Cosa Nostra Families:

Independents are involved in everything from numbers to narcotics. They share boroughs, neighbourhoods and crooked cops. In the South Bronx and parts of Brooklyn, there are the Jewish Schlitten brothers. In Bedford-Stuuevant and Harlem there are independent Black bosses like Peter Mooney and Chick Evans, In the city's Puerto Rican and Spanish-speaking communities, Raymond Marquez has controlled the operations ... There are even non-Mafia Italians. (Homer, op.cit.: 123)

Such independents are allowed to operate because they run lucrative enterprises from which the Cosa Nostra can make a profit.

It is conceivable that independents are in competition with Cosa Nostra members in some areas. In these cases it may be that the independent members have political connections sufficiently strong that it is inexpedient for the Cosa Nostra to destroy them, (Cressey, 1969: 53).

In the narcotics business which is a dangerous one, Cosa Nostra members have traditionally been involved only at the highest levels, importing and wholesale. The risky retail trade has been left to those outside the organization. During the 1960's however, when importing became hazardous, the Cosa Nostra surrendered this area to Cuban and Latin American gangster, while continuing to finance heroin purchases and handle some of the less risky wholesale transactions, (Gage, 1972: 143,168)

The Cosa Nostra is eclectic in finding a labour supply in the areas of theft, burglary, and robbery. Cosa Nostra members themselves are liable to be engaged in enterprises of this nature, particularly when times are bad. In a conversation with Sam the Plumber, Pussy Risso asks, "Sam do you know how many friends of ours (Cosa Nostra members) are on heists (armed robberies)?" Sam replied, "They can't support themselves," (Zeiger, op.cit.: 241). Theft, however, is an area that does not lend itself to monopoly, so that there does not seem to be any conflict between free lance operators and Cosa Nostra members. The thieves supply both goods which the Cosa Nostra members keep for their own use, such as, stolen securities, and those which they fence, such as furs, jewels, and other goods.

There is another type of gangster with whom the organization can establish relations - the independent organizer of an area not under the control of the Cosa Nostra. John Gardiner notes (1974: 106) that in "Wincanton", where the Stern syndicate had been driven out of business by a reforming mayor, Stern later re-established his empire with the help of financing and technical advice from East Coast Mafia Families. Stern divided the profits of his dice game with his "out-of-state partners", receiving an extra \$1000 a week to procure the co-operation of the police. A similar arrangement obtained in the operation of a distillery.

Thus the Cosa Nostra is associated with a galaxy of other individuals and criminal groups in its economic enterprises. In some cases it appears that members simply recognize talent and exploit it for their own profit. In other cases, groups outside the organization are employed to do work that is risky or unprofitable. Independent operators are exploited when they are weak and tolerated when they are too strong to be eliminated. In these ways the Cosa Nostra is able to profit from the activities of individuals and groups outside the organization, reserving for itself when possible the most lucrative and least hazardous areas of criminal activity.

External Relations: Securing Protection

The Cosa Nostra, as has been noted, is involved in another form of external relations, that of securing protection and co-operation of the agencies of legitimate governments. The aim of the organization is not to take over legitimate government, but to secure the protection required for the operation of its illegal activities. For this purpose it is not necessary to ensure, say, that the police make no arrests, but it is desirable that they arrest as few members of the organization as possible. The police are thus left to enforce the law against unorganized criminals, sometimes the competitors of members of the Cosa Nostra.

If we follow Cressey's (1969) line of thinking, relations with the agencies of legitimate governments, though not conducted according to a rigid pattern, are more systematically organized than relations with underworld appear to be. Each organization will have at least one "corrupter", who may occupy any position in the internal structure of the organization, from soldier to boss. Usually more than one individual is responsible for ensuring protection, although a Family may have a "chief corrupter" overseeing this aspect of government. In the Lupollo Family, two high-ranking members shared the function of developing political contacts, one handling city and state politics while the other was active in Washington, (cf. Ianni, 1973: 127).

The division of labour appears to be determined according to the contacts a given individual has been able to build up over the years.

The higher the status of the individual being corrupted, the higher the status of the corrupter is likely to be. One man explained to Whyte, "You and me, we could buy a patrolman and maybe a sergeant, but we couldn't buy a lieutenant or a captain, not even if we had the money to do it," (Whyte, op.cit.: 136). A corrupter's tenure of the position may not be permanent but it is likely to be protracted, since it is advantageous to develop a working relationship with individuals in the outside world on a long term basis.

The means of corruption are varied, ranging from cash to informal understandings. In Cornerville the police received, in addition to their "union wage" from the racketeers, free groceries and discounts on cigarettes, (ibid.: 124). Elected officials would receive campaign contributions, cash payments, and kickbacks from contracts given to gangsters for performing public services. These arrangements are set up on a systematic basis, usually related to the amount of protection being supplied.

notes
Gardiner (1974: 110) that in Wincaton:

While the list of persons to be paid remained fairly constant, the amounts paid varied according to the gambling activities in operation at the time. While the dice game was running, the mayor was reportedly receiving \$1500 per week, the chief \$100, and a few policemen lesser amounts. Payoffs were cut by 50 per cent when the still and dice games were driven out of business.

It is not necessary for organized criminals to corrupt every single police officer, city official, and state legislator. The President's Commission noted that "organized crime is currently directing its efforts to corrupt law enforcement at the chief or at least middle-level supervisory officials," (US.S Pres. Comm. op.cit.: 447). Such individuals are in a position to coerce their subordinates by such means as demotion or firing, which cost the Cosa Nostra nothing. Appointed political executives who are in a position to influence governors and legislators are also targets for corruption by organized criminals. (ibid: 447).

Police and governmental officials are in a position to ensure the continuing operation of organized criminal activity. Police and municipal officials turn a blind eye to illegal businesses; judges refuse to convict or give suspended sentences. Legislators can pass laws ensuring that the police are deprived of the power to wage effective war on organized crime.

But agencies of the lawful government are able to provide more than simple protection against arrests. Police can be used to drive competitors, who are after all criminals, out of business. Corrupt municipal or state officials provide criminals with lucrative construction, garbage-disposal, or other contracts, thus enabling their "legitimate" businesses to flourish. In Newark, an electrical company founded by a Cosa Nostra member became the largest electrical contractor in the area within two years. It "was awarded half the contracts of the Newark Housing Authority and was soon doing better than \$5 million annually. The city's other electrical outfits regarded many city jobs as 'locked up' with ^{few} ~~half~~ any even bothering to submit bids," (Porambo 1974: 89). Paroles as well as pardons from prison may be obtained for their subordinates by organized criminals who have been active in politics. Perhaps more alarming are the private bills sneaked through Congress to avert deportation proceedings against Cosa Nostra members. (Salerno and Tompkins, 1973: 153).

Organized crime Families are willing to go to considerable lengths to ensure the continued tenure in office of those who are willing to co-operate with them. It is recognized for instance, that the police have to launch drives against organized crime periodically, and such activity, discreetly conducted, does not always drive organized criminals to undertake reprisals.

In Cornerville, the police felt compelled to arrest someone in the numbers raked every month or so. The procedure was for a sergeant to approach a controller and announce that he had to make an arrest. The controller would then call on a runner, and give him five dollars to "take a pinch". The runner would appear in court under a phony name, and usually received a suspended sentence, (Whyte, op.cit.: 136). This type of charade is carried on to appease the "solid citizens" who do not condone illegal gambling and related activities. Another technique is for the gangster to change their location, moving out of an area under the control of a co-operative official coming up for re-election so that he can claim that organized crime does not exist in his bailiwick. Al Capone was an early user of this strategem, moving his headquarters from Chicago to nearby Cicero so as not to embarrass the municipal officials of Chicago when they were under pressure from a reform movement, (Salerno and Tompkins, op.cit.: 158).

Organized crime Families are not always able to work out such harmonious arrangements on a permanent basis. One great hazard arises from a burst of reforming zeal among aspirants to political office. Many areas are subject to periodic drives to eliminate corruption. If the reforms are elected, new policemen or a change in the form of government may drive organised criminals out of business, at least temporarily..

This was the fate of the Stern syndicate in Wincanton. These outbursts of public indignation are, however, usually shortlived, and the syndicates can normally expect to resume business within a few years. Another threat is that of intervention by agencies of law enforcement beyond the control of the Families. The harrassment of the Bureau of Narcotics was sufficiently effective to prompt some important Cosa Nostra figures in 1948 to ban trafficking in narcotics from the list of activities in which their subordinates could engage, (Maas, op.cit.: 245). A sufficient number of arrests can, of course, wreak havoc in an organization, at least temporarily.

Gardiner has analyzed the conditions under which a given city is liable to be at the mercy of organized criminals. The precondition which makes organized crime possible is, of course, public demand for illegal goods and services. If access to these is somehow restricted, organized criminals will move in to exploit the demand. Police are likely to be willing to protect organized criminals if leadership within the force is weak, if rewards for fighting crime and corruption are low, and if officers fail to identify with "professional standards and codes of ethics," (Gardiner, 1974: 95). The nature of the political system also helps determine whether a governmental agency will be corrupt. Ignorance of apathy among the citizens enables organized crime to flourish.

In some cases a vacuum of power develops when the governmental structure of a city is fragmented and when political parties and elite groups are weak and disorganized. Under these circumstances control of organized crime is impossible, and in fact the syndicates tend to reverse the process. If authorities outside the city turn a blind eye to corruption, the criminals are safe in their operation of illegal businesses (Gardiner, 1970: Chap. 1).

Organized Crime as a Cartel

Both feudalism and organized crime involve concepts of honour, obligations, family ties and respect for family members, as we saw in the last chapter. There is no official system in either structure for dealing with widows and orphans but there is a certain responsibility assumed by the member's superior to care for them. Feudalism provided for ransom for captured members and the Mafia provides legal services and bail and bribes to buy back its captured members. In both cases, there is no formal rule, only a customary practice and an understanding that this will occur. Mutual defense and mutual support are norms in both cases.

Organized crime in part developed these feudal characteristics historically. Some of the normative and symbolic ideas seem to descend from Sicilian origins although the organization really reflects its North American context much more.

In part organized crime formalized these characteristics deliberately. Many rules and regulations, such as the Commission or rules restricting executions to authorized personnel, render crime organizational rather than institutional. In addition, the institutional or feudal or normatic aspect of crime seems to be declining in favour of greater rationality, more rules and more economic than socio-political goals. The peace which Luciano's organization established permitted the establishment of profitable, secure and growing economic operations. The military aspect of organized crime is less emphasized and the economy more emphasized now. Order is maintained now through mediation and controlled monopoly, rather than through an arbitrary exercise of power.

Historically, feudalism gave way to a greater division of labour, specialization and eventually capitalism; subsistence agriculture gave way to surplus production and the investment possibilities that provides. This same process is almost complete in organized crime now and the Family structure survives as an anachronism which limits further expansion, rationality and efficiency of organization. The Family seems increasingly to function as a "corporate" entity, and in this connection, the economic nature of organized crime can best be understood in terms of cartel theory and organization.

The most common conception of cartel activity is that of a price-fixing conspiracy. In fact, cartels can be and often are much more varied than that. In general terms, a cartel is "an enduring limitation, or set of limitations, self-imposed by contract, on the freedom of the participating firms in the same industry or trade". Cartels may be negative, in that the parties involved agree not to sell through certain channels; or positive, for example, agreeing to use standard procedures, (Mason, 1964: 29). The basic function of a cartel is to restrict trade by fixing prices, or by determining and dividing market areas or setting quotas on volume (ibid.: 18). The benefits of the cartel to the participants lie in the elimination of dangerous or unprofitable competition, the reduction of risk and the increased possibility of more efficient administration.

Organized crime functions as a cartel in a number of ways. First, the division of territory to eliminate inter-Familial wars is characteristic of the way cartels fix market areas. The organizations involved are then free to charge what the market will bear or costs dictate within their own regions without fear of being undercut by another organization. The joint purchase of Bugsy Siegel's Las Vegas by a number of highly-placed organized crime figures acting together is an example of cartel behavior, as is bootlegging coalition established by Luciano.

In both cases, the aim was to prevent competition which might have kept everyone from making a profit, and the result increased profit for all.

There are a number of incentives to cartelization and a number of means of bringing it about. The latter are technological and administrative, commercial, financial and personal. For example, an individual is able to bring about the formation of a cartel by virtue of his influence even though the other incentives are not apparent, (Marquand, 1972: 29). This would seem to be true of organized crime as well, since Luciano was responsible for the establishment of the Councils and Commission even though all the advantages were not fully apparent to the participants at the time. Experience with this organization eventually showed the membership those other benefits. There was little waste or resources and men under the new system and full attention could be devoted to the optimization of activities within the allotted sphere of influence. Co-operative activity also permitted larger-scale operations, as in bootlegging; and also investment in new areas, such as Cuba and Las Vegas.

The internal organization of crime can also be interpreted in the light of cartel theory. An individual Family functions as a Combine --- a business organization in which a number of legally distinct units (subdivisions or affiliates) are subject to unified direction. The result here is also monopolistic and the size and character of such a combine may approximate a cartel.

The combine also raises trade barriers and prevents unwanted competition. The direction of this combine may come from a holding or trust company. (Mason, op.cit.: 20). Each Family co-ordinates a number of different illegal operations, if not under direct supervision, yet still under a system of ultimate accountability. Since business operations can be assigned and reassigned, effective "ownership" resides in the Family and not with the individual. Although the method and means of shares of profits making their way to the central organization vary, each enterprise must deposit some profits in the central coffers.

The advantages of any cartel are found here. Central accounting is facilitated; resources may be shared; the employment of highly trained personnel is made possible and large expenses can be met. There is greater stability in an uncertain market, a greater dispersal of investments, more numerous possibilities of earning income and reduced competition. For example, organized crime bookies and independants have been taken under the same wing. The advantages for all concerned were substantial --- insurance for paying off winners, a resultant ability to handle more bets, the centralization of telephone bet placement, insulation for bookies for actual activities, provision of legal services and elimination of ruinous competition, (Cressey, 1969: 78).

In addition, organized crime serves as a collection agency for dealing with bad debts or cheaters (ibid:129). Only organization and combination could allow large "banks" which provide insurance to bookmakers, pay for protection and legal services and successfully prosecute bad debts and embesslers. Luciano tells us (Gosch and Hammer, 1974: 76) that it was possible to set up "franchises" in corner stores and pushcarts to further increase betting opportunities and income.

H. A. Marquand (op. cit.:36) outlines two types of organization for limiting competition: horizontal and vertical. Horizontal cartels are generally terminable agreements made informally and in secret as a "gentleman's agreement". They are generally short-lived because the members usually wish to maximize their own gain, even at the expense of the whole. There is no way to prevent this since the law does not support or enforce cartel agreements as a rule. The Mafia may avoid this hazard if the socio-political structure is strong enough to enforce compliance. Most members of the cartels do not control private armies to enforce agreements the way Mafia members (Families) do. This horizontal type of cartel combines units with similar interests and similar strength. Organized criminal horizontal cartelization involves agreements between Families or within Families; such agreements are distinct, and negotiations between individual enterprises occur at the appropriate level.

Thus an inter-Family cartel regulates business on a general level, while intra-Family cartels combine varied activities and operations so as to eliminate conflict and maximize efficiency. The potential for intra or inter-Familial cooperation in specific enterprises at lower levels is thereby increased. These lowest level combinations are probably the weakest, and are the most likely to be temporary. They do not seem to be enforced by the socio-political structure of organized crime.

Horizontal cartels may solidify into full-scale combinations and this is what appears to have happened within Families. There are inefficiencies resulting from this kind of formalization (Marquand, op.cit.: 40); a continuous need to buy out, force out or co-opt competition in the present and the future. Often organizations must be taken over which are costly and perhaps useless but are dangerous if they remain independent. Organized crime, then, probably ends up with a number of low-profit or profitless enterprises as well as the more profitable ones. Luciano notes the problem of supplying protection and legal services to members who engage in high-risk low-return activities, such as petty theft. Nonetheless, effective control of crime necessitated acquiring control of various criminals and their operations even at a cost to the organization.

Vertical cartels or combines are better known as vertical integration. If an organization has been forced to deal with a horizontal cartel as a supplier or customer, it eventually may decide to acquire its own sources of supply and distribution. This eliminates middlemen and avoids artificially high costs. Organized crime is not vertically integrated to any great degree since its activities are diverse rather than interrelated. However, the placement of a loanshark in a gambling establishment, with both operations subject to the same organization (the Family), is an example of such vertical integration. Whether the loan operation is run by the same individual(s) who operate the gambling establishment or not, the link between the two is the parent or holding company, the Family. Supplying bookmakers with lay-off banks or enterprises with collection services are types of limited vertical integration which eliminate losses or the need to employ outside services. Money is spent and it circulates, but only within the closed system.

Organized crime rests on monopoly. "Services" such as the delivery of beer or linen to restaurants, or garbage collection, are monopolized to exclude competition and to equalize the costs to victims. If only a few restaurants were subject to organized crime deliveries they could not compete successfully with other restaurants. In order to keep their "clients" solvent and successful it is necessary to make contracts with all such business in the area.

Then all can raise their prices without being undercut by unserved establishments.

Yet monopoly has its disadvantages. The monopolist is forced to maintain control at whatever cost. And monopoly usually results in inflexibility and the withholding of new products and innovation (Mason, op.cit.: 24). This ultimately renders such organizations less able to diversify and survive in a changing environment. This may prove a disadvantage to organized crime if markets are removed (by legalizing certain activities such as lotteries or particular drugs, as alcohol was) or if demand should drop off.

Crimes Interaction with the Environment

There are a number of factors which determine the nature of management, structure and organization. Organizations must respond to pressures and demands from the environment, from the nature of the product or service, the technology involved and the nature of the membership. We have discussed the way in which the nature of the enterprise itself (the product, service and the technology) influences the division of labour, diversification, decision-making, control hierarchy and responsibility. The nature of the membership is a particular problem for organized crime. The elite-core itself maintains ascriptive criteria for membership, while universalistic criteria seem more relevant to economic organization and profit making.

However, there is a limited pool from which criminals may be recruited. Many "applicants" are people who are successful in legitimate society and are perhaps unsuited to any organization and control. Control, therefore presents a problem, resulting in the coercive measures ultimately relied upon to ensure compliance. Increasingly the services of professionals are being sought and paid for, and normative commitment is giving way to utilitarian incentives for membership. As such, organized crime is becoming increasingly rational. However, there must be a "trade-off" between high normative commitment (with perhaps inadequate expertise) and utilitarian efficiency, with an accompanying lower commitment.

The environment imposes itself in a number of ways. By environment we may include competitors, suppliers, consumers the surrounding community, regulating bodies, and public opinion. Organized crime exists in an overtly hostile environment and it has had to develop protection for itself and to structure its activities in order to accommodate external threats. Other crime families or individual criminals constitute a threat which has been met with organizational strength and virtual monopoly. Just as no fledgling auto industry or steel industry could start up and compete successfully with the long-standing corporations which dominate the market today, so no competitive criminals are likely to be able to establish themselves.

Competition with giants entails a great deal of capital, connections, experience and tremendous incentives to attract skilled personnel. To put together such resources one would have to expose his intentions; and the likely consequence of this exposure would be strong intervention from the existing organizations. The decline of the present organization of crime may have to come from internal deterioration and decay and not from ruinous competition. Organized crime carries its socio-political structure with it as a turtle carries its shell. For crime this structure generates a tension between very different sorts of goals, norms, values and rules.

It is unlikely that organized crime will grow toward legitimacy. The benefits of tax-free activity, avoidance of regulation and surveillance by the government seem to appeal to the participants. Organized crime is in this sense the epitome of "free enterprise" in North America society, yet it regulates and controls itself more tightly than any government could. It seems likely that as the upper echelons move toward more legitimate investment, there will be a polarisation of extremes and the direction which the upper echelons provide will either be resented or will atrophy of its own accord. In any case, it seems probable that the head will detach itself from the body or be detached. This would precipitate the disintegration of the organization of crime, if not crime itself.

CHAPTER FOUR

Historical Continuity in Organized Crime

A great deal of the current writing on organized crime is concerned with the problem of what organized criminals are doing today.¹ We are told that gambling and loan-sharking are the most profitable of their illicit enterprises, and that they are moving increasingly into the field of legitimate business. We are also informed that, when the occasion arises, organized criminals will become involved in almost any illegal or questionable transaction that seems profitable - hijacking, securities thefts, arson, and bank robbery, among other ventures. It is undoubtedly of critical importance to know what organized criminals are doing today but this does not tell us what they will be doing tomorrow.

A study of the history of organized crime, however, produces evidence of both change and continuity in a variety of fields, and this information can profitably be used to help predict future trends. It is useful to know, therefore, what businesses have proven most attractive to mobsters, and what factors have promoted change in their economic activities. It is also helpful to recognize what factors bring about changes in the economic organization of organized crime, as well as to analyse the relationship between the economic and political organization of organized crime. It is these questions that will be discussed in the following pages with a view to determining the probable direction of future developments in organized crime.

There are obvious hazards, it is true, in embarking on a historical analysis of organized crime. The most important is that here, as in so many other aspects of research on organized crime, there are large gaps in knowledge. In the works on the period of Prohibition, for instance, the bulk of attention has been concentrated on Chicago, with New York coming in a poor second; the rest of the country has received short shrift indeed. The spectacular figures - the Al Capones - in organized crime, have been the subjects of biographies, while the existence of lesser figures has been largely ignored. Studies of particular enterprises in which organized criminals have been involved are also lacking. Research on many of these matters has, of course, been hindered by an absence of evidence and the understandable reticence of organized crime figures on the subject of the nature and extent of their activities. Thus, at best, it is difficult to determine the scope and precise nature of organized crime in North America over the past century or so.

There are one or two difficulties in determining the paternity of present-day organized crime. At first sight, for instance, it seems plausible to suggest that the ancestor of the organized criminal was the bankrobber, such as Jesse James, who was grabbing headlines a hundred years ago (Nash, 1975, Vol. I: 172-212). The fact that so many of the recruits to organized crime have had a background in theft adds weight to this supposition, as perhaps does the knowledge that

organized criminals still return to such pursuits when their other businesses run aground. It seems more likely, however, that the successors of Jesse James and his ilk were not Al Capone and his associates but John Dillinger and Bonnie and Clyde, whose major source of support was robbery and whose operations followed the old frontier pattern of strike-and-run (Toland, 1963: 36-37).

Many other enterprises of a criminal nature, however, are capable of being run on a more stable, long-run basis in a fixed locale. Such enterprises, usually illegal but sometimes only questionable, have long been operated on a business basis. According to Mary McIntosh, present-day organized crime is chiefly comprised of extortion, the provision of illegal goods and services, and racketeering (McIntosh, 1975: 50). If this is the case, the ancestor of the racketeer is the man who operated the padrone system (acted as a labour agent) and the merchant who adulterated his wares (Nelli, 1969: 381-2). The predecessor of the extortionist is the Black-Hander, who anonymously extorted money from his victims by threats of force, and those who earned a living by persuading brother-keepers and their girls to pay a percentage of their earnings for "protection" (Nelli, op. cit.: 373 ff.; Peterson, 1952: 60-61). Thus the history of organized crime must be concerned with such phenomena as racketeering and extortion, which provide a reasonably stable basis for the operation of a business.

Over the past ninety years or so, there has been a remarkable degree of continuity in the areas in which organized criminals have been interested. In broad terms, these areas may be divided into first, legitimate business; second, labour racketeering; and third, the provision of illegal goods and services.

Activities of Continuing Interest to Criminals

It appears that organized criminals have historically been involved in the ownership and operation of legitimate as well as more questionable operations. Ianni (1973-98) notes that "current popular opinion has it that the movement of Italian-American criminals syndicates into legitimate business is a recent development." He found, however, that "the Lupollo family involvement with legitimate business began when the family began, almost seventy years ago." Even if most gangsters did not originally invest in legitimate business, the introduction of the income tax and effective enforcement of revenue laws after 1920 must have stimulated the movement in this direction. (For the introduction of the income tax, see McDonald, 1968: 123-4, 140-1).

If organized criminals have long been engaged in running legitimate businesses, they appear to have invested fairly consistently within certain areas of the economy. On the whole, the businesses in which mobsters have engaged have been small in scale as well as being relatively simple to operate. Ianni (ibid.: 74) discovered that the first Lupollo in the new world

"established himself as a partial or complete owner of an ice-delivery service; an Italian bakery and confectionery store; a retail grocery store....; and a small combination bar and card parlor". Many of the men present at the Apalachin conference in 1957 were engaged in such businesses as the garment industry and the restaurant business (U.S. Pres. Commission, op. cit.: 443). More recently, Bers (1971:22) has noted that the penetration of organized crime into legitimate business has proceeded furthest in such areas as olive oil distribution, linen supply, and vending machines. Thus, although it is true that organized criminals have moved increasingly into legitimate business, there is a considerable degree of continuity in their choice of occupations.

The American Chamber of Commerce (1969:15) has drawn attention to what it calls "the unique set of competitive methods" employed by organized criminals. Many of the questionable practices in which organized criminals engage in connection with their legitimate businesses have a long history. Melli (op. cit.: 382) has noted that a variety of businessmen in Chicago's immigrant colony in the early years of this century "lined their own pockets by cheating their competitors". Merchants typically adulterated their wares, while peddlars and restaurant owners, among others, engaged in rackets and sharp practices. It might be noted in passing that such varieties of white collar crime have long been practised by so-called "legitimate" businessmen as well as by organized criminals.

As has already been noted, the origins of labour racketeering are to be found in the padrone system, under which labour agents were able to exploit newly-arrived immigrants to American cities to their own profit (Jones, 1960: 191-2). By the teens of this century, the interest of small-time hoodlums in the intricacies of business was stimulated when they were hired by representatives of both capital and labour as a result of industrial warfare between these groups. Gangsters in New York began to realize the possibilities offered by control of organized labour as a result of their experience in the garment trades after 1911 (Asbury, 1928: 361; Turkus and Feder, 1951: 331 ff).

Various forms of illicit enterprise proved capable of being organized on a business basis well over half a century ago. Prostitution proved susceptible of organization at least as early as the 1890s, when Michael "Hinky Dink" Kenna of Chicago suggested to alderman Coughlin that the brothel keepers of the city's First Ward augment the politicians' campaign funds in return for protection from the authorities (Peterson, op. cit.: 60-1). Gambling in Chicago became organized even earlier. In the 1880s Mike McDonald organized a bookmaking syndicate which controlled gambling at the Chicago and Indiana racetracks (ibid.: 46-7). Since that time numerous facets of gambling apart from bookmaking - including illegal lotteries, and the slot machine business, have proved susceptible of organization. Loansharking is another standby of organized criminals. Usury is a form of enterprise that is perhaps ageless, and the date of its importation into North America is probably unknown.

It does seem, however, that from at least the early years of this century it went hand in hand with other questionable enterprises. Ianni (1973: 70-74) found that the first American member of the Lupollo family, who emigrated to the United States in 1902, conducted a pioneering loan-sharking operation out of a store-front "bank".

The business of producing and distributing alcohol is a particularly intriguing one in the context of continuity in the business operations of gangster types. In the United States prior to the coming of Prohibition in 1920, it seems that control of the liquor industry rested in the hands of "legitimate" businessmen. Between that date and 1933, however, gangsters took over much of the business of importing, distributing, and producing liquor. Their involvement in the production end of the operation included not only the organization of "alky cooks" making home brew; but the taking over of existing breweries from their owners (by fair means or foul). The contacts and expertise developed by gangsters in this field during the period of Prohibition were put to good use afterwards; some of the more notorious gangsters became American distributors for British liquor concerns, while others engaged in the domestic production of alcohol. Peterson (op. cit.: 299) noted that in Chicago in the early 1950s "much of the city's thirst was still being quenched by many of the same individuals who were prominently identified with the liquor and beer industry during Prohibition," (See also Peterson, ("Chicago: Shades of Capone", and Gosch and Hammer, op. cit.: 174-5).

Which Legal Activities Have Proven Attractive?

The foregoing discussion has provided more indication of the type of economic enterprise which gangsters have historically found attractive. The following pages will attempt to explain precisely why certain legitimate and illegitimate businesses have proved useful to or supportive of organized crime. It appears that some types of legitimate enterprises are more useful to organized criminals than others, and it is possible that it is in these areas that organized crime will continue to expand.

It has been noted earlier that organized criminals have excellent reasons for investing in legitimate businesses; such activity provides them with a "front" and with a visible means of support for income tax purposes for themselves as well as for their strong-arm men. These factors, however, do not explain why certain businesses have proven more attractive to organized crime than others.

As has been noted, the legitimate businesses of organized criminals tend to be small and relatively simple to operate. The reasons for this may, as Bers (1971: 22) suggests, lie in the limited degree of financial expertise and the limited amounts of capital at the disposal of individual organized crime figures. These factors may explain why gangsters have confined their operations to relatively small concerns, but they do not account for the fact that, again and again, these individuals seem to turn up in certain types of enterprises. Why is it that they favour the construction industry rather than, say, the furniture business? Why do they prefer to import olive oil and cheese rather than woollens?

It is true, of course, that organized criminals often acquire business as a by-product of their other activities, notably loan-sharking. Ianni (1973:74) suggests that Giuseppe Lupollo acquired his original businesses in this way. Many of the businesses acquired in this fashion by members of organized crime Families have shared certain common characteristics. They have been small enterprises struggling in a highly competitive field and subject to fluctuations in the economy and in the nature of the market. The fact that the owners were forced to obtain money from loan-sharks in the first place suggests perhaps that these businesses were not a particularly lucrative variety.

But although organized criminals cannot always choose which businesses they will become involved in, they can exercise some choice over which enterprises they will continue to maintain. Unwanted businesses can be disposed of through sale or by less exemplary means; others are retained. It is the businesses which organized criminals choose to maintain that are the concern here.

One factor that may have some influence in determining the involvement of organized criminals in certain enterprises is familiarity or expertise. Their involvement in the manufacture of slot machines and gambling equipment, for instance, may well be a by-product of their knowledge of the needs and nature of the gambling business, while their contacts with underworld figures probably give them a comparative advantage over other competitors in the field. Familiarity may be part

of the reason, too, why organized criminals chose to invest in real estate at the end of Prohibition. As Tyler (1962: 152-3) has noted, by 1933 organized criminals were, "not unaccustomed to holding property". Further, through their political ties they had learned something of the intricacies of buying property cheaply and selling it to the government for a sizeable profit.

Some businesses, as Bers points out, are supportive of illicit enterprises and receive reciprocal support. Some businesses, for instance, facilitate and benefit from systematic theft. These include businesses providing transport and storage facilities for hijacking and robbery or pilferage. Alternatively, a business may provide an outlet for the sale of stolen goods (Bers, op. cit.: p.10). Similar facilities can also be used to store and transport contraband commodities such as drugs and liquor. The need to transport alcohol helped bring a number of gangsters into the trucking business during the 1920s and 1930s.

Many of the businesses in which organized crime figures engage are characterized by a high cash turnover. This is true, for instance, of restaurants, bars, vending machines, and car washes. Such enterprises are useful because they provide criminals with a way of "laundering" dirty money, i.e. disguising the source of money earned in illegal enterprises. As Clarke and Tigue (1975:133-4) have noted, "any kind of business in which it is possible to fake an increase of volume on paper and then feed dirty money into the receipts can

qualify as a domestic laundromat. The excess dirty money is then declared as income, and, in order to cleanse it, proper taxes are paid."

Finally, criminals have chosen to enter some fields because they offer scope for particularly large profits, sometimes because of some special advantage which they are able to obtain.² In some areas, criminals are attracted by the prospect of monopoly profits. For organized criminals such profits are generally only available in small local markets for goods or services that need only a relatively small investment. Larger operations have capital requirements beyond the resources of individual organized criminals, and the enforcement of anti-trust regulations is particularly effective against businesses that attempt monopoly on a national scale. Further, the businesses chosen for their prospects of monopoly profits by organized crime figures have generally required a low degree of managerial and technical competence. Bers has noted that there are "few known instances in which something approaching monopoly has been achieved." These include the distribution of olive oil, and the fields of linen supply and the production and distribution of vending machines (Bers, op. cit.: 22).

Other businesses may be acquired because the gangsters can obtain advantages over their competitors as a result of political connections. Politicians who can be bribed to overlook illegal gambling can usually be induced to award contracts in a partial fashion. They can also be persuaded to spend

exorbitant sums of public money for service of dubious quality. Knowledge of this provides racketeers with a strong incentive for entering such areas as construction and waste disposal.

Another motivation for choosing one sort of business over another is the knowledge that some enterprises can be used for the purpose of monopolistic extortion. As Schelling (1971: 649-650) has pointed out, these advantages accrue to those in the linen supply as well as in the vending and pin-ball machine businesses. These enterprises are "attractive means both of exacting tribute and of paying it." Gangsters could simply demand cash from the restaurants and stores for which they provide such goods and services, but the method presently used is more acceptable for a number of reasons. Such forms of exploitation are usually monopolised because "large-scale systematic extortion cannot really stand competition any more than can a local taxing authority," (ibid. : 647). The monopoly aspect of such extortion may not be entirely objectionable to its victims; if all restaurants in a given area are subject to the same laundry service racket, the costs can be passed on to the consumer, leaving all such establishments on much the same footing relative to each other as they were before being subject to extortion.

Thus there are a number of reasons why organized crime figures have chosen to engage in such enterprises as restaurants, linen supply companies, and the construction industry.

It is obvious that a single business can serve more than one function. A construction firm, for instance, can provide a "front", supply storage and transport facilities for stolen or contraband commodities, and serve as a "laundry" for dirty money. In addition, if collusion takes place between politicians and its owner, it can be a source of unusually high profits.

Labour racketeering is another aspect of the involvement of organized criminals in legitimate businesses. Taft has said that racketeering in labour unions "might be defined as the use of union office or power for personal profit." It has taken the following forms:

The embezzlement of funds; a "sweetheart" agreement; acceptance of a bribe by a union officer to overlook the violation of a rule in the labor agreement; acceptance of payments for calling off a strike or a campaign to organize a firm when these tactics are required by the interests of the union; the so-called strike or organization insurance; collusion between employers and union officers so as to create monopolies which are in the interest of employers, material dealers, and union officers, rather than the members of the union; and the acceptance of kickbacks and rebates for the placement of union health and welfare contracts. (Taft, 1958:1).

It should be noted that organized criminals have, by and large, confined their racketeering activities to unions in a few specific areas, particularly the garment trade, trucking, and construction. The industries served by these unions share a certain number of common characteristics. First, as Bers (op. cit.: 28) has noted, "these are the industries in which organized crime associates have the most substantial holdings and...their connections with labor organizations play a major part in supporting these businesses".

Second, the businesses served by these unions are subject to severe competition and mobile labour force (Taft, op. cit.: 33). Third, as Taft (ibid.:31) has observed, "where systematized racketeering exists, it will usually be found embodied in the entire system of carrying on a business in an industry." This is historically true of both the building trades and the service industries. When racketeering has taken place in unions connected with other industries, particular local conditions have been responsible for this phenomenon. The most notable example of this is the Longshoreman's union in New York City (ibid.: 29-30; see also Johnson, 1950).

Which Illegal Activities Have Proven Attractive?

If it is possible to determine what legitimate businesses are particularly attractive to organized criminals, it should also be possible to pinpoint those areas of illegitimate enterprise which draw the interest of gangsters. The difficulty here is that the answer seems to be that all areas of illegitimate activity have proved attractive to organized criminals. They will become involved in everything from long-term businesses such as gambling, to bank robberies, which are generally one-shot or "project" ventures. As has been noted in another working paper some of their enterprises are centralized while others are not. Gangsters will also perform any necessary function in the economic process; they may supervise production, act in an entrepreneurial capacity, or control distribution. The very flexibility and versatility of organized criminals complicates

the question of what illicit enterprises are attractive to them.

At least two students of organized crime, taking very different approaches, have attempted to answer this question. Mary McIntosh has approached the problem from the angle of organization. Schelling, on the other hand has taken a functional approach. Both take the obvious route of concentrating on the most profitable of organized crime's illicit activities, which may conveniently if not entirely accurately be summarized as racketeering and extortion. Both approaches are of value in determining the nature of the illicit businesses of organized criminals; both analyses, however, are somewhat limited as indicators of the future activities of gangsters in their illicit enterprises.

Mary McIntosh (1975: 28ff) in a historical analysis of criminal organizations, divides them into four types: picaresque (brigandage or piracy); craft (picking pockets); project (the Great Train Robbery); and business (organized gambling). Two forms of criminal enterprise "can become organized on the basis of permanent and continuous business operations; these are extortion and the provision of illegal goods and services" (ibid.: 50). The organizational potential of these two kinds of crime derives from their common dependence on two crucial factors: the complicity of the victims and protection from the agencies of law enforcement (ibid.: 50). Under certain circumstances, craft and project crimes may also be carried on in a business context, depending on the effectiveness of the state and whether or not "a marketing or

similar aspect of operations becomes dominant", (ibid.: 65). For example, international smuggling, usually a project crime may become a business if law enforcement is lax; the stealing of cars is carried on in a business context when the function of disguising and selling the cars can be carried on by a "fairly permanent and complex organization", (McIntosh, 1973: 47).

It is not clear that this analysis is of much help in predicting what sorts of enterprises organized criminals will turn to next. McIntosh is perfectly correct in noting that the major illegal activities of organized criminals depend on the acquiescence of the victim and political corruption; this point is sufficiently obvious to have been noted by virtually every commentator on the subject. It is also true that organized criminals "cater to forbidden but popular needs for gambling, prostitution, alcohol, other drugs, and usury", (1975: 52). If organized criminals can discover any other basic human needs apart from those for sex, drugs, gambling, and money, they will undoubtedly take advantage of this breakthrough.

More interesting, perhaps, is the variety of ways in which gangsters have been able to use the organizational potential created by the conditions of which McIntosh speaks. The best example, is that of gambling, which appears to be the most profitable of their underworld businesses. The citizen who wants to gamble can bet on the horses or on athletic events; he can play the numbers; he can enjoy manipulating slot machines; he can play roulette or blackjack; he can even be jetted (from

areas where gambling is illegal) across the country or abroad so that he can gamble legally while on vacation. Organized criminals have cast a wide net, appealing to a great variety of betting instincts, and providing the opportunity for those in any income bracket to gamble. It is also worth noting that they have adapted their techniques of exploiting the market to the age of the machine and of air transport. The specific forms of business organization have been adapted to the demands of the market and the technology available.

McIntosh's comment that in the absence of effective law enforcement project crimes may become susceptible to business organization is only marginally helpful. McIntosh herself has noted (1975: 49-50) that when law enforcement breaks down, even bank robbery can be so organized.

McIntosh's point that when the marketing aspect of craft crimes becomes dominant, these crimes may take place within a business context, at first sight looks more promising. But this is just another way of saying that when there is a large supply of a particular stolen good, a business organization will arise to dispose of it. This applies to pocket handkerchiefs as well as to televisions and cars, all of which have to be "fenced" in some way unless the supply is so small that the criminal can use them himself or sell them to friends (op.cit. 66). And it seems that when a fencing operation becomes profitable enough, it is liable to be taken over by organized criminals and their associates. A fencing operation probably becomes profitable when it handles either a large volume of inexpensive or medium-priced goods, or perhaps a smaller volume

of more expensive goods, such as automobiles. One can expect, therefore, that any fencing operation that meets these requirements will prove attractive to organized crime.

Schelling (1971: 646-647) has taken a very different approach to the business of organized crime, concentrating on the technique of organized criminals rather than on their organization. He notes that "we find 'organized crime' in the lines of business that lend themselves to monopoly," which involves controlling the market and policing it against competition. The primary business in which organized criminals engage is extortion, and their "biggest victim" is illegal business, particularly bookmaking. In this field the Organization nominally provides a wire service and protection, which serve as a cover for systematic extortion. Many factors make those involved in organized gambling an attractive target for extortion: their inability to protect themselves; their visibility; the simplicity of their operation; and the regularity of their business. In addition, standard arrangements can be negotiated with all bookmakers in a given area (ibid.: 647-8). Many of these features also characterize the legitimate businesses against which organized criminals practise systematic extortion. Thus businesses which provide opportunities for monopolized extortion are most attractive to organized criminals.

Organized Crime as "Monopolized Extortion"

Schelling's is one of the best discussions of the business or organized crime written to date, but there are certain flaws in his analysis. In saying that the business of organized crime

is extortion, he has focused on an important way in which organized criminals do business, but it is not clear that extortion is the most significant characteristic of underworld enterprises other than organized gambling and prostitution. Schelling himself admits that even gambling may be characterized more by monopoly than by extortion (ibid.: 351).

Loan-sharking provides one example of a business which is of major importance to organized criminals in which extortion practised by one criminal against another is not the chief feature. Loan-sharking, as it is practised by mobsters, seems often to be a decentralized operation; any Cosa Nostra member is thus able to set up such a business by himself or on a partnership basis, as Valchi did (Meas, 1968: 159-62). Under these circumstances, the "soldier" is subject to a form of extortion only insofar as his superior may find out about the business and demand "a piece of the action". It seems that such tribute is not levied often or consistently enough to be characterized as systematic extortion. Alternatively, when members of the high command provide their subordinates with capital to be used for the purpose of loan-sharking, the interest rate charged is such that the subordinates can make a substantial profit (Cressey, 1969: 82). This hardly qualifies as extortion. There is an element of extortion in loan-sharking, of course, insofar as extortionate rates of interest are charged. But this should properly be termed usury and does not fall into the category of extortion as Schelling uses the term. Thus, although there may be elements of extortion in loan-sharking, extortion

is not the most significant characteristic of the operation when the "customer" is a Cosa Nostra subordinate.

Schelling has also focused attention on the element of monopoly in organized crime. Again, he has picked out an important characteristic of the business of organized crime. Organized criminals may attempt to monopolize any of a variety of aspects of their operations - protection, territory, a commodity, a particular aspect of the business, such as distribution, or the business itself.

It should be noted, first, that monopoly is not always characteristic of organized crime. Gangsters are involved in a number of criminal ventures which they have been unable to monopolize. The most obvious of these is trafficking in narcotics. This is also true of other enterprises in which organized criminals are involved, such as hijacking and bankruptcy fraud, (although these cannot properly be called "businesses" because they do not appear to be conducted on a regular and systematic basis). It would obviously be counter-productive for organized crime to attempt to monopolize bankruptcy fraud!

The term "monopoly" is too vague to be very helpful as a tool of analysis. With reference to illicit businesses, organized criminals may only monopolize one facet of the operation. Thus during Prohibition they were unable to monopolize the production of alcohol; their profits came from monopolizing its distribution to speakeasies (Sinclair, 1962: 219 ff; McIntosh, 1973: 61). More recently, gangsters had a good deal of competition in stealing securities, but they were able to monopolize the

marketing end of the business because of their contacts (Yeager, 1973: 57). In some businesses, different aspects may be monopolized by different sets of criminals. Thus, in the early years of this century, a man by the name of Payne for a time was able to secure a monopoly on racing results, while a Chicago gangster, Mont Tennes, controlled the distribution of these results over a wide area (Landesco, 1932: 872-3). Thus it could be argued that monopoly is not so much a business in itself as a technique of which organized criminals avail themselves when the opportunity arises.

Extortion can also be viewed as a method of doing business, and it is interesting to see how organized criminals have adapted it to changing economic circumstances. Extortion was, at one time practised on a much less sophisticated basis, though nevertheless apparently as a business, by members of the Black Hand, who terrorized Italian immigrants around the turn of the century. The victims were contacted by letter, and urged to surrender their savings on pain of death or property damage (Nelli, 1969: 378 ff.: Ianni, 1973: 56-9). In the early years of this century, extortion was practised against owners of brothels and handbook operators by enterprising criminals. The rise of labour unions gave gangsters the opportunity to insinuate their way into control of unions, a position that was used to extort money from compliant employers on a systematic basis. And as Schelling has pointed out, criminals with businesses of their own can now practice systematic extortion against owners of other businesses through the medium of providing laundry

or vending machine services. Thus the practice of extortion can be adapted to fit changing economic developments and the varying capital resources possessed by criminals.

Another way in which organized criminals find a place for themselves in the economic process is by acting as fences. As has already been noted, fences become necessary when the supply of stolen goods of any description must be made available to a wide market. What is noted less often is the flexibility of this entrepreneurial function, which is readily adaptable to conditions of economic change. Thus horse thieves needed this service almost as much as car thieves, and fences can deal with stolen securities as well as stolen jewelry.

Hence, while gangsters may have exhausted the range of human needs to which they can cater, they will very probably find new ways of adapting to them. It is, of course, impossible to say precisely what economic and technological developments will prove useful to organized criminals, but the foregoing discussion gives some indication of how they are likely to exploit opportunities in the future. When the prospect of a new business arises, organized criminals will zero in on the aspect or aspects which they can monopolise. They may well be able to refine or extend their use of the techniques of extortion. And they are likely to be found in the position of marketing stolen commodities. This by no means exhausts the range of opportunities of which organized criminals may be able to take advantage, but it does provide some indication of those areas in which we can expect to find organized criminals in future.

The Potential for Expansion and Centralization

The foregoing discussion of the factors affecting the involvement of organized crime figures in certain sectors of the economy should be of assistance in determining the future prospects of organized criminals. Their potential for expansion will be discussed with reference to both their legitimate and illicit concerns.

In the area of legitimate business, gangsters have traditionally been involved in two major fields: that of owning and operating small independent businesses; and that of labour racketeering. In recent years, there has been growing concern about the increasing penetration of organized crime figures into the field of legitimate business. It is feared by some that mobsters may eventually establish dominance over large sectors of private industry. A recent study by Melvin K. Bers (1971) has shed a good deal of light on this subject.

Bers first discussed the various avenues by which organized crime figures have penetrated legitimate business. He found that the businesses so penetrated have been characterized by smallness of scale and relative simplicity of operation. Even if organized crime figures in future do not apply their increasing amounts of capital to penetrating larger and more sophisticated sectors of private industry, he concluded, there is still considerable potential for expanded participation in areas of legitimate business that fit this description.

More interesting, however, are the results of Bers' study

of the business holdings of 200 organized crime principals or associates in New York State. He found that it was rare for mobsters to expand their legitimate business holdings beyond the point where such holdings provided the minimal incomes necessary for income tax purposes. In addition, the legitimate businesses tended to be relatively small concerns whose management could be placed in the hands of a few trusted associates. Bers (ibid.: 43) concluded "that the value to organized crime associates" of investment in firms which make extensive demands on their time is limited where the anticipated gains approximate normal business profits." The purchase of securities and real estate, which require a minimum of direct supervision, is a superior alternative. Thus to date organized crime figures have apparently voluntarily limited the extent of their penetration into legitimate business.

Bers points out, however, that perhaps this will not always be the case. As organized crime figures accumulate increasing amounts of capital, extend their influence, and develop a greater degree of personal acumen and technological expertise, they may well be provided with the incentive to penetrate larger and more sophisticated sectors of private industry.

This raises the question as to whether the stock market will offer mobsters a field capable of exploitation. As has been noted earlier, organized criminals have not been reported to have been directly involved in such transactions as stock manipulation, part of the explanation for this being their limited expertise in this field. In addition, as Schelling notes

(1973: 100) "the market works too well", and "federal control over the stockmarket.....makes tampering difficult." Another factor suggests that the ability of organized crime to penetrate this area may be limited. It has been suggested that in the past racketeers have been successful because they are in some sense servants of the ruling class; either they do not interfere with the interests of powerful industrialists, or they actually serve the interests of this class (McIntosh, 1973: 62-3; Sinclair, 1962: 243-4). Industrial figures have a powerful and obvious interest in preserving the sanctity of the stockmarket; it seems likely, therefore, that should organized crime figures attempt to move into this area, major industrial interests will exert all their (considerable) influence to counteract such developments.

It has been noted that labour racketeering has hitherto been confined mainly to particular unions which exhibit certain characteristics that make them susceptible of manipulation by organized crime figures. It was Bers' conclusion (1971:29) that organized crime associates "may already in good part (have) realized the potentialities for gain from this source." Although they may expand their control in these areas, they are unlikely to be able to practise labour racketeering to such an extent in other industries. This may be true in the case of American unions. It should be noted, however, that there may be considerable opportunity for organized crime figures to expand their racketeering activities in Canadian industries which are characterized by the features discussed above.

It might be expected that the trend towards white-collar unionism will offer organized crime figures a new opportunity for racketeering. This seems unlikely. First, insofar as unions are organized on the basis of industry rather than craft, white-collar workers are already tied into the existing pattern. Second, the major area into which white-collar unionism will expand is the public service. This area of the economy is not one in which organized crime figures are deeply involved; neither is it characterized by intense competition and a highly mobile labour force. White-collar unionism, therefore, seems to present organized crime figures with few opportunities for labour racketeering.

There is no indication that organized crime will vacate the field of operating illicit businesses. If past trends continue, it seems likely that organized criminals will maintain their control over illicit economic activities. They will probably continue to develop new ways of tapping the market in response to general technological advance. Naturally, changes in demand and supply will affect the extent of their involvement -- in specific enterprises in the underworld economy. It should also be noted that any drastic changes in the law, the effectiveness of law enforcement, or general economic conditions will have a profoundly disorienting effect on the participation of mobsters in the illicit businesses in which they are to be found at present.

A related question is the extent to which changes in the economic organization of organized crime may be expected.

McIntosh (1973:49) has said: "Racketeering³ has an inherent tendency to expand and to become more centralized, comparable to the tendency of capitalist enterprise in general". As she notes, the ability of mobsters to expand the scope of their activities depends on the nature of the relations they are able to establish with the general population and with agents of the State. The ability of any given organized crime Family to expand will also be affected by the presence or absence of other organized crime figures in the same business or territory.

It is true that organized crime has a tendency to become more centralized insofar as it can be said that, in enterprises capable of being run as a business, the larger organizations are liable to take over or eliminate the smaller ones. Thus Capone was eventually able to absorb or destroy most of his competitors in the business of distributing bootleg liquor in Chicago during Prohibition (Kobler, 1971). Similarly, the black policy bankers of Harlem had to surrender control of this business to Dutch Schultz in New York during the 1930s; the same fate overtook their counterparts in Chicago twenty years later, when Capone's successors took over the policy business (Ianni, 1973: 97).

Larger organizations have certain obvious advantages which enable them to drive small competitors out of business. Superior financial resources can buy better and more extensive protection from the police. In some underworld businesses, it is of advantage to be able to purchase more equipment for the purposes of production or distribution. The superior numbers

of larger organizations give them a manpower advantage should gang warfare break out. The big "firms" may also have access to more skilled and experienced killers, the size of the organization being such that it can support a specialized force of this nature.

The possibility or desirability of centralized control, however, may be limited by a number of factors. First, and most important, the costs of eliminating competition may be too high. If competitors are of approximately equal size, the material costs, of eliminating them may be so great as to seriously, perhaps permanently, damage the business itself. This consideration seems to have been a powerful factor in bringing about the formation of the Cosa Nostra, an organization designed to eliminate harmful competition among Italian-American organized criminals. An additional consideration is that of the repercussions: gang warfare is likely to have on public opinion; an angry public tends to stimulate the mobilization of the agents of law enforcement against organized crime. A third factor is the extent to which smaller businesses are a threat to the domination of organized crime; they may be insufficiently profitable to warrant absorption. Finally, the state of technology may limit possibilities for centralization. As has been noted, the centralization of alcohol distribution during Prohibition would probably have been impossible before the advent of motorized transport.

To say that large organizations are liable to take over smaller ones is not to comment on the potential for centralization than is the latter.

The Relationship between Economic and Political Organization

It is important to be able to determine the nature of the relationship between the economic and the political organization of organized crime. In this connection it is necessary to attempt to establish the nature of the economic organization of organized crime after 1900, and to discover the forms of political organization which governed the relations among gangsters. With reference to political organization, it is particularly important to investigate the nature of the organizations that were set up in the mid-1930s, the period during which the Cosa Nostra is said to have been created. If it is possible to determine what occasioned the formation of this organization, it should be possible to isolate the conditions that tend to produce political organizations of this type.

The capability of organized criminals to operate on a national scale became evident as the first decade of this century, when it was revealed that there was a system for procuring and transporting women for the purpose of prostitution operating between New York, Milwaukee, St. Louis, and Chicago. Shortly afterwards, developments in the gambling business gave rise to co-operation and conflict over an even larger area, when bookies in more than twenty cities from New York to San Francisco were organized by Mont Tennes of Chicago (Landesco, 1932: 881). During the Prohibition period gangsters forged interstate alliances for the purpose of securing and transporting alcohol. Among Capone's colleagues in the bootlegging business were the all-Jewish Purple Gang in Detroit, Egan's

Rats in St. Louis, and Max "Boo Boo" Hoff in Philadelphia (Kobler, 1971: 223). It is obvious that this type of co-operation crossed ethnic as well as state lines; leading Irish, Jewish, and Italian criminals worked together on a continuous basis when it was to their advantage to do so.

Thus when gangsters began making "political" agreements with each other and setting up "political" organizations in the mid-1930s, it was not, as McIntosh suggests, because co-operation and conflict on a nation-wide basis only became possible at this time (1973: 61-2). Rather, it appears that such alliances as existed had proven somewhat unstable. As Turkus and Feder (1951: 95) commented, prior to the mid-1930s, "each had his hown organization...and declared mob warfare when he felt like it." Thus the urge for stablization may have been the crucial factor in the creation of a national crime syndicate. The fact that gang warfare had stimulated effective action by agencies of the federal government against the Capones may also have been a consideration.

Existing evidence on the subject of the formation of the national crime syndicate is so vague and contradictory that any conclusions on the subject fall into the realm of speculation. In particular, it is difficult to reconcile accounts such as Cressey's, which portray the organization of the Cosa Nostra as a purely Italian phenomenon, with the contention of Turkus and Feder that Jews were an important element of the syndicate they call "Murder, Inc." (Cressey, 1969: 49-53; Turkus and Feder, 1951: 74-96).

If there were two agreements, the question remains as to why the Italians were inspired to set up a rather complex organization and the Jews were not. The key here seems to be labour. It is significant that of the Jewish gangsters mentioned by Turkus and Feder as having been party to the formation of "Murder, Inc.", only one, Schultz, seems to have been involved in businesses that required a large supervisory staff (and Schultz survived the agreement by only a year). Thus Lepke and Gurrah were involved in extortion, Lansky and Siegel in "dirty work and enforcement specialities", (1951:94). On the other hand, the labour-intensive gambling operations seem to have fallen into the hands of the Italians. Thus it appears that the Italians required some form of political organization in order to control the large supervisory staff required by the nature of their operations.

If this was the case, it would seem that the key difficulty the Italians sought to overcome was not the new potential for national expansion. If this had been the case, they would have simply set up a loosely-structured arrangement such as was negotiated with the Jews. An alliance of this kind would not have required the sophisticated hierarchical structure of the Cosa Nostra. It seems more likely that the Family structure of the Cosa Nostra was better geared to the prevention of jurisdictional disputes among organized criminals operating in contiguous areas. In this connection it is probably significant that the only good evidence we have on the formation of the Family structure relates to the formation of Families in New York City (Maas, 19

Thus it appears that organized criminals have devised two way of coping with the potential for conflict that is a concomitant of their business. Problems of national coordination may be regulated by loose agreements among the leaders. (Of course, these agreements are unenforceable at law and depend for their stability on the mutual recognition of the disutility of conflict). Both the formation of "Murder, Inc.", and the creation of the Commission are instances of this. The problem of circumventing conflict within a fixed territory has been dealt with through the creation of the Family structure, which provides for the mediation of inter-Family disputes. The Councils that have been set up in cities with more than one Family are an extension of this structure, providing for the mediation of disputes of an inter-Family nature within a fixed territory.

FOOTNOTES

1. Even here, of course, much remains unknown. See Furstenberg (1969) for a summary of some areas into which research needs to be done.
2. This paragraph is based on Bers (1971: 21-2).
3. By "racketeering" she means extortion and the provision of illegal goods and services (McIntosh, 1973: 38).

Migration and Mobility as Sources of Change in Organized Crime

It is often said that the American Mafia is an Italian transplant, if not an offshoot of the parent organization in Italy. This question is of some importance to an understanding of the nature of organized crime in the United States. In addition, it is of relevance to Canadian studies on the subject, since many postwar Italian immigrants to Canada have come from Southern Italy.

The question of the genesis of the American Cosa Nostra can be fitted into the anthropological debate over diffusion as against independent invention. Melville J. Herskovits says the question is

whether, when in distant parts of the world we find similar artifacts or institutions, or concepts, we must assume these to have been invented only once and diffused to the regions where they are observed, or whether we may deduce that they had originated independently in these several regions (Quoted in Cressey, 1969:24).

As will emerge from the following discussion, there are similarities between the American and the Italian organizations, but, as Cressey concludes (ibid.: 25) "whatever was imported has been modified to fit the conditions of American life."

The underdeveloped south of Italy, from which most Italian immigrants to the United States came at the turn of the last century, has traditionally been but weakly subject to church and state (Ianni, 1973: 48ff, 18ff). As the result of the inability of the state to maintain order, this function was assumed by groups of local strongmen, who administered their version of law

a somewhat partial fashion. The combination of disorder (or order obtained by the differential administration of justice) and the absence of strong institutional loyalties served to emphasize the importance of the family as the one unit on which the individual could rely for protection and direction. The family served as an organizing principle for strongmen at the local level. As these men increased their power and legitimized their positions, family and connections became important for their protection by politicians.

These local strongmen were able to achieve and retain power because of their ability to maintain order of a sort in the localities, and, after 1860, because they were able to deliver the vote to the politicians, who in return protected them. They were tolerated by the peasants in spite of the fact that the mafiosi exploited them, partly because their rule was preferable to that of agents of the Italian government. In addition, as Hobsbawm points out, these strongmen provided some sort of guarantee to the weak that obligations between them would be kept and that "the usual degree of oppression would not habitually be exceeded", (Hobsbawm, 1965:41). Hobsbawm (ibid.) also contends that the Mafia, when engaged on the side of Sicilian movements of resistance, won the esteem of the peasants, but this contention is disputed by another authority (cf. Hess, 1973:27).

Peasant co-operation was ensured by a code of behaviour general throughout society and usually known as omerta. Hess (op. cit.: 99) describes omerta as follows:

The word omerta comes from the Sicilian omu, meaning man. Its main connotation is the idea of a true man: in the Sicilian view a real man knows how to make himself respected through his own efforts, defend his property through his own efforts, if necessary restore his honour and that of his family through his own efforts, and solve problems and controversies through his own efforts without having to seek the help of others or have recourse to any kind of State organ. The encouragement of a private use of violence..... is clearly implied.

The rule of silence is a corollary to this, discouraging victims of violence from seeking help from State authorities. This frame of mind is described by some authors as mafia, which also includes the idea of "an awareness of chivalrous ties with members of one's own group," (ibid.: 9)

Three secret societies have been discovered in Italy: the Camorra, which has centred in Naples; the Honourable or Honoured Society, which functioned in southern Calabria; and the Mafia of Sicily. Little is known about the first two of these. The Camorra, which was first organized around 1830, was originally given virtual supervision of crime in lower-class areas of Naples. In return for keeping the crime rate low, the organization received police protection. Around 1860, when it ceased to perform this function, the Camorra secured police protection by direct bribery, for which consideration the Camorra's provision of illegal services would be overlooked (Albini, 1971: 142-3). Its political structure is thought to have been a hierarchical one,

divided into groups of sections, each of which had its Caposocieta, while the entire society was under the leadership of a Capintesta. Also, trials were held to pass judgement over the conduct of its members and mete out justice (Ibid.: 242).

This organization reached its peak in the late nineteenth century, declining during the first decade of Mussolini's rule (Ianni, 1973: 27).

The Calabrian "Honoured Society flourished during the mid-nineteenth century, declining thereafter, according to Ianni (ibid.:24) until in the 1950s it consisted only of a few isolated bands, which may still be functioning today in an original or variant form. Its activities, according to Ianni (ibid.:27)

follow the classic Mafia pattern of selling and bartering protection and influence, and for some time it managed to maintain a parallel system of government and law in Southern Calabria.

This organization was neither as highly structured nor as adaptable as the Camorra, and its decline may be attributed, in part, to its rigidity.

The Sicilian Mafia has attracted a good deal more attention, at least in the English language, than either the Camorra or the Honoured Society. The Mafia developed in its most sophisticated form in Sicily during the 1860s, and, with an interruption during the years of fascism, has continued to the present day. During the past decade or so its power has declined along with its rural base, while a different form of organization based on the American pattern has developed in Palermo (Sicily) and elsewhere. (Blok, 1974:216; Hess, op. cit.: 155). Space does not permit a full discussion of the development and functioning of the Sicilian Mafia here, but the depth and ability of research on the subject does justify its consideration.

Emergence of the Mafia in Sicily

Three essential ingredients made possible the emergence of the Mafia in Sicily. First, in the absence of efficient police and military organs of the State, landowners were compelled to rely on private bands of guards to protect their estates from the incursions of thieves and bandits. When the State tried to monopolize force by instituting armed companies to keep order in the localities, a device that was tried as early as 1543, these companies were themselves drawn into the local pattern of social and political relationships (Hess, op. cit.: 18, 19). Thus force was not monopolized by the State, but was primarily in the hands of local landowners. (Bandits, however, operated outside both the law of the State and, for the most part, the power of the landowners).

A second development which produced the preconditions in which Mafia could exist was the abolition of feudalism in 1812. This not only released the landowners from many obligations towards their tenants, but also appears to have facilitated absentee ownership of land by making possible the leasing and renting of land (Albini, op. cit.: 127). These forms of tenure and the associated function of managers of the estates offered to the more enterprising of the peasant masses the opportunity of increasing their influence and their income. Local strongmen, rising from the bottom, would proceed to use their position as gabellotti, or estate managers, to enrich themselves at the expense of both peasants and landowners. The armed bands, which now fell under their control,

repressed peasant discontents or rebellions and could be used to collect the rent of peasants on the estates. They could also be used to intimidate the landlords into lowering the rents paid by the gabellotti. Further, if land came up for sale, the gabellotti could use the bands to discourage other bidders, and they could thus set the prices themselves. Thus an individual could go from being a peasant to being a landowner in one generation (See Albini, op. cit. 127ff.; Hess, op. cit.: 133).

What the members of the armed bands got out of this arrangement was the opportunity to enrich themselves by stealing cattle from other landlords and by extortion with the protection of their gabellotto or landowner. In addition, the leader of such a group or cosche could work his way into a position of influence and financial security, usually by securing control of earning opportunities in a regular (though perhaps illegal) occupation, or alternatively by offering "protection" (Albini, op. cit.: 129ff.) Such a man would work his way up from a position as guard for a landowner to one of considerable respect and influence in the community (Hess, op. cit.: 45 ff). It is not clear, however, whether such individuals were able to continue the process of acquiring land by displacing the gabellotti, and subsequently the landowners to any considerable extent. The implication in Blok (op. cit.: 214 ff.) is that this process did, in fact, continue.

The third factor which made possible the emergence of the Mafia was the introduction to Sicily of the vote in 1860. The gabellotti, once more relying on their armed bands, were able to guarantee the delivery of the vote to the politicians of their choice, which they would do in return for protection for the illegal activities of themselves and their bands. The political and social influence of the gabellotti, or landowners, as many of them had now become, was further enhanced by the upward mobility of their children and other relatives, who might receive an education which would fit them for important roles in society. There thus grew up a pattern of patron client relationships through the society. The peasants relied on their landowners or estate managers, and these in return depended for protection and other services on politicians and other members of society (Albini, op. cit.: 131ff).

The emergence of armed bands, gabellotti, and the vote thus made possible the existence of the Mafia, which is the name for a pattern of behavior rather than for a special secret organization. In Sicily at least, the Mafia is not a hierarchical organization with a particular code of behavior. Rather, it is a method of social and political control made possible by the weakness of the State's forces of law and order and by the code of omerta which is general throughout the subcultural system. The organizational structure is loose, basically involving a network of patron-client relationships through the society. These might function on an extremely irregular basis. The Mafia does not operate under central direction. Various cosche or gangs might co-operate with each

other in specific enterprises, but this would be organized by the members themselves rather than by any superior authority (Albini, *op. cit.*: 125; Hess, *op. cit.* 75ff, 91).

It should be noted that the family is of considerable significance in structuring the Sicilian mafie. Blok found (*op. cit.*: 179) that the cores of the cosche were structured by relationships between cognatic kin, especially by ties between brothers. Kinship, along with "ritual kinship, friendship, and clientage relationships" are also important in structuring the relationships between local mafiosi and those in positions of greater power (Hess, *op. cit.*: 60).

It is perhaps worth noting that intergenerational conflict is characteristic of the Sicilian Mafia. This takes the form of a struggle between those who have monopolized some position of prestige and economic power, who are usually older, and those who have not yet succeeded in doing so. The latter are usually young men trying to make a name for themselves. It is important to note that these struggles take place, not between two members fighting for power within one organization, but between two individuals, both of whom exhibit mafia-like behavior, and generally have their own followers, struggling for control over a function that can only be performed by one of them. It is not a conflict between groups of "ins", as in the case in the Cosa Nostra, but one between "ins" and "outs" (*ibid.*: 55).

Mafia-like behavior is an asset to men in many walks of life, from shepherd to landowner, enabling them to achieve social mobility in a comparatively static society. Mafioso activity is not so much a way of earning a living as a way

of earning a living as a way of improving one's income in any given occupation. It should be noted, however, that entrepreneurial pursuits particularly lend themselves to this type of activity. Hess says (*ibid.*: 54).

It is in entrepreneur occupations, as mediators, in positions between the peasants and the wealthy landlords that we find mafiosi named again and again - as curatoli and guardani of markets (sic) gardens and water in intensive cultivation zones, as produce dealers, as campieri, sporastanti, and gabellotti in the some of the big estates, as corn merchants, cattle dealers, as dealers of all kinds, and as butchers who play an important role as receivers of stolen livestock.

The mafiosi may improve their earning opportunities in these fields or gain a monopoly position in the provision of certain services by the use of violence or threats. Usury, overcharging for merchandise, and monopolization of the vegetable trade are among the means used by the mafiosi to improve their economic position (*ibid.*: 129 ff).

Monopolization is a feature of some mafioso activity in the sense that certain individuals who exhibit mafia-like behavior try to establish a monopoly of the functions of mediation and protection in certain areas of social relationships, as well as "exacting ... tribute payments connected with these activities," (*ibid.*: 55). While both groups aim at monopoly control, the Sicilians again concentrate on monopolizing the provision of legal goods and services, while the Cosa Nostra is perhaps more conspicuously successful in monopolizing the provision of illegal goods and services in the areas under their control.

There is thus a difference in the pattern of economic activity found in Sicily and in the United States. Characteristic of the Sicilian mafiosi is the use of mafia-like methods in otherwise legitimate occupations; it would seem that most of the services provided by the mafiosi are not in themselves illegal. The defining characteristic of the American Cosa Nostra, on the other hand, is perhaps the provision of illegal goods and services, such as drugs and the opportunity to gamble illegally. It might be noted, however, that such practices as loan-sharking and extortion are features of both organizations, and that members of the American Cosa Nostra have also learned to improve their business prospects in legitimate enterprises by the use of what might be called unorthodox competitive methods. It should be mentioned that in the United States many of the techniques now used by the Cosa Nostra were also a feature of Irish and Jewish organized crime (Peterson, 1952: 84 ff.; Turkus and Feder, 1951: 334 ff.).

What Functions did the Mafia serve?

It is important to realize that the mafiosi perform a series of functions for the subculture as a whole. Apart from their functions as protectors and in the area of regulating the economy, mafiosi play important mediating roles. They mediate between thieves or bandits and those they threaten; between abductors and the family of the victim; between creditors and debtors; and between the authorities and those who seek the services of such men.

In addition they may be used when the organs of the State cannot be called into service. An example of this would be that of a mafioso forcing a young man to marry a woman he has seduced (Hess, op.cit.: 139 ff). Public respect for mafiosi is partly based on their ability to perform these functions efficiently (ibid.:70). This type of function is not characteristic of members of the Cosa Nostra. The respect of their co-ethnics has been secured on the basis of their economic success and power rather than on their effectiveness as maintainers of order in the community (Maas, op.cit.:123).

Hobsbawm (op. cit.:5) has analysed the Mafia as a form of social banditry, which he defines as "endemic peasant protest against oppression and poverty," "Mafia," he says,

are comparable to it (social banditry) insofar as their organization and ideology are normally rudimentary, insofar as they are fundamentally 'reformist' rather than revolutionary, ... and insofar as they are also endemic, but sometimes epidemic.

Mafia, however, are "less a series of individual revolts and more of an institutionalized system of law outside the official law," (ibid.: 5-6).

This approach to the Mafia has drawn fire from two recent authorities. Anton Blok (op. cit.: 102) refers to social banditry as a myth, at least insofar as the bandit is seen as a helper of the weak. Blok also points out that Mafiosi differ from bandits in

relying less on the direct use of force and in belonging to extensive networks of patron-client relationships (ibid.: xx, 99 ff). Hess too is critical of the lumping together of mafioso and bandits, showing "that mafia and brigantaggio must be seen, in principle, as antagonistic phenomena" (Hess, op. cit.: 5 ff). On balance it seems likely that mafiosi exploited the poor more than they helped them, and that they retarded the development of social movements among the peasantry.

Much has been made in various sources on the subject of the alleged flexibility of the Sicilian Mafia Blok (op.cit.: 225) notes:

It has been often argued, though less often clearly demonstrated, that during the last two decades mafiosi have been moving from the countryside to the city, from the inland fundi to the urban markets and building areas, as well as into the organizations of public administration.

This development would be important in view of the fact that their rural power base has been substantially eroded and that their functions have been limited (ibid.: 213 ff). Blok, however, found that few of the rural mafiosi migrated to the city, and that ever fewer were successful there. This he attributed to the absence of that long-established network of personal relationships which is so important to the functioning of the mafie in rural areas. Such continuity as is to be found exists in the migration

from rural to urban areas of "young, professional kinsmen and friends of established rural mafiosi of an older generation into the organs of the regional administration", (ibid.: 226). Thus, the extent of the adaptability of the Sicilian mafiosi should not be exaggerated, any more than should that of their American counterparts.

It is true, however, that there does exist in Sicily a "nuovo" or "new" mafioso. This term is used to describe the organizations of urban gangsters who, like members of the American Cosa Nostra, engage in "the fields of bootlegging, gambling, prostitution, drug trafficking, the control of big markets, the building trade, etc.," (Kess, op. cit.: 155). Though ladri, urban criminals engaged in theft and prostitution, have long existed in Sicily, the nuovi mafiosi are differently organized and participate in dissimilar activities. They have, apparently, in a process of cultural transfer, derived the structure of the organization, as well as some of their contraband and their manpower, from American gangsters (ibid.: 9,162). The fact of their existence, however, serves not to demonstrate the adaptability of the Sicilian mafiosi, who evidently do not supply the manpower for such groups; it merely shows that the models of structure and economic activity devised by American gangsters are transferable elsewhere.

In the Sicilian Mafia, then, we find an organization that differs substantially from the American Cosa Nostra. Whereas the Sicilian mafiosi are a rural phenomenon, American members of the Cosa Nostra are an urban problem. The organizational structure of the Sicilian mafia is much looser than that of the American, and there is apparently nothing in Sicily that compares to the American Commission. Unlike the American gangster, the old-style Sicilian mafioso is not involved in illegal gambling, drug peddling, prostitution, and the provision of bootleg alcohol; he is, rather, more concerned with improving his earning opportunities in legitimate businesses by questionable means. Whereas the Sicilians developed a form of patron-client relationship with political figures, the Americans have more often had to bribe their legislators, judges, and policemen. Further, the Sicilian mafiosi unlike members of the Cosa Nostra perform certain functions in the subculture as a whole.

This comparison tells us something about the likelihood of the Mafia being consciously exported from Sicily to the United States. As no central organization existed in Sicily, it is fanciful to suggest that some such body deliberately despatched Sicilians to the new world to set up a parallel organization there. It is clear that, although many of the Southern Italians who entered the United States at the turn of the century must have been exposed to secret societies on the model of the Mafia or the Camorra, it would have been impossible for them, even if they had wanted to, to recreate the rural Sicilian model in the modern Ameri-

can cities. The rural model rested on a chain of long-established patron-client relationships which were not easily susceptible to instant reproduction. It should be noted that Italians with criminal propensities took a generation to establish themselves as a force of any importance in urban America. Further, American cities did not lend themselves to such economic pursuits as protecting orchards and other rural-based operations of the Sicilian pattern, although the practice of extortion and the establishment of monopolies were perhaps more easily exportable. Italian-American crime did not suddenly materialize on the Sicilian model in the new world, but developed a different model over a period of time in a process of conflict and accommodation with gangsters of other ethnic origins and in a new environment.

The Importation of Mafia Norms to America

It is clear, however, that Italian-American crime did owe something to the background of its participants. Ianni (1973:68) has devised a chart to represent the elements imported from Southern Italy and those elements discovered in the United States. Certain cultural conditions obtained in both countries. The Italians brought with them a strong family system, featuring filial obedience and demanding filial respect for the mother. What Ianni means by "Individual-family honor (vendetta)" is unclear, but he is probably referring to the habit of settling

disputes by one's own efforts, an aspect of the mafia attitude in Sicily. The weak or alien political structure that made possible the emergence of the Mafia in Sicily was also a feature of urban American life, where the police were prone to disregard what went on in the ghetto. Suspicion towards the legitimate forces of law and order was probably a part of the cultural baggage of southern Italians.

Although Ianni believes that "crime as a ladder for social mobility" was a "cultural condition" of American origin, Hess (op. cit.: 133) has demonstrated that in Sicily too, engaging in mafia-like behavior was a route to social mobility. Hess has also shown that the Sicilian mafioso was well-regarded by the population as a whole, just as the Italo-American gangster won a measure of support from his co-ethnics, though for different reasons (ibid.: 70, 163). What was new in America was the fact of "new" immigrant status, a factor which meant that the ethnic group as a whole was held in low esteem. The ambitious had perhaps an ever greater incentive, in view of the paucity of opportunities for legitimate enrichment, to turn to crime that was the case in Sicily.

Ianni (1973) itemized the "functional requisites" imported from Italy: a local versus national world view; a code of silence; a supportive ethnic base; and systematic kinship-like organizational units. "Functional requisites" discovered in the United States were an ethnic residential base; the street-corner gang socialization pattern; and

urban political corruption. The more highly structured political structure was an American development as well.

Thus the most important imports from Italy were neither the pattern of organization nor the form of economic activity, but the cultural behavior pattern and concepts of social relationships. As has earlier been demonstrated, the latter have served as important cohesive factors in Italian-American organized crime units. The way in which they were adapted to American conditions will be discussed in the following pages.

It is clear from an examination of the history of crime in the United States that there has been a pattern to the movement in and out of organized crime of the various ethnic groups that have periodically dominated this form of activity - a pattern of ethnic succession. It should first be noted that this pattern is no more than a very general one. As Daniel Bell (1960: 147) has pointed out, it is more valid for the "major northern urban centres" than of

many cities, particularly in the South and on the West Coast, (where) the mob and gambling fraternity consisted of many other groups, and often, predominantly, of native white Protestants.

Mention should also be made of the fact that the process of establishing dominance in organized crime has usually been a gradual rather than a sudden one, occurring at different times in different parts of the country. Moreover, it is doubtful that any group ever established a monopoly of organized crime. Irish and Jews continued

to flourish in this field after their period of dominance was over, while other groups, such as blacks have long been involved in various aspects of organized crime without ever achieving a position of dominance.

The pattern of ethnic succession has been a twentieth-century phenomenon, and one that three ethnic groups have shared. The longstanding dominance of Irish, in organized crime, was challenged in the teens and twenties of this century by Jewish gangsters, who in turn gave way to the Italians in the 1920s and 1930s. For these groups, which were initially disadvantaged for religious and cultural reasons, organized crime provided the most convenient, and perhaps the only, route to social mobility - a "queer ladder" of social mobility (ibid.: 128). The organized criminals among them got their start by preying on the large urban population of co-ethnics. This population supported the gangsters as co-ethnics who had made good. Although the co-ethnics were preyed upon, they often did not recognize the forms of organized criminal activity as exploitive, and in any case were not prepared to approach the American forces of law and order, which they regarded with hostility, for protection.

As time went on, these ethnic groups became progressively more assimilated into American life. Their children went to American schools, absorbing traditional American values, and they were increasingly able to find employment in legitimate walks of life. This process may have been

slow, but it was constant.¹ In addition to depriving organized criminals of some of their ablest recruits, it also eroded the support of the organized criminals' population of co-ethnics. As their organizations disintegrated, members of other ethnic groups, exploiting some new form of economic activity, were able to develop the power to challenge the supremacy of the established leaders of organized crime.

This process of disintegration is now said to be taking place in the Northeastern United States in Italian-American organized crime Families, who are coming to be challenged by Negro, Puerto Rican, and Cuban groups interested in making a living in organized crime. This phenomenon, and its consequences, will be investigated later.

It should be remembered that in the early years of this century, crime was not organized on a national, or even a city-wide basis. John Kobler (1971:79ff) has noted the variety of competing groups that existed in Chicago during the 1920s. Thus when the challenge to Irish predominance came, it did not take the form of an all-out war of Jews or Italians² against the Irish. Rather, as various neighbourhoods were taken over by Italians, Italian organized criminals would get a foothold in the city, while the Irish stuck to the areas of Irish settlement. This pattern held good in industrial

racketeering also; as the Irish dominated this activity in unions with a predominantly Irish membership, such as the longshormen, the Jews advanced in Jewish-dominated industries such as garment manufacturing (Bell, 1960:175ff.; Turkus and Feder, op. cit.: 334 ff.). Organization on a wide scale was a development of the 1930s.

Ethnic Succession in Organized Crime

There are, broadly speaking, two explanations for the pattern of ethnic succession and the way in which organized crime developed. One, which can be culled from a variety of sources, relies primarily on ethnicity, while Daniel Bell explains it more in terms of the timing of immigration and of other developments, such as technological ones.

Exponents of the first argument point out that the Irish, the Jews, and the Italians shared certain features which facilitated their entry into organized crime. The overwhelming majority of immigrants from these groups settled in urban areas. In the case of the latter two groups, the relative lateness of their arrival precluded their migration to farming areas, which were already settled, and in any case they were for the most part too poor to buy farms. The Irish arrived earlier, but seem always to have preferred urban to rural life partly no doubt because of the easier access to religious facilities, a factor that may have weighed with the other two groups

as well (See Maldwyn Jones, 1960). The concentration of these groups in urban areas, often in ghettos, provided a large population of co-ethnics to which organized criminals could supply goods and services.

Members of these three groups, or at least some of them, had in common hostility to the prevailing government of the Old Country and the experience of organized resistance to these governments. The Catholic Irish had been a persecuted majority in their own country, and had opposed the agencies of the British government by political and other means. The Jews felt exploited in the European countries from which they came, and developed a variety of forms of resistance, from tax evasion to participation in political groups frowned upon by the regime (Homer, op. cit.: 68 ff). The southern Italians, as previously noted, had had experience in one form or another of organized resistance to the prevailing form of government. The past history of these groups facilitated their entry into organized crime, providing both hostility to the constituted authorities and in the case of the Italians a model of organization which could be adapted for criminal purposes in the United States (See Allsop, 1961: 253).

The ethnicity argument can be made to account for the pattern of ethnic succession as well as for the presence of these particular groups in organized crime.

Unfortunately there is a dearth of information on most cities during the 1920s and 30s, the period during which the Italians established a dominant position in organized crime. Chicago has attracted the most attention because of the presence of Al Capone, but the Windy City is by all accounts an exceptional area. Those who have studied the Italian take-over there, however, have accounted for the ascendancy of the Italians and the waning of the power of the Irish and other ethnic groups as a product of the superior organizational abilities of the Italians. Capone, working on a model supplied by his predecessor, Johnny Torrio, developed a sophisticated organization of criminals, rationalized and expanded their economic activities, and developed solid alliances with political figures (Kobler, op. cit.: 142; Peterson, op. cit.: 132 ff., 174-5; Allsop, op. cit.: 42). The increasing rationality and prosperity of his organization and the effectiveness of his gunmen evidently impressed Capone's rivals, for when a conference of Chicago gangsters was held in Oct. 1926, Capone was given a very large territory for beer distribution, as well as a monopoly of gambling throughout the city (Peterson, op. cit.: 135). Kobler claims (op. cit.: 258) that at a conference of gangsters in Atlantic City in April, 1929, two of Chicago's gangs were put under Capone's leadership.

According to this theory, then, the Irish and other ethnic groups lost out to the Italians because they were unable to combat effectively the new organizational techniques, improved business methods, and inter-city alliances of the Italians. It should be noted, more prosaically, that superior manpower was also a factor. Although the Italians evidently suffered the most casualties in the gangwars, as Allsop (op. cit.: 256) points out, "there were more of them", available for service both in fighting and in making bootleg alcohol.

If this explanation is appropriate for cities other than Chicago, it is still necessary to explain why Irish dominance in organized crime waned, why Jewish involvement in the field was relatively short-lived, and why Italians have found this field so attractive for the past half-century. It is also necessary to explain why the Italians were able to develop a better organization than other groups.

In analysing the Irish of New York City, Daniel Moynihan (Glazer and Moynihan, 1963: 255) noted that "they have shown relatively little talent as merchants." He also notes that "Irish drunkenness has given competitors a margin in business and the professions...It is probably also true that it partially accounts for the disappearance of the Irish from organized crime," (ibid.: 25). According to this explanation, a lack of business acumen and a propensity to drink to excess account for the dwindling numbers of Irish in organized crime.

More attention has been paid to criminality among Jews. Although the focus of these studies has not been on Jewish involvement in organized crime, explanations for the low crime rate among Jews do throw some light on the question under investigation here.

Menachem Amir (1971) in a review of the literature on criminality among Jews has listed the explanations that have been given for the low crime rate among members of this segment of the population. They include: moderation in the use of alcohol; the strength, support, and guidance of the Jewish family; the strong emphasis among Jews on education and mobility; and the socio-economic status and upward mobility of most Jews. Amir noted (ibid.: 28-30) that there is another pressure in the Jewish community which militates against participation in criminal enterprises on the part of its members - the fear that such activity on the part of Jewish people will provoke anti-semitism. Amir speculates that this latter factor probably exerted the greatest influence during the period following the influx of Jewish immigration to the United States. He points out, however, that this pressure was probably minimal on the children of immigrants, who would have been more concerned with problems of cultural conflict. It could be argued that the period of maturity of this generation coincided with the height of Jewish power in organized crime, and that hence Jewish involvement in this area was partly a product of the absence of community controls which developed subsequently.

Nathan Glazer in his study of the Italians in New York has explained Italian participation in crime in ethnic terms. A key factor, he believes, is that "the one common American channel to success - education - was narrowed for American Italians by the peculiar constitution and outlook of the family and neighborhood," (Glazer and Moynihan, op. cit.: 197). He notes that it was harder for an Italian son to leave home than it is for the Jewish son, since Italian parents value advancement only insofar as it directly benefits the entire family, "for example, by maintaining the closeness of the family or advancing the family's interests through jobs and marriage". He also observes that while a Jewish child "is part of the whole group that is changing simultaneously its occupations... (m)obility for Italians has to be individual mobility."; since the occupational status of the whole group is relatively stable (ibid.198). Finally, while Jewish people were anxious for education, the traditions of the Italians discouraged the use of this route towards upward mobility (ibid.:199). This disinclination for education was combined with a strong desire for material goods which was "uninhibited by a Puritanical religion", or by a deferential attitude to governmental officials (ibid.: 197). As a result, organized crime presented a particularly attractive occupational field to Italians.

The Particular Success of the Italian - American Criminals

However successful ethnicity may be in explaining the presence of certain groups in organized crime, it is less successful in accounting for the peculiar organizing ability of the Italians, which enabled them to develop a more sophisticated internal structure and a more rational form of economic activity than their predecessors. As has already been noted, the structure of the Cosa Nostra was not a part of the Italian immigrants' cultural baggage and the form of economic organization of the Mafia in Italy was not readily transferable to the United States.

Daniel Bell has produced an explanation which accounts both for the pattern of ethnic succession and for the success of the Italians in the sphere of organization. This analysis relies less on ethnicity than on the timing of immigration and technological improvements. Of the major groups involved in organized crime, the Irish were first in the new world. They were quickly able to build political machines, whose members advanced the interests of their fellow-Irish by giving them preference in the award of contracts:

Irish immigrant wealth in the northern urban centres, concentrated largely in construction, trucking, and the waterfront, has, to a substantial extent, been wealth accumulated in and through political alliance ... (Bell, 1960: 141-2).

Jewish wealth developed somewhat differently, first in banking and merchandizing and later in the garment trades.

Significantly, the Jews operated outside of and independent of urban political machines. By the time the Italians arrived, then, the urban machine was in other hands, and the route taken by the Irish was denied to them. The fact that other routes to wealth were blocked by the predominantly rural and unskilled nature of the early Italian immigrants made crime more than usually attractive as a way of life (ibid.: 141 ff.)

Meanwhile, changes in demand encouraged changes in the nature of organized crime. The advent of Prohibition in 1920 produced two important developments. First, it gave the Italians a unique opportunity to enter organized crime on terms of comparative advantage; Italians had long been accustomed to making their own home brew, and the Italian ghettos became an important source of supply (Mass, op. cit.: 83-4). Second, the distribution of alcohol was more susceptible to forms of large-scale business organization that was the case with say, prostitution, which had hitherto been a mainstay of organized crime.

Gambling succeeded bootlegging as the economic basis of organized crime after the end of Prohibition, and by the 1940s was operating on an even more sophisticated level. Organizational complexity was demanded by the development of a complex technology, which featured such factors as the national racingwire service and the practice of lay-off betting (Bell, 1960: 130).

The exact connection between economic and political organization is obscure, but it seems plausible that increasingly complex forms of business organization demanded a corresponding development in the political organization of criminals. The fact that organized crime operated outside the government structure dictated that what was at heart an economic organization should take on some of the features of a government. The Italians used a model drawn from their own experience - that of the family which supplied some features of a governmental nature that were not necessarily implied in the form of economic organization which they were using.

The turning-point in the battle to improve the organization of organized crime took place in New York City in 1930-1931. It was the outcome of the so-called Castellammarese War, which was basically a power struggle between two Italian groups in the city, the Castellammarese under Salvatore Maranzano and those under the leadership of Joe Masseria, who was from Sciacca, then the most powerful Italian leader in the city. This power struggle also features intergenerational conflict between the Mustache Petes or older, Sicilian born leaders, and the Young Turks. The former were authoritarian, while the latter "preferred the American system of delegating authority, of rule by committee instead of dictum," (Kobler, op. cit.: 324). While the Mustache Petes were particularistic, distrusting those Italians who were

not from the same region as themselves the Young Turks favoured a policy of co-operation among all criminals of Italian origin. The outcome of the war was a victory for the Young Turks, who borrowed the organizational structure outlined by Maranzano in mid-1931, having eliminated the position of "Boss of Bosses" and substituted the Council (Maas, op. cit.: 105-7, 120). The war in New York had its counterparts in other American cities, and the form of organization developed by the Young Turks "set the tone for criminal organization in the future" (Cressey, 1969:47; See also Whyte, op. cit.: 111 ff.). The Commission was evidently a later invention (Cressey 1969: 45).

This, then, has been the pattern of organized crime in the United States; it has been dominated at different periods by various disadvantaged ethnic groups which, as opportunities arose in other fields, and as their dominance was challenged by competitors in new fields, sought status and wealth in more legitimate occupations.

This analysis has not gone unchallenged, and Homer (1974) has been particularly critical of it. Homer has most successfully attacked two of Bell's contentions. First, he has pointed out that what happened to blacks at the end of Prohibition reversed the "queer ladder" pattern. In large northern areas the blacks: in fact ran their own lotteries, until the Italians, in their search for an activity to replace bootlegging, discovered how profitable this activity was.

Second, Homer attacks the proposition "that changing attitudes of criminals when exposed to middle class values substantially moves them more and more into legitimate businesses, perhaps because of a desire to be like everyone else," (op. cit. 55). Homer quite rightly observes that involvement in organized crime does not preclude one's being respectable; in fact the reverse is often the case. Moreover, organized criminals do not perceive their businesses as being more dishonest than those of others. Gay Talese's Honor Thy Father (1971) gives a good illustration of this attitude. It can also be argued that the risks for the top figures in organized crime are few because of their insulation from subordinates by the chain of command, although this has been decreasingly true in the recent past (Homer, op. cit.: 86ff, see Talese, op. cit.: 492-3). In spite of these qualifications, however, as a broad generalization, Bell's analysis holds firm.

The Future of Ethnic Succession in Organized Crime

What of the future of organized crime in the United States? Will the pattern of ethnic succession continue? There are two completely different answers to this question. One predicts the end of organized crime in its traditional forms, while the other hypothesizes that the blacks, Puerto Ricans, and Cubans will take over when the Italian organization disintegrates.

The original exponent of the ethnic succession theory, Daniel Bell, maintains (1970:150) that "the pattern of crime we have discussed is passing." He contends that the social factors, economics bases and political conditions which have made organized crime possible are passing away. Minority groups have risen in social position, making organized crime unnecessary as a vehicle for social mobility. Organized prostitution of major scope has disappeared. Gambling is on the way out. The usefulness of gangsters as regulators of competition and as price-fixers in certain industries ended with the Roosevelt era. The boss system, which provided protection to gangsters, expired at the same time. Since there is now little money to be made in the "sleazy rackets," gangsters have already transferred their attention to "legitimate" business, where shady dealing is extremely profitable (ibid.: 130 ff.; also Bell, 1963:15). This sort of activity is, of course, different from the classic criminal enterprises of organized criminals. Bell's conclusion, then, is that "big, organized city crime" is disappearing. Though crime will continue to exist, changes in "the American economy, American ethnic groups, and American politics" will mean the end of traditional organized crime. (1960:150).

These predictions were made some time ago, and some of them have proved inaccurate. As previously noted, gambling of various descriptions has far from disappeared, and

loan-sharking, a form of activity which Bell neglects, is immensely profitable. Drugs are also a source of revenue for organized crime. Hence, the economic base of organized crime has not disappeared. In addition, organized criminals have continued to flourish in spite of what Bell called the disappearance of bossism. Perhaps most important, Bell neglected to note the existence in the cities of the northeast other groups for which organized crime might serve the same function as it did for the other ethnic groups which have been discussed - the blacks. Thus, Bell's predictions about the future of organized crime should be treated with caution.

It is anticipated by some that the pattern of ethnic succession which has been a feature of American organized crime will hold good in succeeding generations. It is expected that the Italians, like their predecessors, will largely vacate the field to the blacks, Puerto Ricans, and Cubans who form such a large group of the underprivileged in northern urban centres. An investigation of this hypothesis requires an examination of current trends in the organization and functioning of Cosa Nostra Families and an exploration of the modus operandi of their probable successors.

Earlier in this chapter it was observed that certain changes in attitude are taking place among members of organized crime Families. At the higher levels of the organizations, nepotism is becoming increasingly discredited as a basis for promotion. Ianni notes that new power alliances

are being formed "both within the Family, and between family members and the external world," (Ianni, 1973: 136). Kinship is being replaced as the basis for these alliances by "association and ... the reciprocity of service and return service." Authority and power, particularly the latter, are replacing age and kinship as the basis of respect given to leading Family members. (ibid.: 140 ff). At the lower levels of the organization, there is a demand for greater democracy in the organization. These changes are the result of the increasing Americanization of the constituency from which the Cosa Nostra draws its members. Their greatest effect is on members of the younger generation, and hence these developments lay the groundwork for intergenerational conflict, which, however, should diminish in those Families in which members of the younger generation successfully achieve leadership positions.

The question is whether these changes will bring about the disintegration of the Cosa Nostra. They may produce intergenerational conflict, but the organization has proven its ability to survive this type of crisis even at the cost of bloodshed. Alternatively, these changes might produce changes in the organizational structure in the direction of greater democracy and promotion by merit. These would not necessarily destroy the Cosa Nostra; indeed, by giving it greater legitimacy in the eyes of its members, it might strengthen the organization. Thus changes in the social basis

of the organization will not necessarily contribute to the dissolution of the Cosa Nostra in the short term.

It should be noted, however, that as time goes on Italian-Americans may well cease to identify themselves primarily in terms of their Italian origins. Ethnic solidarity will break down. As they become more Americanized, many of the factors which provided the social basis for organized crime will vanish. Respect for an autocratic father-figure, obedience to the dictates of omerta, and other features of the southern Italian social system which have formed an important cohesive factor in the organizations of those Italians who chose to engage in organized crime will disappear (See Talese, op. cit.: 365). In the long term, this has serious implications for the organization.

Also important is the undermining of community support for organized crime and the increasing opportunities offered young Italian-Americans in the wider world, just as the children of the Irish and Jews became Americanized, so have Italians come to accept American traditions and values. Their heroes are to a much lesser extent the Al Capones of this world than those figures who form the role-models for most American children. In fact, there is a good deal of concern among Americans of Italian origin that the Cosa Nostra is giving the whole group a bad name. And as more opportunities are offered to the enterprising members of the Italo-American community, the base from which the Cosa Nostra draws its

recruits is shrinking. The result in the Lupollo Family was that direct descendants of the boss were increasingly going into fields other than organized crime, and the Family had to rely more and more on relatives by blood and marriage (Ianni, 1973: 147). At the lower levels, it seems likely that the Cosa Nostra will have a smaller population of criminals on which to draw.

The probable results of these developments are uncertain. Community support is vital to the success of the most important of the activities of organized criminals, but in the past the Italian-Americans crime Families have been able to rely heavily on the community support of ethnic groups other than their own, like the New York blacks who play the numbers. Thus the support of their own ethnic group, while important, is not the only factor by which they will continue to survive. At the higher levels, changing bases of recruitment may force changes in the nature of the controls exercised in accordance with the changing values of members of the High Command, but this would not necessarily deal a fatal blow to the organization. More important is the declining base from which new recruits can be drawn at the lower levels. The soldiers form the basic manpower behind the organization, and are necessary to perform many of the dangerous duties on which a good proportion of the revenues of organized crime are based. A decrease in high-quality manpower will have long-term effects of a most detrimental nature on the organization (See Teresa, op. cit.: 224).

It seems only reasonable to ask why the Cosa Nostra would not expand its membership to include non-Italians. There is no evidence that such a development has taken place. The development does not seem to be a possibility for the reason that the social system on which the Cosa Nostra operates has a logic of its own which precludes this possibility. Perhaps it is felt that the mechanisms of social control would break down entirely if non-Italians were admitted. It also seems unlikely that efforts to increase "manpower" by including women will be attempted.³ However, it should be noted that Teresa (op. cit.: 349-350) believed that new recruits were being imported from Italy through Canada and Mexico. These 'aliens' were not expected to become members of the Cosa Nostra, but were to act as a disciplinary force to be used against recalcitrant members of the organization.

A third change which is taking place in organized crime is an increasing investment of ill-gotten gains in legitimate business. Will organized crime families eventually voluntarily channel all their resources in this direction in an effort to become thoroughly respectable? This is unlikely. Respectability, as has previously been noted, is not inconsistent with involvement in organized crime. The most likely explanation for increasing investment in legitimate business is that organized crime families control considerably more money than can be re-invested in criminal activities. Providing that their capital continues to increase, there is no necessary reason

why mounting investments in legitimate business should be a sign of decline in their fields of criminal activity. Families withdraw from organized crime either when it becomes too dangerous, as was the case with drugs for a time, or when it becomes uneconomic, such as certain loan-sharking ventures did. So long as certain areas remain both safe and profitable, these factors might be expected to outweigh the handicaps of involvement in organized crime.

The Future of the Blacks in Organized Crime

The classic pattern of ethnic succession in organized crime has featured, among other things, appropriation by a new ethnic group of a new form of economic activity or of a new power base. Thus the Italians had an advantage in the production of bootleg alcohol and the Jews established their position on the foundation of Jewish-dominated industries. Ianni has discussed the opportunities open to the blacks, concluding that few fields of any kind are open to them. The numbers game seems sure to disappear; prostitution presents an inadequate base for further expansion, racial barriers will stand in the way of the blacks establishing themselves in the sale of stolen goods or in loan sharking (Ianni, 1975: 316-7).

The one area that could possibly provide a basis for expansion of organized crime by blacks is the drug traffic. Ianni concludes: Narcotics and the drug traffic have the same pattern of relationships that surrounded alcohol and

bootlegging during the prohibition era", (ibid.: 317). Of course, public demand from them is less than was the case with alcohol during prohibition, and there is less social approval of drugtaking than there was of drinking. But the wholesale and some of the production aspects of the drug traffic require community support, which the blacks have. Increasingly, tough law enforcement will reduce competition - it has already made the Italians wary - and give the blacks access to a market outside the ghetto.

Ianni's analysis of the economic prospects of blacks in organized crime is open to question on two counts. First, it is questionable whether racial barriers will in fact keep the blacks out of loan-sharking and the sale of stolen goods. Racial prejudice, after all, does not seem to have prevented their forming alliances with the Italians in the numbers game. It seems plausible to suggest that someone who was desperate for a loan or anxious for stolen goods would not let racial prejudice stand in his way. Moreover, there seems to be no necessary reason why enterprising blacks would not hire more "acceptable" front men, unless racial pride or distrust of all whites prevented this. Perhaps more pertinent is the fact that the Italians now have a large measure of control over these areas, particularly loansharking activities, (Ianni, 1973: 55). Unless the blacks are able to lower the rates of interest and develop the power to displace the Italians, prospects in this area seem bleak.

It is also questionable that drug trafficking offers a viable base for the expansion of black activities in organized crime, for the reasons of demand and community approval that Ianni cites. It should also be noted that if law enforcement in this area continues to be effective, expansion will be most effectively limited.

Besides an economic base, a new group moving into organized crime requires protection from the police. Ianni (1973: 327) is dubious that blacks will be able to establish the necessary connections:

It is difficult to imagine ... that the blacks will be able to insinuate themselves into the kinds of social relationships with white politicians that are the environment within which deals are made, bribes are offered or sought, and protection developed.

He also seems to suggest that the very extent of corruption might raise the costs "to a prohibitive point". Albini (op. cit.: 327) is more sanguine about black prospects in politics, believing that the political machines, so long as they continue to exist, will afford blacks some of the same opportunities as they offered to the Irish and Italians.

In spite of these handicaps, there is evidence that blacks are moving increasingly into organized crime. It is said that in 1968 a group of black gangsters kidnapped a number of powerful Mafiosi, and demanded a share of the profits from the ghetto rackets. Instead, they were allowed to start a few small operations of their own (Gage, 1972: 141-2).

In his study of the Lupollo Family, Ianni (1973: 214) noted that one-fourth of the control and operation of the policy racket in New York had been transferred from Italians to blacks, sometimes peacefully but often not. In a later book (1975) he investigated a black organization in Paterson, New Jersey being built up from the ruins of the Italian empire which once flourished in the area as well as various black networks in New York City. Beyond this, there is little evidence of black incursions into the sphere of Italian Families, though it is confidently asserted that this is the trend of the future.

If the blacks take over organized crime, they will probably develop an organization with some resemblance to that of the Italian Families, though there will be differences which follow from the cultural differences between the two groups. First it should be noted that there are differences among the three major groups - the blacks, Puerto Ricans, and Cubans - with which we are concerned here. Broadly speaking, the Cubans seem to function on a model closest to that of the Italians, while the blacks have a more distinctive style. Whether these three groups will be able to work together, in view of their language and cultural differences, is open to question.

In his investigation of organized black crime, Ianni found that the three groups mentioned above differed from the Italians in their methods of recruitment. Prison was a

more important ingredient in establishing relationships between future associates in crime that was true of the Italians, a factor accounted for by the less stable pattern of family relationships among these groups. It was also discovered that the blacks and to a lesser extent the Puerto Ricans, tended to involve their wives and lovers in their organized crime networks perhaps because the networks had not reached a very high degree of organization (Ianni, 1975: 281-2).

The code of the new groups was similar to that of the Italians in demanding loyalty and secrecy and in establishing standards of behaviour. Since the new crime networks were much smaller than the Italian Families, these rules had a more personalized and individualized aspect, though this will undoubtedly change as the size of the networks expands (ibid.: 304-8).

At present, it seems that the black and Puerto Rican organized crime networks are operating at a relatively unsophisticated level and dealing with a limited number of goods and services. Their organization is simple, and the groups have a small number of members. Organizational sophistication will presumably develop as their functions expand (ibid.: 311). There are some indications that black and Puerto Rican criminals are beginning to diversify, combining prostitution with drugs, theft with petty gambling, and numbers with narcotics. Some black criminals are beginning

to acquire fronts as a cover for their illegal pursuits. Ianni's conclusion was that "the present pattern of loosely structured, largely unrelated networks has now reached its highest stage of development," (ibid.: 313)

These groups, it might be noted, have as yet failed to develop self-sufficiency in any branch of economic activity, relying on external sources, often the Italian Families, for supplies and protection. While some Cuban groups act as suppliers of drugs to black and Puerto Rican groups, the latter have as yet failed to provide major services to other criminals (ibid.: 311-312).

It may be, as Ianni suggests, that because of racial prejudice, organized crime will fail to perform for blacks the function of social mobility which it provided for white ethnic groups. Under these circumstances, the blacks' model of organized crime may be directed towards different ends than those of their predecessors. "Cut off from the 'normal' process of transition into the legitimate world," Ianni says, "black organized crime activists could become increasingly militant and even revolutionary and the vast sums that accrue from organized crime could be diverted to financing liberation movements," (ibid.: 325). This development presumes the establishment of contacts between black criminals and black militants.

There are several difficulties with this analysis. Though it is difficult to predict future trends, it may well

be that the basis of black militance will be undermined by increasing equality of opportunity in the United States. Similarly, it may not be as difficult in the future for blacks to legitimize themselves through the possession of wealth as has been the case in the past, so that blacks might be able to use organized crime in the way that their predecessors have. Moreover, even if Ianni is correct about the bright prospects of black militance, it may prove very difficult for black militants to work with organized criminals, even if they are black. Organized criminals have traditionally not only been highly capitalistic, a fact which would not endear them to many militants; they also make a living by exploiting their own people, another strike against them.

Whatever the form that black organized crime networks take, it seems probable that their expansion to the proportions of the Cosa Nostra will take a good deal of time. The best evidence for a black take-over exists in New York, and even there they have not yet succeeded in winning much ground from the Cosa Nostra. It may be another ten years before any definite pattern on a larger scale begins to emerge. It may be difficult, if not as unlikely as Ianni suggests, for the blacks to expand their markets, and it may be that their chance will occur only when the Cosa Nostra has disintegrated to a considerably greater extent than is now the case.

FOOTNOTES

1. For instance, many factors militated against the Boston Irish going to the highly prestigious Harvard University. See Whalen, 1964: 331-4.
2. In this section the term "Italian" is used to mean "Italian-American".
3. Freda Adler (1975: 112) argues, on the other hand, that "the status of Mafia women may change".

Chapter Six

Changing Criminal Organization in a Changing Environment

Organized crime has undergone a considerable amount of change over time. Gangsters have extended their activities from the original prostitution and gambling to include labour racketeering and drug peddling. They appear to have increased their holdings in legitimate businesses in recent years. There is some suspicion that organized criminals are increasingly engaging in white collar crimes. An analysis of the reasons for change in the activities of organized criminals should provide some indication of what factors can be expected to affect the activities of organized criminals.

Illicit businesses, just like legitimate ones, appear to be highly responsive to changes in the market. In the case of American organized criminals, the market is often defined by the law, since the most profitable businesses in which they engage are closed to legitimate competition. The Prohibition period provides the most obvious instances of organized crime's responding to the creation of a market as a result of developments in the law. It seems that prior to the passage of the Volstead Act, which was in force between 1920 and 1933, gangsters were rarely engaged in the business of producing or distributing alcohol. Shortly after the act went into force, however, gangsters began organizing their bootleg empires, providing for the production, importation, distribution, transportation, and in some cases the retail sale of alcohol (see Sinclair, 1962; Kobler, 1971; Asbury, 1928; Ness, 1957). When Prohibition ended, legitimate interests re-entered the liquor industry. Though, as has been noted, organized criminals retained a hold on the alcohol business, their share of the market undoubtedly declined, and they turned to other enterprises.

Other examples of the same phenomenon could be cited. The narcotics business became susceptible of organization by criminals after the passage of the Pure Food and Drug Act (1906) and the Harrison Act (1914). Patent medicine vendors had hitherto deluged the public with tonics containing narcotics, but most of these individuals seem to have vacated the field to more hardened characters after the passage of this new legislation. (Thus those who entered this business had a well-established clientele of addicts to whom to sell the newly contraband goods) (Gosch and Hammer, 1974: 22).

A different kind of market was created by the passage of anti-trust legislation in 1890 and afterwards. Well into the 1930s, gangsters were used by and themselves used associations of merchants to limit business competition and fix prices in a variety of businesses (Taft, 1958: 7-9; Landesco, 1932: 979 ff).

The market for goods and services which organized criminals can supply may also be affected by the prices of commodities produced by legitimate businesses. When the tax on liquor is high, it is worthwhile for organized criminals to attempt to supply the citizenry with bottleg alcohol (Woetzel, 1963: 4).

The size of the market to which organized crime can supply illegal goods and services may vary according to popular needs. It seems that because of the change in popular mores and the rise of amateur competition, the demand for prostitution has fallen in recent years (Ploscowe, 1963: 75). This has probably had the effect of reducing the profitability of extortion for the purpose of "protection" in this field. A similar phenomenon was evident in the changing demand from the business community for gangsters who would act as strike-breakers. Well into the 1930s, gangsters were in great demand as strike-breakers, until employers discovered more subtle ways of preventing or hindering unionization (Asbury, 1928: 361-2; Turkus

and Feder, 1951: 331 ff; Sinclair, 1962: 243-4).

The market for illegal goods and services may also vary according to economic circumstances. In an earlier chapter it was noted that Valachi's loan-sharking and numbers businesses went sour when people became prosperous. Valachi's reaction was to shift to dealing in blackmarket goods (Maas, 1968: 185-6).

It might be noted that organized criminals have a limited ability to stimulate demand for their services. Unlike legitimate businesses, they cannot generally advertise. While legitimate businesses can sponsor little league baseball and other public relations ventures, organized criminals are usually limited to individual acts of generosity. (For an example of this, see Kobler, 1971: 263). Of course, they may stimulate demand in some businesses by cruder means such as threats, intimidation, or violence. These are the means used to drum up business for such services as linen supply and vending machines.

Responsiveness to Changes in Opportunity

Organized criminals are responsive to changes in supply as well as demand. When Eliot Ness and the Untouchables began cutting off Capone's supply of beer and hard liquor, the syndicate began relying to a greater extent on "needle beer", "near beer" to which a shot of alcohol was added (ibid.: 146).

An interesting incidence of response on the part of organized criminals to changes in supply is provided by the case of the securities industry.¹ By the late 1960s, law enforcement agents had become concerned about the volume of securities stolen from airports, and brokerage houses. In an able study of the subject, Matthew Yeager (1973) points out that the involvement of organized criminals in this area was stimulated by changes in the handling of paper securities. Airport thefts were increased when the

agents responsible for loading and unloading registered mail were changed, the airlines taking over this function from the U.S. Postal Service. Theft of securities from brokerage houses and other businesses was facilitated when such companies were unable to cope with the enormous increase in the volume of trading in securities. The machinery for the delivery and transfer of securities broke down, and the procedures for locating securities collapsed. When the industry responded by computerizing, large numbers of young workers hired at low wages to handle the paperwork, were given access to The Securities. Thus it is not surprising that there was a large increase in the volume of securities that were stolen.

This example provides evidence of an important phenomenon: the ability of organized crime to respond to and exploit conditions created by rapid change. It is often said that organized criminals engage in crimes that require a minimum of sophistication and technological expertise; if this is true, it should not blind us to the fact that they may be able to devise simple means of taking advantage of complex technological and economic developments.

It is important to note that the ability of organized criminals to enter new fields of activity or to modify their present activities is affected by the nature of their own resources, including those of capital and expertise. It seems, for instance, that it was the amount of capital provided by their bootlegging operations during Prohibition that enabled gangsters to expand the scope of their activities during the 1930s. (The search for such new businesses was, of course, stimulated by the knowledge that the end of Prohibition would mean that the profits to be made from the alcohol business would decrease.) It should also be noted that the increasing move of organized criminals into legitimate businesses may be a result of the inability of illicit businesses to reabsorb all of the capital which they generate.

It should be pointed out that this increasing move into legitimate business has given organized criminals greater scope for the execution of white collar crimes. Edelhertz (1970: 3) has defined white collar crime as

an illegal act or series of illegal acts committed by nonphysical means and by concealment or guile, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage.

Among the white collar crimes in which organized criminals habitually engage are: purchasing on credit with no intention to pay; bankruptcy and arson fraud; commercial bribery and kickbacks; and abuses of pure food and drug laws.

It is obvious that one need not be an organized criminal to engage in such ventures, and so-called "legitimate businessmen" have probably been practicing these tricks longer than organized criminals. The intention here is simply to point out that insofar as organized criminals will choose in future to invest in legitimate businesses to provide outlets for capital, so their opportunities for committing white collar crimes will increase.

Another resource that affects the ability of organized criminals to initiate changes in their business operations is that of expertise. Sometimes this may be provided or taught by others. It seems, for instance, that gangsters benefited in this respect during the early days of Prohibition as a result of their business associations with brewery owners. When the brewers got out of the business towards the end of the 1920s, the gangsters doubtless had the expertise to carry on the business of the commercial production of beer by themselves (Sinclair, 1962: 241).

It seems that expertise has been a factor in organized criminals' ventures into transactions involving stolen securities. One "paperhanger"² had this to say about the mobsters' comprehension of the stock market:

These guys couldn't even figure out the stock market part of the newspaper. . . . The fact that Rabito (a gangster) and the others tried to get me to handle this mixed bag of certificates is indicative of their lack of knowledge about securities in general. They were totally without sophistication in this regard (Clarke and Tigue, 1975: 180).

Perhaps this explains why, at least to date, mobsters have not ventured very far into the areas of stock manipulation, paperhanging, or international stock frauds. They may yet, however, develop a greater degree of sophistication in the area of business finance.

The Effects of Technological Change on Criminal Organization

Very little work has been done on the question of the contribution made by technology to economic change in organized crime. On the whole, it seems that mobsters have taken advantage of technological change, though they have rarely served as inventors or entrepreneurs.

Gangsters have periodically taken advantage of changes in military technology. The most well-known instance of this is the adoption by gangsters in the 1920s of the newly-invented Thompson sub-machine gun. According to Kobler (1971: 96-7), the Saltis-McErlane gang in Chicago was the first to make use of this weapon, which had a number of features that made it attractive to gangsters of the era:

Light enough (8 1/2 pounds) for a small boy to operate, the new weapon would fire up to a thousand .45-caliber pistol cartridges a minute; penetrate, at a range of 500 yards, a pine board 3 inches thick; and at closer ranges cut down a tree trunk 23 inches thick, drill through 1/4 inch steel armor plate, reduce a heavy automobile to junk.

These weapons became a standard feature in gang killings in Chicago during the Prohibition period.

Gangsters have made use of even more sophisticated weapons in their battle against each other. Peterson (1963: 242) notes that on one occasion members of the Shelton gang of Peoria, Illinois, "won wide attention when they used tanks and airplanes in waging open warfare against rival gangsters". But it seems that members of organized crime Families soon arrived at the conclusion that it was counter-productive to make use of such attention-grabbing hardware; the standard instrument of murder in gangland today seems to be the .38 revolver (Joey, 1973: 85-7).

It should be noted, however, that changes in the nature of the armaments of organized criminals have had no appreciable effect on the ability of gangsters to penetrate new fields of business. Violence, or the threat of it, may be used to drive out competitors or to produce new business, but the precise nature of the weaponry has been irrelevant.

The need of mobsters to keep up with the technology of law enforcement has on occasion been the mother of invention. The McClellan Committee on Government Operations revealed that a "well-known gambler" in New York by the name of Gianuzio was subsidizing a "telephone technician" who had evidently invented some devices which facilitated the evasion of police attempts to crack down on telephone betting (U.S. Senate, 1962: 34-5). The development of the science of "forensic ballistics" during the 1930s called forth the automatic pistol; it was thought that the fact that this weapon had interchangeable parts would frustrate the efforts of the experts to match bullets to the gun from which they were fired (Wiehs, 1964: 91). Such inventions, being defensive in nature, have not contributed to changes in the nature of the business of organized crime.

Mobsters have on occasion taken advantage of technological developments to extend their operations into related areas or to improve business efficiency. After the invention of the mechanical rabbit for dog racing, for instance, mobsters became involved in leasing the rabbit and in setting up dog racing tracks, thereby extending their control over illegal gambling (Kobler, 1971: 236-7). A more important technological aid was the wire service, which organized gamblers early appropriated, and which enormously increased the organizational potential of betting on horse races. The wire service also made possible centralized control of some aspects of the gambling business. (Landesco, 1932: 867 ff).

In a more general sense, mobsters have taken advantage of technological developments that have been readily available to other members of society. During Prohibition, for instance, gangsters used high-powered speedboats for the purpose of rum-running. These boats were faster than those the Coast Guard was using. Another attractive feature of these boats was that their cost was sufficiently high that amateur competitors could not afford to invest in them, and when the rum-running business had to be conducted at a distance of 40 miles from shore, the gangsters were able to monopolize this aspect of the business. (Asbury, 1928: 242-50). The transportation of alcohol of various descriptions was also much facilitated by the use of motorized transport; it is difficult to see how the distribution of and transportation of alcohol could have become as centralized as it was during Prohibition had the horse been the principal means of transport. Thus, on occasion, gangsters have been able to use certain forms of technology to aid them in monopolizing and centralizing certain aspects of their illicit enterprises.

The Effects of Changes in Law Enforcement

One factor that might be expected to have a considerable impact on the economic activities of organized criminals is law enforcement. But there are numerous difficulties in the way of using this tool against mobsters. As has been noted before, it is standard practice for gangsters to secure protection from police interference by means of bribery; this is the foundation of their illegal empires. Even if the police are anxious to do their duty and apprehend members of organized crime Families, there are numerous obstacles to be overcome. For one thing, mobsters are a secretive lot, and it is often extremely difficult to obtain evidence of wrongdoing. Even if evidence can be secured, it may be difficult to obtain convictions. Witnesses may be intimidated; they may disappear altogether.

Jurors may also be intimidated by threats of violence. Judges may be bribed, with the result that only minimum penalties are imposed. Even if judges hand out stiff sentences, state governors and the President may pardon convicted criminals. There are thus a great many ways in which mobsters can thwart the effective enforcement of the laws. Yet even when law enforcement is effective, the effect may be only temporary, and organized criminals can resume business as soon as the energies of the forces of reform are spent.

Another factor which appears to have hampered the police in their attempts to act against organized crime is the backward state of police technology. In 1967 the President's Commission (1968: 551) reported:

The scientific and technological revolution that has so radically changed most of American society during the past few decades had had surprisingly little impact upon the criminal justice system The public officials responsible for establishing and administering the criminal law . . . have almost no communication with the scientific and technical community The police, with crime laboratories and radio networks, made early use of technology, but most police departments could have been equipped 30 or 40 years ago as well as they are today.

The most useful scientific aid against organized crime has probably been the "bug" a listening device which can be attached to a telephone or installed in a room. This instrument has been in use since at least the 1930s, although many improvements have been made on the original design (see Van Cise, 1968 for an indication of how "bugging" was conducted in the 1930s).

On the whole, the agencies which have made the greatest impact on organized crime in the United States have been federal, most notably the Internal Revenue Service, the Federal Bureau of Narcotics, and the Federal Bureau of Investigation. But federal action against organized crime has been hampered by a number of factors. First, as Miller (1963: 95) has noted, "the federal government has always been reluctant to assert and

extend its power in this traditional area of states' rights".

This has hindered the passage of laws which would empower federal agencies to act in an investigatory capacity. A second difficulty has been that of co-ordination. All told, there are about 40,000 separate and distinct police agencies in the United States. Any federal attempts to co-ordinate action against organized crime therefore run up against the almost insuperable obstacle of numbers. It is even difficult to co-ordinate action among the federal agencies which have some jurisdiction over organized crime. Although the three mentioned earlier are the most important, "there are more than twenty-five investigative agencies with jurisdiction that may reach certain phases of organized criminal activity", (Ibid.: 101).

In spite of these and other difficulties, agencies of law enforcement have on occasion made some impact on the nature of organized crime. It has sometimes happened that effective enforcement has distinctly curtailed the involvement of Cosa Nostra members in certain economic activities. As was noted earlier, action by the Federal Bureau of Narcotics has periodically led some organized crime figures to believe that the risks of narcotics trafficking were too great. It should be noted, however, that this activity accounted for a relatively small amount of the revenues of organized crime Families. It should also be pointed out that even if some of organized crime figures were frightened out of the business, the field was simply turned over to more daring competitors. Thus determined action did not result in a cessation of narcotics trafficking, though it seems to have discouraged the more cautious Cosa Nostra members.

A more common response to effective law enforcement, or the threat of it, is evasion rather than change. When the police are hounding them in one place, mobsters will shift the location of their businesses. Thus during the mid-1920s in Chicago, when the police acted against handbook

operators, most of the gambling shifted to the suburban towns outside Chicago (Landesco, 1932: 900 ff). Perhaps the most notable form of evasion has been the various devices mobsters have adopted with the intention of thwarting the bloodhounds of the Internal Revenue Service, who investigates violations of income tax laws. Clarke and Tigue (1975) have recorded how organized crime figures have been able to disguise the extent of their incomes through elaborate arrangements involving Swiss banks, paper corporations, and a variety of "laundering" devices.

Thus it appears that law enforcement has had minimal effects in changing the nature of the economic activities of organized criminals. The presence or absence of legitimate competition, general economic conditions, the nature of the market, the state of technology, and the financial capabilities of organized criminals have had considerably greater impact on the nature of organized crime.

Some Case Studies: Pre-Twentieth Century England

Mary McIntosh (1975) has delineated four general types of organized crime which she terms picaresque, craft, project and business. Picaresque crime is conducted by a fairly permanent group under one leader and some supporting officers, usually in rural conditions where anonymity is difficult but the Central State is weak and local people tend to co-operate against the State. In this type of situation local government and community sentiment attempts to enforce conformity and the failure to comply results in outlaw status. Because of the withdrawal of official community support these outlaw groups must be mobile, resourceful and flexible in their organization. They are dependent on society and its level of development for food, shelter, clothing, medical care and opportunities for crime.

Craft crime is conducted by a fairly permanent team dealing usually in small-scale thefts involving a few men playing specific and differentiated roles. This sort of crime is found in urban but not industrial environments. This milieu offers a substantial number of wealthy residents to prey upon, the possibility of anonymity, and a background of criminal underworld. This crime is conducted on a regular basis using accepted practices and routines by teams of equals. It is vulnerable to more organized or powerful groups who might seek domination.

Project organization is less routinized than craft organization and operates on a larger scale in more advanced industrial societies. The criminal environment is crucial to this type of organization since it provides information, specialists and exchange networks to the entrepreneur who puts together a team for a specific job. The activities are irregular and more or less unique, responding to the varied opportunities provided by society. There is constant need for innovation to deal with the changing conditions of law enforcement and protection of property.

Business organization is a return to a more routinized, regular practice of crime, usually involving 'exchange'. This type of crime requires the voluntary or coerced co-operation of victims in order to continue the fiction of exchange. Business crime must operate in the open in order to attract a clientele since the operation demands exchanges, not predation. The regularization of exchange is embedded in a monopoly orientation involving corruption of the legal structure, neutralization on law enforcement and definition of markets by the law. The contracts of exchange are unenforceable by law and violence is the usual instrument of enforcement. Violence is employed internally and externally by organized business crime. This form of crime is dependent on societally provided opportunities (illegal markets) and affluence (surplus cash). In order to tap these resources, a fairly complex division of labour and specialization develops.

These four types of criminal organization differ in social environments, types of activity and scale. There are obviously transition phases from one to another and some degree of co-existence between them. For crime like any other organization, there is no one 'best type' or organization but a variety of forms best suited to particular conditions. An ability to understand the relationship between these conditions and the nature of criminal organization will enhance our ability to oppose organized crime. The following pages will examine organized crime more specifically under a number of environmental conditions using a comparative method. First we will examine crime in one location over time: London in the 18th century and in the present. Secondly we will look at crime by one organized group in two locations: the Mafia in Sicily and New York. An examination of the Mafia in Montreal will follow in Chapter 8, as will a comparison of organized crime in Montreal and Toronto, and a comparison between Mafia and non-Mafia criminal organization in Montreal.

Beginning in the time of the Tudor enclosures, masses of beggars, vagrants and displaced persons were thrown together in large cities and towns (McIntosh, 1976: 21) which were unprepared to offer them employment or housing or control them (Tobias, 1967: 174, 183). By the 18th century crime seemed out of control. Henry Fielding wrote in 1751:

. . . there are at this Time a great Gang of Rogues whose Number falls little short of a Hundred, who are incorporated in one Body, have Officers and a Treasury and have reduced Theft and Robbery into a regular System.

This gang rescued prisoners, bribed the law and subverted witnesses. Fielding pointed out that the Blind and crippled were in many cases mere frauds, using affliction to solicit alms but also for more sinister purposes. Blind beggars outran their dogs when the police approached; cripples used their crutches as weapons against the unsuspecting. The preamble to an Act of 1722 noted that certain areas were protected by unlawful combinations

and confederacies which assumed privileges of virtual self government (Tobias, 1967: 25). A villain had only to signal and thirty or forty others came armed to his rescue.³

During this period a group known as the Mohocks were dedicated to "doing all possible hurt to their fellow creatures". Apart from relieving people of their valuables and money, they waylaid and beat servants, disfiguring their victims and tormenting women.

Jonathon Wild, a fence, organized thieves by paying relatively high prices for stolen goods. He then sold the goods back to their original owners. He also posed as a professional thief taker. The institution of thief taker persisted into the 19th century and provided rewards for individuals who apprehended criminals. Wild trained his thieves, improved their skills and controlled a number of gangs. He maintained discipline by using his thief-taking role to have unruly or unco-operative associates arrested and convicted.

A number of social factors gave rise to this situation. The Industrial Revolution and its attendant rapid economic change disrupted the old social order without immediately providing new norms, values and functions. Population increase coupled with general unemployment led to a situation in which numerous unoccupied people had to find new ways to survive and to relate themselves socially. The underworld criminal milieu provided a background and a network for organization. More important, towns grew rapidly outstripping the existing technology for urban living. Inadequate housing, and, more particularly, inadequate law enforcement contributed to the rise of crime. Unlit streets provided cover for assaults. The institution of thief-taking, combined with irregular policing, was also a problem. Individual rewards for the apprehension of thieves meant that little effort was made to prevent crime which became a source of income for many. Thief-takers and magistrates were open to bribes as well (Tobias, op.cit.: 34ff).

The 19th century saw a decline in violent crimes, although the overall level of crime itself may not have declined. The war with France stimulated production and increased employment; but the end of the War led to widespread distress and an upsurge of crime. However, a heightened social consciousness, professional policing, and improved social conditions in the latter half of the century improved the control of crime. Notably, better lighting removed the protection of darkness from thieves; reconstruction and road building removed and cut through the rookeries; more turnpikes and faster transportation largely eliminated highway robbery (although train robbery developed). Compulsory and publicly-funded education took children off the streets and away from their criminal instructors.

Dickens' fictional accounts of Fagin and his band are not so far from the truth. Delinquent boys were organized under a captain, an older boy or an adult. The team of pickpockets included one or more jostlers to distract the victim and set up a crowded situation; an accomplice received the stolen items immediately so as to protect the thief if he were to be apprehended. The thieves dressed as sons of nobles or merchants to give themselves a respectable appearance. These groups had allocated territory and 'shifts' to work. Some captains recruited boys to crime by feeding orphans or vagrants, then demanding that they steal in order to pay the bill. Somehow the debt was never totally paid off and the young thief remained in the captain's power (Tobias, op.cit.: 103ff). Transportation of "fences" to Australia could demolish a whole network; yet the crime of receiving stolen goods carried only a light penalty for a long time. The fence was a unifier of the enterprise since he disposed of goods stolen and paid off the thieves in money.

The milieu itself, the underworld, provided networks and links for smaller outfits. "Flash houses" (pubs, brothels, dens) were houses of retreat, locations for the exchange of gossip and information, for planning, co-operation and mutual support. Raffles were held to get money for bail, legal counsel or benefits for prisoners. Gangs often provided these benefits for members, especially the valuable young boys used in pick-pocketing and burglary. The criminal milieu gave its members approbation, support and a sense of belonging. Society despised the poor and the unemployed and withdrew means by which they might support themselves, leaving them the alternatives of crime or starvation. Thus, the poor formed by default, a class of their own, with separate values, norms and criteria for respect (Tobias, op.cit.: 99ff; McIntosh, op.cit.: 22ff). For poor children denied access to the conventional avenues of mobility, criminals were heroes, a slum version of Horatio Alger. In the underworld, negative status was awarded to the honest. Many of these people succeeded 'conventionally' once in Australia away from impoverishment, the opportunity for crime and peer pressure to participate in it (Tobias, op.cit.: 246).

Twentieth Century England

Improved methods of crime prevention, law enforcement and social conditions led to a breakdown of the traditional criminal milieu. Photography and finger printing meant easier identification of criminals. Better lighting, improved locks, a regular paid police force, new building, declining population, increased employment and public education undermined the organization of crime and the ability of the criminal milieu to provide organizational links.

But the 20th century has provided new opportunities for crime. The widespread use of cars, for example, has provided the opportunity for organized, large-scale car theft. Some of these thieves steal cars to

order (Mack, 1975: 51). There appear to be no large syndicated criminal organizations in Britain (Sparrow, 1968; Lucas, 1969; Mack, 1975; McIntosh, 1975) but there are a number of relatively large gangs. Although there appears to be little formal co-ordination between these groups (Mack, 1975: 54) the present criminal milieu provides contacts, information, exchanges of goods and protection (McIntosh, op.cit.: 26). The gangs, according to McIntosh (1975: 60), are ad hoc groupings which conduct criminal activities; mobs are permanent non-working groups. The former are employers of labour, the latter suppliers.

This assessment seems true of juvenile gangs and mobs as described by Lucas (1969). Gangs in Glasgow would be more appropriately termed mobs using McIntosh's taxonomy. They are associations led by individuals and seem to occupy themselves fighting against other gangs. Some, such as the Beehive Gang, included burglars, safecrackers and other 'experts' recruited for the purpose of criminal activities. These gangs are the products of slums, poverty, unemployment and enforced idleness. They usually grow out of geographical proximity and bear a resemblance in structure and function to the Corner Boys of Whyte's study (1955) although they are more violent than Whyte's boys. Called hooligans in the early part of this century, such gangs as these have become associations of experienced housebreakers (Lucas, 1969: 4) who levy money from local shopkeepers to pay the gang's legal expenses and to provide money for other needs (ibid.: 10). It is important to note that most individuals feel it is necessary to belong to some gang or other to guarantee personal safety (ibid.: 13). This failure of the law to protect the individual is ultimately supportive of conformity to criminal norms and pressures.

In London, there are between seven and ten known gangs operating. These gangs have their own relatively large territories and sometimes specialized types of crime. The Elephant Mob (from Elephant and Castle

region) had the 'freedom of London' to shoplift. Members were assigned territory to cover and received so much respect from other gangs that they were unopposed wherever they went. Arrests left the gang unaffected: another member was put in the former's place (ibid.: 17) when necessary.

Robbery is the primary source of income for most of these gangs: housebreaking, shoplifting, personal theft and sometimes armed robbery. Also important are the 'race gangs', who extort protection money from bookmakers, control of prostitution, gambling and general protection. Sparrow (1968: 76ff) describes how the legal structure provided an opportunity for the organization of prostitution. Laws prohibiting public soliciting forced prostitutes underground. Direct contact with clients could no longer be made and the potential for organization was established. In order to make contact with clients, pimps and other channels of information were required.

One of the essentials of organization is relative certainty and the protection of markets. This need has led to inter-gang warfare and violence against members and victims alike as a means of control. To date, there seems to be little corruption in the British police or judiciary, but witnesses are intimidated and threats have been made to jurors. McIntosh (1975: 65) points out that crime becomes regularized when there are available resources and arrangements can be worked out to neutralize law enforcement. A legal structure unable to protect its citizens from violence is neutralized because victims will respond by protecting themselves, co-operating with criminals to do so if necessary.

Two major gangs gained prominence in London in the last decade: the Krays and the Richardsons. The latter were the subject of the famous 'Richardson Torture Trials'. They had in addition to conventional activities such as prostitution, theft, robbery, fencing, bankruptcy frauds, maintained discipline by torture. Unco-operative associates or recalcitrant victims

were brought to 'justice' before a Tribunal of robed men who used such devices as electric shock, beating, tooth pulling, burning with cigarettes, inserting pins under fingernails and slashing with razor blades to get information or inflict punishment. An organization must maintain internal control by these means if member commitment is lacking and the organization might easily be undermined by offering protection to victims.

The Krays were known as the 'Firm'. The Kray gang and the Richardson gang were both natural family groups with gangs formed around them. Somewhat less sadistic than the Richardsons, they maintained internal control by setting members against each other to keep them from turning against their leaders. They also engaged in a variety of crimes and used their wealth to gain favourable publicity by donating money to charity. They established a fund for meeting the legal expenses of members. Subscription to it was mandatory and careful records were kept; fifty percent of the take from this fund went directly into Kray pockets. The Krays' concern with organization was such that they trained a young cousin to take over the operations should they be imprisoned at some time. The Krays are alleged to have Mafia connections and to have gotten involved in selling narcotics after a visit by one of them to the United States (Lucas, op.cit.: 148, 205).

The literature on organized crime in Britain (Lucas, 1969; Sparrow, 1968) intimates that organized crime is the product of American influence, particularly by the Mafia. Either by imitation or direct control, the Mafia is supposed to have brought about a dramatic change in British crime; however, mere competition and increased opportunity may be responsible for the consistent increase in the organization of crime. Dominance, even survival, seems to depend on the ability to monopolize markets and networks, which in turn requires fairly sophisticated organization. If there is infiltration by the Mafia, increasing organization is likely to result, either by a transplant of foreign patterns, by imitation or as a response to

the demands of effective competition. However, the networks linking British gangs and small-scale organization seem to be less developed than those characterizing the American Mafia.

The Mafia in Sicily

The Sicilian Mafia⁴ operates in a rural environment within a society that has historically had little law enforcement. Frequently conquered, almost never ruled, the population was left to the depredations of the barons or their private armies. It is hardly surprising that a lack of respect for authority and mistrust of law is virtually endemic in Sicilians. Within this context the Mafia developed as brokers and middle men. The rule of omerta or silence and solidarity reflects the Sicilian aversion to formal legal structures and supports the existence of the Mafia.

Mafia is both an attitude of self-reliance, manliness, worthiness of respect and an informal system of association. Most sources agree that there is no inclusive general organization, but rather a number of highly localized mafia groups. This localism is a product of the geography and settlement patterns of Sicily. Mafia groups and leaders meet and sometimes co-operate; but each has his own region. Some regions occasionally have more than one group and this produces warfare, virtually to the last man.

The mafioso has a cosca, a group of followers and clients, who are directly connected to him and not to each other a group. He also requires a partito, an important person whose power supports him and enables him to evade the law, distribute favours and act as a broker. He aids important persons by maintaining control on their behalf. He aids the cosca by distributing largesse, favours and immunity from the law. Mafiosi protect the landowner from the peasant, and the peasant from the bandit. They arrange the return of kidnapped persons and rustled stock, for a price. Their strength is their ability to deal with everyone.

In the absence of a centralized or functioning State, the mafia serves some useful purposes. But with the development of State control, the mafia is criminal both by definition and from necessity. Once the State takes over the social functions of protection, enforcement and administration, any private provision of these services is criminal and disruptive. Land reform and redistribution in post-WWII Sicily was largely unsuccessful because the mafia prevailed upon the landowners, who had no alternative, to turn their land over to the care of mafiosi, who prevented peasants from getting it. This primitive sort of racket was also used in opposition to road building and dam construction. Increasing mobility would destroy the well-defined, isolated regions which mafiosi dominated; dams would irrigate the land thereby reduce dependency on mafia loans and water control.

The Sicilian mafia has always been loosely organized. It depends for its survival upon popular conservatism in outlook and practice, backwardness, lack of progress and restriction. As such, the goal of mafiosi is power and security, not economic gain. The 'new mafia', as returnees from the US were known, came into conflict with the 'old mafia' because they saw advantages in construction and labour contracts, in urban development and other large scale operations with high profits. The old mafia was still struggling for scarce positions of power and because of their rigid adherence to the status quo was unable to adapt to changing social conditions or to new opportunities.

The mafia of their kind who emigrated to the United States became extinct within about two decades. Even though the purpose of emigration was not to establish criminal colonies, the opportunity to set up rackets presented itself and was taken up. The "Mustache Petes" as they were known continued the time-honoured practice of the vendetta and by the mid-twenties were engaged (in New York) in a furious struggle for dominance. Already,

even at this stage, the lack of clear-cut geographical divisions led to expansion into other territory. The natural barriers between Sicilian settlements, which had contributed strongly to the balance of power that existed there, were absent in America and this allowed conflict to flourish.

However, the younger generation who had grown up in the US had different, more modern and businesslike notions. Such notables as Lucky Luciano and his associate, Meyer Lansky, led the way in organizing conferences between various outfits to establish co-operation, territorial allocation and rules to eliminate vendettas. The costs in manpower, material, profit and adverse publicity were too great to continue and only agreement to deal in a businesslike manner could correct the problem.

After eliminating (by general agreement) the old guard of Mustache Petes, a sort of cartel was established under the New York Council and the Commission, the former to regulate the five New York and one New Jersey Families, the latter to deal with more general matters. There could be no killing without approval by the Commission, which comprised nine members, more or less, who occupied their positions by virtue of their power. Disputes were to be settled by negotiation. Internally, the organization was hierarchical, with a division of labour, specification of tasks, rules of operation and other formal attributes.

The affluence provided by the Prohibition period had given the Mafia organization a taste for profits and some experience in organizing sufficiently well to appropriate them. For example, Luciana (Gosch and Hammer, 1974) recounts that it was necessary to have ships to transport liquor to America, trucks to carry it around in the States, bottling factories to put the liquor in, printing presses to make the labels for them, warehouses to store the stock in and control over the speakeasies in which the liquor would be sold. The range of activities in which the Mafia engages varies

from the nickels and dimes of the numbers racket to very profitable gambling operations; from delivery service and vending machine monopolies to protection and extortion; from cigarette smuggling to narcotics trafficking. In addition, members operate legal or semi-legal enterprises as a cover for their illegal income, as a mask of respectability and as an additional source of income.

These are urban rackets, based on a dense population and a high volume of sales; the markets serviced are mass-consumption markets for goods and services affordable in an economy with surplus cash.

The primary motive seems to be profit. Power and control offer a means of maintaining and expanding operations, and are not the most important goals in themselves. What is significant about this form of crime is the way in which the organization continues despite the loss of individuals. Bolstered by its general recognition as a formal entity, a Family appears able to withstand even the (rare) arrest of its leader. The roles, functions and positions of the organization are well enough defined that operations continue and a new leader or caretaker is found from within the ranks of the organization, subject to approval by the Commission. Individuals hold power by virtue of their positions and accomplishments, and organizational power attaches to the leadership position even when a particular occupant is removed. Whereas the Sicilian Mafia is familistic and ascriptive in its orientation, the United States Mafia is more universalistic and emphasises achievement and skill. There is a specific injunction against recruiting close kin and members regard their natural families as distinct from their business (legal or illegal) activities.

The Mafia in America

The American economy has provided affluence which, to the criminals involved, justifies and supports the complex organizational structure of Mafia crime. Efficient exploitation of resources demanded organization, order, rationality, and formality. Not all activities are well organized and some lend themselves more than others to routinization. For example, narcotics dealing requires an extremely flexible, shifting pattern of activity, with constantly changing routes, agents and covers. The organization must set up a number of routes and be prepared to cope with losses in manpower and material. Gambling too seems to be highly structured and ordered (Gardiner, 1973: 159ff), both at the level of numbers playing and in the more sophisticated casino gambling. There is a hierarchy of employees, subject to fixed rules and standard operating procedures. Luciano installed 'books' in pushcarts and small stores in New York to increase the coverage and reap more profit. Bookies were organized and in return for fifty percent of their take, they received such benefits as telephone service, protection, legal assistance, and the elimination of competition. Gambling is perhaps one of the most organized criminal operations (Bell, op.cit.: 133). The initial boom period of the Prohibition facilitated setting up the structure and created the capital for further development in crime.

The American law creates markets for organized crime which are protected from competition by defining certain goods and services as illegal. Unable to enforce prohibitions against gambling, prostitution, narcotics use and pornography, the Law has simply guaranteed a very profitable market for crime. This leads to a situation in which normally law-abiding citizens support criminal organization, by using its services and by assuming that the law is unfair in prohibiting them. Not all citizens want to make use of crime's offerings, of course, but an atmosphere is created in which the government seems to be taking an extreme position and showing itself

ineffectual in the process. As an extreme example of this, protection rackets persist because the 'protected' feel that State protection is ineffectual; and they succumb to demands for money rather than contacting the police.

Citizens are not certain to see organized crime as truly criminal. Value appears to be exchanged for value and somehow this appears legitimate within the framework of our economy and society. Anyone who goes to a loan shark accepts the specified conditions; anyone who gambles accepts the implicit risk; anyone who takes narcotics gets what he pays for. There is no direct connection made between these exchanges and the crimes committed to pay off the loanshark, the odds which favour only the bookmaker or casino or the costs to society of drug addiction. Organized crime appears less violent and immoral than conventional crime and brings itself to public attention only during gang wars, which Mafia organization is designed to prevent.

Acquisitiveness is not, however, confined to the overtly criminal. The police, the judiciary, legislators are often open to corruption. We note again McIntosh's assertion that crime becomes regularized when arrangements can be worked out to neutralize law enforcement. Luciano and his associates established a Buy Money Bank, under the guidance of Costello, to corrupt officials. The Bank began with a deposit of \$5,000 and grew to a payroll of millions (Gosch and Hammer, 1974: 36). It isn't only those we call criminals who want more than society has given them. So long as society advocates and approves material standards of worth people will attempt to achieve affluence and luxury by any means possible. The process of neutralizing the law appears to have been extremely systematic and successful in the United States. The organization had, of course, huge sums of money to work with and it was able to corrupt on a large scale, at high levels.

Some Generalizations About Organizational Change

As with formal organizations in respectable society, there is no one 'best type' of organization. The structure of organization responds to various factors: type of activity, scale, and environmental conditions. As with all organizations, the opportunities, alternatives and limitations which exist produce various courses of action because of the variability of human input and decision-making (Child, 1972).

Organization requires an adequate supply of appropriately skilled labour, access to resources, a market to justify complex organization, social support and a network connecting these components (Stinchcombe, 1965; Evans, 1967). In considering the organization of crime, there are two environments which must be considered: the general environment of the larger society and the specific environment of a criminal subculture or underworld. The latter often supplies requisites not provided by the former, such as information, contacts, a supply of labour, exchange networks for the disposal of goods, protection and solidarity (Mack, 1975; McIntosh, 1975). Both environments are essential to the maintenance of criminal organization as we shall see.

The literature on organizational environments is rich and intriguing. Fundamental here is the assumption that no organization is completely autonomous, though organizations may be more or less autonomous. The organizational environment consists of suppliers of resources, labour, clients, associate organizations, competitors and regulating agencies linked together through a market network (Evans, op.cit.). It also supplies social approbation and support in varying degrees (Parsons, 1956; Bendix, 1956; Eisenstadt, 1959) and provides needs which the organization meets (Azumi, 1972). The environment must be sufficiently complex and sophisticated itself to provide conditions for the division of labour and function, distinct from kin or community institutions; it must allow capital accumulation

through a money economy, literacy and communication networks, and urbanization with its density of population and activity (Stinchcombe, 1965). Within such a social structure effective competition and organizational viability depend increasingly on organized activity. The individual is then not as influential as the organization (Perrow, 1972: 7), and the organization tends to be as complex as the general level of organization in the society as a whole (Stinchcombe, 1965; Lawrence & Lorsch, 1969: 73).

From these assumptions about organizations we may advance some hypotheses about organized crime. First, organization is a means of acquiring sufficient power and strength to compete effectively in society; and it is available to criminals as well as any other group. Organized crime will tend to be as complex as necessary to compete effectively in the given environment. And as a consequence, criminal activity will tend to be as complex as the level of organization in crime.

We must bear in mind the dual environment in which criminals function. As some criminals organize themselves in response to various factors such as legislation, law enforcement, market conditions or competitors, other criminals will be forced to organize in order to compete effectively in return. The small time criminal is in constant danger of takeover by more organized criminals, through offers of protection or violent conflict.⁵ There will be an increasing trend towards organization in crime so long as complex organization is the dominant environmental form, in either the criminal or non-criminal environment. As one sector of society organizes, so must others organize to meet the strength which co-operation and co-ordination produce. However, there are a number of factors which might operate against organization, including the constriction of markets, shortage of labour, severe regulation and environmental uncertainty. These would make organizations precarious and high investment costs risky.

To reduce such uncertainty or restriction is one necessary organizational goal. Although organizations are influenced by and respond to environmental pressures, their actions contribute to and affect the environment itself. There are attempts to control the environment or a relevant portion of it. These attempts are either competitive or co-operative (Azumi and Hage, 1972: 28ff). It is important for our purposes to determine under what conditions either competition or co-operation occurs. Organized crime is likely to be more vulnerable to law enforcers under competitive conditions, since consequent violence draws attention to the illegal activities concerned and dissipates the force they might have used to evade the law.

Eisenstadt (1959) suggests that the greatest good results for a specific organization when it has already established a monopoly or has a clear field to do so. When consumers have alternatives to choose from, when producers have alternative sources of supply, or supplies alternative buyers, monopoly is not possible and competition results. Attempts at forming a monopoly are a consequence of the need to control scarce resources and an uncertain market (Mason, 1946; Marquant, 1972) in order to guarantee investment. It follows that competition results when two or more evenly matched groups attempt to create monopolies. This competition is likely to result from conditions of scarcity and uncertainty.

Thus, if one party is much more powerful than the others it may manage to impose its will; whereas the existence of more than one powerful group would make competition, and even violent competition, likely. Under conditions of relative plenty, an equitable, co-operative division may be made and a balance of power maintained. The import of these hypotheses is that even so highly organized an outfit as the Mafia could come to blows and seriously disrupt criminal activity under certain conditions. This would make them structurally vulnerable and weakened.

Any organization must have and maintain a market for its goods or services. A legal organization may advertise not only its own brand but the generic product - 'Drink Florida Orangee Juice', 'Drink Milk', 'Pick Your Favourite Egg'. Organized crime cannot advertise its brands, or its products. In some cases markets are ready for exploration: for example, gambling, prostitution, and narcotics. In others the market must be created: for example, the protection rackets. Competition for these markets is violent, since there is no legal outlet. The legal structure which outlaws certain goods and services provides a guaranteed market for criminal activities. Because there are no legal means for criminal organizations to compete, violence is the necessary result of criminal organization. The existance of violence and the need to protect interests leads to the creation of markets in their absence, through violence.

Most organizations create a demand for their products and services. They may initially recognise a need or a potential need to satisfy, but new needs are also sought out as the organization develops. The same is true of organized crime, which must find these new markets and capture them violently. Essentially organized crime differs from conventional crime in its orientation to the accumulation of money for further reinvestment. Gambling, loansharking, protection, narcotics, illegal alcohol and machines, are all designed to transfer surplus expendable cash from the hands of citizens to the pockets of the criminals. This is an ongoing 'business' type of crime distinct from the one-time operation or an individual professional (McIntosh, 1975: 50ff). Money is accumulated by the enterprise, not just by the criminal.

Organized crime is entrepreneurial as opposed to predatory. It functions as a system of exchange within a structure devised in conjunction with environmental potentials and limitations. In some cases a real exchange occurs - for those who want to gamble, to purchase the services of a prostitute,

or use narcotics. In other cases it is a contrived exchange with victims paying for services they don't want or need. In both cases the pretext of exchange is important, and there must be surplus which may be appropriated. Organized crime depends on affluence for the surplus it seeks, and the more affluent the society, the greater the potential for organized crime to develop. Consistent affluence and stable economic conditions permit a stable and consistent operation of organized endeavours. Organized crime is a response to a mass consumption economy (Bell, 1960: 129). A corollary then, given our earlier assumption that the level of organization of crime will tend to match the level of societal development, is that an affluent society will always give rise to organized crime.

Organized crime also has the appearance of co-operation from members of the environment, both general and specific. There is a pretense of agreement accompanying the pretext of exchange. In some cases the co-operation is genuine, in some cases purchased (e.g. police corruption) and in others coerced. This support exists because criminals are able to monopolize a resource or service and are willing to supply goods or services no one else will handle for a variety of possible reasons. But also, criminals are powerful enough to successfully circumvent the law, criminal organizations offer the possibility of achieving criminal goals not otherwise possible.

Criminals are occasionally able to stand between people and legal norms, and occasionally they can facilitate goals which legal norms prohibit. For example publishers of pornography may be forced to deal with organized crime to achieve distribution of their publication. The publishers of Screw magazine are happy to deal with the Mafia because no one else will; their service is efficient, bills are paid promptly and the magazine gets distributed (Globe and Mail, October 15, 1975). This is promoted by a loss of faith in conventional channels and norms for getting things done. Individual goals, needs and fears supercede habitual tendencies to conform

to the law. Indeed, in the criminal subculture, conformity implies a rejection of legal norms. Organized crime functions for those whose needs or interests are not being met within the legal structure, but it is most influential among those most directly in its sphere of control: e.g. the ethnic slum.

Organized Crime as a Counter-Society

Thus, those who have little status or prestige in conforming society may acquire it through criminal activities (Bell, op.cit.; Whyte, op.cit.). The advance as individuals and as a group thereby. Those unprotected by society may find it more expedient to co-operate with the criminal element. Failure to establish universally accessible means to desired goals must result in the search for alternative opportunities, which in the context of an organizational society will likely be organized crime (Klare, 1967: 42).

Organized crime must have a labour pool from which to recruit its members. The continued existence of individual and collective crime provides a proving ground and educational field for aspirants to professional crime. The organization may survey the field and select the most likely, able individuals. Although ascriptive criteria in recruitment seem to operate at an early stage of organizational development, increasing sophistication leads to a separation of the economic function from kinship or friendship (Stinchcombe, 1965); and this seems true also of organized crime. Gangs are frequently centred on family groups (the Krays and the Richardsons in London; the Dubois in Montreal). However, expansion and development lead to the adoption of more universalistic criteria. According to Luciano's account (Gosch and Hammer, 1974: *passim*) experts such as lawyers and accountants were hired and their ability to manage a 'business' was so highly valued that proven incompetence resulted in death regardless of how close the friendship might have been (Gosch, op.cit.: 315ff).

However, commitment, loyalty and trust are infinitely more important in organized crime than in a regular business because of the overt hostility of the general environment. Anton Blok (1974: 150) states that Mafia friendship and fictive kinship is a more instrumental than affect relationship. The symbols of affect cement practical relationships in a mutually accepted bond, much as an oath does. The strength of the bond lies in anticipated fulfillment. However, this instrumentality cannot be openly acknowledged or its 'mystical' strength is lost. Lucas (1969: 217) notes that the Krays of England, having no such symbolic links, were forced to control their gang by means of a 'divide and conquer' technique. The members were kept at odds and in suspicion of each other. This system is weak in that it does not organize loyalty in a way which would enable the gang to continue in the Kray's absence. This gang was at a medium level of development according to the analytical framework presented by Stinchcombe (1965): function was separated from the kin unit, but management was not.

Stable criminal organization requires a high degree of member commitment, and this commitment is best fostered and maintained through symbolic and normative legitimation. Thus criminal norms of secrecy, such as the Sicilian omerta, function to support and reinforce loyalty once membership in specific organizations has been obtained. One weakness of organized crime may be the difficulty it has in maintaining these symbolic and normative ties within the organization as the organization becomes more sophisticated and oriented to economic rationality.

Finally we might consider the way in which the form and structure of formal organization parallel the form and structure of the larger society. Michel Crozier (1964) postulates that the structure of formal organizations follows societal organization very closely. Thus, in France institutional patterns of centralization, bolstered by what Crozier terms 'cultural personality', produces organizations oriented towards the centre, where power

and decision-making are located. Authoritarian social patterns are reflected in authoritarian organizations (Bendix, 1956; Eisenstadt, 1959) and alternatively democratic social patterns would operate to produce more democratic organizational structures. This is a consequence of internalized norms and of the variety of alternatives an individual may choose from. Autonomy and dominance result from a more limited range of alternatives (Stinchcombe, 1965).

We may relate these ideas to organized crime in respect to corruption and enforcement. With respect to the former, the structure of crime will reflect the pattern of legal divisions and levels of law enforcement, since the subversion of enforcement, justice and legislation will take place at the level at which certain activities are deemed a crime. With respect to enforcement, the law itself or its agents must be oriented to the structure of crime and its breadth of operation. This would seem to demand wide cooperation between domestic police of various levels and international cooperation, both of which currently exist but perhaps to an insufficient degree. However, the law is hindered by its own rules in moving quickly and effectively against the organization of crime.

Organizations must adapt themselves to local peculiarities and needs in order to operate successfully (Selznick, 1972). This flexibility is necessary for survival in a changing and competitive environment. To summarize these last points, organized crime will relate its operations to the levels of government monitoring the crimes committed; and it will be best dealt with at the most general governmental levels.

FOOTNOTES

1. This paragraph is based on Yeager (1973).
2. A paperhanger is a "criminal who specializes in hanging, or passing, this paper (i.e. stolen securities) on banks, brokerage houses, insurance companies, and individuals". (Clark and Tigue, 1975: 177).
3. Pickpockets needed accomplices to jostle the victim and to take the stolen items so that in case of apprehension, no evidence would be found on the actual thief (Tobias, op.cit.: 100).
4. This account is a composite of consistent information provided by Blok, Hess, Ianni, and Lewis. Only Lewis finds similarities between the Sicilian and the North American Mafia; he finds them 'identical'. But his findings are strongly disputed by the other sources.
5. The accounts of Sparrow (1968), Lucas (1969) and McIntosh (1975) suggest that protection rackets find their victims in both the legal and the illegal business worlds.

Chapter Seven

Organizational Cognates of Organised Crime

Chapters 2 and 3 showed that organised crime could be treated analytically as a formal organisation. The nature and form of formal organisations vary considerably in response to a number of factors: the nature of the task or objective undertaken by the organisation, size, technology required and available, the environment and the personnel involved. However, some general principles would place otherwise different structures into the category of formal organisation. Such an enterprise is established to carry out a specific task (although goal replacement and displacement are features of organisational adaptability and viability); there are rules governing the scope and operation of the organisation; there is some system of evaluation, promotion and remuneration within a hierarchical structure of authority and responsibility; the organisation exists as an entity in itself distinct from the specific persons involved and these persons occupy positions which may be filled by other persons involved and these persons occupy positions which may be filled by other persons with the requisite knowledge and ability to perform the appropriate functions. There are opportunities in all formal organisations to abuse the system, to appropriate power and establish territoriality. However, the basic principles outlined above define a formal organisation. Organised crime was found to satisfy this fundamental definition.

This finding enabled us to proceed further, along two dimensions. Although little is known about the organisation, the available information allowed us to put organised crime into an

organisational framework, even if it doesn't give us enough hard fact to predict its future in any concrete manner. However, we proposed to select some parallel organisational structures, study them, make organisational predictions about their development and then apply these to organised crime. This would enable us to suggest organisational strengths and weaknesses in the structure of organised crime. The cognates selected were feudal structure, corresponding to the normative aspect of criminal organisation, the brotherhood or fellowship aspect; and cartel organisation, corresponding to the economic or business facet of organised crime.

The last chapter examined the effect of the environment on organisations in general; and developed hypotheses about the effect of the environment on organised crime, and the behaviour of organised crime in various environments. A number of hypotheses were developed which will provide some basis for the final section of this paper, leading to some conclusions and recommendations. An interesting and perhaps disturbing discovery was that the American Mafia type of organised crime, far from being an archetype of organised crime is more of an ideal type. It is to organised crime what Weber's notion of bureaucracy is to formal organisations -- a model and an ideal for professional criminals. The Mafia is, however, real, functioning and expanding, as an inquiry into organised crime in Britain, Canada, the US and even Sicily has shown.

Despite its uniqueness, the American Mafia must remain the type of criminal organisation we study and that on which we base our selection of cognates and inferences from those cognates.

There is ample evidence indicating that various branches of the Mafia have extended themselves into a number of regions in Canada and are involved in such activities as loansharking, gambling and narcotics. How this type of crime is organised at home base and in 'branch plants' is particularly relevant to Canadian interests.

Secondly, the nature of the Mafia organisation gives it great advantages over others. The strength of combination will become more apparent later in this chapter as we examine cartel behaviour. For the moment, it is sufficient to point out the manner in which large corporations and conglomerates have been able to hinder smaller firms and prevent the entry of new competitors into their field of operation. The Mafia is oriented to mass consumption, large scale activity, and profitability (Bell, 1962: 129). By virtue of its size, networks and co-operation between Families, it is able to take-over, force out and prohibit competition. Already existing criminal groups or gangs must disappear, be subsumed into Mafia organisations or imitate that style of activity and form of organisation if they hope to compete successfully.

This phenomenon has been noted by British authorities with respect to organised crime in Britain; it may also be seen in the course of events which transpired when the 'New Mafia' returned to Sicily from the US. The Mafia and its members regard themselves as businessmen and capitalists. Some of the fundamentals of capitalism are expansion, the reinvestment of capital and continued development, and the appropriation of surplus. If the Mafia is a capitalist organization, as it claims to be, and seems in some measure to be, then we may expect it to continue to

spread its tentacles further and further afield. With the strength and background the Mafia can bring to bear, we may expect it to expand successfully, without effective opposition from indigenous criminal groups. Hence its form of organisation will come to predominate everywhere.

Third, in its strength and development organised crime is the most dangerous type of crime. It offers a greater threat to social organisation and law enforcement than any other type of crime. The more organised crime is, the stronger, the more viable, and the more oriented to development it is. For these reasons it seems not only valid, but necessary to continue to treat the American Mafia as the primary representative of organised crime and the target of our investigations.

An analytical distinction has been made earlier between the 'normative' and the 'utilitarian' facets of organised crime. The former was described as being socio-political and more or less coincident with the fraternity known as the Mafia. In this facet of organised crime are located a number of symbolic and social features: status, norms, commitment, honour, mores. Within this organisation is found a hierarchical structure of stratification, evaluation and prestige according to normative criteria of honour, respect, experience and performance. Such terms as 'a man of honour' or 'a man of respect' have real meaning and are important indicators of status and value.

The larger circle which encompassed and supports this central core is more utilitarian in nature, focussing upon economic performance. Here men are selected and evaluated according to utilitarian criteria of performance, experience, ability and

success. Within this sphere economic and business decisions are made which affect not only 'made' members of the fraternity, but its many non-Italian associates as well. This distinction is only analytical -- members and non-members alike engage in economic activities and experience social and symbolic bonding and commitment. However, it seemed important to make the distinction in order to deal with what is clearly the most powerful and well-known form of organised crime, the Mafia, without excluding its associates in the field.

The division of organised crime into two facets is mirrored in our selection of cognates although, once again, the distinctions are not absolute. Feudalism was chosen as the most appropriate cognate for the normative aspect of organised crime. Cartel organisation was chosen as the closest parallel to the economic operations of organised crime. There are similarities in form between these two cognates, as well as between them and organised crime; there are also differences. Both the similarities and differences will be discussed below.

The socio-political facet of the Mafia provides symbolic and social linkages which give unity and strength to the organisation, cement member commitment and express mutual trust, reliance, and obligation. Like the Mafia, feudalism is a system built upon similar foundations of symbolic trust expressed in oaths, homage, loyalty and support. Economic support and protection are provided in return for service, loyalty and military support. However, often there was no service due in feudal systems, only the obligation not to go against the lord's interests or to harm him. Vassalage was often entered into less as a service relationship

than as a treaty relationship or non-aggression pact. Sometimes vassalage was the result of one party requiring financial assistance and loyalty cemented in vassalage was a form of collateral on the lord's investment. The command relationship was often a mere formality with feudal vassals administering their own territory virtually unsupervised and without interference. However, the obligations were real enough whenever the lord wanted to express authority or required support. The ties of obligation and imaginary kinship within the Mafia are similar in their function of cementing loyalties and alliances. The strength of these ties lies in the belief that the obligations will be discharged and the trust maintained (Lucas, 1969: 17). There is in both cases a potential for coercion and force but the strength in this relationship lies in the lack of need for such force. Indeed a need for force implies structural weakness.

The economic facet of the Mafia as we have described it, coordinates the activities of a much wider and more diverse group of participants and activities. Although some of the participants are members of the socio-political structure, many are not. The ties here are not feudal or fraternal; they are economic and partially contractual, although written contracts are not customary. As with cartels, the strengths lie in combination and the strength of size and numbers. This strength permits monopoly control and reduces the risks inherent in competition and unstable markets. Cartels are generally informal networks or combinations designed to restrict trade by inhibiting competition. This may be done through price-fixing, placing limitations on output or quality, through agreement as to production or trade methods or

any other agreement to restrict competition. Such combination gives great strength and power to the members of the cartel, but the strength may be reduced by the failure of one or more members to conform; and some members cheat on the cartel in pursuit of their own particular advantage, at the expense of the group. Cartels have no recourse to court procedure to force a non-conformist into compliance, nor can they generally use force. The Mafia is not bound by such restrictions and can maintain its agreements to the full extent of its physical power. Trust and co-operation are as important in this economic relationship as in feudalism, but they are not expressed in symbols. They are expressed and concretised through the medium of monetary exchange and business venture (a horizontal not vertical relationship)-- a very clear exchange of value for value: service, franchise, protection, licence -- for cash.

Both feudalism and cartels are appropriate cognates to organized crime for a number of general reasons. First, neither cognate is or was static and unchanging. Both are fluid, flexible and adaptable. Secondly, both are verbal relationships, based on trust and not on formal written contracts. Thirdly, both involve relationships of exchange and co-operation. In some ways they are very similar and complement each other. In other ways they are different and the values, ideals and goals inherent in each may conflict with the other. In general, the feudal or socio-political facet seems increasingly to be giving way to the more rational, utilitarian form of organisation implicit in the cartel. This chapter will end with an attempt to draw together some conclusions about the future of organised crime,

and to make some recommendations for action to oppose organised crime.

FEUDALISM¹

Feudalism is not, properly speaking, a formal organisation, but rather a type of social structure or body of institutions. Its social organisation, however, bears a number of striking similarities to that of the socio-political structure and organisation of crime as we noted earlier. The normative facet of organised crime is institutional in character, developing as it did out of a variety of social circumstances, opportunities and necessities. The ties of patronage, obligation and dependence which developed in specific historical circumstances in Sicily were changed and formalised in the environment provided by the US in the early part of this century. The challenge and opportunity for profit presented by Prohibition were especially instrumental in transforming the Mafia from a social subculture or network into a formally constituted organisation.

Although much of the feudal trappings were discarded when Luciano deposed Maranzano, some remnants remain. The traces of traditional structure and linkages which remain are of decreasing importance. The 'books' have been 'closed' to new membership for some twenty years now and although members still live from earlier times and some people are known as associates, the ideal of membership is apparently less critical. Relationships seem to be more businesslike and less ethno-centric.

It is nonetheless important to understand this aspect of organised crime since it has not entirely passed out of existence and has contributed to the foundations of criminal organisation

in North America. In addition, the nature of its passing -- and of the passing of feudalism -- could tell us a great deal about the future of organised crime.

A common error is to confuse feudalism with manorialism. The two are not synonymous nor even necessarily related. Manorialism is land tenure at its very lowest level and a system of land use and production. Feudalism is not an economic system of production or usage but a type of social relationship and political structure.

"...feudalism may be regarded as a body of institutions creating and regulating the obligations of obedience and service -- mainly military service -- on the part of a free man (the vassal) towards another free man (the lord) and the obligations of protection and maintenance on the part of the lord with regard to his vassal. The obligations of maintenance had usually as one of its effects the grant by the lord to his vassal of a unit of real property known as a fief." (Ganshof, 1964: xvi).

"The most striking characteristic ... was the parcelling out of sovereignty among a host of petty princes or even lords of villages." (Black, 1968: xvii).

It is important to realise that although we may conceptualise feudalism in an ideal-typical format, it was a changing, developing process, not a static phenomenon. It had origins and history; a rise and decline. This evolutionary character has relevance for understanding organised crime, which is also constantly changing.

The origins of feudalism go well back to the 8th century although the period in which it flourished at its height was between the 10th and 12th centuries. The Merovingians divided their land among their heirs with the inevitable consequence of fragmentation of territory and authority. This provided a perfect medium encouraging the growth of bodies of armed retainers.

These private armies defended land position against bandits and other landowners and maintained order. In these times, the king had direct dependents of two types: antrustiones, privileged, valued followers whose position accorded them status, power and benefit; and vassus, who were directly dependent on the king for bed, board, and their very existences --- a very unprestigious status. The relationship was primarily protective and was known as commendation --- a free man commended himself to the care of the king or lord and received protection, sustenance and care for life in return for obedience, service and support of arms.

Increasingly, however, it became difficult to support vassals in the lord's house or castle and gradually it became the custom to assign to the vassal a source of income: property, toll bridges, an annuity, or other source of income bearing property, in order that he be supported but not supported out of the lord's own pocket. There were two types of land grant. The first was given in return for rents, dues, service or some combination from the vassal as part of the obligation for the grant of property. The second type, known as a benefice, required no labour, rents or services, only loyalty and support. During the 8th and 9th centuries, vassalage increased and benefices became the predominant form of land grant. In consequence, vassalage gained prestige; it was no longer tantamount to slavery or serfdom and had definite economic advantages. More and more powerful people became vassals of the king and created retinues of vassals of their own.

Two forces operated here to cause the increase of vassalage. First, men with little to lose except their status as free men saw advantage in becoming vassals, thereby gaining protection for their land and, as time went on, more land, less service and greater prestige. The lords and the king, on the other hand, gained power by virtue of the number of men linked to them by such relationships. Of course, those with the greatest power attracted the most vassals. And those with the most land to distribute also had the greatest attraction for potential vassals. These two factors in conjunction created a system which provided general security, social stability and mutual support.

As time went on, feudal relations became increasingly sophisticated, complex and formalised. Oaths became important as symbols of trust. The strength of feudal social linkages was the emphasis laid on symbolic expressions of solidarity and the seriousness of such expressions. Coercion and force were not used to extract vassalage, though they might be used to enforce it. Mutual obligation and balanced reciprocity provided a solid foundation. Of particular importance was the free status of vassals, their independence and self-determination. Although a vassal was obligated not to harm his lord and the lord was obligated not^{to} harm his vassal, they were free to determine their own actions, form associations and have diverging opinions. This in part distinguishes feudalism from patronage, which is a much more direct state of dependence. Mafia organisation is similar to feudalism in the sense that loyalty is owed to the group and a member is obligated not to harm his fellows; but all Mafia members are more or less free within those limitations to conduct business, make friends and express opinions.

A 'contract' of vassalage once entered into was for life -- as in Mafia membership. However, a vassal had conditions under which he might remove himself from the relationship and renounce his lord -- as Mafia members have certain conditions under which another mafioso may be renounced (generally by murder in the case of the Mafia). If a lord tried to kill or strike a vassal (also taboo in Mafia circles and regarded as a grave insult), if he tried to commit adultery with the vassal's wife or to seduce his daughter (definitely prohibited in the Mafia), if he tried to deprive the vassal of his patrimony or to enserf him, or if he failed to defend him, the vassal might renounce his lord and no longer owe him obligation. These four unpardonable transgressions are also regarded an outrage within the Mafia. In both cases the injured party is supposed to take the matter to his peers -- to a feudal court in the one case, or a Mafia tribunal in the other -- for support and decision. In both cases, direct action by the one offended is expected, with peer approval as a post hoc formality or peer pressure and retribution as unexpected and unpleasant consequences.

Technically a vassal owed military service to his lord only when the lord was acting in the service of the king. In fact, lords frequently led men into battle against the king or against other lords in defiance of this order. One of the weaknesses of the feudal system was the decentralisation and wide distribution of power. While such diffusion might result in a balance of power and was necessary to protect far-flung and diverse territories, it also provided the potential for armed rivalry and rebellion. Extended vassalage weakened and undermined the autho-

rity of the king. The struggle for benefices undercut the stability of the social structure and the peace and security its linkages were to provide. By the late 9th century, lords had become directly responsible for their own vassals and would even defend them in court against the king.

This sort of appropriation of authority and responsibility is found also in the Mafia. Discipline is exercised internally at the appropriate levels and lieutenants from different Families will get together when necessary to sort out conflicts between their soldiers, going to such meetings as representative and defense counsel. Alternatively, a serious offence on the part of a vassal or soldier might result in severe discipline by the lord or lieutenant. However, the right and authority to defend and punish was and is decentralised in actuality. While vassalage prevented complete social disintegration, it also prevented the possibility of unification under a central authority. We know that the Mafia has also been unable to unify under a single central authority. The last attempt, by Maranzano, failed when Luciano deposed him and decreed that each Family should govern itself.

In general, there was no specific format for the establishment of vassalage relations. By the end of the middle ages, standard oath formats are found and also some written charters but usually there was no written document involved in the procedure. Vassalage resided in the relationship, not in the act of homage, the oath or any contract. The size of benefices varied, although in the course of time there came to be a certain expectation of the size or value of benefice that corresponded to

a particular rank or set of services due in return. In the Mafia also, operational territory does not always match the position held by a given individual but there is a rough association between the two. A vassal was bound to use the resources of his benefice to help his lord and furnish the services owed. These obligations ceased at the death of either party, but they were usually renewed by the successor of the deceased. The duties owed were generally defined negatively, not as what a vassal must do, but that he should not go against his lord or harm him in any way. The relationships were less of an authority structure than a way of cementing alliances and loyalty. In some cases a man would have assumed the vassalage in return for financial or military assistance from his new lord. His loyalty and commitment served as collateral for the lord's investment. Although the fief obviously provided financial benefits and inducements it was primarily important as a mechanism of social interaction, an intangible expression of reciprocal obligations.

Some sense of this may be gained by examining the origins of the word fief itself. The history of the word is very much the history of the institution and the relationship. It began as fehu od, meaning a herd, probably of cattle, or goods in general. Because it was given to a vassal to support him, it came to mean that which maintains a vassal: almost anything. As benefices became the almost exclusive means of vassal support, fief came to connote a landed benefice. Really a fief is any kind of tenement (holding). Free fiefs were those with no obligations attached to them except loyalty and fealty. Often a vassal bought his fief, a system known as 'relief', before taking possession of it. The cost usually amounted to one year's revenue from

the property.

Gradually vassals acquired more and more rights to their fiefs and began to treat them and dispose of them not only as hereditary but as allodial property. Increasingly the grant of a benefice was an inducement to attract men into a vassal relationship in order to build up a power base, no longer as a reward for service. The only duties which remained to the vassal were consilium et auxilium, aid and counsel. Gradually payment in money replaced actual rendering of services and armed forces were hired centrally by kings. These professional troops replaced a class which had evolved over time from a military class to a propertied class. Feudal authority had been able to maintain order and this order led to a declining need for the structure which maintained it. The waning of feudalism took on two forms: in France and England it led to the development of central state systems; in Germany, it preceded fragmentation into a number of smaller states. Since the Mafia seems to be in a state of waning 'feudalism', will it become more centralised or will it be fragmented?

It seems likely that fragmentation will occur for a number of reasons. First, there is no single dominant force in the Mafia to effect unification. To date the various centres of strength in the Mafia have maintained a balance of power. The nature of operations and territoriality are such that centralisation is unlikely. Secondly, responsibility and authority are decentralised; there has been no central take over of crucial functions such as protection or corruption. The regional branches show no signs of relinquishing their obligations in these respects.

Thirdly, independence and freedom of action are of particular importance to Mafia members who appear to be resentful of authority or dominance in any form. A limited co-operation can be achieved but Mafia members often appear insubordinate and unwilling to accept orders even from their own kind.

The unity and bonding of mutual obligations located in this sort of system of relationships is an organisational strength. As we saw in the examination of organised crime in Britain member commitment is low where fraternal or ethnic relationships do not exist. Coercion is at best an uncertain means of control. As much time must be spent exercising surveillance over members as on undertaking activities and evading the legal authorities. Without being able to rely on members, control remains personal and direct and rational organisation is difficult. At present 'feudal' or normative ties in the Mafia have the strength of unity and common cause. As this element disappears, the Mafia becomes more vulnerable to internal dissension, betrayal and poor co-operation. Even its ability to exercise force may be undermined. When it is no longer a cosa nostra, a thing of curs, commitment will be lower. How much more committed is the owner of a business than an employee! Franchises, profit-sharing and stock options are some organisational responses to this problem.

Feudal social relations and the normative or socio-political aspect of the Mafia are not economic structures, but social structures. As such they are less flexible in economic matters, do not specifically concern themselves with economics or business affairs and tend to restrict economic development. The manor and farms on which agricultural production occurred and the cities

in which trade and craft production grew up were the loci of economy in the Middle Ages. It was outside of feudal relations that business was conducted. The full development of economy and expansion of trade required the stability feudal relations provided, but also had to wait for the tight control of feudalism to decline. To a certain extent economic development also contributed to the decline of feudalism by establishing other foci of wealth and power which were not circumscribed by feudal relations and were beyond the control of the feudal social and political structure. With this in mind, the waning of such relationships within the Mafia may be seen as organisational adaptability and hence organisational strength, since the organisation, though changing its form, is moving toward a more viable economic structure.

The vulnerability caused by the waning of social bonds is limited. The economic structure of the Mafia has similar bonds and linkages expressed not symbolically in fictional kinship or oaths, but in economic terms and a communality of interests. Cartel behaviour, which has been chosen to parallel the economic organisation of the Mafia, is very similar to feudalism in having unwritten agreements and alliances. Cartels, however, are usually not hierarchical but are rather relations of equals. While the links may not be quite as close or personal, they are nonetheless strong. A criminal cartel would also neutralise any negative effects which might be expected from the fragmentation that would result from 'feudal' or socio-political decline. It is to cartels that we now turn.

CARTELS²

We have already discussed the need of organised crime to achieve monopoly in order to stabilise market conditions, minimise risk and restrict harmful competition. This was a particularly effective response to environmental hostility and uncertainty. The Mafia has moved to establish monopoly in a number of ways: by co-operating with fellow members and associates to establish territorial boundaries and maintain them; by franchising or 'licencing' small operations; by co-ordinating various activities-- for example, providing fences or lay-off bookies; by integrating potentially related activities such as gambling and loansharking. Monopoly has been established by force, bribery, corruption and agreement. To achieve this state money, power, violence, initiative, foresight, persuasion and intelligence were required; its achievement resulted in organisation, diversification, complexity, size and strength.

The history of the Mafia in many ways reflects the history of capitalist business in general. Over time competition has rewarded some and ruined others. Increasingly, in the 20th century, ours is an economy dominated by giant enterprises which have grown at the expense of small businesses and overshadow those that remain. It is not only difficult for such small businesses to compete successfully, it is almost impossible for newcomers to build to a viable operation. The consumer under these conditions is a captive unable to have an effect on prices, quality, policy or even what is offered to him. The consumer must take what is offered, his tastes determined ultimately by availability. Cartels operate to remove the last vestiges of

competition from the economy as the remaining participants in the particular industry or trade agree not to compete -- by fixing prices, territory, quality, quantity of output, product range and production and sales procedures.

In fact, organised crime is a cartel. Cartels operate in many industries, some more obviously than others. These cartels sometimes comprise the entire industry and sometimes only leaders and trend-setters in the industry. In the case of organised crime, the cartel members appear to be synonymous with the Mafia Families. This group dominates and co-ordinates activities of its own 'employees' and also of independents. The independent professional thief has still to go the fence, who is in all likelihood part of the organisation. The local bookie gets his odds and lay-off service from a central 'agency'. Montreal appears initially to have been used as a transit point in the shipment of drugs to New York from Europe by a number of Mafia Families who finally came to compete for the territory when it became a viable market in its own right (Charbonneau, 1976: *passim*). The Organisation is willing and able to provide protection for a variety of independent criminal operations and sometimes to fund them. The degree of organisation, the size, complexity and diversity of the Mafia gives it strength, dominance and the ability to prevent challenges to this monopoly.

A cartel is more than simply a price-fixing conspiracy. It is any agreement to restrict trade in any way. This may involve fixing prices -- either at a low level to drive out small businessmen whose profit margin does not permit them to do the same, or at a high level to maintain high profit levels. It may involve

agreement to distribute territory so that prices may be charged according to what a given market will bear or in order to avoid competition between parties to the cartel agreement. It may involve an agreement to restrict output, on the assumption that this will allow the prices to rise, or to maintain a poor quality of product or service. In all cases trade is restricted and competition virtually eliminated. The result to the consumer is a lack of choice. The consumer may be another corporation, another industry, a government or the individual. Usually the effect of a cartel is to interfere with the relationship between the cost of a product (including the purchase of raw materials, investment in property, technology and equipment, salaries, transportation, advertising, marketing) and its price. Price under cartel agreements generally reflects the ability of the market to pay and what members agree is a 'fair' rate of return on investment. Sometimes the existence of a cartel will even result in the withholding of new products, technological innovation and valuable knowledge -- at least until current investments are amortised or the supply of (or demand for) current products is exhausted. In consequence cartels often cause waste, inefficiency and unnecessary costs to consumers and to society.

In economic terms a cartel is a type of business association. Legally, a cartel has the purpose and effect of restricting trade. In practical terms, it can take on a number of different forms and have a number of different effects. Foreign trade is often organised legally as a cartel to protect a domestic market and reduce what amounts to self-competition by companies or individuals of the same national origin. Frequently, small operators will

band together as a joint venture in order to raise sufficient capital, to provide adequate facilities, resources or manpower, or to produce in large quantity, when no single small operator could succeed on his own. In some cases, there is a fine, almost invisible line between cartel activity and a trade association. In many cases trade associations (along with interlocking directorships, connecting banks, insurance agencies and investment firms) provide occasions and linkages which promote cartel arrangements. Of course, some contact between members of a particular trade or industry is desirable. The establishment of standards, the sharing of information, the regulation of the industry in terms of safety efficiency, cost savings or other economies can only benefit the industry, investors, and the consumer alike. But these agreements and 'standards' can easily turn into collusion between competitors and agreements to maintain prices while reducing costs.

Government attempts to break up cartels or supervise profit levels are often unsuccessful because of problems in defining what constitutes a monopoly in a particular industry: what percentage of ownership by how many companies constitutes dominance? Ultimately one hundred percent of an industry is owned by someone, but what percentage of that ownership in collusion is a monopoly? Are links via directors, banks, investment and insurance companies fortuitous or deliberate? Is a similarity of price and product a reflection of the legitimate state of the industry (costs, level of technology, demand) or the result of collusion? How far does commonality of interest go before it crosses the line between coincidence and design? The problem is complicated by the dependence of external regulating bodies on the industry itself for

information regarding fair levels of profit, levels of production, costs, availability of resources, and so on. In addition, there are powerful lobbies, vocal and well-organised, representing the interests of those who dominate a specific industry. These lobbies are able to influence legislation, court decisions and the enforcement of laws relating to trade and industry.

Cartels sometimes appear to be private governments which threaten the authority and stability of legitimate government. Similarly organised crime is a separate government which undermines legitimate authority. The Challenge of Crime in a Free Society, a book on organised crime, might parallel a book called Cartels: Challenge to a Free World. In both cases it seems that legitimate governments provide useful services to cartels, to giant industry and organised crime alike. Maintaining social stability, economic order, diplomatic relations, the provision of utilities such as power, roads, sewage systems, and a general level of welfare and economic well-being, the government provides necessary foundations for activities conducted by organised crime and by cartels.

There are a number of advantages which accrue to members of cartels and which act as inducements to cartelisation. Cartels permit intra-industry division of labour, greater capital investment, a system of central accounting (particularly in vertical cartels) and joint product advertising. The literature on formal organisation in general demonstrates that the more co-operative or joint programmes in which an organisation is involved, the greater the complexity and sophistication of the organization. Personnel may be borrowed or shared among organizations, permitting the hiring of other specialized and various personnel.

Purchases may be made in quantity, often resulting in lower costs per unit. The product or service itself may be advertised jointly at little disadvantage to members, especially if the sales territory has been divided. Greater investment in joint research projects may be made. In vertical cartels, administration may be more efficient and well-co-ordinated, and certain advantages are derived from a company's trade with itself, especially with respect to taxes.

Commercially or strategically cartels minimise competition and therefore provide protection against risk. Investments are protected because former competitors and/or new entrants to the field will be unable to threaten the firm by introducing new products or equipment. Investments are also protected by the constancy and predictability of prices: Cutthroat competition can be ruinous. Secondly, in this context cartels guard against economic and market instability. Both vertical and horizontal cartels assure a supply of raw materials, the former by ownership of suppliers of raw materials and parts, the latter by agreements to buy under certain conditions at agreed prices. The freedom of competition for suppliers is removed and so is risk to the cartel members.

There are two types of organisation which limit competition, horizontal and vertical combinations. The former is generally thought of as a terminable, limited contract in restriction of trade agreed to by participants in the same industry or trade. Members may retire at any time since there is no legal force to the contract or means of enforcing it. However, other members may exert pressure through their strength as a cartel to penalise

the deserter. Members of this type of cartel are generally equals in the same plane of operation, hence the designation of horizontal cartel. Generally this union is short-lived as members seek their own advantage, cheating on the cartel and hence weakening it. Although this is usually an informal union, it can grow into a more stable horizontal combination effecting a monopoly. Although there are certain strengths to this type of cartel, there are also weaknesses. Conflict or disagreement is a serious problem since it takes away the major advantages of cartel organization: elimination of competition, agreement on policy, joint action, and solidarity. Second, the cartel is inefficient because of its need to buy up useless plants and other operations in order to continue to dominate the field. These expenditures are often wasted as the purchase is useless to the purchaser, merely dangerous in the hands of a competitor. Third, it is costly to maintain the cartel position because of the need to bribe, fight court battles, and provide an image which is acceptable to the public. Yet since these costs are passed on to the consumer, such drawbacks as these are of little consequence to the cartel or its members.

The second type of cartel, better known to us as vertical integration, is as its name implies, vertical. It is not a union of equals but usually a legal relationship between various participants in a chain of production. Sometimes its direction comes from a holding company or trust; sometimes one corporation owns a number of fully integrated subsidiaries, either supplying raw materials or parts for a major operation or building subsidiary lines. Trade is restricted since the vertical combine may "compete" with itself or buy from itself; it need not risk the open

market. Once again economic stability and the elimination of risk is a paramount goal. In addition, this concentration of different stages of production under one management eliminates middle men and by-products. Increasingly the ability to increase profits by technological innovation is declining and efficient organisation is the key to increased profits. Vertical combination may be accomplished by joint stock companies, holding companies, or amalgamation: usually this sort of cartel has the advantage of legality. It also provides reliable delivery of materials from beginning to end of a production process, reducing the dependence on external suppliers. Greater control and certainty may be enjoyed. Vertical integration does not constitute a monopoly, but facilitates it. True, it must pay the costs of subsidiaries and risk over extension; but in general, it is a strong organisational structure.

At this point it seems relevant to look at particular cartels. The oil industry will serve as our example of horizontal cartelisation and the auto industry as representative of vertical combination.

THE OIL INDUSTRY³

The oil industry is not only a horizontal cartel but also a vertical combination since the four major processes in oil production are generally owned or controlled and operated by the major oil companies. These are: production, transportation, refining and distribution. After the anti-trust case against Standard Oil, organisational policy was to have regional operations which did not compete against each other. These regional divisions were

integrated providing the strength and machinery for dominance and leadership in pricesetting. This structure became the model for other oil companies.

The technology of the oil industry is simple but not fixed because of the shifting nature of drilling. Large scale ownership of reserves is a response to fears of shortages -- and in fact oil companies have also bought into other forms of energy reserves, such as coal, uranium and natural gas. Oil from hundreds of thousands of wells is taken to several hundred refineries by boats, rail, pipelines, tankcars and trucks. Refineries are located near the consumer, not the wells, because the location of the wells may shift but the consumer is relatively stable. Small independent oil producers are generally unable to afford their own pipelines or other transportation and charges by the majors for transportation are high. Thus the independents are often forced to refine at the well or sell there to a large company for low prices. Distribution of the refined product is via major consumers: tied, franchised or independent jobbers -- who agree to deal only one brand -- or service stations owned by the major companies themselves. Oil companies have a tacit agreement not to poach on each other's territory and a service station is quickly 'branded'. Price competition cannot alter market share, only everyone's level of profit, so in general little price competition occurs.

The oil industry is a nearly classic case of the waste resulting from monopolistic control; prices reflect not costs but what the market will bear. Oil is owned according to surface rights, not the extent of underground reserves. Hence drilling

on one property may drain oil from another. Attempts to take oil out as fast as possible to make sure no one else gets it wastes the gas which provides pressure to force oil to the surface. An ideal system (according to Rostow, 1948: passim) would be to have unified drilling with shares of profit or oil divided according to the percentage of ownership of land and presumably equipment and capital investment. Government attempts at interference and regulation earlier in the century restricted output and shared out the quotas equally despite differing fields and wells. Trade associations were formed to help keep prices up and control output. Larger companies bought from smaller producers to prevent quantities from appearing on the market via independent refiners and distributors and the US Department of the Interior supported these associations although they were deemed to be unconstitutional. Attempts to alter market share were made through advertising, a multiplication of outlets and development of consumer demands.

Large size is not necessary in the oil industry: it is equally efficient to drill or refine or distribute in small quantities. However, size and organisational structure do affect monopoly control. The major producers are able to dominate because they control strategic linkages such as pipelines and service stations. They are able to block trade between independents. In consequence prices remain stable. The instrument of this economic power is integration and also restraint of trade and co-operation between major producers.

This horizontal cartel has no formal structure, but under close examination, the structure is visible. Linkage exists via

concentration of control, interlocking directorships, shared financial services, joint ventures, professional conformity, reciprocal favours, commonality of interests and friendship. In addition to the vertical integration of companies at the different stages of production, major oil companies are also involved in horizontal combination of different energy sources. This control also facilitates cheap indirect control of electrical power, by providing the source of power to run generators (coal and potentially uranium) without the costs of actually buying into electrical power stations. These competing energy sources may be used if and when foreign oil is no longer available or is withheld until the oil companies are willing to release them, in order to insure that investments made in oil are returned. In addition, prices can be manipulated not only in oil but in competing energy sources as well, further reducing competition and increasing costs to the consumer.

Joint ventures are entered into to reduce risk; then a new company is owned by two or more parent companies. Pipelines and transportation are often arranged in this way. Joint bidding occurs for reserves, depressing prices to sellers (making savings that are not passed on to the consumer) and concentrating ownership in a few hands. Oil companies also trade with each other to save transportation costs, lending oil to distributors in a location near to the lender; it is understood that the borrower will reciprocate. There are many varieties of joint ventures: I) vertical (an oil company and another related company, for example a chemical company) II) horizontal (two or more oil companies) III) conglomerative (an oil company and an unrelated

company, for example, a steel company). These ventures may be domestic or foreign, short or long term. They permit the spread of risk, shared research, economies and efficiencies of non-duplication and the ability to raise greater capital. However, competition is undermined by this self-restraint and co-operation. There are hundreds of corporate interrelationships in the form of joint ventures which link the oil industry into an extremely tight network. They permit the exchange of information and co-operation beyond the stated purpose of the venture. Government countenances and indeed supports these relationships. The ability to pool huge resources in this way places the independents at a disadvantage.

It is important to realise that these relationships do not arise in smoke-filled back rooms, but more or less openly at meetings, over the phone, and under the auspices of financial institutions. Such collusion and closeness permit the cover-up of the true state of reserves and general ignorance that an artificial scarcity has led to higher prices. Although the US consumes more oil than it produces, the recent oil crisis appear to have been deliberately created. In consequence, the oil industry is in an extremely strong position that is based upon vertical and horizontal combination, mutual aid, lobbies and the strength provided by large scale operation. The vulnerability of a horizontal cartel to cheating is reduced in this case by the extent of dominance. No cheater could hope to buck the system, which works so advantageously for all concerned in any case. Government intervention could theoretically disrupt the situation; but the oil industry has shown itself in the past to be resilient

and flexible, able to cope with legislation, court action and organisational change without losing its self-control.

THE AUTO INDUSTRY⁴

The Auto Industry grew out of developments in the manufacture of bicycles and carriages. Experiments with a variety of designs, engine types, fuel sources and other technical details gradually led to the development of automobiles as we remember them. The early days of the industry were occupied with technological innovation and development; attaining perfection of working parts and production methods were of primary concern. Following initial development of the product, attention turned to problems of financing. Constant and frequent changes in technology rendered the industry uncertain and the market unpredictable. Financing had to be secured for product development and manufacture. A particular firm could easily fail -- for lack of funding as easily as for investment in an obsolete or unpopular line. Meeting market demand, producing a sufficient quantity of vehicles and then distributing them also occupied the early manufacturers. The course of economic development in the 19th century had established distribution networks and markets for US manufacturers. However, once a few firms had set up and captured such networks, entrance into the field was prevented by the prohibitive costs of entering a full-scale operation -- essential for effective competition.

There were in the first couple of decades of this century two routes to expansion: improved production and price cutting, or combination and integration of a number of firms. Henry Ford was the only one to succeed in the former course of action, while

Durant of GM was the model of the second. In the second decade of the century, there was a general boom which led to great expansion of the market and the principle problem was to produce enough cars. Henry Ford developed the idea of mass production using the assembly line. His plan, initially quite successful, was to perfect and speed up production to such an extent that great volume could be turned out at low cost; and the prices of Ford automobiles actually fell over a period of years. To do this Ford concentrated on one model, the Model T. His thought was that one model -- with a variety of bodies and colours -- could be turned out more easily than a number of models. In addition, parts would be identical, thereby facilitating service and repair even by the motorist himself.

Durant, who established GM originally in 1908, followed the course of buying out a number of manufacturers and combining their production under the auspices of GM. This process followed the general principles of horizontal combination and entailed all the costs of that form. Durant in many cases purchased firms that turned out to be total failures; others were overvalued and Durant found himself overextended in terms of cash and credit. GM was initially capitalised at \$2,000 and in one year rose to a capitalisation of \$60,000,000 as a result of Durant's issuing GM stock to firms purchased. GM was eventually taken over by banking creditors, regained some years later by Durant and was eventually taken over by Dupont. Despite early problems which were primarily a result of Durant's lack of financing, his principles proved to be sound. Fundamental were decentralised management and organisation along product lines. GM has now a line and staff hierarchy. The line

has authority and responsibility within policy limits. The staff (central as well as regional and divisional) is more than an advisory body -- it sets policy. There are staffs for sales, finance, engineering and administration. Each division or regional subsidiary has its own line and staff personnel who work with the centre but have a wide degree of autonomy. Durant developed a number of product lines -- a vehicle for every purse and purpose. He concentrated also on advertising and market analysis to better meet demand and capture the market. He developed the GMC financing system and the trade-in concept. He also established the idea of an annual model change to encourage continued buying.

Ford's system had made cars affordable and long lasting. By the 1920's emphasis in the industry was not placed on production and technological innovation nor upon meeting demand. It had shifted to competition within a no longer expanding market, with organisation, marketing and advertising as the keys to success. The trend set by GM was most appropriate to this change and by WWII Ford had adopted GM organisational and operational structure -- although credit for the invention of the now universal assembly line remains with Ford. GM's organisational innovation changed the tenor of business from production to sales -- dealerships, financing, trade-ins, advertising, planned obsolescence and change to promote sales and maintain a high level of production. Diversification and organisational complexity were of great importance to GM and to the industry as a whole.

The 20th century industry is geared to the mass market, to bulk production and a high rate of consumption. Small firms cannot survive in such an economic milieu. Increasingly the trend

is to oligopoly: domination by giant, integrated enterprises. The initial drive for the mass market involved production and finance but with the eventual and inevitable saturation of the market, management and marketing won increased importance. A logical extension of the marketing orientation is the expansion of giant corporations into what is known as world-wide enterprise, the multinationals. This form of enterprise has developed substantially since WWII and is characterised by multinational public ownership (stock market listing) and multinational employees, with production as well as marketing in a number of countries. The product mix is suited to the particular national market in question, and these world-wide enterprises provide follow up service and dealer relations over a wide area.

GM was at the outset engaged in exporting cars but in the 1920's began to develop the assembly of autos in Europe. Advantages such as reduced tariffs, lower shipping costs (parts can be more densely packed than whole cars) and greater flexibility to respond to local needs and tastes were incentives to accepting this policy. Finally, the next step was to engage in actual production abroad. Subsidiaries were developed to deal with local sales, service, production and even with policy to a certain extent. Local people are preferred as employees right up to the level of regional directors. Control is decentralised with freedom and flexibility for the local operation within GM general policy guidelines. There are economies of shared research, financing (though foreign operations must be foreseeably able to support themselves) and other efficiencies of co-operation. This system allows the greatest flexibility and responsiveness to market con-

ditions. It provides for diversity, a rapid pace of development and responsiveness to a variety of sovereign national goals.

Careful consideration and research precedes any decision to set up manufacturing in a particular country. The operation must be sure it can finance itself, the nation must be able to provide employees, raw materials, parts and technology essential to the manufacture of autos. The usual procedure, once this research has been done, is to set up assembly operations as a test and then go into trial production. GM maintains total ownership of these subsidiaries, although stock in the parent company is widely offered for sale and as bonuses to employees. The corporation wants final control of its investment and integration of the subsidiary within GM is stressed. Integration within the particular nation is also important and the career advancement and employment of nationals is company policy. This multinational system facilitates the spread of technology, management methods and skills while the major operation stimulates the growth of related industry and the economy in general.

The strength of this kind of integration rests on two major factors. First, vertical integration and a reliable process of supply through the various stages of production is important. Variety of product line and central control of diverse operations spreads investment and risk, while profiting from a number of potential sources of return. Secondly, multinational operations give the corporation a variety of sources of investment and facilitate expansion of trade at the lowest cost.

THE MAFIA AS A CARTEL

Returning to the analysis of crime, it would appear that the Mafia type of organised crime may well have potential as a multinational enterprise. If we look at it as a single organisation, it almost certainly now has branch plants in Canada and Britain. Yet more realistically the Mafia appears to be a cartel composed of a number of member organisations. It is difficult to tell whether the cartel as a whole is opening up new territory as a joint venture (apparently the case with Montreal until about fifteen years ago) or whether individual Families are extending themselves into foreign territory. Montreal's organised crime under Cotroni and his successor Violi bears all the earmarks of a multinational subsidiary of the Bonanno Family. However, some sources (Donner, 1967: 5) consider that in terms of American industry or corporate enterprise, Canada must be considered part of the domestic scene. It would seem that organised crime has the ability and resources to develop into a multinational enterprise and can only emerge the stronger for it.

The Mafia operates as a cartel. Horizontally Families cooperate often assisting each other in matters of protection and corruption by the loan or gift of services of bought officials or legislators. They agree to policies and procedures, territoriality and fair practice'. In essence, the Mafia is a self-regulating trade association which periodically suspends members and metes out discipline when necessary. It sponsors some joint ventures. Member organisations run their own businesses but there is a commonality of interests and parallelism of action. Ties of

friendship, business and mutual acquaintance cement these relationships, just as in any other cartel. There are powerful 'lobbies' to advance the interests of this cartel and substantial public relations efforts to obscure and discredit talk about its existence. The continued existence of this cartel rests on law and order. Legalised drugs could wipe out one particular profitable operation, for example. The basic tenets of democracy and citizen's rights under law also work to protect the members of organised crime from legal action since their activities are generally well disguised.

Vertically within Families, enterprises are co-operative if not totally integrated. Joint ventures within Families and between members of different Families appear common. The central holding company is comprised of a number of different enterprises and operations. Loansharking complements gambling and bookmaking. Control of a bar may support retail trafficking in narcotics. The key is diversification of product and service as well as a full range of products and services. Luciano's bootlegging syndicate may well compare with Durant's General Motors, for Lucky Luciano took over, co-ordinated and dominated a variety of bootleggers, distillers and distributors, creating an integrated system that extended from purchase in Europe, through shipping, off-loading, transport, bottling, labelling and distribution. He established an organisational pattern which survives today. Not all criminals, professional or otherwise, are part of this organisation. However, organised crime controls the vital networks and trade links that leave independents as much at its mercy as independent oil producers or distributors are at the mercy of the major oil companies.

This cartel gives organised crime the advantages of shared information, shared corruption, trade links, personal networks, the potential to share personnel and co-operation against competitors and legal opposition.

Organised crime, particularly the Mafia, is in an incredibly strong position. The source of that strength is organisation. Not only does the organisation and planning of a particular operation reduce the risk of discovery and capture, but there is also assurance of each step of the operation. The shoplifter or thief can count on the services of a fence who has access to a vast network of disposal possibilities. Organisation - established networks for information, services, technology and protection, it increases the scale of operations and hence profits. And perhaps most important, organisation ensures that damage to or destruction of one operation, or some of its personnel, does not seriously threaten the entire system. As with a dandelion, removing the visible weed does not destroy the plant. Removing the most visible and most easily captured criminals does not destroy the organisation which is the root of the problem. Diversity and organisational complexity obscure those roots. The crimes which are often termed victimless in fact incur social costs in the form of insurance premiums, markups against shoplifting, welfare and costs of penal institutions. These crimes are not victimless: almost all of society is the victim.

This research has located few chinks in the armour of organised crime. One which does lie revealed is the need for monopoly. Organised crime cannot afford or does not want to pay the costs of competition. Since organised crime depends upon an

economic surplus and the ability to appropriate that surplus, it is likely that economic recession and a period of tight money would present problems for organised crime. As with any other enterprise 'sales' or income would supposedly go down and, in all probability, competition for scarcer resources would result. This competition would weaken the structure of the cartel and also render the organisations more visible. Decreased internal co-operation ought to facilitate detection and arrest of these criminals.

There seem to be two major courses of action available to authorities in the war on organised crime. One involves action against the organisation, the other attempts to undercut the foundations which support the organisation.

- I-1 Greater attention on the part of legislators, enforcement personnel, and courts must be paid to organised crime as a specific problem separate from other kinds of crime;
- 2 Legislation, should be enacted and enforced giving greater powers to officers of the law in dealing with organised crime with an aim to discovering the roots of the organisation and the persons involved there;
- 3 More severe penalties should be imposed on organised criminals and their associates as a deterrent to those criminals and as a cost to the organisation;
- 4 Greater co-operation should be established between the various levels of law enforcement and the judiciary with respect to creating a unified and strong policy against organised crime;
- 5 Organised crime must in general be treated as dangerous and insidious -- a type of crime apart from ordinary crime and deserving of greater surveillance, harassment and punishment;
- II-1 The public needs education about the extent and danger of organised crime. Too much heroism attaches to popular notions of the Mafia and its activities. Despite the recent criticisms of violence in the media, graphic presentations of the activities of organised crime ought to be presented to the public;

- 2 The government must assume responsibility for and responsiveness to public needs and wants presently being fulfilled by criminals. The establishment of government banks to provide loans for those who must turn to loansharks could undercut the function of loansharks and prevent crimes committed in the attempt to repay the sharks;
- 3 Government-run gambling establishments could compete with and undercut criminal gambling and provide revenue for the government as well;
- 4 Legalisation of soft drugs and controlled government programmes for addicts of hard drugs would reduce the profitability of the business for criminals and also provide the government with control of and knowledge of the narcotics situation;
- 5 Better police protection would obviate the need or opportunity for criminal protection rackets; and
- 6 Supervision and investigation of the labour unions would help ensure against labour racketeering or corruption within unions.

Although organised crime is a cartel, anti-trust or anti-combines legislation seems inappropriate despite a number of suggestions that this course of action be taken. The government would look odd indeed advocating and supporting free enterprise in crime when its job is to create and maintain social order, and consequently to eliminate crime, or at least control it.

FOOTNOTES

1. A number of sources formed the background for this composite picture of feudalism. They are: Feudal Society, 2 vols. by Marc Bloch; The Fontana Economic History of Europe, vol. 1, the Middle Ages, Carlo Cipolla (ed); The Murder of Charles the Good, Galbert of Bruges; Feudalism, F.L. Ganshof; An Economic and Social History of Medieval Europe, and Medieval Cities: Their Origins and the Revival of Trade, by Henri Pirenne.
2. The major sources used in compiling this general section on cartels are The Dynamics of Industrial Combination. H.A. Marquand and Controlling World Trade: Cartels and Commodity Agreements, Edward S. Mason.
3. In writing this section, the following sources were of particular use and together have provided this general picture of the oil industry: Price-Making and Price Behaviour in the Petroleum Industry, Ralph Cassady; Strategy & Structure. Alfred D. Chandler, Jr; Integration and Competition in the Petroleum Industry, M.G. De Chazeau; Petroleum Discoveries and Government Policy, Dennis M. Epple; The Energy Cartel, Norman Medvin; A National Policy for the Oil Industry, Eugene V. Rostow; The American Oil Industry, S.H. Ruttenberg & Assoc. Inc; The Seven Sisters, Anthony Sampson; The Oil Import Program of the US, Edward H. Shaffer.
4. The major sources used to compile this section are: Competition Ltd: the Marketing of Gasoline, Fred C. Allvine et al; Giant Enterprise, A. Chandler; Strategy & Structure, A. Chandler; The World Wide Industrial Enterprise, Frederic G. Donner; Dynamics of the US Auto Industry, Charles Edwards; The Auto Industry, Dalph Epstein; American Automobile Manufacturers, John B. Rae; Paradise Lost - The Decline of the Auto-Industrial Age, Emma Rothschild; The Auto Industry since 1945, Lawrence White.

CHAPTER EIGHT

Organized Crime in Canada

Having explored some of the aspects of organized crime in the United States, it is now possible to focus attention on the same field in Canada. While there is some writing on organized crime in general in this country, much less is known about the existence of the Mafia in Canada than about the nature of the American organization. The researcher therefore has to rely on judicial enquiries, a couple of scholarly articles, magazine articles, and newspaper reports. Much that can be said is thus of a conjectural nature.

It is first necessary to say a few words about organized crime in general in Canada, of which there is a considerable amount in a wide area of fields.

Illegal organized gambling is big business across the country, estimated to involve \$100 to \$200 million annually (Chimbos, 1972: 119). While the organized criminals may use certain services provided by the mob, many of those involved in this form of activity are not under Cosa Nostra control. Another classic organized crime activity, loan-sharking, is a field which attracts numerous independent operators, although again some are reputed to have mob connections. Loan-sharking is a particularly attractive field in Canada where unlike the United States, usury laws do not apply to loans of over \$1500.

Police estimate that Montreal loan sharks take in \$700 million a year, while those in Toronto profit by \$200 million annually (Toronto Star, 27 September 1975). Like gambling and loan-sharking, drug trafficking is not monopolized by the Cosa Nostra in Canada, although Montreal and Toronto have in the past served as import centres for Cosa Nostra Families in the United States, and organized crime Families have traditionally supplied the West Coast of Canada with drugs. As has previously been noted, trafficking in drugs is both dangerous and hard to monopolize, so that the Cosa Nostra has a good deal of competition in this area from other organized criminals. It should be noted that the drug trade is an urban phenomenon, and that almost half of the known criminal addicts in Canada come from Vancouver (Chimbos, 1972: 120).

Organized criminals^{are} also involved in prostitution, car thefts, and counterfeiting. In addition, more ambitious business crimes such as stock frauds, bankruptcy frauds, and the arson racket are committed (Ibid: 121 - 122; Toronto Star 3 December, 1975). The construction industry in Toronto has been linked to theft, extortion, threats, assault, and bombing (Globe and Mail, 10 April, 1974).

Nor has Canada escaped labour racketeering and corruption in various industries.

Chimbos says that "racketeering has been used to maintain control of a union or defeat another union which is competing for members," the labour racket being particularly well known in the area of union-employer relations, including the Hotel, Restaurant, and Club Employee's Union of Montreal (Chimbos 1972: 121). Labour racketeering has also been a feature of the Montreal Waterfront. Justice Cliche is quoted as saying of aspects of the construction industry in Quebec:

Proof has been made of violence, threats, blackmail, provocation, intimidation, extortion, discrimination, sabotage, corruption, bribing, dealings, and all sorts of compromises. (Globe and Mail, 18 March, 1975).

not

It is ^{not} possible to say with certainty how great is the involvement of Cosa Nostra members or associates in these crimes. It is clear, however, that in no city do they have a monopoly of organized criminal activities. They have been linked directly with illegal gambling, the importation and sale of drugs, and with most of the usual Cosa Nostra activities in the areas in which they operate. They have also been given credit for providing capital for some loansharks in the Toronto area, as we shall see. However, in the areas outside which they operate (that is, outside Southern Ontario, Montreal and the Ottawa-Hull region), most organized crime does not appear either to be monopolized or directed by Cosa Nostra members.

As will emerge from the following discussion, the Cosa Nostra has been considerably more successful in establishing itself in Montreal than in Toronto, though the latter city has a larger Italian population.

It is also apparent that at least one French-Canadian gang of sizeable proportions has enjoyed a longer tenure of power in Montreal than is true of any such group operating in Toronto. This situation can be partially explained by two factors. First, the Montreal area is divided into more than twenty units, each of which has its own police force, a factor which has facilitated police corruption. Toronto on the other hand possesses one unified police force. Initial Cosa Nostra infiltration into Montreal was also facilitated by "the general looseness of the public's attitude to bribery and corruption" during the 1950s, and the Premier himself had a somewhat relaxed attitude to the corruption of the police force. He is alleged to have told the Quebec Provincial Police that "any policemen that cannot earn his keep on his own is not worth having on the force," (Mann, 1968: 143).

Another factor which encourages the persistence of organized crime among the members of the native population of Montreal is "probably associated with the much greater frustration and anomie to be found among disadvantaged French-Canadian elements in the Montreal area," (Ibid.: 152). These elements form a natural recruiting ground for French-Canadian organized criminal elements. Of course, it is possible that the Italian and other communities in Toronto will prove to contain the same sort of potential for the development of syndicated crime in that city.

A History of Cosa Nostra in Montreal

It is difficult to pin down the history of Cosa Nostra involvement in Montreal, not least because the story is complicated by periodic bursts of law-enforcement activity, wars between rival Cosa Nostra Families, and competition between members of the Cosa Nostra and native French-Canadian criminals. It appears, however, that Cosa Nostra interest in the city was prompted by changes in the American gambling laws which were enacted as a follow-up to the Kefauver Crime Commission hearings of 1951 (Ibid.; 141). In an effort to evade these laws, it is said, American Mafia figures decided to set up gambling activities in Montreal, connecting them to much of the American network by wire. It is said that at least three New York Families - Profaci, Genovese, and Bonanno - were involved in this operation, and that Carmine Galente, a Bonanno Family lieutenant, was sent to Montreal to supervise the gambling and dope-smuggling activities of these Families. He also practiced a little extortion on the side (Ibid.: 141 ff). It is true that these three Families co-operated in the venture, it is an unusual example of high-level co-operation in economic ventures. It is surprising that the bosses of two Families would have trusted a top figure of a third Family to supervise their interests.

A change in the personnel of the city administration and in the police department in 1954 temporarily halted Cosa Nostra involvement in Montreal, but others-- we are not told precisely who moved in, and attention was turned to the suburbs.

Galente was pressured out of the country by police, but he was successively replaced by two others, one of whom had re-organized the Marseilles-New York drug traffic through Montreal. The latter phenomenon persisted for ten years.

Another changeover in the city administration occurred in 1957, making possible the return of gambling and prostitution. The Cosa Nostra came back to Montreal, where its members became involved in gambling, extortion, and prostitution. According to Mann (1968), this was largely stamped out in 1960, again as a result of political change, and this time the suburbs were more effectively dealt with by law enforcement officials.

If this chapter of the history of Cosa Nostra involvement in Montreal is hazy, the next one is even more obscure. What happened between 1960 and 1969 is unclear, but in the latter year gang warfare broke out in Montreal. The Prevost Commission attributed it to a war between members of the Magaddino Family of Buffalo and the New York Bonanno Family (Montreal Star, 14 November 1969)¹. If this was the case, it was a testament to the strength of the Bonanno Family. It had just endured three years of internecine disputes, its membership was declining and the FBI and the police were putting a great deal of pressure on its members (Talese, 1971: 357,319). It might be expected that during a period of such internal turmoil the Family would have withdrawn from outlying areas, but instead it was engaged in stormy competition in Montreal.

Not only was it fighting; it appears to have won, since the man now alleged to be the "Godfather" of Montreal is a member of the Bonanno Family (Time Canada, 15 December, 1975).

Whatever the details of the power struggle, an outline of the structure and operations of the Montreal branch of the Bonanno Family can be gleaned from press reports and the hearings before the 1975 Quebec Commission of Inquiry into organized crime. The "Godfather" or boss of Montreal, the operator of an Italian ice-cream parlour, is one of five underbosses of the Bonanno Family of New York. He succeeded to this position in 1973, when the former underboss became counsellor or *consiglieri* (Ibid.). No reference to soldiers has been made in the press, although "picciotti" or young soldiers have been mentioned (Globe and Mail, 27 November, 1975). It would seem, however, that the presence of an underboss implies the existence of the rest of the hierarchy, though no figures have been given revealing the size of this branch of the Family.

The story of the "Godfather's" rise is a curious one which does not fit into the characteristic American pattern. This individual was born in Italy, where he and five associates have criminal records, having been interned as mafiosi under Italy's anti-Mafia law (Time Canada, 15 December, 1975; Globe and Mail 3 December 1975). After emigrating to Canada with his parents, he worked for the Toronto mob, then moved to Montreal in the 1960's, where he opened three businesses with the help of the mob.

He "made his way up the ranks of the Cotroni organization" being recongnized as heir apparent in 1973 (Time Canada, 15, December, 1975). This suggests that there may be ties between the Toronto and the Montreal mobs, though Toronto is usually said to be the province of the Magaddino Family, and there is clearly no love lost between these groups. It also suggests that the Cosa Nostra in Canada is willing to recruit from first-generation immigrants including those with ties to organized groups in Italy. Thus progression up the hierarchy in the United States is evidently not a prerequisite for membership in the Canadian branch of the Family, and at least one Family has found an important source of new recruits in Italian immigrants to Canada. Perhaps a move in this direction is to be found in apparent attempts of members of the Montreal organization to curry favour with illegal Italian immigrants by engaging in the falsification of passports to permit them to remain in the country (Globe and Mail, 27 November, 1975). This suggests that the Cosa Nostra may be able to flourish in this country even after disintegration has occurred in the United States.

There are other indications of close connections between organized crime in Canada and Italy. An associate of the Montreal "Godfather" is said to have been sent to Italy to aid a railroad contractor settle some trouble.

The associate is now in jail in Italy for the murder of the Attorney-General of an Italian province (Globe and Mail, 29 November, 1975). On the evidence provided by the past, it is unlikely that the Montreal branch of the Cosa Nostra is under direction from Italy, though it may be that members of the Cosa Nostra in this country have ties with former Italian associates and are continuing to do favours for them on an occasional basis.

There is little indication of the nature of the financial ties between the Montreal branch of the Bonanno Family and its New York headquarters. It seems likely, however, that a percentage of the profits on certain activities such as illegal gambling are sent to the Family headquarters in New York. The Montreal branch also doubtless provides certain services for the American organization, such as drug importation and wire service facilities (Chimbos, op.cit.: 119).

Though the Bonanno Family may have driven the Magaddino group out of Montreal, its hegemony in that city is not complete. One major group of competitors was exposed during the 1975 Quebec Commission of Inquiry - an organization run by nine French-Canadian brothers which evidently controls organized crime in central and southwestern Montreal.

*- made heavy
Am. connections
- Canadian police
"unrefined"
- Rowland*

This organization is involved in many of the classic organized crime activities - extortion, infiltration into legitimate businesses, loan-sharking, prostitution, drugs, the fencing of stolen goods, and political corruption (Globe and Mail, 11 December, 18 December, 1975; Toronto Star, 12 December, 1975). The nature of the relationship between this organization and the Bonanno Family is not clear, though they seem to have been competing for control of drug trafficking in the Hull-Ottawa area (Globe and Mail, 29 November, 1975, 17 December, 1975). It may be that the two organizations coexist in Montreal relatively peacefully; the only gang warfare that exists between Italians and French Canadians seems to be occurring between the Cosa Nostra and French-Canadian motorcycle gangs (Time Canada, 15 December, 1975). Other battles have occurred between the major French-Canadian organization and its satellites, and between the Cosa Nostra and its Italian enemies (Globe and Mail, 3 December, 9 December, 1975). The extent of this gang warfare suggests that neither the French-Canadian nor the Italian have succeeded in monopolizing illegal economic activities in the areas under their nominal control and that a power struggle along the lines of the warfare in the United States during Prohibition is taking place on an intra-ethnic basis.

Organized Crime in Ontario

Even less is known about organized crime in Ontario than is the case in Montreal. Evidence presented at the McClelland Committee hearings indicated that about 20 members of the Magaddino Family were engaging in narcotics trafficking, extortion and gambling in Toronto, Hamilton and Niagra Falls (U.S. Congress 1963: 585-588). Valachi received assistance from one of these men when he jumped bail in 1958 (Maas, op.cit.: 276). These individuals were involved in smuggling heroin from Marseilles by way of Italy in the suitcases of Italian immigrants to Canada. The heroin was then sent to New York, supplying men high in the Genovese Family (Mann, op.cit.: 150). Here again there is evidence of Cosa Nostra Families - this time the Magaddino and Genovese Families - co-operating in an economic adventure. These activities were apparently ended by the police in the early 1960s (Ibid.: 151). In the meantime, some of these criminals have been connected with two organized gamblers operating in Southern Ontario, and had made an apparently unsuccessful bid to organize illegal gambling in Toronto. (Ibid.: 149).

Though there is no indication that all Cosa Nostra members in Ontario were put behind bars in the 1960s, Mann concludes that "the Mafia has yet to actually exert much power in extensive syndicate crime around Toronto. Some leaders or would-be leaders have tried to gain considerable power,

but what success they attained was small and apparently short-lived", (Ibid.: pp. 151-2)² This differs from the conclusion of the Roach Commission - that there had never been any syndicated crime in Ontario (Ontario, 1961: 357). Mann, (op.cit.: 148) however, claims: "It is accepted in knowledgeable circles that the Roach Commission was successful in white-washing the whole scandal of organized crime in Ontario". Thus the bulk of the evidence suggests that Cosa Nostra members have, in fact, been active in Ontario in the past.

More recently, concern over Cosa Nostra involvement in Canada has been mounting. In 1967 Ralph Salerno, an authority on the Cosa Nostra, said that the Mafia was controlling organized gambling rings in Toronto and was involved in corporate thefts, stock frauds, and extortion rackets in the city. Toronto's police chief denied that the organization was entrenched in the city (Toronto Star, 11 May, 1967). In 1969 Police Chief James Mackey said that some criminals in Toronto were working under the direction of American Cosa Nostra figures, and expressed concern about the amount of money that these Cosa Nostra associates were channelling into real estate and legitimate businesses in the city (Toronto Star, 14 November, 1969). The Socicitor-General of Ontario in 1974 indicated that mob money was laundered in Canada, being channelled through legitimate businesses here. (Toronto Star, 3 April, 1974). At least one member of the Magaddino Family was said to be linked with violence in the construction industry in the province of Ontario (Globe and Mail, Toronto Star, 10 April, 1974).

Slightly more specific was the statement of "Metro's intelligence chief", Gordon Lennox, who said that some Toronto loansharks were bankrolled by American Cosa Nostra members. An Ontario Provincial Police investigator mentioned a crime boss in Guelph,

"who receives funds directly from Cosa Nostra soldiers in New York and Buffalo at 1½ per cent interest a week. The Guelph kingpin lends it to a well-known Metro loanshark 'in 40,000 lumps' at 3 percent a week, This money was laid out to 'street sharks' at 5 per cent a week, and they in turn charged 10 to 20 per cent to the customers. (Toronto Star, 27 September, 1975).

The police indicated that some Toronto men were directly associated with Meyer Lansky, a financial advisor for the American Cosa Nostra (Ibid.).

Unfortunately, all of this is very vague. The most that can be said about Cosa Nostra involvement in Toronto is that there does not seem to be a well-developed hierarchy here along the lines of the one that has been established in Montreal. It may be, however, as Mann suggests, that the city has "a sizeable number of Mafia 'soldiers' in its population, mostly working at 'bull labour' for wages, but available and willing to do what they are told by higher ups in the organization" (Mann, op.cit.: 152). Though they seem to have failed to set up a well-articulated organization in Toronto or elsewhere in the province, various Cosa Nostra members appear nevertheless to have found it profitable to settle in Southern Ontario, where they attempt to develop organized criminal enterprises.

It is possible that these individuals are responsible for developing the contacts that may be used by Cosa Nostra figures resident in the United States. In some cases, however, Cosa Nostra members may develop their own channels of communication with Canadian individuals who invest funds for them without being members of the Cosa Nostra.

There is some evidence of the existence in Toronto of an organized crime group that is an Italian rather than an American import. The Siderno Group or Honoured Society said to be operating in Toronto is thought to be a branch of the Calabrian Honoured Society. A Toronto policeman said that members of the group frequently seek the advice of the boss and underboss of the Siderno family with which it is affiliated. The group is thought to be relatively sophisticated, at least insofar as it possesses an internal structure of sorts (Globe and Mail, 4 April, 1975). Its ringleaders evidently number about 25, the organization possessing 100 members altogether, all Canadian citizens (Toronto Star, 7 July, 1972). Ralph Salerno noted that leaders of the Society had been seen with Cosa Nostra leaders in the United States as well as associating with Italian criminals. He said that the Society had reached the same degree of sophistication as had organized crime in the United States in 1930, that is, before the organization of the Cosa Nostra in the United States (Ibid.).

Once again we see the phenomenon of organized crime among Italian immigrants to Canada. Two sorts of development are possible, barring the effective intervention of the police. First, the Honoured Society might expand its activities, depending to a large extent for support on the large Italian population of Toronto.³ The American experience would seem to indicate that unless members of the Italian community in Toronto are given considerable opportunity for upward mobility, they will provide both a recruiting-ground and a co-operative base in the city for organized criminals. If this development takes place, it is conceivable that the society might form more enduring links with the American Cosa Nostra, or it might be taken over by it. Sicilians and Calabrians are already collaborating in Montreal's Family (Time Canada, 15 December, 1975). It is possible that such an arrangement would be an enduring one, providing that the Italian community has sufficient incentives for supporting such activity.

The Cosa Nostra has evidently had no success in establishing its organization west of Ontario, although it has been speculated that members of the Cosa Nostra draw off a percentage of the profits from illegal gambling in Western Canada (Chimbo, op.cit.: 119). The gambling syndicate of Winnipeg, which is said to be in Jewish hands, is alleged to have connections with California organized crime (Mann, op.cit.: 154). There is no evidence of the Cosa Nostra's having gained a substantial foothold in Vancouver groups.

West coast syndicates now control this operation, the East Coast ones having had a thirty-year run when drugs, especially heroin, were imported from Europe. They are now apparently being imported from Asia (British Columbia, Dept of Attorney General, 1974: 10).

Varieties of Criminal Organization in Montreal

The Mafia is far from having a monopoly, much less a sole interest in the drug trade of Montreal and it appears to have used Montreal and French Canadian recruits as another channel for importing drugs into the United States. Charbonneau's account (1976) of crime in Quebec focuses on trafficking and may therefore present an exaggerated view of the importance of narcotics to Mafia operations in Montreal, which Charbonneau dates back to visits of major Mafiosi in the 1930s. However, involvement in protection rackets, ownership of bars, theft, prostitution and other crimes seem to have been regular adjuncts to the major activity of transporting drugs. Local operations provided a reliable source of income and a means of establishing a link between the Mafia and local criminals. The long-standing leader of local Mafia operations seems to have been Vic Cotroni, who immigrated to Canada in the twenties, (Charbonneau, op.cit.: 49) and was recently succeeded by Paolo Violi (Globe and Mail, 29 November, 1975).

The scanty evidence suggests that the basic organisation of the Montreal Mafia is similar to that of the parent organisation. However, it differs in two significant ways. It was originally an appendage of the American organisation functioning to serve its interests, and not as an independent entity. While it appears to have become a viable operation in its own right, it did not develop endemically and was established with very specific limited goals in mind. A number of Mafia Families seem to have used Montreal as a channel for drugs (Gambino, Anastasia, Mangano are mentioned by Charbonneau; other sources have mentioned Bonanno in connection with Montreal operations)⁴. The local outfit was therefore not clearly defined and this confusion became a source of conflict for the profitable drug trade that operated.

The other factor which must have had an effect on the organisation of the Mafia in Montreal is the very different milieu in which it operates. The Montreal Mafia must deal with local criminals and gangs not aware or complicit in the type of arrangements the Mafia makes between its members. This milieu is hostile and full of conflict (Globe and Mail, 24 November, 1975). The Mafia seems to have become embroiled in a series of murders of local criminals and one source (Time Canada, 15 December, 1975) reports that Violi hated the local French Canadians. He allegedly believed in killing one a month to maintain order, whether or not any wrongdoing had occurred.

Failure to establish a monopoly, or at least some sort of business agreement, meant that the Mafia organisation must deal in an uncertain environment, remain constantly flexible and can

be formally organised only in a limited sense. The environment forces the organisation to operate at its level. Risks increase in this situation and the use of violence is almost certain. The greatest struggle is over the lucrative drug trade - one of the least certain operations in which the Mafia engages. Sources of supply are many and may not be monopolised. It is necessary to control distribution networks, but these also are many. Because they must change constantly to avoid police intervention, it is not possible to delimit networks and protect them. The Montreal Mafia is basically less stable than its parent organisation in the United States although not necessarily any less stable than the other criminal organisations in this environment. Its originally limited mandate, persistent emphasis on narcotics, and environmental companions make it unstable. The secondary environment is hostile to this particular organisation and rather than lending it strength, restricts the type of assistance provided to it.

In different environments, the Mafia is constituted, behaves and fares differently, according to the provisions, alternatives, opportunities and limitations provided by the environments. Although similar in some respects, the Mafia organisation adapts to the local environment. In some places criminal organisation is more secure than in others. What undermines criminal operations is the uncertain and shifting environment within which these operations occur.

It is tempting to suggest that an environment can only support one type of organised crime: that the ^{Montreal} Mafia is a mere

transit outpost for a foreign-based enterprise, and does not feed off the local environment to any marked degree. Yet despite its early function, its conflict with local crime and the resulting instability, the Mafia does thrive in Montreal. It looks for direction to the centre (in New York) but it is nonetheless self-reliant and self-supporting. Crimes such as protection and rackets, gambling, control of bars, /prostitution are its regular sources of income. Increasingly there is a domestic market for drugs, which makes the Mafia concession in Montreal particularly valuable.

The domestic gangs in Montreal seem little different from those found in contemporary Britain. The criminal environment is diffuse, more a 'milieu' than a formal establishment (Charbonneau, 1976: 14). The gangs develop out of geographical proximity and conflict with each other. The crimes engaged in are control of prostitution, extortion, theft, drugs, illegal domination of bars and restaurants (by enforced hiring of gang members who will sell drugs) and some crooked gambling. Violence is prevalent as a method of ensuring conformity and as a means of establishing pre-eminence and position. One former gang leader stated that no disguises are used because it is important to let everyone know who is in control of an area (Globe and Mail, 9 December, 1975).

One well-known French gang was the drug-ring controlled by Lucien Rivard in the sixties. Rivard had a right hand man, Francois Groleau, who had no record and many contacts. This man arranged for airline tickets and boat transit, passed instructions

to couriers, checked the quality of the drugs purchased and exercised general surveillance over the operations. The source of this information, Michel Caron, was recruited by Groleau who knew him as a thief and had confidence in him. He was assigned to transport drugs for Rivard, whom he regarded as the top man in the Montreal drug scene at that point. Couriers were sent to France each with a car. When they returned each car was turned over to another person who brought the car back later without its illicit cargo. Similar methods were used to transport drugs from Montreal to the United States. Sometimes the drugs were brought into Canada through Mexico, again by car. It seems clear from the American connections that Rivard was dealing directly with the Mafia (Charbonneau, 1976: 226ff).

In fact, the nucleus of French Canadian organisation appears to have been the Mafia. There is little evidence of organised crime in Montreal before the thirties; but Charbonneau's account suggests that the organisation developed in response to opportunities provided by the Mafia to join its operations, or to stimuli increasing opposition to it.

The currently powerful Montreal gang, the Dubois brothers, have been active for at least twenty years (Globe and Mail, 10 December, 1975). They are gradually expanding their territory in South West and Central Montreal. One survivor of another gang, Pierre McSween had operated a thriving \$7,000 to \$8,000 per week loan sharking business. Dubois smashed the operations and the gang because he was not being cut in on profits from drug sales. In this particular gang war McSween lost two brothers and a friend, all killed by Dubois' faction.

The nine Dubois brothers are involved in various crimes: stealing, car theft, controlling bars (where they sell drugs), protection and extortion. An example of Dubois' connections is given by the following story. A minor stole \$60,000 from a home he burgled. Dubois dropped by to celebrate as soon as he heard the good news, and some money was given him to keep for the boy and his father, while the rest was hidden. Soon the boy's home was broken into and the money stolen. While Dubois was returning the money left with him for safekeeping, three men attacked him and the boy's father, taking the money and Dubois' ring. A few days later the ring was seen on Dubois' finger once more (Globe and Mail, 11 December, 1975).

Montreal bar owners have been subjected to extortion and some have had their entire staffs replaced by Dubois personnel. Where Dubois went, rowdy customers and trouble followed (Toronto Star, 11 December, 1975). Dubois has also taken a cut from the earnings of prostitutes, who when too old to be attractive, were put to work as waiters and waitresses. They ended up living on tips alone since they were forced by Dubois to endorse their pay cheques and return them to their employers.

Both the Rivard and the Dubois organisations seem very personal, and the latter gang irrationally greedy. Personal supervision and participation by the leadership occurred in both cases; and this renders the enterprise extremely dependent on individual leaders, not strong in its own right. We might look to French Canadian social organisation for some explanation for these patterns. Leandre Bergeron (quoted in Charney, 1975)

describes Quebeckers as anti-boss, anti-social, anti-establishment. Their aversion to hierarchical authority may extend into the organisational structure of crime as well. Norman W. Taylor (1964: 271ff) has described French Canadian entrepreneurs as conservative, having limited aspirations for independence, and an excessive concern for their families. Each entrepreneur wants to be his own boss, to oversee everything without delegating responsibility, to finance himself: in short to depend on nothing and no one but himself.

In this respect French Canadians are similar to the Sicilians in their mistrust of governments as dominators and exploiters (cf. Rioux, quoted in Charney, 1975). Jean-Charles Falardeau (1964: 106ff) noted that for a long time economic development in Quebec was conducted by foreign enterprises within the province. This branch plant sort of development very much resembles the quality of the early Mafia approach to criminal opportunities in the province. However, Falardeau also indicates that domestic initiative is beginning to develop in a number of spheres. It seems true also of organised crime, as the Dubois brothers move into the territory currently occupied by the Mafia and hence into direct conflict with them (Globe and Mail, 10 December, 1975).

Montreal is a large city which can and does support organised crime. It is clear, too, that the presence of two different types of organised crime in one environment has produced a dynamic, competitive situation which does not allow for total stability or security of either type. This conflict and competition gives the

advantage to the forces of the law. The American Mafia type of organised crime has perhaps seemed the archetype of organised crime. Yet in reality it is a type of organisation achievable only under certain very favourable conditions. The organisation of crime responds to the limits and opportunities of the environment, not to any preconceived notions of how to organise an operation. The American Mafia stands out as an anomaly among criminal organisations. However, it seems that as and when the Mafia expands its operations it has a profound effect on local environments in the United States and elsewhere and will stimulate them to greater organisation in imitation, in the spirit of competition, or as a requirement of survival.

Future Trends in Organized Crime

The foregoing discussion provides a basis for the prediction of future trends in organized crime in Canada. The following pages will discuss the potential for the expansion of mob interests in illicit enterprises and the potential for the centralization of underworld business. The possibilities offered for expansion in legitimate sectors of the economy will be canvassed. Finally, the question of whether Canada will produce a national criminal organization similar to the Cosa Nostra will be investigated.

In discussions of organized crime in Canada, ^{the} most important factor to be considered is that of corruption. It is clear that the feasibility of underworld businesses depend on two factors; public complicity on the one hand, and police and political corruption on the other. Canadians are probably as willing to

purchase illegal goods and services as any other people; the key variable, therefore is corruption.

Earlier it has been suggested that the police and political figures in Canada are not equally incorruptible. Specifically, organized crime figures have had more success in bribing public officials in the province of Quebec, particularly in Montreal, than elsewhere. This part of the country, whose inhabitants for a variety of reasons appear to be less hostile to various manifestations of corruption than those elsewhere in Canada, should therefore be dealt with separately (cf. Charney, 1975).

Quebec appears to provide a fruitful field for the expansion of organized criminal enterprises, since the prerequisites of public complicity and political corruption are available to mobsters. It can therefore be expected that organized crime will be found there in the same areas of the economy as it appeared in the United States: Gambling, prostitution, and the provision of other illicit goods and services. Further, what Charney (*ibid*: 6) calls Quebec's "particular ethos of corruption" provides a sound basis for the spread of organized crime interests into areas that are less dependent on the complicity of the State: labour racketeering, extortion, and an assortment of white collar crimes characteristic of the way in which organized criminals run their legitimate businesses.

It is difficult to say how much centralization will take place in the underworld economy in Quebec. It appears that two groups, one French-Canadian, and one Italian, now dominate organized crime in Montreal. If warfare should break out between

them, the former have the advantage of a larger supply of manpower, while the latter, having ties with an American Cosa Nostra Family will probably have access to larger reserves of capital and perhaps greater expertise. Much will depend on the relationship the Italians are able to develop with the police, many of whom might be expected to support their co-ethnics, unless perhaps the Italians can offer them more money.

In the rest of Canada, the police have traditionally demonstrated less susceptibility to the blandishments of mobsters. If this continues to be the case, the prospects for organized criminals in English Canada are dim in those enterprises which require the complicity of the police. Insofar as organized crime has a potential for expansion, it is in those areas which do not require police co-operation. The one illegal enterprise which fits this description is narcotics trafficking. This is notoriously unsusceptible of monopolization, and the R.C.M.P. is sufficiently vigilant to make this perhaps a somewhat unattractive field for cautious mobsters. The other questionable business that does not require police complicity is loan-sharking, which is not even illegal in this country for amount over \$1,500. This seems a most promising business for organized criminals in future.

The penetration of legitimate business by organized crime may not in future constitute a serious problem outside of Quebec, if mobsters acquire only enough businesses to give them an income for tax purposes. On the other hand, it seems possible that organized crime figures will find that investment in legitimate businesses in Canada will prove a useful outlet for accumulated

capital, real estate and securities investments being obvious targets for this purpose. Other businesses, such as the construction and laundry businesses might also be considered if they offer the prospect of abnormally high profits. Legitimate businesses in Canada could also provide facilities for laundering dirty money, In addition, labour racketeering might prove a profitable undertaking. The ability of organized crime to extend in these directions will depend to a large extent on the willingness of the police to undertake what Edelhertz (1970: 25) calls "affirmative searches"; the key to control here is aggressiveness on the part of the police in ferreting out shady dealings in areas that do not require police co-operation.

Organized criminals require capital for the purposes of loan-sharking and entering legitimate businesses. In the American case, much of this capital appears to have been generated by the illicit enterprises in which mobsters were involved. Outside of Quebec, it seems that organized criminals in Canada might have difficulty obtaining capital from organized gambling, the most profitable of underworld businesses. The logical source of capital is therefore the American Cosa Nostra or other American mobsters. This fact suggests that, at least in the immediate future, the chief economic and political ties in Canadian organized crime will run in a north-south, rather than an east-west direction. This, of course, does not preclude the possibility of loose alliances of organized criminals in Canada for the purpose of social control.

On the basis of the American experience, we can expect political organizations of mobsters to take form in Canada as

organized criminals are able to enter illicit businesses that require a large supervisory staff. Gambling, prostitution, and narcotics trafficking have provided such a basis for the formation of an organized crime Family in Montreal. On the other hand, though Mafia associates appear to be residing in Southern Ontario, they have yet to develop the sort of economic base that would require the setting up of a political structure in that province. It should be noted that political organizations could develop among organized crime groups other than the Italians. If the Chinese community in Toronto, for instance, could set up a profitable organized gambling business, there appears to be no reason why they could not develop a political organization of their own.

It is even more hazardous to predict the future development of organized crime in Canada than it is for the United States, partly because trends here are just beginning to develop. One or two factors might, however, be noted. In Montreal, underprivileged members of the French-Canadian population form an important nucleus on which organized criminals of that nationality can draw for recruits and community support. Though the Cosa Nostra and the French-Canadian organization seem to have reached a point of peaceful coexistence, if gang warfare erupts it may well be that the latter group will have the advantage in terms of manpower, an asset which the Italians found invaluable in the 1930s in the United States. Given this situation, it may well be that the Cosa Nostra will be unable to dislodge the French-Canadian organized criminals from positions of power, or unwilling to take the risks involved in such an effort.

It is perhaps unwise to predict a pattern of ethnic succession in organized crime in Toronto, particularly as organizations of the Cosa Nostra model are barely established there as yet. Nevertheless, it might be noted that Toronto has a large population of Caribbean blacks; whose rate of assimilation is bound to be slower than that of the Italians. Although there seems to be no firm evidence as yet of black involvement in organized crime in that city, it is not inconceivable that it will develop, as it does in most communities.

Finally, there is the question of what will happen to syndicate controlled crime in the event of the disintegration of the Cosa Nostra in the United States. It seems plausible to suggest that it would continue here, for, unless the Italian community is assimilated quickly, it will continue to provide the necessary basis for organized crime in Canada. Much, of course, depends on law enforcement. The Canadian police are generally acknowledged to be more effective and less corruptable than their counterparts have been in many northeastern American cities. If they continue to maintain their reputation, it may well be that the expansion of the Cosa Nostra in Canada will be contained.

It seems, then, that the potential for the expansion of organized crime in Canada is uneven. Quebec is the most promising area because of public tolerance for corruption and the corruptability of some policemen and politicians. Outside Quebec, loan-sharking and narcotics trafficking, which do not require police complicity, offer the best prospects. Legitimate business here may also prove attractive to organized crime figures. Because of

the capital requirements of Canadian mobsters, economic ties will probably continue to run primarily in a north-south direction. A branch of the Cosa Nostra appears to be well-established in Montreal and may well continue to flourish there. In the rest of the country, such forms of political organization will not take shape unless mobsters are able to establish illicit businesses requiring a large supervisory staff.

This research has left many questions unanswered and has suggested many areas of future research. Among the issues one might wish to address in continuing this enquiry are: (1) the structure and nature of Canadian labour unions, and their susceptibility to take-over by organized criminals; (2) the extent of cooperation among various police agencies --- federal, provincial and municipal --- in Canada and the effect variations in police cooperation might have upon the organization of crime; (3) the state of the law, as presently written, as it can be applied to the catching and conviction of organized criminals; and (4) whether organized crime exists outside of Ontario and Quebec, where its existence is readily evident; and the character of organized crime in these other areas if it exists. If more were known about these issues, it would be possible to make more accurate predictions and point out, with greater precision, chinks in Canada's armour against organized crime.

FOOTNOTES

1. For relations between these two Families, see Talese, (1971: 21-23).
2. This was substantially the conclusion reached by the Report of The Ontario Police Commission on Organized Crime (1964: 117-118).
3. For a pilot study of public attitudes towards organized crime in Toronto see Livy Visano, An Analysis of Public Attitudes Towards Organized Crime: A Survey of The Italian Community in Toronto, M.A. Dissertation, University of Toronto.
4. Cotroni, the major Mafia figure in Montreal until his replacement by Violi, is said to have been a member of the Bonanno Family, structuring his operations as a clan of that Family (Globe and Mail, 3 December, 1975; Time Canada, 15 December, 1975).

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