

What does the Mafia success concept teach us?

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MARINA POPCOV, MAY 30 2011

Transnational organized criminal groups were ever since a darling of the sensation seeking media. But since the attacks of 9/11, criminal networks were moved even further into the spotlight, as the sources of income for the historically most deadly and horrific generation of global terrorism. Statistics confirm that, especially since the end of the cold war, shadow economies are growing in almost every part of the world (Farrell, Fleming and Roman, 2000; Schneider, 2000). Criminal networks seem to accumulate vast amounts of capital and circulate a growing variety and quantity of goods and services (UNODC, 2010). The international public then wondered who the actors of these allegedly conspiring networks were and how they operated to achieve such high scale projects and profits. The answers were frequently found in the current global megatrends of interconnection, technology communication and complex interrelation of the modern society. Transnational organized criminal groups seem to have been acting in accordance with and taking advantage of the progress of globalization. The 9/11 Commission Report even described them as more globalized than the government (2002:357) and Manuel Castells (1998:204) stated that they were also more advanced than multinational corporations.

The following essay will explore the criteria and factors, which enabled transnational organized criminal groups to adjust to globalization more efficiently than other international actors. Further, the text aims to explain which lessons national governments and legal businesses may learn from the apparent "success stories". Finally, the arguments will lead to the assumption that the non-state capitalist structures and methods of organized crime preceded the state challenging globalization and thus easily could line in with its evolution. By following this scheme the groups disclaimed accountability and security, notions, which the public and economic sectors can sacrifice only to a very limited extent.

First, the question of adaption should be addressed and in which terms adaption in globalization could be measured, beginning with the actors and the evolution. The UN office of drugs and crime defines organized criminal networks as a "group generally operating under some form of concealment" with the aims to achieve wealth and power through activities formally prohibited by the state (2009:104). Due to the illegal nature of the act and the lack of a central regulating authority power, the process of exchange was not subject to trade regulation and was never adapted to alternative economic models such as Marxism. Instead, the market obeyed to the simple rules of supply and demand, the most basic principles of capitalism. Due to large profit margins, the willingness was high and resource areas, such as the Andean region or Afghanistan, were allocated and connected to markets such as the USA or Europe, despite long distances and transport difficulties. Thus the adaption from capitalism to global hyper capitalism came naturally for organized crime, benefitting from the progress in transport methods of the legal business. Such as the invention of the standardized container box, allowing the groups to smuggle larger quantities undetected (Saviano, 2007:3-17). Imposed trade barriers were not a serious obstacle, on the contrary the countries under official economic embargos were often targets for the black market. This is very evident in the changing and occasional nature of the firearms market (UNODC, 2010:110). Due to this, preconditions criminal networks, unlike governments or some legal businesses, adjusted quickly to the fast pacing little regulated economic globalization.

Beyond economic interconnection transnational criminal groups managed to handle cultural globalization better than their legal counterparts. While global economy is characterized by extreme openness and maximum expansion, culture, identity and ethnicity obey to a very exclusive, closed and fragmented structure (Castells, 2004:367). Benjamin Barber (1995) concretizes this phenomenon of the economic correlation and cultural fragmentation in his

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work "Jihad vs. MacWorld". He argues that there is little compromise in the struggle of these antagonist forces, which will ultimately affect democracy. The new identity is often disconnected from nation-state and in the current times dominated by regional, ethnic or religious attributes, a challenge, which governments have to face. Samuel Huntington also addressed the problem of ethnic fragmentation and even predicted cultural clashes between certain societies, possibly resulting in violent conflicts (Huntington, 1993).

Organized crime is on the one hand a very loose structure, where actors cooperate on occasional basis, but on the other hand it is lead by very traditional long-term interconnected links. Groups as the Italian Cosa Nostra, Russian Mafia, Japanese Yakuza and many others demand a loyal membership and identification. Although many transnational organized criminal groups expanded and cooperated all over the world, economically they are not affected by fragmentation or alienation. Each of those groups has an own constructed image, surrounded by myths, rituals and stories, which they manage to preserve, no matter where they operate (Castells, 1998:168-170).

Hence, it could be stated that criminal networks were more adapted to globalization, since they maximize profit in global hyper capitalism by skillfully utilizing advanced technology of transport and communication. Further, the statement is confirmed by the observation that some of them managed to escape the antagonism between cultural identification and economic spread.

After having clarified how transnational criminal groups accustomed to globalization, the question remains on what could explain this easily facilitated adjustment, while other actors struggle with the same phenomenon. The theory of Manuel Castells (2000) is a good starting point for the explanation. In his work, a trilogy about the upcoming global trend he calls the "information age", he claims that our world is transforming from a territorial nation-state based system to a supra-state network system. According to him, the new network topology is characterized by interconnected nodes, certain actors or points, which can be stock exchange markets, national councils, street gangs, laboratories and others. These nodes exchange communication, goods and ideas in an almost instant way disregarding time and geography. The networks can spread infinitely, cutting across state borders, sectors and classes, a structure which perfectly fits the capitalist economic model (Castells, 2000: 500-502). While the classic state system is challenged by the network structure, criminal networks fit in naturally. Due to their illegal and clandestine activities, their networks, to a certain extent, exist outside the state system. Thus, a form of existence alternative to territory-based structures evolved, the organized network. Hence, one can say that the idea of criminal networks preceded Castells' network state and modern globalization. Criminal organizations transformed into networks driven by necessity and profit, while the international community transforms due to technological and economic progress. Coming from different angles, both fit into the same system, considering Castells' model.

Further, the preservation of cultural identity can be explained by the reasoning of Friedrich Nietzsche who observed that men tend to form their identity around unchangeable factors, and their thinking around what they consider as continuous truths (Widder, 2009). Thus, while we may change throughout life and societies might change throughout generations, our identity is constructed by unchanged and static factors. Due to the changing structural balance within and between societies, values tend to be modified and their priority revised. Islamic extremism, for example, evolved around the end of the cold war, when incidents such as the invasion of Afghanistan and the overthrow of the Shah in Iran disillusioned the Muslim communities about their faith in the nation-state and shifted the religious feature to a higher level of priority within their identity (Rapoport, 2002). Within historical context and further process of globalization societies became more complex and the identities of citizens partly detached from the international state system. Additionally, it is not necessary to identify yourself with your country to preserve citizenship. Networks, on the other hand, require shared means of communication, code of conduct and interests to distinguish between included and excluded actors (Castells, 2004:501). The cultivation of a shared identity is highly necessary to distinguish between "the friends and the enemies". A transnational organized network, which is spread across classes, ethnicities, nationalities and economic sectors needs alternative identification to passports, labor duties or physical appearance to maintain the exclusivity of the group. Thus, for example, instead of IDs gangsters have tattoos and instead of the official law they obey to internal codes of conduct. Roberto Saviano (2007), throughout his work, describes the criminal organizations as multinationals and their bosses as professional CEOs, who nevertheless still insist to polish their mystical and notorious image.

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Hence, in summary, the independent variable to explain the effortless adaption of transnational organized criminal groups to the progress of globalization can be explained by their organizational network structure and artificially cultivated identity. Success of criminal organizations generally means harm for the legal economy and public system, but in spite of continuous efforts to contain or eliminate criminal networks, one might wonder why other actors and institutions struggle with the same task and if there are lessons to learn from their strategies and methods.

The economic sector did, to a great extent, already adapt to globalization and the information age. The majority of domestic markets and the international market are capitalistic; especially the global legal market is subject to mostly limited regulation. Labeled as “new economy” multinational corporations organized themselves as or within networks (Castells, 2004). The franchise system, for instance, is a good example of network based corporate structure. Flexible working hours, free-lancers, remote offices, and a fast paced hiring and firing system allow the companies to adjust more quickly to changing conditions within the global markets. Branding is increasingly used to construct and develop further the company’s image. Names are converted to symbols to make them internationally recognizable and images connected to lifestyles and stories to cultivate a firm’s identity and reputation. Good examples are the multinational Virgin, which is connected to the adventurous lifestyle of the CEO Richard Branson; or Apple, which is easily identified across the globe by the little white bitten Apple promoting purity, innovation and simplicity.

These developments are most common in the information, technology and financial sectors, while more traditional resource and production-based companies are less agile. It should be taken into account that the structural relaxation of regulation and working conditions is often carried out on the expenses of the employees. While information and goods can be reciprocally exchanged in networks, power and influence tends to effectively flow only in one direction. Accountability tends to diffuse in a flexible topology. Labor unions, therefore, are usually not part of global multinationals and mismanagement is rarely punished. Thus, the assumption can be made that economic flexibility and liable governance are almost impossible to compromise (Backstrand, 2006). Therefore, unregulated capitalism and full adaption to globalization is recommendable to business enterprises only to a limited extent. The security and rights of workers tend to be diminished with increasing adaption to globalization and some companies are embedded in markets which value social responsibility, such as Germany or Japan, and therefore are reluctant to compromise their principles with the dictate of global hyper capitalism (Gilpin, 2001:148-195).

Globalization and the network state challenge the established state system, but so far there has been little suggestion on how to adopt a classic model to the contemporary megatrends. Non-governmental organizations, as GreenPeace or Amnesty International, and intrastate organizations such as Interpol have made the attempt to organize themselves in branches and networks, to be able to operate globally. Both were frequently criticized for their lack of democracy and accountability. Their leaders and agenda’s are frequently determined by interest groups and not by the organization as a whole or the parties concerned. Even if execution and decision making is achieved on a supra-state level, the basic functions of a state are not compatible with a network system, namely legitimacy and security. If power and influence cannot be fed back to the governing institutions, just as in the economic sector, the system loses the notions of accountability and democracy. These losses would be paid with the security and well being of the citizens. A company can chose to preserve or abandon social securities. A state ideally cannot chose, since that would affect its existence.

The state system was originally founded in 1648 to establish order and security. The core responsibility of a state is to protect the physical integrity of the citizens from foreign dangers, such as a military invasion. Influential thinkers of that state founding time, like Thomas Hobbes, therefore concluded that a state or in his terms the “Leviathan” is illegitimate and subject to overthrow, if it is unable to fulfill this function (1987). Over the decades the fields of responsibility of a state and the definition of security expanded. The UN human development report summarized the preservation of security into the seven categories of economic, food, health, environmental, personal, communal and political security (UNDP, 1994). Since an unaccountable network system is therefore technically not able to maintain basic human security and rights, little remains that governments can imitate from transnational organized criminal groups.

Furthermore, since citizenship is usually acquired by birth and valid for a lifetime, states cannot adopt the exclusivity and selectivity of networks. The only possible method would be to enhance the maintenance and values to unify

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society in a collective identity. The political theorist Leo Strauss, for instance, was convinced that the fragmentation of the American society was due to the rise of liberalism, selfish individualism and the abandonment of shared values and principles, which benefit the society as a whole. (Curtis, 2004)

In general, it could be stated that due to the function and responsibility of a state, it cannot adapt any lessons from criminal networks or network systems in general. Additionally, the state authority is ideally not in the position to impose individual sets of identities or exclude individuals based on their private self-awareness. However, what it can imitate from criminal networks is the artificial enhancement of shared values.

In conclusion, it can be suggested that the effortless adaption of transnational criminal organizations to the progress of globalization evolved thanks to two main factors. First, their non-state network nature, which in its essence developed independent of globalization but fitted into the contemporary supra state network structures as pointed out by Castells. Secondly, the cultivation of shared identities which permit common identification outside the state system and prevent fragmentation. With these preconditions, criminal networks could easily benefit and utilize globalization to their very advantage. This is something legal businesses and governments often struggle with, because their duty concerns human security and preservation, which is not or only to a very limited extent possible in a flexible, open and unaccountable network system.

However, even though globalization, security and democracy are almost not compatible, our world and our society keeps changing to wards a more complex society, increasingly detached from territorial boundaries. We have to live in and deal with this often-contradicting complexity, which for many is overwhelming. A final lesson, which Castells provides the listener in his interview at Berkeley University, is surprisingly similar to the mantra of transnational criminal organizations, namely preserving core values and taking advantage of global opportunities (Kreiser, 2001). He advised the young people to stick to fundamental core values they appreciate not get lost in the global diffusion, like family and tolerance. Then he suggested going out and take advantage of everything the new world has to offer in order to gain education, experience and a good life.

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