

**COMPARATIVE MAFIA:**  
**The political economy and sociology of protection-producing enterprises**  
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*Course description*

The course addresses the role of organizations with comparative advantage in the use of force in economic and social life. The particular focus is on the private enterprises that produce and sell protection and enforcement and compete with the state. Hence the class includes theoretical exploration in the political economy and sociology of protection enterprises, especially of those known as the mafia. Of particular importance is a comparative dimension – an account of different historical and national mafias. A large part of the class is reserved for a detailed account of Russian organized crime, violent entrepreneurship and politics of state-building.

*Course requirements*

10 lectures, 12 seminar discussions  
Active participation in discussion sessions, 1 final essay about 4000-4500 words

1. Coercion and political power. The state of nature and the civil state. Political community. The nature of protection racket. The monopoly of legitimate violence and state formation. Private protection; protection as public good.
2. The neoinstitutional approach to markets and government. Property rights, transaction costs, and types of enforcement. The economic analysis of the state. The idea of “stationary bandit”. Enforcement, taxation and economic growth.
3. Complicated state formation and its consequences. Sicily as the classical case of private protection. The genesis and evolution of the Sicilian Mafia. Cosa Nostra and Ndrangheta. The mafia subculture: the code of honor, rituals, organization. Does the mafia exist as an organized entity? The mafia as an economic enterprise. The market of private protection. The mafia as an alternative legal order and proxy of the state.
4. The mafia (“La Cosa Nostra”) and gangsters in the USA in 1920-30s and after. Debates over the nature of the mafia and organized crime. Other types of mafia-like networks: Yakudza, the Triads, the Cocaine cartels in Central America. Local and universal features of organized crime. Economic theories of organized crime.
5. The Soviet-time shadow economy and organized crime. The society of *vory-v-zakone* (thieves-in-law), its evolution, functions, and structure. The market reforms after 1987 and the emergence of private entrepreneurs. The demand for protection and enforcement. The economy and culture of protection racket in the 1980s. The formation of organized criminal groups.

6. Violent entrepreneurship in Russia in the 1990s. The market of private protection and dispute settlement. Major criminal groups and their evolution. Violent entrepreneurs and their practices.
7. The covert fragmentation of the Russian state. The evolution of the state coercive agencies. Private protection companies and their functions at the emerging markets. The market of private protection and relations between public and private security. Private security in comparative perspective.
8. The strengthening of the Russian state and the decline of violent entrepreneurs. State coercive agencies and enterprise takeovers in 1998-2002. The state and the big business under Putin: conflict and cooperation. The Yukos affair and its effects.
9. The strengthening of the Russian state (continuation). Relations between the Russian state and business today. State corporations and state share in the Russian economy.
10. The state and economy: developmental dilemmas. How large and strong the state should be to provide development and growth. Predatory versus developmental state in comparative perspective. South Korean developmental dictatorship and other comparative cases.

### **Readings for discussion sessions**

One or two texts will be assigned for discussion in the class. To write a good essay, however, students are encouraged to read “other readings”, most of which will be compiled either into a separate file or placed on reserve shelf in the library.

#### Session 1

##### Compulsory readings

M. Weber, ‘Political Communities’. In M. Weber *Economy and Society*. Vol. 2, pp. 901-910. C. Tilly, ‘War Making and State Making as Organized Crime’. In P. Evans et al (eds) *Bringing the State Back in*. Cambridge: Cambridge University Press, 1986, pp. 169-191

##### Other readings

G. Poggi, *The State: Its Nature, Development, and Prospects*. Stanford: Stanford University Press, 1990, p. 3-33; R. Nozick, *Anarchy, State, and Utopia*. New York: Basic Books, 1968, pp. 10-17; 108-119. D. Held (Ed) *States and Societies*. Oxford: Blackwell, 1983; N. Elias *The Civilizing Process*, Vol. 2. Oxford: Blackwell, 1995, p. 345-355 and 443-457; A. Giddens *The Nation-State and Violence*. Cambridge: Polity Press, 1985; T. Veblen *The Theory of the Leisure Class*. New York: Penguin Books, 1984

#### Session 2

##### Compulsory readings

D. North *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press, 1990, pp. 27-35; 54-60; D. North *Structure and Change in Economic History*. New York: Norton, 1981, p. 20-32. M. Olson *Power and Prosperity*, pp.

## Other readings

F. Lane Economic Consequences of Organized Violence. *The Journal of Economic History*, 1958, XVII, 4, p. 401-417; G. Poggi *The Development of the Modern State: A Sociological Introduction*. Stanford: Stanford University Press, 1978; K. Barkey *Bandits and Bureaucrats: The Ottoman Route to State Centralization*. Ithaca: Cornell University Press, 1996; K. Polanyi *The Great Transformation*, NY, 1944

## Session 3

### Compulsory readings

L. Paoli, *Mafia Brotherhoods: Organized Crime Italian Style*. Oxford: Oxford University Press, pp. 24-32 and 40-64; D. Gambetta *The Sicilian Mafia: The Business of Private Protection*, Harvard: Harvard University Press, 1993, p. 15-52

### Other readings

A. Blok, *The Mafia of A Sicilian Village*. Prospect Heights: Waveland Press, 1974; C. Tilly, Introduction to Blok's *The Mafia of A Sicilian Village* (revised version); H. Hess, *Mafia and Mafiosi: The Structure of Power*. London: Saxon, 1973, p. 127-153; R. Catanzaro, *Men of Respect: A Social History of the Sicilian Mafia*, NY, 1992.

## Session 4

### Compulsory readings

C. Milhaupt and M. West, "The Dark Side of Private Ordering", manuscript (available online <http://www.isnie.org/ISNIE99/Papers/milhaupt.pdf>), p. 1-38; T. Schelling, "What is the Business of Organized Crime". In *Choice and Consequences*. Cambridge (Mass): Harvard University Press, 1984

### Other readings

Peter Lupsha, "Organized Crime in United States", in R. Kelly, ed., *Organized Crime: A Global Perspective*, New York: Rowman and Littlefield, 1986, p. 33-56; D. Ruth, *Inventing the Public Enemy: The Gangster in American Culture, 1918-1934*. Chicago: University of Chicago Press, 1996; H. Abadinsky, *The Mafia in America: An Oral History*, New York: Praeger, 1981; G. Fiorentini and S. Paitzman *The Economics of Organized Crime*. Cambridge: Cambridge University Press, 1994; M. Lyman, G. Potter, *Organized Crime*, New York: Prentice Hall, 1997. Hiroaki Iwai, "Organized Crime in Japan", in R. Kelly, ed., *Organized Crime: A Global Perspective*, New York: Rowman and Littlefield, 1986, p. 214-233; Yiu Kong Chu, *The Triads as Business*, New York: Routledge, 1999.

## Session 5

### Compulsory readings

F. Varese, 'The Society of the *vory-v-zakone*, 1930s-1950s'. *Cahiers du Monde Russe*, 39 (4), octobre-decembre 1998, pp. 515-538; "Thieves and Bandits", Chapter from *Violent*

*Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Ithaca: Cornell University Press, 2002.

#### Other readings

J. Serio, A. Razinkin, "Thieves Professing the Code: The Traditional Role of vory v zakone in Russia's Criminal World". *Low Intensity Conflict and Law Enforcement*. 1995, 4, 1, p. 72-88;

### Session 6

#### Compulsory readings

V. Volkov "Organized Violence, Market-Building, and State Formation in Post-Communist Russia. In: A. Ledeneva and M. Kurkchiyan, eds., *Economic Crime in Russia*, London: Kluwer, 2000, p. 43-61; V. Volkov, "Practices", section from Chapter Three of *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Ithaca: Cornell University Press, 2002

#### Other readings

S. Handelman *Comrade Criminal: Russia's New Mafiya*. New Heaven: Yale University Press, 1995, p. ; V. Chalidze *Criminal Russia*. New York: Random House, 1977; T. Frisby, 'The Rise of Organized Crime in Russia: Its Roots and Social Significance', *Europe-Asian Studies*, 50, 1, 1998, pp. 27-49; P. Williams (Ed) *Russian Organized Crime: A New Threat?* London: Frank Cass, 1997; J. Albini et al "Russian Organized Crime". In: P. Ryan and G. Rush *Understanding Organized Crime in Global Perspective*. London: Sage, 1997, p. 153-173; M. Galeotti "The Mafiya and the New Russia". *Australian Journal of Politics and History*. 1998, 44, 3, p. 415-429; F. Varese What is the Russian Mafia? *Low Intensity Conflict and Law Enforcement*, 1996, vol. 5 No 2; S. Pejovic 'The Transition Process in an Arbitrary State: The Case for the Mafia'. *IB Review* 1, 1, 1997, pp. 18-23; A. Anderson 'The Red Mafia: A Legacy of Communism'. In E. Lazear, ed. *Economic Transition in Europe and Russia: Realities of Reform*. Stanford, 1995

### Session 7

#### Compulsory readings

V. Volkov "The Privatization of the Soviet Power Ministries", Chapter Four of *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Ithaca: Cornell University Press, 2002; P. Gounev, "Bulgaria's Private Security Industry".

#### Other readings

M. Waller 'Police, Secret Police, and Civil Authority'. In J. Sachs and K. Pistor (eds.), *The Rule of Law and Economic Reform in Russia*, New York: Westview Press, 1996, p. 95-121; M. Waller "Russia's Great Criminal Revolution: The Role of the Security Services". In: P. Ryan and G. Rush *Understanding Organized Crime in Global Perspective*. London: Sage, 1997, p. 187-200

### Session 8

#### Compulsory readings

V. Volkov, "Hostile Enterprise Takeovers: Russia's Economy in 1998-2002". *Review of Central and East European Law*, 2004, No 4, 527-548; R. Orttung, Business-State Relations in Russia, *Russian Analytical Review*, # 8, 2006

Other readings

P. Hanson, E. Teague, "Big Business and the State in Russia", *Europe-Asia Studies*, 2005, # 5, vol. 57, p. 657-680

Session 9

Compulsory readings

A selection of texts on the YUKOS affair

Session 10

Compulsory readings

Peter Evans, "Predatory, Developmental and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State", *Sociological Forum*, 1989, vol. 4 No 4, pp. 561-587; The text on *The Mafioso State and Big Business in South Korea*.

#### SUGGESTIONS FOR ESSAY TOPICS

(These are not compulsory; students are encouraged to invent their own titles)

- Explain the relationship between property rights, type of enforcement, and economic performance
- Is there a qualitative difference between the state and protection racket?
- What is the nature of the mafia? Compare the existing interpretations of the Sicilian and other mafias and assess their relative explanatory power
- Assess the strong sides and shortcoming of the economic vision of organized crime. Should society aim at eliminating organized crime?
- "Organized crime is a primitive and predatory form of elementary capitalism and rudimentary power politics" (P. Lupsha). Do you agree? Justify your answer.
- What caused the rise of post-Soviet organized crime?
- What is the best way to conceptualize the post-Soviet criminal phenomena
- Relate the business of private protection to market building and state formation in Russia
- Compare violent entrepreneurship in Russia to other existing types of mafia-like networks
- The state, mafia and economic development. How strong and how large the state should be to provide for development?
- Why did the state destroy and nationalize YUKOS?
- The concept and practice of developmental state

