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ORGANIZED CRIME GROUPS, THE STATE AND ELITES

by

Alfried Schulte-Bockholt, B.A. Hons., M.A.

**A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of**

Doctor of Philosophy

Department of Political Science

**Carleton University
Ottawa, Ontario, Canada
August 21, 2000**

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for the degree of Doctor of Philosophy

Chair, Department of Political Science

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ABSTRACT

Organized crime has been identified as a threat to the economic security, civil society and democratic processes in many countries. Yet political scientists have been slow to place the investigation of this phenomenon on their research agendas. Apart from law enforcement agencies the research on organized crime has been conducted by criminologists, sociologists and economists. I will provide a contribution from the discipline of political science.

While scholars have investigated and uncovered important facets of organized crime, little work has been done on the ideological preferences displayed by criminal groups. In fact, prominent experts claim that organized crime groups have no creed beyond the practice of rapidly accumulating illegal profits. Such views cannot account for the distinctive ideological preference which criminal groups have shown for the economically and politically powerful. In fact, criminal groups have even contributed to the establishment and maintenance of repressive regimes. This dissertation aims to describe the contradictory nature of the relationship between organized crime groups, socioeconomic elites and the state.

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TABLE OF CONTENTS

	PAGE
ABSTRACT	i
ACKNOWLEDGMENTS	ii
TABLE OF CONTENTS	v
 INTRODUCTION	 1
 I. DEFINING THE PARAMETERS	 6
1. Introduction	6
2. On Researching Organized Crime Activities	15
3. Toward a Definition of Organized Crime	26
a. Digression One: Organized Crime Groups as Secret Societies	30
b. Digression Two: Notes on The State	35
c. Digression Three: Observations on State Law	59
4. Complexity and Methodology	61
5. Conclusion	64
 II. ON THEORIES OF CRIME AND ORGANIZED CRIME	 67
1. Introduction	67
2. Early Theories in Criminology	68
3. Sociological Explanations of Crime	72
a. An Excursion into Political Science	78
4. Marxist Explanations of Crime -- and Beyond	84
5. Sociological Theories of Organized Crime	89
6. Ethnicity and Organized Crime	93
7. The Economics of Organized Crime	99
8. Marxist-Inspired Approaches to the Understanding of Organized Crime	102
9. A Short Summary	106
10. Organized Crime, Elites, and Repressive Regimes	108
11. Fascism and Other Forms of Repressive Crime	133
12. Conclusion	140

III.	A TALE OF TWO COUPS: SHANGHAI 1927 AND LA PAZ 1980	145
1.	Introduction	145
2.	Coca, Incas, and Conquistadors	147
3.	Secret Societies and the Beginnings of Chinese Organized Crime	155
4.	Opium and 'Foreign Devils'	158
5.	Revolution and Dictatorship: The Roots of the Bolivian Cocaine Trade	167
a.	The 1952 Revolution	167
b.	The <i>Banzerato</i>	170
c.	The Bolivian Cocaine Quandary	172
6.	Organized Crime and the <i>Shanghai Coup</i>	177
7.	The Military, Organized Crime, and the <i>Cocaine Coup</i> in Bolivia	188
8.	Drugs and Regime Finances	193
9.	Elites and Organized Crime in Nationalist China and Bolivia	197
10.	Conclusion	200
IV.	ELITES, COCAINE, AND POWER IN COLOMBIA AND PERU	204
1.	Introduction	204
2.	From Coca to Cocaine: The Emergence of the Modern Cocaine Economy in Colombia and Peru	210
3.	Notes on <i>Narcodollars</i>	217
4.	A Short History of Political Violence in Colombia	224
a.	The Period of Violence	227
b.	Dimensions and Problems of Protection Racket Maintenance in Colombia	230
5.	The Colombian Revolutionary Left	239
6.	The Military, Elites and Political Power in Peru	249
7.	Peruvian Revolutionary Movements	256
8.	The Military, Organized Crime and the War Against <i>Sendero Luminoso</i>	261
9.	Observations on <i>Narcoguerrilla</i> , <i>Narcoterrorism</i> , <i>Narcofascism</i> , and <i>Narcobourgeoisie</i>	280
10.	Conclusion	298

V.	BEYOND CAPITALISM: MERCANTILE PIRACY AND THE SOVIET <i>MAFIYA</i> AS FORMS OF ORGANIZED CRIME	301
1.	Introduction	301
2.	Piracy: A Short Overview	303
3.	The Political Economy of Violence	310
4.	Piracy as State-Organized Crime	318
5.	Manifestations of Organized Crime in the Russian Federation and the 'Near Abroad'	324
6.	The Origins of Postsoviet Organized Crime	333
a.	Soviet Economic Development and Elites in Party and State	335
b.	The Emergence of the Shadow Economy	352
7.	Notes on Soviet Organized Crime	355
8.	From Soviet to Postsoviet Organized Crime	363
9.	Soviet- and Postsoviet Organized Crime and Political Power	366
10.	Conclusion	369
VI.	FINAL THOUGHTS ON PIRACY AND ORGANIZED CRIME IN EAST AND WEST	373
1.	Introduction	373
2.	Preliminary Evaluations	376
3.	On Globalization and Organized Crime	379
4.	Organized Criminality, Globalization, and Law Enforcement	385
VII.	BIBLIOGRAPHY	395

INTRODUCTION

Dennis J. Kenney and James O. Finckenauer claim that most of the researchers on organized crime (OC)¹ believe that criminal groups "do not have political agendas of their own...and do not espouse a particular radical, liberal, conservative, or other ideology."² However, according to Kelly, organized crime may emerge

in many kinds of societies...[that] differ politically, economically, and culturally. [Yet it]...is intimately linked to political structures and economic infrastructures...³

Organized crime has chameleon-like qualities that allow it to adapt to its surroundings. Organized crime is only nonideological, or rather beyond ideology, in the limited sense that it can be generated by the conditions and contradictions of various socioeconomic formations, conforming, in turn, to them. Organized crime becomes ideological by default by adapting to the ideology of the elites into which it aims to

¹In this dissertation I will use the term organized crime when referring generally to this phenomenon. I will also employ the term Mafia. When not italicised, it refers to organized crime groups in general. While once used to describe Sicilian organized crime, it has been adopted to describe similar phenomena globally. However, when using the term Mafia in a specific context, the word will be italicised, such as Sicilian *Mafia*. Similarly, when discussing other groups, their names will also be italicised, eg., the *Yakuza* in Japan or the *Green Gang* in China.

²Dennis J. Kenney and James O. Finckenauer, *Organized Crime in America* (Belmont, CA: Wadsworth, 1995), 3-4. Also see Howard Abadinsky, *Organized Crime* (Chicago: Nelson-Hall, 1985), 7; Frank Hagan, "The Organized Crime Continuum: A Further Specification of a New Conceptual Model," *Criminal Justice Review*, 8, (1983); Michael D. Maltz, "Towards Defining Organized Crime," in Herbert E. Alexander and Gerald Caide eds, *The Politics and Economics of Organized Crime*, (Lexington, MA: D.C. Heath, 1985).

³Robert J. Kelly, "Criminal Underworlds," in Robert J. Kelly ed, *Organized Crime: A Global Perspective* (Totowa, NJ: Rowman and Littlefield, 1986), 14.

integrate. OC's *ideologization* is the outcome of a process of integration and of the aspirations of its elites.⁴

Regardless, organized crime's ideological partialities manifest themselves in the dispositions taken vis-a-vis existing structures: Organized criminals do not only make alliances with elites, or fractions thereof, but they may come to their defence against counterhegemonic groups and use such struggles to further their own aims of integration into existing structures of domination. Such a collaboration is most likely to take place when aforesaid elites are, or perceive themselves to be, threatened by counterhegemonic groups during times of social and economic upheaval.

In the first part of this dissertation I will provide the basic definitions for the terms used here, as well as other required explanations. This is necessary to explain the complexity of the phenomenon under investigation that, in turn, bears implications for the methodology required to capture it. The understanding chosen to address this problematic is based on the methodological "anarchism" proposed by the late Paul Feyerabend.⁵

⁴The late Pablo Escobar Gaviria seems to share this attitude as he believed he could work with any political party, regardless of ideology. In a 1983 television interview he claimed that "every [election] campaign means money for some political movement or party; for the Communists, the Conservatives, or for the Liberals." See Duvardo Piedrahita Cardona, *Colombia: Entre guerra sucia y extradición* (Bogotá, Colombia: Ediciones Ciencia y Derecho, 1990), 33-34. However, as I will demonstrate below, by 1984 Escobar financed anticommunist paramilitaries.

⁵Paul Feyerabend, *Against Method* (London: Verso, 1993), 9. Moreover, I will utilize various concepts borrowed from the 'new sciences' of Chaos, Complexity and

Secondly, following an examination of the theoretical contributions from various authors mainly from the discipline of criminology, I will advance various propositions which attempt to explain the political preferences of OC groups and their links to those in power. I will largely draw on insights provided by Marxist authors. This is not to say that Marxist tenets suffice to explain the totality of organized crime. No single paradigm can wholly explain a phenomenon that is as multifaceted and differs so widely across place and time. This is therefore not a Marxist thesis, but Marxist-inspired. I do claim that aspects of writings, in particular by Karl Marx, the Frankfurt School's Max Horkheimer and Theodor Adorno as well as the Italian Marxist theorist Antonio Gramsci can be useful in the exploration of the relationship between OC groups and political and economic elites. Specifically, I will rely on Marx's observations in *The Eighteenth Brumaire of Louis Bonaparte*, writings by Horkheimer and Adorno that link Nazism and organized crime, and some of Gramsci's observations on dominance and hegemony.

I intend to illustrate my theoretical contemplations by employing examples from various geographically, historically and culturally diverse criminal groups. While paradigms may be rendered obsolete by events, history, as interpreted by renowned authors like Edward Hallett Carr or Barbara Tuchman, remains a useful guide toward

Self-Organization, popularly referred to as Chaos theory. See Uri Merry, *Coping With Uncertainty* (Westport, CT: Praeger, 1995), VII; Ian Marshall and Danah Zohar, *Who's Afraid of Schrödinger's Cat?* (New York: William Morrow, 1997), 103-104; Ziauddin Sardar and Iwona Abrams, *Introducing Chaos* (St. Leonards, NSW, Australia: Allen and Unwin, 1999).

understanding.

The first inquiry will compare the 1927 *Shanghai coup* which resulted in the dictatorship of Chinese Nationalist leader Chiang Kai-shek with the 1980 *Cocaine coup* in Bolivia. These events represent classic models of OC-elite collaboration. In both these cases criminal organizations played pivotal roles in military coups that led to the establishment of repressive regimes.

My second study will examine the links between elites and drug traffickers in Colombia and Peru. In these countries, and also in Bolivia, economic and political elites established alliances with strong criminal groups to suppress democratic parties, left-wing rebel movements, organized labour organizations, human rights groups and the opposition media. These alliances and their compositions are very specific to the conditions of the societies which produced them.

While the above case studies discuss OC groups in capitalist socioeconomic formations, I intend to demonstrate that forms of organized criminality have emerged in other settings as well. My third investigation will analyse the question of whether piracy qualifies as a form of organized crime during the mercantilist era, again with a focus on the relationship between elite and criminal structures. More importantly, I will examine the evolution of organized crime in the former Union of Soviet Socialist Republics and its metamorphosis from 'socialist' to 'capitalist' methods of unlawful enrichment. As in the other cases, I will demonstrate the links that existed between Soviet elites and criminal groups. However, I will also explain how these elites, in collaboration with criminal

groups, not only survived the Soviet Union's collapse, but came to play a strong role in the power structures in the Commonwealth of Independent States (CIS). Finally, in the conclusion I will relate the impact of globalization on organized crime and its implications for the further evolution of this phenomenon.

I. DEFINING THE PARAMETERS

1. Introduction

In this dissertation I aim to dispute the claim that organized crime is nonideological. Such a perspective only leaves corruption as an explanation for the links between organized crime and socioeconomic elites.⁶ In addition, the emergence of criminal groups, their relationships with elites and the unique conditions under which the above processes occur cannot be divorced from the specific socioeconomic realities in which they take place.

It is essential to understand, however, that even small variations within socioeconomic formations may result in large differences regarding the emergence and role of criminal groups. For example, Bolivia, Ecuador and Peru may be relatively similar when one considers their positions in the global economy, their social structures and conditions or their ethnic compositions. However, due to specific developments, Bolivians are involved in the cultivation of coca, as well as the production and export of coca paste and cocaine. Ecuadorians, on the other hand, live in a country that became a transit point for drugs and a location for money laundering because the coca plant was largely eradicated in the 17th century. Finally, Peruvians -- who generally acted as suppliers of Colombian crime groups -- have mostly grown coca and produced coca

⁶Klaus von Lampe, *Organized Crime: Begriff und Theorie Organisierter Kriminalität* (Frankfurt a.M., FRG: 1999), 293-295.

paste.⁷

However, it is necessary to prepare the ground for such a discussion. Those who research a complex phenomenon like organized crime encounter a number of difficulties which are dissimilar from those one faces investigating a more conventional topic. Most important here is the collection and analysis of information. These obstacles may be best illustrated by looking at the activities which transpire within the so-called informal economy. While the following perspectives do not pretend to be complete, they should demonstrate some of the dilemmas a researcher comes across in the investigation of organized crime.

The term informal economy is the one used most commonly in the literature. Other terms that essentially describe the same or related phenomena are black, shadow, irregular, parallel, hidden, or underground economy.⁸ Moreover, not only is the informal economy itself a category that is extremely difficult to measure, the activities of those who participate in it, may overlap with those in the formal and the criminal economies.⁹

⁷Gonzalo Ortiz Crespo, "Políticas gubernamentales: Ecuador," in Diego García-Sayán ed, *Narcotráfico: Realidades y alternativas* (Lima, Perú: Comisión Andina de Juristas, 1990), 34.

⁸Manfred G. Schmidt, "Schattenwirtschaft," in Dieter Nohlen ed, *Wörterbuch Staat und Politik* (Munich, FRG: Piper, 1993), 663-664.

⁹Jean Ziegler, *Die Schweiz Wäscht Weißer* (Munich: Knauer, 1992). Ziegler's book on Swiss banking practices caused a considerable uproar in that country and resulted in lawsuits against the author. Also see Douglas I. Keh, "Economic Reform and Criminal Finance," *Transnational Organized Crime*, 2, 1 (1996); Letizia Paoli, "The Banco Ambrosiano Case: An Investigation Into the Underestimation of the Relations Between Organized and Economic Crime," *Crime, Law and Social Change*, 23, 4, (1995); Susanne

The notion of the informal economy has its origins in the international development debate and dates back to the 1970s and early 1980s, but has returned to the agenda in the 1990s.¹⁰ Whereas the concept initially referred to the urban economies of developing countries, the range of application has broadened to include developed nations as well as those of the former Soviet Bloc.¹¹

The difficulty in defining what constitutes the informal economy stems from its emergence in various socioeconomic formations. There are no unified theories of the informal economy, only partial ones, and different explanations exist for its emergence and role in developed capitalist, Communist, and now postcommunist as well as developing countries. In general, the informal economy refers to "all productive and distributive income earning activities that take place outside the scope of public regulation on the macro-societal level." In addition, these economic activities do not enter the gross national product (GNP), although they do contribute to the total of

Walter, "Forfeiture and Money Laundering in the United States," *Crime, Law and Social Change*, 21, (1994); Richard H. Freeman, "International Pressure and Domestic Bargains: Regulating Money Laundering in Japan," *Crime, Law and Social Change*, 21, (1994); Mark S. Gaylord, "The Chinese Laundry: International Drug Trafficking and Hongkong's Banking Industry," *Contemporary Crises*, 14, (1990).

¹⁰Gerd Schönwälder, "The Other Path to Development? Approaches to the Informal Sector," in Henry P. Diaz, Joanna W. A. Rummens, and Patrick D.M. Taylor, *Forging Identities and Patterns of Development in Latin America and the Caribbean* (Canadian Association of Latin American and Caribbean Studies, 1991), 37.

¹¹Alejandro Portes and József Böröcz, "The Informal Sector under Capitalism and State Socialism," *Social Justice*, 15, 3-4, (1988):17.

economic value creation.¹²

Raymond E. Pahl distinguishes between informal and household economies. While his perspective on informal economies differs little from the above, he specifically refers to the work contributed mostly by women in the household economy which, in fact, overlaps with the formal one. Accordingly, this type of work may take place within the formal economy if a service or commodity produced at home is delivered to an official employer in return for wages. If the service or product is provided in return for undeclared cash payments, the person is part of the informal economy. Moreover, if the same service is provided to a family member on whom the person is financially dependent, it is considered domestic labour. Finally, if the service or product is delivered to a voluntary organization, the person is considered part of the communal economy.¹³

The above hints at the most important problem in the analysis of the informal economy; namely, the compilation of reliable data. The collection of data is very problematic because it is difficult for any researcher to make adequate estimations about undeclared income. Research on the informal economy is also hampered because authors cannot agree on the activities that should be included in their estimations. Matters are further complicated by its emergence in very different economic systems.

The unregulated industrial production in the urban sector is considered to be the

¹²Schmidt, "Schattenwirtschaft," in Nohlen, *Wörterbuch Staat und Politik*, 663-664.

¹³See Raymond E. Pahl, *Divisions of Labour* (Oxford: Blackwell, 1984).

predominant manifestation of the informal economy. It is characterized by labour intensive production, simple technologies, low qualification of the labour force, low pay, a low level of labour organization, a lack of health and social insurance, and the circumvention of labour protection legislation.¹⁴

Peruvian neoliberal economist Hernando de Soto views the informal sector in his native country as the "other path" to development that avoids the hurdles set by government regulations, bureaucratic practices and corruption.¹⁵ However, de Soto is unclear about who participates in this sector. More importantly, his notion that the informal economy can be the motor of development is contradicted by the experiences of most developed countries, including the so-called 'Asian Tigers', where state involvement played a decisive role, at least in the initial phase.¹⁶

In the former East Bloc, the informal economy was perceived as the "production and distribution of licit products outside the channels of centralized planning and direct

¹⁴Dieter Nohlen ed, *Lexikon Dritte Welt* (Hamburg, FRG: Rowohlt, 1989), 329.

¹⁵Hernando de Soto, *The Other Path* (New York: Harper and Row, 1989).

¹⁶Schönwälder, "The Other Path," 45-47. The German social scientist Dieter Senghaas, strongly influenced by his countryman, 19th century economist Friedrich List, points to the contradiction that the presently economically dominant countries developed with varying degrees of state involvement, tariffs and protectionism depending on the domestic and external conditions at the time of economic take-off, while these same countries now ignore their own developmental experiences and preach the gospel of free trade to the developing societies. See Dieter Senghaas, *Von Europa Lernen* (Frankfurt a. M., FRG: Suhrkamp, 1982), 8-9.

state control."¹⁷ Since 1989, the informal economy in the postcommunist countries is widely seen as a buffer to cope with the fallout of the conversion to capitalist economic practices, such as mass poverty and unemployment.¹⁸ In the developed world the term refers to "all processes through which otherwise licit products or services are produced and/or distributed outside the state-regulated segment of the market of labour, capital, and commodities."¹⁹

Regardless, the informal economy refers to economic activities which do not enter the GNP, although they contribute to the total of economic value creation. Some criminal activities appear to fall into this category. Yet, in the literature one encounters considerable disagreement on the question of whether criminal enterprises are linked to the informal economy. Philip Mattera, for example, points to moral concerns which lead economists not to include such activities in their estimates. The same author excludes criminal ventures on analytical grounds because there have been criminal "profit-making activities...as long as there have been laws."²⁰

¹⁷Portes and Böröcz, "The Informal Sector under Capitalism and State Socialism," 17. However, in my discussion of Soviet organized crime I will use the term shadow economy.

¹⁸Schmidt, "Schattenwirtschaft," in Nohlen, *Wörterbuch Staat und Politik*, 663-664.

¹⁹Portes and Böröcz, "The Informal Sector under Capitalism and State Socialism," 17

²⁰Philip Mattera, *Off The Books: The Rise Of The Underground Economy* (New York: St. Martin's Press, 1985), 11-12.

Manuel Castells and Alejandro Portes distinguish between informal and criminal activities, although they admit that the legal-criminal dichotomy is socially created and therefore "subject to change." They maintain, however, that it is necessary to preserve the distinctions between such activities in order to probe the links between them.²¹

Other authors include criminal activities. According to Manfred G. Schmidt, the informal sector in developed countries includes the underground economy, activities geared toward self-sufficiency, or collective self-help, and criminal enterprises.²² In his study of the informal economic activities in developing Bolivia, José Blanes Jiménez points out that

[the] drug [trade] did not create the urban informal sector in Bolivia, [but] it has rapidly penetrated existing underground activities, expanding and strengthening them. Thus, the triangle of drug traffic, clandestine economic transactions, and a vulnerable formal sector has become a distinctive feature throughout the country.²³

Stuart Henry ascribes the emergence of informal and criminal economies to the shortcomings and contradictions of capitalist socioeconomic practices. By

²¹Alejandro Portes and Manuel Castells, "World Underneath: The Origins, Dynamics, and Effects of the Informal Economy," in Alejandro Portes and Manuel Castells eds, *The Informal Economy* (Baltimore: The John Hopkins University Press, 1989), 13.

²²Schmidt, "Schattenwirtschaft," in Nohlen, *Wörterbuch Staat und Politik*, 663-664.

²³José Blanes Jiménez, "Cocaine, Informality, and the Urban Economy in La Paz, Bolivia," in Portes and Castells, *The Informal Economy*, 135. Another author who includes criminal activities is Bernard D. Headley. See his "War Ina 'Babylon': Dynamics of the Jamaican Informal Drug Economy," *Social Justice*, 15, 3-4, (1988).

excluding some people from a legitimate share of wealth they create, governments force marginalised sections of the population to participate in informal economies wherein some people are introduced to opportunities for criminal activity which harms both themselves and others.²⁴

Henry, also does not differ between activities which are "altruistic or avaricious, autonomous or parasitic, legal or illegal," or based on cash or "barter."²⁵ Naylor not only views the informal and criminal sectors of the economy as overlapping "entities," but includes the formal economy:

The economic mainstream meets and shake's hands with the underworld in the twilight zone of the modern underground economy; and within that underground economy the frontier between the explicitly criminal and the merely "informal" becomes increasingly hazy.²⁶

Some economic analysts may have reservations about including criminal activities in their estimates of the informal economy. However, authors who exclude these ventures, admit that detecting what is merely illegal or already criminal is difficult. It is certain therefore that neither the exclusion nor the inclusion of criminal activities renders the statistics on informal economic activities any less unreliable than they already are. For example, approximations of the proportions of the informal sector in the United States range between US\$60 and 330 billion depending on the researcher and the criteria

²⁴Stuart Henry, "The Informal Economy: A Crime of Omission by the State," in Gregg Barak ed, *Crimes by the Capitalist State* (Albany, NY: State University of NY Press, 1991), 253.

²⁵Ibid., 259.

²⁶R.T. Naylor, "From Underworld to Underground," *Crime, Law and Social Change*, 24, 2, (1995/96):81.

he or she used.²⁷

²⁷Cyril Robinson, "Exploring the Informal Economy," *Social Justice*, 15, 3-4, (1989):6.

2. On Researching Organized Crime

The previous observations were included with the intent to introduce the reader to the problems encountered in the study of a complex and contradictory phenomenon. The difficulties faced in the study of the informal economy are similar to those encountered by scholars who investigate organized crime, especially in the area of data collection.

Most of the available empirical data on organized crime has been collected by law enforcement agencies. These findings have been collected with the objectives of the police in mind, rather than the needs of the scholar. However, law enforcement agencies are often averse to sharing the information they obtain. In addition, available data may be unreliable or tainted because of police corruption. The necessities of police work also require that information remains classified. According to Kelly, the information released is "sometimes circumscribed by the politics" of law enforcement agencies.²⁸ This is reflected for example in the accounts written or 'co-written' and published by police officers.

Criminologists also point to the role of police and media in the construction of the term *organized crime*. As a result, mostly Italians were identified with organized criminality in the United States. Peter Reuter points out in the case of the Italian *American Mafia*:

The press and the police feed on each other in a manner which ensures that the Mafia's reputation is maintained. Since organized crime is treated largely as

²⁸Kelly, "Criminal Underworlds," 11-12.

entertainment by the newspapers, they report law enforcement activities that involve the gangs that readers know about, those that make up the Mafia. Law enforcement agencies, understandably eager to have press attention for their activities, are thus encouraged to focus on the mafia rather than less well known gangs.²⁹

Howard Becker explains that the concentration on Italian groups is related to the understanding that a given law enforcement agency has of itself and also to the requirement to guarantee its continued existence through further funding. This, Becker writes, results from the necessity on the part of law enforcement agencies to justify their activities, while simultaneously having to explain their failure to diminish crime.³⁰ The existence of the Italian American *Mafia* as a powerful criminal threat not only justified the requisition of resources, but also explained the insufficiency of law enforcement efforts to successfully combat the problem in the short- and medium term successfully.³¹

Although fieldwork may be a more reliable tool in the investigation of organized crime, it is problematic because it may expose the researcher to physical dangers. William J. Chambliss believes in its usefulness, while Anton Blok relied on fieldwork in his study of the patron-client relationships of the Sicilian *Mafia*.³² My own endeavours,

²⁹Peter Reuter, *Disorganized Crime* (Cambridge: MIT Press, 1983), xi.

³⁰Howard Becker, *Outsiders: Studies in the Sociology of Deviance* (London: The Free Press of Glencoe, 1963), 157.

³¹Robert J. Kelly, *Organized Crime: A Study in the Production of Knowledge by Law Enforcement Specialists* Dissertation (The City University of New York: Ann Arbor, Michigan, 1978), 294-295; as quoted in von Lampe, *Organized Crime*, 119.

³²William Chambliss, *On the Take* (Bloomington, IN: Indiana University Press, 1988); Anton Blok, *The Mafia of a Sicilian Village 1860-1960: A Study of Violent*

which included fieldwork in Peru and Colombia, led me to believe that this type of research can produce useful results. However, it requires great carefulness, familiarity with local conditions, connections, and knowledge of the language. Language knowledge here implies not only the ability to speak in a given tongue but also the facility to understand the 'lingo' of the milieu. For these reasons, journalists who specialize in organized crime and government corruption are a great source of information. This is confirmed by the sad fact that they have often become the targets of assassination by those whom they investigate. One should therefore also acknowledge the role of investigative journalism in the uncovering of organized crime and political corruption which contributes to the functioning of the democratic process. Many journalists display great courage since their investigations result in threats and injuries to life and health.³³

Peasant Entrepreneurs (Oxford: Blackwell, 1974).

³³For example, *Moskovsky Komsolets* journalist Dmitry Kholodov, who had investigated the dealings between the former Soviet army and organized crime, was assassinated with a parcel bomb. See "Murdered Journalist speaks out," *Moscow News*, 42, Oct. 21-27, 1994, 2; or "Who's Behind Kholodov's Assassination," *Moscow News*, 43, Oct. 28-Nov. 3, 1994, 1.

In 1997 I spent two months in the investigative unit of Peru's leading opposition daily *La Republica*. During this time I had the opportunity to observe investigative journalists at work in an environment of fear and suspicion. To my knowledge, at least one journalist working for *La Republica* has been killed in 1993 for exposing the links between drug traffickers and the Peruvian military. In fact, I researched the articles he was killed for. Moreover, the lives of virtually all of the members of the paper's investigative unit, and of their families, have been threatened. Also, *La Republica's* editor was kidnapped in broad daylight. Although released unharmed, she claimed she had been given a death threat because of the paper's publications on government corruption. While the government denied her story, its' claim that the incident was a robbery by common criminals was not credible because no valuables were taken from her.

The unreliability of law enforcement data is mirrored by the implausibility of the information provided by OC figures themselves. I intend to illustrate this point in the following discussion of nonfiction works which belong to the realm of popular media; namely: *The Last Testament of Lucky Luciano* by Martin A. Gosch and Richard Hammer; *The Valachi Papers* by Peter Maas; *Donnie Brasco: My Undercover Life in the Mafia* by Joseph D. Pistone and Richard Woodiey. All of the above deal with the Italian American Mafia. However, the apparent author of *Un narco se confiesa* is a Colombian drug trafficker who remained anonymous.

The Last Testament of Lucky Luciano, first published in 1974, is an autobiography that Salvatore Lucania, also known as Charles 'Lucky' Luciano (1897-1962), produced with the assistance of writers Gosch and Hammer. Based on interviews Luciano gave over a ten-month period in 1961, the book only appeared on the shelves in the 1970s because of the gangster's decree that there could be no publication until 10 years after his death.³⁴ Gosch and Hammer not only managed to give a human face to a criminal but presented him as a 'self-made man' who went from 'rags to riches' by an unconventional route. The book tells Luciano's life story in his own words and begins with the young boy's departure from a Sicilian village as his family emigrated to the United States in 1906. The reader is told of his childhood and early criminal career in New York, his rise to the *Capo di Capi* [The boss of bosses] during the prohibition era, his trial and

³⁴Martin A. Gosch and Richard Hammer, *The Last Testament of Lucky Luciano* (New York: Dell Publishing, 1975), 8.

imprisonment in the mid-1930s, his dealings with the US government and intelligence service during World War II that resulted in a shorter prison sentence, and of his last years in Italy where he had been deported after the war.

Although one might expect that most books of this genre display a certain element of sensationalism, Luciano appears rather reserved. At several points he claims that activities attributed to him are indeed farfetched. For example, Luciano admits to cooperating with US intelligence during the second World War. The imprisoned gangster used his influence in the *Mafia*-controlled unions to prevent the imaginary collaboration between German submariners and Italian-born dockworkers and fishermen. However, he denied having played any role in the 1943 Allied invasion of Sicily.³⁵

The events surrounding Peter Maas' book, *The Valachi Papers*, first published in 1968, caused considerable controversy. The book contains the criminal life story of Joseph Valachi as well as an account of the US-Italian *Mafia*. Valachi was a former "soldier" who had been sentenced. He broke his silence to receive witness protection after being threatened by fellow *Mafiosi* in prison. The late US Attorney General Robert Kennedy declared:

³⁵Ibid., 262-267. While the evidence that Luciano himself played a role in the Allied Invasion of Sicily is scanty at best there are indications that US intelligence agencies collaborated with the Sicilian *Mafia* during and after the event. See Christopher Duggan, *Fascism and the Mafia* (New Haven: Yale University Press, 1989), 271; Gaia Servadio, *Mafioso* (London: Secker and Warburg, 1976), 79-94. International thriller writer Jack Higgins, the author of *The Eagle Has Landed*, also wrote a subsequent novel which featured the gangster during the Sicilian operation. See Jack Higgins, *Luciano's Luck* (London: Pan Books, 1982).

For the first time, an insider -- a knowledgeable member of the racketeering hierarchy -- has broken the underworld's code of silence...The picture is an ugly one. It shows what has been aptly described as a private government of organized crime, a government with an annual income of billions, resting on a base of human suffering and moral corrosion.³⁶

Although considerable importance was attached to the Valachi memoirs at the time of publication, the academic value of this book, and others of its kind, is limited for several reasons. First, Valachi was only a 'soldier', and thus not privy to the decision making of the higher echelons. Second, as I pointed out, the book was not written by Valachi himself but by crime writer Peter Maas who was supplied with information consisting of notes written by the gangster and excerpts from interviews he conducted. Valachi, however, was under the supervision and protection of the Federal Bureau of Investigation (FBI) and the predecessor of the Drug Enforcement Agency (DEA), the Federal Bureau of Narcotics (FBN). One can assume therefore that the material released for the book had been filtered for public consumption.

Valachi's account also refers to a massacre of *Mafia* bosses in September of 1931 when 'Lucky' Luciano overthrew the old order by arranging the assassination of Salvatore Maranzano, then *Capo di Capi*.³⁷ Depending on the source between 39 and 200 *Mafiosi* were killed all over the United States because of their past association with Maranzano. However, Humberto Nelli maintains that a meticulous examination of newspaper articles

³⁶Peter Maas, *The Valachi Papers* (New York: Bantam, 1972), 53.

³⁷Maas, *The Valachi Papers*, 113.

revealed merely the sudden and violent demise of four *Mafia* leaders in New York and Denver. Martin Short's thorough study of the US *Mafia* only mentions the Maranzano killing.³⁸ As Nelli points out, these accounts -- whether of the *Mafia's* internal drug prohibition, or of massacres -- were often created by *Mafiosi* themselves to enhance their own myth.³⁹ The notion of myth is of some significance and will be discussed below.

The 'authorship' of FBI and FBN might explain at least one fundamental shortcoming of the book. While Maas notes that "corruption of public officials has always been a cornerstone of Cosa Nostra operations," he only deals with the case of one minor FBI informer who supplied information to the mob.⁴⁰ It is odd indeed that an author who recognizes the importance of OC - state relations should make little mention of these connections in a book which claims to reveal for the first time the activities of the Italian American *Mafia*.

Similar observations can be made about *Donnie Brasco: My Undercover Life in*

³⁸Humberto S. Nelli, "Overview," in Kelly, *Organized Crime*, 1-2. Luciano maintained himself in his memoirs that "what writers always printed about what they called the 'Night of the Sicilian Vespers' was mostly pure imagination. Every time somebody writes about that day, the list of people who was supposed to have got bumped off gets bigger and bigger." In fact, Luciano had to attend a meeting of the bosses of US crime families to "justify Maranzano's murder." At this gathering Luciano was "acclaimed as their leader." Had the 'coup' indeed resulted in the death of several dozen, if not hundreds of *Mafia* members across the United States, he hardly would have received such a welcome. See Gosch and Hammer, *The Last Testament*, 147-149; Short, *Crime Inc.*, 41-42.

³⁹*Ibid.*, 2.

⁴⁰*Ibid.*, 291.

the Mafia by Joseph D. Pistone and Richard Woodley. This is the story of FBI agent Pistone, who infiltrated the highest echelons of the Italian American *Mafia* during the late 1970s and early 1980s. While actually written by a police officer, the work provides a detailed account of his relations with the *Mafia*. Pistone's testimony helped to convict dozens of medium- and higher level *Mafia*. Yet the authors do not mention any significant cases of government corruption that Pistone is likely to have encountered in his 6-year undercover life in the *Mafia*.⁴¹

As Lupsha states, books, such as *The Valachi Papers* or *The Last Testament of Lucky Luciano*, have to be read carefully. While he does believe that these biographies and journalistic accounts "provide descriptive and historical insights and information," they are often "self-serving, exaggerated, biassed, and at times full of error deliberate or accidental."⁴²

The following examples should illustrate this point. In his autobiography 'Lucky' Luciano strongly rejects attempts to link him personally to the drug trade, in particular to heroin trafficking. He admitted allowing some of his underbosses, Vito Genovese in particular, to sell the drugs while he, Luciano, did not "wanna know about it."⁴³ Other accounts also allude to an internal prohibition within the *Mafia* regarding drugs.

⁴¹Joseph D. Pistone, *Donnie Brasco: My Undercover Life in the Mafia* (Markham, ON: Signet, 1989).

⁴²Peter Lupsha, "Organized Crime in the United States", in Robert J. Kelly ed, *Organized Crime: A Global Perspective*, 39

⁴³Gosch and Hammer, *The Last Testament*, 127.

However, various reports suggest that Luciano not only knew about the drugs but even organized their sale in the United States after his 1946 deportation to Italy.⁴⁴

Lupsha's assessment that such literature may be self-serving similarly holds true for the 1990 book *Un narco se confiesa y acusa* which was allegedly written by a drug trafficker who remained anonymous. The book provides interesting insights into the image Colombian drug traffickers have of themselves. Called an "open letter to the Colombian people," the author vehemently defends the drug trade and the patriotism of those involved in it. He refers to the fact that it is the United States which has become the world's largest producer of marijuana. He also states that only a small fraction of the earnings are made by Colombians while most profits "remain in the hands of [the] North Americans." Finally, the author views the cocaine trade as a means of getting even with the United States. He claims that large volumes of legal drugs are produced in the United States, although their consumption there has been prohibited because of their negative

⁴⁴A British author on organized crime, quoting a US narcotics agent sent to study Luciano's activities after his deportation to Italy points out that the gangster "was responsible for the flow of heroin coming through the port of New York." See Martin Short, *Crime Inc* (London: Mandarin, 1996), 160. This view is shared by one of the most eminent Italian *mafiologists*. See Umberto Santino, "Die sizilianische Mafia und die neuen Drogenmärkte," in Alain Labrousse and Alain Wallon, *Der Planet der Drogen* (Frankfurt a.M.: Fischer, 1996), 144. One researcher noted on the links between the US *Mafia* and narcotics dealing that "for the scholar of narcotics trafficking...the notion of internal prohibition remains a myth, and should not be given serious credence." See Philip Jenkins, "Narcotics Trafficking and the American Mafia: The Myth of Internal Prohibition," *Crime, Law and Social Change*, 18, (1992):316.

health effects. These are nevertheless sold in Colombian drugstores and pharmacies.⁴⁵

Researching organized crime is also made difficult by the complexity of the phenomenon under investigation. This is demonstrated by the considerable disagreement in the literature on the structure and organization of OC groups. Kenney and Finckenauer identify a structured hierarchy to be one characteristic of Italo-American organized crime. Members function in leadership and subordinate positions and various levels of commitment and association.⁴⁶ Joseph Albini, however, disputed this view and referred to the US *Mafia* as "a system of loosely structured relationships functioning primarily because each participant is interested in furthering his own welfare."⁴⁷ The Japanese *Yakuza* is again viewed as "a sophisticated, highly structured, well-disciplined, and complex criminal organization."⁴⁸ The Colombian cartel formation is likened to an "onion-like layering of organizational power, with kingpins at the centre, directing operations but insulated by layer upon layer of protective subordinate operatives."⁴⁹ According to Kenney and Finckenauer, the "cartels are organized into complex

⁴⁵Anónimo, *Un narco se confiesa y acusa* (Bogotá: Editorial Colombia Soberana, 1990), 17-25.

⁴⁶Kenney and Finckenauer, *Organized Crime in America*, 3-5.

⁴⁷Joseph Albini, *The American Mafia: The Genesis of a Legend* (New York: Irvington, 1971), 288.

⁴⁸Ibid., 262.

⁴⁹United States Department of Justice, *Drug trafficking: A Report to the President of the United States* (Washington, DC: Government Printing Office, 1989), 17.

infrastructures" which give work to tens of thousands of people in Colombia, and have "extensive networks" in the United States.⁵⁰ However, Russian crime groups operating in the United States apparently lack the "hierarchical, crime family structures" of Italo-American crime societies.⁵¹ Meanwhile, Stephen Handelman describes the organized professional underworld in the former Soviet Union as a "complex paramilitary culture" with "exclusive rituals and codes of honour."⁵² Most OC scholars seem to be in agreement on the issue of women and organized crime, namely that organized criminals are generally men, while women play a subordinate role. On the other hand, some researchers have come across high levels of female OC participation, up to 20 percent, among a few select criminal organizations in the US.⁵³

Regardless, these perspectives demonstrate the complexity of organized crime which evolves according to the specifics of place and time. As a result of these different manifestations, there is no generally agreed upon definition between law enforcement agencies and academics alike."

⁵⁰Kenney and Finckenaue, *Organized Crime in America*, 263.

⁵¹Ibid., 278.

⁵²Stephen Handelman, *Comrade Criminal* (London: Penguin, 1994), XIX.

⁵³Von Lampe, *Organized Crime*, 179-180. In my own research I have come to conclude that the position of women in organized crime is usually one of exploitation and exposure to risk, for example as prostitutes or drug couriers. In addition, the field of OC research is strongly dominated by men. One of the few exceptions is the Venezuelan researcher Rosa del Olmo.

3. Toward a Definition of Organized Crime

According to *Interpol*, organized crime refers to

[a]ny group having a corporate structure whose primary objective is to obtain money through illegal activities, often surviving on fear and corruption.⁵⁴

Article 416 of the Italian penal code specifies that

[a]n organization is of a Mafia type if those who belong to it rely on intimidation based on affiliation to associations and dependency relations and the resulting duty to silence (*omertà*) in order to commit crime, to directly or indirectly manage or control economic activities, public works, licences, commissions and services or to gain criminal profits and benefit for themselves or others.⁵⁵

The *Bundeskriminalamt* (BKA), the Federal Republic of Germany's (FRG)

equivalent to the FBI in the United States, describes organized crime as

[a]ny group of people who have consciously and deliberately decided to cooperate in illegal activities over a certain period of time, apportioning tasks among themselves and often using modern infrastructure systems, with the principal aim of amassing substantial profits as quickly as possible.⁵⁶

These definitions are problematic for several reasons. First, they allude to activities which may be and are committed by OC groups, but that, technically speaking, can also occur in the formal economy. For example, the BKA's and *Interpol's* definition may equally describe criminal activities by a powerful corporation. Neither the BKA's nor *Interpol's* definition places much emphasis on the use of violence, while the Italian penal code alludes to "intimidation." However, coercion, or the threat of it, is very much

⁵⁴Fenton Bresler, *Interpol* (Harmondsworth: Penguin Books, 1993), 319.

⁵⁵Werner Raith, *Organisierte Kriminalität* (Hamburg: Rowohlt, 1995), 25.

⁵⁶Bresler, *Interpol*, 318.

part of OC practices.

In addition, the BKA's definition omits corruption while the other two are vague on that subject. John Girling defines corruption as

the abuse of a public position of trust for private gain. Corruption negates positive social purpose: that is, proper means to attain a valued end (the 'common good', the 'public interest').⁵⁷

The emphasis on corruption is significant, given that it "provides the air that organized crime needs for survival."⁵⁸ The above definitions of organized crime, however, leave the impression that a limited number of corrupt state officials are in collusion with the Mafia. Still, how is one to address a situation when whole governments are involved or when there is no difference between organized crime and the state?

Similarly, only the definition used in the Italian penal code focusses on the links between the criminal and the formal economy when considerable evidence of collaboration exists, for example, in the international banking sector.⁵⁹ Anthony Maingot

⁵⁷ John Girling, *Corruption, Capitalism and Democracy* (London: Routledge, 1997), VII.

⁵⁸ Peter A. Lupsha, "Transnational Organized Crime versus the Nation-State," *Transnational Organized Crime*, 2, 1, (1996): 24.

⁵⁹ See for example the above-mentioned *Die Schweiz Wäscht Weißer* by Jean Ziegler. Also see Douglas I. Keh, "Economic Reform and Criminal Finance," *Transnational Organized Crime*, 2, 1 (1996); Letizia Paoli, "The Banco Ambrosiano Case: An Investigation Into the Underestimation of the Relations Between Organized and Economic Crime," *Crime, Law and Social Change*, 23, 4, (1995); Susanne Walter, "Forfeiture and Money Laundering in the United States," *Crime, Law and Social Change*, 21, (1994); Richard H. Freeman, "International Pressure and Domestic Bargains:

laments that there is no "general theory of corruption" and points out that the term generally refers to political corruption whereas this practice is often not covered in "private, nongovernmental areas."⁶⁰

The OC definition used during the 1990 conference by the ministers of the Interior of the *Bundesländer* [Federal Provinces] of the FRG is more useful as it takes into consideration the infiltration of state and economic structures as well as the use of violence:

Organized crime is the planned perpetration of criminal acts guided by the striving for power and wealth by...persons who cooperate and who a) rely on commercial or corporate structures, b) use violence or other means of intimidation and c) influence politics, media, public administration, the system of justice and the economy.⁶¹

While Jürgen Roth fails to discuss violence and intimidation as elements of OC practices, he does refer to the contradictory relationship between organized crime and state agents. Furthermore, he does not limit the phenomenon to a specific socioeconomic formation. Accordingly, Mafia refers to the

development of zones of nonjustice, virtual ghettos in which the order of the state no longer exists; the formation of an economic system based on prohibited activities; corruption which prevents that the state guarantees public welfare and which secures the continued existence and expansion of the illicit economic

Regulating Money Laundering in Japan." *Crime, Law and Social Change*, 21, (1994); Mark S. Gaylord, "The Chinese Laundry: International Drug Trafficking and Hongkong's Banking Industry," *Contemporary Crises*, 14, (1990).

⁶⁰Anthony P. Maingot, "Offshore Secrecy Centers and the Necessary Role of States: Bucking the Trend," *Journal of Interamerican and World Affairs*, 37, 4, (1995): 1.

⁶¹Raith, *Organisierte Kriminalität*, 27-28.

system.⁶²

Roth's definition emphasizes the dual nature of OC - state relations. On one hand, the absence of the state is a necessary precondition for the emergence of organized crime. On the other hand, the management of the illicit economic system requires the corruption, and thus the cooperation of state agents.

⁶²Jürgen Roth, *Die Russen-Mafia* (Hamburg: Rasch and Rohring, 1996), 41.

3a. Digression One: Organized Crime Groups as Secret Societies

In the definitions discussed above only the Italian penal code refers to the practice of *omerta*, a concept that also implies secrecy. The secrecy of criminal gangs, specifically the concealed nature of their activities and decision making, greatly contributes to the problems of studying and assailing such groups.⁶³

Stanton K. Tefft defines a secret society as

a special type of association that has a set of well-defined norms, secret rituals and oaths, or similar declarations or demonstrations of loyalty that are intended to subjectively bind members to the secrecy required by the group's affairs.⁶⁴

The study of secret societies does provide some useful insights that can be helpful in the analysis of organized crime. OC groups share certain traits with organizations as diverse as the *Freemasons*, the Italian *Carbonari*, the Russian *Bolsheviki* or Kenia's *Mau Mau*. Secret societies can be revolutionary, nationalistic, religious, occult, criminal, and so forth. They should be considered a universal feature, although they differ in space and time. Historically, secret associations have forms of communications, membership rules, initiation rites and/or other ceremonies that serve to distinguish members from the rest of society and to conceal their activities.⁶⁵

⁶³Pütter, *Der OK-Komplex*, 301.

⁶⁴Stanton K. Tefft, *The Dialectics of Secret Society Power in States* (New Jersey: Humanities Press, 1992), 1.

⁶⁵Norman Mackenzie ed, *Secret Societies* (New York: Collier Books, 1971), 3-12; See also Charles William Heckethorn, *The Secret Societies* (New York: University Books, 1966). For a more recent analysis of secret societies see Helmut Blazek, *Männerhinde* (Berlin: C. H. Links, 1999).

Secret societies have for a long time been consigned to the realm of conspiracy theory and serious scholars ignored this area of research. John M. Roberts writes that

the charlatan, the axe-grinder and the paranoid long had the field to themselves... The result has been the mountain of rubbish ...which explains everything from the collapse of the Roman Empire to the Russian revolution in terms of secret societies.⁶⁶

The secrecy of the organization is part and parcel of its mythology, as the former tends to engender the latter. This is also an issue when it comes to analysing criminal organizations. Roberts describes the mythology of secret societies as they are perceived by outsiders:

The mythology of secret societies...is always an example of the 'puppet' theory of politics. It claims that the real makers of events are not the statesmen...but secret directors who manipulate them...with [or]...without their knowledge...Many different versions of this...force have been identified. The Freemasons, the Jesuits, the Carbonari, the Comintern have all had the blame placed on them at different times...But the most popular form of the myth is to identify the enduring secret societies as... agents of political and social revolution. Their great aim...is to sap the stabilizing certainties of society -- Church, State, Morality, Property, the Family -- and set up a new order.⁶⁷

While one ought to study the influence of such groups on the politics of a given society, it is also necessary to be careful because their sway may be exaggerated. Roberts observes that

although secret societies existed in large numbers in Western Europe between 1750 and 1830 and strove to influence events, their main importance was what people believed about them. This always mattered more than what they did and

⁶⁶John M. Roberts, *The Mythology of Secret Societies* (London: Secker and Warburg, 1972), 10-11.

⁶⁷Ibid., 14-15.

their numbers and practical effectiveness were in no way proportionate to the myth's power.⁶⁸

Much of what Roberts writes about secret societies has significance for the study of criminal groups, and will be discussed in greater detail below. For example, the fact that organized crime operates in the dark implies that the means used to combat it may also harm the civil liberties of innocent citizens. Although an arduous task, it is important therefore to analyse the true extent of the threat posed by crime in a given society to justify policies that may potentially result in the abuse of innocents. After all, given the above observations on secret societies, those who clamour about the threat posed by criminal groups may primarily be interested in increasing the powers of and ensuring funding to police and security agencies.

Regardless, according to Michael Mann, the impact of secret societies on state policies has been considerable and needs to be studied. He even believes that secret societies and states share a number of similarities:

Whether [secret societies] serve the interests of the state...by protecting ruling-class concerns or serving as foci of opposition to state rule, [they] employ the same power strategies as the state to neutralize opposition, guard against repression or destruction, and to maintain internal discipline. State power strategies are merely centralized versions of power found in secret society

⁶⁸Ibid., 347. The sociologist Georg Simmel wrote in this context: "The folly which treats the unknown as the nonexistent, and the anxious imaginativeness which inflates the unknown at once into gigantic dangers and horrors, are wont to take turns in guiding human actions." See Georg Simmel, "The Sociology of Secrecy and of Secret Societies," *The American Journal of Sociology*, XI, 4, (January 1906): 497.

organizations or other social structures.⁶⁹

These observations contradict Kenney's and Finckenauer's claim that OC groups "do not have political agendas of their own."⁷⁰ Rather they confirm the observations made by Kelly who believes that organized crime cannot be divorced from "political structures and economic infrastructures."⁷¹

Moreover, the insights provided thus far point to an affinity between organized, state, and corporate crime. These links are hinted at in "twilight zone of the... underground economy" as Naylor refers to the meeting ground of formal, informal and criminal economies.⁷² Above definitions on OC similarly suggest such a relationship, because, technically speaking, corporate or state crime are organized crime in the sense that these activities are coordinated by the perpetrators. Said affinity is equally implied in Mann's views as corporate power practices may also resemble those of states as well as secret societies, including OC groups.

Notwithstanding, as Castells and Portes note it is important to preserve the

⁶⁹Michael Mann, *The Sources of Social Power*, vol. I (Cambridge: Cambridge University Press, 1986), 172.

⁷⁰Kenney and Finckenauer, *Organized Crime in America*, 3-4. Abadinsky, *Organized Crime*, 7.

⁷¹Kelly, "Criminal Underworlds," 14

⁷²R. T. Naylor, "From Underworld to Underground," *Crime, Law and Social Change*, 24, 2, (1995/96):81.

distinctions between practices in order to investigate the links between them.⁷³ This dissertation aims to the relationship between OC groups and those holding the reigns of power in state and economy. My work does concern itself therefore with a particular dimension of corporate crime, namely the collaboration between economic elites and organized crime groups, but it is not on corporate crime. The primary focus of this dissertation is the affinity of criminal groups to elite structures and their integration into these structures under certain conditions. Hence, one fundamental difference between those in the business of organized and corporate crime respectively is the fact that the former seek integration into said power structures, while the latter are already part of them. In addition, the activities of corporate criminals may, or may not be, illegal as defined by the criminal code, while those of organized criminals generally are. Finally, corporate crime aims to further the business establishment as a whole, not the individuals perpetrating it, while the opposite is true with organized crime where criminal activities largely serve the purpose of individual personal enrichment.⁷⁴

⁷³Alejandro Portes and Manuel Castells, "World Underneath: The Origins, Dynamics, and Effects of the Informal Economy," in Alejandro Portes and Manuel Castells eds, *The Informal Economy* (Baltimore: The John Hopkins University Press, 1989), 13.

⁷⁴Walter S. DeKeseredy and Martin D. Schwartz, *Contemporary Criminology* (Belmont, CA: Wadsworth Publishing, 1996), 355-383.

3b. Digression Two: Notes on the State

A study of the links between state and nonstate elites on one hand, and criminal groups on the other, necessitates further explorations into the nature of the state and the role of law.

Yale H. Ferguson and Richard W. Mansbach ask:

Is 'the state' a Hegelian symbol of collectivist identity, the highest realization of self? A 'nation', connoting ethnic identity? A 'government', that is political institutions? A legal system? A 'country' with both territorial and perhaps some ethnic overtones? Some combination of all of these things -- and more?⁷⁵

Political scientists distinguish between various regime types of states: namely democratic regimes as well as totalitarian and authoritarian ones. They have developed theoretical approaches that endeavour to capture their origins, workings and functions. I will provide a short overview of these which does not aim to be complete. Political science is ruled by paradigm competition, which is also reflected in the differing conceptualizations of the state. However, the status and relevance of these approaches are strongly contingent and their importance may vary due to conditions set by societal and scientific contexts. For example, the spectrum of theories used to analyse western capitalist states includes liberal and neoliberal, sociological, elite-theoretical, corporatist and neocorporatist, pluralist and neopluralist, classical, neo-, and postmarxist, as well as

⁷⁵Yale H. Ferguson and Richard W. Mansbach, "Between Celebration and Despair: Constructive Suggestions For Future International Theory," *International Studies Quarterly*, 35, (1991):369.

various feminist approaches.⁷⁶

Following World War II the state in the advanced industrial societies was primarily understood as government. The understanding of politics was based on pluralism which has its intellectual antecedents in the liberal political philosophy of John Locke, Charles Louis Montesquieu and others who opposed the notion of absolute state power.⁷⁷

Pluralists regard the state as a neutral institution of conflict management and policy making but not as an autonomous actor. Political science was primarily action- and actor-oriented and emphasized the decision-making processes. Pluralists who are representative of the mainstream of the discipline viewed the output of the political-administrative system as the result of conflict and power relations in society.⁷⁸ Pluralists view the state as an arena for interest group competition. Societal interests are organized accordingly, and state policies are a mere reflection of the influence that interest groups are able to command. Robert A. Dahl observed that "all the active and legitimate

⁷⁶See Patrick Dunleavy and Brendan O'Leary, *Theories of the State* (London: Macmillan, 1987); Murray Knuttila, *State Theories* (Toronto: Garamond Press, 1987); Clyde Barrow, *Critical Theories of the State* (Madison, Wisconsin: The University of Wisconsin Press, 1993).

⁷⁷Reinhold Zippelius, *Geschichte der Staatsideen* (Munich: C.H. Beck, 1971), 107-116.

⁷⁸Josef Esser, "Staatstheorie," in Dieter Nohlen ed., *Wörterbuch Staat und Politik* (Munich: Piper, 1995), 735-736.

groups...can make themselves heard at some crucial stage in the process of decision."⁷⁹

The pluralist state, according to Seymour M. Lipset, appeared to have solved the dilemmas of modern society:

[T]he fundamental political problems of the industrial revolution have been solved: the workers have...industrial and political citizenship; the conservatives...accepted the welfare state; and the democratic left has recognized that an increase in overall state power carried with it more dangers to freedom than solutions for economic problems.⁸⁰

The period of the predominance of pluralist theories goes hand in hand with Keynesian economics and the growth of the welfare state. However, while the 1950s and 60s saw enormous economic growth, the period thereafter was marred by several economic crises with repercussions that threw pluralist tenets into doubt. However, pluralist thinking was challenged even while it reigned predominant. Neopluralists like Charles E. Lindblom believed that some interests within society are not necessarily organized enough to muster adequate support to influence policy making. He argued that business interests were likely to go further because of larger resources.⁸¹

Elite theorists also competed with the dominant pluralist approaches. Elite theory -- originally identified with Gaetano Mosca, Vilfredo Pareto and Robert Michels -- is based on the premise that human societies are characterized by the differences between

⁷⁹Robert A. Dahl, *A Preface to Democratic Theory* (Chicago: University of Chicago Press, 1956), 137.

⁸⁰Seymour M. Lipset, *Political Man* (New York: Doubleday, 1963), 406.

⁸¹Charles E. Lindblom, *Politics and Markets* (New York: Basic Books, 1977).

elites and masses. Mosca, for example, believed that all societies, from the most primitive "to the most advanced and powerful," were characterized by rulers and ruled.⁸² These thinkers tended to be pessimistic about mass participation in democratic societies which they considered to be an illusion. Although Mosca, Pareto and Michels are identified with the period before the second World War, their thinking spanned beyond this time. For example, in the late 1950s, US political scientist William Kornhauser warned of the dangers posed by mass democracy:

Mass Politics in democratic society therefore is antidemocratic, since it contravenes the constitutional order. Modern democratic systems possess a distinct vulnerability to mass politics because they invite the whole population...to engage in politics...This danger to political order and civil liberty is believed to...result from the atomization of society and the rise of elites capable of mobilizing isolated and unattached people.⁸³

While the pluralist state is associated with state theory in North America, the corporatist model is more closely identified with the states of western Europe. However, as I will discuss below corporatism is also identified with the organization of Fascist and some authoritarian states, while neocorporatism refers to its democratic, post-World War

⁸²Gaetano Mosca, *The Ruling Class* (London: McGraw-Hill, 1939).

⁸³William Kornhauser, *The Politics of Mass Society* (New York: Free Press, 1959), 227-228. Kornhauser's perspective is similar to José Ortega y Gasset's *The Revolt of the Masses* (New York: Norton and Co., 1960). Both authors view the emergence of the "politics of the masses" with apprehension because, in their view, it could result in Fascism and Communism. However, Kornhauser's British contemporary Carr is more optimistic about the prospects of mass democracy. He writes: "The political condition of freedom -- and economic and political conditions are not separable -- is the realization by the new mass democracy of the principle of government of all and by all and for all. These are high ideals, and politics is the art of the possible." See Edward H. Carr, *The New Society* (London: Macmillan, 1960), 111

II variant. In pluralist thinking, many interest groups attempt to influence political decision making. Neocorporatism, however, goes beyond this model by integrating groups into the formulation and implementation of policies. Of particular significance is the relationship between the state, labour unions and manufacturer's associations. In Gerhard Lehmbruch's opinion, groups in neocorporatist society have an intermediary role. They do not only represent the interests of its members vis-a-vis the state, but they also have to represent government policies vis-a-vis their members. From this perspective, the government defines policies in close cooperation with particular interest group partners, which are then carried out largely through these groups themselves.⁸⁴

Structural or neomarxist approaches gained importance in the critique of pluralism since the end of the 1960s. Like pluralists, these thinkers viewed the political-administrative system as an expression of the power relationships within society. However, they diverged from pluralistic approaches in their emphasis on the determinants of societal structures. While pluralists accentuated the openness of the political decision-making process, structuralists criticized the restrictions of policy outputs of the state whose autonomy was viewed as limited, relative and selective.⁸⁵

Classical Marxists viewed the state as an instrument of the ruling class. The state

⁸⁴Gerhard Lehmbruch, "Liberal Corporatism and Party Government," *Comparative Political Studies*, 10, (1977):91-126; See also G. Lehmbruch and Philippe C. Schmitter eds, *Patterns of Corporate Policy-Making* (Beverly Hills, CA: Sage, 1982); Philippe C. Schmitter, "Democratic Theory and Neo-Corporatist Practice," *Social Research*, 50, 4, (Winter 1983):885-928.

⁸⁵Josef Esser, "Staatstheorie," in Nohlen, *Wörterbuch Staat und Politik*, 735-736.

is perceived as the most important component of a society's political organization and reflects the economic structure and class relations.⁸⁶ Herein Structuralists sought to examine the state not merely by studying economic factors, but also through cognizance of other independent forces in society. They pointed to the spheres of ideology and politics which, apart from economic forces, also contribute to social phenomena.⁸⁷ Fred Block -- influenced by the work of Antonio Gramsci -- refers to a "bourgeois cultural hegemony" as a "secondary subsidiary mechanism" to maintain capitalist class rule. He also writes that, unlike

those who accumulate capital [who] are not conscious of what is necessary to reproduce the social order...[t]hose who manage the state apparatus...are forced to concern themselves...with the reproduction of the social order because their continued power rests on the maintenance of political and economic order.⁸⁸

Similarly, Ernest Mandel points out that it is the function of the state to safeguard and reproduce the structures of capitalism which is prone to undergo crises.⁸⁹ Thus, state policies and institutions are best examined through their function of maintaining the capitalist system. Poulantzas, for example, rejected studies of state institutions unless

⁸⁶Georg Klaus and Manfred Buhr eds. *Marxistisch-Leninistisches Wörterbuch der Philosophie*, vol.3 (Hamburg: Rowohlt, 1983), 1163.

⁸⁷Dragan Milanovic, *A Primer in the Sociology of Law* (New York: Harrow and Heston, 1988), 66-67.

⁸⁸Fred Block, "The Ruling Class Does Not Rule: Notes on the Marxist Theory of the State," in F. Block ed, *Revising State Theory* (Philadelphia: Temple University Press, 1987), 54-55.

⁸⁹Ernest Mandel, *Late Capitalism* (London: Verso, 1978), 474-475.

they illuminated "the functions of the state."⁹⁰ Ralph Milliband argued that the ruling class itself does not "govern", although those wielding state power are largely drawn from societal elites. The state enjoys a relative autonomy that is circumscribed by its function of maintaining and reproducing the capitalist system.⁹¹ Theda Skocpol's state-centered approach similarly attributes an active role to the state. She perceives the state

as an actor whose independent efforts may need to be taken more seriously...in accounting for policy making and social change...[States] with their overall patterns of activity, affect political culture, encourage some kinds of group formation and collective political actions (but not others), and make possible the raising of certain political issues (but not others).⁹²

It is worthwhile including perspectives provided by critical theorists Jürgen Habermas and Claus Offe, who also attribute a more dynamic role to the state while simultaneously recognizing its limitations, as they argue that it has become increasingly difficult for states to live up to this role. According to Habermas, the state in advanced capitalist society needs to intervene to offset economic predicaments that can lead to crises of legitimation.⁹³ Similarly, Offe asserts that the rise of new social movements, such as the German Green Party, is a result of the incongruities of modern capitalist

⁹⁰Nicos Poulantzas, *Political Power and Social Classes* (London: NLB, 1973), 54.

⁹¹Ralph Miliband, *The State in Capitalist Society* (London: Quartet Books, 1973), 50-51, 59-62.

⁹²Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol eds, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1993), 21.

⁹³Jürgen Habermas, *Legitimation Crisis* (London: Heineman, 1976).

practices and the structural incapacity of existing state institutions to deal with the dangers their societies face. These dilemmas though are engendered by these societies themselves, for example, environmental degradation.⁹⁴ The decline in the relative autonomy of the state is also reflected by its inability to deal with "crises of legitimation," which are only furthered by the workings of globalization, and will be discussed below

The rise of the 'New Right', and of neoclassical economics, should be seen as another reaction to pluralist thinking. Moreover, their evolution is also the cause of the just noted decline of state authority. It was brought on to a large extent by the emancipatory demands of the student movements of 1960s as well as the expansion of the Keynesian welfare state.⁹⁵ The most important theories of the 'New Right' are public choice theory with Milton Friedman from the so-called *Chicago School* as one its main exponents, and, to a lesser extent, the approach of the *Austrian School* which is identified with Friedrich Hajek.⁹⁶ Most public choice thinkers support political views and policies commonly identified with conservatism but tend to but favour economic liberalism, although the two do not share apparent links.⁹⁷ Public choice theorists in the United States opt for a state with restricted powers of taxation, decreased social and welfare

⁹⁴Claus Offe, "New Social Movements: Challenging the Boundaries of Institutional Politics," *Social Research*, 52, 4, (Winter 1985):847

⁹⁵Theo Schiller, "Konservatismus," in Nohlen, *Wörterbuch Staat und Politik*, 360.

⁹⁶Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962).

⁹⁷Dunleavy and O'Leary, *Theories of the State*, 75.

services and limits to government involvement in the economy. While proponents of the *Austrian School* are also in favour of market liberalism, they do not share the conservative values but espouse liberal ones instead.⁹⁸

Aside from democratic regimes, political scientists identify two other regime types, namely, totalitarian and authoritarian ones. Again, I will give a general account. However, these regimes will be discussed again in greater detail later on.

The origin of the term totalitarian derives from the criticism of Italian antifascists who accused Benito Mussolini of creating a *stato totalitario*, a total state. Mussolini agreed and used the following words to describe his understanding of the totalitarian state: "Everything for the state, nothing outside of the state, nothing against the state."⁹⁹

Political scientists differ between different variants of the totalitarianism theories. First, some attempt to trace the modern phenomenon of totalitarianism to earlier manifestations of similar thinking or practices. Karl Popper, for example, identified a number of totalitarian elements in Plato's writings, such as the "strict division of classes" of "herdsmen and watchdogs" and the common flock; the "identification of the fate of the state with that of the ruling class," or the ruling class control in military matters, "censorship" and "continual propaganda" as well as "economic autarchy." For Popper the

⁹⁸Ibid., 86, 126.

⁹⁹Wippermann, "Totalitarismus/Totalitarismustheorie," in Nohlen, *Wörterbuch Staat und Politik*, 784.

“sovereignty of the philosopher king” in reality represents the “quest for power.”¹⁰⁰

Others located the origins of totalitarianism in the writings of Machiavelli and in the “totalitarian democracy” of the French revolution.¹⁰¹

Second, the historical totalitarianism theory by Hannah Arendt traces the principles and roots of totalitarianism to the imperialism and racism of the 19th century. She viewed the total dictatorships as modern manifestations of the same with the added elements of ideology and terror.¹⁰²

The third variant is the totalitarianism model by Carl J. Friedrich and Zbigniew Brezezinski. Accordingly, states are totalitarian if they meet the following six conditions. First, they must have “an official ideology” that proclaims to aim for a “perfect final state of mankind.” The second criterion is “a single mass party led by one man.” This party is “hierarchically” and “oligarchically organized.” Thirdly, such a regime has a “system of terroristic police control” which relies upon the insights provided by “modern science”, more specifically “scientific psychology.” Fourth, a totalitarian state enjoys a “near-complete monopoly of control” of the mass media. Fifth, only the agencies of the state have the right to bear arms. Sixth, the regime provides the “control and direction of the

¹⁰⁰Karl Popper, “Plato as a Totalitarian Ideologist,” in Paul T. Mason, *Totalitarianism: Temporary Madness or Permanent Danger* (Boston, MA: Heath and Company, 1967), 17-18.

¹⁰¹Wippermann, “Totalitarismus/Totalitarismustheorie,” in Nohlen, *Wörterbuch Staat und Politik*, 784.

¹⁰²Hannah Arendt, *The Origins of Totalitarianism* (New York: Harcourt, 1951).

entire economy”¹⁰³

Friedrich’s and Brzezinski’s approach found the most acceptance during the early Cold war years because it argued that Fascism and Communism were two manifestations of totalitarianism. However, the model lost its appeal beginning with the changes that took place after 1956 in the Soviet Union and the other East bloc nations which were not anticipated by these authors. As a result of these transformations, sovietologists viewed these regimes as authoritarian, rather than totalitarian. Moreover, social scientists who researched Nazism also realized that Friedrich’s and Brzezinski’s model did not conform to the realities of Hitler Germany. For example, the economy was not under the complete control of the state. Also, the Nazi race ideology was of a very different character than the USSR’s Marxism-Leninism. Hence, different groups were affected by persecution. While the terror agencies of Nazism victimized other racial groups, their counterparts in Stalin’s USSR did the same to political enemies and members of certain social groups in society.¹⁰⁴ These, include, for example, the richer peasant farmers, the Kulaks who fell victim to Soviet excesses. Finally, the Third Reich was not the monolithic structure described by Friedrich and Brzezinski.¹⁰⁵ For example, Martin Broszat, who analysed the internal structures of the Third Reich, concluded that the concept of totalitarianism

¹⁰³Carl J. Friedrich and Zbigniew Brzezinski, *Totalitarian Dictatorship and Autocracy* (Cambridge, MA: Harvard University Press, 1956), 5-13.

¹⁰⁴Wippermann, “Totalitarismus, Totalitarismustheorie,” in Nohlen, *Wörterbuch Staat und Politik*, 784.

¹⁰⁵Ibid., 785.

provided an “oversimplified picture of a monolithic system.” Instead, he argued that the regime evolved into a totalitarian one. Moreover, Broszat pointed to the internal power struggles between the old German ruling groups in the bureaucracy, the military and business and the new Nazi elite.¹⁰⁶ The notion of disunity is very significant and will be analysed later on.

Although proven to be inaccurate, the theory of totalitarianism experienced a revival in the 1980s. The conservative German historian Ernst Nolte even developed another variant of the theory in his claim that Soviet totalitarianism began earlier and was more aggressive than its National Socialist counterpart. Nolte sparked a very controversial debate, the *Historikerstreit* [Historians' Dispute], after he had claimed in the conservative daily, *Frankfurter Allgemeine Zeitung*, that the Holocaust of the Jews was not unique but merely Hitler's imitation of Stalin's policies, such as the extermination of the Kulaks or various purges. He was especially criticized for his denial of the singularity of the Jewish holocaust. The *Historikerstreit* engendered more than one thousand books and articles between 1986 and 1989.¹⁰⁷

Corporatism has also been identified with Fascist regimes. Anthony J. Joes points out, for example, that these terms were applied “as if they were synonymous.” However,

¹⁰⁶Martin Broszat, *The Hitler State* (New York: Longman, 1982), ix-xiv.

¹⁰⁷Fritz Fischer, *Hitler war kein Betriebsunfall* (Munich: Beck, 1992), 18-28, 247.

he also contends that corporatism is not specifically tied to "any regime."¹⁰⁸ Nonetheless, Fascist corporatism implied that the political arrangements, that in the democratic variant resulted from the negotiations and agreements between equal partners, were "imposed from above" instead. In the countries where Fascist regimes came to power, the existing labour organizations were violently removed and replaced with syndicates that needed state permission to function. Most importantly, the corporatist state created the organizations and appointed the officials who represented organized labour. According to Peter J. Williamson, the labour organizations in Fascist regimes

became an instrument for the disciplining of labour, while their legal monopoly prevented the establishment of any channel of representation, far less opposition. Harassment, intimidation and imprisonment helped to sustain the state of affairs and quelled any less organized attempts by workers to protect their interests.¹⁰⁹

The third category, namely authoritarianism, is not viewed as an intermix between democratic and totalitarian, but as a regime type of its own. Juan J. Linz identified seven different variants of authoritarianism. These include the "bureaucratic-military" state, the "authoritarian-corporatist" state, "mobilizing" and "postcolonial mobilizing" regimes, "racial" and "ethnic" 'democracies', as well as "incomplete totalitarian", "pretotalitarian" and "post-totalitarian" forms of rule.¹¹⁰ My discussion focusses on regime types

¹⁰⁸Anthony J. Joes, *Fascism in the Contemporary World: Ideology, Evolution, Resurgence* (Boulder, CO: Westview Press, 1978), 215.

¹⁰⁹Peter J. Williamson, *Corporatism in Perspective: An Introductory to Corporatist Theory* (London: Sage, 1989), 35-36

¹¹⁰Juan J. Linz, "Autoritäre Regime," in Nohlen, *Wörterbuch Staat und Politik*, 41-42.

encountered in the developing world. It is, however, essential to recognize that these forms of rule are based on one form of exclusion or another. This issue is significant.

The bureaucratic-military state refers to rule by a noncharismatic, military leadership and is usually identified with Latin American regimes. Such governments often came to power by coups against democracies in countries where the party system proved incapable of producing stable government. Bureaucratic-military authoritarian governments lack the mechanisms for elite recruitment or popular participation.¹¹¹ These regimes are nondemocratic and severely curtail popular participation. They are run by a coalition of civilian and military high-level technocrats who are primarily concerned with fostering economic modernization.¹¹² Fernando Henrique Cardoso argues that the bureaucratic-authoritarian regimes differ from the previous military dictatorships in Latin America. While the armed forces previously intervened in politics on behalf of a dictator or *caudillo*, their 1960s and 1970s counterparts did take power to “reorganize the nation ...” Unlike democratic or totalitarian regimes which rely on forms of popular mobilization, bureaucratic-authoritarian military governments are not intent on creating such a support base. Thus, they tend to eliminate “political parties as ... links between civil society and the state.” The military, according to Cardoso, favours accommodating relations between social groups and the regime, but not “a relationship based on alliances

¹¹¹Ibid., 41.

¹¹²Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism* (Berkeley: Institute of International Studies, 1979), 90-91.

with broad social groups.” He argues further that bureaucratic-authoritarian military regimes “exclude class organizations” but not “class interests.” The relations between civil society and regime are managed “through the cooptation of individuals and private interests into the system.”¹¹³ O’Donnell argues that such regimes maintain close links with foreign capital on which they depend economically. He points out in the case of Latin American regimes that they were “subject to the virtually undisputed military, political, and economic hegemony of the United States.”¹¹⁴

African states are largely identified with postcolonial mobilizing regimes because of their countries’ simultaneous lack of internal cohesion, of tradition, authority and the understanding of legal authority. These predicaments are due to a considerable extent to the artificially created postcolonial boundaries drawn irrespective of ethnic, linguistic or religious differences. As a result, the leaders of newly independent states believed that a single authoritarian party and government were the only vehicles for the process of nation building.¹¹⁵

The insights provided by the political scientist Hartmut Elsenhans on the elites in the developing states are useful. Elsenhans devised the notion of the state class. The

¹¹³Fernando Henrique Cardoso, “On The Characterization of Authoritarian Regimes,” in David Collier, *The New Authoritarianism in Latin America* (Princeton: Princeton University Press, 1979), 34-37

¹¹⁴O’Donnell, *Modernization and Bureaucratic-Authoritarianism*, 106.

¹¹⁵Robert H. Jackson and K.G. Rosberg, *Personal Rule in Black Africa* (Berkeley: University of California Press, 1982).

term refers to the groups who control the states of developing countries which given their positions in the international political economy only enjoy limited autonomy. The state class includes those who decide over the appropriation and distribution of the income of the state as well as those who participate in the decision-making process on government investments. Elsenhans also included the managers of state-run companies and the directors of political and societal organizations that are linked to the state. The state class is challenged by the contradiction of the expectations of an improved standard of living on the part of the population, and the actual deterioration of conditions. As a result, it faces a constant crisis of legitimacy.¹¹⁶

The following regime types are not necessarily found in developing countries. The "authoritarian-corporatist" state represents a variant of the corporatist models discussed above. The Portuguese *Estado Novo* (1933 – 74) has been put into this category as well as the more recent Brazilian military regime (1964 - 1985).¹¹⁷ It is characterized by a form of interest representation imposed by the state. Like the neocorporatist regimes which included other groups in the discussion, development and implementation of policies, authoritarian-corporatist ones allow for the representation of social interests. However, as with Fascist corporatist regimes, they simultaneously limited debate and possible conflict, while still relying on their partners as tools of policy

¹¹⁶Hartmut Elsenhans, *Abhängiger Kapitalismus oder Bürokratische Entwicklungsgesellschaft* (Frankfurt a.M. Campus, 1981).

implementation.¹¹⁸

The notion of racial or ethnic 'democracies' refers to the regimes encountered in Rhodesia prior to 1980 or South Africa prior to 1994, where a racially or ethnically defined group, which usually represents the minority, is allowed to participate in the democratic process, while the others are excluded.¹¹⁹

The term "incomplete totalitarian" refers to regimes where the trend toward totalitarianism has been arrested. Nevertheless, its representatives are a forceful factor within the political system. This was the case, for example, in Franco's Spain in the period immediately following the civil war (1936-1939). In "pretotalitarian" regimes this process has not yet taken place. Germany after the Nazis' election victory but prior to the complete take-over of the state qualifies for this category.¹²⁰ The notion of "post-totalitarian" regimes is used to describe the East bloc regimes after the beginning of destalinization during the 1950s and the collapse of Communism between 1989 - 1991.¹²¹

Above-mentioned perspectives attempt to provide answers to the questions of who controls the state, or what those who control it may or may not do, and what they profess to do and actually do in a specific regime. These theories are the result of

¹¹⁸Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978), 41

¹¹⁹Linz, "Autoritäre Regime," in Nohlen, *Wörterbuch Staat und Politik*, 42.

¹²⁰Ibid.

¹²¹Ibid., 42, Václav Havel, *Versuch in der Wahrheit zu leben* (Hamburg: Rowohlt, 1980), 18-19.

observations that are subject to the limitations their originators experienced in the time and space of their writing. Scholars emphasize the differences between authoritarianism and totalitarianism as forms of rule. These include, for example, the limited pluralism of authoritarian regimes, the roles of the middle class, or the lack of mass parties.¹²² Ernesto Laclau even argued that

regimes like the Chilean Junta, the dictatorship of the colonels in Greece or the regime of the Shah in Iran... obviously have not the remotest similarity with the regimes of Hitler and Mussolini.¹²³

While there should be little doubt that these regime types differ, they do share some commonalities, for example, their anticommunism. A number of German social scientists pointed out that the emergence of military regimes in Latin America during the 1960s resulted from economic crisis and the growing threat from the left. These scholars use the term “dependent military Fascism” to emphasize the affinity to the Hitler and Mussolini regimes while simultaneously stressing the differences, such as the lack of a mass party from the middle class, the importance of foreign capital, and of the domestic military.¹²⁴ The commonalities between these regime types will be elaborated in greater detail below.

¹²²Ibid, 40; O'Donnell, *Modernization and Bureaucratic Authoritarianism*, 91. H.E. Chehabi and Juan J. Linz eds, *Sultanistic Regimes* (Baltimore: The John Hopkins University Press, 1998), 23-24.

¹²³ Ernesto Laclau, *Politics and Ideology in Marxist Theory* (London: Verso, 1987), 88.

¹²⁴Reinhard Kühnl, *Fascismustheorien*, vol 2, (Hamburg: Rowohlt, 1979), 269-274.

Also, despite their differences these perspectives generally do not call into question the Weberian premise that the state is a "human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory."¹²⁵ However, few states in history, notably those located in the developed world during the early to the mid-20th century, have come close to achieving such a condition. Most others had to contend with what Susan Strange calls "nonstate authorities."¹²⁶ Moreover, even states which at one point may have come close to the Weberian ideal, no longer conform following the impact of globalization. Richard J. Barnett and Ronald E. Müller already observed in 1974:

The global corporation is the most powerful human organization... devised for colonizing the future. By scanning the entire planet for opportunities, by shifting...resources from industry to industry...country to country, and by keeping its overriding goal simple -- worldwide profit maximation -- it has become an institution of unique power. The World Managers are the first to [develop] a model for the future that is global. They exploit the advantages of mobility while... governments are still tied to particular territories. For this reason, the corporate visionaries are far ahead of the rest of the world in making claims on the future...[and] are creating a politics for the next generation.¹²⁷

¹²⁵H.H. Gerth and C. Wright Mills eds, *From Max Weber: Essays in Sociology* (New York: Oxford University Press, 1958), 77. See also Esser, "Staatstheorie," 733.

¹²⁶Susan Strange, *The Retreat of the State* (Cambridge, Cambridge University Press, 1996), 115, 119. An excellent account of the activities of pirates and Spanish conquistadors as nonstate agents during the 15th and 16th centuries who employ nonstate violence in the name of the state is provided by Janice E. Thomson, *Mercenaries, Pirates, and Sovereigns* (Princeton, NJ: Princeton University Press, 1994).

¹²⁷Richard J. Barnett, and Ronald E. Müller, *Global Reach: The Power of the Multinational Corporations*, (New York: Simon and Schuster, 1974), 363. Also see Richard J. Barnett and John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order*, (New York: Touchstone, 1995).

The impact of globalization on state sovereignty and policy-making on organized crime will be discussed below. Nevertheless, some general observations can be made here. The decline of the state is due to the technological advances that made possible the revolutions in the transportation, communication, and information sectors. As a result, states are faced with increasing numbers of transnational corporations that are beyond government control, because of the establishment of "international trade regimes" and "the rise of anarchic forms of a new global economic sovereignty."¹²⁸ States had been the vehicles of development in the era of national capitalism, but the workings of

The emergence of the European Union may be seen as an attempt of state-building in response to globalization. As pointed out by FRG ambassador Jürgen Ruhfus to the US Chamber of Commerce: "[We realized] that as individual nations we Europeans are no longer able to make an adequate contribution to the world economy nor to defend our economic and other interests, and that accordingly our resources needed to be pooled and a single, unified European market be established..." See *Statements and Speeches*, XI, 15, (1988):1.

Similarly, the 1985 European Community *White Paper* states that "the Community might lose ground to its main trading competitors." Thus the introduction of the *Single European Act* had two goals, the creation of a more liberalized market in the Community as well as the geopolitical goal of energizing the European economies vis-a-vis the rest of the world. See Tony Cutler, *1992-The Struggle for Europe* (New York: Berg, 1989), 49.

The former President of the European Commission, Jacques Delors asserted in an interview given to the German weekly *Der Spiegel*: "From the dynamic Economic trading bloc which we are already a great political power has to emerge. Otherwise we have to be afraid that the Community will be dissolved... If the political union treaty (of Maastricht in December 1991) fails, the historical decline of Europe which began with the first World War will set in again. I am not ready to leave to future generations a Europe which is weak and has been pushed to the sidelines of history. See "Wir müssen Großmacht werden," Interview with Jacques Delors, *Der Spiegel*, October 14, 1991, 20-21.

¹²⁸Randy White, *Global Spin: Probing the Globalization Debate* (Toronto: Dundurn Press, 1995), 107-109.

globalization, have effectively diminished this function.¹²⁹ Robert J. S. Ross and Kent C.

Trachte refer to global capitalism as the “new Leviathan.” They write:

The multinational conglomerate symbolizes, crudely, the power of the New Leviathan. Yet the irony of the New Leviathan is that its individual agents, global firms, and financial institutions, are not sovereigns but severely constrained competitors committed to the *economic* war of each against all. The only Sovereign is indirect, fluid, acting upon states as well as embodied in them. The new Leviathan is the system of global capitalism itself, not any of its powerful parts.¹³⁰

States have been turned into agents that serve the said process, while their “relative autonomy” has been reduced in the era of global capitalism. The state’s powers of taxation have been restricted resulting in decreased welfare and social services, and its involvement in the economy has been limited. If large corporations are the “winners of global capitalism, one of the losers is organized labour.”¹³¹ As long as capital was tied to states, organized labour movements could use the state to extract concessions from organized business groups, as evidenced, for example, in the previous discussion of the West European corporate model. However, globalization has given capital a mobility which neither the state and or organized labour can attain. As a result, especially large corporations have gained bargaining power vis-a-vis national governments and organized labour groups because of their ability to move production to a location where more

¹²⁹Uri Merry, *Coping with Uncertainty* (Westport, CT Praeger, 1995), 103-105.

¹³⁰Robert J. S. Ross and Kent C. Trachte, *Global Capitalism: The New Leviathan* (Albany, NY: State University of New York Press, 1990), 2.

¹³¹Ibid., 223.

favourable conditions are provided. Ross and Trachte conclude therefore that the “New Leviathan of global capitalism does not defend the citizens of any given nation from foreign invasion, as Hobbes noted of the Old Leviathan, but rather it disciplines those who labour in every land with the weakness of others.”¹³²

As put by Ross and Trachte, globalization results in the “relative decline of the relative autonomy” of the state. This does not imply the demise of the state which is also restructuring. Rather, as a result of the its withdrawal from the role of economic regulator, it may shift into the arena of social control, in order to manage the fallout stemming from globalization.¹³³

In the context of this dissertation it is significant that as a result of said processes, the states of western Europe and North America fail to control the influx and distribution of drugs within their respective boundaries. Meanwhile, the states of the developing countries Peru or Colombia which have historically been incapable of monopolizing the rightful use of physical force on their respective territories, are unable to stop their cultivation, production and export. Adrián Bonilla maintains that the states of the developing countries involved in the production of cocaine are not able to control their own territories and concludes that “the premise that the state exercises the monopoly of

¹³²Ibid., 64-65, 2.

¹³³Ibid. Hanns-Peter Martin and Harald Schumann, *Die Globalisierungsfalle* (Hamburg: Rowohlt, 1997), 291.

the legitimate use of force simply does not exist."¹³⁴

Furthermore, while the state may enjoy some form of autonomy as perceived by Skocpol and others, which, however, has been reduced by the workings of global restructuring, it should not be understood as homogenous but as "a collection of competing groups, institutions, and factions, with different interests, perceptions, missions, and preferences."¹³⁵ Michael Nicholson also maintains that the state is not

a single decision-maker, nor even a nearly homogenous group, but a complex and often not easily identifiable set of groups and coalitions. Though the precise manifestations are different, this is true of all societies whether authoritarian, libertarian, democratic, or whatever.¹³⁶

Bonilla emphasizes the importance of nonstate agents involved in the cocaine economy who influence states policies in Latin America:

Aside from states the production, distribution and consumption of psychotropic drugs involve a series of different actors which range from domestic North American Mafias to drug trafficking organizations. [as well as] financial institutes, banks and industries which participate in the business of money laundering or subnational groups, such as South American guerrillas.¹³⁷

¹³⁴Adrián Bonilla, "Dimensiones internacionales del narcotráfico y el caso de Ecuador," in Roberto Laserna ed, *Economía política de las drogas* (Cochabamba, Bolivia: CERES - CLACSO, 1993), 162.

¹³⁵Skocpol, "Bringing the State Back In," in Evans et al, *Bringing the State Back In*, 21. William Stanley, *The Protection Racket State* (Philadelphia: Temple University Press, 1996), 8.

¹³⁶Michael Nicholson, "Conceptual Problems of Studying State Terrorism," in Michael Stohl and George A. Lopez eds, *Government Violence and Repression* (New York: Greenwood Press, 1986), 29.

¹³⁷Bonilla, "Dimensiones internacionales del narcotráfico," 162.

These perspectives provided are important in the analysis of the links between organized crime and state agents and will be dealt with further in the next section. In particular, the heterogeneous nature of power structures is another indicator of the divisions within them, a theme which will be discussed at length in the chapter on theory.

3c. Digression Three: Observations on State Law

The OC - state relationship is further defined by several contradictory realities: First, the state itself -- irrespective of the specific regime type -- actually 'creates' crime because acts deemed punishable by law are first defined as such by law makers. This fact is of considerable importance in the analysis of organized crime. After all, the criminalization of a given commodity or service, does not imply that no customers exist despite the additional expenses imposed by its suppliers as a result of illegality.¹³⁸

Second, the role of the elites in state and society in the creation of what is criminal is of considerable significance. According to Richard Quinney, "crime is a definition of human conduct that is created by authorized agents in a politically organized society."¹³⁹

Rob White and John Van der Velden point out similarly:

Criminality is both defined by those who have the power to impose master definitions of behaviour and generated by the specific circumstances and conditions of a particular society.¹⁴⁰

Third, criminal law originates out of the contradictions of a given socioeconomic formation. Law and law enforcement attempt to correct these dilemmas. However, the fundamental problems generated in a given socioeconomic system cannot be overcome unless the latter is sufficiently transformed. In consequence, the focus will be on law

¹³⁸See for example Thomas C. Schelling, "Economics and Criminal Enterprise," *The Public Interest*, 7, (1967).

¹³⁹Quinney, *The Social Reality of Crime*, 15

¹⁴⁰Rob White and John van der Velden, "Class and Criminality," *Social Justice*, 22, 1, (1995):52.

enforcement instead of a critical assessment of the contradictions. Such an approach, though, reinforces the initial dilemma. Moreover, different socioeconomic formations will display different types of criminal law and crime, including forms of organized crime resulting from such contradictions. Criminal acts are to be comprehended from within the social reality of individuals. They result from the innate contradictions of the socioeconomic formation that people experience. But these acts are not predetermined by it ¹⁴¹

Fourth, the state itself can be a criminal actor. According to Chambliss, the line between organized and state crime can indeed be blurred. He claims that the state itself behaves unlawfully when its agents are performing "acts defined by law as criminal and committed by state officials in the pursuit of their job as representatives of the state." ¹⁴² In other words, corrupt state agents who collaborate with organized crime are themselves acting criminally. Thus, organized crime and the state stand in an ambiguous relationship. Organized crime simultaneously challenges and relies on the state or its agents.

¹⁴¹Alan Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier Science Publishers, 1981), 7-9.

¹⁴²William J. Chambliss, "State-Organized Crime - The American Society of Criminology, 1988 Presidential Address," *Criminology*, 27, 2, (1989), 185-186.

4. Complexity and Methodology

The complexity of the phenomenon under investigation has considerable impact on the methodology that ought to be applied for researching it. Given the secrecy, obscurity and informality of the workings of organized crime, the late Paul Feyerabend likely would have included it in his list of phenomenons

which are richer in content, more varied, more many-sided, more lively and subtle than even the best historian and the best methodologist can imagine.¹⁴³

He wrote further that

[h]istory is full of 'accidents and conjunctures and curious juxta-positions of events' and it demonstrates to us the 'complexity of human change and the unpredictable character of the ultimate consequences of any given act or decision... Are we to believe that... simple... rules... are capable of accounting for such a 'maze of interactions'?'¹⁴⁴

Feyerabend advocated a methodological "anarchism" suggesting one ought to employ "whatever procedure seems to fit the occasion."¹⁴⁵ T.R. Young writes that there are

any number of coexisting paradigms none of which can encompass all of the

¹⁴³Paul Feyerabend, *Against Method* (London: Verso, 1993), 9

¹⁴⁴Ibid. As the historian Edward H. Carr demonstrated with the following tale, even simplicity can be quite complex. Accordingly, a certain "Jones" drives home from a festivity in a state of moderate intoxication. The brakes of his car fail at an intersection with poor visibility, and "Jones" hits and "kills Robinson," who was walking across the street to buy cigarettes at the corner store. However, what is the cause of the tragic event? Was it due to the driver's intoxicated state? The faulty brakes? The lack of visibility at the street junction? Or the fact that Robinson smoked? See Edward H. Carr, *What is History?* (Harmondsworth: Penguin, 1985), 104-105

¹⁴⁵Ibid., 10.

data... [N]ature and society are so complex and so richly interconnected that the choice of where the boundaries of theory are to be set is a matter of research interest and research capacity more than the underlying ontology at hand.¹⁴⁶

The study of organized crime requires what I would call the Arthur-Conan-Doyle-technique, which has been perfectly summarized by the British crime writer's famous character *Sherlock Holmes*: "Once one has ruled out the impossible, then whatever is left -- however improbable it may seem -- must be the truth."¹⁴⁷ It is the task of the researcher to extract truth responsibly.

Some Marxists, feminists or ecologists may argue that "important social relations can all be reduced" to the economy, gender or the environment respectively. Yet, different "modes of domination" exist side by side in society. This reality needs to be addressed in order to formulate a common framework that can integrate different approaches. Accordingly, "society itself is holistic" and it is necessary to construct a framework expressly designed to unveiling an "interconnected reality."¹⁴⁸

Whatever specific framework one adopts in order to analyse a complex phenomenon, it should be essential to go beyond traditional frameworks which cast light on a particular slice of reality while leaving other segments in darkness. While one

¹⁴⁶T.R. Young, "Paradigm Theory: Foundations of Postmodern Science," *The Red Feather Institute*, available at www.tryoung.com/chaos/004PARADIGM.html; INTERNET.

¹⁴⁷Arthur C. Doyle, "The Sign of Four," as quoted in David Kelly, *The Art of Reasoning* (New York: Norton and Co. 1994), 299

¹⁴⁸Michael Albert, Leslie Cagan, Noam Chomsky, Robin Hanel, Mel King, Lydia Sargent and Holly Sklar, *Liberating Theory* (Boston: South End Press, 1986), 6-19

cannot fully grasp all aspects of a given phenomenon, one should attempt to perceive these other angles and be aware of their existence in one's own research, although it is not always essential to discuss them in great detail. Moreover, the reliance on insights which are attributed to a particular paradigm does not imply acceptance of that paradigm as a whole, or some of its other components. Rather, it is a general theme of this work to look at insights provided by authors with given perspectives from given fields about the same phenomenon, and to investigate the parallels that exist between them. Nevertheless, my understanding of complexity implies a lesson in intellectual modesty on the part of the researcher. It is the goal of this work to reconstruct specific facets of the reality of the phenomenon organized crime by applying an interdisciplinary and multiparadigmatic understanding that views knowledge as complementary.

5. Conclusion

Based on the above I propose to work with the following definitions of organized crime and state:

1 Organized crime refers to a group generally operating in secrecy with a structure reflecting the cultural and social stipulations in the societies that generate it; that has the primary objective to obtain access to wealth and power, through the participation in profit-generating activities prohibited by law.

2 Organized crime is a form of accumulation based on the use, or threat of physical violence, which evolves with the specific conditions of a given socioeconomic formation. It is a form of 'appropriation with as little exchange necessary' ¹⁴⁹

3 Organized crime can emerge -- and has emerged -- in different socioeconomic formations across time and place as it is generated by the specific conditions of those societies

4. OC groups are embedded in economic, state and societal structures and frequently succeed to integrate into existing power structures despite the illegal nature of their

¹⁴⁹Max Horkheimer, "Theorie des Verbrechers," in *Gesammelte Werke*, vol. 12, edited by Alfred Schmidt and Gunzelin Schmid (Frankfurt a.M.: Fischer, 1985), 266. The phrase 'appropriation with as little exchange as necessary' is borrowed from Max Horkheimer who referred to "crime as appropriation without exchange." He implied that the criminal, unlike the trader, provides nothing in return for goods taken. However, the original phrase is technically wrong when applied to modern organized crime and needs some modification. Established OC groups do appropriate in return for some exchange. In my opinion, Horkheimer could also be interpreted as saying that criminals make disproportionately small investments in their endeavours from which they have, or at least hope to gain, immense returns.

activities. Criminal societies even form alliances with state and nonstate elites against commonly perceived threats and directly contribute to the maintenance of repressive regimes.

I intend to borrow perspectives from Nicholson and Stanley for a perspective on the state that can incorporate a possible relationship between state and OC groups:

1 The notion that the state is the "sole holder of legitimate physical violence" on a given territorial unit is debatable. Few states, if any, conform to the Weberian ideal. Rather, in many countries the state is the most powerful "holder of physical violence" among other contenders. Moreover, it is often a question of perspective whether the state's application of physical violence is indeed legitimate.

2 The state is not a unitary actor but a "collection of competing groups, institutions, and factions with different interests, perceptions, missions, and preferences" which arrange themselves in "complex and often not easily identifiable" associations.¹⁵⁰ These affiliations transpire regardless whether a given society is "authoritarian, libertarian, democratic, or whatever."¹⁵¹

3 Apart from a variety of agencies and institutions representing the state within a given territorial unit, one also encounters domestic economic elites, as well as other domestic and foreign groups. Counter- and subhegemonic groups may also operate on a state's national territory and influence its policies. These may include multinational

¹⁵⁰Stanley, *The Protection Racket State*, 8;

¹⁵¹Nicholson, "Conceptual Problems of Studying State Terrorism," 29.

companies, rebel organizations, drug cartels, and so forth. While diverse groups and movements may be operating within and from the territory of a given state, they do not necessarily represent its interests, although peculiar links may transpire between them. The importance and role of institutions, groups and factions, state, non- and extrastate elites which contribute to policy making, differ in time and place because they are subject to internal and external influences. Also, the increased importance of one agent will result in the decreased relevance of others.¹⁵² The divisive nature of different groups that form elite structures will be investigated in the next chapter.

¹⁵²For example, the domestic sway of Peruvian military fighting the Maoist *Sendero Luminoso* guerrillas differed greatly from the Canadian one involved in United Nations missions during the 1990s. Conversely, the role of political parties or labour unions in Peru is considerably less important than in Canada.

II. ON THEORIES OF CRIME AND ORGANIZED CRIME

1. Introduction

Theoretical work done on organized crime reflects its complex and contradictory nature as well as the position in time and place of those observing this phenomenon. The following assertion by the International Relations scholar Robert Cox should also hold true for the theoretical efforts of scholars in criminology where paradigms play an important role in the attempt to explain crime and organized crime:

Theory is always for someone and for some purpose. All theories have a perspective. Perspectives derive from a position in time and space. The world is seen from a standpoint definable in terms of nation or social class, of dominance or subordination, of rising or declining power, of a sense of immobility or of present crisis, of past experience, and of hopes and expectations for the future.¹⁵³

Before dealing specifically with theories of organized crime I will provide some general background on the evolution of criminology as a discipline.

¹⁵³Robert Cox, "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium*, 10, 2, (1981) 128

2. Early Theories in Criminology

From its origins in the 18th century the study of crime went through several phases. Its so-called classical period, during the era of the Enlightenment, is foremostly identified with the works of Cesare Beccaria (1738-1794) and Jeremy Bentham (1748-1842). These scholars reacted against the criminal law practices of the Absolutist State and against the "previously prevailing concepts of supernatural power and the 'will of God' as the primary forces in human behaviour."¹⁵⁴

Beccaria, influenced by French Enlightenment thinking, linked the ideas of democratic liberalism to criminal justice issues, notably the notion of the social contract between individual and society. Beccaria argued that the criminal was a person capable of rational thought who weighed his or her crime. Classical criminology focussed on the idea of free will as well as the criminal act to be penalized.¹⁵⁵ George B. Vold described the classical school as "administrative and legal criminology" which was to provide

an exact scale of punishments without reference to the nature of the individual involved and with no attention to the question of special circumstances under which the act came about.¹⁵⁶

Although classical criminology dates back to the 18th century, its influence on

¹⁵⁴Vernon Fox, *Introduction to Criminology* (Englewood Cliffs: Prentice-Hall, 1976), 38.

¹⁵⁵Clarence R. Jeffery, "The Structure of American Criminological Thinking," *Journal of Criminal Law, Criminology and Police Science*, 46, (1956) 666.

¹⁵⁶George B. Vold, *Theoretical Criminology* (New York: Oxford University Press), 1958), 23.

justice systems is still strong. During the 1980s it experienced a resurgence in the United States as neoclassical criminology. However, the latter differs considerably from the original. Most importantly, classical criminology emerged in response to the prevailing repressive law practices at the time. Classical criminology did not concern itself with the environment or the circumstances of a criminal. However, its stress on the rights to equal treatment as well as equal punishment for nobles and peasants alike for a crime committed was moderately progressive. Neoclassical criminologists, on the other hand, argue that laws are too permissive and that crime is out of control. Hence laws are toughened to increase the punishment for a given offense. It is assumed that the increase in punishment will serve as a deterrent to potential offenders, while the conditions of imprisonment are intended to have the same effect on the convicted in order to prevent him or her from relapsing. In the United States neoclassical thinking has had a strong impact on policy makers, as evidenced by some of the highest incarceration and execution rates in the world. In contrast, classical thinkers aimed at imposing the lightest possible sentence for a crime committed, while rejecting the notion of avenging a crime. Moreover, they were opposed to the death penalty ¹⁵⁷

In this context, the following observations by the Frankfurt School's Max Horkheimer on the relationship between the bourgeois state and the criminal are useful. He believed that the "theoretical concept of crime cannot be detached from the notion of the social contract." This covenant obliged people to remain obedient to the state to

¹⁵⁷DeKeseredy and Schwartz, *Contemporary Criminology*, 164-175

which they had handed the highest power not only to attain mere self-preservation but also to reach happiness to the greatest possible extent. Crime, Horkheimer noted, is the use of privatized as opposed to public power, an act which negates the social contract. Once the social contract is in effect, the criminal transgresses against his or her own "pragmatic rationality" which he or she "objectively recognizes in the state." For bourgeois law, there is no greater transgression than the one against the self as the criminal discards the deliberate, organized self-preservation of the social contract in favour of a "limited anarchic one." In bourgeois society "unproductivity is the criminal's greatest stigma" because he or she "skips the phase of production" and seeks to acquire as much as possible from the "circulating surplus." While people conventionally obtain from this surplus by providing work or services in return, the criminal "appropriates without exchange."¹⁵⁸

However, Horkheimer made the following observation which can be used to demonstrate the fundamental difference between classical and neoclassical criminology. Accordingly, the law not only protects the citizen from crime, but also from the state that is supposed "to avenge it."¹⁵⁹ Classical criminology thinkers wanted protection from the state as much as through the state. Neoclassical criminology and its translation into policy aim largely at providing the latter

¹⁵⁸Max Horkheimer, "Theorie des Verbrechers," in Alfred Schmidt and Gunzelin Schmid Noerr eds. *Max Horkheimer: Gesammelte Schriften*, 12 (Frankfurt a.M.: Fischer, 1985), 268-269.

¹⁵⁹*Ibid.*, 266.

Regardless, while classical criminology focussed on the criminal act, the actor moved into the focal point with the arrival of positivist criminology and the introduction into the discipline of "the logic and methodology of objective, empirical, and experimental science."¹⁶⁰ This was based on the collection of scientific data for testing and verification to explain criminal actions. The biological and psychological theories of the 19th and early 20th centuries aimed to classify criminal types, and emphasized the body and the mental faculties of the criminal, while largely ignoring his or her social environment.¹⁶¹ Yet, especially psychological studies of crime strongly hinted at factors within that environment which contributed to the formation of a criminal personality. By the 1930s to 1950s this understanding had led to the next stage of sociological explanations which located crime within the environment of the offender.¹⁶² Moreover, while authors from both Europe and North America more or less equally contributed to biological and psychological theories of crime, most of the recognized scholars who provided sociological explanations came from the United States.

¹⁶⁰Vold, *Theoretical Criminology*, 27

¹⁶¹William V. Pelfrey, *The Evolution of Criminology* (Cincinnati, OH: Anderson Publishing, 1980), 27-32; Vold, *Theoretical Criminology*, 25-28; Sheilagh Hodgins, "Biological Factors Implicated in the Development of Criminal Behaviours," and Ronald M. Roesch, "Psychological Theories," in Rick Linden ed., *Criminology: A Canadian Perspective* (Toronto: Holt, Rinehart and Winston, 1987), 121-154

¹⁶²*Ibid.*, 31.

3. Sociological Explanations of Crime

These theories largely focussed on juvenile crime, subcultures and immigrant communities, and a combination thereof, to explain the roots of criminal behaviour. Most of the scholarship produced to explain organized crime has been based on these perspectives. My discussion will largely focus on this period, as previous approaches are not useful in the examination of issues involving organized crime and its links to elite structures. Klaus von Lampe, for example, notes in his exhaustive analysis on organized crime in the United States that psychological theories and notions, such as inadequate personal growth, the adaptation of aggressive behaviour, genetic defects or low intelligence and the like, do not correspond to our perceptions of the operations of OC groups, although they reinforce the flawed view of the "gangster as killer."¹⁶³

Similarly, I will not concern myself with the more recent general theory of crime, authored by Michael Gottfredson and Travis Hirschi which denies the very existence of organized crime. According to this theory, crime is the result of lacking self-control due to inadequate socialization and upbringing. Criminal acts are an expression of the demand for the immediate satisfaction of a desire within a narrowly confined time frame. Consequently, they deny that criminal behaviour can be planned or organized.¹⁶⁴ These authors claim that

¹⁶³Klaus von Lampe, *Organized Crime: Begriff und Theorie organisierter Kriminalität in den USA*, 176.

¹⁶⁴Michael Gottfredson and Travis Hirschi, *A General Theory of Crime* (Stanford: Stanford University Press, 1990).

the apparent pursuit of long-term goals by offenders is post hoc interpretation by scholars or law enforcement officials to account for a series of events that otherwise has no inherent structure or coherent purpose.¹⁶⁵

Earlier sociological approaches regarded criminal behaviour as a result of a person's immediate environment. Cultural conflict theorists, for example, argued that crime arose out of the clashes between the cultural values which immigrant communities imported from the country of origin and those experienced in the United States. According to Thorsten Sellin, accepted norms and practices from the country of origin conflicted with those in the new country, where they were considered criminal.¹⁶⁶ Graham S. Sykes and David Matza, scholars associated with cultural deviance theory, argued that a conflict of norms and practices resulted in deviant dispositions. They write:

It is our argument that much delinquency is based on what is essentially an unrecognized extension of crimes, in the form of justifications for deviance that are seen as valid by the delinquent but not by the legal system or society at large.¹⁶⁷

Similarly, Walter Miller, maintained that the entire lower class supports subcultural norms which, in fact, incorporate criminal values.¹⁶⁸ Edwin H. Sutherland's differential

¹⁶⁵Ibid., 203.

¹⁶⁶Thorsten Sellin, "The Conflict of Conduct Norms," in Marvin E. Wolfgang, Leonard Savitz, and Norman Johnston eds, *The Sociology of Crime and Delinquency* (New York: Wiley, 1970), 186-189. The article was originally published in *Culture Conflict and Crime* (New York: Social Science Research Council, 1938).

¹⁶⁷Graham M. Sykes and David Matza, "Techniques of Delinquency," in Marvin E. Wolfgang et al., *The Sociology of Crime and Delinquency*, 295.

¹⁶⁸Walter Miller, "Lower Class Values as a Generating Milieu of Gang Delinquency," in Wolfgang et al., *The Sociology of Crime and Delinquency*, 351.

association theory argued that criminal behaviour was learned by association with criminal elements. Thus the future criminal learns "techniques of committing the crime, which are sometimes very complicated, sometimes very simple," and "the specific direction of motives, drives, rationalizations, and attitudes" through exposure to a criminal milieu.¹⁶⁹ These perspectives have been criticised because they downplay other considerations, such as economic factors. While cultural, ethnic, and social backgrounds may play a role, they should be viewed as explanatory, not causal factors.¹⁷⁰

The origins of strain theory are also found in the late 1930s. Its adherents argued that crime is engendered by the frustration and anger that people feel at the failure to rightfully improve their social and financial situation because their opportunities are limited by social class and status. Its originator, the sociologist Robert K. Merton, extended Emile Durkheim's notion of *anomie*, the condition of normlessness in society. Merton differed between "simple" and "acute" anomie. While the former was a normal condition in society, the latter indicated a society under great duress.¹⁷¹ Strain is the results from the divergence between culturally defined objectives and the lawful means available to achieve them. However, those individuals without schooling and

¹⁶⁹Edwin H. Sutherland, *Principles of Criminology* (Philadelphia: Lippincott, 1947), 5-7. See also Sutherland's *The Professional Thief* (Chicago: University of Chicago Press, 1937).

¹⁷⁰Linden, *Criminology*, 182

¹⁷¹Robert K. Merton, *Social Theory and Structure* (New York: The Free Press, 1968), 217

accessibility to capital respond to their handicap in several different ways. These include "conformity" and compliance with societal norms, "innovation" resulting in involvement in criminal activities to overcome societal limitations, "ritualism" and acceptance of one's personal inadequacies, "retreatism" leading to withdrawal from society, and finally "rebellion" to create a "new social order."¹⁷² Merton believed that poverty itself did not cause crime, rather

[w]hen a system of cultural values extols, virtually above all else, certain common symbols of success for the population at large while its social structure rigorously restricts or completely eliminates access to approved modes of acquiring these symbols for a considerable part of the same population,....antisocial behaviour ensues on a considerable scale.¹⁷³

In fact, he clearly alludes to rebellion as a mode of adaptation and makes reference to the French revolution.¹⁷⁴ While Merton and other criminologists have relied on Durkheim to illuminate the causes of crime, political scientists have relied on similar ideas to explain the outbreak of revolutions. Accordingly, a general feature of these sociological theories on revolution is the notion that frustrated expectations in the people, or in principal groups of society, result in political violence and rebellion. This aspect

¹⁷²Merton, "Social Structure and Anomie," in Wolfgang et al., *The Sociology of Crime and Delinquency*, 241-244. The above article was originally published in *American Sociological Review*, 3, (1938) 672-682. The same ideas are elaborated in Merton's *Social Theory and Structure*.

¹⁷³Ibid., 245

¹⁷⁴Merton, *Social Theory and Structure*, 245. Merton refers to Elinor G. Barber's *The Bourgeoisie in 18th Century France* (Princeton: Princeton University Press, 1955), 56. She applies the notion of "relative deprivation" in her analysis of the French revolution. Ibid.

will be discussed in more detail below.

Strain theorists Richard A. Cloward and Lloyd E. Ohlin believed that membership in a specific socioeconomic group either provides or limits access to economic and social mobility. They argued that the young who grow up in subcultures react to their predicament with frustrated violence, drug use or criminal behaviour. Like differential association theorists, they claimed that a criminal career depends on the ability to learn such ways in the specific subculture to which a youth is exposed. Young people grow up and learn their ways in a semicriminal environment, choosing a criminal career as "an alternate route to the American dream." Like Merton, these authors do not automatically associate criminal behaviour with subcultural milieus.¹⁷⁵

Since the late 1970s, the emphasis has shifted to the study of society and of the criminal justice system with the introduction of conflict theory. The sociologists Lewis Coser and Ralf Dahrendorf advanced the view that conflict was a major factor of intrasocietal dynamics.¹⁷⁶ Conflict theorists argued further that power in society is multidimensional. It goes beyond powerful economic interests, including also political and social power. Moreover, similar to neopluralists, they contended that power in society was not distributed symmetrically, and that some groups in society are more

¹⁷⁵Richard A. Cloward and Lloyd E. Ohlin, "Differential Opportunity Structure," in Wolfgang et al., *The Sociology of Crime and Delinquency*, 292-318.

¹⁷⁶Lewis Coser, *The Functions of Social Conflict* (Glencoe, IL: Free Press, 1956); Ralf Dahrendorf, *Class and Class Conflict in an Industrial Society* (Stanford: California University Press, 1959).

capable of representing their interests and preserving their positions of influence than others. George B. Vold and Austin Turk used these notions in their analysis of crime, and showed that powerful groups in society play a role defining who and what is criminal.¹⁷⁷ Conflict theorists prepared the way for the next stage of criminological inquiry

¹⁷⁷George B. Vold, *Theoretical Criminology* (New York: Oxford University Press, 1958); Austin Turk, *Criminality and Legal Order* (Chicago: McNally, 1969)

3a. An Excursion into Political Science

As previously noted, Merton argued that frustrated expectations in the people, may cause them to participate in criminal as well as revolutionary activities. In his well-known J-curve principle, James C. Davies asserted that conditions of protracted rising expectations and fulfilment which encountered a phase of rapid setbacks would create a disparity between what people think should be and what in fact is. The ensuing frustration can rise to unbearable levels, rousing people into revolution.¹⁷⁸ Ted Gurr relied on the concept of "relative deprivation," described as actors' understanding of inconsistencies between their expectations and their capabilities to achieve them.¹⁷⁹ Both Neil Smelser and Chalmers Johnson stressed the idea of contending values which are not being addressed effectively and result in strain on the political system and political violence or revolution.¹⁸⁰ Although Rod Aya was highly critical of such rationalizations for revolutions, his notion of "grievances" did not greatly differ from the previous works.¹⁸¹ Similarly, Charles Tilly refers to "discrepancies" which have rapidly increased

¹⁷⁸James C. Davies, "Toward a Theory of Revolution," *American Sociological Review*, 27, (1962):6-8.

¹⁷⁹Ted Gurr, *Why Men Rebel* (Princeton: Princeton University Press, 1970), 24

¹⁸⁰Neil J. Smelser, *Theory of Collective Behaviour* (New York: 1962), 313.
Chalmers Johnson, *Revolutionary Change* (Stanford, CA: Stanford University Press, 1982), 20-23, 34-37.

¹⁸¹Rod Aya, "Theories of Revolution Reconsidered," *Theory and Society*, 8, (1979):70-73, 79

and contribute to a revolutionary situation.¹⁸² The same notion is furthermore a cardinal characteristic in Crane Brinton's work. Alexis de Toqueville, however, used a similar explanation for the outbreak of the French revolution, many years before any of the above-mentioned authors¹⁸³

The notion of revolutionary conditions represents the Marxist equivalent of the concept of "discrepancies." However, while de Toqueville, Gurr or Davies speculated on the causes of revolutions, the authors associated with Marxist perspectives often were not only theoreticians but also practitioners of revolution. They were concerned with analysing as well as making revolutions, following Marx's maxim that "Philosophers have only interpreted the world in various ways; the point is to change it."¹⁸⁴

The writers in this group include theoreticians, such as Karl Marx and the Neomarxists Paul Baran or Paul Sweezy. But there are also practitioners of Socialist revolutions, such as Vladimir Lenin, Rosa Luxemburg, Antonio Gramsci, Mao Zedong, "Che" Guevara or Regis Debray. In fact, it is difficult to draw a clear line of division between theoreticians and practitioners of revolution. However, there are manifest differences between Marxist-Leninists and Neomarxists. While the former focus largely

¹⁸²Charles Tilly, *European Revolutions 1492-1992* (Oxford: Blackwell, 1993), 237

¹⁸³Crane Brinton, *The Anatomy of Revolution* (New York: Vintage, 1965); Alexis de Tocqueville, *The Old Regime and the French Revolution* (Garden City, N.Y.: Doubleday, 1955).

¹⁸⁴Karl Marx, "Theses on Feuerbach." In Karl Marx and Friedrich Engels, *The German Ideology* (New York: International Publishers, 1960), 199

on European perspectives, the latter tend to see the world from the periphery's viewpoint. Thus, interest has shifted from development in the North to underdevelopment in the South. Furthermore, Neomarxists expressed doubt about the proletariat as a revolutionary class in the developing countries and credited other social groups with more revolutionary potential, e.g., the peasantry.¹⁸⁵ Marx himself, referring to the "idiocy of rural life," did not consider the peasantry a revolutionary force.¹⁸⁶ Marxist-Leninists asserted the existence or inevitable rise of a "national bourgeoisie," while Neomarxists considered the bourgeoisie to be the tool of imperialism unable to play "its role as the liberator of the forces of production."¹⁸⁷

Marxist-Leninists stress the "organization" of the working class and patient "party work."¹⁸⁸ A prerequisite for a successful revolution is the polarization of social

¹⁸⁵Magnus Blomström and Björn Hettne, *Development Theory in Transition* (London: Zed Books, 1988), 36-37

¹⁸⁶Calvert, Peter, *Revolution and Counter-Revolution* (Milton Keynes Open University Press, 1990), 38. However, Marx did point out that there was more than one path to socialism and that Russia may be able to avoid the capitalist stage and thus a revolution by the bourgeoisie which implies the existence of other groups with revolutionary potential. See Richard Appignanesi, *Lenin Für Anfänger* (Hamburg: Rowohlt, 1979), 24.

¹⁸⁷Blomström and Hettne, *Development Theory in Transition*, 36-37. According to Baran, "the capitalist middle classes entered into a "counterrevolutionary coalition... and threw away their historical chance of assuming effective control over the destinies of their nations." See Paul Baran, "On the Political Economy of Backwardness", in Charles K. Wilber, *The Political Economy of Development and Underdevelopment* (New York: Random House, 1988), 99-100

¹⁸⁸*Ibid.*, 37.

contradictions leading to a revolutionary situation. This entails a political crisis within the ruling elites and growing protests and political actions on the part of the dissatisfied proletariat under the leadership of the party. According to Lenin, a revolution could not succeed unless it preceded by a crisis of the whole society of "exploited and exploiters " Thus a revolutionary situation is one that develops over time and exists once the revolutionary class has become conscious of itself and of its historic task.¹⁸⁹

Neomarxists, on the other hand, are more confident about the prospect of revolutionary change, even if the existing situation does not favour the outcome. The Chinese and Cuban revolutions are, technically speaking, based on Neomarxist thinking because peasant guerrilla warfare was aimed at creating revolutionary conditions.¹⁹⁰

The notion that rebellion and crime, as well as "conformity, ritualism, and retreatism," are possible individual reactions to frustrated expectations is of considerable importance to this dissertation. The latter also result from the same predicament, although they figure less in my contemplations. These are modes of adaptation and reactions to exclusion. However, "conformity, ritualism, and retreatism" represent forms of active or passive acceptance of the personal status quo, while crime and rebellion are

¹⁸⁹Georg Klaus and Manfred Buhr, *Marxistisches-Leninistisches Wörterbuch der Philosophie*, vol.3, (Hamburg: Rowohlt, 1983), 1062. Rosa Luxemburg is uneasy about Lenin's dictatorship which should be "the work of the class and not of a little...minority in the name of the class [and should]...proceed out of the active participation of the masses." See Rosa Luxemburg, *The Russian Revolution and Leninism or Marxism?* (Ann Arbor: University of Michigan Press, 1961), 77.

¹⁹⁰Blomström and Hettne, *Development Theory in Transition*, 37

vehicles used to better one's situation. The difficulty of determining why a given individual would choose one over the others I will call *Merton's dilemma*. Moreover, when Cloward and Ohlin rely on the argument borrowed from differential association theorists that a young person learns his/her criminal conduct in a specific subculture, it follows that those who react to exclusion by rebelling also acquire their ways through exposure to a certain environment.¹⁹¹

The notions of crime and rebellion blend in Eric Hobsbawm's concept of *social banditry*, which he locates in precapitalist peasant societies. He referred to Robin-Hood-like outlaws who robbed the wealthy and distributed their spoils among the poor. These were usually individuals who had trouble with authority, but were idolized by their country men and women. According to Hobsbawm, social bandits were not considered criminals by fellow peasants on whose protection they had to rely. Social bandits were tied to the territory in which the supporting population lives, not unlike the guerrillas and 'the fish in the water' of Maoist guerrilla doctrine, who also needed support from the peasantry. Elsewhere the bandit would not be known and could not enjoy the locals' aid. However, Hobsbawm's hybrid was not a revolutionary. He wrote that

social banditry, though a protest, is a modest and unrevolutionary protest. It protests not against the fact that peasants are poor and oppressed, but against the fact that they are sometimes excessively poor and oppressed. Bandit-heroes are not expected to make a world of equality. They only right wrongs and prove that

¹⁹¹Richard A. Cloward and Lloyd E. Ohlin, "Differential Opportunity Structure," in Wolfgang et al., *The Sociology of Crime and Delinquency*, 292-318. For example, a young person growing up in a household made up of union activists may react to exclusion by rebelling.

sometimes oppression can be turned upside down.¹⁹²

¹⁹²Eric J. Hobsbawm, *Primitive Rebels* (New York: Praeger, 1959), 24

4. Marxist Explanations of Crime and Beyond

The emergence of what has variously been termed the new criminology, radical or critical criminology during the 1970s did not only signal a challenge to the positivist-behaviouralist foundations of the discipline. It also introduced notions of Marxist thought into criminology and turned toward analysing the state, class, gender, and societal power structures.¹⁹³ Early critical criminology in the United States is identified, for example, with the works of Richard Quinney and William J. Chambliss.¹⁹⁴ Marxist-inspired feminists also contributed to a field that, until this time, could be viewed as "gender-blind."¹⁹⁵

The debates within critical criminology recall similar processes in political science and political economy. According to Quinney's instrumentalist perspective in the study of law and crime, a capitalist ruling class would inevitably have a corresponding legal ideology representative of its interests, as well as the agencies of police and judiciary at its disposal to reinforce them.¹⁹⁶ Alan Block and William J. Chambliss, contested the instrumentalist view because it ignored "the dialectic nature of social, political, and economic relations." They pointed out that this idea was contradicted by

¹⁹³DeKeseredy and Schwartz, *Contemporary Criminology*, 237-244.

¹⁹⁴William Chambliss, "Toward a Political Economy of Crime," *Theory and Society*, 2, (1975) 149-170; Richard Quinney, *The Social Reality of Crime* (Boston: Little, Brown, 1970); or *Critique of the Legal Order* (Boston: Little, Brown, 1973).

¹⁹⁵DeKeseredy and Schwartz, *Contemporary Criminology*, 258

¹⁹⁶Richard Quinney, *The Social Reality of Crime* (Boston: Little, Brown, 1970).

the existence and creation of laws that were "neither in the interests of nor a reflection of the ideology of the ruling class."¹⁹⁷ These include labour, health or environmental regulations

Block and Chambliss argue instead that people in all social classes react to the contradictions inherent in their historical conditions. This reaction is individual, rational and may or may not be criminal. Criminal acts are to be understood from within the social reality of individuals and as a result of the innate contradictions of the socioeconomic formation that people experience. But these acts are not predetermined.¹⁹⁸ These observations are remindful of *Merton's dilemma*. Various reactions to exclusion are possible, yet the specific choices made cannot be preordained.

A strong impetus for the introduction of Marxist-inspired critical criminology emerged as a 'British invasion' with works by Ian Taylor, Paul Walton and Jock Young.¹⁹⁹ The most significant school of thought from Britain is left realism. In contrast to the above discussed Walter Miller who placed deviant behaviour in the working class, left realists analyse "working-class crime as...a problem for the working class." They argued that "working-class people" are harmed in many ways under capitalism, given the hostile

¹⁹⁷Alan Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier Science Publishers, 1981), 5.

¹⁹⁸*Ibid.*, 7

¹⁹⁹Ian Taylor, Paul Walton and Jock Young, *The New Criminology* (London: Routledge, 1973). Their book *Critical Criminology* appeared in 1975, also published by Routledge.

environment it breeds. Moreover, left realists have provided a theoretical perspective: the *square of crime*. According to this theory, the generation of crime involves a complex relationship that includes law enforcement, the public, the state, the criminal and the victim. In addition, left realists have utilized the previously discussed concept of relative deprivation, a condition that results in discontentment and crime.²⁰⁰

The introduction of Marxist concepts during the 1970s not only meant a challenge to the predominant positivist-behavioural tenets. It simultaneously marked the beginning of the transformation of criminology into a multiparadigmatic discipline. In particular, the works of Michel Foucault have had a strong influence on critical criminology.²⁰¹ Due to further developments, critical criminology now encompasses left realist and Marxist criminology, feminist criminologies, peacemaking criminology, and postmodern criminology.²⁰² In fact, Stuart Henry's and Dragan Milanovic's conclusion that

²⁰⁰DeKeseredy and Schwartz, *Contemporary Criminology*, 247-248.

²⁰¹See Michel Foucault, *Discipline and Punish: The Birth of the Prison* (New York: Vintage Books, 1979).

²⁰²While most readers will have a general understanding about feminist and postmodern criminologies, the notion of peacemaking criminology requires further elaboration. It "is informed by" a number of schools of thought which include "anarchism, humanism, Christian socialism, liberation theology, Eastern meditative thought, penal abolitionism, feminism and Marxism." The US scholars Richard Quinney and Hal Pepinsky are prominent peacemaking criminologists. They argue that "crime is suffering" which can only be halted through the achievement of peace in society as a result of "human transformation." Peacemaking criminologists believe, however, that such a change will come about by replacing the present "social, economic, and political" order by nonviolent means. Although this is seemingly utopian, there are successful strategies employed that have been recommended by peacemaking criminologists. These include, for example, "alternative measures," such as community-based solutions to deal

criminology might be undergoing a 'Kuhnian paradigm crisis' parallels similar occurrences in other fields.²⁰³ Yosef Lapid, for example, claims that the so-called 'Third Debate' in International Relations theory is a product "of diverse antipositivistic philosophical and sociological trends." It is preoccupied with the "nature and progression of knowledge, and "parallels the intellectual ferment that other social sciences are presently undergoing."²⁰⁴ As Cox points out, in times of change ontological tenets give way to questioning and scepticism.²⁰⁵

Moreover, Simon Dalby's observation that "the dynamics of academic conferences where practitioners and scholars so frequently rub shoulders" applies to criminology as well. Accordingly, criminological theories equally "influence policies and practices found in criminal justice systems."²⁰⁶ This is evidenced, for example, by the affinity

with young offenders who have committed lesser "nonviolent" transgressions. See DeKeseredy and Schwartz, *Contemporary Criminology*, 268-269. For further insights see Hal Pepinski and Richard Quinney eds, *Criminology as Peace Making* (Bloomington, IN: Indiana University Press, 1991).

²⁰³Stuart Henry and Dragan Milovanovic, "Constitutive Criminology: The Theory Maturation of Critical Theory," *Criminology*, 29, 2, (1991):293-294.

²⁰⁴Yosef Lapid, "Prospects of International Theory in a Post-Positivist Era," *International Studies Quarterly*, 33, (1989) 236-237

²⁰⁵Robert Cox, "Towards a Post-Hegemonic Conceptualization of World Order: Reflections on the Relevance of Ibn Khaldun," in James N. Rosenau and Ernst-Otto Czempiel eds, *Governance without Government: Order and Change in World Politics* (Cambridge: Cambridge University Press, 1993), 133

²⁰⁶Simon Dalby, "Contesting an Essential Concept: Reading the Dilemmas in Contemporary Security Discourse," in Keith Krause and Michael C. Williams, *Critical Security Studies* (Minneapolis: University of Minnesota Press, 1997), 10; J. Robert Lilly,

between neoclassical theory and law making in the United States. Cox's observations on "problem-solving theory" and "critical theory" are also descriptive of the differences between the mainstream and the fringes in the discipline of criminology. Accordingly, "problem-solving theory"

takes the world as it finds it, with the prevailing social and power relationships and the institutions into which they are organized, as the given framework for action. Critical theory, unlike problem-solving theory, does not take institutions and social and power relations for granted but calls them into question by concerning itself with their origins and how and whether they might be in the process of changing.²⁰⁷

Francis T. Cullen and Richard A. Ball, *Criminological Theory* (Thousand Oaks, CA: Sage, 1995), 10.

²⁰⁷ Cox, "Social Forces, States and World Orders," 128-129

5. Sociological Explanations of Organized Crime

The existing theories of organized crime are limited to theories of Marxist and nonmarxist extraction which were produced between the 1950s and the present. Various authors have written on organized crime prior to the period indicated. The first scientific attempts at studying organized crime in the United States were likely made by Frederic Thrasher and John Landesco, who wrote on the members and activities of Chicago's gangs during the early prohibition era.²⁰⁸ However, their works were largely descriptive, had little impact and were rarely mentioned in the literature. Moreover, while these and other authors referred to the links between gang leaders and city politicians, they tended to view this relationship only as corruption.²⁰⁹

Donald Cressey's work on organized crime has largely been informed by strain and cultural transmission theories. He believed that organized crime demonstrated, especially to the young, that criminal activities can generate considerable earnings, turning it into an attractive alternative to arduous but honest work. Cressey also pointed out that observing organized crime at work corrupting police and politicians further reduced one's commitment to a respectable life style.²¹⁰ Merton himself claimed that organized crime fulfilled the function of giving the underprivileged immigrant population

²⁰⁸See Frederic Thrasher, *The Gang* (Chicago: 1927); John Landesco, "Organized Crime in Chicago," in *The Illinois Crime Survey* (Chicago: 1929).

²⁰⁹Also see Von Lampe, *Organized Crime*, 124-130

²¹⁰Donald Cressey, "Organized Crime and Inner City Youth," *Crime and Delinquency*, (April 1970): 129-138.

access to economic and social status that was unattainable by legal means.²¹¹

Some insights provided by strain theory can be taken beyond the US context. In Colombia, for example, where *anomie* is endemic, the late Pablo Escobar of the *Medellin Cartel* and other crime bosses viewed themselves, and were regarded by many of their country-men and women, as the Colombian counterparts of the American self-made men. Strain theory may help to explain the decisions of Colombian teenagers who joined the cartel killer squads, the *sicarios*. Colombians live in a society which does not offer them any upward social mobility or reasonable perspectives for the future, while the gap between rich and poor is considerable. Criminal delinquency becomes an alternative career option, especially for young people who believe they can gain through crime what they are denied by society.²¹²

However, participation in the Marxist guerrilla is also a choice made by many young Colombians. The Colombian case analysed below corroborates the observations made on *Merton's dilemma*: namely, that revolutionary and criminal activities, are two possible responses to frustrated expectations. Colombia has the highest rate of violence in the world for a country not at war. It is home to powerful drug cartels as well as the oldest and strongest rebel movements in Latin America. In his analysis of Colombian drug lords and rebel groups, R. T. Naylor points out that "narcobarons are insurgent

²¹¹Merton, *Social Theory and Social Structure*, 199.

²¹²Father Julio Jaramillo and Diego Alejandro Bedoya, "El perfil del sicario," in Ignacio Gómez, *Los commandos de la guerra* (Bogotá: Editorial Oveja Negra, 1991), 176-189.

capitalists" who try to integrate into a "hitherto largely closed social system." However, the guerrillas are "insurgent communists" who aim to "overthrow that system."²¹³ Crime and rebellion should be viewed as complementary because both activities are reactions to exclusion. The Rodriguez Orejuela brothers and the late José Santacruz Londoño, formerly the leaders of Colombia's *Cali cartel*, were once members of one of the strongest rebel groups in that country, the *Ejército de Liberación Nacional* (ELN), and participated in the organization's raids.²¹⁴ Moreover, *Merton's dilemma* may not only apply to individuals, but the development of whole organizations. A number of criminal organizations can trace their origins to earlier movements established to resist oppression. The Italian *Camorra* derives from a 15th century "guerrilla" force, while the Chinese Triads began as "resistance fighters against the Manchu" that turned into "criminal groups."²¹⁵ Hobsbawm mentioned that the Sicilian *Mafia* participated in various peasant revolts against foreign domination -- from abroad or from Rome -- until the 1860s. However, by the 1890s the Sicilian *Mafia* had joined the elites of the new Italian state.

²¹³R. T. Naylor, "The Insurgent Economy: Black Market Operations of Guerrilla Organizations," *Crime, Law and Social Change*, 20, (1993):37

²¹⁴Simon Strong, *Whitewash: Pablo Escobar and the Cocaine Wars* (London: Pan Books, 1996), 270-271. In fact, Strong points out that the Orejuela brothers kept 12 million Pesos in ransom money received after a 1969 kidnapping of Swiss business men by the ELN which they used as "their first working capital... The Rodriguez Orejuelas' honeymoon with the left broke up when they got rich and opted to join the political elite." The Cali drug lords later turned against the rebels. Ibid.

²¹⁵Rodney T. Stamler, "Organized Crime," in Linden, *Criminology: A Canadian Perspective*, 273-274.

Hobsbawm wrote that "the great peasant uprising of 1894 .saw it on the side of reaction, or at best neutral."²¹⁶

²¹⁶Hobsbawm, *Primitive Rebels*, 42

6. Ethnicity and Organized Crime

Various attempts with different degrees of explanatory capacity to understand organized criminality in the United States focus on the ethnic background of the criminals. Alien conspiracy theory, a product of the late 19th and early 20th centuries, has little academic value, and is indeed the product of a conspiratorial mind set. Its adherents argued that foreigners, Sicilians in particular, schemed to set up criminal networks in the United States via emigration from abroad.²¹⁷ Although this view has little merit, it is, nevertheless, an apparent element of US drug war practices that treat foreigners as drug fiends and bring the war to them, especially in Latin America.²¹⁸

Criminologist Donald Cressey is also identified with another interpretation, which saw organized crime in the United States as a conspiracy of ethnic Italians, albeit no longer planned from Palermo, Sicily. Accordingly, organized crime by Italo-Americans was viewed as a "lineal descendent, not a branch of the Sicilian *Mafia*." Organized crime in the United States was run by tightly-knit crime families who had set up a parallel criminal government that was "substituting for the state" by enforcing its own rules and regulations.²¹⁹

²¹⁷Von Lampe, *Organized Crime*, 116, 139.

²¹⁸See for example Robert Elias, "Drug Wars as Victimization," *New Political Science*, 20, (Sept. 1991); Donald J. Mabry, "The US Military and the War on Drugs," in Bruce Bagley and William O. Walker III eds, *Drug Trafficking in the Americas* (Miami, FL: North-South Centre Press, University of Miami, 1996).

²¹⁹Donald Cressey, "Organized Crime: The Code and its Functions," in Marvin E. Wolfgang et al., *The Sociology of Crime and Delinquency*, 579-595.

Ethnic succession theory as well as enterprise theory, which is discussed below, are reactions to the limited view that identified one ethnic group, namely US Italians, with OC activities. Ethnic succession theory is largely associated with the works of Daniel Bell and Francis A. Ianni. According to Bell, "crime... has a functional role in the society, and the urban racket... is one of the queer ladders of social mobility in American life."²²⁰ American organized crime is engendered by the ventures of successive immigrant waves of different ethnic backgrounds. Once the immigrants have integrated into society, they are less likely to engage in criminal activities; however, they are replaced by criminals from other ethnic groups. Organized crime was thus successively in the hands of the Irish, who were supplanted by Jewish criminals, who, in turn, were succeeded by Italians, and so forth.²²¹ Presumably, one may add other immigrant groups to the list, such as Colombians, Peruvians, Nigerians, and Russians. Ianni studied criminal networks of US Blacks, and immigrants from Puerto Rico and Cuba as early versions of ethnic succession.²²²

The theory does not view ethnicity as the cause for criminality. However, it should be recognized that ethnic background is important as OC groups in the United States and elsewhere are often organized along ethnic lines. Rather, members of the same

²²⁰Daniel Bell, "Crime as an American Way of Life," *The Antioch Review*, 13, (June 1953) 133.

²²¹Ibid., 144, 151.

²²²Francis A. Ianni, *Black Mafia: Ethnic Succession in Organized Crime* (New York: 1974).

ethnic setting come together in a criminal organization because they share similar experiences in the new country and tend to be more trusting of those with corresponding backgrounds.²²³ Peter Lupsha writes:

If in a group all speak the same language, has the same village roots, possesses the same myth and culture norms, then it can function as a unit with greater trust and understanding... It is the organization's need for trust, loyalty, intimate knowledge of character, sense of courage, prowess, honesty, ease of understanding, communication and control, that makes ethnicity...an important variable... for group bonding, organization and identification.²²⁴

However, criminals of a similar ethnic background are not necessarily more likely to cooperate with each other. One component often overlooked in the discussion on ethnicity and crime is the fact that criminal gangs of a given ethnic background are, at least initially, more likely to prey on their own kind rather than members of other groups.²²⁵

In addition, ethnically based OC groups in the United States have also not

²²³Dennis J. Kenney and James O. Finckenauer, *Organized Crime in America* (Belmont, CA: Wadsworth, 1995), 39.

²²⁴Peter Lupsha, "Organized Crime in United States," in R. Kelly ed, *Organized Crime: A Global Perspective* (Totowa, NJ: Rowman and Littlefield, 1986), 34.

²²⁵Carl Sifakis, *The Encyclopedia of American Crime* (New York: Smithmark, 1982), 599-600. See also DeKeseredy and Schwartz, *Contemporary Criminology*, 250. The fact that members of a given ethnic group are more likely to be cheated or otherwise victimized by their own kind is also expressed in a German proverb I heard after my arrival in North America in the early 1980s. The proverb says:
"Hüte dich vor Sturm und Wind,
und vor Landsleuten, die im Ausland sind "
This translates as:
"Beware of storm and wind,
and compatriots in foreign countries."

necessarily been replaced by those arriving later. For example, the Italo-American *Mafia* had not been supplanted by the 1980s, but continued as one of the major crime groups in the United States. However, "Black, Mexican, Cuban, Colombian, Asian, Middle Eastern and many WASP crime groups" are active as well.²²⁶

While ethnic succession theory discusses some valid aspects of the evolution of North American organized crime, it contributes little to our understanding of groups like the *Hell's Angels*, who do not have a specific immigrant background. Ethnic succession theory nevertheless may have some explanatory capacity beyond North America in countries that are also largely inhabited by immigrants, such as Israel.²²⁷ Moreover, as alluded to above, ethnic succession theory has also been challenged by criminologists who advanced the view that police and media play a role in the identification of Italian crime groups with organized crime, while ignoring the activities of groups from other ethnic backgrounds.²²⁸

A diverse group of criminologists focussed on the importance of client-patron relations in order to challenge the view that organized crime in the United States was run by a central criminal organization managed by Italian American criminals. Instead of a

²²⁶Kenney and Finckenaue, *Organized Crime in America*, 40

²²⁷See for example, Menachem Amir, "Organized Crime and Organized Criminality among Georgian Jews in Israel," in Kelly, *Organized Crime*, 172-191.

²²⁸Peter Reuter, *Disorganized Crime* (Cambridge: MIT Press, 1983), xi; Howard Becker, *Outsiders: Studies in the Sociology of Deviance* (London: The Free Press of Glencoe, 1963), 157.

"parallel criminal government" with its "own rules and regulations" as claimed by Cressey, these authors underscored the informality of the relationships between OC actors which occur independent of ethnicity.²²⁹ For example, Joseph Albini even denied the existence of a formal organization, claiming that the US *Mafia* involved

a system of loosely structured relationships functioning primarily because each participant is interested in furthering his own welfare.²³⁰

Albini uses the term "syndicated crime" as a subcategory of organized crime to distinguish the *Mafia* from other groups, such as terrorists, gangs of thieves or bikers. "Syndicated crime" refers to the provision of illegal goods and services. Moreover, these activities require planning, while their relative visibility demands protection by officialdom. "Syndicated crime," according to Albini, is characterized by the triangular nexus of customers, criminals and corrupt public officials.²³¹

The work done by Francis Ianni and Elizabeth Reuss-Ianni is also a response to Cressey's perspective on organized crime in the United States as a centralized criminal organization. Moreover, their focus is on kinship, culture and ethnic succession.²³² Based on their observations of a New York organized crime family, they concluded that

²²⁹Cressey, "Organized Crime: The Code and Functions," 579

²³⁰Joseph Albini, *The American Mafia: The Genesis of a Legend* (New York: Irvington, 1971), 288.

²³¹*Ibid.*, 47-62.

²³²Francis A. Ianni and Elizabeth Reuss-Ianni, *Family Business: Kinship and Social Control in Organized Crime* (New York: Russel Sage, 1972), 151-152.

American Italian criminal groups were best perceived as "traditional social systems" with a strong emphasis on family relations. OC groups are part and parcel of society that determines their activities and cultural values.²³³

Alan Block's 1979 study of the New York drug trade during the early 20th century also failed to find a larger conspiracy by a given ethnic group. While the trade was apparently dominated by Jewish groups, Block not only pointed to the cooperation between various ethnic groups, but also noted the spontaneous character of criminal associations. As with Albin, he claims that the drug trade was run "by criminal entrepreneurs who formed, reformed, split and came together again as opportunity arose and when they were able."²³⁴

²³³Ibid , 61. 108-111

²³⁴Alan Block, "The Snowman Cometh: Coke in Progressive New York," *Criminology*, 17, (1979):94-95.

7. The Economics of Organized Crime

Enterprise theory, which is associated with the work of Thomas C. Schelling and Dwight Smith, borrows its perspectives from the economic laws of demand and supply. Accordingly,

a good many economic and business principles that operate in the "upperworld" must, with suitable modification for change in environment, operate in the underworld as well...²³⁵

Smith's enterprise theory disregards ethnicity and views OC groups as businesses that provide those goods and services that the legal marketplace denies to consumers. Its adherents argue that economic ventures take place across a spectrum comprising both legal and illegal activities. Enterprise theorists recognize the socioeconomic roots of the OC phenomenon and the role of law making in the creation of crime.²³⁶

Enterprise theorists also successfully argue that the capture of gang leaders and the suppression of OC groups tends to have little impact on the market because the business simply 'goes somewhere else' under new management. Howard Abadinsky claims that

the successful prosecution of a few leaders does not have a significant impact on this organization; clients will shift to other patrons and continue their

²³⁵Thomas C. Schelling, "Economics and Criminal Enterprise," *The Public Interest*, 7, (1967):61.

²³⁶Dwight Smith, *The Mafia Mystique* (New York: Basic Books, 1975). The same author explored this view in further writings. See for example, "Organized Crime and Entrepreneurship," *International Journal of Criminology and Penology*, 6, (1978): 161-177

operations.²³⁷

The perspectives provided by enterprise theory are confirmed by the US drug war in Latin America. In one opinion,

[b]ecause the drug war raises profits as well as prices, the stick of law enforcement that is intended to discourage suppliers on the black market simultaneously creates a carrot of enormous profits -- which encourages suppliers.²³⁸

Because of the so-called *Hydra effect*, successes in the drug war are temporary.

Traffickers quickly reorganize because "it is simple and lucrative for suppliers to produce more in order to offset what they might lose in seizures by drug enforcers."²³⁹ Mario Arango and Jorge Child confirm these observations in the case of Colombian drug traffickers, writing: "If somebody falls or for whatever reason loses his markets, his position is immediately occupied by others."²⁴⁰ Steven Wisotsky can thus claim:

If the cocaine industry commissioned a consultant to design a mechanism to ensure its profits, it could not have done better than the war on drugs: just enough

²³⁷Howard Abadinsky, *The Mafia in America: An Oral History* (New York: Praeger, 1981), 126.

²³⁸Eva Bertram, Morris Blachman, Kenneth Sharpe, and Peter Andreas, *Drug War Politics* (Berkeley: University of California, 1996), 13

²³⁹*Ibid.*

²⁴⁰Mario Arango and Jorge Child, *Narcotráfico: Imperio de la cocaína* (Bogotá: Editorial Percepción, 1987), 131. According to *The Globe and Mail*, Colombian government figures indicated that cocaine export figures had risen although "the pursuit of the drug traffickers had been intensified" and despite the capture of "six of the top leaders of the Cali cartel" in 1995. See "Free Trade Benefiting Colombian Drug Cartels," *The Globe and Mail*, Jan. 16, 1996, A9

pressure to inflate prices, but not enough to keep its product from the market.²⁴¹

Enterprise theory also has considerable explanatory potential beyond the United States and capitalist economic practices, and may be a helpful guide to the study of organized crime in noncapitalist formations, in the former Soviet Union, for example. Unlike their cousins in capitalist countries, Soviet criminals did not initially supply illicit goods or services. Rather, as participants within the shadow economy and as suppliers of the black market, Soviet organized crime provided goods and services that were illegal in the manner in which they had been produced or obtained because they were removed from the state economy, or smuggled in from abroad. Yet the goods and services provided were in high demand in the creaky Soviet economy generating considerable income for black marketeers. Like their counterparts in the capitalist countries who sell narcotics, Soviet criminals could charge higher prices resulting from the unlawfulness of their activities and the demand for their products or services.

²⁴¹Steven Wisotsky, *Beyond the War on Drugs: Overcoming a Failed Public Policy* (Buffalo, NY: Prometheus Books, 1990), 36.

8. Marxist-Inspired Approaches to the Understanding of Organized Crime

Based on his study of organized crime in the United States, William J. Chambliss provides a structuralist framework which views criminal groups as part of a web of affiliations that also includes people in government, state, political parties, law enforcement agencies, business and labour. In fact, he argues that

[o]rganized crime may not be something that exists outside law and government but may be instead a creation of them -- a hidden but nonetheless integral part of the governmental and economic structures of the society.²⁴²

Although he does believe that criminal behaviour is an individual reaction to a given social reality, Chambliss claims that the focus "on individual motivations" fails to explain "crime and corruption" that "is ubiquitous and institutionalized." Instead he contends that "criminal behaviour is a response of groups and social classes to the resources and constraints that exist in the social structure." Therefore, to explain organized crime, one needs to "understand the characteristics of the social structure that create the institutionalization of criminality."²⁴³

The Gramscian Marxist criminologist, Umberto Santino, locates organized crime within a capitalist "financial-industrial complex."²⁴⁴ He writes:

Mafia...[is] criminal violence comprehending systemic, organized and normally

²⁴²William J. Chambliss, *On the Take* (Bloomington: Indiana University Press, 1988), 6.

²⁴³*Ibid.*, 208.

²⁴⁴Umberto Santino, "The Financial Mafia: The Illegal Accumulation of Wealth and the Financial-Industrial Complex," *Contemporary Crises*, 12, (1988):203

unpunished illegal activities perpetrated with the goal of accumulating capital and of securing positions of power within established systems of government. Mafias, as blocks-within-the-state having multinational dimensions, manifest and assert themselves via unwritten codes and interrelated consensuses of social bodies.²⁴⁵

The Canadian economist R.T. Naylor also employs a Marxian perspective of organized crime in North America. He provides an evolutionary understanding that centres on the tendency of OC groups to integrate into society. Accordingly, OC groups mature over time from a "predatory" form of criminal accumulation to a "symbiotic" one. At an early stage a loose organization, such as a street gang will largely rely on robbery or kidnapping on a local level. At the next stage, once a criminal infrastructure has been set up, OC activity will move from the "predatory" to the "parasitical" level. Criminals will gain their illicit earnings from such "activities as embezzlement, protection rackets, illegal gambling and the sale of narcotics." At this higher level, an OC group will also increase its reach from the local to the regional, if not national, level. Finally, in the "symbiotic" phase, organized crime will merge with society while further extending its influence to the international level. At this stage, OC interests, those of society and those of the formal economy coincide. Organized crime will provide services which may, in themselves, be legal, except in the manner of their production and distribution. It will enter the formal economy, using ventures such as casinos or other types of businesses

²⁴⁵Giorgio Chinnici and Umberto Santino, "L'omicidio a Palermo," *Contemporary Crises*, 12, 3, (1988):277; as quoted by Justin Vitiello, "The New World Order - From Fraud and Force to Business as usual in the Global Free Market: The Up-to-Date Evidence," *Crime, Law and Social Change*, 17, (1992): 254

behind which it can continue its illegal practices by 'legal' means. At this level organized crime also cooperates with legal businesses, providing a number of services varying from breaking up labour unions to the illegal disposal of dangerous industrial wastes. While the previous forms of accumulation in effect, represent a drain on the formal society and economy, OC groups become "an integral, functional party of the society off which they formerly preyed." In fact, Naylor notes that organized crime "can ... be employed to defend" the state.²⁴⁶

Naylor illustrates the tendency of OC groups to integrate themselves into existing power structures. While this model would have to be refined to adapt to the socioeconomic, cultural and geographic particulars of a given OC group, his observations are important to my argument as I intend to demonstrate that criminal societies develop

²⁴⁶R.T. Naylor, "The Insurgent Economy: Black Market Operations of Guerrilla Organizations," *Crime, Law and Social Change*, 20, (1993):20-21. Incidentally, the late Pablo Escobar Gaviria was very unhappy about being thrown together with communist rebels. In an interview Escobar pointed out: "That they accuse me to be a drug dealer..., I am used that they do this and prove nothing. But that they try to present me as an associate of the guerrilla, that I cannot accept...it hurts my personal dignity... I am a man of investments, and therefore I cannot sympathize with the guerrillas who fight against [personal] property." See Alvaro Camacho, *Droga y sociedad en Colombia* (Bogotá: CIDSE-CEREC, 1988), 144.

In spirit at least, these observations by Pablo Escobar differ little from views expressed by US prohibition era gangster Al 'Scarface' Capone during a 1930 interview. Capone remarked: "Listen, ...don't get the idea I'm one of those goddam radicals. Don't get the idea I'm knocking the American system. ... My rackets are run strictly along American lines and they are going to stay that way... This American system of ours...call it Americanism, call it Capitalism, call it what you like, gives to each and every one of us a great opportunity if we only seize it with both hands and make the most of it." See Claud Cockburn, "An Interview with Al Capone, Chicago, 1930," in Jon E. Lewis ed, *The Mammoth Book of How it Happened: Eye-Witness Accounts of Great Historical Moments* (London: Robinson, 1998), 373.

an ideology-like kinship with elites by the time they enter the "symbiotic" stage.

Henner Hess' study of Sicilian organized crime confirms Naylor's claims. This German criminologist focusses not only on Sicilian OC's economic crimes, but also views it as a system stabilizer that practices "repressive crime" with the goal of preserving the positions of elites in society. Thus, the Sicilian *Mafia* replaced the state that was too weak to defend the interests of domestic elites.²⁴⁷

²⁴⁷Henner Hess, *Mafia: Zentrale Herrschaft und lokale Gegenmacht*, (Tübingen, FRG: Mohr Verlag, 1970), VI-VII. Also see Hess' "The Sicilian Mafia: Organized Crime and Repressive Crime," in Kelly, *Organized Crime*, 129-130. Hess's studies on the Italian *Mafia* have earned him strong recognition among Italian mafologists.

9. A Short Summary:

The perspectives presented explain particular facets of a phenomenon that differs and evolves given the specifications of time and place. Most of these theories have some explanatory capacity, yet none can stand on its own.

Theoretical weaknesses are enhanced by the dubious nature of empirical evidence and the difficulties of fieldwork. Moreover, the state of theory on organized crime reflects the compartmentalization of scientific research separated by disciplines, sub-disciplines and paradigms. However, organized crime's complexity requires an interdisciplinary and multiparadigmatic understanding. These perspectives on organized crime should be viewed as complementary rather than contradictory. It is essential to keep in mind, and if possible, to integrate approaches from several different disciplines and theoretical perspectives, while maintaining the general focus on the relationship between OC groups and elites in state and society.

Finally, most theories of organized crime are predominantly of North American origin. While this is a reflection of the considerable academic work done in the field, it does not necessarily explain the emergence of organized crime in countries other than the United States or Canada. In fact, such a state of affairs may also suggest an intellectual hegemony that often overwhelms and excludes material produced elsewhere.²⁴⁸ For

²⁴⁸However, one encounters a similar phenomenon in other disciplines. For example, the field of International Relations (IR), a subdivision of Political Science at least until recently has been dominated by literature produced in Great Britain and the United States. According to a Scandinavian-born IR scholar, "most of the mutually acknowledged literature has been produced by only two of more than 155 countries: the

example, Kelly observed in a publication, which exposed US scholars to the thinking on organized crime research generated elsewhere, that

the atmosphere... in the United States... is intolerant of Marxist-oriented theory whose results might produce radically different conclusions.²⁴⁹

It is not surprising, therefore that most of the recognized criminology scholars in the United States stress the nonideological nature of organized crime, which leaves corruption of individuals as the most likely explanation for the links between criminal groups and economic and political elites.

United States and Great Britain. This is, in brief, a British-American intellectual hegemony ... It is not so much *asymmetry of production* as of *consumption*." See K.J. Holsti, *The Dividing Discipline* (Winchester: Unwin Hyman, 1985), 103. Another scholar even concluded that "only a rare foreign scholar -- Carr, Aron, or Galtung -- is allowed to intrude upon thinking which carries the American trademark." See Frederick Gareau, "The Anglophone 'Science' of International Relations: The Failure of a Noble and Painful Experiment," *The Indian Political Science Journal*, XVI, 1, (1982):18.

²⁴⁹Kelly, "Criminal Underworld," Kelly, *Organized Crime*, 15. Elsewhere it was observed that "many American critical criminologists experience hostility, academic isolation, and marginalization." See DeKeseredy and Schwartz, *Contemporary Criminology*, 240. One critical criminologist even uses the term "academic McCarthyism" by which he means that radical scholars in the United States may lose their employment for voicing their political convictions. See David Friedrichs, "Critical Criminology and Critical Legal Studies," *Critical Criminologist*, 1, (1989):7.

10. Organized Crime, Elites, and Reactionary Regimes

In 1941, while in US exile, the German playwright Bertolt Brecht wrote *Der aufhaltsame Aufstieg des Arturo Ui* [The Resistible Rise of Arturo Ui]. In this play the author transfers the National Socialist take-over of Germany to an OC environment in the United States. Important steps of Adolf Hitler's political career between 1933 and 1938, from the backroom dealings that resulted in his chancellorship to the annexation of Austria, are placed into a Chicago underworld setting. It was Brecht's intention to show the role that traditional German elites played in the establishment of the National Socialist dictatorship, as well as to make the Nazis look ridiculous and strip them of their demonic attributes by equating them to common gangsters who fight over control of the city's cabbage trade. At the same time, the German playwright also illustrated that Fascism and organized crime shared features, such as violence and arbitrary decision making.²⁵⁰

Not only was this analogy in common use at the time, it was also reflected in the writings of other German intellectuals living in US exile. For example, various members of the Frankfurt School of Critical Theory, such as Otto Kirchheimer and Max Horkheimer, as well as Theodor Adorno, wrote a number of essays on this subject during the early 1940s which will be discussed below.²⁵¹ More recently, Henner Hess placed OC

²⁵⁰Bertold Brecht, *Der aufhaltsame Aufstieg des Arturo Ui* (Berlin: Suhrkamp, 1965).

²⁵¹Martin Jay, *The Dialectical Imagination* (Berkeley: University of California Press, 1996), 156.

groups in the same category with Latin American death squads, anti-union goon squads, and Fascist paramilitaries.²⁵² These, and related works, led me to the argument that modern OC practices share some affinities with those of repressive regimes, including Fascism.

However, there is another parallel between organized crime and repressive regimes. The only states which successfully suppressed organized crime have been Fascist Italy and Nazi Germany as well as the Soviet Union under Stalin. These regimes did not tolerate any other organization that could challenge their authority and used all the violence at their disposal to eliminate opposition. Organized crime lost out to the all-powerful state which itself was criminal and used the same methods. But given the resources at its disposal, the totalitarian state could do so far more extensively and efficiently.²⁵³

Weimar Germany's version of organized crime, the *Ringvereine*, had spread all

²⁵²Hess, *Mafia: Zentrale Herrschaft und lokale Gegenmacht*, VI-VII.

²⁵³Louise I. Shelley, "Crime in the Soviet Union," in Anthony Jones, Walter D. Connor and David E. Powell, *Soviet Social Problems* (Boulder, CO: Westview Press, 1984), 256. Soviet and postsoviet OC will be discussed in a separate chapter of my dissertation. The Soviet case requires a distinct analysis because of the differences in socioeconomic formations. As previously noted, "each era with its different sources of energy, means of communication, bases of power, ways of government, forms of organization, scientific know-how, technological level, value systems, cultural forms, family frameworks, and individual identity coalesced around a basic mode of production." See Uri Merry, *Coping With Uncertainty* (Westport, Ct: Praeger, 1995), 157. Consequently, different socioeconomic formations will also produce distinctive forms of organized crime given their specific predicaments. Thus an analysis of the Soviet and postsoviet *Mafiya*, by necessity, should include a thorough investigation of the shortcomings of the Socialist planned economy

over Germany after World War I but disappeared a year after Hitler's rise to power.²⁵⁴

The Nazis introduced laws against so-called "violent habitual criminals" and "antisocial elements" which allowed for "preventive arrest" and indefinite imprisonment without trial.²⁵⁵ Konrad Freiberg and Berndt Georg Thamm point out that

...sixty-two *Ringvereine* were prohibited, the [members] arrested. All went into different internment camps as 'parasites and professional criminals'. Many died in concentration camps.²⁵⁶

Nazi persecution was apparently so complete that German organized crime did not rise again until the 1990s, as attempts to bring the *Ringvereine* back to life were squashed easily by police in the early years of the Federal Republic of Germany.²⁵⁷

The suppression of the Sicilian *Mafia* by the Fascist state took longer, but its members, just like Communists or Socialists, became victims of state oppression that took the form of mass arrests, tortures and unfair trials.²⁵⁸ Thus Cesare Mori, the prefect for Sicily appointed by Mussolini, "succeeded in disconnecting the Sicilian underworld

²⁵⁴Konrad Freiberg and Berndt Georg Thamm, *Das Mafia-Syndrom* (Hilden, FRG: Verlag Deutsche Polizeiliteratur, 1992), 75. The term *Ringvereine* translates as 'Wrestling Associations'. Allegedly, gang members practiced wrestling in order to maintain and demonstrate their physical prowess while meeting in their favourite pubs. Ibid.

²⁵⁵Martin Broszat, *The Hitler State* (New York: Longman, 1981), 338.

²⁵⁶Freiberg and Thamm, *Das Mafia-Syndrom*, 81.

²⁵⁷Ibid.

²⁵⁸Ibid., 80-81. Arne Schneider and Oscar Zarate, *Mafia For Beginners* (Cambridge: Icon Press, 1994), 58-61.

network," although he had not destroyed it. Michele Pantaleone writes that

as an organization the Mafia disappeared... Many of its more obvious activities also came to an end... By the beginning of the Second World War the Mafia was restricted to a few isolated and scattered groups and could have been dealt with in a resolute and radical manner, even by merely introducing a land reform.²⁵⁹

Gaia Servadio points out:

The 'criminal' Mafia could not work... with the Fascist state. Fascism could not admit any coexistence with the Mafia, which not only gave a 'bad name' to the glittering image which Fascism wanted to give Italy... but used its own methods of pseudolegality. When elections were abolished in 1925, the Fascist party deprived the Mafia of its major instrument of alliance with the government and of control over the politicians... Italy was becoming... a police state, and the Fascist police could not take long in attacking the... Mafia.²⁶⁰

If the suppression of organized crime by an all-powerful state represents one extreme, the seizure of the state by strong OC groups depicts the other. Fascism has been a historical experience, as was the case with the corresponding alternative, the criminal state. This notion refers to a state which not only permits the evolution of organized crime, but which allows it to enter elite structures. One example is the short-lived Garcia Meza regime of corrupt army officers and drug traffickers that was brought to power by the Bolivian *Cocaine coup* of 1980.²⁶¹

²⁵⁹Michele Pantaleone, *The Mafia and Politics* (London: Chatto and Windus, 1966), 52. The Fascist prefect gave his own account of his war against the Sicilian *Mafia*. See Cesare Mori, *The Last Struggle with the Mafia* (London: Putnam, 1933).

²⁶⁰Gaia Servadio, *Mafioso* (London: Secker and Warburg, 1976), 74

²⁶¹Clare Hargreaves, *Bitterer Schnee* (Munich: Beck, 1993), 177. For an frank and insightful journalistic account of the *Cocaine coup* see Alfonso Gumucio Dagron, *La Mascara del Gorila* (México, D F: Editorial Oasis, 1982). Another example of 'organized crime in power' which will be examined in this dissertation is the Shanghai

Although these two extremes lie at the opposite poles of a spectrum, it would appear nonetheless that such regime types strongly resemble each other. A political system controlled by a criminal elite bent on enriching itself, regardless of the means used, with the power of the state at its disposal, might display its likeness to various repressive right-wing regime types, including Fascism.

It is my contention that OC practices are similar to those of Fascist and other repressive regimes. To support my views I will rely on the concept of the "protection racket" as elaborated by Max Horkheimer and Theodor Adorno, two of the Frankfurt School's most prolific thinkers. I will also employ the notions of "hegemony" and "dominance" as expounded by the Italian Marxist, Antonio Gramsci.

Renate Holub notes that Gramsci and representatives from the Frankfurt School never met nor were they acquainted with "each other's" ideas. She even points to "a certain resistance to relating Gramsci to the Frankfurt School's Critical Theory."²⁶² There are, however, a number of common features. Both schools represent some of the first reinterpretations of Marxist thought prompted by the turn of events after the First World War. While Gramsci's views are based on the Russian revolution and the failure of Communist movements elsewhere as well as the rise of Italian Fascism, the reinterpretation of Marxist theory by the Frankfurt School should be viewed in the

Green Gang's alliance with the Kuomintang in 1920s' and 30s' China

²⁶²Renate Holub, *Antonio Gramsci: Beyond Marxism and Postmodernism* (London: Routledge, 1992), 14.

context of the European totalitarianism of the 1920s - 40s.

Critical theorists attempted to rejuvenate the Marxist tradition and its emancipatory substance. Most important in this context is the vision of history as a process of liberation in which humanity is freed from the social conditions caused by the process of the production of goods. Equally significant is the idea of an emancipatory consciousness which, in contrast to traditional positivist thinking, critically reflects on existing reality.²⁶³ Horkheimer illustrated the Frankfurt School's work when he described critical theory as

a changing picture of the world that develops in connection with practical efforts to improve it... [and that] offers no clear prognosis for historical development.²⁶⁴

The Frankfurt School emphasized the inherent link between theory and practice, yet it is very evident that Horkheimer, Adorno, and others were scholars rather than revolutionaries. Moreover, whereas prominent Frankfurt School associates like Horkheimer and Adorno had initially viewed the proletariat as a revolutionary force, they grew increasingly pessimistic by the 1930s about the prospects for a socialist society. Not only had the proletariat not fulfilled its 'historic task' in the capitalist West but the Soviet Union under Stalin was hardly the emancipatory project the Frankfurt School's critical

²⁶³D. Aleksandrowicz, "Erlösungsphilosophie und Kritische Theorie," in Ph. van Engelsdorp Gastelaars, Slavomir Magala and Otmar Preus eds, *Critical Theory Today* (The Hague: Universitaire Pers Rotterdam, 1990), 73.

²⁶⁴Max Horkheimer, *Critical Theory* (New York: Herder, 1972), 11-12. See also Seyla Benhabib, Wolfgang Bonss and John McCole eds, *On Max Horkheimer: New Perspectives* (Cambridge: MIT Press, 1993), 140.

theorists had in mind.²⁶⁵

Gramsci, however, who was a revolutionary as well as scholar, concluded after World War I that a Socialist revolution would not come about as a result of the "spontaneous awakening of...class consciousness" -- as had been anticipated by Marx. He pointed out that the revolution in Russia was successful because the structures of the former Tsarist Empire had been fragile and underdeveloped. However, the advanced western capitalist countries had complex social formations which demanded a more refined step-by-step approach, a "war of position" as opposed to the "war of manoeuvre" which had been possible in Russia. Gramsci based the conquest of state power on a new "historic bloc," an alliance of progressive forces with a "cohesive worldview of its own."²⁶⁶ The establishment of a new "historic bloc" was necessary to overcome the "hegemonic structures" of the old one; namely, the institutions of society, such as the military, law enforcement agencies, the churches, legal and education systems, and so forth, which all contribute to the social reproduction of power relations.²⁶⁷ Gramsci

²⁶⁵Ulrich Gmünder, *Kritische Theorie* (Stuttgart, FRG: J.B. Metzler, 1985), 49. Only Marcuse did cling to the view of a radical transformation of society and was associated with the 'New Left' in West Germany and elsewhere during the 1960s. However, he had strong doubts about the proletariat and located revolutionary potential in other groups, such as student movements. See Jay, *The Dialectical Imagination*, 284-288, 296.

²⁶⁶Antonio Gramsci, *Selections From the Prison Notebooks*, edited and translated by Quentin Hoare and Geoffrey N. Smith. (New York: International Publishers, 1971), 229-239. See also Paul Ransome, *Antonio Gramsci: A New Introduction* (London: Harvester Wheatsheaf, 1992), 26-27, 144-145.

²⁶⁷Ibid., 239.

viewed the analysis of societal structures as a precondition to understanding how to overthrow them.²⁶⁸

The pessimism of Frankfurt School scholars about the likelihood of progressive social change was also reflected in several essays which Horkheimer and, to some extent, Adorno, wrote in the early 1940s in US exile, comparing Nazism to American gangsterism. Horkheimer had arrived at the idea of a society of rackets while attempting to develop a model of capitalist society which stressed "power" over "market allocation," and which sought to explain the "privatization of power" and the violence of Fascist practices.²⁶⁹ He attempted to rationalize the fact that Germany and Italy had become Fascist and no longer corresponded to the Liberal ideal. He attempted a revision of the class model by extending its scope beyond classes to include the "particularistic" interests and loyalties of groups, namely rackets. These groups, despite their constant bickering and infighting, maintain internal class links for the preservation of shared fundamental

²⁶⁸Ransome, Antonio Gramsci, 135. See also Teodros Kiros, *Toward the Construction of a Theory of Political Action: Antonio Gramsci* (Boston: University of America Press, 1985), 244-246.

²⁶⁹Peter M. R. Stirk, *Max Horkheimer: A New Interpretation* (Hempel Hempstead, Hertfordshire: Harvester Wheatsheaf, 1992), 140. See for example Max Horkheimer, "The End of Reason," in Andrew Arato and Eike Gebhardt, *The Essential Frankfurt School Reader* (New York: Continuum, 1982); Max Horkheimer, "Die Rackets und der Geist," and "Zur Soziologie der Klassenverhältnisse" as well as "Theorie des Verbrechers" in *Gesammelte Werke*, vol. 12, edited by Alfred Schmidt and Gunzelin Schmid Noerr (Frankfurt a.M.: Fischer, 1985); "The Jews and Europe," in Stephen Eric Bonner and Douglas MacKay Kellner eds, *Critical Theory and Society* (London: Routledge, 1989); Theodor W. Adorno, "Reflexionen zur Klassentheorie," in *Gesammelte Schriften*, vol. 8, edited by Rolf Tiedemann (Frankfurt a.M.: Suhrkamp, 1990).

interests that unite them against common enemies. Horkheimer's concept of rackets is an incomplete theory of the state which aims to account for the fragmentation of power, the lack of unity and the extent of rivalry and conflict within Fascist regimes, as well as the violence and the complete indifference toward prescribed standards of law. While the Liberal-capitalist state might have favoured some societal interests over others, it still guaranteed certain civil and human rights which the Fascist states in Italy and Germany abolished.²⁷⁰

The racket indicates protection from abuse as well as the extraction of tribute.

²⁷⁰Horkheimer, "Zur Soziologie der Klassenverhältnisse," 78; Stirr, Max Horkheimer: A New Interpretation, 141, 145. Disunity is an important aspect in Fascist regimes as well as OC groups. Internal power struggles were indeed encouraged by the respective Fascist leader because discord had the function of maintaining control by assuring that subordinates compete with each other, rather than aspiring to take power themselves. See Michael Mann, "The Contradictions of Continuous Revolution," in Ian Kershaw and Moshe Lewin eds, *Stalinism and Nazism: Dictatorships in Comparison* (Cambridge: Cambridge University Press, 1997), 145-146.

Moreover, the disunity of the Nazi regime was furthered by the eclectic nature of the alliance itself which combined elites of different and conflicting beliefs, such as modernizing industrialists and reactionary large estate holders. The leader is necessary and even accepted because he mediates, or rather imposes decisions, which are accepted by all. In fact, his decision making is essential for keeping the elite racket united. See Otto Kirchheimer, "Changes in the Structure of Political Compromise," in Frederic S. Burin and Kurt L. Shell eds, *Politics, Law and Social Change: Selected Essays of Otto Kirchheimer* (New York: Columbia University Press, 1969), 158-159.

Similar observations have been made in the case of OC groups. The gang leader's position greatly depends on his ability to mediate between his lieutenants and make decisions on territory, profit-sharing etc. His rule is not only accepted because of his personal power but is desired by subordinates, as it is deemed essential for maintaining the peace among the families as a precondition for continued profits. See, for example, Gosch and Hammer, *The Last Testament of Lucky Luciano*, 148-152, 304-321.

under the threat of violence. Therefore, "the racketeer is both protector and exploiter."²⁷¹ In his discussion of Horkheimer's model of rackets, Peter M. Stirk makes reference to Charles Tilly's essay "War Making and State Making as Organized Crime." Tilly compares European state making during the 16th and 17th centuries with OC practices, in particular racketeering.²⁷² Both authors perceive the protection racket as a historical principle. Tilly writes:

If protection rackets represent organized crime at its smoothest, then war making and state making -- quintessential protection rackets with the advantage of legitimacy -- qualify as our largest examples of organized crime.²⁷³

Tilly limits the protection racket to certain historical periods, although he

²⁷¹Horkheimer uses the following definition as a basis for his reflections. Accordingly, a racket is "a system of obtaining money fraudulently or by threat of violence, usually with the outward consent of the victims." As quoted in Schmidt and Noerr, *Horkheimer: Gesammelte Werke*, 12, 251. The definition Horkheimer used in this reworked version of his original essay derived from the 1949 *Webster's Collegiate Dictionary*. In comparison, the 1976 *Oxford Advanced Learner's Dictionary of Current English* defines a racket as a "dishonest way of getting money by deceiving or threatening people, selling worthless goods, etc"). See A.S. Hornby, E.V. Gatenby, H. Wakefield eds, *The Oxford Advanced Learner's Dictionary of Current English* (London: Oxford University Press, 1976), 702.

Horkheimer and Adorno ultimately abandoned the racket society project, although some of the most important ideas were incorporated into other writings. The notion of a society of rackets was strongly questioned by other members of the Frankfurt School. For example, Otto Kirchheimer, who was unhappy with the idea that history had been a history of domination, inquired whether precapitalist societies also represented "rackets." See Rolf Wiggershaus ed, *The Frankfurt School* (Cambridge, MA: MIT Press, 1994), 319.

²⁷²Stirk, *Max Horkheimer*, 141.

²⁷³Charles Tilly, "War Making and State Making as Organized Crime," in Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol eds, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), 169.

encourages researchers to apply his model to other times and spaces. However,

Horkheimer and Adorno viewed the protection racket as a principle that manifested itself throughout history. Horkheimer wrote:

Procurers, condottieri, manorial lords and guilds have always protected and at the same time exploited their clients. Protection is the archetype of domination. After the interlude of liberalism, economic tendencies in Europe progressed toward a new and total protectionism.²⁷⁴

Adorno shared this perspective:

The image of the most recent economic phase shows history as a history of monopolies. The image of obvious usurpation produced today [namely Fascism]... shows history as a history of group struggles, gangs and rackets.²⁷⁵

Horkheimer emphasized rackets instead of classes to include the notion of coercion as the common denominator of history. Given this viewpoint, "history was a history of domination" and "Fascism was the executor of the iniquity of bourgeois society."²⁷⁶ Thus, Horkheimer viewed Fascism as the racket in its highest form. His examination focussed on important traits which organized crime and Fascism share, in particular the "parasitical" extraction of payment, their criminal nature, the "monopolization of socially necessary functions and the conspiratorial distortion of

²⁷⁴Horkheimer, "The End of Reason," in Arato and Gebhardt, *The Essential Frankfurt School Reader*, 35.

²⁷⁵Adorno, "Reflexionen zur Klassentheorie," in *Gesammelte Schriften*, vol. 8, 381.

²⁷⁶Stirk, *Max Horkheimer*, 143.

language."²⁷⁷ In this dissertation I will largely focus on the notion of "socially necessary functions "

Stirk observes that Horkheimer's description of racketeers fighting each other over allotments in the "circulating surplus value" indicates some adherence to classical Marxist theory. However, Stirk also emphasizes how much he has digressed.²⁷⁸ For Horkheimer, the dominant elites are, in fact, a structure of rackets, whose specifics are engendered in accordance with the stipulations of a given socioeconomic formation, and which "holds down and protects the lower orders."²⁷⁹

Horkheimer went beyond Marx when he compared the means of production to the weapon of a "robber." While Marx had evidently viewed liberal capitalism as defective, he did admit that it functioned according to some tenets of justice and impartiality. Marx did not overlook coercion and injustice but neither did he view them as key attributes of the system, while Horkheimer did.²⁸⁰ He wrote:

Government in Germany was not usurped by gangsters who forced an entry from without; rather social domination led to gangster rule by virtue of its own economic principle.²⁸¹

²⁷⁷Ibid., 142-143; See Horkheimer, "Die Rackets und der Geist," 288-290; "Zur Soziologie der Klassenverhältnisse," 101

²⁷⁸Ibid., 141-142; Horkheimer, "Zur Soziologie der Klassenverhältnisse," 102.

²⁷⁹Horkheimer, "Die Rackets und der Geist," 288.

²⁸⁰Horkheimer, "Zur Soziologie der Klassenverhältnisse," 86, 102; See also Stirk, *Max Horkheimer*, 142.

²⁸¹Horkheimer, "The End of Reason," 34

Elsewhere he pointed out:

The totalitarian order marks the leap from the indirect to direct forms of domination, while still maintaining a system of private enterprise. The National Socialists do not stand outside the pattern of economic trends... During the era of free industrial economy when none of the many decentralized enterprises was so powerful that it did not need to compact with others, self-preservation was restricted by standards of humanitas. Monopolism has again abolished these restrictions and led social domination back to its true nature which had continued to operate only where the humane form of domination had left some loopholes to inhumanity, in the petty rackets and rings of the big cities.²⁸²

According to Horkheimer, Fascism was criminal because it was based on violent appropriation without exchange. He claimed that the "mass-murderous Fascist is no longer distinguishable from the criminal except through the power" he or she wields. This is reflected by the fact that law has turned into terror.²⁸³ Elsewhere he wrote:

Bandit leader, condottiere, insurrectionist, [and] racketeer veer between warrior and criminal. It is not them who decide to what category they belong, but the circumstances of domestic and foreign policy."²⁸⁴

The theory of the society of rackets represents a fundamental break with basic Marxist as well as Liberal assumptions. Horkheimer argued that rackets were so-called *pragmatic totalities*: They were neither universal nor individual in character, but *particularistic*, and represented the ascension of the group over both the individual and

²⁸²Ibid., 35.

²⁸³Horkheimer, "Theorie des Verbrechers," 276

²⁸⁴Ibid., 269

society as a whole.²⁸⁵ Horkheimer, nonetheless, remained within the Marxist spectrum when he maintained that rackets perform "socially necessary functions." Yet, he claimed that rackets tended to monopolize such functions, pushing out the competition as part of the protection supplied by the racketeer.²⁸⁶ This claim is of particular significance in the light of Gaia Servadio's observation that both organized crime and Fascism in Sicily performed interchangeably the same social function; namely, the role of allies for established elites for the purpose of keeping down the peasantry:

The Sicilian dominant class was given by the Fascist state an effective replacement for the methods of the Mafia in matters like the repression of the organized peasants' movement... In many cases the landowners provided...[the Fascist authorities] with information against the Mafiosi they had so far employed, who had been their means to safeguard their interests against the peasantry.²⁸⁷

Unlike Germany, the conditions of the Allied postwar occupation in Italy provided a fertile ground which allowed the Sicilian *Mafia* to rise once again and return to its traditional role as the country once again became democratic. As an ally of rural elites, the Catholic Church and the Christian Democrats, the Sicilian *Mafia* put a violent end to peasant unrest and the land reforms proposed by a strong Communist party. It initiated a campaign of terror against the peasants' unions and their leaders, including the

²⁸⁵Horkheimer, "Die Rackets und der Geist," 290. See also Stirk, *Max Horkheimer*, 143.

²⁸⁶Ibid., 288. Horkheimer, "Zur Soziologie der Klassenverhältnisse," 101-102. Stirk, *Max Horkheimer*, 142.

²⁸⁷Servadio, *Mafioso*, 74.

1947 massacre at Portella Della Ginestra in which eleven people were killed.²⁸⁸ In the case of Sicily, the role of organized crime may be viewed as the continuation of Fascism by similar means under different circumstances. According to Brian G. Martin, organized crime performs the "role of mediator, both between social groups and between local society and the political world" which is "of central importance in...[its] rise to power." Henner Hess believes that it was the appropriation of the mediator function by the Fascist state in Italy which led to the Sicilian *Mafia's* decline in the 1920s and 30s.²⁸⁹

The protection racket is also a regime of exclusion and inclusion. States, according to Tilly as well as Horkheimer, are protection rackets which include some people on whom they impose taxes and other burdens, such as conscription. Yet simultaneously states exclude a great many others, given the specific definitions of racket membership, or nationality. However, a labour union is as exclusionary or inclusionary as a state because both define the rules of membership by demarcating who receives protection and who does not. The inside-outside dimensions of the racket apply from the

²⁸⁸Ibid., 74-75, 85-86; Schneider and Zarate, *Mafia For Beginners*, 85-94.

²⁸⁹Brian G. Martin, *The Shanghai Green Gang* (Berkeley: University of California Press, 1996), 219; Henner, *Mafia: Zentrale Herrschaft und lokale Gegenmacht*, 186.

Although the former USSR was a different socioeconomic formation, it did produce its own version of criminal middlemen who came to play a role in the beginnings of Soviet OC, the *tolkachi* or expeditors. The term refers to private individuals hired by enterprises who use their special connections to supply businesses with equipment, tools, raw materials etc., without bypassing the official channels. Beerman already pointed out in the early 1960s that the *tolkachi* operated in the grey zone between legal and illegal while "their activities...may have the odium of criminality." See Harrison Salisbury, *Russia* (New York: Atheneum, 1965), 72-73. R. Beerman, "The Parasites Law," *Soviet Studies*, XIII, 2, (1962):201-202.

micro- to macro-level as rackets can form within rackets.

Whether a given regime is a protection racket or not, depends on the extent to which the protected determine price and conditions of their preservation, the details of which are usually laid out in a social contract, or constitution. The more included the protected and the more democratic the decision-making processes, the less likely is the formation of such regimes.²⁹⁰ Democracy in this context not only refers to formal democratic practices, but to the ability and willingness to participate in decision-making processes at all levels of society as well as adherence to some tenets of economic democracy, for example through labour unions, to ensure a fairer distribution of wealth.

Like Gramsci, who believed that the study of hegemonic structures is a precondition for their overthrow, Horkheimer pointed out that

²⁹⁰The importance of democratic input was reinforced by my experiences as past President of CUPE 2323, Carleton University's Teaching and Research Assistant Union in 1997/98. It has since become CUPE 4600 and represents sessional lecturers as well. Unions are sometimes referred to as rackets because they provide a certain protection against discriminatory practices on the part of the employer in return for a membership fee. Once a union has been set up in a workplace, membership is compulsory for employees.

CUPE 4600 only hands out honoraria worth several hundred dollars to the members of the executive board as an acknowledgment of their voluntary contributions during the year. However, one can recognize easily how a racket-like situation can indeed develop within such an organization when only few members take an interest in running it. In other union locals, for example, executive boards are less thrifty with their members' fees as they undeservedly vote themselves honoraria which resemble salaries and privileges, such as daily allowances when attending conferences. Such a situation, which can only develop due to the lack of membership input, is not limited to unions, but can take place in diverse organizations, including those organized to strive for the rights of the excluded. Only a fully developed open democratic process is the best guarantee against the formation of rackets.

a true sociology of the racket as the living factor of ruling classes in history could serve a political and scientific purpose. It could help to reveal the goal of political practice.... [namely to work toward] a society without rackets.²⁹¹

The *pragmatic totalities* which form Horkheimer's rackets conform to the elites that make up what Antonio Gramsci called the "hegemonic bloc." The difference between the two lies in the emphasis placed on different aspects of capitalist rule. While Horkheimer stressed the disunity within the ruling bloc, Gramsci focussed on the manner in which the said elites maintain control.

Gramsci made a distinction between "dominance" and "hegemony." The first refers to "political society" where a "coercive apparatus" was used to maintain control. However, Gramsci believed that rule by coercion could not be maintained for an extended period of time. Therefore, the concept of hegemony was far more important to him. It referred to rule through "civil society," whereby coercion was not needed to maintain control. Hegemony is exercised through various institutions, such as the military, law enforcement agencies, churches, legal and education systems, as previously noted.²⁹² Gramsci described that

a social group dominates antagonistic groups, which it tends to 'liquidate', or to subjugate perhaps even by armed force. [while] it leads kindred and allied groups.²⁹³

²⁹¹Horkheimer, "Zur Soziologie der Klassenverhältnisse," 103.

²⁹²Benedeto Fontana, *Hegemony and Power* (Minneapolis: University of Minnesota Press, 1993), 143-144; David Jary and Julia Jary, *The HarperCollins Dictionary of Sociology* (New York: HarperCollins Publishers, 1991), 207

²⁹³Gramsci, *Selections From the Prison Notebooks*, 57

Gramsci did not view hegemony and dominance as mutually exclusive but as overlapping. After all, the agencies of coercion provide an element of dominance through their mere presence even during an era of hegemony. In addition, he distinguished between three types of hegemony. *Integral hegemony* referred to a situation where sovereign and citizens exist in an "organic" association. Such circumstances are only possible at times when "well organized, widespread opposition is absent or discredited and when the ruling class performs a progressive function in the productive process."²⁹⁴ *Decadent hegemony* refers to a situation where the "dominant group has exhausted its function" and "the ideological bloc tends to decay." Thus social conflicts are latent and can erupt anytime.²⁹⁵ Gramsci describes the third type as *minimal hegemony*, which, as he believed, best described the Italian situation in the late 19th and early 20th centuries. In such an environment the major economic groups do not "accord their interests and aspirations with the interests and aspirations of other classes." The dominant groups stay in power through *trasformismo*, the practice of "incorporating the leaders...of potentially hostile groups into the elite network, the result being "the formation of an ever broader ruling class."²⁹⁶

Proposing a marriage between Horkheimer and Gramsci, I contend that protection

²⁹⁴Joseph Femia, *Gramsci's Political Thought: Hegemony, Consciousness and the Revolutionary Process* (London: Clarendon, 1981), 46

²⁹⁵*Ibid.*, 47

²⁹⁶*Ibid.*

racket regimes emerge when elites suffer a crisis of hegemony. Such a crisis takes place during times of rapid socioeconomic change and social fragmentation resulting in major disruptions in society. Gramsci argued that, once "the dominant class exhausts its function, the ideological bloc tends to contract, and spontaneity is replaced by coercion" in order to preserve its domination.²⁹⁷ It is my argument that a regime turns into a protection racket at the moment of contraction when it largely needs to rely on "coercion" rather than "moral and intellectual leadership," as Gramsci referred to it. When Horkheimer argued that protection was the "archetype of domination," he viewed the racket as a principle that was evident irrespective of time and place, although it would manifest itself in accordance with the stipulations of that time and place. However, the notion that coercion is the common denominator of history clashes with Gramsci's belief that rule by coercion cannot be maintained for an extended period of time.²⁹⁸ Gramsci's perspective needs to be modified in order to address the following questions: What about regimes whose ruling groups have never obtained hegemony by consent, and who rely on violent state repression to stay in power? What about societies where state and nonstate elites are engaged in a seemingly endless struggle against counterhegemonic forces and rely on coercion to maintain dominance and where neither side is strong enough to defeat the other?

²⁹⁷Christine Buci-Glucksmann, *Gramsci and the State* (London: Lawrence and Wishart, 1980), 56-57.

²⁹⁸Ibid; Fontana, *Hegemony and Power*, 143-144; Horkheimer, "The End of Reason," 35.

Manus Midlarsky and Kenneth Roberts discuss the regimes in Nicaragua and El Salvador during the 1970s where the ruling elites rely entirely on domination through a coercive state apparatus, rather than hegemony. They write:

The state is required to be, at the very least, an instrument of coercion to protect the perpetually threatened economic interests of the elite.²⁹⁹

Alfred Stepan discusses "corporatist regimes" established during times of crisis, which rely on violence to such an extent that they generate ongoing opposition and fail to secure "ideological hegemony in the Gramscian sense." Stepan implies that it is the use of violence which creates the opposition, which in turn generates more violence.³⁰⁰

However, I would agree with Horkheimer that there are regimes, namely protection racket (PR) states, that implicitly use terrorism, or the threat thereof, to extract surplus, regardless of the opposition generated.³⁰¹

²⁹⁹Manus Midlarsky and Kenneth Roberts, "Class, State and Revolution in Central America," *Journal of Conflict Resolution*, 29, (1985):188.

³⁰⁰Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978), 86

³⁰¹State and nonstate terror should be understood as premeditated "coercion and violence (or the threat thereof) directed at some victim, with the intention of inducing extreme fear in some target observers who identify with that victim in such a way that they perceive themselves as potential future victims." See Christopher Mitchell, Michael Stohl, D. Carleton and George A. Lopez, "State Terrorism: Issues of Concept and Measurement," in Michael Stohl and George A. Lopez eds, *Government Violence and Repression* (New York: Greenwood Press, 1986). Evidently, the purpose of terror by OC groups differs little from that of the state or a terrorist group. As one mafiolgist observed in her description a killing "must be publicized as well as untraceable. Everybody must know why it was done and on whose behalf. Consequently, grim signs on the body explained the reason for punishment." See Servadio, *Mafioso*, 27

Political violence, as David Campbell and Michael Dillon note, is the "ultimate ratio of politics [and]...the basic subject of what politics is ultimately about."³⁰² According to Michael Stohl, the conventional view that terrorism is solely the activity of nongovernmental actors is a myth.³⁰³ He claims that the state relies on terror domestically as well as internationally.³⁰⁴ In fact, the semantic ground of the term terrorism in the association with "insurgents, dissidents, or antigovernmental forces" has shifted since its inception. The English word 'Terrorism' derives from the French *Terrorisme* and originally it referred to the excesses of the French revolution which were committed by government agents.³⁰⁵ Paul Wilkinson confirms that the meaning of the term has changed and is now "used to denote the systematic use of terror by nongovernmental actors."³⁰⁶

The literature on terrorism thus displays a rift among scholars who include political violence by the state and who consequently include state terror and those who do not. Ted Honderich stands for those who exclude the state as an agent of terror. He

³⁰²David Campbell and Michael Dillon, "The End Of Philosophy and the End of International Relations," in D. Campbell and M. Dillon, *The Political Subject of Violence* (Manchester: Manchester University Press, 1993), 1.

³⁰³Michael Stohl, *The Politics Of Terrorism* (New York: Dekker, 1988), 7.

³⁰⁴Stohl, M., "International Dimensions of State Terrorism", in Stohl, M., and George A. Lopez eds, *The State As Terrorist* (Westport, CT: Greenwood Press, 1984), 43.

³⁰⁵Stohl, M., *The Politics Of Terrorism*, 7.

³⁰⁶Paul Wilkinson, "Can a State Be 'Terrorist'?", *International Affairs*, 57, 3, (1981):467.

contends that violence refers to

a considerable or destroying use of force against persons or things, a use of force prohibited by law, directed to a change in the policies, systems, territory of jurisdiction, or personnel of a government or governments, and hence also directed to changes in the lives of individuals within societies.³⁰⁷

Definitions which specifically exclude state violence lead Peter Merkl to "wonder if it is even possible to define political violence without reference to purpose and justification." However, he appears rather vague when he writes further that state violence is exempted from the definition as long as the state's "legitimate monopoly of violence" is accepted.³⁰⁸ Ernst van den Haag points out that the physical force used by governments is often referred to as legitimate, but is called "violence" if used by someone else.³⁰⁹ Wilkinson links state and antistate violence, contending that "one cannot... understand [antistate] terrorist movements without paying some attention to the effects of the use of force and violence by states."³¹⁰ Barrington Moore expressed uncertainty as to whether a successful revolution or the permanent prevention of deep

³⁰⁷Ted Honderich, "Political Violence, The Alternative and Probability," *Political Violence*, (Collected Seminar Papers No 30), Institute of Commonwealth Studies, (London: University of London, 1982), 1

³⁰⁸Peter Merkl, "Approaches to the Study of Political Violence," in Peter Merkl ed. *Political Violence and Terror* (Berkeley: California: University of California Press, 1986), 20.

³⁰⁹Ernst van den Haag, *Political Violence and Civil Disobedience* (New York: Harper and Row, 1972), 54.

³¹⁰Wilkinson, "Can a State Be 'Terrorist'?", 467

social and economic changes had caused more victims of violence.³¹¹

Regardless, William Stanley applies Tilly's concept of the protection racket to developing societies in Latin America. Whereas Tilly had focussed on the European state of the 16th and 17th centuries as a protection racket for elites against external threats.

Stanley writes that

Latin American states may have used analogous protection against internal enemies to increase their call on the resources of capital and strengthen the claims of militaries, rather than civilians, to control the state.³¹²

Focussing primarily on El Salvador during the 1980s and 90s he claims furthermore that

the Salvadoran military state was essentially a protection racket: the military earned the concession to govern the country (and pillage the state) in exchange for its willingness to use violence against class enemies of the country's relatively small but powerful economic elite. To put it another way, state violence was a *currency of relations* between state and nonstate elites.³¹³

This analysis differs little from Horkheimer's perspective:

The ruling elite structure, as destructive it proves to be for the people, perpetuates itself in forms in which society reproduces itself."³¹⁴

The nature of such a regime was also eloquently described by George Orwell, who wrote that

³¹¹Barrington Moore, *The Social Origins of Democracy and Dictatorship* (Boston, MA: Beacon Press, 1966), 505.

³¹²William Stanley, *The Protection Racket State: Elite Politics, Military Extortion, and Civil War in El Salvador* (Philadelphia: Temple University Press, 1996), 36.

³¹³Ibid., 6-7

³¹⁴Horkheimer, "Theorie des Verbrechers," 270.

[t]he war is waged by each ruling group against its own subjects, and the object of the war is not to make or prevent conquests of territory, but to keep the structure intact.³¹⁵

Those familiar with the history of repressive regimes in Latin America would agree that El Salvador fits these descriptions, as do various formally democratic regimes where the military plays a dominating role, such as in present-day Bolivia, Colombia, and Peru also conform.

Stanley argues that the nonstate and economic elites *gave up political power* to the military in order *to preserve their social power*. This conceptualization derives from *The Eighteenth Brumaire of Louis Bonaparte*, Marx's analysis of the events surrounding the coup of December 2, 1852 in France which brought about the second empire of Napoleon III. While other observers, such as Walter Bagehot, Alexis de Toqueville, Pierre-Joseph Proudhon or Victor Hugo, also wrote about the coup, Marx's study is the most perceptive one.³¹⁶ He described a situation whereby elites were divided, while the left had been weakened by a failed revolution, although it still possessed considerable strength. Marx argued that French elites surrendered political power to the Bonapartist party and the army in order to maintain social power in the face of a perceived threat from the left. He emphasized further that elites, after abdicating power to the Bonapartist regime to suppress the left, were themselves subjected to a similar treatment. Marx

³¹⁵George Orwell, *Nineteen Eighty-Four* (New York: Signet Books, 1960), 164.

³¹⁶John B. Halsted ed, *December 2, 1851: Contemporary Writings on the Coup d'etat of Louis Napoleon* (New York: Doubleday, 1972).

finally stressed that the Bonapartist Party received strong support from the peasantry, the revolutionary class of 1789, which had turned reactionary as it feared the consequences of Socialist revolution.³¹⁷

³¹⁷ Carlos Marx, *El dieciocho Brumario de Luis Bonaparte* (Barcelona, Spain: Ariel, 1971), 138-159.

11. Fascism and other Forms of Repressive Crime

Many historians and social scientists have endeavoured to put forth theories to explain the emergence of Fascism and other repressive regime types. The concept that elites *gave up political power in order to preserve their social power* also figures prominently in the literature produced by Marxist historians and social scientists who argue that the establishment of Fascist regimes in the 1920s and 30s took place because of alliances between Fascist parties and traditional elites. August Thalheimer, for example, applied Marx's original analysis in his 1930 study of Fascism.³¹⁸ More recently, Reinhard Kühnl also observed that the establishment of National Socialism was a result of

the alliance between the Fascist party and significant parts of the social upper class. This alliance was maintained through common interests... There was agreement that the Socialist workers movement had to be suppressed, democracy liquidated and a dictatorial regime to be created...³¹⁹

However, it is significant that these observations have been confirmed by many of their nonmarxist colleagues who likewise concluded that Fascism and National Socialism would not have come to power, had it not been for their alliances with existing elites. For example, Martin Broszat claims that

Hitler and his conservative and nationalist allies...were just as much at one in their determination to dismiss completely from Germany's political life the Communist left and... Social Democracy [as they were to dispose] of the parliamentary system

³¹⁸August Thalheimer, *Über den Faschismus* (Berlin: Press of the German Communist Party, 1930); reprinted in Reinhard Kühnl, *Texte zur Faschismusdiskussion*, vol. I (Hamburg: Rowohlt, 1979), 14-29

³¹⁹Reinhard Kühnl, *Formen Bürgerlicher Herrschaft*, vol. II (Hamburg: Rowohlt, 1983), 130-131.

and [to establish] a durable authoritarian government.³²⁰

Hans Mommsen, one of Germany's foremost historians, maintained:

Despite the organizational and electoral successes of the Nationalsozialistische Deutsche Arbeiterpartei (NSDAP), it was only able to take over political power in alliance with the traditional elites.³²¹

Mommsen pointed out further that Fascist and traditional elites agreed "on the elimination of the Weimar Republic's constitution, the creation of strong state authority and the goal of the speedy subjugation of Marxism."³²² The British historian Allan

Bullock wrote correspondingly:

What the German Right wanted was to regain its old position in Germany as the ruling class; to destroy the hated republic and restore the monarchy; to put the working classes 'in their places'; to rebuild the military power of Germany; to reverse the decision of 1918 and to restore Germany -- their Germany -- to a dominant position in Europe. Blinded by interest and prejudice, the Right forsook the role of a true conservatism, abandoned its own traditions and made the gross mistake of supposing that in Hitler they found a man who would enable them to achieve their ends. A large section of the German middle class, powerfully attracted by Hitler's nationalism, and many of the German Officer Corps followed their lead.³²³

Even the very conservative Ernst Nolte, who has been associated with the 'New

³²⁰Martin Broszat, *The Hitler State*, 57

³²¹Hans Mommsen, "Zur Verschränkung traditioneller und faschistischer Führungsgruppen in Deutschland beim Übergang von der Bewegungs- zur Systemphase," in Wolfgang Schieder ed, *Faschismus als soziale Bewegung: Deutschland und Italien im Vergleich* (Hamburg: Hoffmann, 1976), 167

³²²*Ibid.*, 168.

³²³Alan Bullock, *Hitler: A Study in Tyranny* (New York: Bantam Books, 1961).

Right' in Germany admitted that it was proper to

strongly emphasize the inner affinities between Fascist parties and the leading strata, and to view Fascism as a regime which cannot be separated from the system in which it hatched.³²⁴

Schieder wrote that Italian Fascism would not have come to power,

if it had not found allies among [the large estate holders class], aristocracy, the Church, the Monarchy [and]...industry. Italy's Fascist regime was a... compromise regime between the traditional elites and the Fascist state party.³²⁵

Marx's initial analysis was also not limited to the study of Fascist regimes. The Canadian political scientist Max Cameron employed Marx's perspectives from *The Eighteenth Brumaire of Louis Bonaparte* to explain the April 1992 Fujimori *auto-golpe* in Peru, and concluded that the coup

was largely the product of a growing perception of threat among a group of military officers, allied with an outsider president who shared their contempt for Congress, the judiciary, and political parties as well as their ambition to perpetuate themselves in power.³²⁶

It is of considerable significance to my argument that Harold Isaacs relied on

³²⁴Ernst Nolte, "Die >>herrschenden Klassen<< und der Faschismus in Italien," in Schieder, *Faschismus als soziale Bewegung*, 201.

³²⁵Wolfgang Schieder, "Thesenpapier zur Tagung bei der Katholischen Akademie in Schwerte," 29 April 1972; as quoted in Reinhard Kühnl, *Faschismustheorien: Texte zur Faschismusdiskussion*, vol. 2 (Hamburg: Rowohlt, 1979), 168. For similar observations on Italian Fascism see Angelo Tasca, *The Rise of Italian Fascism 1918-1922* (New York: Howard Fertig, 1966), as well as various contributions in Schieder, *Faschismus als Soziale Bewegung*

³²⁶Maxwell A. Cameron, "Political and Economic Origins of Regime Change in Peru: The Eighteenth Brumaire of Alberto Fujimori," in Maxwell A. Cameron and Philip Mauceri, *The Peruvian Labyrinth* (University Park, PA: The Pennsylvania State University Press, 1997), 69.

Marx's initial analysis as well in his study of the 1927 *Shanghai coup*. However, unlike the previous cases discussed, this coup d'etat was executed by the *Shanghai Green Gang*, a powerful OC group and led to the establishment of the dictatorship of Chiang Kai-shek and the *Kuomintang* (KMT). The elites of China's most industrialized city had allied themselves with Chiang Kai-shek and funded the coup. The nationalist leader relied on 'troops' provided by local organized crime which initially terrorized only the left, but subsequently victimized the traditional elites as well.³²⁷ Isaacs writes:

The Chinese bankers and merchants had...call[ed] in Chiang Kai-shek and the gangsters against the workers. Now they were forced to submit themselves to the predatory raids of their own rescuers. Like the French bourgeoisie which in 1852 "brought the slum proletariat to power"...the Chinese bourgeoisie elevated over itself the scum and riffraff...of the Green Gang...³²⁸

Not only did criminals perform tasks similar to those of the repressive agencies in European Fascist regimes, the *Green Gang* ran Shanghai Labour for Chiang Kai-shek.³²⁹ However, similar observations have been made about very different OC groups in other parts of the world. Hess' study of Sicilian OC concluded that the *Mafia* replaced the state which was too weak to defend the interests of domestic elites.³³⁰ He wrote accordingly:

In addition to exploitative crime...[the Mafia] represents a political reality, a reactionary force that is employed to resist change, to maintain privilege, and to

³²⁷Harold Isaacs, *The Tragedy of the Chinese Revolution* (Stanford: Stanford University Press, 1962), 180-182.

³²⁸*Ibid.*, 181.

³²⁹Martin, *The Shanghai Green Gang*, 216.

³³⁰Hess, "The Sicilian Mafia: Organized Crime and Repressive Crime," 129-130.

suppress attempts to redefine property relations and political rights.³³¹

Gabrielle Kawamura provides similar perspectives on Japanese OC. Accordingly, during the 1930s and 40s *Yakuza* leaders cooperated with right-wing officers, were active in the hunt for Communists and worked as strike breakers while forming the economic spearhead of the Japanese invasion of China. To this day, the *Yakuza's* links to politics are "without exception located on the far right."³³²

Peter Scholl-Latour, a journalist and recognized expert on Indochina, wrote about the alliance between the French and the *Binh Xuyen*, during the first Indochina War in the early 1950s. The *Binh Xuyen* profited from the opium trade, prostitution and racketeering in Saigon and also participated in the anticolonial war that France fought against the *Nhieminh* under Ho Chi Minh.³³³

It has been alleged that the Italo-American *Mafia* came to the defence of the state in 'Operation Underworld'. In this claim, the US Navy relied on the *Mafia* to prevent Italian-born dockworkers and fishermen from collaborating with German submariners during World War II.³³⁴

³³¹Ibid., 128.

³³²Gabrielle Kawamura, *Yakuza* (Pfaffenweiler, FRG: Centaurus Verlagsgesellschaft, 1994), 29-32. Also see Martin, *The Shanghai Green Gang*, 228.

³³³Peter Scholl-Latour, *Der Tod im Reisfeld: Dreiig Jahre Krieg in Indochina* (Stuttgart: Deutsche Verlags-Anstalt, 1979), 47, 87-88.

³³⁴Gosch and Hammer, *The Last Testament of Lucky Luciano*, 261; Frank Pearce, "Organized Crime and Class Politics," in David F. Greenberg, *Crime and Capitalism: Readings in Marxist Criminology* (Palo Alto, CA: Mayfield Publishing, 1981), 174-175.

Merrill Collett wrote of Latin American OC groups that

the ...demand for cocaine...has jolted the regional economies thrusting a new and violent actor on the centre of Latin American politics: the new drug trafficking right.³³⁵

One such example is the 1980 Bolivian *Cocaine coup* carried out by an alliance between reactionary corrupt military officers and the country's leading drug traffickers and their paramilitaries to end the country's transition to democracy. The prospect of a return to democracy after long years of military rule prompted General Luis Garcia Meza to lead the 189th coup d'etat in Bolivia's history, a so-called "national revolution" to safeguard the country from "communist extremists." The coup was financed by leading Bolivian drug dealers and coorganized by Klaus Barbie, an internationally sought war criminal.³³⁶

In Colombia, drug traffickers have been instrumental in setting up so-called *Mafia republics*. These are territories where the state has little presence and shares its authority with other groups. Local police and military as well as agrarian elites directly collaborate with organized crime in jointly financing and organizing right-wing paramilitaries. These groups, initially set up to combat local left-wing rebels, have become death squads culpable for massive human rights abuses.³³⁷

³³⁵Merrill Collett, "El Fantasma de la Narcoguerrilla," *Nueva Sociedad*, 102, (1989): 126.

³³⁶Hargreaves, *Bitterer Schnee*, 177-178

³³⁷Heinz Mayer, *Kolumbien: Der Schmutzige Krieg* (Hamburg: Rowohlt, 1990), 199; "Apoyaremos las autodefensas," *Cambio 16* (Colombia), 184-185, Dec. 23, 1996, 14-

The involvement between organized crime and the military is also apparent in the Peruvian case. According to the 1993 Annual Report of the reputable *Observatoire Géopolitique des Drogues* (OGD), the cash-starved Peruvian army allied itself with drug traffickers to finance the civil war against the Maoist rebel movement *Sendero Luminoso* during the early 1990s. Accordingly, that country's military was able to allocate a substantial share of Peru's drug profits toward financing the war effort. However, it became a player in the drug trade as a result.³³⁸

The integration of OC groups into the ruling elites, even foreign ones, is reminiscent of Gramsci's notion of *trasformismo*, the practice of attracting counterhegemonic groups into the ruling structures for the purpose of conserving them. Or, as previously noted, organized crime "can be employed to defend" the state.³³⁹

15: "El madrugón del gobierno," *Semana*, 714, Jan. 9, 1996, 18-21; *Colombia Alert*, 1, (Sept. 1997): 1-3.

³³⁸Observatoire Géopolitique des Drogues (OGD), *Der Welt-Drogen-Bericht* (Munich: DTV, 1993), 219-226.

³³⁹Femia, *Gramsci's Political Thought*, 47-48. Naylor, "The Insurgent Economy," 20-21.

12. Conclusion

It has not only been my intent to theorize on organized crime but also to discuss a regime type under which criminal societies are most likely to flourish. Based on the above I will advance several theoretical explanations on the nature of developed criminal groups and their links with established elites:

Organized crime can become ideological, albeit by default. In contrast to the claims that OC groups do not have political designs of their own, I argue that such organizations develop or acquire ideological preferences by the time they enter what Naylor calls the "symbiotic" stage. In this context, the observations on *Merton's dilemma*, the specific reactions to exclusion, in particular "innovation" as well as "rebellion" are important. These outcomes cannot be predetermined, although they are informed by the environment to which a given individual is exposed. Hence, while OC groups may initially emerge as organizations of the excluded, such as street gangs, developed criminal societies strive to become included. The tendency of strong criminal groups to integrate themselves into a given society's power structure may be viewed as a form of *trasformismo* as described by Gramsci. In fact, the integrative tendency of organized crime may almost be considered a universal feature. However, as I will elaborate below, elites may also turn criminal themselves in order to maintain their socioeconomic status.

Based on my readings of Horkheimer, Adorno and Gramsci I call the regime type in which this collaboration occurs a protection racket (PR) state. The PR state is a model

of socioeconomic repression.

Such a regime is formed by state and/or nonstate elites in order to preserve their domination through the often violent exclusion of large groups in societies which experience conditions of substantial social disparities. OC - elite alliances form during a crisis of hegemony. Such a state most likely develops when traditional elites perceive themselves to be threatened by counterhegemonic movements. In the age of capitalism, these are usually Socialist and/or Communist political parties, organized labour unions, Marxist revolutionary movements, indigenous groups, or other organizations created by the excluded. Moreover, while the grounds of exclusion may differ (class, race, gender, etc.), this condition often manifests itself in economic disadvantage, if not exploitation. Yet, different socioeconomic formations in space and time will produce distinctive sets of hegemonic and counterhegemonic groups.

The specific composition and strength of elites which constitute a given protection racket regime determine its nature and conduct in domestic and international affairs. Such a regime cannot be attributed to a specific type of political organization as such states may range from formally democratic regimes to totalitarian dictatorships. Rather, the protection racket should be perceived as a regime spectrum with the totalitarian state being one extreme and the criminal state the other. Still, while its chameleon-like qualities allow organized crime to flourish, or at least survive, in virtually all forms of the PR regime, it is severely suppressed in its totalitarian manifestation. However, 'regime' does not only refer to the state level, but includes the power structures one encounters at a

very local level as well.

Unlike totalitarian parties or militaries, organized crime is rarely an equal or dominant partner, although it may potentially turn into one. There are cases of organized criminal infiltration into state, economy and society, as a result of which it is no longer possible to use the term organized crime because the integration has produced a new qualitatively different phenomenon, the criminal state.

Organized crime tends to be subhegemonic because elites generally do not concede control to preserve social power but share it. Moreover, the ability of OC groups to integrate themselves into existing power structures depends on the need on the part of elites for this partnership. These alliances occur because elites are too weak, which condition forces them to accept partners they might discard under different circumstances. If its services are no longer required, or if perceived as a threat, elites do turn against organized crime using the power of the state.³⁴⁰ Elite alliances with Fascist parties and reactionary militaries, as well as OC groups, serve the same social function; namely, the establishment and maintenance of an oppressive socioeconomic order.³⁴¹ Still, the violence generated is the "currency of relations" between organized crime and elites.³⁴²

An alliance which creates a repressive regime takes place on the national level and

³⁴⁰See for example, Susan Strange, *The Retreat of the State* (Cambridge: Cambridge University Press, 1996), 115-119

³⁴¹The Soviet Union was also a protection racket state, at least in the later stages of its existence which emerged in a very different socioeconomic formation.

³⁴²Stanley, *The Protection Racket State*, 6-7

is applied top-down. However, unlike repressive regimes, which are limited by the boundaries of the territories they control, the collaboration between elites and organized crime initially develops on a local or regional basis and can grow beyond to the national and international level, as illustrated by Naylor. For OC groups, the global is merely another local. Organized crime, in its role of an oppressor, may therefore potentially contribute to the maintenance of an unjust social order at any level.

I will demonstrate the above through an analysis and comparison of the partners in the 1980 Bolivian *Cocaine coup* with the alliance between the nationalist Chinese leader Chiang Kai-shek and Du Yue-sheng, the boss of the *Shanghai Green Gang* during the 1920s and 30s

In addition, I will study the role of organized crime in the maintenance of the PR regimes in Colombia and Peru where the *Fuerzas Armadas Revolucionarias de Colombia* and *Sendero Luminoso* respectively became such a serious threat that established elites turned to OC groups as useful allies in a continuous struggle for dominance.

Also, in order to demonstrate that organized crime is not a phenomenon that can solely be attributed to capitalist practices, I will provide studies of piracy during the mercantilist age as well as discussions of Soviet and postsoviet OC. While these manifestations of organized crime differ from the ones discussed previously, the researcher encounters the same affinity between elites and criminal groups that appear in modern capitalist socioeconomic formations.

Finally, I intend to discuss the implications of the globalization of the economy as

well as of organized crime. After all, Block and Chambliss argue that crime as well as criminal law stem from the contradictions of an existing political economy. It follows that different socioeconomic formations will engender different types of criminal law as well as crime, including organized crime. This is true for antique, feudal, capitalist, or socialist societies. What is particular to national political economies should also hold true for the present modern international political economy as well.³⁴³ Like any given national political economy, the international one will manifest inherent contradictions.

Most important here are the conversion of the state from an agent of economic regulation, redistribution and development to one of social control to deal with the repercussions of globalization, such as societal disintegration and fragmentation, resulting in the emergence of crime groups, and local resistance movements, and armed rebel groups. On the other hand, OC groups internationalize their operations in an arena where international law enforcement is largely absent. These two developments may reinforce each other. More precisely, the lack of an international regime on organized crime may not only be the primary cause for the failure of national anticrime strategies, for example, the US drug war. Moreover, in order to compensate for the failure to cooperate states escalate repression and social control at home, thereby reinforcing the initial contradictions instead of resolving them.

³⁴³Block and Chambliss, *Organizing Crime*, 9.

III. A TALE OF TWO COUPS: SHANGHAI 1927 AND LA PAZ 1980

1. Introduction

The following study will compare the 1980 *Cocaine coup* in Bolivia with a similar occurrence which transpired in Shanghai, China in 1927. The two events, although separated by time and place, are archetypes of OC - elite cooperation. The *Shanghai coup* stemmed from the alliance between Nationalist Chinese dictator Chiang Kai-shek and Du Yue-Sheng, the leader of a powerful triad, the *Shanghai Green Gang*, during the 1920s to 40s. China became the first country of modern times where criminal organizations were given a leading role in government.³⁴⁴ Bolivia was on the verge of returning to democracy when General Luis Garcia Meza led a so-called "National Revolution" to safeguard the country from "Communist extremists," or rather to prevent the return to civilian rule after a decade of military control.³⁴⁵ While military coups were indeed a common feature in this impoverished Latin American country, the 1980 one differed. Not only had leading Bolivian drug dealers financed the coup turning the country into a *narcocracy*, one of its chief organizers was the Nazi war criminal Klaus Barbie.³⁴⁶

This comparative study not only shows the links between criminal groups and

³⁴⁴Georg Thamm, *Drachen bedrohen die Welt* (Hilden: VDP, 1996), 80-81

³⁴⁵Clare Hargreaves, *Bitterer Schnee: Eine Reportage aus dem inter-nationalen Kokainkrieg* (Munich: C.H. Beck, 1993), 177

³⁴⁶Ibid, 177-178.

elites, but also organized crime's affinity to repressive regime practices, as elaborated above. The alliance between the Nationalist Chinese leadership and a powerful OC group took place as Shanghai's traditional elites were under pressure from the organized and revolutionary left in Shanghai during the early days of the Chinese revolution. In Bolivia, left-wing insurgencies had not been a threat to the elites since the late 1960s. Moreover, I will demonstrate that Bolivian traffickers were already part of the elites. They entered the trade to maintain, rather than gain socioeconomic status.

The events surrounding the 1927 *Shanghai coup* cannot be explained without prior mentioning of secret societies and triads, as well as some observations on the history of opium. It is also necessary to illustrate the historical circumstances that resulted in the coup and brought about organized crime involvement in these events. I will focus on the period between 1922 and 1937, the early years of the Chinese Civil War between Nationalists and Communists, and also the war between China and Japan in the 1930s.

Moreover, the origins of the criminal organizations that participated in the 1980 *Cocaine coup* cannot be explained without mention of the 1952 Bolivian revolution and of the *Banzerato*, the 1971-78 dictatorship of General Hugo Banzer Suárez. In the very first part I relate some historic and cultural dimensions of the trade in coca that will also be of significance in the next chapter when I will deal with cocaine and power in Colombia and Peru.

2. Coca, Incas and Conquistadors

The coca plant has played an important role in the diet, religion, and culture of the indigenous populations of the Andean region for thousands of years. Those who use it in the prescribed manner claim that it is a stimulant which gives them stamina and strength, and also relieves "feelings of hunger, thirst, cold, and fatigue." The plant in question, and its derivatives, are also employed as medicines against colds, stomach pains, colic, diarrhea, cramps, nausea, toothache, stomach ulcers, rheumatism and asthma.¹⁴⁷

Coca leaves were a very valuable commodity in the *Inca* Empire. This is confirmed by the fact that apart from gold and cotton, coca leaves were used to pay tribute to tribal chiefs and the *Inca*.¹⁴⁸ After the conquest coca leaves also came to play an important role in the Spanish colonial economy. The Latin American historian, Eduardo Galeano, writes:

Coca... already existed in Inca times. But [it] was then distributed in moderation; the Inca government had a monopoly on it and only permitted its use for ritual purposes or for those who worked in the mines. The Spaniards energetically stimulated its consumption. It was great business. In Potosi in the 16th century as much was spent on European clothes for the oppressors as on coca for the oppressed. In Cuzco 400 Spanish merchants lived off the coca traffic; every year one hundred thousand baskets with a million kilos of coca-leaf entered the Potosi

¹⁴⁷Lester Grinspoon and James B. Bakalar, "Coca and Cocaine as Medicines: An Historical Review," *Journal of Ethnopharmacology*, 3, 3, (1981): 150-151.

¹⁴⁸Fray Pedro Aguado, *Recopilacion Historial*, vol. I (Bogotá: Biblioteca Presidencia de la República, 1956), 407, as quoted in Mario Arango and Jorge Child, *Narcotráfico: Imperio de la cocaína* (Bogotá: Editorial Percepcion, 1987), 17.

silver mines. The church imposed...[10%]tax.³⁴⁹

Rosa del Olmo contends that coca was given to the Indian workers in the mines instead of wages because it made them work.³⁵⁰ Benjamin Keen points out that in Potosi alone, Spain's silver mining capital in South America located in today's Bolivia, the coca trade was worth half a million Pesos annually during the second half of the 16th century.³⁵¹ William H. Prescott argues that coca was so extensively consumed after the conquest that it "constituted a most important item of the colonial revenue of Spain."³⁵² According to David Noble Cook, "coca became one of the driving forces of the Andean economy."³⁵³

Sources from Colonial Spanish America form the basis for these views. Garcilaso de la Vega, the son of a Spanish conquistador and an Inca princess who is also called the first historian of the *Inca* civilization, pointed out in his *Comentarios Reales que tratan del origen de los Incas* [The Royal Commentaries of the Incas] written in the first decade

³⁴⁹Eduardo Galeano, *Las venas abiertas de América Latina* (Mexico City: Siglo Veintiuno, 1982), 72-73.

³⁵⁰Rosa del Olmo, *¿Prohibir o domesticar?* (Caracas, Venezuela: Editorial Nueva Sociedad, 1992), 71.

³⁵¹Benjamin Keen, *Latin American Civilization: The Colonial Origins* (Boston: Houghton, 1974), 187.

³⁵²William H. Prescott, *History of the Conquest of Peru* (London: Dent and Sons, 1963), 85.

³⁵³David Noble Cook, *Demographic Collapse: Indian Peru 1520 - 1620* (Cambridge: Cambridge University Press, 1981), 223.

of the 17th century that

it would not be right to pass over the herb the Indians call coca and the Spaniards coca, which was and still is the chief source of wealth of Peru for those engaged in the trade.³⁵⁴

De la Vega also included the observations of the Spanish priest Padre Blas Valera who wrote that coca

has another great value, which is that the income of the bishop, the canons, and other priests of the cathedral church of Cuzco is derived from the...[10 percent tax] on the coca leaf; and many Spaniards have grown rich, and still do on the traffic in this herb.³⁵⁵

The Spanish conquistador Pedro de Cieza de Leon who spent some 17 years in Peru recorded correspondingly that

this coca was so valuable in Peru in the years 1548, 1549, and 1551 that there has never been in the whole world a plant or root or any growing thing that bears and yields every year as this does, aside from spices, which are a different thing, that is so highly valued.³⁵⁶

Although ascertaining the leaves' economic importance in more detailed numbers is difficult, there should be little doubt about its role in the Spanish colonial economy. The so-called coca debate in colonial Spanish America in the 16th century provides further insights.

Various factions of the Spanish colonial administration opposed each other on the

³⁵⁴Garcilaso de la Vega, El Inca, *The Royal Commentaries of the Incas*, Part I (Austin: University of Texas Press, 1966), 509

³⁵⁵Ibid.

³⁵⁶Pedro Cieza de Leon, *La chronica del Peru*, part I (Lima: Ediciones Peisa, 1973), 221

question of coca. The abolitionists from the Catholic clergy viewed the Indians' consumption of coca in their cultural lives as a pagan practice, and considered the plant an "invention of the devil." A humanist faction of the Church did not object to the consumption of coca which was considered part of the diet of Indian labourers. Rather, the group opposed the inhuman conditions in the Spanish-run coca plantations that caused the deaths of 30 to 50 percent of labourers annually. A third group, namely, the lobby of Spanish coca growers, strongly objected to any restrictions pointing to the enormous importance of the leaf to the colonial economy and its significance to the Spanish treasury. While the economic arguments won out, by the second half of the 16th century, the Spanish colonial authorities issued legislation which apparently eased the conditions of labourers in coca plantations.³⁵⁷

There appears to be considerable disagreement as to the purpose of the use of coca by the conquered Indians. Most authors agree that coca consumption was strictly regulated by the Inca, permitting its use for religious and medicinal purposes only, but not for mass consumption. This was introduced by the Spanish.³⁵⁸ This point is important in the debate on coca eradication. If coca leaves are viewed as a drug, the Spanish, in essence, turned the population of a conquered country into addicts for their purposes. Or as described by Edward Hyams and George Ordish:

³⁵⁷Joseph A. Gagliano, "The Coca Debate in Colonial Peru," *The Americas*, XX, 1, (July 1963):43-47.

³⁵⁸Galeano, *Las venas abiertas de América Latina*, 58-59; Cook, *Demographic Collapse: Indian Peru 1520-1620*, 223.

Coca addiction may well have been a potent factor in the consolidation of the conquest; it was a consolation prize, the "soma" of the Peruvian "Brave New World."³⁵⁹

However, the implication that the indigenous people in Peru, Bolivia, Colombia, northern Argentina, as well as their antecedents have been drug addicts for more than five centuries is inadequate. Yet, as Enrique Mayer points out, this is precisely the manner in which the inhabitants of the Andes have been depicted in much of the literature. The coca-chewing Indian is described as "solitary and taciturn," and also "stupefied and apathetic" because of this practice.³⁶⁰ Coca as well as cocaine are on the index of the United Nations' (UN) list of illicit drugs. In fact, the organization's Single Convention of 1961 called for the complete eradication of the coca plant. The 1988 UN Vienna Convention's article 14 did acknowledge the "traditional legal uses" of coca, although the plant is still viewed as an illegal drug.³⁶¹

Such views are contradicted by the realities of coca consumption. First, the leaves are hardly ever consumed alone but in a shared ritual in the company of others prior to, and during physical labour. The chewing of coca takes place within a specific cultural

³⁵⁹Edward Hyams and George Ordish, *The Last of the Incas* (New York: Dorset Press, 1963), 163.

³⁶⁰Enrique Mayer, "Coca Use in the Andes," in Edmundo Morales ed, *Drugs in Latin America*, (Williamsburg, Virginia: Studies in Third World Societies, no.37, 1986), 9

³⁶¹Kai Amboss, *Drogenkrieg in den Anden* (Munich: AG-SPAK, 1994), 15; James Painter, *Bolivia and Coca: A Study in Dependency* (Boulder, CO: Lynne Rienner Publishers, 1994), 2.

setting of established "courtesies, etiquette and good manners." In addition, coca is chewed when there is the need for clear and precise appraisal and judgement. Finally, apathy can hardly be a characteristic of the Andean Indian who has survived the harsh conditions of his or her environment "in the face of... five centuries of exploitation and cultural domination."³⁶²

Moreover, the Peruvian researcher, Hugo Cabieses, disputes that coca use was limited to the elites and asserts instead that "the leaf was used extensively...by the [Inca] elite and the common people alike." He claims further:

While coca constitutes a fundamental part of Andean culture, cocaine was isolated, used and abused first by Europeans and later by North Americans... [On the other hand,] millions of people in the Andean region continue to use coca for the same reasons it was used by their ancestors and they consider it a form of cultural affirmation and resistance against western pressures. In addition, coca contains a series of nutritional and medicinal properties that cannot be taken advantage of because of the dark history that has been built around the leaf.³⁶³

³⁶²Mayer, "Coca use," 9. For a good description of the cultural and social importance of coca see Catherine J. Allen, "Coca and Cultural Identity in Andean Communities," in Morales, *Drugs in Latin America*, 35-48.

³⁶³Hugo Cabieses, *About Coca, Coca Tea, Development and Football* (La Paz, Bolivia: Andean Action Publication, 1994), 3-4. 200 grams of coca leaves contain one gram of cocaine. One bag of coca tea with one g of coca leaf contains 0.005 milligram of cocaine which is 50 times less than what is allowed by the 1988 Vienna Convention on Drugs for products made from coca. Ibid., 42-43

Similarly, the amount of cocaine consumed for those who chew coca leaves is lower than the ceiling set by the 1988 convention because of the low quantities used. It should also be kept in mind that the cocaine in the leaves is released over an extended period of time when chewed. In addition, according to a study comparing the nutritional value of Bolivian coca to the 50 average Latin American foods, coca was "found to be higher in calories, protein, carbohydrates, fibres, calcium, phosphorus, iron and vitamin A." See Timothy Plowman, "Coca Chewing and the Botanical Origins of Coca (*Erythroxylon* Spp.) in South America," in *Deborah Pacini and Christine Franquemont*

Myrna Cintron discusses a third possibility, a process which may be termed the *socialization of coca use* as a consequence of conquest. Thus, while coca use was likely subject to some restrictions during Inca times, Cintron views it as an aspect of social control and an expression of social stratification. Given the religious importance of the plant, the availability of coca, "the gift of the gods," depended on social status. While available to the common people for medicinal purposes, because coca extracts were seen as a chief remedy for many maladies, the consumption of the leaves was permitted only to members of the Inca class, priests, the messengers of the Empire and mine workers as mentioned by Galeano.³⁶⁴

When the Spanish made the leaves available to everybody, after discovering the links between coca consumption and the ability of Indians to work, coca, "the gift of the

eds, Coca and Cocaine: Effects on People and Policy in Latin America (Boston, MA: Cultural Survival, 1986), 6-7.

W. Golden Mortimer examined the effects of coca chewing on the Indians in his classic on the coca plant published originally in 1901. He also mentioned the findings of a physician and maintained: "After being intimately associated among the natives for nearly a year, where he had witnessed the constant use of coca, failed to find a single case of chronic cocaism, although this one subject chiefly occupied his attention, and he searched assiduously for information. Speaking of the amount used, he says: What it does for the Indian at fifteen it does for him at sixty, and a greatly increasing dose is not resorted to. There is no reaction, nor have I seen any of the evil effects depicted by some writers and generally recorded in books." See W. Golden Mortimer, *History of Coca* (San Francisco: Fitz Hugh Ludlow, 1974), 20. Finally, I myself have consumed copious amounts of coca tea to deal with an upset stomach or with altitude sickness in the Peruvian Andes without experiencing what a medical dictionary would term psychoactive effects.

³⁶⁴Myrna Cintron, "Coca: Its History and Contemporary Parallels," in Morales, *Drugs in Latin America*, 26-27.

gods," that had been the symbol of the Inca upper class, came to represent the Indian under class of the Spanish Viceroyalty of Peru. This, however, does not imply that coca consumers are drug addicts. The cultivation of coca declined but did not end with Spanish colonialism in the 1820s. Coca remained an important part of Andean culture and of the diet of the indigenous population.

3. Secret Societies and the Origins of Chinese Organized Crime

The existence of secret societies, the *Hung Mun*, can be traced back to the second century AD. They often grew out of religious or mutual aid organizations which protected peasants against plundering soldiers, brigands, exorbitant taxes, and the oppression and corruption of Confucian state bureaucrats, as well to resist foreign rule. Chinese secret societies were either formed through the merger of several families into clans, or when unrelated persons established organizations which were arrayed hierarchically like clans. Members had to swear an oath to the clan and its head. These orders operated in secrecy as 'societies within society', with their own internal systems of authority, moral code, and justice. High membership numbers made it essential to develop verbal and nonverbal forms of secret communication that nonmembers could not comprehend.³⁶⁵ The use of secret communication is a universal feature among secret societies across space and time, whether criminal or not.

Secret societies have played an important role in Chinese history as the nuclei of resistance against foreign rule. For example, the *White Lotus Society* was a driving force behind the uprisings during the 13th and 14th centuries which ultimately overthrew the Mongol rulers and ushered in the Ming Dynasty in 1368. The *White Lotus* reemerged in the second half of the 17th century after the Manchu (1644-1911) had taken over China, although its rebellions failed. Another secret order set up to resist 'foreign devils' was the

³⁶⁵Thamm, *Drachen*, 19-20; Freiberg and Thamm, *Das Mafia-Syndrom* (Hilden: VDP, 1992), 9; Ko-lin Chin, "Triad Societies in Hong Kong," *Transnational Organized Crime*, 1, 1, (1995):55.

Fists of Justice and Unity Society that had descended from the *White Lotus*. This group became known internationally because of its instrumental role in organizing the *Boxer* rebellion of 1900.³⁶⁶

Another example is the *Red Spear Society* in northern China which arose after the collapse of the Imperial government in 1911. The *Red Spear Society* was a peasant self-defence movement which organized militias in response to the thousands of bandits who terrorized the countryside and the lack of government troops to suppress them. The militias operated with considerable success against the outlaws. During the 1920s the *Red Spear Society* "played a significant role" in the country's civil war. The Chinese Communists viewed the militias as potential allies and "did succeed to some extent in infiltrating them."³⁶⁷

Recognizing that these and other secret societies were originally set up as associations with specific political goals is important. Charles W. Heckethorn, for

³⁶⁶Philip A. Kuhn, *Rebellion and its Enemies* (Cambridge, MA: Harvard University Press, 1980), 38-39; Arkon Daraul, *A History of Secret Societies* (New York: Pocketbooks, 1969), 281-282; Stanton K. Tefft, *Secrecy* (New York: Human Sciences Press, 1980), 324.

Dr. Sun Yat-sen, who led the first Chinese Revolution in 1911 and is considered the founder of modern China, was himself a member of a secret society called *T'ung Meng Hui* which ultimately evolved into the country's official ruling party, the *Kuomintang*. See Edgar Snow, *Roter Stern über China* (Frankfurt a.M: Fischer, 1974), 142. Snow's book is the German-language edition of *Red Star over China*, originally published in 1938 by Random House in New York.

³⁶⁷*Ibid.*, 34-35.

example, viewed Chinese Triads primarily as political societies.³⁶⁸ However, as Freiberg and Thamm point out, many of these groups developed into criminal organizations between the 1850s and World War I after achieving their objectives or after their causes had been defeated. Only a few started as outlaw organizations.³⁶⁹ This observation supports my own perspectives on the ambiguous affinity between rebellion and crime as responses to exclusion. This issue will be discussed below.

³⁶⁸Charles W. Heckethorn, *The Secret Societies of All Ages and Countries*, vol.II (New York: University Books, 1966), 131-132.

³⁶⁹Freiberg and Thamm, *Das Mafia-Syndrom*, 9. In the late 1990s a new secret society surfaced in China, the *Falun Gong* which mixes Buddhism, Taoism and New Age beliefs of a coming apocalyptic end of the world. The Beijing government has branded the *Falun Gong* as counter-revolutionary and evil and has been cracking down on this movement for some time. In late 1999 the authorities introduced and passed a new anti-cult law which allowed handing out long prison terms and even capital punishment. At the same time, half a dozen *Falun Gong* members were put on trial for treason and could be sentenced to death. According to its founder Li Hong-zhi, a former minor government official who presently resides in New York, the sect has 100 million followers all over China. However, expert opinion puts the number of supporters at 15 - 30 million, while official Chinese sources claim that the sect has two million members. Regardless, the *Falun Gong* spooked the authorities in Beijing with its ability to stage protests and its apparent popularity among military and police, students and in society at large. While the sect did not initially seem to be political, the repressive policies initiated by the Chinese government against *Falun Gong* may turn sect members into political dissidents. After all, in April of 1999 some 10,000 *Falun Gong* members staged a protest in front of the compound housing the Communist Party elite, the "largest challenge to the government since the Tiananmen Square protests" of 1989. See "China cocks the trigger of rebellion," *The Globe and Mail*, Nov.3, 1999, A19; "Falun Gong challenging Beijing's rule again," *The Globe and Mail*, Oct.28, 1999, A11; "Chinese officials declare Falun Gong dangerous cult," *The Globe and Mail*, Nov 1, 1999, A13.

4. Opium and 'Foreign Devils'

Between the late 1830s and the Communist victory in 1949 China underwent over a century of civil war, foreign domination and invasion, as well as rapid social change and economic transformation. As argued above, such conditions provide the breeding ground for organized crime. The era of turmoil likely began with the humiliating defeat China suffered in the first Opium war (1839-1842). The conflict resulted from Great Britain's intent to address its negative trade balance by selling opium to China, although the drug had been made illegal there. In a second Opium war (1857-60) the French also participated. As a result the Middle Kingdom was forced to legalize opium consumption and became a "nation of opium smokers" with tens of millions of addicts.³⁷⁰

Opium is probably the oldest drug known to humankind. It is assumed that opium has been in use since 8000-7000 BC. Opium poppies were grown by the ancient Sumerians, Assyrians, Egyptians and Chinese. It was also known to the Greeks and Romans.³⁷¹ However, while opium had been known in China for thousands of years, it was largely used for medicinal purposes. Regarding its recreational use before the arrival of the Europeans in the 16th century Booth notes:

Opium use was not widespread and was restricted to an upper-class elite who could afford it: most of the population, being semi-literate or illiterate, had not

³⁷⁰Berndt Georg Thamm, *Stichwort Drogen* (Munich: Heyne, 1994), 20-21; Allan A. Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier, 1981), 21-24; Werner Stein, *Kulturfahrplan* (Berlin: Herbig, 1973), 902.

³⁷¹Thamm, *Stichwort Drogen*, 10-11.

heard of it.³⁷²

The habit of smoking opium as opposed to ingesting the poppy or a product extracted thereof, was introduced to China by Portuguese and Dutch sailors in the 17th century. Recognizing the harmful effects of the drug, consecutive Chinese Emperors issued various decrees regarding its use. In 1729 Emperor Yung Cheng prohibited the smoking of opium and restricted its use to medicinal purposes only. He also ordered severe penalties for opium dealers. Yet, imports of opium increased rapidly. This contradiction is explained by the fact that the Chinese Imperial government, while handing out severe punishments to those selling the drug, also profited from taxing its import. In fact, the importation, sale and domestic cultivation of opium were only made illegal in 1799 following an edict by Emperor Kia King.³⁷³

While it had been the Portuguese and Dutch who initially supplied the Chinese with opium, British merchants came to control the trade by the early 18th century bringing thousands of tons of opium into the country from India. In fact, the British colonial economy and administration in India depended heavily on earnings from opium

³⁷²Booth, *Opium*, 103-104. Accordingly, opium had been used for medicinal purposes as ancient Assyrian or Egyptian writings indicate. The Romans used opium poppy extracts to treat headaches and arthritis, but also as a poison. Accordingly, the Roman Empress Agripina poisoned her stepson Britannicus with an overdose of opium in 55 AD to assure the ascension of her own son Nero. In China, opium preparations were used prior to surgery or as cures for dysentery and diarrhoea. Ibid., 16-20, 103.

³⁷³Ibid., 109-110. This approach differed little from the one taken by some governments in Latin America and elsewhere. Officially participants in the so-called War on drugs, they simultaneously encourage the inflow of drug money into their coffers.

exports to China.³⁷⁴ Drug trade turned into drug smuggling after the Imperial edict of 1799. Between 1821 and 1837 British as well as US opium imports increased almost eightfold. In addition, the drug entered the country from Turkey, and domestic cultivation also increased.³⁷⁵ Many Chinese, namely the dealers, middle men, and corrupt Manchu officials grew rich from the trade.³⁷⁶

Only in 1838 as the detrimental effects of opium on Chinese society, which by now had an addict population numbering tens of millions, became an urgent issue, did the Imperial government finally decide to enforce the laws mandated decades earlier. Moreover, while the government had profited from taxing the trade until 1799, the Chinese treasury was losing money after the edict as the smuggling resulted in an outflow of funds.³⁷⁷ In 1838 the Imperial high commissioner Lin Tse-hsü ordered the arrest of the opium dealers, and the confiscation and dumping of 1.4 tons of British-imported opium.³⁷⁸ The war broke out shortly afterwards. However, the late US historian Barbara Tuchman, pointed out that access to the huge Chinese market, not opium, was the main cause of the conflict. Accordingly, "the Chinese wanted to restrict, and the West to

³⁷⁴Ibid., 107.

³⁷⁵Sterling Seagrave, *The Soong Dynasty* (New York: HarperCollins, 1985), 4.

³⁷⁶Booth, *Opium*, 120; Barbara Tuchman, *Silkwell and the American Experience in China 1911-45* (New York: Bantam Books, 1972), 34.

³⁷⁷Ibid., 128.

³⁷⁸Peter Ward Fay, *The Opium War* (Chapel Hill: University of North Carolina Press, 1997), 142-161; Thamm, *Stichwort Drogen*, 20-21.

expand their intercourse."³⁷⁹

The Opium wars marked the beginning of foreign domination of China signified by the imposition of 'unequal treaties'. Between 1840 and 1860 Britain, France, and Russia took advantage of Chinese weakness. Britain gained Hong Kong in 1842. Tsarist Russia carved out large slices of territory in Northern China, including the Amur and coastal regions with the port city of Vladivostok. Moreover, between 1854 and 1884 the Russians took over the territories that make up the former Soviet and, presently independent, republics of Turkmenistan, Uzbekistan, Kirgizistan and Tadzhikistan. France took control of Indochina in 1885. Britain, France and Russia were later joined by Germany, the US and Japan.³⁸⁰ In 1895 China suffered a humiliating military defeat at the hands of the rising power of Japan and lost Korea which became a Japanese colony.³⁸¹

As a result these nations gained major economic and political concessions from

³⁷⁹Tuchman, *Stilwell and the American Experience*, 33-34. Nevertheless, it would seem that the amount of opium brought to China gives a new meaning to the notion of intercourse. According to one observer, the country consumed 22,588 tons of opium a year by 1906. Although most opium was initially imported, by that time it had become a home grown industry. Regardless, in contrast the global opium production in 1991 did not exceed 5,000 tons. See Michael Smith, "The Gordian Knot: The Connection between Narcotics and Development," in Michael Smith, Charunjee Normita Thongtham, Najma Sadeque, Alfredo Molano Bravo, Roger Rumrill, and Amanda Dávila eds, *Why People Grow Drugs: Narcotics and Development in the Third World* (London: Panos, 1992), 7.

³⁸⁰W. A. Douglas Jackson, *Russo-Chinese Borderlands* (New York: Van Nostrand, 1962), 36-39, 113-114; Hermann Kinder and Werner Hilgermann, *DTV-Atlas zur Weltgeschichte*, vol.2 (Munich: 1977), 91, 107, 113; F.W. Putzger, *Historischer Weltatlas* (Bielefeld, FRG. Cornelsen-Velhagen and Klasing, 1970), 124-125.

³⁸¹Frank Thiess, *Tsushima* (Hamburg: Rowohlt, 1987), 13.

China. Most important were the so-called treaty ports which forced the Chinese to open their country to trade with the West. Moreover, the Manchu regime had to accept the ports' extraterritoriality, meaning that they were under the administration of western powers, although situated on Chinese soil.³⁸² The western nations were also involved in the opium trade. According to Block and Chambliss, the territories in Asia controlled by the British, Dutch and French were, to a large extent, financed through opium monopolies managed by their respective colonial administrations. In China itself the trade was conducted from the port cities; namely, the extraterritorial spaces occupied by the western powers.³⁸³

From 1850 to 1864 China was rocked by the so-called *Tai-ping* rebellion in which an estimated 20 million people lost their lives. The rebellion was a popular insurrection against the corrupt Manchu rulers who had been weakened, and exposed as such across China, by the defeat in the First Opium war. The *Tai-Ping* movement's teachings were based on a blend of nationalism, Chinese religion, Christianity and principles of social organization which would have transformed the country in a way only the Chinese revolution did after 1949. Incidentally, Tuchman called the *Tai-ping* rebellion "China's failed French revolution."³⁸⁴ The proposed reforms included abolition of private property.

³⁸²Tuchman, *Stilwell*, 34-35

³⁸³Block and Chambliss, *Organizing Crime*, 24-25, Thamm, *Stichwort Drogen*, 21-22.

³⁸⁴Tuchman, *Stilwell*, 35.

common duty to participate in the cultivation of land, abolition of foot binding and equality for women including their access to all positions, abolition of alcohol and opium consumption and also the repudiation of all treaties that the Manchu had concluded under foreign pressure. While the West had initially been sympathetic to the *Tai-ping* because of the movement's affinity to Christianity, western, especially British military assistance to the Manchu played a pivotal role in its defeat in the 1860s.³⁸⁵

Shortly thereafter, in response to the foreign incursions emerged, the *Fists of Justice and Unity Society* which was behind the *Boxer Rebellion* (1899-1900), a popular uprising against the growing influence of the foreign powers and the dismemberment of the country. It was brutally suppressed by a multinational military force from Europe, the United States and Japan.³⁸⁶ As a result of the uprising China suffered more humiliations, including the stationing of foreign troops in the treaty ports and in the capital Beijing itself.³⁸⁷

The foreign interventions were a direct result of Chinese weakness, the corruption of Manchu rulers, and internal conflicts. The Chinese revolution of 1911 led by Dr. Sun Yat-sen, the founder of the *Kuomintang* party, did result in the end of Manchu rule and the creation of the Republic of China. However, it did not add to internal cohesion but

³⁸⁵Thamm, *Drachen*, 38-39. The *Tai-ping* rebellion was followed by Muslim uprisings in Central China which lasted until 1878. See Kinder and Hilgemann eds, *DVA-Atlas zur Weltgeschichte*, 91.

³⁸⁶*Ibid.*, 24-25.

³⁸⁷Tuchman, *Stilwell*, 39-40.

left the country fragmented and ruled by warlords. After the death of Sun Yat-sen in 1925, the *Kuomintang* under the leadership of Chiang Kai-shek established some sort of central control. By then the country suffered the first round of the civil war between Communists and Nationalists. In the early 1930s Japan continued its aggression on China devouring large tracts of territory. The Japanese created the puppet state of *Manchuko* in the occupied Manchuria and remained in China until the end of World War II. Shortly thereafter China entered the second phase of the civil war between Nationalists and Communists which ended in 1949.

It is this environment which gave birth to the *Shanghai Green Gang* which had emerged from the so-called *Green Guild*. The guild had been set up in the mid-19th century to represent the interests of hundreds of thousands of sailors and labourers who made their living on the barges and boats of the Grand Canal shipping grain to Beijing. However, as a result of the trade interruptions due to the mentioned civil conflicts, as well the introduction of steam ships which allowed transport by sea, they lost their livelihoods.³⁸⁸ The transition of the *Green Guild* to *Green Gang*, from an organization with a political and social agenda to a criminal one, occurred between the late 19th and the early 20th centuries during times of social and economic upheavals.³⁸⁹ By the early 1920s, under the leadership of Du Yue-sheng and Huang Jing-Yang, the *Green Gang* was

³⁸⁸Brian G. Martin, *The Shanghai Green Gang* (Berkeley: University of California, 1996), 12-13.

³⁸⁹*Ibid.*

estimated to have had between 20,000 members and 100,000 members. At that time Shanghai had become well-known "as the major centre of large-scale criminal activity in China" and the *Green Gang* was involved in labour racketeering, gambling, prostitution, and arms trading. More importantly, it controlled the lucrative opium trade.¹⁹⁰

After all, the withdrawal of the western countries from the trade after the turn of the century, which was symbolized by the opium conferences and other international agreements, did not mean an end to trafficking. Rather, Chinese criminal organizations, such as the *Green Gang*, moved in to supply the addict populations that had been created by the European practices. This process had begun when the Chinese began growing opium themselves in response to the imports of opium from British-controlled India. In fact, by the time Britain withdrew from the trade in China, cheaper domestically produced opium had already made foreign imports unprofitable.¹⁹¹

However, some countries continued their involvement in drug trafficking although their governments had signed international agreements to the contrary. For example, as previously noted France not only financed its colonial administration in Indochina, it also funded the conflict against the *Vietminh* under Ho Chi-minh in the late 1940s and 50s

¹⁹⁰According to Martin, the higher number is the one cited most frequently in his study of organized crime in Shanghai. He maintains that Shanghai gangsters numbered about 100,000 and that they "represented just over 3 percent of the population" of this port city, most of whom belonged to the *Green Gang*. Ibid., 35. See also Thamm, *Drachen*, 38-40, 80.

¹⁹¹Block and Chambliss, *Organizing Crime*, 26-28.

through drug trafficking which was managed by the French Secret Service.¹⁹² Peter Scholl-Latour, who had been to Vietnam in 1946 as a French Foreign legionary, and who returned many times since as a journalist, described the alliance between the French and the river pirates of the twin city of Saigon-Cholon, the above-mentioned *Binh Xuyen*. He writes:

These cutthroats were not only given policing powers over Saigon, but also the colossal profits of the red light districts of Cholon. The *Binh Xuyen* were feared and hated by the population. They were of gruesome efficiency, and there were ghastly rumours about their interrogation methods."¹⁹³

The *Binh Xuyen* profited from the opium trade, prostitution, and extortion. Moreover, the French relied on the gangsters to crack down on the Vietnamese Communists. Scholl-Latour points out that *Binh Xuyen* leader, General Le Van Vien, had been given 'carte blanche' and his "heavily armed gangsters" were feared more than the "Communist partisans and...succeeded in eliminating the active Communist resistance in the Saigon region."¹⁹⁴

¹⁹²Douglas Porch, *The French Secret Services* (New York: Farrar, Straus and Giroux, 1995), 319-357; as well as Alfred W. McCoy's classic *The Politics of Heroin in Southeast Asia* (New York: Harper and Row, 1972), 109-126.

¹⁹³Peter Scholl-Latour, *Der Tod im Reisfeld: Dreißig Jahre Krieg in Indochina* (Stuttgart: Deutsche Verlags-Anstalt, 1979), 87-88

¹⁹⁴*Ibid.*, 47.

5. Revolution and Dictatorship: The Roots of the Bolivian Cocaine Economy

a. The Bolivian Revolution

The Revolution of 1952 brought about the overthrow of Bolivia's traditional elites; namely, the oligarchy comprising tin mining barons and large-estate owners who had dominated the country since the turn of the century. Three mining companies, *Patiño*, *Aramayo*, and *Hochschild*, controlled tin mining which had been the source of more than 70 percent of the country's annual export earnings since the end of World War I. Moreover, 95 percent of agricultural land was owned by an agrarian elite, while some 60 percent of peasants shared less than 1 percent. The Bolivian power structure, prior to 1952, displayed some likeness to South Africa's system of *Apartheid*. By making literacy a precondition to vote, the regime excluded the 95 percent of the indigenous population, which "lived in a state of nearserfdom," from participating in elections. The traditional elites relied on the Bolivian military to maintain "increasingly fossilized" social and political structures.³⁹⁵

Following Bolivia's defeat by Paraguay in the so-called Chaco war (1932-35) and the negative repercussions of the global economic crisis in the interwar years, a nationalist opposition emerged against the repressive rule of the oligarchy. The opposition received its support from the growing urban middle class and the small, but

³⁹⁵Dieter Nohlen and René Antonio Mayorga, "Bolivien," in Dieter Nohlen and Franz Nuscheler, *Handbuch der Dritten Welt: Südamerika* (Bonn: Verlag J.H.W. Dietz, 1992), 184-185; Jean-Pierre Bernard, "Bolivia," in Richard Gott ed., *Guide to the Political Parties of South America* (Middlesex: Penguin Books, 1966), 109.

militant, labour groups from the country's mining sector. These groups organized themselves politically in the *Movimiento Nacionalista Revolucionario* (MNR).³⁹⁶ The revolution of April 1952, carried out by the MNR's union of nationalist middle classes and organized labour, resulted in fundamental transformations:

- the extension of civil rights to the indigenous population;
- the nationalization of the mining industry;
- the implementation of agrarian reforms that resulted in a massive redistribution of land from the large-estate owners to the indigenous peasantry;
- the government-sponsored creation of strong miners and peasant unions, which were united under the roof of the *Central Obrera Boliviana* (COB);
- the complete collapse of the military as an institution and the distribution of weapons to workers and peasant militias created by the regime.³⁹⁷

The Bolivian Revolution is viewed as one of the true revolutions in Latin America. Not only did it end the political dominance of mining barons and hacienda owners, it destroyed their bases of social and economic power. However, unlike Costa Rica where the military remained abolished after that country's 1948 revolution, the Bolivian armed forces were rebuilt in 1953 as a counterweight to the militias. The MNR tried to assure the loyalty of the new military by setting up party cells as well as through a selection process in the promotion of new officers.³⁹⁸

Furthermore, while the agrarian reforms resulted in the abolition of the hacienda system in the areas inhabited by the indigenous peasants, the less populated regions in the

³⁹⁶Alistair Hennessy, "Bolivia," in Claudio Vélaz ed, *Latin America and the Caribbean* (New York: Praeger, 1968), 28-29

³⁹⁷Nohlen and Mayorga, "Bolivien," 185-186

³⁹⁸Hennessy, "Bolivia," 29.

northeastern part of the country; namely, the Departments of Beni, Chapare and Santa Cruz, in the Oriente, were excluded. This factor is significant because the Bolivian cocaine industry emerged in these regions.³⁹⁹ The Oriente had been cut off from the central authorities from the beginning of Spanish colonialism in the 16th century to the mid-1950s when the Bolivian government built a transportation infrastructure. For example, the city of Santa Cruz, the regional capital, which became a centre of the drug trade, was founded by Spanish soldiers in 1561 and could only be reached by horse or mule. The Oriente was united with the rest of the country only after 1952 through the construction of roads and railway lines which also created links to Argentina and Brazil.⁴⁰⁰ Regardless, from the Yungas and Chapare, Bolivia's predominant areas of coca cultivation, the leaves were moved to secret laboratories in the Oriente for conversion to coca paste. The half-finished product was transported to Colombia for final processing. However, Bolivian traffickers also produced cocaine hydrochloride which they exported to Colombia as well as the United States.⁴⁰¹

³⁹⁹Herbert S. Klein, *Bolivia: The Evolution of a Multi-Ethnic Society* (New York: Oxford University Press, 1992), 235.

⁴⁰⁰Hargreaves, *Bitterer Schnee*, 98, Valentin Abecia Baldivieso, *Breve Historia de Bolivia* (Caracas: El Libro Menor, 1985), 232-237

⁴⁰¹Madeline B. Leons and Harry Sanabria, "Coca and Cocaine in Bolivia," in Madeline B. Leons and Harry Sanabria eds. *Coca, Cocaine, and the Bolivian Reality* (Albany, NY: State University of New York Press, 1997), 4-10.

5b. The *Banzerato*

General Banzer himself came from Santa Cruz and was on familiar terms with the regional agrarian elites. He shared their fears of the extension of the agricultural reforms of the 1952 Bolivian Revolution to the Oriente. Banzer launched his 1971 coup from Santa Cruz province while local elites in the Oriente gave Banzer strong backing after the coup. For their support Oriente elites received economic favours and benefits that in turn did bring economic growth and prosperity to the once neglected region. Bolivia recorded a 238 percent expansion in the value of its foreign agricultural sales between 1971 and 1974, most of which derived from the Oriente.⁴⁰² The government also maintained its support base in the Oriente by supplying cheap agricultural credits. As one author notes these policies amounted to

a substantial transfer of income to the large commercial farmers of the Oriente... It was a policy that favoured the large-scale farmers of the Oriente who in turn provided political support for the government.⁴⁰³

It is also noteworthy that Bolivia's Fascist party, the *Falange Socialista Boliviana* (FSB), had strong support in the Beni region from where some drug-trafficking families originated.⁴⁰⁴ The FSB has played a strong role in the country's politics, including the

⁴⁰²Jeremy Ladman, "The Political Economy of the "Economic Miracle of the Banzer Regime," in Jeremy Ladman ed. *Modern-Day Bolivia: Legacy of the Revolution and Prospects for the Future* (Tempe, AZ: Center for Latin American Studies, Arizona State University, 1982), 329-330; Klein, *Bolivia: The Evolution of a Multi-Ethnic Society*, 254.

⁴⁰³*Ibid.*, 330.

⁴⁰⁴Reid, "Una Region Amenazada," 163

1980 coup despite its relatively small size. Founded in exile in Chile in 1937 and "sharing the principles of the Spanish Fascists," the FSB has had considerable influence in Bolivian politics after the 1952 revolution, which had put an end to oligarchic rule. At that time it received the political support of those "who had been victims of the revolution -- dispossessed landowners, professional people who had worked for the now nationalized mining companies, [and] army officers transferred" to duty in the provinces.⁴⁰⁵ Initially, the government set up by Banzer, the "Popular Nationalist Front," which lasted until November 1974, included FSB members. However, after an unsuccessful coup attempt by this extreme right-wing group, the military took over completely and abolished the political parties.⁴⁰⁶ The *Banzerato* ended in 1978 and was followed by a period of political instability that was to end with the handover of power to a civilian government produced by the elections of June 29, 1980. Nevertheless, the era of the 1971-78 military rule under General Banzer is directly linked to the 1980 *Cocaine coup*.

⁴⁰⁵Bernard, "Bolivia," in Gott ed, *Guide to the Political Parties of South America*, 127-129. For more information on Bolivian Fascism see Marcos Domich Ruiz, *Ideologia y mito: Los origenes del fascismo boliviano* (La Paz: Editorial Los Amigos Del Libro, 1978)

⁴⁰⁶Charles Arnade, *Bolivian History* (La Paz, Bolivia: Werner Guttentag T , 1984), 228.

5c. The Bolivian Cocaine Quandary

The emergence of Bolivia's cocaine industry cannot be divorced from the price fluctuations of the products with which the country enters the global economy. However, while the suppliers of the raw product coca were, and still are, from the peasantry, the Bolivian trafficking organizations, in contrast to most OC groups, came from the traditional land-owning elite in the Beni and Santa Cruz regions, and also from retired military officers. Kevin Healy writes:

Two principal groups of this economic elite included owners of large cattle ranches and merchants (e.g., exporters of cattle, rubber and Brazil nuts) in the eastern department of the Beni, and the agro-business elite (whose wealth and income derived primarily from sugar cane, cotton, soy beans, cattle production, commerce and agro-industries, such as sugar and rice mills) in the Santa Cruz region. Their multiple economic interests... extend into import houses, banks, automobile dealerships, retail stores and money exchange houses.⁴⁰⁷

Roberto Suárez Gómez, who emerged as the country's leading drug dealer in the late 1970s, was a cattle rancher, a "traditional latifundista... of Spanish descent." He owned large tracts of land around Santa Ana which is located north of Santa Cruz, and had originally used his fleet of small aeroplanes to deliver beef to the capital La Paz. Another rancher from the Beni who turned drug trafficker was Hugo Rivero Villavicencio.⁴⁰⁸ A second group of drug dealers emerged from the military. During the

⁴⁰⁷Kevin Healy, "The Boom Within the Crisis: Some Recent Effects of Foreign Cocain Markets on Bolivian Rural Society and Economy," in Deborah Pacini and Christine Franquemont eds, *Coca and Cocaine: Effects on People and Policy in Latin America* (Boston, MA: Cultural Survival, 1986), 104-105.

⁴⁰⁸James Painter, *Bolivia and Coca* (Boulder, CO: Lienne Rienner, 1994), 26-28.

1970s the Bolivian government had issued land concessions in the Beni in northern Bolivia to officers who later turned to cocaine trafficking. It is generally assumed though that this group was responsible for transportation rather than production. For example, Erwin Guzmán and Jorge Flores Moisés, leading drug dealers, who gave themselves up in the early 1990s, were former officers and pilots in the Bolivian air force.⁴⁰⁹ Moreover, the military officers involved in the *Cocaine coup*, such as Luis Arce Gómez, also belong into this category.

The emergence of the Bolivian cocaine economy confirms the previously quoted claim by Block and Chambliss that "criminal behaviour is a response of groups and social classes to the resources and constraints that exist in the social structure."⁴¹⁰ It also fits Chambliss' contention that organized crime may be created by "law and government" and may be "a hidden but nonetheless integral part of the governmental and economic structures of the society."⁴¹¹

After the collapse of the price of cotton in 1975/76 which was accompanied by the decline of the prices of other commodities on the global market, the landowning and agribusiness elites moved into cocaine trafficking.⁴¹² Scott B. Macdonald points out that

⁴⁰⁹Ibid.

⁴¹⁰William J. Chambliss, *On the Take* (Bloomington: Indiana University Press, 1988), 208.

⁴¹¹Ibid., 6.

⁴¹²Madeline B. Leóns, "Cocaine in the Bolivian Yungas," *Journal of Latin American Studies*, 25, 1, (1993):125; Leóns and Sanabria, "Coca and Cocaine in Bolivia,"

[t]he collapse of the cotton prices in 1975 and 1976 forced many wealthy farmers to reconsider their positions. Many in the Santa Cruz area had invested in cotton when prices were up...[in the early] 1970s; when prices fell on the international markets, increased coca production as well as selling cocaine on the contraband market, became attractive.⁴¹³

Valentin A. Baldivieso notes that the 20,000 metric tons of Bolivian cotton exported in 1974 amounted to earnings of just over US\$ 21 million. By 1977 cotton exports had dipped to some 9,000 metric tons while export earnings totalled US\$ 13.5 million. Baldivieso also points to an increase in coca cultivation for the production of cocaine. Accordingly, in 1963 Bolivia produced around 5,000 metric tons of coca destined for domestic traditional consumption and legal exports. By 1977, he estimated, that the coca production totalled almost 20,000 metric tons.⁴¹⁴

Moreover, circumstantial evidence suggests that the Banzer regime came to the aid of elites facilitating the shift from cotton to cocaine. Rosa del Olmo discusses the work of Rene Bascope Aspiazu who claims that the Banzer government took an active role in the conversion from cotton production to participation in the cocaine trade. Accordingly, following the collapse of cotton prices in 1975/76 both the government and the *Asociación de Productores de Algodón* (ADEPA), Bolivia's Association of Cotton

in Leóns and Sanabria eds, *Coca, Cocaine, and the Bolivian Reality*, 9-10. Also see Hargreaves, *Bitterer Schnee*, 98-99.

⁴¹³Scott B. Macdonald, *Mountain High, White Avalanche* (New York: Praeger, 1989), 73.

⁴¹⁴Baldivieso, *Breve Historia de Bolivia*, 263.

Growers, even undertook a feasibility study to research the conversion to cocaine.⁴¹⁵

Although James Dunkerley discounts this version, he maintains that "some degree of high-level planning" did occur. For example, the acquisition of chemical precursors for coca paste production "required a major commercial operation and some state assistance."⁴¹⁶

Hargreaves claims in her study of Bolivian cocaine trafficking that the Banzer government, via the state-owned *Banco Agrícola* [Agriculture Bank], gave credits worth millions of dollars to the members of ADEPA after the collapse of cotton prices, "a repayment of political debts." Some used these funds to acquire the necessary infrastructure, such as constructing secret jungle runways, buying planes, and to hire body guards. Regardless, the collapse of cotton prices in the mid-1970s set into motion processes that contributed to the emergence of Bolivian organized crime and the creation of a trafficking infrastructure.⁴¹⁷

The Bolivian cocaine industry was shaped by another, even more severe economic crisis: namely, the dramatic decline of the country's main source of income due to the collapse of the tin industry during the 1980s. Bolivia lost 20 percent of its GNP between 1980 and 1985, while the official unemployment figures rose from 6 to 20 percent. In

⁴¹⁵René Bascopé Aspiazu, *La veta blanca: coca y cocaína en Bolivia* (La Paz, 1982), 68, 99; as quoted in del Olmo, *¿Prohibir o domesticar?*, 81-83

⁴¹⁶James Dunkerley, *Rebellion in the Yams* (London: Verso, 1984), 315.

⁴¹⁷Hargreaves, *Bitter Schnee*, 99. The role of the *Banco Agrícola* is mentioned by various authors. See for example, Painter, *Bolivia and Coca*, 26.

1985 inflation had reached the astronomical heights of 24,000 percent annually.

Therefore, thousands of unemployed miners migrated into Chapare province to cultivate coca as their only source of income.⁴¹⁸

⁴¹⁸Ibid . 65

6. **Organized Crime and the *Shanghai Coup***

I maintained that traditional elites under threat may make alliances in which they *give up* political power in order to *maintain* their social power. Furthermore, I have stated that such coalitions have historically resulted in the rise of Fascism in Germany, Italy and elsewhere. Similar alliances have taken place elsewhere resulting in military dictatorships with policies that exhibit considerable resemblance to those of Fascist regimes, for example in Latin America. Moreover, I have discussed the ideology-like preferences that criminal groups develop in the course of their evolution. This led me to my argument that under certain conditions organized crime can also become an ally for traditional elites or parts thereof.

While the Chinese case is very complex, it nevertheless fits the described pattern, even to the extent that elites acquiesced to more in their 'pact with the devil' than they had originally bargained for. The rise of the *Green Gang* and other OC groups in China cannot be separated from the political turmoil that followed the overthrow of the Manchu in 1911 and the establishment of the Republic of China under Dr. Sun Yat-sen, the founder of the Nationalist Party, the *Kuomintang* (KMT).

The early 1920s saw the Chinese Communist Party (CCP) as a growing force, albeit as a junior partner of the Nationalists as Communists could also become KMT members under the leadership of Sun Yat-sen. The KMT had been a radical party based on the so-called "Three People's Principles" developed by Sun Yat-sen: Nationalism, Democracy and "Livelihood for the People." None of these principles was ever fully

developed. However, the third one which advocated "the restriction of capital," the "equalization of rights in the land," promoted socialism. This attracted the Chinese Communists and suited the interests of the Communist Internationale (*C'omintern*) directed from Moscow. Following its directives, the Communists, therefore, entered the KMT and ultimately emerged as the left wing of the party. CCP and KMT were official allies.⁴¹⁹

The Soviet Union played an important role in the reorganization of China's military in the early 1920s. Not only did the Soviets supply the regime with weaponry, they were also instrumental in setting up the Whampoa military academy in 1924.⁴²⁰ The academy was "supplied and operated with Russian funds, staffed by Russian military advisors," while Chiang's troops were armed with weapons from the USSR. Sun Yat-sen's principal military advisor was Soviet General Vasily Blücher who had helped found the Whampoa academy.⁴²¹

The cordial ties between Nationalists and Communists did not continue long after

⁴¹⁹Harold Isaacs, *The Tragedy of the Chinese Revolution* (Stanford: Stanford University Press, 1962), 61-64. Isaac's superb study of the Chinese revolution is the second revised edition and was originally published in 1938. See also Isaac Deutscher, *Stalin: A Critical Portrait* (Harmondsworth: Penguin Books, 1970), 394-396.

⁴²⁰Tuchman, *Stilwell*, 116.

⁴²¹Isaacs, *The Tragedy of the Chinese Revolution*, 64, 257. Chiang Kai-shek's 2nd wife also refers to the "Soviet... aid in the form of finances, arms, and ammunition" which allowed the Nationalists to campaign against the northern warlords in 1926/1927. See Ch'en Chieh-ju, *Chiang Kai-shek's Secret Past* (Boulder, CO: Westview Press, 1993), 203.

the 1925 death of Sun Yat-sen. The new KMT leader Chiang Kai-shek had initially maintained the good relations with his CCP ally as well as Moscow, relying on the Communists and on Soviet weaponry in 1926 to defeat the warlords who had established their rule in the northern parts of the country. Yet he also feared the Communists' growing infiltration of the KMT and of the military. Thus, after reestablishing some form of central control in China, Chiang turned against them in the spring of 1927.⁴²²

To suppress the organized and revolutionary left in China, Chiang turned for help to the various OC groups in the country. Martin points out that the KMT leadership strove to set up institutional links with the Triads in China, for example through the creation of a Triad Promotion Association. However, Chiang's association with the above-mentioned *Green Gang* was the most important.⁴²³

The alliance between *Green Gang* and the *Kuomintang* was furthered by the personal relationship between Chiang Kai-shek and Du Yue-sheng. Chiang had been introduced to the gang as early as 1906 and was sponsored for membership in 1908. He participated in gang activities as an officer in the Chinese army and even during holidays from training at the Japanese military academy he attended prior to the 1911 revolution. Accordingly, the future Chinese leader had a police record in the British-administered

⁴²²Ibid., 142-143, 153-155. For an account of the *Kuomintang's* campaign against the northern warlords which succeeded largely due to the help of the Chinese Communists see Donald A. Jordan, *The Northern Expedition* (Honolulu: The University of Hawaii Press, 1976), 67-106.

⁴²³Martin, *The Shanghai Green Gang*, 163.

international settlement in Shanghai which included "murder, extortion, numerous robberies, and assorted other crimes." While it is difficult to determine the exact date of their first encounter, Chiang Kai-shek and Du Yue-sheng had formed a personal friendship by 1911 that resulted from their carousing together in the brothels of Shanghai.⁴²⁴

The relationship between the future ruler of China and the gang leader is of considerable importance for the turn of events. Most important here is Sun Yat-sen's choice of Chiang Kai-shek as commander of the Whampoa military academy in 1924. Not only was the position a prestigious one, it allowed him to admit *Green Gang* members as Whampoa recruits, a fact its Soviet advisors failed to note. According to Seagrave, some 7,000 cadets were "drawn directly from the *Green Gang*, or indirectly through family membership or dependency."⁴²⁵ These future officers of the Nationalist army came to play an important role after Chiang Kai-shek succeeded Sun Yat-sen in 1925.

Shanghai was China's most important city during the 1920s. It was the country's largest industrial centre and home to its burgeoning bourgeoisie. Correspondingly, it also contained the majority of the country's industrial workers with the largest base of Communist Party support in China. The position of the CCP was strong because of its role in the organization of strikes that had led to the downfall of Shanghai's local warlord

⁴²⁴Seagrave, *The Soong Dynasty*, 156-158

⁴²⁵Ibid., 186-187

in March 1927. An armed worker's militia some 3,000 - 5,000 strong which had been set up by the *Shanghai General Labour Union* (SGLU), carried out most of the police functions" and guarded important locations, such as the SGLU's headquarters. In addition, the CCP dominated Shanghai's municipal government.⁴²⁶

Robert Berkov noted that Chiang Kai-shek "realized that whoever held Shanghai would hold the purse of China and ultimate power."⁴²⁷ *Green Gang* backing was therefore decisive for success because the KMT's military strength in Shanghai was no match for the worker's militia. In fact, Chiang felt he could not rely on Nationalist troops stationed nearby because their commanders apparently displayed "leftist tendencies."⁴²⁸ The operations which aimed at cleansing Shanghai of Communists and left-wing union activists unfolded in the early morning of April 12, 1927. Although KMT and CCP were officially still allies, the workers' militias guarding union offices and safe places were attacked. *Green Gang* members, furnished with "nationalist uniforms," guns and tanks conducted a night operation together with Chiang Kai-shek's troops. The militias were taken by surprise by 'soldiers' whom they considered allies.⁴²⁹ Harold Isaacs writes correspondingly:

⁴²⁶Thamm, *Drachen*, 81; Snow, *Roter Stern*, 78-79; Martin, *The Shanghai Green Gang*, 98.

⁴²⁷Robert Berkov, *Strong Man of China* (Freeport, NY: Books for Libraries, 1970), 63. The book is a reprint from the original 1938 publication.

⁴²⁸Martin, *The Shanghai Green Gang*, 99

⁴²⁹Snow, *Roter Stern*, 79.

Together or separately, in accordance with...prearranged plans, ...[the gangsters and nationalist soldiers] attacked the head-quarters of working class organizations scattered throughout the city. In most cases...the objectives were won after sharp but brief battles... Every man who resisted was shot down where he stood. The remainder were lashed together and marched out to be executed...⁴³⁰

The 'White Terror' that ensued thereafter culminated in the massacre of thousands of Communists and labour activists, and resulted in the end of open organized left-wing activities in Shanghai, driving the CCP underground. Edgar Snow relies on numbers provided by Chou En-Lai, who himself only barely escaped death in Shanghai and who went on to become the People's Republic of China's Foreign Minister after 1949. Accordingly, some 5,000 Communists and union activists were killed in the city.⁴³¹ The events which transpired in this Chinese port city were part of a larger design that was put into operation across China and resulted in the establishment of Chiang Kai-shek's military dictatorship, the Nanking regime, in 1927. Accordingly, within some six months the entire Chinese Communist movement was ruined as,

hundreds and thousands of Communists perished in Shanghai, Nanking, Wusih, Soochow, Changchow, Hangchow, Canton.⁴³²

Chiang relied on his underworld associates in those areas where he could not

⁴³⁰Isaacs, *The Tragedy of the Chinese Revolution*, 105-106.

⁴³¹Thamm, *Drachen*, 80-81; Snow, *Roter Stern*, 79-80. See also Martin, *The Shanghai Green Gang*, 111.

⁴³²Kinder and Hilgemann eds, *DIW-Atlas zur Weltgeschichte*, 173. Accordingly, "about 25,000 Communists were executed" in all of China. See Georg Palocz-Horvath, *Mao Tse-tung* (Frankfurt a.M.: Ullstein, 1967), 65; Also see Tien-Wei Wu, "Chiang Kai-shek's April 12th Coup of 1927," in F. Gilbert Chan and Thomas H. Etzold (eds), *China in the 1920s* (New York: New Viewpoints, 1976), 157-158; Berkov, *Strong Man*, 66.

officially use the army. For example, the *Green Gang* was instrumental in setting up what can only be described as the Chinese equivalent of a Latin American death squad. It consisted of Communist deserters and, according to Shanghai Municipal Police reports, the group was responsible for the assassination of some 4,500 members of the Communist underground between July 1933 and July 1934.⁴³³ Another report refers to the so-called C.C. Corps, which "quickly became known as Chiang's OGPU," a reference to the Soviet Secret Police. It was believed to be behind "countless acts of terror."⁴³⁴ In 1932 the *Green Gang* leadership, together with the KMT also created the so-called "Action Club" which was a "highly secret organization" strongly inspired by the "Italian Fascist Party" and "German National Socialism." Its' goal was to inculcate Fascist doctrines into the Nationalist Party and to enhance the status of Chiang Kai-shek. The *Green Gang* leadership was also instrumental in establishing the *Blue Shirt Society*, which was strongly influenced by Fascist teaching and set up to emulate the German and Italian models.⁴³⁵ The *Blueshirts* were about 10,000 strong and were led by *Green Gang* members who had been cadets at the Whampoa military academy.⁴³⁶

In her memoirs Chiang Kai-shek's second wife claimed that the members of the

⁴³³Martin, *The Shanghai Green Gang*, 165.

⁴³⁴Berkov, *Strong Man*, 132. C C stands for Ch'en Kuo-fu and Ch'en Li-fu, two brothers and some of Chiang's closest allies. See Seagrave, *The Soong Dynasty*, 293-294.

⁴³⁵Martin, *The Shanghai Green Gang*, 165.

⁴³⁶Seagraves, *The Soong Dynasty*, 294.

Blueshirt Society

were to recognize only the orders of the leader...were told to forget about all other duties except fealty to the boss and to be ever ready to arrest, kill, torture, or mutilate any suspect or culprit that fell into their hands.⁴³⁷

Seagraves writes correspondingly:

The Blueshirts's job was to reform China the hard way, by knocking heads together, carrying out political assassinations, liquidating corrupt bureaucrats and "enemies of the state"⁴³⁸

Maria Hsia Chang's account defends the *Blueshirts'* activities. She denied their Fascist leanings, while she also makes no mention of the links with the *Green Gang*. Chang's work is on the whole not very convincing.⁴³⁹ For example, she contended that the *Blueshirts* lacked the "culture of death" of the Fascist regimes in Germany and Italy. In fact, she argued that the "terror or assassinations" committed by the *Blueshirts* did not demonstrate any affinity to Fascist practices because such activities were routine in intelligence agencies, and even part of "CIA" operations.⁴⁴⁰

The *Green Gang* was also made responsible for labour peace thereafter. The SGLU was put under *Green Gang* control which enforced the new labour legislation of the KMT regime. The 1928 Law of Expediency licensed the apprehension of any strike

⁴³⁷Ch'en Chieh-ju, *Chiang Kai-shek's Secret Past*, 201.

⁴³⁸Seagraves, *The Soong Dynasty*, 294

⁴³⁹Maria Hsia Chang, *The Chinese Blueshirt Society* (Berkeley, CA: Institute of East Asian Studies, 1985).

⁴⁴⁰*Ibid.*, 20-22.

organizer for being a "troublemaker." In 1929 the KMT introduced new repressive labour legislation which included:

- the approval of government as a precondition to unionization;
- unions must give notice and hand over minutes of meetings;
- the prohibition of the formation of union organizations beyond the local level;
- the designation of government 'watchdogs' in public sector unions;
- the obligatory arbitration to settle disputes.⁴⁴¹

Shanghai labour was thus managed largely through violence or the threat of violence inflicted by organizations, such as the *Workers' Action Battalion* established by the *Green Gang*, which was described as an assortment "of black-shirted bully-boys." Martin maintains that organized crime was "integrated into the system of state power" and became "part of the formal structures of labour organization" set up by the Nationalist regime.⁴⁴² The relationship is similar to that observed within the corporatist structures of Nazi Germany or Fascist Italy. For example, the stipulations of the *Deutsche Arbeitsfront* (DAF), the Nazi organization created to manage German labour after 1933, differ little from those imposed by the *Green Gang*. Not only were labour representatives and industrial manufacturers merged into one and the same organization, all union structures beyond the factory level were eliminated. By 1938 the German worker had been turned into a "soldier in the economy" regimented by a powerful bureaucracy intent on rapid

⁴⁴¹Marie-Claire Bergère, "'The Other China': Shanghai from 1919 to 1949," in Christopher Howe ed, *Shanghai: Revolution and Development in an Asian Metropolis* (Cambridge: Cambridge University Press, 1981), 18-19.

⁴⁴²Martin, *The Shanghai Green Gang*, 165, 224. See also Thamm, *Drachen*, 80.

rearmament.⁴⁴³

Chiang's shift to the right is also apparent in his choice of military advisors and the sources of armaments. Until 1927 the Nationalists had received most of their weaponry from the USSR whose military advisors had set up the Whampoa academy. The cooperation between Soviets and *Kuomintang* had been the continuation of Leninist policies in the attempt to help foster revolution abroad during the early Stalin era. However, the failure of these revolutions resulted in the changes in the foreign and domestic policies. These were introduced by Stalin in his bid to build Socialism in the Soviet Union first. These policies; namely, the push for rapid industrialization and the collectivization of agriculture, were set into motion after Stalin had achieved a position of control in 1928. The Soviet 'loss of China' greatly contributed to this shift. Walt Rostow, for example, observed:

The failure of the German Revolution in 1923 and of the Chinese Revolution in 1927 strengthened the nationalist bias in the Russian Communist Party, as it took shape under Stalin's rising authority.⁴⁴⁴

When Chiang Kai-shek launched his fifth offensive in 1934 against the Chinese Communist Red Army since the 1927 break, his military advisors came from the West.

⁴⁴³Martin Broszat, *The Hitler State* (New York: Longman, 1981), 138-156.

⁴⁴⁴Walt Rostow and Alfred Levin, *The Dynamics of Soviet Society* (New York: Mentor Books, 1960), 52. It had been Stalin who had backed Chiang Kai-shek while Leon Trotsky had opposed the alliance with the *Kuomintang* and opted for the CCP. Stalin was taken by surprise by the events of April 12th, 1927 and his position was endangered for some time thereafter. However, he managed to regain support and it was Trotsky, as well Zinoviev and Kamenev, who were expelled from the Party in late 1927. See Deutscher, *Stalin*, 396-399.

notably Germany, while his armaments were supplied from Europe and the United States. It succeeded in destroying the Soviet Republic of Kiangsi established three years earlier forcing the Communist troops onto the Long March.⁴⁴⁵

⁴⁴⁵Accordingly, Chiang Kai-shek relied on a "corps of German advisors headed by General Hans von Seeckt." Meanwhile Chiang's half-a-million strong Nationalist army, was "schooled by the German General von Seeckt and armed with weapons of the latest design from the munitions factories of Europe and the United States." See Isaacs, *The Tragedy of the Chinese Revolution*, 303, 349

7. The Military, Organized Crime and the *Cocaine Coup* in Bolivia

As indicated previously, Bolivian elites did not face threats from the revolutionary left. The most notable of guerillas active in Bolivia had been Ernesto 'Che' Guevara. However, his attempt to generate Cuban-style revolutionary warfare was defeated. Guevara and most of his rebels were killed in 1967, while a second attempt to set up a revolutionary group failed in 1969.⁴⁴⁶

The election victory of the centre-left *Unión Democrática Popular* (UDP) threatened the links between Bolivian drug traffickers and some of the elites established during the Banzer regime which had "assured official passivity toward... [the former's] activities."⁴⁴⁷ Furthermore, the democratic government would undoubtedly have looked into these and other activities that transpired during the Banzer regime. For example, there had been demands from the left to investigate Banzer for human rights violations.⁴⁴⁸

Finally, it must be considered that the return to democracy after a decade of military rule coincided with the imposition of a structural adjustment program by the International Monetary Fund (IMF) which had caused "widespread popular protest."

⁴⁴⁶John Lee Anderson, *Che Guevara: A Revolutionary Life* (New York: Grove Press, 1997), 682-739; Peter Waldmann and Ulrich Zelinsky eds, *Politisches Lexikon Lateinamerika* (Munich: C.H. Beck, 1982), 57

⁴⁴⁷Michael Reid, "Una Region amenazada por el narcotráfico," in Diego García-Sayán, *Coca, Cocaína y Narcotráfico* (Lima: Comisión Andina de Juristas, 1989), 163

⁴⁴⁸James Dunkerley, "Bolivia at the Crossroads," *Third World Quarterly*, 8, 1, (1986):149; "International outcry against military seizure of power in Bolivia," *Latin American Weekly Report*, July 25, 1980, 1-2; Hargreaves, *Bitterer Schnee*, 167

especially in the rural regions where peasants had established the *Confederación Sindical Única de Trabajadores Campesinos de Bolivia* (CSUTCB), a powerful union organization.⁴⁴⁹

As *Green Gang* members had been involved in the execution of Chiang Kai-shek's coup, an identical role was played by paramilitary forces financed and organized by drug traffickers in Bolivia. The so-called *Fiances of Death*, described as the "shock troops of the coup," had been set up by the previously mentioned Klaus Barbie and financed by the Bolivian drug baron Roberto Suárez.⁴⁵⁰ The internationally sought Nazi war criminal had already been employed as security advisor to the military regime where he allegedly refined the torture and interrogation techniques of the Bolivian Secret Service. He, however, switched to work for Suárez after Banzer's overthrow. Hargreaves writes further that

Barbie recruited a gang of young Neofascists and Neonazis ... The outfit, which called itself the "Fiances of Death," included the Italian terrorist Stefano delle Chiaie (who had been trained by the Chilean Secret Police), his friend Pier Luigi Pagliai, the young [German] Neonazi Fiebelkorn and Manfred Kuhlmann, a Rhodesian mercenary. Most had been trained by the Argentinean Secret Service and had worked for it. In Bolivia they belonged to the dubious, newly formed organizations within the Interior Ministry...⁴⁵¹

Michael Levine, a former DEA agent who worked in Bolivia at the time,

⁴⁴⁹Dunkerley, *Rebellion in the Yams*, 273.

⁴⁵⁰The Economist Intelligence Unit, *Quarterly Economic Review of Peru, Bolivia*, I, (1983), 19.

⁴⁵¹Hargreaves, *Bitterer Schnee*, 175-176

described the *Fiances of Death* as "a group of more than 600 paramilitary, swastika-wearing, Nazi-worshipping mercenaries recruited by... Barbie..."⁴⁵² The Swiss journalist Romeo Rey referred to a blend of Bolivian generals, "German-descended Nazis, Italian Neofascists, Argentinean torture specialists, and domestic cocaine traffickers."⁴⁵³ Reid maintained that the paramilitary also included militants from the FSB which had strong support in the Beni region from where some of the drug-trafficking families originated.⁴⁵⁴

As in Shanghai the first targets of the insurrectionists in La Paz were the offices of the organized left, in particular the MIR, the Socialist party, the *Partido Socialista* (PS), and Bolivia's powerful labour union, the COB. The other goals of importance were the Government Palace, the Catholic radio station, *Fides*, and the offices of the weekly *Aquí*.⁴⁵⁵ Socialist party boss, Marcel Quiroga Santa Cruz, described as "Bolivia's most distinguished left-wing statesman," was assassinated as were some twenty trade union leaders. Quiroga was on the paramilitary's blacklist because of his attempt to impeach the previous president and military dictator general Banzer for human rights violations.⁴⁵⁶

⁴⁵²Michael Levine and Laura Kavanau-Levine, *The Big White Lie* (New York: Thunder's Mouth Press, 1994), 57.

⁴⁵³Romeo Rey, *Zehn Jahre Grausamkeit oder die Erdrosselung Lateinamerikas* (Hamburg: Rowohlt, 1983), 143.

⁴⁵⁴Reid, "Una Region Amenazada," 163.

⁴⁵⁵Alfonso Gumucio Dagron, *La Mascara del Gorila* (México, D.F.: Editorial Oasis, 1982), 11.

⁴⁵⁶"International outcry against military's seizure of power in Bolivia," *Latin American Weekly Report*, 1-2; Dunkerley, "Bolivia at the Crossroads", 149; Hargreaves,

After gaining control in the capital, the military and the death squads rushed to overcome the resistance in the rest of the country, in particular among the mine worker and peasant unions. Dagron mentions poorly armed peasants, who with a few old guns from the 1930s Chaco war, resisted repeated attacks by tanks and air force planes. According to another report, miners and peasants blocked roads and were even initially successful in repelling army attacks.⁴⁵⁷ Still, the troops gained the upper hand, and dozens of striking workers in the Andean mining town of Caracoles were massacred. Military and paramilitary units scouted the countryside, 'disappearing peasants' to suppress any resistance among the rural population. Several thousand people were arrested immediately after the coup. Many were tortured. In September of 1980 some 1,500 - 2,000 people were still imprisoned without arrest orders.⁴⁵⁸ The terror against the left continued for months as indicated by the massacre of six party leaders of the MIR in January 1981.⁴⁵⁹

The Garcia Meza regime also attempted to reorganize Bolivia's powerful union movement along corporatist lines. Shortly after the coup the regime "outlawed all trade union activity."⁴⁶⁰ It then set up a new organization comprising "the only legal

Bitterer Schnee, 167.

⁴⁵⁷Ibid; Dagron, *La Mascara del Gorila*, 42.

⁴⁵⁸Hargreaves, *Bitterer Schnee*, 171.

⁴⁵⁹Reid, "Una Region Amenazada," 164.

⁴⁶⁰Dunkerley, *Rebellion in the Yams*, 290.

representatives of the working class." These representatives, called *relacionadores*, were not elected but appointed by the government. They vowed to uphold a "social pact," based on "harmony" ... "between capital and labour on terms determined by the regime." The delegates were "long standing 'nationalists' or tame, unknown...white-collar workers," old union activists, who thought they could do some good by staying, and members of the paramilitary.⁴⁶¹ Given the regime's little time in power, these attempts did not succeed and many clandestine union activities continued. In fact, organized labour played a vital role in bringing down the dictatorship.⁴⁶²

⁴⁶¹Ibid., 296-297.

⁴⁶²Ibid., 343

8. DRUGS AND REGIME FINANCE

Both the Chinese Nationalist government and the Bolivian regime depended strongly on funds from the drug trade. For example, the KMT - *Green Gang* alliance provided the cash-strapped Nationalist regime with important revenues from the opium trade which it needed to keep its troops supplied. In concordance with international agreements opium had been declared illegal. However, given the government's financial needs, Chiang established the *National Opium Suppression Bureau* (NOSB), an opium monopoly. The NOSB, however, was little than a façade and turned into a government-controlled agency which bought opium from local producers, and then sold it to the existing large Chinese addict population. According to Martin, this front was adopted to lessen domestic disapproval and protests from other signatory states of international drug prohibition treaties, such as the 1912 Hague Convention.⁴⁶³ By 1935 the NOSB was run by none other than the *Green Gang's* Du Yue-sheng.⁴⁶⁴

While any figures on the drug trade are sketchy and difficult to attain, there should be little doubt that these revenues were extremely important to the running of the Nationalist government. According to estimates, government income through

⁴⁶³Martin, *The Shanghai Green Gang*, 136.

⁴⁶⁴Frederic E. Wakeman, *Policing Shanghai 1927-1937* (Berkeley: University of California Press, 1995), 131. According to Shanghai police reports, the nationalist leader commissioned Du Yue-sheng to refine opium confiscated by the NOSB into morphine and heroin. The earnings went towards financing the activities of the *Blue Shirt Society*. See "Memorandum on Mr. Tu Yueh-sung, alias Tu Yuin," Special Branch Memorandum, in Shanghai Municipal Police, D-9319, Sept 1, 1939, 6. Ibid., 264.

participation in the opium trade amounted to as much as 30 million Chinese dollars monthly in 1933. Another source claims that "from 1934 and 1937 net profits must have been well more than 500 million [US] dollars." The US military attaché, General Joseph Stilwell, maintained that the Nationalists' control over the drug trade deprived unruly provincial governments from important incomes preventing them from revolting against the Nationalist regime in Nanking. The profitability of the opium trade can also be deduced from the fact that the KMT government was not the only one in the region financing its operations through the officially illegal drug trade. In fact, the Chinese opium monopoly had been specifically set up to compete with the one established by the Japanese. The Japanese military in occupied Manchuria, faced with the task and cost of subjugating northern China, relied on drug sales to finance its operations.⁴⁶⁵ According to Booth, during the 1930s Japan earned US\$ 300 million annually from the "distribution and sale of Manchurian opium and heroin." However, the Japanese used opium as a weapon of war to undermine China's capacity for resistance.⁴⁶⁶ After their conquest of Shanghai in 1937, the Japanese were unable to control the opium trade and unsuccessfully tried to tempt Du Yue-sheng, who had fled to Hong Kong, to manage it for them.⁴⁶⁷

⁴⁶⁵Ibid., 260-263, 272-275; John Jennings, *The Opium Empire: Japanese Imperialism and Drug Trafficking in Asia 1895-1945* (Westport: Praeger, 1997), 79-81

⁴⁶⁶Booth, *Opium*, 163.

⁴⁶⁷Jennings, *The Opium Empire*, 95.

In the Bolivian case, the regime also attempted to monopolize the cocaine trade. While the KMT government had relied on drug profits largely to combat an ideological enemy, the short-lived Bolivian 'monopoly' served the purpose of personal enrichment for the drug traffickers and the coup leaders, in particular General Garcia Meza, and Colonel Luis Arce Gómez, his minister of the Interior. Hargreaves wrote that Arce Gómez, also called the "minister of cocaine," had been connected to the drug trade since the early 1970s, and in fact owned an air transport company of some eight planes which largely moved cocaine. He was also related to drug lord Roberto Suárez.⁴⁶⁸ As minister of the Interior Arce Gómez was put in charge of the country's antidrug operations, including those involving the DEA.⁴⁶⁹ Levine points out that

all Bolivian cocaine trafficking was put under the control of a small group of drug barons -- those who had financed the coup... A percentage of the drug proceeds was paid to Arce Gómez, and each of the drug barons was given a squad of Neonazis for protection and to suppress competition.⁴⁷⁰

The Garcia Meza regime was a drug dealer protection racket that had seized the power of the state. It did not only repress the political left and other opposition groups as well as the media but monopolized the cocaine trade by violently eliminating the competition. Hargreaves believes that those who did not pay protection money were

⁴⁶⁸Hargreaves, *Bitter Schnee*, 174-175

⁴⁶⁹Scott Macdonald, *Mountain High, White Avalanche*, (New York: Praeger, 1989), 74. Allegedly, drug baron Roberto Suárez had obtained copies of the personnel files of the DEA agents operating in La Paz, Bolivia through his cousin Luis Arce Gómez. Ibid.

⁴⁷⁰Levine and Kavanau-Levine, *The Big White Lie*, 59-60.

killed by Arce Gómez' henchmen. Gómez set up the *Servicio Especial de Seguridad* (SES) with members of Barbie's paramilitary, which he used to confiscate cocaine from drug dealers who were not paying for protection. The drugs were then transferred to traffickers who paid into the racket. Gómez and the paramilitary also sold previously seized cocaine themselves. Allegedly, they stored the drugs in the vaults of Bolivia's National bank.⁴⁷¹

However, drug dealers also directly contributed to the running of the Bolivian narco-military racket and its agencies of repression. According to a DEA memorandum, Bolivian drug traffickers had declared their willingness to finance the military government for several months. Hargreaves maintains that 'taxes' paid by the drug racket earned the regime some US\$ 200 million annually. However, after its monopolization by Arce Gómez, the revenues, according to the regime's own estimations, were expected to rise to US\$ 600 million.⁴⁷²

⁴⁷¹Hargreaves, *Bitterer Schnee*, 178-179; Elaine Shannon, *Desperados* (New York: Penguin Books, 1989), 404. See also Magnus Linklater, *The Fourth Reich* (London: Hodder and Stoughton, 1984), 289-293.

⁴⁷²*Ibid.*, 176-177.

9. Elites and Organized Crime in Nationalist China and Bolivia

Shanghai elites had apparently reached an understanding, not so much with the *Green Gang* leadership itself, but with the KMT to deal with the threat from the left. The KMT leader had received funding "from Shanghai bankers" to bankroll the coup, while "professional gangsters" in cooperation with Nationalist troops crushed Shanghai's revolutionary left.⁴⁷³ Shortly, after the coup Chiang Kai-shek received word from the sixty-three most important business groups in the country applauding the actions taken. The *Green Gang* leaders were also praised as "saviours of the country" because of their role in crushing the left. China's business leaders also hoped that "the whole country would imitate the example of Shanghai and slaughter all the Communists."⁴⁷⁴

However, the persecution did not stop once the Communists had been defeated, and KMT rule was secure. In fact, the terror turned against Shanghai's economic elites, the third partner of the alliance. Although Chiang Kai-shek had already received some 30 million Chinese dollars from the Shanghai business groups, he unleashed the *Green Gang's* terror against the same bankers and industrialists who had previously supported

⁴⁷³Snow, *Roter Stern*, 79. Apparently, the CCP leadership was caught by surprise by the *Shanghai coup*. Indeed, the KMT officially called off the alliance with the CCP on April 21, 1927, nine days after the coup. See Martin, *The Shanghai Green Gang*, 99.

While Moore makes no mention of the *Green Gang's* role during the coup, he does refer to Chiang's pact with the elites as an "agrarian-bourgeois alliance" that "turned upon the workers." See Barrington Moore, *Social Origins of Dictatorships and Democracy* (Boston: Beacon Press, 1966), 189.

⁴⁷⁴Tien-Wei Wu, "Chiang Kai-shek's April 12th Coup of 1927," in Chan and Etzold, *China in the 1920s*, 156-157.

him, to extract more finances for his military. *Green Gang* members turned into KMT proxies, who moved against wealthy merchants unwilling to comply.⁴⁷⁵ *The New York Times* wrote

The plight of the Chinese merchant in and about Shanghai is pitiable. At the mercy of General Chiang Kai-shek's dictatorship, the merchants do not know what the next day will bring, confiscations, compulsory loans, exile, or possible execution.⁴⁷⁶

Berkov noted in his 1938 work:

Men were kidnapped and forced to make heavy contributions to the military funds. Others were seized because they had corresponded with friends in Hankow [where the constitutional government resided]. They were granted no hearings. Men with millions of dollars to their names were held as Communists.⁴⁷⁷

As previously quoted, Isaacs also wrote in 1938:

The Chinese bankers and merchants had found it necessary to call in Chiang Kai-shek and the gangsters against the workers. Now they were forced to submit themselves to the predatory raids of their rescuers. Like the French bourgeoisie which in 1852 "brought the slum proletariat into power, the loafers and tatterdemalions headed by the chief of the Society of December 4th," the Chinese bourgeoisie in 1927 elevated over itself the scum and riffraff of the cities headed by the chiefs of the *Green Gang* and the man who was sometimes called the Ningpo Napoleon, Chiang Kai-shek. Like the French prototype, the Chinese bourgeoisie had now to pay heavily for professional services... Like Louis Napoleon, Chiang Kai-shek ordered the moneyed men of Shanghai to flee, to be

⁴⁷⁵Bergere, "'The Other China': Shanghai from 1919 to 1949," in Howe ed, *Shanghai: Revolution and Development in an Asian Metropolis*, 16-17.

⁴⁷⁶"Plight...is pitiable," *The New York Times*, (May 4, 1927), as quoted in Seagrave, *The Soong Dynasty*, 234-235

⁴⁷⁷Berkov, *Strong Man*, 66. For another account of Chiang's use of the *Green Gang* in his drive to obtain funds for the nationalist see Parks M. Coble Jr., *The Shanghai Capitalists and the Nationalist Government 1927-1937* (Council of East Asian Studies, Harvard University Press, 1980), 28-35.

silent or submit. More explicitly, he added: Pay!⁴⁷⁸

Isaacs' mention of Marx's analysis is of considerable interest because of the similarities between the coups in Shanghai and La Paz. Interior minister Arce Gómez used the SES and relied on arbitrary arrest, torture, and the 'disappearing' of suspects. As in the Chinese case, the Bolivian upper and middle classes, who had initially supported the regime as they had hoped for a return to the stability of the Banzer dictatorship, were also subsequently subjected to the same terror as the political left. James Malloy's and Eduardo Gamarra's observations differ little from Isaacs'. They point out:

The malevolence of the García Meza government repelled Bolivia's civil society, including the middle class and the emergent national bourgeoisie. It had a sustained, systematic nature... [while in] the past repression tended to be episodic, and violence was mainly a characteristic of the heat of the moment... However, Arce Gómez and his Argentine-trained paramilitary groups drawn from the youth of Bolivia's lumpen proletariat were not inhibited by the traditional constraints of... conflict among Bolivia's political class.⁴⁷⁹

⁴⁷⁸Isaacs, *The Tragedy of the Chinese Revolution*, 181. Ningpo is a reference to Chiang Kai-shek's birth city.

⁴⁷⁹James Malloy and Eduardo Gamarra, *Revolution and Reaction: Bolivia 1964-1985* (New Brunswick, NJ: Transaction Books, 1988), 145.

10. CONCLUSION

In return for their help in the elimination of Communists and unions in Shanghai, Chiang not only gave the *Green Gang* and its most prominent leader, Du Yue-sheng, free reign in that city's underworld and the opium trade. Gang members also became officers and members of the Nationalist army and police.⁴⁸⁰ The alliance with the *Green Gang* is a regional one that occurred given the specific circumstances in Shanghai, although similar coalitions occurred elsewhere.⁴⁸¹ The gang's involvement with, and integration into, the KMT should be viewed as an evolving process of growing affinity that began with the friendship of Chiang Kai-shek and Du Yue-sheng formed in the brothels of Shanghai and continued after the 1927 coup. The links to the *Green Gang* existed until after the KMT's 1949 defeat. However, while the *Green Gang*, which had moved to Hongkong after the Chinese revolution, did not survive long after Du Yue-sheng's death in the early 1950s, the KMT continued its close ties to organized crime in Taiwan.⁴⁸²

The *Shanghai coup* and subsequent events resulted in the destruction of the Communist party in most of the large cities of China. However, these occurrences also caused a complete change of strategy on the part of the CCP, which ultimately proved

⁴⁸⁰Accordingly, the three most prominent *Green Gang* leaders were appointed as advisors to Chiang Kai-shek and given the rank of Major General. Other gang members were also employed by the regime as military officers, soldiers or secret service agents. See Martin, *The Shanghai Green Gang*, 111; Thamm, *Drachen*, 81.

⁴⁸¹Thamm, *Drachen*, 80.

⁴⁸²[*ibid.*, 109-110, 128-130; See also Booth, *Opium*, 258-259.

successful. Most important here is the rise of Mao Tse-tung within the party, and the shift from the urban struggle based on an industrial working class to rural revolutionary warfare by the peasantry which made up most of the Chinese population. The events of the *Shanghai coup* and thereafter proved right Mao who in 1926 had opposed the *Comintern* strategy of organizing China's small industrial proletariat which could not be victorious without its "most powerful and strongest ally, the peasantry"⁴⁸³ The *Shanghai coup* likely produced the very first seeds of the Sino-Soviet split of the 1960s.

In the Bolivian case, there is also little distinction between state and organized crime, given for example, the direct involvement of Arce Gómez who ran his own trafficking operation as minister of the Interior. In Bolivia, the military regime was finally brought down by a general strike organized by the COB in September of 1982. This allowed the constitutionally elected president, who had been prevented from taking office by the coup, to return from Peruvian exile.⁴⁸⁴ Garcia Meza was put on trial in Bolivia in 1986 for the crimes committed by the regime. The trial turned out to be a drawn-out affair, and he disappeared in 1988 when a verdict of guilty became imminent. The former dictator has not been seen since. Arce Gómez, however, was extradited to the US where he received a 30-year prison sentence in 1991.⁴⁸⁵ Roberto Suárez Gómez was

⁴⁸³Palozci-Horvarth, *Mao Tse-tung*, 60-61.

⁴⁸⁴Rey, *Zehn Jahre Grausamkeit oder die Erdrosselung Lateinamerikas*, 143

⁴⁸⁵It is assumed that Garcia Meza lives in seclusion protected by friends in the Bolivian military. Allegedly, he still receives a military pension of US\$ 350 which his wife picks up every month. See Hargreaves, *Bitterer Schnee*, 188.

captured in 1988, and sentenced to 15 years in a Bolivian jail.⁴⁸⁶ Most of the other drug dealers involved in the coup have been imprisoned after giving themselves up following a government amnesty in the early 1990s, in return for light sentences.⁴⁸⁷ However, Bolivia's cocaine trade has not subsided. The Bolivian government was initially elated about the 1991 surrender of drug dealers, until it became apparent that business was continued from jail, while Colombian traffickers moved in to occupy the positions left by the jailed Bolivians.⁴⁸⁸

Also, in China in 1927 as well as in Bolivia in 1980, Mafia-paid paramilitaries performed the same role which initially had been played by the *Brownshirts*, then by the *Schutzstaffel* (SS) and the *Geheime Staatspolizei* (GESTAPO), in the establishment and maintenance of Nazi rule in Germany, or by their respective counterparts in Italy. The practices of OC groups and of the organizations they finance, resemble those of the security services of Fascist and other repressive regimes because they suppress identical opponents; namely, the organized left, the institutions of democracy, and the media. However, the similarities to Fascist practices go beyond the social function performed in the maintenance of a repressive regime. Both the KMT - *Green Gang* alliance as well as the military - narco alliance in Bolivia demonstrate the extremist ideological propensities of OC elites to people, groups and political parties which display great admiration for one

⁴⁸⁶Hargreaves, *Bitterer Schnee*, 133-134

⁴⁸⁷Painter, *Bolivia and Coca*, 83-84

⁴⁸⁸Painter, *Bolivia and Coca*, 3-4

or another of the Fascist models in Germany (1933-1945), Italy (1922-1943) or Spain (1939-1975).

Finally, *Green Gang* leaders showed their ideological preferences not only by supporting the initial coup against the Communists but by integrating into the Shanghai elites. However, the integration of gang members into the highest echelons of society inevitably had the detrimental effect of criminalizing and corrupting the KMT, which ultimately contributed to its defeat in 1949. The Garcia Meza regime in Bolivia only lasted some 18 months which left little time for integrating. Nonetheless, in the Bolivian case these ideological preferences were equally evidenced by the fact that most of the drug traffickers had already been part of the elite structures. Their participation in the drug trade was based on the desire to maintain social status, not to acquire it.

IV. ELITES, COCAINE AND POWER IN COLOMBIA AND PERU

1. Introduction

As in the previous chapters it is my intention to show the ideology-like linkages between organized crime, state and economic elites. However, the number and contradictory nature of the groups involved in the Andean cocaine economy turn this investigation into an exercise in complexity. This chapter is largely based on research done during field work in Colombia between August 1992 and April 1993, and in Peru during the whole month of August 1996, and between May and August 1997.⁴⁸⁹

Although Colombia has received most of the international attention, the cocaine economy, as it existed between the 1970s and the early 1990s, cannot be illustrated without mention of Bolivia and Peru. The cultivation of coca and its refinement into coca paste and cocaine hydrochloride had largely been restricted to the activities and associations of organized crime in these three countries. It has, however, diversified considerably since. As claimed by the *Observatoire Géopolitique des Drogues* institute in Paris, France, in its 1993 annual report, the cocaine trade had developed beyond these three nations. By the early 1990s, there had not been a country in Latin America that was not involved in one aspect or another of the cocaine economy, regardless whether in "cultivation, processing, commercialization, money-laundering, financing of political

⁴⁸⁹"During these stays I acquired information from persons who since have received threats to their lives and their families', or who may be exposed to such. While I will rely on the information provided, these persons will not be named, unless they specifically allowed me to do so.

parties or of conflicts."⁴⁹⁰

Unlike in Bolivia, rebel groups are an important component of Colombia's and Peru's political landscape. In fact, the guerrilla and the drug trade, or the lack thereof, are closely linked to the means employed in each of these countries to manage the one issue central to most of Latin America; namely, the distribution as well as redistribution of arable land.⁴⁹¹ The lack of guerrilla organizations in Bolivia suggests that the settlement of this problem, notably the agrarian reforms carried out after the 1952 revolution, made the creation of a guerrilla movement more difficult. Bolivian peasants came to express their interests through different channels; namely, the peasant unions set up after 1952. This may help explain the failure and death of 'Che' Guevara in 1967.

While many harbour conflicting views about guerrillas and the violence they employ, it should be understood, nevertheless, that such movements are often attempts to address actually existing grievances. Given that Colombia has experienced very few land reforms, the country is home to the oldest, strongest, and most numerous guerrilla

⁴⁹⁰Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht* (Munich: DTV, 1993), 217. Cecilia Rodriguez, then *The Globe and Mail's* special correspondent for Latin America, gives a graphic depiction of organized crime penetration in the region: "Try to find a taxi driver in Rio de Janeiro, Cali, La Paz or Buenos Aires who cannot show a visitor the luxury apartment buildings, upscale shopping malls and five-star hotels erected to launder billions of dollars of dirty profits. Progress comes with *narcomoney*, as people call it; they also talk about *narco*shopping centres, *narcomansions*, *narcoranches*, *narcoriches*, *narcojustice*, *narco*campaigns and -- the latest phenomenon in the drug-tainted era of Latin electoral freedom -- *narcode*democracy." See "Drug trade infiltrates all Latin America," *The Globe and Mail*, Feb. 10, 1996, D4.

⁴⁹¹See for example, Solon Barraclough, "The Legacy of Latin American Land Reform," *NACLA Report on the Americas*, XXVIII, 3, (Nov.-Dec. 1994): 17-22.

organizations in Latin America.⁴⁹² Likewise, the inadequacy of the land reforms in Peru, contributed to the emergence of the guerrillas in that country during the 1980s.⁴⁹³ Moreover, the participation of the peasantry in Peru and Colombia in the cultivation of coca, the first link in the chain of the cocaine economy, equally results from the lack, or failure, of agrarian reform. This problem is reinforced by the vulnerability of peasants to global market forces which induces them to enter the drug economy.⁴⁹⁴ As previously noted, Bolivia introduced substantial land reforms, while the cocaine economy emerged in those regions of the country that had been excluded from these changes.

⁴⁹²G. Bascone, "Economic and Social Aspects of Cocaine in the Andean Region," in Francesco Bruno ed, *Cocaine Today: Its Effects on the Individual and Society*, Publication no 44 (Rome: United Nations Interregional Crime and Justice Institute, 1991), 199

⁴⁹³Barraclough, "The Legacy of Latin American Land Reform," 20.

⁴⁹⁴This situation of peasants in the developing countries does not differ greatly from that of small agricultural producers in developed nations who are equally at the mercy of global market forces. Having grown up on a farm myself I might add the following observations:

Farmers do not get paid regularly, except for those who are in the possession of a milk or egg quota, but once a year. However, expenses, such as machinery, seeding materials, fertilizers, fuel, repairs etc., occur all year round. In my estimate a person who farms 1000 acres will have fertilizer costs of tens of thousands of dollars alone. In many cases, farmers obtain credits to finance their operations during the planting season in the hope that the price of the product they grow will be high enough at harvest time.

Farmers, unlike car manufacturers for example, cannot determine the price of what they produce. They cannot charge the costs they incur in the course of the year when selling their product after harvesting.

Farmers are not only at the mercy of market forces but those of nature as well. Drought, rain or frost can easily damage or destroy next year's crop.

Farmers often consider themselves fortunate if they make ends meet for the year but many survive only on the meagre government compensations they receive for their losses.

The most important left-wing guerrilla organizations in Colombia are the *Fuerzas Armadas Revolucionarias de Colombia* (FARC), the *Ejército Liberación Nacional* (ELN), and the *Ejército Popular de Liberación* (EPL), as well as the *Movimiento de Abril 19* (M-19). The first three rebel organizations are presently the main components of the so-called *Coordinadora Nacional Guerrillera* (CNG), an umbrella organization created in the late 1980s, to present a common front in peace negotiations with the Colombian government. However, M-19, originally a founding member of the *Coordinadora*, has turned into a political party. In Peru, the most significant groups are *Sendero Luminoso* and the *Movimiento Revolucionario Tupac Amaru* (MRTA).⁴⁹⁵

While the collaboration between elites, most importantly the military, and organized crime in both countries served the purpose of setting up local anti-insurgency fronts to address the threat from the revolutionary left, there are fundamental differences. In Colombia, the cooperation between elites and organized crime is deeply entrenched and has existed since the early 1980s. The very nature of the oligarchic elites of Liberals and Conservatives suggests a long-term relationship that includes the integration of criminal elites into the ruling structures, although this process is not yet complete.

In Peru, OC groups collaborated largely with the military. This alliance transpired on a national level, and as available evidence suggests, these practices were at least ignored, if not encouraged, by the highest levels of the Peruvian government. However,

⁴⁹⁵ Instead of SL I will use *Sendero* or *Senderistas* when referring to the Maoist Peruvian rebels. In Peru members of the MRTA are also called *Emmertistas* which I will use as well.

this collaboration was of shorter duration. It served the dual purpose of providing support for a government desperately in need of funds to finance the war against *Sendero* at a time of economic crisis, while simultaneously depriving the enemy of the very same resources. The end of the conflict not only signalled the Peruvian state's withdrawal from a temporary alliance, but also created the necessity to conceal this involvement. This is not to say that Peruvian OC groups have not managed to integrate into local power structures. However, these organizations, given their specific location in the drug economy as suppliers of raw materials rather than the final product, never gained the economic and political strength of their counterparts in Colombia and Bolivia.

These variations require a different emphasis that takes into consideration these countries' specific natures. It is my intent to discuss the most significant factors which engendered the present states of affairs in Colombia and Peru respectively. In the case of Colombia, this implies an in-depth analysis of the country's oligarchic parties which differ considerably from the political parties in other Latin American countries. However, a similar approach is not essential in the Peruvian case where cooperation was largely limited to organized crime and the military in the conflict against *Sendero*. In fact, the very existence of the Fujimori regime is a reflection of the decline of traditional elites which had proved incapable of addressing the country's crisis. The Colombian study will focus on the years between 1980 and 1998 to account for the larger depth of criminal integration into elite structures. In the Peruvian case, I will analyse the years between 1990 and 1996/1997, a period that overlaps with the Fujimori regime.

First, I will continue discussing the historical dimension of the cocaine trade from the previous chapter concentrating on the period after independence from Spain. Next, I will address the emergence of the drug industry in Colombia and Peru respectively. Moreover, I will analyse the political power structures, as well as the most important rebel movements in these countries. Finally, I intend to examine the links between rebel and criminal groups, as well as state and/or nonstate elites in both countries by examining the notions of *narcoguerrilla* and *narcoterrorism* and other such terms.

2. From Coca to Cocaine: The Emergence of the Modern Cocaine Economy in Colombia and Peru

In the previous chapter I discussed the role of coca during the Spanish colonial era. The present consumption of cocaine can be traced back to the mid-19th century, when the Austrian scientist Albert Niemann isolated the alkaloid cocaine chlorohydrate.⁴⁹⁶ In 1863, Angelo Mariani produced his *Vin Mariani*, a Bordeaux wine with fresh coca leaves. The analysis of preserved bottles determined that *Vin Mariani* contained between 35 and 70 milligrams of cocaine.⁴⁹⁷ He also produced an elixir with a concentration of cocaine three times higher, as well as Mariani tea with a concentration eight times higher than the wine.⁴⁹⁸

Mariani published a book with the names and dedications of his most famous customers. Accordingly, Pope Pius IX. always carried a little bottle of *Vin Mariani* on him.⁴⁹⁹ His successor Leo XIII also had a fancy for Mariani's wine because it inspired his

⁴⁹⁶Bo Holmstedt, "Sundry Episodes in the History of Coca and Cocaine," *Journal of Ethnopharmacology*, 3, 3, (1981): 114-115

⁴⁹⁷Leonidas Gomez Ordoñez, *Cártel: Historia de la Droga* (Bogotá: Grupo Editorial, 1991), 74.

⁴⁹⁸*Ibid.*

⁴⁹⁹*Ibid.*, 74-76. *Vin Mariani* may have had considerable effect on the activities of Pope Pius IX. While I did not come across any direct links between this pope's consumption habits and patterns of behaviour, the descriptions of contemporaries do provide interesting insights. For example, various cardinals and bishops described him as "insane," "mentally ill" and "megalomaniac." José Fernando Ximenes, the Spanish Ambassador to the Vatican thought he was "really crazy." His German counterpart von Arnim, related the following anecdote to Chancellor von Bismarck in a diplomatic letter: "It is common knowledge that last year the Pope while walking past a

religious contemplations. Other crowned heads of Europe who consumed Mariani products were Queen Victoria, the King of Greece and the Russian Czar. The US inventor Thomas Edison, the French sculptor Auguste Rodin, the actress Sarah Bernhardt, the writers Emile Zola, Henry Ibsen, Jule Verne, and Arthur Conan Doyle were also famous Mariani customers.⁵⁰⁰

In 1886 the US chemist, John Smith Pembert, created a drink containing cocaine, *Coca-Cola*, which became a major commercial success. Other beverages laced with cocaine that were sold commercially were *Coca-Nola*, *Cerely-Cola* and *Dope-Cola*. In addition, there were hundreds of pharmaceutical products that contained coca leaves or cocaine, to deal with ailments including colds, digestive troubles, asthma or impotence.⁵⁰¹

As a result of the great commercial success of cocaine, Europeans and Americans

church ordered a disabled person in front to get up and walk. But the experiment failed." Modern day psychiatrists and psychologists concluded that Pius IX. had an "abnormal personality" displaying "symptoms of schizophrenic behaviour." See Karl-Heinz Deschner, *Der gefälschte Glaube* (Munich: Heyne, 1980), 101-102.

The same pope is also the author of the dogma of papal infallibility of 1870 which essentially conveyed that the pope was God's representative on earth. Again, I cannot provide a source which links this pope's liking for *Vin Mariani* and the traits of his personality. However, according to the German equivalent of the *British Encyclopedia*, larger amounts of cocaine stimulate the central nervous system resulting among other in a feeling of well-being, pleasant hallucinations, a wealth of ideas and overestimation of one's abilities. See *Brockhaus Enzyklopädie*, vol.4 (Wiesbaden, FRG: F.A. Brockhaus, 1968), 94. See also Berndt Georg Thamm, *Stichwort Drogen* (Munich: Heyne, 1994), 45-47.

⁵⁰⁰Ibid.

⁵⁰¹Mario Arango and Jorge Child, *Narcotráfico: Imperio de la cocaína* (Bogotá: Editorial Percepcion, 1987), 99-100.

attempted to grow coca themselves. The Americans tried it in California, the French in Algeria and Corsica, the British in the Caribbean, Australia, their African colonies, as well as in India and Sri Lanka. However, most attempts to grow the coca plant outside of South America failed. Only Dutch planters on Java and Sumatra were able to challenge the monopoly of Colombia, Peru and Bolivia. Between 1884 and 1910 these countries' coca production increased steadily, then declined somewhat because of Dutch competition. As Timothy Plowman shows, coca had developed into a significant cash crop for the Dutch on Java by the beginning of the 20th century.⁵⁰²

The demand in Europe and North America after 1884 was so great that coca came to be viewed as the "new and everlasting source of wealth" in the Latin American countries growing it.⁵⁰³ The influential Colombian writer and politician José María Samper wrote in 1886 that

there is no doubt that coca represents one of the many treasures with which the good hand of the lord has provided us... Already there are attempts to grow coca in the Caribbean, Algeria and Corsica but because the climatic conditions in these places are not the same as in the country of origin, the results achieved are not

⁵⁰²Gerardo Bonilla Iragorri, *El problema del cultivo y masticación de hojas de coca en Colombia* (Popayán: Talleres Editoriales Castillo, 1947), 47; as quoted in Arango and Child, *Narcotráfico*, 100. See also Timothy Plowman, "Coca Chewing and the Botanical Origins of Coca (*Erythroxylon* spp.) in South America," in Deborah Pacini and Christine Franquemont eds., *Coca and Cocaine* (Proceedings of the conference "The Coca Leaf and Its Derivatives - Biology, Society and Policy," Published with the Latin American Studies Program, Cornell University, 1986), 21.

⁵⁰³Arango and Child, *Narcotráfico*, 102.

very satisfactory.⁵⁰⁴

Colombia, Peru and Bolivia were then, and are today, the largest producers of coca leaves. *Coca-Cola* still uses the leaves from South America for its beverage although the cocaine hydrochloride has been removed. Thus, in the Yungas, Bolivia's traditional coca growing region close to the capital La Paz, cultivation is designated for the legal domestic consumption of coca leaves, as well as for export.⁵⁰⁵

The cocaine boom of the second half of the 19th century is linked to the evolution of the illegal trade in this drug. The modern criminal drug economy was created following the implementation of an international regime on drugs which put an end to the legality of psychotropic drugs, such as cocaine and heroin. The international agreements established before World War I, and in the interwar period, were often a result of diplomatic pressure by the United States, which itself was in the grip of the prohibitionist movement. Prohibitionists played an instrumental role in creating legislation that criminalized and severely restricted consumption of drugs and alcohol, and punished those who used them.⁵⁰⁶ It is also noteworthy that article 295 of the 1919 Versailles

⁵⁰⁴*La Nación*, January 1, 1886, 1, as quoted in Arango and Child, *Narcotráfico*, 103. In the same article, Samper also gave tips on how to properly grow and pack coca leaves for export.

⁵⁰⁵Robert Filippone, "The Medellín Cartel: Why We Can't Win The Drug War," *Studies in Conflict and Terrorism*, 17, 4, (1994) 329; Steven Wisotsky, *Beyond the War on Drugs* (Buffalo, N.Y.: Prometheus, 1990), 35.

⁵⁰⁶Eva Bertram, Morris Blachmann, Kenneth Sharpe, and Peter Andreas, *Drug War Politics* (Berkeley: University of California Press, 1996), 61-77; Elaine B. Sharp, *The Dilemma of Drug Policy in the United States* (New York: HarperCollins, 1994), 19-

Treaty stipulated that signatory states automatically committed themselves to passing and turning into law the agreements made at the 1912 and 1914 Opium Conferences.⁵⁰⁷

However, as indicated, a good number of the nations involved in the traffic paid lip service to these changes and continued their involvement.

Nevertheless, as in the case of opium, the fact that cocaine had been banned did not signify that no customers existed who wished to consume it, although the drug was used only by the select few who could afford it.⁵⁰⁸ This trade was controlled by the Cuban branch of the Italo-American *Mafia*, with Colombian go-betweens providing the cocaine. This Cuban American criminal association had been established in the 1930s by the mob's financial wizard Meyer-Lansky, and resulted from the good relations with dictator Fulgencio Batista.⁵⁰⁹ After the Castro revolution the exiled Cuban criminals, who

20

⁵⁰⁷Sebastian Haffner ed, *Der Vertrag von Versailles* (Frankfurt a.M.: Ullstein, 1988), 286.

⁵⁰⁸Leonidas Gómez Ordoñez., *Cártel: Historia de la droga*, 77. However, there was already an international dimension to the trafficking of cocaine in the 1920s. Thamm and Freiberg make reference to cocaine acquisitions by German criminal groups, the *Ringvereine*, which they obtained through their links to Shanghai organized crime. See Konrad Freiberg and Berndt Georg Thamm, *Das Mafia-Syndrom* (Hilden: Verlag Deutsche Polizeiliteratur, 1992), 80. The coca leaves used to produce the cocaine the *Green Gang* sold in Germany was likely cultivated in Southeast Asia, for example, in Java. However, according to Gómez, the Malay archipelago had also become one of the primary suppliers of coca leaves by the early 20th century. Ibid., 76.

⁵⁰⁹Rosa del Olmo, *¿Prohibir o domesticar?* (Caracas, Venezuela: Editorial Nueva Sociedad, 1992), 63; Enrique Cirules, *El imperio de la Habana* (Havana: Casa de las Americas, 1993); Martin A. Gosch and Richard Hammer, *The Last Testament of Lucky Luciano* (New York: Dell Publishing, 1976), 284, 304-325; Arango and Childs,

had emigrated to the United States, continued to import cocaine from their traditional Colombian suppliers. However, by the late 1970s, during the so-called *Cocaine wars*, the Colombians, with Bolivians and Peruvians as junior partners, pushed out the Cubans and took over the whole chain for themselves, including the profitable distribution in the U.S.⁵¹⁰ Mario Arango and Jorge Child point out that the Colombian crime groups managed to set up an international network for the "commercialization, processing and transport" of cocaine.⁵¹¹

The 1980s and 1990s saw the rise and decline of the cartels of Medellín and Cali. Yet despite the measures taken by the Colombian authorities against these and other crime groups, there have been few consequences for the cocaine trade. For example, after the successes against the cartels in 1992/93, traffickers reorganized quickly. When coca cultivation was reduced by a third in Peru, traffickers compensated by encouraging cultivation in Colombia which doubled during the same time. Moreover, by the time Medellín drug lord, Pablo Escobar Gaviria, had been killed in December 1993, the *Cali cartel* had already taken over the rival's markets. Similarly, according to the German news magazine *Der Spiegel*, the 1995 capture of Rodríguez Orejuela of the *Cali Cartel* had no "repercussions for the market." Again, other crime organizations emerged almost

Narcotráfico, 115.

⁵¹⁰Jean-Francois Couvrat and Nicolas Pless, *Das Verborgene Gesicht der Weltwirtschaft* (Münster, FRG: Westfälisches Dampfboot, 1989), 79; Wisotsky, *Beyond the War on Drugs*, 43; Filippone, "The Medellín Cartel," 324-325.

⁵¹¹Arango and Child, *Narcotráfico*, 139.

immediately, confirming the claims made by enterprise theorists. Not only has the removal of a trafficker few repercussions because those who are arrested or killed, are quickly replaced, the capture or death of criminal leaders indirectly causes elite circulation often bringing to the top a new, improved, and more ruthless leadership. Production has also been decentralized and moved to other countries, for example, the frontier regions between Brazil and Peru.⁵¹²

⁵¹²"Koka-Plantagen verdoppelt," *Frankfurter Rundschau*, April 13, 1994, 30. "Der Drogenzar ist tot, das Geschäft blüht," Dec 4, 1993, 3; "Revolver in der Hand," *Der Spiegel*, 25, June 19th, 1995, 128-129. Arango and Childs, *Narcotráfico*, 131. Interview with Röger Rumrill, President of *Oro Verde*, August 13, 1996, in Lima, Peru. *Oro verde* is a nonprofit organization dedicated to the preservation of the Amazonian peoples and forest.

3. Notes on *Narcodollars*

Although the amounts may differ, and while it is certain that profits have declined considerably due to overproduction and market satiation, the economic impact of *narcodollars* in Bolivia, Colombia, and Peru has been tremendous. Colombia may even come to represent an alternate model of economic development, namely *narcodevelopment*. However, these practices are not new given the contributions of 'legal' drug trafficking to European development during the 19th century.

Nicolas Hardinghaus provides some of the highest figures. Accordingly, the profits of Colombian drug traffickers amounted to US\$9 billion in 1989. In comparison, Colombia's official GNP in 1990 was US\$ 41 billion.⁵¹³ Filippone estimated that the 1987 profits for the Colombian criminal groups were between US\$ 2 and 4 billion.⁵¹⁴ The figures used by Ibán de Rementería are also lower. He estimated that in 1994 about US\$ 3.2 billion entered Colombia, Bolivia, and Peru, while the consumers of cocaine paid an estimated US\$ 74 billion worldwide.⁵¹⁵

It is difficult to establish precise figures on the number of people employed by the cocaine economy. Hardinghaus maintained that the drug economy created jobs on all levels of the chain of production and distribution. According to his estimates, about 600 -

⁵¹³Nicolas Hardinghaus, "Droga y Crecimiento Económico," *Nueva Sociedad*, 102, (July-Aug. 1989):98; *Fischer Weltalmanach 1993* (Frankfurt a.M.: Fischer, 1992), 426

⁵¹⁴Filippone, "The Medellín Cartel," 324

⁵¹⁵Ibán de Rementería, "La crisis agrícola y los cultivos ilícitos de drogas naturales," *Debate Agrario*, 22, (1995):17

700,000 Bolivians, 900,000 Peruvians and 250,000 Colombians have work within the drug economy. Hardinghaus calculated further that between 2.5 and 2.7 million people throughout Latin America earned their livelihood in the production and trade of drugs by the late 1980s. These in turn provided a living for another 12 - 15 million people.⁵¹⁶ Other sources point to far higher numbers. According to the alleged drug trafficker who wrote *Un narco se confiesa y acusa*, more than 1.7 million Colombians live off the drug trade, while the number of those indirectly involved, such as bankers, merchants, industrials and professionals of any type, is far higher.⁵¹⁷

Furthermore, Hardinghaus points out that the Gross Domestic Product (GDP), as well as the monetary basis, grow due to the stimulating effects of the cocaine economy. Still, while the drug economy is invariably inflationary because of its size and illegality, large amounts of *narcodollars* are absorbed by imports which lowers inflationary pressures.⁵¹⁸ Thus, the drug trade is an important factor in the economic stability of Bolivia, Peru and Colombia. Consequently, the three Andean nations at the core of the cocaine economy, and in need of foreign exchange to finance their debts, or their conflicts, have openly encouraged the flow of *narcodollars* into their financial institutions, while taking part in the US-sponsored drug war. As pointed out by a leading

⁵¹⁶Hardinghaus, "Droga," 100

⁵¹⁷Anonimo, *Un narco se confiesa y acusa* (Bogotá: Editorial Colombia Soberana, 1990), 11

⁵¹⁸Hardinghaus, "Droga," 104-105

Bolivian economist the inflow of *narcodollars* is "the only way we've been able to balance the balance of payments."⁵¹⁹

Peru is equally dependent on funds from the cocaine economy. The Peruvian economist, Humberto Campodónico, quotes various other estimates that put the amount of funds that return to Peru anywhere between US\$ 100 million and 2.3 billion. He himself believed that Peru earned around US\$ 500 million for 1993. The 1993 report by the *Observatoire Géopolitique des Drogues* in Paris estimated the trade was worth between US\$ 1 and 2 billion. According to Fuhr and Hörmann, Peru earned between US\$ 1.3 and 3 billion. Of this amount only between US\$ 170 - 240 million ended up with the Peruvian coca peasants cultivating the plant. Ibán de Rementeria allotted US\$ 362 million to peasant earnings in 1992, but he noted that this was the highest amount they had received in 17 years. In 1989, for example, after a major crackdown against the *Medellín cartel*, the earnings of peasants came to only US\$ 86 million.⁵²⁰

It is the Colombian economy that gained the most from the trade due to the position the cartels had won as distributors in the US market. Moreover, the growth of

⁵¹⁹Peter Andreas, "Profits, Poverty and Illegality: The Logic of Drug Corruption," *NACLA Report on the Americas*, XXVII, 3, (Nov/Dec. 1993):28.

⁵²⁰Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 226. Harald Fuhr and Marion Hörmann, "Peru," in Dieter Nohlen and Franz Nuscheler, *Handbuch der Dritten Welt: Südamerika* (Bonn, FRG: Dietz, 1992), 456; Ibán de Rementeria, *La elección de las drogas* (Lima: Fundación Friedrich Ebert, 1996), 102; Humberto Campodónico, "Importancia económica del narcotráfico y su relación con las reformas neo-liberales del gobierno de Fujimori," *Drogas y control penal en los Andes* (Lima: Comisión Andina de Juristas, 1994), 153-162.

the drug economy in Colombia can also not be separated from economic crisis, confirming Chambliss' claim that "criminal behaviour is a response of groups and social classes to the resources and constraints that exist in the social structure."⁵²¹ Arango believes that the modern Colombian cocaine trade had its origins in the economic recession which impacted in the country during the 1970s. Antioquia, Colombia's most industrialized region since the 1940s, was hit the hardest. Medellin's textile industry suffered severe losses in production and jobs. The city's economic output declined by 15 percent, while its unemployment rate was three times higher than that of other major Colombian cities. These developments prompted local entrepreneurs to seek involvement in the cocaine economy.⁵²²

The growth of the cocaine economy was also enhanced by the Colombian government's fiscal policies. Accordingly, the government imposed severe restrictions on external trade and foreign exchange after its foreign currency reserves had fallen to US\$ 35 million in 1968. This move gave new impetus to the already well-established Colombian tradition of smuggling contraband, which turned from legal products to drugs. Other factors that contributed to the emergence of Medellin's drug trade were the growing cocaine markets in the United States, the promise of high profits from exporting to that

⁵²¹William J. Chambliss, *On the Take* (Bloomington: Indiana University Press, 1988), 208.

⁵²²Mario Arango, *Impacto del narcotrafico en Antioquia* (Medellin: Editorial J.M., 1988), 87-97; Simon Strong, *Whitewash: Pablo Escobar and the Cocaine Wars* (London: Pan Books, 1996), 32-33.

country, and Colombia's ideal geographic location for such ventures.⁵²³

Colombian drug dealers, at least originally, were far more export-oriented than their Bolivian or Peruvian counterparts. The commercial success of the cartels prompted the country's minister of Development during the Barco administration, Carlos Arturo Marulanda, to write that Colombia's

industrials should imitate the model set by the drug dealers... The[ir] strategy... of aggressively opening new markets should serve as an example for our national industrials who are afraid to appear on foreign markets.⁵²⁴

Colombia's economy expanded by an "average of 3.6 percent" annually between 1979 and 1993 because the drug trade stimulated other industries, such as construction, soft drinks, and agriculture. The country therefore avoided the economic adversities suffered in the rest of Latin America. Salomón Kalmanovitz, a respected economist who worked on the board of the Colombian central bank wrote:

Cocaine stopped the balance of payments from collapsing, which would have pushed us into the spiral of hyperdevaluation and hyperinflation that shook most of the rest of the continent... [during] the 1980s...⁵²⁵

The Colombian Senator Ivan Marulanda claimed:

[The] drug traffickers bring narcodollars and invest them in the country. In Colombia they reactivated the economy. They are in industry, business, finance,

⁵²³Ibid., 91-94.

⁵²⁴*El Siglo*, August 18, 1989, 1, as quoted in Diana Duque Gómez, *Una guerra irregular entre dos ideologías* (Bogotá: Intermedio Editores, 1991), 208.

⁵²⁵Strong, *Whitewash*, 184-185.

agriculture, construction and the government.⁵²⁶

Arango also described the drug trade as an "economic reactivator" with regards to Antioquia, the Colombian province in which Medellin is located. He claimed that some US\$ 311 7 million, or 60,000 million Colombian Pesos, "irrigated" the city's economy and generated some 28,000 new jobs in Medellin's commercial, service, and informal sectors in 1987.⁵²⁷ Although the drug trade contributed to economic growth and development, assuming that the producer countries profit most from the cocaine industry would be erroneous. Rather, as pointed out by Fabio Castillo, the drug trade brings death to Colombia, while others fill their "noses and pockets."⁵²⁸ Hugo Cabieses points out that most of the money-laundering, and subsequent investments, takes place in the developed countries. Accordingly, only some 8-10 percent of cocaine profits actually return to the producer countries, and a mere 0.4 percent go to the coca-growing peasants. Incidentally, the 8-10 percent return rate is similar to the earnings received for the legal exports by these Andean nations.⁵²⁹

⁵²⁶Merrill Collett, "El Fantasma de la Narcoguerrilla," *Nueva Sociedad*, 102, (July-Aug. 1989):128.

⁵²⁷Arango, *Impacto del narcotráfico en Antioquia*, 136-140

⁵²⁸Fabio Castillo, *La coca nostra* (Bogotá: Editorial Documentos Periodísticos, 1991), 147.

⁵²⁹Hugo Cabieses, *About Coca, Coca Tea, Development and Football* (La Paz, Bolivia: Andean Action, 1994), 51; as well as Cabieses, *Commercialising Coca: Possibilities and Proposals* (London: The Catholic Institute for International Relations, 1996), 2.

For example, the Federal Republic of Germany, cash-strapped due to the costs of

The figures used above should be viewed with some caution. They may indicate certain trends, but are not precise observations. As noted by Francisco E. Thoumi, after a thorough investigation of economic studies on the size of the cocaine economy in Colombia, they fail to include important elements of that sector. Accordingly, these studies do not include many participants who are "part of the illegal industry and who have profited from it." He concludes that

the estimates only indicate that the amount of income and capital that has been tainted by illicit drug activity is quite high; but neither the distribution of that capital today nor the proportion that has been legitimized in the Colombian economy is known.⁵³⁰

As previously discussed, precise calculations are not essential for the scholar who explores the impact these funds have on the economic and political landscape in Colombia and elsewhere. While it is difficult to provide exact figures for the illicit funds which enter the various Andean economies, it is certain that this wealth provides trafficking groups with the resources to infiltrate their nations' power structures.

reunification, has maintained very lax banking laws which has allowed Mafia investments to enter especially Eastern Germany. Yet despite US pressure, the government has done little. According to the DEA, Germany is ideal for 'money-laundering' because "the Deutsche Mark is stable, inflation practically does not exist, and the banking system is one of the best... in the world." See "Dreckiges Geld, Saubere Helfer," *Der Spiegel*, 46, 9, Feb 24, 1992, 141-142.

⁵³⁰Francisco E. Thoumi, *Political Economy and Illegal Drugs in Colombia* (Boulder, CO: Lynne Rienner Publishers, 1995), 199

4. A Short History of Political Violence in Colombia

Colombia differs from many Latin American countries in that it has not experienced revolutionary changes from below or above, which might have transformed its oligarchic power structures. Bolivia, Costa Rica, Cuba, Mexico, and Nicaragua had revolutions. Peru was ruled by a left-wing military that introduced important reforms, as did the Peron and Vargas regimes in Argentina and Brazil respectively. Colombia's political structures, however, have changed little since the middle of the 19th century. The elites from the *Partido Liberal* and the *Partido Conservador* maintained their strong positions which may explain why Colombia has experienced only two military coups as opposed to almost two hundred in Bolivia! Nevertheless, Colombia's past has been very violent. Liberals and Conservatives have fought a series of civil wars since the establishment of the two-party system in the middle of the 19th century, a generation after gaining independence from Spain.⁵³¹

Both parties claim inheritance from important figures in the independence struggle against Spain. While the Conservatives consider the *Libertador* Simón Bolívar to be their founding father, the Liberals attribute this position to General Francisco Paula de Santander. Such associations, however, cannot necessarily be substantiated. The labels of Liberals and Conservatives cannot be entirely ascribed to certain social groups, and the common identification of the Liberals with the trading bourgeoisie and of the

⁵³¹Stanislav Andreski, *Parasitism and Subversion* (London: Weidenfeld and Nicholson, 1966), 216-256; Heinrich W. Krumwiede and Reinhard Stockmann, "Kolumbien," in Nohlen and Nuscheler, *Handbuch der Dritten Welt*, 382-384.

Conservatives with the large landholders may not be important. After all, there were Liberal landowners as well as Conservative merchants. The main difference between them has been their view of the role of religion. The Conservatives defended the Catholic church, its property, and influence in the state. The Liberals, on the other hand, advocated the separation of state and church and the partitioning of church property, and opposed clerical privileges.⁵³² The civil conflicts between the two parties occurred because in contrast to other Latin American countries, Colombia's Liberals and Conservatives had created up mass followings. These should not be mistaken with the modern mass parties in Latin America, such as the *Alianza Popular Revolucionaria Americana* (APRA) in Peru, or even the totalitarian organizations of the 1930s and 1940s in Europe. Rather, the campesinos' affiliation to a given Liberal or Conservative party boss in his locale automatically implied acceptance of the master's political preferences, as well as recruitment into the respective party armies that fought the civil wars.⁵³³

⁵³²Klaus Meschkat, Petra Rohde, and Barbara Topper, *Kolumbien: Geschichte und Gegenwart eines Landes im Ausnahmezustand* (Berlin: Wagenbach, 1983), 71-72. Kevin J. Lyonette, "Colombia," in Claudio Veliz ed, *Latin America and the Caribbean: A Handbook* (New York: Praeger, 1968), 76-77.

However, according to a Colombian acquaintance of mine, the only real difference between the two is that Conservatives go to Sunday church at 8 am, while Liberals attend at 10 am.

⁵³³Krumwiede and Stockmann, "Kolumbien," 385, Richard Gott, *Guerrilla Movements in Latin America* (Bungay, Suffolk: The Chaucer Press, 1970), 175

This affiliation between *campesino* and *hacendero* is reflective of the doctrine of *Cuius regio, eius religio* introduced by German Emperor Charles V at the 1555 Augsburg Peace treaty that was to end the civil strife between Catholics and Protestants. Accordingly, subjects were to have the same religious convictions as their feudal overlords. See Hermann Kinder and Werner Hilgemann eds, *DTW-Atlas für Geschichte*,

In 1852 the Conservatives revolted against the Liberal government after the abolition of slavery.⁵³⁴ During the 1880s the Liberals rose against the Conservative government of Rafael Nuñez because it had intervened in the country's economy by setting up a national bank, and by increasing import tariffs, which challenged the Liberals' free trade philosophy.⁵³⁵ A Liberal revolt in 1899 resulted in the "Thousand Day war" (1899-1902). It ended in the surrender of the Liberals and cost the lives of tens of thousands of people.⁵³⁶ This conflict may be viewed as a precursor to the *violencia* period of the 1940s and 1950s which took an even higher toll in lives.

vol. I (Munich: DTV, 1977), 235, Robert H. Tenbrock and Kurt Kluxen eds, *Zeiten und Menschen*, vol. I (Paderborn, FRG: Schöningh, 1976), 322-323

⁵³⁴Meschkat, Rohde, and Topper, *Kolumbien*, 74

⁵³⁵Ibid., 86-87.

⁵³⁶Ibid., 90-95

4a. The Period of Violence

The presently existing guerrilla movements in Colombia, as well as the cocaine trade, are linked to the *violencia* period, as Colombians call the last civil war (1948-57), between the oligarchic parties of Liberals and Conservatives. In 1948, the ruling unpopular Conservative government faced the increasing electoral power of the Liberals and their charismatic leader, Jorge Eliécer Gaitán, who promised to be the easy winner of the next election and whose support came largely from the majority of peasants and urban poor. However, this populist leader was gunned down in the streets of the capital, Bogotá, on April 9th, 1948.⁵³⁷

It is unknown who was responsible for the murder. The Conservatives pointed to internal divisions within the Liberal Party. Gaitán, on the left of the party, had caused considerable friction, and right-wing Liberals had reason to fear his populist agenda. The Liberals, however, blamed the Conservatives for the murder. After the assassination, the city erupted into an urban revolt known as the *Bogotazo*, which was crushed by police after three days of rioting. The Colombian Communist Party (PCC) was blamed for the riots, although it had, in fact, been caught by complete surprise. The outbreak of violence in the capital was a spontaneous explosion which lacked any organization. While the *Bogotazo* may have been an automatic reaction, the violence that gripped the country

⁵³⁷Ibid., 121-124. See also Heinz Mayer, *Kolumbien: Der Schmutzige Krieg* (Hamburg: Rowohlt, 1990), 32-33. Incidentally, Gaitán was murdered only minutes before he was to have a second meeting with a then unknown revolutionary from Cuba who was in Bogotá with a student delegation: Fidel Castro. See Tad Szulc, *Fidel: A Critical Portrait* (New York: Avon Books, 1987), 183.

afterwards was not. Local Liberal party bosses armed the peasants in their villages and organized them into guerrillas against their counterparts set up by the Conservatives in power, who were supported by the police and army. Traditional loyalty to the local strong man, whether Liberal or Conservative, became the primary cause of the violence that engulfed the whole country. The numbers of *violencia* victims range from 80,000 to 300,000⁵³⁸

When the conflict came to threaten the economic bases of Liberal and Conservative elites, both parties initially supported the June 1953 military coup by General Rojas Pinilla and even joined his government to put an end to the fighting. However, Rojas Pinilla's policies shifted toward Peronist-style populism, and the establishment of a personal dictatorship. This led to further rapprochements between Liberals and Conservatives, and in 1958 the party leaderships agreed to an accord, the *Frente Nacional*, which divided power between them for sixteen years, while Rojas Pinilla was forced into exile. Government positions were equally divided and occupied by members of both parties, while the presidency alternated between the two. The arrangements of the *Frente Nacional* were continued in spirit until 1985 by the practice of offering government positions to the second strongest party. The *Frente Nacional* officially ended the *violencia* period. However, it further cemented oligarchic rule which had traditionally excluded other groups from the political process, most importantly the

⁵³⁸Ibid., 125; John Gerassi, *The Great Fear in Latin America* (New York: Collier Books, 1973), 152; Krumhede and Stockmann, "Kolumbien," 387; Gott, *Guerrilla Movements*, 173; Szulc, *Fidel*, 183

urban poor and the peasants.⁵³⁹

⁵³⁹Ibid., 130-136. Also see Krumriede and Stockmann, "Kolumbien," 383.

4b. Dimensions and Problems of Protection Racket Maintenance in Colombia

Attempts to break the stranglehold of the *Frente Nacional* on power largely failed. The most important challenge was by the populist *Alianza Nacional Popular* (ANAPO), founded by former Colombian president Rojas Pinilla after his return from exile. The new party had been set up to create a third force capable of breaking the hold on power by Liberals and Conservatives. ANAPO aimed at internal reforms, such as the nationalization of large banks, as well as improvements of the living conditions of the country's poor. It professed a nationalist and neutralist agenda, and could be described as a Colombian brand of Peronism. However, during the presidential elections of April 19th, 1970, Rojas Pinilla was narrowly beaten. Many assume that the election results were rigged. Convinced of electoral fraud, his most radical supporters formed the above-mentioned M-19.⁵⁴⁰

The 1984 peace accord with the guerrillas, during the administration of Colombian President Belisario Betancur, may be viewed as another attempt to open the political system. During the 1982 election campaign Conservative presidential candidate Betancur had vowed to initiate peace talks with the rebels. In short, he wanted to eliminate the conditions that created the milieu in which the rebels flourished. It was Betancur's goal to democratize society in order to encourage the large number of

⁵⁴⁰Viktor Sukup, *Zeitbombe Südamerika* (Cologne, FRG: Pahl-Rugenstein, 1988), 80-81. Accordingly, the counting of the vote was presented on national television showing Rojas Pinilla in the lead. Suddenly, the broadcast was cut off and on the next day, the candidate of the *Frente Nacional*, the conservative Pastrana, was declared winner. See Meschkat et al., *Kolumbien*, 135.

Colombians not involved in the electoral process to participate in politics. To do so, he needed to introduce sweeping changes ranging from agrarian to administrative reforms. He also permitted the rebels to form their own political parties, and made changes to the electoral laws, such as introducing municipal elections.⁵⁴¹

The government signed agreements with the FARC in the spring of 1984, and with the EPL and M-19 several months later. Only the ELN and two smaller groups refused to join the process. By August 1984, 90 percent of Colombia's rebels had agreed to a truce with the government.⁵⁴² Despite these achievements, the military and its paramilitary allies successfully managed to derail the peace process and all involved went back to war. Betancur's reforms had alienated the members of the oligarchy because they threatened the dominance of the traditional parties. Moreover, successful peace negotiations would have deprived the military of its *raison d'être*. Betancur's initiatives were challenged by the military, which had pledged many times to finish off the 'subversives', but seemed unable to do so. Although the strong positions of the oligarchic parties had prevented the military from playing an important role in early Colombian politics, because of the growing size of the rebel movements since the *violencia*, the military came to play an instrumental role that was institutionalized in the country's

⁵⁴¹Alfredo Vazquez Carrizosa, *El poder presidencial en Colombia* (Bogotá: Ediciones Suramerica, 1986), 358; Thoumi, *Political Economy and Illegal Drugs in Colombia*, 53.

⁵⁴²"Holdouts threaten guerrilla peace," *Latin American Weekly Report*, Sept. 7, 1984, 5

various constitutions.⁵⁴³

Colombia had been in a state of siege for 36 years between 1948, the beginning of the *violencia* period, and 1991, the year the Gaviria administration introduced a new constitution. The 1991 constitution differs between two states of emergency which justify a form of martial law. It can be introduced during an external war. However, article 213 specifically refers to the *estado de conmoción interior*, the "state of internal commotion," which allows for the introduction of martial law in the whole country, or parts thereof, in case public order is threatened. Once implemented and approved by Colombia's Congress, the president rules by decree for a 3-month period which can be extended twice. It is generally applied in zones where the military clashes with the guerrillas. For example, the government of Cesar Gaviria (1990-1994) introduced the "state of internal commotion" during a guerrilla offensive in November of 1992.⁵⁴⁴ Mark Knoester points out though that the introduction of the "state of internal commotion" allows the Colombian President to "limit internationally recognized human rights, within the constitution."⁵⁴⁵

⁵⁴³Vazquez Carrizosa, *El poder presidencial en Colombia*, 319-348, 360-363; Nazih Richani, "The Political Economy of Violence: The War-System in Colombia," *Journal of Interamerican Studies and World Affairs*, 39,2,(1997): 51; Cynthia A. Watson, "Political Violence in Colombia: Another Argentina?," *Third World Quarterly*, 12, 3, (1990/91):26-27.

⁵⁴⁴Meschkat et al., *Kolumbien*, 136; *Nueva Constitución: Política de Colombia* (Bogotá: Asamblea Nacional Constituyente, 1991), 55-57. Also see "Dictadura en estados de excepción," *El Tiempo*, Nov.7, 1992, 5A.

⁵⁴⁵Mark Knoester, "War in Colombia," *Social Justice*, 25, 2, (1998) 99

While officially a democracy, the Colombian state is a protection racket which employs violence against the excluded to maintain the predominance of the oligarchic structures. The situation differs little from the one in El Salvador where the military's violence was "the currency of relations between state and nonstate elites."⁵⁴⁶ Given the constant rise of the guerrilla, Colombia's state and nonstate elites *gave up political power* to the military in order to *preserve their social power*. Ironically, the increase in state violence has resulted in more guerrillas producing more state violence in return. Accordingly, the authors of the 1990 report on human rights in Colombia published by the *Comisión Andina de Juristas*, the Andean Commission of Jurists, observed that

the indiscriminate use of force and repression augmented the popular base of the guerrilla groups [and] increased their offensive capacities.⁵⁴⁷

In fact, a situation had been created by which the military no longer sufficed to contain the rebels. This, in turn, caused the collaboration between the local military and local elites, as well as criminal groups, in the regions most affected. As previously pointed out, organized crime is "compatible with the continued existence of the formal state structure and can even be employed to defend it."⁵⁴⁸ This collaboration was in part made possible by a Colombian law that empowered the military to create so-called *auto-*

⁵⁴⁶William Stanley, *The Protection Racket State: Elite Politics, Military Extortion, and Civil War in El Salvador* (Philadelphia: Temple University Press, 1996), 6-7

⁵⁴⁷*Violencia en Colombia* (Lima: Comisión Andina de Juristas, 1990), 95.

⁵⁴⁸Naylor, "The Insurgent Economy," 22.

defensas or armed self-defence groups. According to a 1968 law, the military "may authorize the use of arms considered only for the exclusive use of the armed forces by private individuals" when deemed necessary.⁵⁴⁹ Although the military has not publically admitted to its reliance on paramilitaries, the existing evidence to the contrary is overwhelming.⁵⁵⁰

In Colombia, the collaboration between traffickers and the military is illustrated by the conversion of Mafia-paid paramilitary organizations, such as MAS into death squads aligned with the military. The acronym MAS stands for *Muerte a Secuestradores*, which translates as 'Death to Kidnappers'. It was originally established in 1977, after the abduction of Martha Nieves Ochoa Vásquez by M-19 rebels. She was the sister of Jorge Luis Ochoa, one of the leading Medellín Mafia bosses alongside the late Pablo Escobar Gaviria. Initially organized to protect cartel leaders and their families against Colombia's leftist guerillas, MAS transformed into a right-wing death squad linked to the military.⁵⁵¹

As one observer noted:

MAS evolved into an instrument for the indiscriminate persecution of leftists, including labour organizers, peasants who collaborate with guerillas... Some

⁵⁴⁹"Colombian Self-Defence: Legal Basis," *Latin American Weekly Report*, Aug. 13, 1987, 6.

⁵⁵⁰"El dedo en la llaga," *Semana*, Jan. 14, 1997, 24-25; Ana Carrigan, "A Chronicle of Death Foretold: State-Sponsored Violence in Colombia," *NACLA Report on the Americas*, XXVIII, 5, (March-April 1995) 6-10.

⁵⁵¹Fabio Castillo, *Los jinetes de la cocaína* (Bogotá: Editorial Documentos Periodísticos, 1987), 111-114; "MAS report raises storm," *Latin American Weekly Report*, Feb. 11, 1983, 5.

Colombian army officers have been members of MAS; in fact, the organization seemingly served as a communication channel of sorts between the Mafia and the military.⁵⁵²

Another organization directly linked to the *Medellin cartel* is the *Asociación campesina de agricultores y ganaderos del Magdalena Medio* (ACDEGAM), the association of peasants and ranchers of the Magdalena Medio, which is in the department of Antioquia. *Medellin cartel* leaders Pablo Escobar, Jorge Luis Ochoa, and Gonzalo Rodriguez Gacha were members of ACDEGAM and helped finance its activities.⁵⁵³ ACDEGAM was not initially set up by traffickers, but by middle and large estate owners and cattle ranchers. However, the acquisition of land by the *Medellin cartel* leaders brought the two groups into direct contact. By 1988, traffickers had allegedly acquired one million hectares of Colombian real estate worth an estimated US\$ 5 billion. However, other sources claim that the drug traffickers had bought up to 2.5 million

⁵⁵²Rensselaer W. Lee III, *The White Labyrinth: Cocaine and Political Power* (New Brunswick, NJ: Transaction Books, 1988), 117-118. The role of the military was confirmed by Colombia's attorney general Carlos Jiménez Gomez in a report to his nation's Congress. He referred to "the vicious habit of the military of relying on private citizens to carry out its counterinsurgency" in order "to make up for its own limitations." See Jenny Pearce, "The Dirty War," *NACLEA Report on the Americas*, XXIII, 6, (April 1990):24.

⁵⁵³Strong, *Whitewash*, 162-163, Carlos Medina Gallego, *Autodefensas paramilitares y narcotráfico* (Bogotá: Editorial Documentos Periodísticos, 1990), 219-229; "Private armies control much of rural Colombia," *The Miami Herald*, (July 18, 1990), 4A; "New party for the extreme right," *Latin American Weekly Report*, Aug. 24, 1989, 9.

hectares by the late 1980s.⁵⁵⁴ According to Carrigan, drug traffickers owned 21 percent of Colombia's arable land in 1994/1995.⁵⁵⁵

The emergence of MAS may be considered the beginning of the narco-military nexus in Colombia that succeeded in destroying the Betancur peace process. Groups like ACDEGAM and MAS may stand representative for a "plethora of mostly local death squads who used anticommunism" to defend the murder of a wide range of victims. These included "petty criminals, prostitutes and homosexuals," members or supporters of the rebels, "artists, intellectuals, journalists, and lawyers."⁵⁵⁶

A report by the *Departamento Administrativo de Seguridad* (DAS), the one Colombian intelligence agency directly responsible to civilian rather than military authority, claimed that some 140 death squads operated in the country by 1987.⁵⁵⁷ According to *Amnesty International*, more than one thousand people were murdered by death squads in 1987. In the following year, this number doubled to 2084.⁵⁵⁸ Massacres

⁵⁵⁴"Drug money in real estate," *Latin American Weekly Report*, Dec. 8, 1988, 12; "Rural property is targeted by narcos," *Latin American Weekly Report*, Dec. 15, 1988, 10-11; Thoumi, *Political Economy*, 239-240; Filippone, "The Medellin Cartel," 335.

⁵⁵⁵Carrigan, "A Chronicle of Death Foretold," 9.

⁵⁵⁶Pearce, "The Dirty War," 22.

⁵⁵⁷"Death squads total 140, says report," *Latin American Weekly Report*, Oct. 15, 1987, 8.

⁵⁵⁸*The Amnesty International Colombia Briefing* (New York: Amnesty International Publications, 1988), 7. See also "Talks get started with M-19," *Latin American Weekly Report*, Jan. 19, 1989, 8.

of peasants as well as selective assassinations of more than four hundred activists and candidates of the leftist *Unión Patriótica* (UP) party became weekly events between 1985 and 1988.⁵⁵⁹ Ana Carrigan mentions a report by the respected *Comisión Andina de Juristas* that concluded that "almost 70 percent" of the more than 25,000 political killings in Colombia between 1986 and 1994 can be attributed to the army, police, and paramilitaries, compared with 29 percent committed by the rebels. She makes the following comparison:

In Colombia, the toll of political victims of state terrorism demonstrates that every year since 1986, more citizens have been killed, disappeared, or suffered death from torture at the hands of the State or its paramilitary allies than the total of all victims of political repression in Chile during the entire 17 years of the Pinochet military dictatorship.⁵⁶⁰

Alejandro Reyes observes the collaboration from the perspective of traffickers:

Many narcotraffickers [had begun] to invest in large haciendas in those regions where property was concentrated and where there was frequent guerrilla harassment of the landowners. As a consequence, what was expected to be a way to defend the traditional social order against subversion opened a political and legal space for some narcotraffickers to join the task of counterinsurgency for their own benefit, as allies of the armed forces.⁵⁶¹

A German human rights lawyer wrote on ACDEGAM, the *Medellín cartel*, and right-wing politics in the Magdalena Medio, that

⁵⁵⁹ Amnesty International, *Kolumbien: Ein Land im Ausnahmezustand* (Bonn: Amnesty International Publications, 1988), 17.

⁵⁶⁰ Carrigan, "A Chronicle of Death Foretold," 9.

⁵⁶¹ Alejandro Reyes, "Drug Trafficking and the Guerrilla Movements in Colombia," in Bruce M. Bagley and William O. Walker III, *Drug Trafficking in the Americas* (Miami, FL: North-South Center Press, 1996), 126.

the... Mafia, in an expedient alliance with ranchers, local politicians and the military, succeeded to set up one of the most powerful paramilitary units of Colombia, [and] to turn the region of the Magdalena Medio into... an independent paramilitary Mafia republic [as well as] to legalize its right-wing terror with the founding of their own political party.⁵⁶²

Nonetheless, it seems that the Gramscian notion of *trasformismo* would apply in the Colombian situation.

⁵⁶²Mayer, *Kolumbien*, 199

5. The Revolutionary Left in Colombia

The FARC, Latin America's oldest left-wing insurgency movement, was born in the *violencia* years. The ELN and EPL as well as M-19 were established in opposition to FARC's political line, but often with the help of FARC combatants who had switched allegiance. The FARC guerrillas are militarily very strong and control large tracts of Colombian territory.⁵⁶³ The movement's origins lie in the so-called 'independent republics' set up mostly by former Liberal peasant guerrillas who had turned to the left during the *violencia*. In fact, most of FARC's leadership derived from this background. Accordingly, some sixteen 'republics' were founded during the *violencia* over which the central government in Bogotá had no control. These were zones of self-defence, self-ruled by the peasants, and with their own security forces. Protected from the violence in the rest of the country, these areas also turned into safe havens for refugees. A typical republic was Marquetalia on the borders of the departments of Tolima and Huila provinces. It was approximately 2,000 square miles in size and home to some 4,000 peasants.⁵⁶⁴

While Liberals and Conservatives were at each other's throats, the Colombian Communist Party (PCC) made strong inroads in the 'republics'. The role of the PCC differs here from other Latin American Communist parties that distanced themselves

⁵⁶³*Violencia en Colombia*, 94

⁵⁶⁴Gott, *Guerrilla Movements in Latin America*, 174-179. Jacobo Arenas, "La resistencia de Marquetalia," in Olga Behar, *Las guerras de la paz* (Bogotá: Planeta, 1985), 68-73.

from the guerrilla movements in their respective countries following directives from Moscow. For example, the Cuban Communists did little to support Fidel Castro's *26th of July Movement* and labelled him "adventurist." For some time, even after Castro's launch of guerrilla warfare against the Batista dictatorship, the Communists maintained that there was no cause for rebellion, and demanded democratic elections instead.⁵⁶⁵

The Colombian Communists allied themselves with the guerrillas in order not to lose influence among the peasantry. Also, many peasant rebel leaders themselves, including the renowned Manuel Marulanda, held prominent positions in the party which had many peasant members.⁵⁶⁶ The stance taken by the PCC was a compromise solution that took into account Colombian reality, and the belief of Soviet leaders that the region was not yet ready for Socialist revolution. Kremlin leaders had strongly opposed the goal of Cuban leader Fidel Castro to overthrow the governments of Latin America, and disliked 'Che' Guevara's revolutionary fervour because they did not want to provoke the United States. Furthermore, the Soviets feared that successful revolutions might be taken over by the Chinese. Finally, there was strong dissatisfaction in the USSR with the amount of fraternal assistance given to Cuba and other developing socialist countries. Simply put, the Kremlin could not afford another Cuba.⁵⁶⁷

⁵⁶⁵Szulc, *Fidel*, 458.

⁵⁶⁶Gott, *Guerrilla Movements*, 192-194.

⁵⁶⁷Arkady N. Shevchenko, *Breaking with Moscow* (New York: Ballantine Books, 1985), 187; Szulc, *Fidel*, 669; Harrison E. Salisbury, *Russia* (New York: Atheneum, 1965), 47.

The Communist enclaves existed well into the 1960s when the Bogotá government decided to eradicate them with US backing. In fact, Colombia became the first Latin American country where the US military tested its new antiguerrilla tactics, developed after the Cuban revolution. After several unsuccessful attempts, the Colombian army destroyed them in 1965.⁵⁶⁸ Yet, the fall of the 'republics' did not spell the end of the Communist guerrillas. While the republics did have relatively little cohesion except their control by the Communists, a merger of all rebel groups in Southern Colombia in 1966 established the FARC under the command of Manuel Marulanda Velez, who still is one of the leaders. Moreover, the rebels changed tactics from the apparently unsuccessful self-defence zone to mobile guerrilla warfare. In Colombia, guerrilla warfare became the strategy officially adopted by the Communists, although it was not the only form of struggle. According to the PCC, Colombia was not in a revolutionary situation. On the other hand, however, the party's leadership argued that the guerrilla could not simply stand by but should counter the military's aggression with its own warfare.⁵⁶⁹

⁵⁶⁸Gott, *Guerrilla Movements*, 188-189; Eduardo Pizarro, "Revolutionary Guerrilla Groups in Colombia," in Charles Bergquist, Ricardo Peñaranda, and Gonzalo Sánchez eds, *Violence in Colombia* (Wilmington, Delaware: SR Books, 1992), 180-181. Accordingly, Marquetalia fell after the air force had dropped some 20 000 bombs and the army had attacked with 16,000 soldiers. See Eduardo Galeano, *Las venas abiertas de America Latina* (Mexico City: Siglo Veintiuno editores, 1982), 166.

⁵⁶⁹Gott, *Guerrilla Movements*, 192-193, *Movimientos revolucionarios de America Latina*, vol. I (Caracas, Venezuela: Indal, 1972), 115, 158, "Pastrana, obligado a dar un giro al proceso de paz de Colombia," *El País* (Spain), May 30, 1999, 8.

The strength of the FARC has grown considerably during the 1990s, largely due to the polarization of the struggle over land between local elites in league with criminal groups on one side, and peasants as well as guerrillas on the other. The FARC has increased its presence from 15 fronts in 1982 to 66 in 1996, each front comprising some 100-200 guerrilla fighters.⁵⁷⁰ It is estimated to have between 9,000 and 15,000 active combatants operating in most parts of Colombia. However, figures regarding the military strength of the different Colombian rebel organizations are inconclusive. FARC leader Marulanda even claimed once that his organization could launch 40,000 armed guerrillas.⁵⁷¹ As a result of its increased strength FARC has repeatedly humiliated the Colombian military. One of the more recent embarrassments was the 1997 handover of army prisoners who had been taken by FARC. Receiving international media attention the, the rebels released their 80 prisoners to the *International Red Cross* only after lengthy negotiations and after the military had temporarily evacuated some 15,000 square kilometres in the southern province of Caquetá.⁵⁷²

⁵⁷⁰Richani, "The Political Economy of Violence," 41-42.

⁵⁷¹"Congress to vote on formal amnesty," *Latin American Weekly Report*, (May 24, 1985):8. Also see "Año nuevo bajo las balas," *Cambio 16* (Latin American edition), Dec. 18, 1993, 6-10; "Warring Colombian groups say they're ready to make peace," *The Globe and Mail*, Aug. 1, 1998, A8, "Colombians lose farms to paramilitary," *The Globe and Mail*, May 30, 1998, A12.

⁵⁷²"¡Liberados!," *El Sol*, June 16, 1997, C1; "Sólo les falta aviación y tanques," *El Sol*, June 16, 1997, C1; "Esto fue un circo con muchos payasos reunidos," Interview with General Harold Bedoya, in *Semana*, June 16-23, 1997, available from <http://www.semana.com.co/users/semana/jun16/entrevista.htm>; INTERNET.

Other rebel groups emerged in Colombia following shifts in the Communist world, and the reactions by the FARC and the PCC in response to these changes. While the differences between Havana and Moscow produced the ELN, the rift between Soviets and Chinese brought about the creation of a Beijing-oriented Communist party which also launched its own rebel movement, the EPL.

The foundation of the ELN in 1964 was strongly influenced by the Cuban revolution and the writings of 'Che' Guevara. The group based its guerrilla struggle on the strategy of the insurrectional focus which would spread and eventually engulf the whole country. The ELN thus differed from the FARC in its analysis of the revolutionary situation and how to go about creating one. While FARC doctrine proclaimed that a revolutionary situation develops over time, ELN fighters were more confident about the prospect of revolutionary change, even if the existing situation did not favour the outcome.⁵⁷³ For example, 'Che' Guevara, inspired by Mao's works on revolutionary warfare, believed that it was not required to wait until all conditions for revolution had developed because guerrilla warfare could induce them. While this approach worked in Cuba, 'Che's' revolutionary strategy failed in Bolivia, where the legendary guerrilla leader was captured and executed in 1967. The ELN leaders attempted first to come to a working relationship with the FARC which failed when the ELN refused to submit to PCC control. Unlike the FARC, the ELN considered revolutionary warfare as the only

⁵⁷³Gott, *Guerrilla Movements*, 195; Meschkat et al., *Kolumbien*, 144-145; Magnus Blomström and Björn Hettne, *Development Theory in Transition* (London: Zed Books, 1988), 37.

important form of struggle, and as a result the ELN did not participate in the previously mentioned peace process initiated by President Betancour. In 1996 it was estimated that the ELN had some 3,000 fighters operating in the northern part of the country.⁵⁷⁴

The Maoist EPL stems from the 1963 Sino-Soviet split. After the PCC adopted positions opposed to the Chinese Communist Party in 1965, a faction of pro-Chinese Communists broke away and established their own party, the *Partido Comunista Marxista-Leninista* (PCML), with a program influenced by Maoist teachings. Accordingly, the struggle for liberation was seen as inevitable and necessary, and revolutionary violence was viewed as the midwife of history. In 1968 the party launched its own rebel movement, the EPL. Some of Marulanda's FARC fighters switched over to help the new group to organize. The EPL wanted to emulate the strategy of popular war and had some initial successes in the 1960s. However, due to military defeats and internal divisions, the EPL never gained the significance of either FARC or ELN.⁵⁷⁵

The EPL signed a peace accord with the government in the spring of 1991, and most of its 2,000 combatants surrendered. The EPL converted into a political party which was called *Esperanza, Paz y Libertad* [Hope, Peace and Liberty], and continued to use the acronym EPL. However, one dissident group, which still calls itself EPL, did not submit

⁵⁷⁴Ibid., 195-227; Richani, "The Political Economy of Violence," 42. See also Francois Sully, *Age of the Guerrilla* (New York: Avon, 1968), 80-81, 205-206; Régis Debray, *Revolution in the Revolution?* (New York: Grove Press, 1967).

⁵⁷⁵Ibid., 225-226; Meschkat et al., *Kolumbien*, 145; Pizarro, "Revolutionary Guerrilla Groups," 179.

and came to form the smallest of the rebel organizations which presently are part of the *Coordinadora Nacional Guerrilla*. It was estimated to have 700 combatants in 1996.⁵⁷⁶

One of the original founding members of the *Coordinadora* had been the M-19. The group was an offspring of the previously mentioned populist ANAPO, founded by former Colombian president Rojas Pinilla after returning from exile. The name M-19 derived from the presidential elections of April 19th, 1970, when Rojas Pinilla was narrowly beaten in elections whose outcome many Colombians assume to have been fixed.⁵⁷⁷ Convinced of electoral fraud, the most radical supporters of Rojas Pinilla, who were joined by dissatisfied FARC rebels formed M-19 which called itself nationalist and anti-imperialist. From the outset, M-19 acquired a reputation for actions which looked more like publicity stunts than revolutionary warfare. Eduardo Pizarro, for example, refers to "the group's tendency to substitute audacious political-military feats for the patient building of a political movement." In 1974, M-19 stole the sword of *Libertador* Simón Bolívar from a Bogotá museum. In January 1979, it took over Bogotá's military arsenal, making off with thousands of fire arms. On February 27, 1980, M-19 raided the Embassy of the Dominican Republic taking hostage dozens of diplomats, including US Ambassador Diego Ascencio. The rebels involved escaped to Cuba with over US\$ 2

⁵⁷⁶"Two steps forward, one step back," *Latin American Weekly Report*, Feb. 21, 1991, 3; "Going public on defence spending," *Latin American Weekly Report*, March 7, 1991, 2; "ELN dissidents sue again for peace," *Latin American Weekly Report*, April 1, 1993, 146; "Urabá killings raise election fears," *Latin American Weekly Report*, Feb. 3, 1994, 38; Richani, "The Political Economy of Violence," 42.

⁵⁷⁷Sukup, *Zeithombe Südamerika*, 80; Meschkat et al., *Kolumbien*, 135.

million, after the government had freed more than three hundred political prisoners. M-19 also became known because of its Robin-Hood-like activities, such as the distribution of stolen food to the inhabitants of slums.⁵⁷⁸

M-19's importance declined after its ill-fated attack on the Palace of Justice in November of 1985. The rebels occupied the building, taking 23 Supreme Court judges and hundreds of clerical workers and clients as hostages. However, instead of negotiating, President Betancur ordered a counterattack in which more than 90 people perished, including 11 judges and most, if not all, the guerrillas involved.⁵⁷⁹ The group was seriously weakened after the assault. This may have been one of the reasons it returned to the negotiating table in 1989. M-19 signed a peace agreement with the Barco government and became a political party. As *Alianza Democrática M-19* (ADM-19) it made significant gains in the elections of December 1990. However, while ADM-19's candidate Antonio Navarro Wolff, a former guerrillero, had received 27 percent of the vote in 1990, the party's poor showing in 1994 demonstrated again the difficulty in ending oligarchic politics in Colombia.⁵⁸⁰

The *Coordinadora's* main components are the FARC, the ELN and the EPL's

⁵⁷⁸Ibid., 81; Pizarro, "Revolutionary Guerrilla Groups," 183.

⁵⁷⁹Elaine Shannon, *Desperados* (New York: Penguin, 1988), 195.

⁵⁸⁰Pizarro, "Revolutionary Groups in Colombia," 184-185, "M-19 peace deal enters Phase II," *Latin American Weekly Report*, Aug. 3, 1989, 4; "It may be premature to bury bipartisan politics in Colombia," *Latin American Weekly Report*, Dec. 20, 1990, 1, "Two-party system remains on top," *Latin American Weekly Report*, March 24, 1994, 13.

dissident faction. As indicated above, the strength of Colombia's guerrilla forces, especially the FARC's, has been growing considerably since the failure of the above described peace negotiations. As one observer noted in 1992, before the 1984 peace talks "the frequency of guerrilla attacks...was, on average, two a month... Today it is daily."⁵⁸¹ Alfredo Rangel Suárez, security advisor to former Colombian President Ernesto Samper, estimated that the *Coordinadora* could field a force of "some 30,000 combatants" in the early years of the new millennium carrying out military operations from "300 fronts."⁵⁸²

Presently, the Colombian situation may be characterized as a constant stalemate between military and guerrilla as neither side can destroy the other. The *Coordinadora* has been compared to El Salvador's *Frente Farabundo Martí para la Liberación Nacional* (FMLN), an umbrella organization created by that country's five rebel groups in 1986. However, the *Coordinadora* has not yet achieved the FMLN's cohesion, although the three Colombian revolutionary groups are gradually inching closer to military cooperation, and possibly a united military command.⁵⁸³

The losses to Colombia caused by the guerrilla war are staggering. According to a government report, the conflict cost the country US\$13.5 billion for the period between 1990 and 1994. This amount is based on military spending, kidnapping and extortion by

⁵⁸¹Plinio Apuleyo Mendoza, "La guerra que nunca quisimos ver," *El Tiempo*, Lecturas Dominicales, Nov. 29, 1992, 8.

⁵⁸²Alfredo Rangel Suárez, *Análisis Político*, 28, (May-August 1996): 74.

⁵⁸³Jesus Antonio Bejarano, "Mas diferencias que parecidos," *El Tiempo*, Lecturas Dominicales, Jan. 24, 1993, 7; Pizarro, "Revolutionary Guerrilla Groups," 175-176.

the guerrillas, attacks on oil pipelines and the human costs of the conflict.⁵⁸⁴ Strong provides a fitting portrait of a society that has been at war with itself for generations. He traces the country's ills back to the *violencia* period between 1948 and 1957 when tens, if not hundreds of thousands of Colombians lost their lives. This conflict spawned a "culture of violence" that thrives to this day. Accordingly, Colombia has gone from civil, to guerrilla, to drug war.⁵⁸⁵

The Colombian case also illustrates the validity of what I previously termed *Merton's dilemma*; namely, that both crime and rebellion are different reactions to the exclusion from the riches of society. While criminal activity becomes a vehicle for social mobility and integration into elites, the other aims to destroy and replace them. The Colombian political establishment makes it impossible for opposition groups to assert themselves without the use of violence. As described by one observer, "it seems that... in Colombia real opposition is only possible as subversion."⁵⁸⁶

⁵⁸⁴"Guerrilla Economics," *The Economist*, 338, 7948, Jan. 13, 1996, 40;
"Dinamitados dos oleoductos," *El Tiempo*, Oct. 24, 1992, 10A.

⁵⁸⁵Strong, *Whitewash*, 9. Violence kills tens of thousands annually. The murder rate increased from 2 murders per 100,000 citizens to 8.5 per 100,000 between 1980 and 1990. "La vida no vale nada," *El Pais* (Cali, Colombia), Nov. 22, 1992, C10. According to a recent Colombian police report, the number of annual killings increased from 1996 to 1997 by 19 percent to 31,808. See "Latin America rate of killing up in Colombia," *The Globe and Mail*, May 5, 1998, A12.

⁵⁸⁶Peter Schultze-Kraft, *Der Tag an dem wir die Waffen vergruben* (Frankfurt a.M.: Goldmann, 1982), 16.

6. The Military, Elites and Political Power in Peru

While Colombia's traditional elites, and the party institutions which represent them, have managed to maintain their dominance, albeit by sharing power with the military as well as integrating criminal elites, the same cannot be maintained for their Peruvian counterparts. Peru's traditional oligarchy included bankers, large coastal plantation owners, and the landholders of the middle and high sierra. However, while Colombian traditional elites have gathered in two political parties, their Peruvian counterparts have not represented their interests on a party platform since the demise of the *Civilista* party in the early 20th century. The country's political parties have not been strong, self-perpetuating institutions, excepting the *Alianza Popular Revolucionaria Americana* (APRA) which has existed since 1924. In contrast to Colombia where the military slowly gained ground and only acquired its prominence since the *violencia* period, Peru's armed forces have historically been involved in their country's politics. In fact, of the seventy-six presidents who governed Peru between independence in 1821 and the 1968 revolution, fifty came from the military. However, Peru's oligarchy traditionally maintained good relations with the military.⁵⁸⁷ Thus, the closeness between the Fujimori

⁵⁸⁷George D.F. Philip, *The Rise and Fall of the Peruvian Military Radicals 1968-1976* (London: Athlone Press, 1978), 15-16, Peter S. Cleaves and Henry Pease Garcia, "State Autonomy and Military Policy Making," in Cynthia McClintock and Abraham F. Lowenthal eds, *The Peruvian Experiment Reconsidered* (Princeton, NJ: Princeton UP, 1983), 214, Thomas Skidmore and Peter H. Smith, *Modern Latin America* (New York: Oxford University Press, 1984), 206, Francisco Durand, "The Growth and the Limitations of the Peruvian Right," in Maxwell A. Cameron and Philip Mauceri, *The Peruvian Labyrinth* (University Park, PA: Pennsylvania State University Press, 1997), 173.

government and the military, or rather the dominant clique within, is not a novel experience. The military, however, should not be perceived as the tool of the oligarchy, or of other social groups. It has historically been an independent institution within Peru's political landscape, which has even played a progressive role.

This independence was exemplified by the era of military rule between 1968 and 1978. The military, under General Velasco, took over the government and introduced a 'revolution from above' which aimed at modernizing society and economy. The reforms were largely instituted to forestall the left-wing insurgencies which the oligarchic system was expected to produce after the revolutionary fervor which swept Latin America after the Cuban revolution reached Peru. It produced rebel groups from the Rio Grande to Patagonia, including the above-mentioned ELN in Colombia. In Peru it gave birth to the *Movimiento de Izquierda Revolucionaria* (MIR) which was set up in 1960, and began guerrilla warfare in 1965.⁵⁸⁸ Although this rebellion and others, were squashed easily, it was understood in the officers' corps that not military suppression, but only a transformation of Peru's fossilized socioeconomic system would prevent revolution.

Liisa North quotes one of the generals involved in the coup as saying that

...the guerrillas...rang the bell that awakened the military to the reality of the country... The moment the guerrilla focos appeared it was the army that said that this problem was not going to be solved with bullets.⁵⁸⁹

⁵⁸⁸On Peruvian rebel movements during the 1960s see Gott, *Guerrilla Movements*, 231-290.

⁵⁸⁹Liisa L. North, "Ideological Orientations of Peru's Military Rulers," in McClintock and Lowenthal, *The Peruvian Experiment Reconsidered*, 250.

The reformist regime initiated sweeping changes which ended the power of the old oligarchy. Agrarian reforms introduced in 1969 broke up medium-sized and large estates and redistributed the land to peasant cooperatives that had been organized by the regime. The military nationalized foreign companies, notably in the petroleum and mining sector. It also reestablished diplomatic ties with Cuba, increased trade and commerce with the Soviet bloc, and also Socialist Yugoslavia, and even bought weapons from the USSR and Czechoslovakia.⁵⁹⁰

While the old power structures were indeed removed, the reforms largely profited the peasants on the coastal lands, not the Indian communities in the Andes, which became the breeding ground of the *Sendero* rebellion. Cynthia McClintock maintains that the highland communities "were the last to be affected by the agrarian reforms," which were only implemented there between 1973 and 1975, although these regions had experienced most of the peasant unrest. Susan Eckstein also points out that the "earning power of highland Indian communities did not improve as much as that of coastal cooperatives."⁵⁹¹ Victor Sukup blames the reforms for causing the "social and economic disintegration" that contributed to *Sendero's* support base. He also argues that during the period between 1968 and 1980, which overlaps with the military's time in power, the Sierra departments

⁵⁹⁰Fuhr and Hörmann, "Peru," 444-446; Carlos Rangel, *Del buen salvaje al buen revolucionario* (Caracas, Venezuela: Monte Avila Editores, 1982), 375-386.

⁵⁹¹McClintock, "Velasco, Officers, and Citizens," 289; Susan Eckstein, "Revolution and Redistribution," 373, in McClintock and Lowenthal, *The Peruvian Experiment Reconsidered*.

received less than 1 percent of government spending.⁵⁹² The military government removed the oligarchic structures, yet failed to replace them.

Previously, I noted that the emergence of the guerrilla and drug trade are linked to the issues of land distribution and agricultural reform, or the lack thereof. This is also true in Peru. In Bolivia, a guerrilla did not emerge because of the changes implemented after the 1952 revolution, while a criminal elite arose in those areas of the country which had been excluded from agrarian reform. In Colombia, which had experienced few agrarian reforms, organized crime entered the conflict against the revolutionary left over land redistribution. In Peru, which has undergone extensive agrarian reforms, the emergence of both the drug trade and the guerrilla can largely be attributed to the manner in which the peasants were organized by the military government, and to the official neglect after the implementation of said changes.

The government neglect in the highland departments also reflects the racism of Peruvian society which treats the Indians as second-class citizens.⁵⁹³ *Sendero Luminoso* emerged first in the departments Apurimac, Ayacucho and Huancavelica. These are some of the poorest regions of the country where between 50 - 90 percent of the population has

⁵⁹²Sukup, *Zeithombe Südamerika*, 114. Little changed under the populist President Alan Garcia elected in 1985. Sukup points out that in 1985/86, the Peruvian government spent more on one large irrigation project on the country's northern coast than on the whole Andean region, although the guerrilla war against *Sendero* had been heating up for several years. Ibid., 121.

⁵⁹³Simon Strong, *Shining Path: The World's Deadliest Revolutionary Force* (London: HarperCollins, 1992), 74.

no running water, sanitation, or electricity. A health infrastructure is not in existence, and does not exist and up to 50 percent of the population are illiterate.⁵⁹⁴

The coca economy in the Huallaga valley, which became the world's largest area of coca cultivation, also resulted from government neglect. To colonize the interior, successive governments during the 1950s and 60s had attracted settlers to the region with the promise of continued development funding. However, finances ran out. The project came to a halt, and was finally discontinued under the military regime in 1975. By that time, however, coca had already become the major cash crop as peasants turned to cultivating the plant, whose derivatives were in increasing demand in the United States.⁵⁹⁵

Moreover, the parties in power following the era of military rule, the centre-right *Acción Popular* (AP) and the centre-left *Alianza Popular Revolucionaria Americana* (APRA) who governed Peru between 1980 and 1990, were discredited because of their failure to contain the *Sendero* threat, their corruption, and their disastrous economic policies

Between 1980 - 1990, the country's debts had risen from US\$ 9.6 to 17.6 billion. The amount represented 63 percent of Peru's GDP and was five times larger than its 1990 exports. The country suffered hyperinflation reaching more than 7000 percent in 1990 which resulted in massive income reductions. Between 1985 and 1990 the minimum

⁵⁹⁴Fuhr and Hörmann, "Peru," 465

⁵⁹⁵Roger Rumrill, "The Highs and Lows of a Cocaine Economy," in Michael L. Smith et al., *Why People Grow Drugs* (London: Panos, 1992), 81-83.

monthly pay declined by almost 70 percent which amounted to the equivalent of US\$ 36. Between 1985 and 1987 official employment had increased from 34 to 60 percent, but it rapidly declined in the last years of the APRA government under Alan Garcia to 5.3 percent (!) in 1990. In the capital Lima the figures for the underemployed rose correspondingly from 34.9 percent in 1987 to 86.4 percent in 1990. These developments also greatly augmented the growth of the informal economy ⁵⁹⁶

Further, the country's democratic left also offered little hope. The *Izquierda Unida* (IU), an alliance of six parties which had combined forces, made promising gains during the 1980s. Yet it split apart resulting in the formation of another group on the left, the *Izquierda Socialista* (IS). ⁵⁹⁷

This collapse of the political elites was rather unprecedented and resulted from the fact that they had led the country into its worst crisis in history. The 1990 election victory of the political outsider and the son of Japanese immigrants, Alberto Fujimori, and the regime established since, result from the failures of the traditional parties AP and APRA.

⁵⁹⁶Fuhr and Hörmann, "Peru," 444-461

⁵⁹⁷Ibid., 477. Also see "Humpty Dumpty, the Scriptwriter and the Little Bean," *The New Internationalist*, 197, (July 1989): 24-25

The appearance and attitude of *Sendero Luminoso* contributed to the crisis on the left. The rebels moved against all left-wing organizations including labour and peasant unions and the *Izquierda Unida*, for example, by assassinating its leadership. According to Carlos Tapia, a recognized Peruvian expert on the subject, *Sendero* did more to destroy the Left in Peru than the neoliberal policies and the repression of the Fujimori regime. Interview with *Sendero Luminoso* expert Carlos Tapia, Aug. 1996, Lima. See also Deborah Poole and Gerardo Rénique, *Peru: Time of Fear* (London: Latin America Bureau, 1992), 12, 185.

Attempts to revive the old political forces have largely failed, and for almost a decade, the Fujimori regime, and the military clique sustaining it, remained unchallenged. Only recently, a credible alternative emerged in the *Peru Posible* party, an amalgamation of political groups opposed to Fujimori.⁵⁹⁸

⁵⁹⁸The Fujimori era may indeed come to a close. During the most recent elections in Peru, Fujimori did not gain the necessary 50% for a first round win. He will face the candidate of the opposition party *Peru Posible*, Alejandro Toledo, who is leading the polls, in a run-off election. See "Peru va a la segunda vuelta," *El Espectador*, April 10, 2000; available from <http://www.elespectador.com/0004/10/genotici.htm>; INTERNET

7. Revolutionary Movements in Peru

The Peruvian rebel movements are younger than their Colombian counterparts, although both *Sendero* and the MRTA can trace their roots to organizations active in the 1960s. Established in the 1970s, and dubbed that country's equivalent of the *Khmer Rouge*, *Sendero* had grown into a serious threat to Peruvian state and elites by the late 1980s.⁵⁹⁹ *Sendero Luminoso* was founded by Abimael Guzmán, an university professor from the Andean city of Ayacucho. As with Colombia, the Peruvian Communist Party divided into two after the Sino-Soviet split. By 1970, Guzmán had come to control the pro-Beijing party, or *Red Flag* faction, turning it into the *Partido Comunista del Perú - por el Sendero Luminoso de José Mariátegui* (PCP-SL).⁶⁰⁰

Sendero Luminoso was also perceived as an ethnic rebellion against racist Peruvian society which treats highland Indians as second-class citizens. Strong writes:

Shining Path rebels are mainly young Quechua-speaking Indians in a country where their language is considered a sign of inferiority. On the one hand, they are those whose communities have been little exposed to the market economy and who have never had the benefit of education. For the young, Shining Path offers an escape, a chance of change, modernity, a challenge to their own elders and a stab at ethnic revenge. But the movement also attracts those who have been able to acquire an education and have fought to learn Spanish in an attempt to escape

⁵⁹⁹See David S. Palmer, "Peru, the Drug Business and Shining Path: Between Scylla and Charybdis?," *Journal of Interamerican Studies and World Affairs*, 34, 3, (Fall 92).

⁶⁰⁰Hugo Neira, "Peru," in Richard Gott ed, *Guide to the Political Parties of South America* (Middlesex: Penguin, 1973), 457

their linguistic and economic domination.⁶⁰¹

However, Orin Starn downplays the notion of an ethnic peasant rebellion. He notes that this perspective neglects that Sendero was founded by "by privileged intellectuals in the city of Ayacucho" and that the rebels had been operating in the coastal cities as well as in the sierra since 1983. He writes further that,

it ignored that the party operated through a rigid hierarchy by race and class that replicated the social order it sought to overthrow. Dark-skinned kids born in poverty filled the bottom ranks under a leadership composed mostly of light-skinned elites.⁶⁰²

Sendero spent the 1970s preparing its insurrection by organizing, indoctrinating, and recruiting, and creating a support structure. This phase was referred to as stage one of "agitation and propaganda." The movement entered the second phase of its struggle of "sabotage and guerrilla action" in 1980. Stage three, namely "generalized violence and guerrilla warfare," involved the extension of the conflict to most of Peru. According to *Sendero* propaganda leaflets, this phase had been realized in 1982. Moreover, the rebels claimed to be in the process of attaining the next step, "conquest and expansion of support bases," as they had set up strong networks in some parts of the country, such as the Huallaga valley. According to Peruvian scholars, the Maoist guerrilla had indeed reached the fourth stage as it had set up a strong presence "in at least 15 of Peru's 24

⁶⁰¹Strong, *Shining Path: The World's Deadliest Revolutionary Force*, 74.

⁶⁰²Orin Starn, "Villagers at Arms: War and Counterrevolution in the Central-South Andes," in Steve Stern ed, *Shining And Other Paths* (Durham, NC: Duke University Press, 1998), 229.

departments." However, *Sendero* never reached the last phase, "the fall of the cities and total collapse of the state."⁶⁰³

A 1991 official Peruvian study claimed that the rebels' military forces numbered 3,000 troops with a support network of 40-60,000 activists. Fuhr and Hörmann estimated the strength of the rebels to be 5,000 combatants.⁶⁰⁴ *Sendero* strategy seemingly followed the maxims of Maoist guerilla doctrine. However, its leadership ignored the most important lesson of all; namely, to assure itself of the loyalty of the peasantry. Its ruthless approach toward those it claimed to fight for, combined with its policy of eliminating representatives of Marxist persuasions other than its own, ultimately resulted in its decline.⁶⁰⁵ The Maoist rebels not only assassinated the leaders and activists of the democratic organizations on the left, but they also fought the MRTA as ferociously as the military over ideology and the proceeds of the coca economy in the Huallaga valley.⁶⁰⁶

Sendero has been in decline since the 1992 capture of its leader Abimail Guzman. It has seemingly been defeated and reduced to few hundred guerrillas in the country's remote jungle regions. In the summer of 1999 Peruvian security forces also captured

⁶⁰³Gabriela Tarazona-Sevillano, *Sendero Luminoso and the Threat of Narcoterrorism* (New York: Praeger, 1990), 29-30.

⁶⁰⁴Fuhr and Hörmann, "Peru," 469

⁶⁰⁵See also Carlos Iván Degregori, "After the Fall of Abimael Guzmán," in Cameron and Mauceri, *The Peruvian Labyrinth*, 182-188

⁶⁰⁶Interview with *Sendero* expert Carlos Tapia, Aug. 1996, Lima. Also see Poole and Rénique, *Peru: Time of Fear*, 12, 185

Guzman's successor Oscar Ramirez, a.k.a. *Feliciano*.⁶⁰⁷

The MRTA was formed in 1984, and views itself as a successor to the struggle of the previously mentioned MIR. Ideologically the MRTA is linked to the Cuban revolution, 'Che' Guevara, and the Nicaraguan *Sandinistas*. Unlike the *Senderistas*, the *Emmertistas* derive from a white middle class background. However, the movement could also rely on a network established among the rural peasantry. In contrast to *Sendero*, the MRTA viewed the other organizations on the left, such as labour and peasant unions, and the *Izquierda Unida*, as potential allies. In fact, some of its leadership derived from the labour movement, and even the APRA. The MRTA began as an urban group but moved into the jungle regions of the Central Huallaga by the late 1980s. It had some successes, yet did not gain the significance of its Maoist rival and was, for a time, immersed in internal squabbles. The MRTA's fighting force numbered around 1,000 combatants at the height of its strength in 1990-1991.⁶⁰⁸

Like *Sendero*, the MRTA has suffered decisive defeats. After serious losses to government troops and *Sendero* rebels, and the arrest of its most important leaders,

⁶⁰⁷Nelson Manrique, "The Two Faces of Fujimori's Rural Policy," *NACLA Report on the Americas*, XXX, 1, (July/Aug. 1996) 43. "Peru captures Shining Path leader in Andes," *The Globe and Mail*, July 15, 1999, A11.

⁶⁰⁸Strong, *Shining Path*, 216-219; Jon Lee Anderson, *Che Guevara* (New York: Grove Press, 1997), 753; Poole and Rénique, *Peru: Time of Fear*, 182-185; "Guerrillas extend their influence," and "MRTA: A group riven by dissent," *Latin American Weekly Report*, March 2, 1989, 4; Nelson Manrique, "The War for the Central Sierra," in Stern, *Shining and Other Paths*, 211.

MRTA activity had already been reduced significantly by 1992.⁶⁰⁹ After the debacle in the residence of the Japanese Ambassador in Lima in the spring of 1997, the Peruvian organization of the MRTA appears destroyed and without leadership within the country. Apparently, its last surviving leader of significance in liberty is Rodolfo Eduardo Klein Sañamez. Formerly, a member of an internationalist guerrilla unit that participated in the 1979 *Sandinista* Revolution, he lives in exile in Nicaragua.⁶¹⁰

⁶⁰⁹"Major successes in counterinsurgency," *Latin American Weekly Report*, June 25, 1992, 2.

⁶¹⁰Jo-Marie Burt, "Unsettled Accounts," *NACLA Report on the Americas*, XXXII, 2, (Sept.-Oct. 1998), 35; Miguel Gutierrez, "A la caza de un sobreviviente," *La Republica*, Sunday supplement, June 1, 1997, 6-7.

8. The Peruvian Military, Organized Crime and the War Against *Sendero Luminoso*

Previously, I have noted that the study of organized crime requires a different approach, namely, that "once one has ruled out the impossible, then whatever is left, however improbable it may seem, must be the truth."⁶¹¹ The following is a direct result of fieldwork and research done in Peru. It is partly based on circumstantial evidence, and a reconstruction of events which, admittedly, may not be accurate in every detail. It is, however, generally representative of the Peruvian situation.⁶¹²

The trafficking organizations in Bolivia, Colombia, and Peru respectively occupy specific positions in the chain of the cocaine economy. The Bolivian groups discussed earlier are in an intermediary position. They provided the Colombian cartels with coca paste for further refinement, and also with the final product cocaine. Moreover, Bolivian trafficking groups set up their own distribution networks in the United States. Traditionally, Peruvian trafficking groups were suppliers for the Colombian cartels. Peruvian *minicartels* have also engaged in the sale of the final product in the United States and Canada, yet this involvement is rather small compared to their Bolivian or

⁶¹¹ Arthur Conan Doyle, "The Sign of Four," as quoted in David Kelly, *The Art of Reasoning* (New York: Norton and Co, 1994), 299

⁶¹² After receiving death threats researching this topic in Colombia, I decided to rely largely on reviewing what has been written in the Peruvian Press since 1990 while I did interviews with informants whom I met through contacts with the journalists I cooperated with. These informants specifically asked me not to be identified. However, given that the details provided by these informants largely confirmed my own findings based on the tedious work in the archive of one of Peru's leading dailies, I decided to include it in this work.

Colombian counterparts.

The Peruvian drug economy emerged during the late 1960s and early 1970s in line with that of Colombia.⁶¹³ At the height of the *Sendero* conflict in the early 1990s, some 40 trafficking groups operated in Peru, playing a powerful role in the regions in which they were active. These gangs allegedly controlled 90 percent of the trafficking industry, exporting an estimated 290 tons of coca paste to Colombian cartels.⁶¹⁴

In the past years a good number of Peruvian military officials, the proverbial 'bad apples,' have been put on trial and given prison sentences because of their involvement with traffickers. However, the persecution of individual cases of corruption serves only to conceal the true links that existed between Peruvian military officials and criminal organizations. The dramatic increase in the number of military officials, who have been prosecuted for involvement in the drug trade, indicates that corruption was, and conceivably still is, systemic rather than individual. Between 1980 and 1985 eight members of Peru's Armed Forces were put on trial because of links to the drug trade. This number grew to 31 for the period between 1985 and 1990, but increased tenfold between 1990 and 1996 to 309.⁶¹⁵ Under the presidency of Alberto Fujimori (1990-present), Peru underwent a process of *narcottization* of its security apparatus in general.

⁶¹³Poole and Rénique, *Time of Fear*, 169-174; Edmundo Morales, "The Andean Cocaine Dilemma," in Bagley and Walker eds, *Drug Trafficking in the Americas*, 162.

⁶¹⁴"Estos son los capos," *Si*, Nov. 21, 1994, 26.

⁶¹⁵"Los galones del narcotráfico," *Gestión*, Aug. 25, 1996, 15.

and of the military in particular. This is especially true since the *auto-golpe* [self-coup] of April 5th 1992 when President Fujimori dissolved the Peruvian Congress and Constitution. Although not a *narco-golpe* as in Bolivia, it is nevertheless possible to demonstrate that military officials from all levels have become increasingly involved in the drug trade since that event.

It is my intent to demonstrate that funds from drug trafficking were used to combat the rebels from *Sendero* and MRTA. The existing evidence suggests that the central government, in fact, unofficially encouraged the participation of its military in the drug trade as part of its strategy to defeat the rebels. Peruvian OC and military collaborated to deprive *Sendero* of the very same resource, the coca grown in the Huallaga valley, which provided considerable income through 'revolutionary taxes' to the rebels. While the available evidence is circumstantial, I believe I can demonstrate that these activities transpired with the knowledge and approval of the highest circles of the Peruvian government.

The goal of financing the war against *Sendero* with funds from the drug trade conflicted with the alternative crop project that was to be implemented by the Fujimori government to wean peasants off coca cultivation. The project was managed by Hernando de Soto, the neo-liberal economist and author of the previously-mentioned work on the Peruvian informal economy titled *El otro sendero*. The regime's unofficial policy undermined the crop project as peasants were seemingly encouraged to grow coca to earn funds for the war. At the same time, Peru, like other Andean nations, was, and

still is, involved in the US drug war. However, while Washington had put considerable pressure on Colombia because of government corruption, little was said about Peru, although numerous, and credible, allegations to the contrary were brought forward. Moreover, military officials who denounced these activities were demoted, intimidated, and even imprisoned, or escaped into exile. Others who have exposed the corruption received death threats, were beaten, kidnapped, or assassinated.¹⁶

The origins of the OC - military collaboration can be traced to 1989-90, when General Alberto Arciniega Huby was commander in chief of the Huallaga Front, one of the most important areas of conflict in the war against *Sendero Luminoso*. General Arciniega changed the approach taken by previous commanders in the Huallaga valley vis-a-vis the coca peasants. Instead of persecuting the *cocaleros*, he allowed them to grow coca and relied on armed peasants to fight *Sendero*. This, however, caused an uproar in Washington where the general was accused of protecting drug dealers.

According to Poole and Rénique, Arciniega saw the situation as follows:

¹⁶For example, General Rodolfo Robles, then in exile in Argentina after having exposed human rights abuses of a military death squad called *Grupo Colina*, responsible for massacres of alleged leftists, in an article written from Buenos Aires, pointed to a "camarilla" of politicians and military officials seriously compromised by corruption and drug trafficking. According to Robles, those who denounce these activities are charged, intimidated and imprisoned. Robles himself had to flee and was called "criminal, coward and traitor" for publically denouncing the crimes of the military. Robles' wife was also threatened. See "General denounces army 'hit squad'," *Latin American Weekly Report*, May 30, 1993, 22; "Creciente malestar en el Ejército," *Oiga*, 693, May 30, 1994, 22; "Amenazan asesinar a la esposa de General Robles," *La República*, July 27, 1994, 2; "Vaticano y militares mataron a periodista por revelar la mafia," *La República*, Aug. 30, 1996, 16-17.

What Sendero wants is to win the support of a population who depend on monocrop coca agriculture and who are repressed [by the police]... which eradicated their crops. ...because they consider coca farming to be a crime. We are talking about 80 percent of the population! What we must do, therefore, is to change this situation in order to prevent the cocalero peasant -- the base on which Sendero thrives -- from being harassed.⁶¹⁷

David Palmer also describes OC-military cooperation in the war against *Sendero Luminoso* guerrillas. In 1989, the military budget had been slashed by more than half and "the resources to support field operations were severely curtailed..." Consequently, Arciniega relied "to a significant extent, on local resources (i.e., drug-money) to finance his military operations." Although the general succeeded in pushing *Sendero* out of the Upper Huallaga Valley in 1989, he was replaced. The three generals who successively took over his command, Guillermo Chacón, Mario Brito, and Oswaldo Hanke, did not follow his example. Instead they moved the headquarters from Uchiza in the Alto Huallaga back north to Tarapoto. The troops fought MRTA rebels leaving the antidrug police in charge of operations which allowed *Sendero* to return to the region and consolidate once again.⁶¹⁸

Determining all the factors which contributed to a shift in Peruvian policies is difficult. Nevertheless, they likely included the difference in threat assessment regarding *Sendero* and drug trade by the Fujimori regime and the Bush Administration respectively

⁶¹⁷"Hablando a calzón quitado," *Caretas*, 1132, Oct. 29, 1990, 13. Poole and Rénique, *Peru: Time of Fear*, 187-189.

⁶¹⁸David Scott Palmer, "Peru, Drugs, and Shining Path," in Bagley and Walker III, *Drug Trafficking in the Americas*, 183-184. "Hablando a calzón quitado," 13. Raul Gonzales, "El Huallaga: Todos los conflictos," *Quehacer*, 71, (May-June 1991):48

The role and activities of General Arciniega illustrate the fundamental contradiction of the conflict as it was seen from Washington and Lima respectively. While the United States focussed wholly on fighting the drug war, Peruvians were preoccupied with winning the conflict against *Sendero*. From the Peruvian perspective, the American demand for coca eradication played directly into rebel hands. *Sendero* not only received funding from taxing the coca trade in the Upper Huallaga, but the eradication policies drove peasants to support the rebels, who protected them against the abuses of the police, the military, and the traffickers. Also, the Peruvian military suffered greatly from the economic emergency in which the country found itself. As a result, it was ill-equipped, underpaid, and lacked basic supplies.⁶¹⁹

Moreover, the lack of funding for alternative development from the United States and elsewhere, which the bankrupt Peruvian state could not provide by itself, was likely an additional factor in the decision that led to the military's alliance with drug traffickers. Economist Hernando de Soto, in charge of an extensive plan designed to bring rural development to the Huallaga, had called for the investment of US\$2.5 billion over a ten-year period. The project, which also emphasized environmental protection, included the creation of an infrastructure through the construction of roads, hospitals, and electrical

⁶¹⁹Obando refers to "the incredibly low and compressed" earnings of Peruvian military officials during the early 1990s. For example, the monthly pay of a division general amounted to US\$ 283.42, while a second lieutenant received US\$ 212.78. See Enrique Obando, "Civil-Military Relations in Peru, 1980-1996: How to Control and Coopt the Military (and the consequences of doing so)," in Steve J. Stern, *Shining and Other Paths*, 397.

power plants. However, it was doomed without funding. The United States, for example, only offered US\$95 million, of which a mere 2 percent were designated for crop substitution.⁶²⁰

The timing of the cooperation between military and drug traffickers is also significant. Between the Fujimori *auto-golpe* in April 1992 and at least 1995, the US government cut military aid to Peru. It had been blocked by Congress because of the country's human rights record. The United States, however, did release some funding for nonmilitary purposes.⁶²¹ Regardless, given the already mentioned budgetary problems, this development likely reinforced the need to obtain finances irrespective of the source to acquire armaments and equipments. From a position which favoured alternative crop projects, the government moved to one of collaboration with traffickers for the purpose of defeating *Sendero* following the model set by Arciniega. Circumstantial evidence suggests that the shift in policy seems to have come about in the period between the summer 1991 replacement of General Osvaldo Hanke by General Ríos Araico as commander in chief in the Alto Huallaga and the *auto-golpe* of April 5th, 1992.

The following events are indicative of these developments:

The July 1991 assassination of peasant leader Walter Tócas López evidenced the existence of strong resistance to de Soto's alternative crop project within the Peruvian

⁶²⁰"Revolución en el Huallaga," *Oiga*, 552, Sept. 16, 1991, 39-42; "Fujimori gives way on agreements," *Latin American Weekly Report*, March 28, 1991, 4.

⁶²¹Kenneth Roberts and Mark Peceny, "Human Rights and United States Policy Toward Peru," in Cameron and Mauceri, *The Peruvian Labyrinth*, 217-220.

government itself. Tocas had represented some 50,000 coca peasants in the Alto Huallaga, who were willing to sign a deal with the government to obtain aid for alternative development and crop substitution.⁶²² Following the murder the independent researcher Roger Rumrill claimed that

many people are not in agreement with a solution of the cocalero problem. One ought to recall that similar activities take place in Colombia where the members of the forces of public order also intervene by eliminating the leaders of coca peasant unions.⁶²³

The alternative crop program was finally cancelled after the departure of Hernando de Soto on January 28, 1992. In his letter of resignation he claimed that Tocas had been killed by "arms of the state," and that "there are places from where planes loaded with drugs leave regularly." De Soto furthermore asserted that people in government were not interested in alternative development projects and attempted to impede them.⁶²⁴ He reaffirmed this point in an interview given to the Peruvian daily *La Republica* in March of the same year. Accordingly,

⁶²²"Señal de guerra," *Caretas*, 1167, July 8, 1991, 28-29; "Matan a dirigente de cocaleros que respaldó a Convenio Antidroga," *La Republica*, July 7, 1991, 3. In fact, Tocas had asked General Rios Araico for protection only days before the assassination because he feared for his life. However, the general refused. Ibid.

⁶²³Roger Rumrill, "Piden ampliar diálogo con todos los gremios cocaleros," *La Republica*, July 8, 1991, 16.

⁶²⁴"Hernando de Soto renuncia como asesor del Presidente Fujimori," *La Republica*, Jan. 29, 1992, 8. Shortly, before his resignation de Soto pointed out that there was "no political will to solve the problem." He maintained further that the Peruvian air force was not shooting down the drug dealers' airplanes "because they don't want to." See "Fujimori gives way on agreement," *Latin American Weekly Report*, March 28, 1991, 4.

the problem is the...[chronic] corruption which affects the whole country which frustrates any progress in the strategy of crop substitution.⁶²⁵

The collaboration between traffickers and military continued to develop after President Fujimori's *auto-golpe*. For example, on April 10th, 1992, shortly after the coup, the airports in the coca cultivation areas were declared emergency zones and placed under direct military control.⁶²⁶ The relations between the military and traffickers are best illustrated by the example of one of the country's foremost drug traffickers, Demetrio Chávez Peñaherrera, a.k.a. *Vaticano*, who was a major supplier of the *Cali cartel*. In 1991 *Vaticano* had been arrested by DEA agents operating in Peru. However, he was claimed by, and handed over to the Peruvian military which let him go despite the fact that the drug trafficker had various outstanding arrest warrants dating back to 1979.⁶²⁷ In fact, *Vaticano* received a certificate of good conduct from the police, although he was a known drug dealer.⁶²⁸ He was finally caught in Cali, Colombia, and extradited to Peru in

⁶²⁵"Hernando de Soto asegura que la subversión puede triunfar," *La Republica*, March 21, 1992, 2.

⁶²⁶"Declararon en emergencia los aeropuertos de zona cocalera," *La Republica*, April 10, 1992, 4. According to one of my informants, the head of the country's *Servicio de Inteligencia Nacional* (SIN), Vladimiro Montesinos, used traffickers to fight *Sendero*. The army relied on the logistics and intelligence of traffickers and on their money to supply food and weapons to troops. To facilitate the trafficking activities, the Peruvian military simply shut off their radars for 10-15 minutes to allow drug flights to land or take off.

⁶²⁷Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 224-225

⁶²⁸"Los galones del narcotráfico," Aug. 25, 1996, 17.

1994, where he was sentenced to a 30-year prison term.⁶²⁹

Vaticano described his relationship with the military in his official court testimony as follows:

The military did not interrupt our [operations], [but]... protected us well because we paid them US\$ 5,000 for every airplane of drugs... It was known that what took place was drug trafficking...no trafficker could act unless he was on good terms with the army... I was on good terms with the army.⁶³⁰

Similarly, the Colombian trafficker Waldo Simeón Vargas, a.k.a. *El Ministro*, who cooperated with *Vaticano* in Peru as a supplier of the *Cali cartel*, acknowledged that he experienced no difficulties because he "knew how to manage the Peruvian police and military."⁶³¹

While the testimony of convicted drug traffickers may not be convincing, other sources confirm these claims. Peruvian journalist, Adolfo Izuiza Urquia, was the first

⁶²⁹"Capturado en Cali el Pablo Escobar de Perú," *El Tiempo*, Jan. 14, 1994, 3A; "Suzy Diaz defiende a narco Vaticano y plantea que revisan su sentencia," *La Republica*, Aug. 6, 1996, 10. According to one of my sources, "there exists a list of drug dealers" who are not touched by the police, "although sometimes drug dealers are sacrificed," in order to maintain good relations with the US. Similarly, military officials connected to Vladimiro Montesinos, the chief of Peru's national intelligence service SIN are safe from persecution. The same informant also referred to an alleged 1994 reunion between Montesinos, Fujimori and several generals from Peru's intelligence services in the 'Pentagonito' or 'Little Pentagon' as Lima citizens like to call their country's ministry of Defence. There it was decided to sacrifice *Vaticano* because of his notoriety and knowledge of the existing links between the military and drug traffickers.

⁶³⁰"Todo traficante debia negociar con el Ejército," *La Republica*, Aug. 31, 1996, 16-17

⁶³¹"Autoridades corruptas liberaron dos veces a 'El Ministro' en Peru," *La Republica*, August 12, 1997, 8.

who reported about trafficking at the Campanilla military base, and who made public *Vaticano's* name in several articles he wrote for *La Republica* between January and March 1992. Isuiza was subsequently murdered in August of the same year.⁶³²

A multiparty commission of the Peruvian Congress investigating military corruption confirmed that *Vaticano* operated freely with the assistance of high officials.⁶³³ Describing the arrangements between the military and *Vaticano*, Peruvian ex-Congressman Julio Castro Gómez maintained that

the Armed Forces are the highest authority in the emergency zones, and the other institutions and powers are practically subordinated under the military command. Consequently, there is no control... It is evident that D.C. Peñaherrera operated without problems in Campanilla... because of protection offered by the special military commandos of the zone.⁶³⁴

Allegedly, *Vaticano's* men even fought a three-day battle against *Sendero* in 1991 using weapons acquired from the army. The trafficker's mercenary troops succeeded in holding off the rebels, who took heavy losses and retreated. Afterwards, during the victory celebrations, *Vaticano* ordered the hoisting of the Peruvian flag.⁶³⁵

The Paris-based *Observatoire Géopolitique des Drogues*, received information

⁶³²Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 225, "Vaticano y Colocho Juan se reparten la selva," *La Republica*, Jan.27, 1992, 14-15; "Vaticano y militares mataron a periodista por revelar a mafia," *La Republica*, August 30, 1996, 16-17.

⁶³³"Oposición pide al congreso se investigue a Montesinos," *La Republica*, Aug.20, 1996, 6.

⁶³⁴"Los galones del narcotráfico," *Gestión*, Aug.25, 1996, 16

⁶³⁵The identity of the source cannot be revealed to assure his/her personal security

that several hundred kilos of coca paste were flown daily to Colombia from *Vaticano's* base in Campanilla in the Alto Huallaga. In October 1992 *Vaticano* changed location and moved north to another military post, where his trafficking organization was again allowed to operate freely ³⁶

A secret report given to the media by a member of the army's intelligence service, the *Servicio Inteligencia del Ejército* (SIE), who is only identified as *Chanamé*, confirmed the links between traffickers and the Peruvian military. *Chanamé* claimed that four drug trafficking organizations were operating in the vicinity of Campanilla in the Upper Huallaga valley, the most important of which was Demetrio Chávez Peñaherrera's. The author asserted that the antisubversive Battalion No 30 (BCS-30) stationed at Campanilla, *Vaticano's* base of operations, collaborated with the trafficker, and protected his organization. *Chanamé* claimed that there was an agreement with the local commander of the base who received US\$3-4,000 for every drug flight. He also noted that the whole population of Campanilla was openly working in the drug economy, without fear from the army. The document even referred to clashes between the Peruvian antidrug police and the military. Accordingly, the police ambushed a group of traffickers travelling in a truck protected by army personnel in civilian clothing, resulting in the death of several soldiers. The event was subsequently covered up as a clash between

³⁶Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 225

army and rebels.⁶³⁷

The drug trade may have created even stranger bedfellows. According to reports by the Peruvian daily *La República*, MRTA rebels maintained a temporary local alliance in the Alto Huallaga with army and police units. This collaboration served the purpose of ensuring that the proceeds from the sale of coca leaves and paste would not fall into the hands of advancing *Sendero* rebels. Allegedly, MRTA and police jointly administered secret airstrips and patrolled jungle towns.⁶³⁸

Other instances of cooperation between the military and drug traffickers include the following:

In the fall of 1991 army colonel Gustavo Ríos-Pita Yanulaque had been given command of an antidrug base in the Alto Huallaga near Campanilla, *Vaticano's* headquarters. In charge of antidrug operations together with DEA officials, Ríos-Pita ordered the destruction of a secret airfield used by the drug trafficker. He was replaced two days later, and his career in the military was ruined thereafter.⁶³⁹

Following the 1992 *auto-golpe* General Eduardo Bellido Mora replaced General

⁶³⁷"Identifican a militares corrompidos por narcos," *La República*, Feb 29, 1992, 14-15, "El show de Vaticano," *Oiga*, Jan. 24, 1994, 18-22.

The *Chanamé* report has been translated into English and reprinted in a US publication. See *Chanamé*, "Drugs, Soldiers, and Guerrillas," in Orin Starn ed, *The Peru Reader: History, Culture, Politics* (Durham: Duke University, 1998).

⁶³⁸"Droga corrompe a soldados y subversivos," *La República*, Jan. 31, 1992, 13-14.

⁶³⁹"Hasta ahora no me explico las razones de mi cambio," *El Comercio*, Aug. 29, 1996, A21.

Rios Araico.⁶⁴⁰ Allegedly, in April 1992 Bellido Mora rebuilt a clandestine airfield that had been used by *Vaticano* in the previous year, and which Araico claimed to have destroyed.⁶⁴¹ However, in May 1994, Araico and 11 other officers were accused of collaboration with traffickers and corruption. The general described himself as the "fall guy" who was being sacrificed to hide the complicity of other officials in the drug trade. Meanwhile, his successor Eduardo Bellido Mora, who had also been linked to the drug trade, was never charged but sent to Israel as a military attaché. Bellido Mora was being protected by the former commander in chief of Peru's armed forces, General de Bari Hermoza, who described him as a "gentleman."⁶⁴²

In 1992 Colonel Alejandro Sime Castillo was appointed the Army's official investigator to inquire into military corruption in the Alto Huallaga. His report, linking Bellido Mora to traffickers, was sent to the commander in chief, General de Bari Hermoza, without resulting in any consequences.⁶⁴³ Similarly, in October of 1992, army

⁶⁴⁰"Piden 15 años de cárcel para 10 oficiales y dos subalternos del ejército." *La Republica*, June 24, 1995, 4.

⁶⁴¹"Rios Araico dice que lo accusan por venganza política." *El Sol*, Sept. 28, 1996, A6

⁶⁴²"Narcotráfico en salsa 'china'." *Oiga*, 693, May 30, 1994, 14-16. According to his lawyer, General Rios Araico became the victim of a political vendetta because he refused to sign a document which denounced another Peruvian military, General Robles, as a traitor after the latter had made public the human rights abuses by the *Grupo Colina*, a military death squad. See "Aislado en el Real Felipe," *El Comercio*, Oct. 14, 1996, A16

⁶⁴³"Colaboradores del SIN ligados al narcotráfico," *La Republica*, Aug. 23, 1996, 17

Major Evaristo Castillo Aste denounced military corruption and involvement with drug traffickers to both Bellido Mora and de Bari Hermoza. However, instead of an investigation into these allegations, his claims brought about a visit by army intelligence officers, who confiscated his documents.⁶⁴⁴ In February 1993 Castillo was booted out of the army and fled to Spain. In an article written from exile the major pointed out that President Fujimori had appointed Bellido Mora Peruvian military attaché to Israel to get him out of the country.⁶⁴⁵

During his trial *Vaticano* was also accused of dealing with *Sendero*, a charge which he vehemently denied. He claimed instead that he supported the Peruvian military. This was corroborated by general Ríos Araico who affirmed that *Vaticano* "virtually fed the troops stationed in his region."⁶⁴⁶ The above-mentioned report by *Chanamé* also stated that the "food for troops and officers" was supplied by traffickers.⁶⁴⁷ Relying on

⁶⁴⁴"Si, hay militares en caso Vaticano," *La República*, June 27, 1994, 17-19; "Autoridades corruptas liberaron dos veces a 'El Ministro' en Peru," 8; "Los lazos de la conexión," *La República*, Sept. 22, 1996, 2.

Similarly, army captain Gilmar Valdivieso Rejas denounced military corruption and links to drug traffickers on the Huallaga Front in November 1994. However, his witnesses all died "strange" deaths that were never investigated. See "Piden a ministro de defensa información sobre vínculos de militares con narcotráfico," and "Muy extraños muertes...", *El Comercio*, Nov. 24, 1994, A16.

⁶⁴⁵"En el país de la inmoralidad," *Oiga*, Feb. 14, 1994, 35; "El juicio del descaro," *La República*, Sept. 22, 1996, 20-22.

⁶⁴⁶"Vaticano niega todo y dice que combatió a terroristas," *La República*, June 26, 1996, 3; "Narco afirma que puede ubicar la casa de San Borja," *El Comercio*, Aug. 21, 1996, A14; "Narcotráfico en salsa 'china'," *Oiga*, 14-16.

⁶⁴⁷"Identifican a militares corrompidos por narcos," *La República*, 14-15.

drug traffickers, such as *Vaticano*, the Peruvian military netted a considerable portion of Peru's annual drug profits. These funds were used to finance the war effort against *Sendero*. However, as a result, the military became a player in the drug trade and grew highly corrupt.⁶⁴⁸

The US government was certainly aware of the activities of the Peruvian military. In October 1991, General Ríos Araico faced an angry US Ambassador Anthony Quinton, as well as US Congress people visiting the Alto Huallaga, who demanded to know:

Why does the Peruvian army fire with machine guns at DEA helicopters? Why does the army not allow that the antidrug police enter [areas] where drugs are loaded onto planes which leave for Colombia?⁶⁴⁹

The allegation that drug trafficking and drug funds were part of an informal strategy adopted by the Peruvian military in its conflict with left-wing insurgents, is corroborated by the fact that the same approach was utilized by the *rondas campesinas*. These were peasant paramilitaries set up independently, or with government assistance, to

⁶⁴⁸Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 219-226. In an interview on Aug. 15th, 1996, the retired General Rodolfo Robles denied that the army had been involved in any drug dealing. Yet, in an article written from exile in Argentina, to where he had fled after having exposed human rights abuses of the military death squad, the so-called *Grupo Colina*, which among other was responsible for a massacre of students, and their professor, at La Cantuta University in Lima, Robles pointed to a "camarilla" of politicians, and military officials, seriously compromised by corruption and drug trafficking. See "Creciente malestar en el ejército," *Oiga*, No. 693, May 30, 1994, 22. However, Robles' 'misinformation' was likely based on his apprehension of recriminations against his family, and his person on the part of the country's secret service, the SIN. In fact, this fear was justified as the ex-general was indeed virtually kidnapped off the street and illegally detained several months. See "Dedo en la llaga," *Caretas*, Nov. 28, 1996, 10-14.

⁶⁴⁹"El show de Vaticano," *Oiga*, 22.

combat the rebels.⁶⁵⁰ The *rondas*, initially created by the Alan Garcia government in 1989, played an important part in the Fujimori government's defeat of *Sendero Luminoso*. More precisely, the *ronderos* provided some additional 200,000 combatants to the counterinsurgency effort, whose presence freed the army for more urgent tasks.⁶⁵¹

The *rondas campesinas* of the valleys of Rio Apurimac y Ene cultivated coca, and produced coca paste, which were sold to drug traffickers. With the profits, the campesinos acquired arms to fend off attacks by *Sendero*. This approach by the *rondas* became a necessity, given the complete absence of the state in the region, and the brutal treatment by *Sendero* rebels. Ponciano del Pino writes in this context that

between 1985 and 1987 the indifference of the state and of the Armed Forces concerning the massacres of peasants at the hands of [Sendero], ... [induced the ronderos] to establish alliances with the drug trade, in return for arms and resources with which they [not only] defeated the...[rebels] but also kept the zone clean of police and military. In the mid of the adversities of war and poverty arose this dangerous alliance between ronderos, coca peasants and drug traffickers...financing the struggle against [Sendero]. [This is] a very different scenario from the Alto Huallaga where the drug trade finances the...[insurgency].⁶⁵²

⁶⁵⁰For valuable insights into the role played by urban and rural self-defence groups see Carlos Iván Degregori, José Coronel, Ponciano del Pino, and Orin Starn eds, *Las rondas campesinas y la derrota de Sendero Luminoso* (Lima: Instituto de Estudios Peruanos, 1996).

⁶⁵¹"Fujimori to 'privatize' war by arming urban self-defence groups," *Latin American Weekly Report*, March 5, 1992, 1; Richard Bauer, "Alle sprechen von Koka, niemand von Kokain," *Neue Züricher Zeitung*, NZZ-Folio, 6, June 1995, 28.

⁶⁵²Ponciano del Pino, "Tiempos de guerra y de dioses: Ronderos, evangélicos y senderistas en el valle del río Apurimac," in Carlos Iván Degregori et al., *Las rondas campesinas*, 119.

These observations mirror those of the Peruvian antidrug police. A 1993 internal police document claimed that 90 percent of the inhabitants of the districts on the Rio Apurimac were engaged in various aspects of the drug economy, and that *ronderos* "controlled and protected" the airports from where traffickers shipped drugs.⁶⁵³ Moreover, investigative journalist Francisco Mattos confirmed that the *ronderos* played a crucial role in the defeat of *Sendero Luminoso* rebels. However, he also pointed to future troubles for the Peruvian state. After the great decline in the price of coca leaves in 1994 - 1995, the *ronderos* demanded immediate assistance programs for alternative products from the government. In an interview, Hugo Huilca Ovalle, the president of the Federation of coca growers in the valleys of Rio Apurimac y Ene, even threatened the government. He claimed that

the government seems to have forgotten that we have fought the... [rebels] with weapons we bought with the proceeds earned from cultivating coca. Now that we defeated the rebels, we do not want to abandon coca cultivation unless we are being offered a possibility of subsistence... Given our resources, these weapons not only point at the rebels but also at another direction.⁶⁵⁴

The *rondas*, even those financed through the participation in the cocaine economy, differ greatly from the Colombian paramilitaries financed by drug traffickers.

⁶⁵³The author of the police document cannot be named here to protect his/her identity. However, a Swiss journalist who researched the drug trade in the Rio Apurimac region confirms these findings. Accordingly, the *ronderos* had defeated *Sendero* by 1993 with weapons acquired through drug trafficking. Even when the military finally moved in, it did not seriously interrupt the trade. See Bauer, "Alle sprechen von Koka, niemand von Kokain," 28.

⁶⁵⁴"25 mil ronderos armados defienden cacaes en valles de Apurimac y Ene," *La Republica*, August 13, 1995, 2.

although both engaged leftist rebels. Groups like MAS were set up by the agrarian elites to combat rebel movements generated by the struggle over land distribution. The Peruvian *rondas* were set up by, or with the help of, peasants against an insurgent movement of which the peasants themselves ultimately wanted no part.

9. **Observations on *Narcoguerrilla*, *Narcoterrorism*, *Narco-fascism* and *Narcobourgeoisie***

OC - elite cooperation in Colombia as well as Peru can be illustrated by a discussion of the above notions. The terms *narcoguerrilla* and *narcoterrorism* were coined by the US State Department and the Pentagon during the second Cold War of the 1980s. They referred to an alleged alliance between drug traffickers, arms dealers, terrorists, guerrillas, and the Marxist governments in Cuba and Nicaragua which allegedly resulted from the growing Soviet influence in Latin America.⁶⁵⁵ *Narcofascism* is the term used to describe the activities of the paramilitary units set up, and financed largely by drug traffickers in Colombia and Bolivia that are often used to eliminate the political opposition, mostly organizations of the democratic and revolutionary left.⁶⁵⁶ Finally, *narcobourgeoisie* refers to the new social group which has emerged and has come to challenge the traditional elites for 'a place in the sun.'

The term *narcoguerrilla* has its origin in the discovery of *Tranquilandia*, a huge jungle cocaine laboratory run by the *Medellin Cartel*, by Colombian police in 1984. There is considerable disagreement on the subject of the *Tranquilandia* raid as well as that of the *narcoguerrilla* conjecture. Several days after the raid, the US Ambassador to Colombia, Lewis Tambs, announced that *Tranquilandia* had been under the military

⁶⁵⁵Collett, "El Fantasma de la narcoguerrilla," 125-126. The term *narcoterrorism* should also describe the use of terror by traffickers, for example, during the *Medellin Cartel's* war against the Colombian government and the public in the early 1990s.

⁶⁵⁶Medina Gallego, *Autodefensas, paramilitares y narcotráfico*, 331

protection of the FARC which allegedly earned some US\$3 million weekly from cocaine trafficking. The commander in charge of the Colombian police unit responsible for the raid, General Miguel Antonio Gómez Padilla, denied that any trace of rebels had been detected at the site. Nevertheless, the *narcoguerrilla* became part of the reality of the Reagan Administration as far as Latin America and the Caribbean were concerned.⁶⁵⁷ The *narcoguerrilla* hypothesis was also adopted by academics. For example, Scott B Macdonald from the *Centre for Strategic and International Studies* in Washington wrote: "This raid, more than anything else, exposed the connections between some of the guerrillas and the drug traders."⁶⁵⁸

It was also adopted by the Colombian military. A former Colombian minister of Defence, General Manuel Jaime Guerrero Paz, described the guerrillas as a threat equal to, if not greater than the cocaine cartels:

[F]or some years a third cartel has been in existence which economically is as strong, if not stronger than the cartels of Medellín and Cali, and which politically is more vicious, damaging and dangerous for our internal stability. This is the cartel of La Uribe through which the FARC finances itself. Most of the coca which is grown in Colombia derives from there. Meanwhile [the FARC] controls

⁶⁵⁷Collett, "El fantasma de la narcoguerrilla," 125-126.

Incidentally, Tambs who later became the US Ambassador to Costa Rica was accused of involvement in cocaine trafficking himself. See Martin Lee and Norman Solomon, *Unreliable Sources* (New York: Carol Publishing, 1992), 290.

Moreover, in a letter to the Colombian government after the *Tranquilandia* raid the country's 100 leading drug traffickers denied any links to the rebels and wrote: "Our activities have never intended to replace the democratic and republican form of government." See Filippone, "The Medellín Cartel," 326-327.

⁶⁵⁸Scott B. Macdonald, *Mountain High, White Avalanche* (New York: Praeger, 1989), 31.

cocaine production in other parts of the country through a 'medical tax', or by providing transportation and the technologies necessary for production and commercialization.⁶⁵⁹

According to Castillo, there were some links between the FARC and Medellin drug trafficker Rodriguez Gacha. He also believed that the guerrillas were present at *Tranquilandia*, providing security in the coca cultivation areas in return for 'taxes'.⁶⁶⁰ Notwithstanding, Manuel Taxa Cuadros discussed the raid without mention of the FARC, or of the allegations that rebels were ever present at the site.⁶⁶¹ The generally reliable *Latin America Weekly Report* also did not report any FARC presence.⁶⁶² Other sources even indicate that the FARC was in conflict with the MAS, set up by drug traffickers from Medellin, when the guerrillas were allegedly guarding the *Tranquilandia*

⁶⁵⁹Manuel J. Guerrero Paz, *Memoria al Congreso Nacional 1988-89*, (Bogotá: Imprenta y Publicaciones de las Fuerzas Militares, 1989, XV; as quoted in Duque Gomez, *Una guerra irregular entre dos ideologías*, 212.

⁶⁶⁰Castillo, *Los jinetes de la cocaína*, 235; Castillo, *La coca nostra*, 68.

⁶⁶¹Manuel Taxa Cuadros, *Cocaína y narcotráfico* (Lima: Dieselpesa, 1987), 35-36. In this work, published three years after the event, Cuadros gives a very detailed description of all that was found at *Tranquilandia*, a giant complex designed for the mass production of cocaine where up to 1,000 people worked. He mentions a dormitory which could hold more than 80 people, bathrooms with white and orange tiles imported from Italy, microwave ovens, a library with popular and pornographic magazines, and so forth. Given this preoccupation with detail, it seems odd that he neither alludes to the alleged FARC presence nor mentions the debate on the subject. Ibid.

⁶⁶²"Two victories for Betancur," *Latin American Weekly Report*, April 6, 1984, 4-5.

complex.⁶⁶³

Shannon claimed that the US embassy had been informed about the guerrillas' presence by a FARC deserter, while the DEA declared that the intelligence had been provided by a pilot who was captured by FARC, but had managed to escape. The DEA, however, rejected allegations that the guerrilla obtained US\$ 3 million monthly from its involvement. Shannon agreed with DEA analysts who

were not convinced that the guerrillas were engaging in cocaine refining on a significant scale or that they were using trafficking as their primary source of money for weapons...⁶⁶⁴

Shannon also dismissed the Cuban and Sandinista connections because of lack of evidence.⁶⁶⁵

The existence of an alliance between drug traffickers and rebels was also alleged in the attack on the Palace of Justice in Bogotá, Colombia, in November of 1985, by M-19 rebels.⁶⁶⁶ According to Strong, the rebels had taken over the Palace of Justice on behalf of the *Medellin cartel* to destroy the files on cocaine traffickers to be extradited to

⁶⁶³Gallego, *Autodefensas, paramilitares y narcotráfico*, 186-195; Mayer, *Kolumbien*, 71-73.

⁶⁶⁴Shannon, *Desperados*, 161-166

⁶⁶⁵Ibid. For Havana's perspective on Cuban general Arnaldo Ochoa Sánchez, who had been commander of the Cuban expeditionary forces in Angola during the 1980s and was a 'hero of the revolution, and whom Castro ordered executed for involvement in the drug trade, see "Castro publishes the Ochoa story," *Latin American Weekly Report*, Sept. 21, 1989, 3

⁶⁶⁶Shannon, *Desperados*, 195

the United States. The burning of the archives destroyed the proof against the traffickers. Tarazona-Sevillano also claims that the Medellín traffickers were in league with M-19 rebels.⁶⁶⁷

Heinz Mayer, on the other hand, does not mention any involvement of criminals. Instead, he points out that the events surrounding the Palace of Justice effectively amounted to a military take-over. As noted previously, the military was strongly opposed to the peace negotiations which the Betancur government had initiated in 1982-83, and attempted to derail the process. After a bomb attack against the M-19 leadership, the group returned to war, and the attack on the Palace of Justice was the outcome.⁶⁶⁸

Also, a special commission headed by two justices that inquired into the affair did not find any proof of drug traffickers' involvement in the attack on the Palace of Justice, contradicting earlier claims by the government. While the report absolved the president, it did point to some irregularities. For example, it was baffling to the authors why the heavy security at the Palace of Justice had been withdrawn on the very day the assault took place. Colombia's attorney-general Carlos Jiménez-Gómez also released a very critical report which pointed to more inconsistencies, including the unexplained disappearance of two M-19 rebels and eleven Palace of Justice employees who had

⁶⁶⁷Simon Strong, *Whitewash*, 9; Tarazona-Sevillano, *Sendero Luminoso and the Threat of Narcoterrorism*, 99. However, Tarazona-Sevillano merely cites an article from *Wall Street Journal* as her source. Ibid., 155.

⁶⁶⁸Mayer, *Kolumbien*, 45. "Tirofijo's debut is obstructed," *Latin American Weekly Report*, July 19, 1985, 4.

survived the army's assault.⁶⁶⁹

According to Thoumi, the alleged alliance between M-19 and drug traffickers is extremely unlikely. It was a part of the cold war myth of the *narcoguerrilla*, and resulted from the Reagan administration's attempt to link the war against Communism in Latin America with the drug war. Accordingly,

exhaustive journalistic and judicial enquiries have shown that the mindless repetition by US officials that the take-over was financed and engineered by the drug traffickers has no basis in fact.⁶⁷⁰

Another advocate of the *narcoguerrilla* theory even argued that the Colombian FARC, and the Peruvian *Sendero Luminoso* maintained an alliance. Accordingly, while the Colombian guerrilla owned the production techniques, as well as the net of distribution in Europe and the US, the *Senderistas* controlled the Upper Huallaga Valley in Peru, then the world's largest coca cultivation region.⁶⁷¹ However, in my interviews with several Peruvian experts, any link between FARC and *Sendero* was strongly denied. The two groups are separated by geography, as well as ideology. Moreover, as indicated earlier, *Sendero* did not cooperate with the MRTA, which is ideologically closer to the

⁶⁶⁹"Siege report queried by attorney-general," Latin American Weekly Report, July 3, 1986, 3.

⁶⁷⁰Thoumi, *Political Economy*, 159-160. See also Marc W. Chernick, "The Drug War," *NACLA Report on the Americas*, XXIII, 6, (April 1990):31.

⁶⁷¹Leonidas Gomez O., *Cártel: Historia de la Droga*, 315.

FARC, or the Nicaraguan *Sandinistas*.⁶⁷²

Diana Duque Gómez's *Una guerra irregular entre dos ideologías* provides an extreme, yet insightful perspective. The strongly anticommunist author not only defends the drug traffickers as good 'cocaine capitalists' who stay on guard against Marxist rebels, she also applauds the efforts of the cartel-financed paramilitaries to eliminate the guerrillas. She does not mention, however, that these organizations have committed massive human rights abuses.⁶⁷³

Duque Gómez is highly critical of the Colombian governments' attempts to harness the operations of the paramilitaries financed by drug lords and claims that these groups had eradicated the guerrilla in the country's coca-growing regions. However, once the *Medellín cartel* was involved in fighting a war against the government, its military capacities were directed elsewhere and the rebels could return to these areas. Yet by defending the activities of drug cartels, she undermines the *narcoguerrilla* conjecture. She quoted directly from *Un narco se confiesa y acusa*, allegedly written by a Colombian narcotics dealer, when she claimed that

the majority of drug traffickers in the mentioned regions are... good... people, simple business men...[but] when the government [initiated] its extraordinary

⁶⁷²Interviews with *Sendero* expert Carlos Tapia and retired General Rodolfo Robles, Aug. 1996, Lima; Observatoire Geopolitique des Drogues, *Der Welt-Drogen-Bericht*, 222-223; "Droga corrompe a soldados y subversivos," *La Republica*, 13-14.

⁶⁷³Duque Gómez, *Una guerra irregular entre dos ideologías*, 211. See also *Colombia Alert*, Sept. 1997, 1, 1-6, Carrigan, "A Chronicle of Death Foretold, 6-10; Ricardo Vargas Meza, "A Military - Paramilitary Alliance Besieges Colombia," *NACLA Report on the Americas*, XXXII, 3, (Nov -Dec 1998):25-30

measures [against the cartel], the [drug] business was restored to the FARC and other subversive groups.⁶⁷⁴

The information provided in *Un narco se confiesa y acusa* should be treated with scepticism, yet the book has value because of the view the author presents of himself and his kind. First, drug dealers are not criminals but Colombian patriots, who invest capital and create jobs. In other words, what is good for the cartels is good for Colombia. Second, the author views the government's war against the *Medellin cartel* as a class war of the oligarchy against fellow capitalists.⁶⁷⁵ Other authors refer to the drug traffickers as the *narcoburguesia*, the drug bourgeoisie. The term *clase emergente*, the emerging class, which integrated itself into the country's traditional elites, is equally descriptive. I will discuss this aspect in more detail below.⁶⁷⁶

Kai Amboss observed that the cartels used different methods of integrating into Colombian elite structures. While the leaders of the *Cali Cartel* aimed "to integrate into the largely urban traditional bourgeoisie, their counterparts in Medellin attempted a territorial integration through acquisition of land. " Moreover, Medellin drug traffickers, such as the late Pablo Escobar, attempted to use violence to force their way into traditional society. Meanwhile, the Rodriguez Orejuela brothers in Cali acquired a bank, became the owners of Colombia's biggest drug store chain *La Rebaja*, and relied on their

⁶⁷⁴Ibid., 211

⁶⁷⁵Anónimo, *Un narco se confiesa y acusa*, 43-44.

⁶⁷⁶Meschkat et al., *Kolumbien*, 166.

links to important political personalities in both the Liberal and Conservative parties. In fact, the leaders of the *Cali Cartel* cooperated with the Colombian authorities in the war against the trafficking groups in Medellín.⁶⁷⁷

The 1989 assassination of the Liberal party's presidential candidate, Luis Carlos Galán, an outspoken critic of the cartels and the drug trade, brought about a complete reversal of government policies vis-a-vis the *Medellín cartel*. While it had tolerated, if not encouraged, the activities of right-wing paramilitaries financed by drug traffickers, Galán's murder was viewed as an attack on the elites themselves, and resulted in an 'all-out war' against the *Medellín cartel*.⁶⁷⁸ Peter Andreas writes:

Colombia...did not carry out a full-scale attack on the Medellín trafficking cartel until the organization's terror tactics had become a direct threat to credibility and political authority of the state. Meanwhile, the Cali Cartel remained unharmed.⁶⁷⁹

One observer commented in the prominent Colombian weekly *Semana*:

It is an undeniable fact that the government moves constantly against everything that smells of the Medellín cartel, while it seems less preoccupied with the [one] in Cali.⁶⁸⁰

⁶⁷⁷Castillo, *La coca nostra*, 59. See also Amboss, "Drogenbekämpfung in den Anden," 30; Strong, *Whitewash*, 169.

⁶⁷⁸*Ibid.*, 251-252.

⁶⁷⁹Andreas, "Profits, Poverty and Illegality: The Logic of Drug Corruption," 23.

⁶⁸⁰*Semana*, 324, July 19-25, 1988, 30, as quoted in Duque Gómez, *Una guerra irregular*, 213. However, this preoccupation seems justified considering that the *Medellín cartel* exploded some 200 bombs between August and December 1989 alone, killing and injuring hundreds of police, military, and innocent bystanders. See "Utilizaron mil kilos de dinamita," *La República*, Dec. 11, 1989, 21.

While the links between government agents and the cartels have been only too apparent, the rebels, most importantly the FARC, have denied any involvement in the cocaine economy.⁶⁸¹ Existing evidence indicates otherwise. Nonetheless, the majority of researchers who have analysed the links between rebels and drug traffickers, believe that the rebels' involvement is relatively small, and pales in comparison to that of the traditional elites. Thoumi, for example, does not repudiate "that there have been connections" between rebels and drug traffickers, yet he finds that "these relationships have been fundamentally unstable because the long-term goals of the two groups are diametrically opposed."⁶⁸² Edmundo Morales maintains in the case of Peruvian rebel groups, that "it is a myth that revolutionary guerrilla movements are financed by drug traffickers." While guerrillas are present in the coca-producing regions, they "are not operating in the same league with international drug traffickers."⁶⁸³

According to 1992 Colombian government figures, the revolutionary left of the country obtained a considerable portion, but not most of its overall income, through its participation in the drug economy. Again, determining the precise figures for the Colombian guerrilla economics is difficult. Richani estimates that the Colombian

⁶⁸¹"Conflicto interno y narcotráfico," *Resistencia*, 18, 1998, available at the FARC-EP website: burn.ucsd.edu/~farc-ep/RevistaR/Resistencia18/frames.html; INTERNET.

⁶⁸²Thoumi, *Political Economy*, 160

⁶⁸³Edmundo Morales, "The Political Economy of Cocaine Production: An Analysis of the Peruvian Case," *Latin American Perspectives*, 17, 4, (Fall 1990), 107-108.

guerrilla earns some 37 percent of its income from imposing a 10 percent 'war tax' on the drug trade. The guerrilla has also profited, and enjoys the returns, from considerable investments made in the Colombian economy, especially in the transportation, banking, and agriculture sectors. Thus, the rebels had over US\$ 500 million at their disposal, and maintained an additional yearly income of over US\$ 200 million through kidnapping and extortion in the early 1990s. Alfonso Lopez Caballero, a former Colombian ambassador to Canada and minister of the Interior during the Samper administration, estimated that the FARC by itself made between US\$ 600-800 million annually through taxation and kidnapping ransoms.⁸⁴

Sendero's income was far lower than the FARC's. According to a 1990 report by Peru's antiterrorist police, *Sendero* did not "traffic nor deal in drugs." However, the movement did exact 'taxes' from the drug traffickers "charging for permission to pass through certain key zones and for providing security."⁸⁵ Tarazona-Sevillano merely talks about "tens of millions of dollars." Raúl Gonzáles estimated *Sendero's* annual income from taxing the coca trade amounted to US\$ 30 million in 1987.⁸⁶ R.T. Naylor writes

⁸⁴Richani, "The Political Economy of Violence 43-47; "Las arcas de la narcoguerrilla," *El Espectador*, Dec. 13, 1992, 6A. "La otra estrategia contra la subversión," *El Tiempo*, November 15th, 1992, 3A. "Colombians lose farms to paramilitary," *The Globe and Mail*, May 30, 1998, A12.

⁸⁵Nelson Manrique, "Time of Fear," *NACLA Report on the Americas*, XXIV, 4, (Jan.-Feb. 1990-1991):29.

⁸⁶Tarazona-Sevillano, *Sendero Luminoso*, 121; Raúl Gonzáles, "Coca y subversión en el Huallaga," *Quehacer* 48, (Sept.-Oct. 1987):72.

here:

And if Sendero Luminoso is really earning that much money from the cocaine trade, it has produced neither any significant symptom of corruption nor any sign of modern, heavy weapons from the international black market.⁶⁸⁷

It is possible to reconcile the two sides of the *narcoguerrilla* debate. Naylor points out that rebel groups' "most important sources of income will be from taxation of commerce and/or from the exploitation of the natural resources of the area... under control." He continues:

The objective of the guerrillas is to build a parallel economic system to support their assault on the status quo, though...they may have no moral or ideological objection to financing those activities by taxing the drug trade.⁶⁸⁸

Moreover, the rebels impose a levy on *any* economic activity in their area of control. As Naylor points out, FARC rebels also 'tax' the illicit gold smuggling between Colombia and Brazil, while the smaller ELN extracts 'revolutionary taxes' from the multinational oil companies operating on its 'territory'.⁶⁸⁹ Naylor, therefore, believes that the "notion... [of] a strategic alliance" between Marxist rebels and drug cartels goes against "logic and evidence." He affirms that:

Narcobarons are insurgent capitalists, seeking to beat or buy their way into participation into a hitherto largely closed social system, while the guerrillas are

⁶⁸⁷R. T. Naylor, "The Insurgent Economy: Black Market Operations of Guerrilla Organizations," *Crime, Law and Social Change*, 20, (1993):37-38.

⁶⁸⁸Ibid., 21-22.

⁶⁸⁹Ibid., 30-31. Also see "450 investigaciones por auxilio a la guerrilla," *El Espectador*, Nov. 10, 1992, 11A.

insurgent communists, seeking to...overthrow that system.⁶⁹⁰

Although Naylor occupies a position on the opposite side of the political spectrum, his analysis of drug traffickers and rebels differs little from Duque's, who distinguishes between 'good capitalist' and 'bad communist' drug dealers.

According to Cabieses, only an estimated 8-10 percent of cocaine profits actually stayed in the producer countries, while a mere 0.4 percent went to the coca-growing peasants during the mid-1980s.⁶⁹¹ De Rementería estimated likewise that in 1990 the coca growing peasants in Colombia, Peru, and Bolivia together earned 0.41 percent or US\$ 305 million of the total profits of over US\$ 73 billion, while the Colombian cartels secured 12.9 percent or US\$ 9.5 billion for themselves.⁶⁹² The 'taxes' gained by the guerrilla in Colombia and Peru, derive from the coca peasants, and the traffickers. The

⁶⁹⁰Ibid., 37. Fabio Castillo, a journalist for the Colombian daily *El Espectador*, provides a wealth of information on the cartels and of their infiltration of government. In *Los jinetes de la cocaína* the author pays special attention to the infiltration of the Colombian state by organized crime. In a chapter titled "Mafia and Politics," he discusses the kickbacks paid to representatives of the Colombian Congress, and the political activities of Medellín drug traffickers Pablo Escobar Gaviria and Carlos Lehder Rivas. Escobar, for example, ran and was elected as an alternative candidate for the Colombian congress. See Fabio Castillo, *Los jinetes de la cocaína*, 224-244.

Castillo is one of the best known Colombian authors on government corruption and the cartels. Strong refers to Castillo's 1987 book *Los jinetes de la cocaína* as "the first and bravest exposé of the Colombian cocaine trade." In fact, the author was forced to leave the country after receiving death threats following the book's publication. His 1991 book *La coca nostra* was written in exile. See Strong, *Whitewash*, 61, 165.

⁶⁹¹Cabieses, *About Coca, Coca Tea, Development and Football*, 51; Cabieses, *Commercialising Coca: Possibilities and Proposals*, 2.

⁶⁹²De Rementería, *La elección de las drogas*, 95.

guerrilla generally 'taxes' the lowest levels of the cocaine economy in both countries. They can only be collected from the 8-10 percent, and only in the regions under control. It would seem at this point that the allegations of involvement of left-wing rebels in the drug trade are greatly exaggerated, certainly when compared to the participation of Colombia's or Peru's elites and military. FARC's higher income derives from several sources. The Colombian movement's earnings from its' participation in the drug economy are higher than *Sendero's* because it can also 'tax' the final product. However, no rebel group profits from the sale of cocaine in developed countries.

Moreover, the guerrillas provide a number of services as they take over some of the functions of the state they replace. They gained support among coca growing peasants because they protected the peasants against the military and the drug police. Amboss, referring to a confidential United Nations report, claimed that the FARC even implemented the Colombian government's policy of coca substitution. Accordingly, the rebels moved against drug consumption in their region of control, while they also encouraged, or possibly forced peasants, to reduce coca cultivation, and grow foodstuffs instead.⁹³

Aside from protecting the peasants against abuses, the Colombian rebel groups supply services, such as giving cheap credits to peasants, providing health and education, issue land registrations, and dispensing with justice. Allegedly, the rebels are even

⁹³ Amboss, "Drogenbekämpfung in den Anden," 29-30.

involved in protecting local culture, and the rain forest's ecology.⁶⁹⁴

Morales makes an interesting comparison when he writes:

In the event there exists an alliance between the radical political movements and narcotraffickers, the cocaine underground economy's support for the armed insurgents would not be that much different from the Reagan administration's secret arms deals with Iran to support the anti-Sandinistas in Nicaragua. In principle, they both support anti-government forces to fight ideological adversaries.⁶⁹⁵

The folly of the *narcoguerrilla terrorism* theory is finally demonstrated by the collaboration between the US Central Intelligence Agency (CIA), the Nicaraguan right wing-rebels known as *Contras*, and Colombian drug traffickers. The allegations of this illegal collaboration resulted in a three-year investigation by the US Senate Subcommittee on Terrorism, Narcotics, and International Operations, also known as the Kerry committee. The committee concluded in its report that

there was substantial evidence of drug smuggling through the war zones on the part of individual, Contras, Contra suppliers, Contra pilots, mercenaries who worked with the Contras, and Contra supporters throughout the region.⁶⁹⁶

⁶⁹⁴Richani, "The Political Economy of Violence," 43. It is necessary to point out though that especially the ELN has not shown much in the form of an ecological conscience which is demonstrated by its attacks on oil pipelines contaminating hundreds of square kilometres which resulted in the poisoning of drinking water and fertile arable land and led to irreplaceable losses in the flora and fauna of Colombia. See "Guerrilla Economics," *The Economist*, 338, 7948, Jan. 13, 1996, 40.

⁶⁹⁵Morales, "The Andean Cocaine Dilemma," in Bagley and Walker, *Drug Trafficking in the Americas*, 168.

⁶⁹⁶US Senate Committee on Foreign Relations, *Drugs, Law Enforcement and Foreign Policy*, A Report Prepared by the Subcommittee on Terrorism, Narcotics and International Operations, Washington, DC: US Government Printing Office, 1989, 2.

The Kerry committee determined further that the CIA, and the National Security Council (NSC), in an operation that was directed by Lieutenant Colonel Oliver North, had relied on the same pilots, planes and military infrastructure to maintain the covert *Contra* operations against the *Sandinistas* in Nicaragua, which drug traffickers, with direct links to the highest echelons of the Colombian cartels used, to smuggle narcotics into the United States.⁶⁹⁷ Despite the explosive nature of the findings, there were no implications regarding the government officials involved. Peter D. Scott does point out though that a great many traffickers linked to the *Contras* were ultimately arrested and put on trial in the United States, however, only after the end of the conflict.⁶⁹⁸

Inquiries by several Costa Rican Congressional Commissions confirmed the findings of the Kerry committee, and concluded that the part of the *Contra* supply network which was run from Costa Rica, and administered by North was connected to drug traffickers. However, North and others, such as the US Ambassador Lewis Tambs, National Security Advisor Admiral John Poindexter, presidential advisor Richard Secord, and CIA station chief José Fernandez, were not available to face justice in Costa Rica. Thus, former President Oscar Arias gave a special order, preventing them from ever

⁶⁹⁷Ibid., 2. The participation of the CIA in the Andean cocaine industry has been a rerun of similar activities by that intelligence agency during the Vietnam War. For more information see Alfred W. McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper and Row, 1972), 149-352.

⁶⁹⁸Peter Dale Scott, "Cocaine, the Contras, and the United States: How the US Government Has Augmented America's Drug Crisis," *Crime, Law and Social Change*, 16, (1991), 102.

entering the country again.⁶⁹⁹

Regardless, especially Colombia's guerrilla evidently differs considerably from the general perceptions people harbour about revolutionary movements. Most importantly, the Colombian guerrilla organizations are economically self-sustaining units. The availability of large financial resources has had some consequences for the relationship between the rebels, and those who support them. The wealth has turned the guerrilla into an institution less dependent on the people it once had relied on for support. While Mao Tse-tung's and 'Che' Guevara's guerrillas depended on the ability to live like "fish in the water," the Colombian rebels control the water with the fish. Today, participation in the guerrilla may be described as an economic enterprise that represents

⁶⁹⁹Lee and Solomon, *Unreliable Sources*, 290. An insightful account of the relations between *Contras*, CIA and drug trafficking for arms in Costa Rica is provided by journalists Tony Avirgan and Martha Honey. The two investigated the 1984 *La Penca* bombing which killed several journalists during a press conference but failed to slay the intended target, *Contra* leader Eden Pastora. In the course of their investigations, they came across links between a certain US rancher named John Hull, the CIA, and a *Contra* supply net work established on Hull's property. Upon being mentioned in the press, Hull sued Avirgan and Honey for defamation in a Costa Rican court. However, in the course of the trial which took place in 1986, it became apparent that the alleged activities had indeed transpired. In fact, because of the information revealed at the trial it was Hull who was arrested. The book contains a short journalistic account of their investigation followed by the actual testimonies of the witnesses as well as the official Costa Rican court documents including the decision to arrest Hull. Moreover, the Costa Rican Congress decided to launch its own investigations after trial. These commissions uncovered the involvement of government officials, and incited a major political debate. The findings ultimately resulted in the electoral defeat of the ruling *Partido de Liberación Nacional*. See Tony Avirgan and Martha Honey eds, *John Hull: El finquero de la CIA* (San José, Costa Rica: Varitec, 1989); as well as Carol Weir, Costa Rica and the Drug Trade," in Bruce M. Bagley and Willaim O. Walker, *Drug Trafficking in the Americas*, 455-465.

an alternative to military service, or their parents' subsistence agriculture for many young men, and women, in rural Colombia.⁷⁰⁰ Colombia's rebels, but foremostly the FARC, are buying the revolution, as well as fighting for it. Yet, given my observations on *Merton's dilemma*, the criminalization of the FARC, and of other rebel groups, may only be a question of time. The rebels, who have been in conflict since the 1950s, may turn from an organization with a political and social agenda to a criminal one, not unlike the previously discussed conversion from *Green Guild* to *Green Gang*. Unless peace negotiations and successful reforms lead to the guerrillas' integration in the medium-term, such a transition is conceivable.

⁷⁰⁰Jesus Zambrano Perez, "Del azadón al fusil," *El Tiempo*, Lecturas Dominicales, January 24, 1993, 8.

10. Conclusion

I have referred to the notions of *narco-burguesia* and *clase emergente*, the emerging class which attempts to integrate into the traditional elites. The *clase emergente* in Colombia managed to do so by taking part in the war against the left waged by the military.⁷⁰¹ In both Colombia and Peru drug traffickers demonstrated their ideology-like preferences by collaborating with traditional elites against left-wing rebels.

Gramsci's concept of *trasformismo*, namely, the understanding that elites stay in power by including "the leaders...of potentially hostile groups into" the power structure...[in order to form] an ever broader ruling class" which excludes "the popular masses," not only reflects the tendency of OC groups to seek integration into existing elites, but also the elites' need for OC's services under certain conditions.⁷⁰² These are provided by the existence of a left-wing insurgency coupled with a weak state, that is incapable of enforcing its monopoly of violence. Colombia may indeed qualify as a classical protection racket regime run by elites in a permanent crisis of hegemony. In response to the growing guerrilla threat, Colombian elites, like their counterparts in El Salvador in the 1980s, *gave up political power* to the military in order to *preserve their social power*. This development was a reversal of the position enjoyed by the military during most of Colombia's history. However, the military, as the vehicle of repression

⁷⁰¹Meschkat et al., *Kolumbien*, 166

⁷⁰²Joseph Femia, *Gramsci's Political Thought: Hegemony, Consciousness and the Revolutionary Process* (London: Clarendon, 1981), 47.

relied on by elites, generated more of the very thing it was devised to subdue; namely, the guerrilla, and ultimately no longer sufficed to contain it. In consequence, OC groups were also allowed to *share political power* in order to *preserve* elites structures. In return, these groups applied nonstate violence to the perceived enemies of the regime

In Peru, the infiltration of organized crime into state and economy has not been as deep as in Colombia. Most importantly, as a result of the country's position in the cocaine trade far fewer *narcodollars* have entered its financial system than the Colombian one. Peruvians are, for the most part, suppliers of larger Colombian, and more recently of Mexican organizations, which make far larger profits. It follows that Peruvian criminal organizations were not able to accumulate the political power of their Colombian, and Bolivian counterparts.

Peru's main handicap, resulting from the collaboration with organized crime, is therefore not the entrenchment of criminal elites within its power structures, as in Colombia. Rather, it is the criminalization of state agents ensuing from said collaboration, and from other activities during the government's dirty war against *Sendero*. Peruvian society has to struggle with the attempt to cover up these activities on the part of those who committed them. This is reflected by the country's secret service's attempts to intimidate and silence those in the business of uncovering such activities, most notably the media.⁷⁰³

⁷⁰³Peru's media has been under attack for some time. In fact, President Fujimori charged in a speech to the XXVII General Assembly of the Organization of American States (OAS) in Lima in June 1997 that his country's press was working together with

Finally, Peru's economy remains dependent on the production and sale of narcotics. In fact, hundreds of thousands depend on the cocaine economy for their livelihood. Given the importance of coca for economic survival, a solution based on repression is unlikely to work. However, it may create another insurgency problem for Peru.

corrupt elements for exposing government irregularities. See "Democracia significa mejores oportunidades de vida," speech by Alberto Fujimori, *El Sol*, (Supplement), June 15, 1997, 11.

It is worth mentioning here the so-called *Plan Narval* which refers to an alleged attempt by the Fujimori regime to silence its critics in the media through intimidation and, if necessary, assassination. The details of *Plan Narval* became known after two female agents of the Peruvian army's intelligence service SIE secreted a document to an opposition daily. When discovered, they were tortured and one of them was killed and her body mutilated. The other, Leonor La Rosa Bustamante, was only saved because human rights organizations found out about her and forced the military to release her. See "General Saucedo niega que haya el Plan Narval," *La Republica*, June 25, 1997, 15, as well as "Revocan fallo en favor de ex agente La Rosa y defensor acudirá al TC," *La Republica*, August 12, 1997, 13.

V. BEYOND CAPITALISM: MERCANTILE PIRACY AND SOVIET/POSTSOVIET CRIMINAL GROUPS AS FORMS OF ORGANIZED CRIME

1. Introduction

This chapter analyses very different socioeconomic formations; namely, mercantilism and Soviet Socialism, and the unique forms of organized crime they generated. It is my intent to demonstrate that not only capitalism produces forms of organized crime. Consequently, some of my interpretations about OC - elite relations also apply to mercantile piracy and the *Mafiya* in the recently deceased Union of Soviet Socialist Republics (USSR).

The combined, although not integrated, analysis of piracy and the Soviet *Mafiya* as forms of organized crime, which develop in different socioeconomic formations, is relevant because the two phenomena share important features with each other, and the criminal societies discussed previously. However, unlike most forms of organized crime, the dimensions of organized crime, state, economy, and society overlap to such an extent in the cases of mercantile piracy and Soviet OC that it leads one to conclude that these phenomena qualitatively developed beyond it.

It is my argument that pirate economies practiced a mode of production based on appropriation without exchange, while a political leadership directed the raids, contributed to the gear, and shared in the spoils. Their societies fully accepted, even endorsed the practice. In the Soviet Union, the dimensions of organized crime, state, economy, and society had also merged. The elites in party and state aligned themselves

with criminals who controlled a growing shadow economy, while society accepted this practice and accommodated itself. Moreover, the partnership between elites in state and economy, and criminal societies reinforced the Soviet power structures. Ironically, this collaboration also contributed to the collapse of the economic system, and of the social order it represented.

2. Piracy: A Short Overview

The *Brockhaus Enzyklopädie*, the German equivalent of the *British Encyclopaedia*, describes piracy, or sea robbery, as

acts of violence, kidnapping, or plunder on the high seas committed by a private ship or air plane against another ship or air plane. It also includes the seizure of a ship by a mutineering crew or passengers.⁷⁰⁴

Today, piracy is viewed as a romantic and adventurous trade. This image was largely produced by Hollywood swashbuckling movies, such as *Captain Blood* (1925), *The Sea Hawk* (1940), *Hook* (1991), or *Cuthroat Island* (1995). As a result, piracy is often identified with the criminal enterprises of some 1,500 - 2,000 English, French, and other western pirates sailing the Caribbean and the North American coast line at one time or another between the early 17th and early 18th centuries on some 15 to 25 pirate ships. Most of the known pirate captains who inspired these images, such as Henry Morgan, Edward 'Blackbeard' Teach, William Kidd, Bartholomew Roberts, 'Calico' Jack Rackham, whose crew included the women buccaneers Anne Bonny and Mary Read, can be traced to this specific time and place.⁷⁰⁵

Moreover, as David Cordingly points out:

Reason tells us that pirates were no more than common criminals, but we still see them as figures of romance. We associate them with daring deeds on the Spanish

⁷⁰⁴*Brockhaus Enzyklopädie*, vol 14 (Wiesbaden: F. A. Brockhaus, 1972), 637.

⁷⁰⁵David Cordingly, *Under The Black Flag* (Orlando, FL: Harcourt, 1996), 202. Hermann Schreiber also emphasizes the preoccupation with piracy in the Caribbean. See H. Schreiber, Foreword to *Das Piratenbuch von 1678*, by Alexandre Olivier Exquemelin (Stuttgart: Thienemans, 1983), 48.

main, with rakish black schooners and tropical islands and sea chests overflowing with gold and silver coins... The picture which most of us have turns out to be a blend of historical facts overlaid with three centuries of ballads, melodramas, epic poems, romantic novels, adventure stories, comic strips, and films."⁹⁶

Indeed, the lack of information and the dubious nature of the knowledge available shows another similarity between piracy and organized crime as very little historical research on piracy exists. Heinrich Pleticha writes here:

For [the science of] history piracy remains a...marginal issue largely overlooked by...historians. In literature it is more likely that one encounters a few traces, a few meagre [primary] sources and accounts from witnesses, and more minimizations and idealizations."⁹⁷

Consequently, any analysis of piracy must rely on a few primary sources, and on official naval annals. Some of these sources which I also relied on include the following:

Sir Francis Drake: Pirat im Dienst der Queen, which originally appeared in English, is a collection of reports, documents and accounts by Drake and his

⁹⁶Ibid., XIII-XIV. For information on Hollywood pirates films see James Robert Parish, *Pirates and Seafaring Swashbucklers on the Hollywood Screen* (Jefferson, NC: McFarland, 1995). The following anecdote about Klaus Störtebeker, the leader of the *Victual Brothers* who raided shipping in the Baltic and North Seas in the late 14th century, is typical pirate lore. After being captured, and condemned to death by beheading in the city of Hamburg, Germany, in 1402, Störtebeker allegedly made a bargain with the court. He requested to be executed first, but that all those of his companions were to go free, he would walk by without head. After losing his head, Störtebeker stood up and passed by four of his comrades, when the executioner tripped him. See Karl Heinz Burbach, *Das Spätmittelalter* (Frankfurt a.M.: Diesterweg, 1973), 28

⁹⁷Heinrich Pleticha, *Freibeuter, Piraten, und Korsaren* (Stuttgart: Thienemanns, 1997), 8

contemporaries.⁷⁰⁸ Alexandre Olivier Exquemelin's book, *The Buccaneers of America*, which had originally been published in Amsterdam in 1678, is also one of the few reports by an actual pirate.⁷⁰⁹ So is William Dampier's, *New Voyage around the World*, published in 1697. His account is of particular interest because of his descriptions of the geography, wild life, and the different peoples he encountered during his journey. Moreover, Dampier's work contains references to marooning, a common punishment among pirates, which is said to have inspired Daniel Defoe's novel *Robinson Crusoe*.⁷¹⁰ *The General History of the Pyrates*, published in London, England, in 1724, contains the bibliographies of the best-known pirate captains who sailed the Spanish main in the 16th and 17th centuries.⁷¹¹ Charles Elm's, *The Pirates' Own Book*, which was printed in

⁷⁰⁸John Hampden, *Sir Francis Drake: Pirat im Dienst der Queen* (Stuttgart: Thienemans, 1997).

⁷⁰⁹The original Dutch publication appeared in Amsterdam by Jan ten Hoorn in 1678 under the title *De Americaenschen Zee-Roovers*. The author was himself a former pirate who sailed with the buccaneer John Henry Morgan. I am working with the edited German translation. See Alexandre Olivier Exquemelin, *Das Piratenbuch von 1678* (Stuttgart: Thienemans, 1983).

⁷¹⁰Cordingly, *Under the Black Flag*, 137-138. I am again relying on an edited German translation published as William Dampier, *Freibeuter: 1683-1691: Das abenteuerliche Tagebuch eines Weltumseglers und Piraten* (Stuttgart: Thienemans, 1977).

⁷¹¹Ibid., XIX-XX. Originally, one Charles Johnson was named as the writer of the work. However, in 1932 the authorship of Johnson was challenged by scholars claiming that Daniel Defoe was the originator of *The General History of the Pyrates*. Cordingly maintained in his book, which appeared in 1996, that the dispute was over and that Johnson had again been confirmed as the author. Ibid. However, I purchased a 1999 reprint which features Defoe as the author.

Boston, Massachusetts in 1837, draws a lot from *The General History of the Pyrates*. Its value lies mostly in the description of nonwestern pirates.⁷¹²

Although the main focus of my investigations will be Caribbean piracy during the 16th and 17th centuries, it should be noted that the trade was not limited to that time and place. As put by Philip Gosse,

it may be assumed that very shortly after men began the transport of goods from one point to another various enterprising individuals arose who saw profit in intercepting these goods on the way.⁷¹³

Indeed, the oldest reference to robbery at sea is the travel log of one Wên-Amon found in an ancient Egyptian papyrus dating back to 1100 BC. It describes piracy on what was then called the coast of Phoenicia in the eastern Mediterranean.⁷¹⁴ Thucydides also reported on ancient piracy. Accordingly, the mythical king Minos of Crete "was the first person to organize a navy" to rule the eastern Mediterranean, and as the Greek historian deduced, to "put down piracy."⁷¹⁵ He portrayed piracy as an age-old practice at

⁷¹²The book describes, for example, the *Jossamee* pirates in the Persian Gulf who preyed on the shipping of the British East India Company in the late 18th century or the *Ladrone* pirates who virtually controlled the shipping along the southern Chinese coast in the early 19th century. See Charles Ellms, *The Pirates* (Avenel, NJ: Gramercy Books, 1996), 17-34, 171-190.

⁷¹³Philip Gosse, *The History of Piracy* (New York: Tudor Publishing Co., 1946), 1.

⁷¹⁴Pleticha, *Freibeuter, Piraten und Korsaren*, 9; Henry A. Ormerod, *Piracy in the Ancient World* (Liverpool: University of Liverpool Press, 1924), 75.

⁷¹⁵Thucydides, *History of the Peloponnesian War* (Harmondsworth: Penguin Books, 1985), 37.

the time he wrote his work on the Peloponnesian War (431 - 404 BC), and as a "common profession both among the Hellenes and among the barbarians who lived on the coast and the islands."¹⁶

The chronicler Plutarch recounted the naval campaign of the Roman general Pompey against piracy in the Mediterranean in the year 67 BC. The Cilician pirates from minor Asia had become a major threat to Rome's shipping lines, in particular its grain supply. Thus, the Senate ordered the general to 'clean up' the Mediterranean. With some 500 ships and 120,000 troops Pompey swept the Mediterranean sea from west to east in a mere three months. The Romans destroyed hundreds of pirate ships, killed 10,000 Cilicians and took some 20,000 prisoners.¹⁷ The extent of the operation tells the reader not only of the threat piracy posed to Roman trade, but also hints at the importance of this practice to the Cilicians' economy.

In *The Life of Charlemagne*, written between 817 and 837, the Frankish chronicler Einhard mentioned the appearance of large fleets of Norman, or Viking pirates, who raided the coasts of Britain, Ireland, France, and Germany. Many coastal cities fell victim to them, such as Hamburg on Germany's northern coast, which was destroyed in 845. Even larger cities found further inland were not safe from attack. The small and manoeuvrable ships of the Vikings allowed them to enter shallow waters and move up

¹⁶Ibid.

¹⁷Arthur H. Clough ed, *Plutarch's Lives*, vol. 3 (Philadelphia: John D. Morris and Co., n.d.), 376-382; Daniel Defoe, *A General History of the Pyrates* (Mineola, NY: Dover Publications, 1999), 29; Pleticha, *Freibeuter, Piraten, und Korsaren*, 10-11.

river. Paris was conquered and plundered three times between 845 and 861, after the Normans sailed up the Seine river. Charlemagne's old capital city, Aix-la-Chapelle, was also pillaged. The Vikings even navigated their ships down river from the Baltic to the Black sea, and laid siege to Constantinople, although this venture failed.¹⁸

The activities of pirates in the Caribbean were also dwarfed by the so-called *Ladrone* pirates in the Far East led by the Chinese woman pirate Cheng I Sao which means "wife of Cheng I." She commanded a fleet of some 200 oceangoing vessels, each armed with 20 - 30 cannons and carrying up to 400 pirates, operating along the Chinese coastline in the early 19th century. Cheng I Sao's career began in 1801 after marrying the pirate Cheng I. By 1805, his ships were in complete control of the coastal waters of southern China. After Cheng I's death in 1807, his wife assumed command of the fleet. Every attempt by the Chinese Imperial Navy to dislodge her proved futile. The Chinese fleet lost 63 ships in 1808, and was helpless against her pirate fleet. Following a government amnesty, in which Cheng I Sao secured the best of terms for herself and her pirates, she and most of her forces surrendered in 1810. In fact, her lieutenants entered government service and hunted down those of her captains who had refused to submit.¹⁹

Ultimately, piracy fell victim to technological, not ethical, progress. Accordingly,

¹⁸Einhard, *The Life of Charlemagne* (Ann Arbor, Michigan: University of Michigan Press, 1969), 39-40; Werner Stein, *Kulturfahrplan* (Vienna: Herbig, 1974), 402-406; Franz R. Franke, *Vom Römischen Reich zum Reich der Franken* (Munich: Diesterweg, 1974), 85-88; Gosse, *The History of Piracy*, 88-90.

¹⁹Charles Ellms, *The Pirates*, 171-190, Cordingly, *Under the Black Flag*, 75-78

steam ships proved superior to the pirates still relying on sails. Those who switched their mode of transportation did not survive for long, because of the necessity to enter harbours to load coal. Furthermore, the introduction of wireless communications made it possible to call for immediate relief. The efforts of the U'S and British navies which aimed at protecting their countries' trade, played an important role in the almost complete eradication of piracy. It does still exist, however, in remote areas of Southeast Asia.⁷²⁰

⁷²⁰Schreiber, "Foreword," in Exquemelin, *Das Piratenbuch von 1678*, 11, Jon Vagg, "Rough Seas: Contemporary Piracy in South East-Asia," *British Journal of Criminology*, 35, 1, (1994); "Piraterie - Angst vor Olpest," *Der Spiegel*, 23, June 7, 1999, 173

3. The Political Economy of Violence

Piracy has existed since early antiquity, and only declined in the 19th century. The activities associated with piracy fulfil the criteria set out in my working definition of organized crime. Pirates, like their modern counterparts, had the primary objective of obtaining wealth and/or power, through the participation in profit-generating activities prohibited by law. Piracy is acquisition without exchange based on the use, or threat, of physical violence, that evolved with the specific conditions of a given socioeconomic formation. Finally, pirates not only came to defend existing elites, but frequently merged with them, or had derived from them.

In the drama *Faust II* by the German playwright, Johann Wolfgang von Goethe, the main character *Mephisto* observes that war, trade and piracy cannot be separated from each other.⁷²¹ In fact, for the Cilicians or the Vikings, there were few differences between piracy, war and trade. These pirates came from societies with economies dependent on this practice, whose leaders led the raids, contributed to the gear, and shared in the loot. Thucydides wrote in *The History of the Peloponnesian War* that pirate leaders

⁷²¹Johann Wolfgang von Goethe, *Faust II*, Act V, in *Werke*, vol. 2, (Munich: Winkler Verlag, 1972), 329. Von Goethes' *Mephisto* says (in German):
Ich müßte keine Schifffahrt kennen:
Krieg, Handel und Piraterie,
Dreieinig sind sie, nicht zu trennen.
This translates as:
I would not to know of shipping:
War, trade and piracy,
are triune, not separable.

undertook their raids out of

self-interest and in order to support the weak among their own people... and by plundering... they would gain their livelihood. At this time such a profession, so far from being regarded disgraceful, was considered quite honourable."²²

Piracy, as an economic activity, thus implies access to a market where plundered goods can be traded. The same is also a requirement for a group of drug traffickers. However, this notion takes on different dimensions, when piracy is an economic activity, in which large segments of a country's population participated for their livelihood, and which was organized by a political leadership. Ormerod, therefore, correctly describes piracy in antiquity as "a means of production" which, however, is an aspect not limited to that place and time.²³ C.M. Senior claimed that England was a "nation which had grown accustomed to living by plunder at sea," while its sailors "had already gained a reputation as arch-pirates by 1600."²⁴

Phillip Gosse viewed the rise and fall of pirate organizations as a cyclical progression. Indeed, his perspectives bear some similarity to R.T. Naylor's evolutionary perspectives on organized crime. Accordingly, first came the stage of "outlaws," when "a few individuals would band together... owning one or a few vessels and attack only the weakest of merchantmen." This corresponds to Naylor's "predatory" stage. The next step

²²Thucydides, *History of the Peloponnesian War*, 37

²³Ormerod, *Piracy in the Ancient World*, 67-69

²⁴C.M. Senior, *A Nation of Pirates* (Vancouver: Douglas David and Charles Ltd., 1976), 7-8.

was one of "organization," as the larger groups either assimilated the smaller ones, or simply forced them out. While Naylor has termed this stage "parasitical," his own explanation includes a reference to the growth of OC groups which, for example, increase their reach from the local to the regional, if not national stage. Such a process would also include the assimilation of smaller groups, or their elimination. During the next phase of its evolution, the "pirate organization" attained the "status of an independent state." It now possessed the capacity to make alliances with other states against common foes. This corresponds to Naylor's "symbiotic" phase, in which an OC group integrates with society and economy, while its reach extends to the international level. Gosse observed further:

What had been piracy became war, and in that war the vessels of both sides were pirates to the other and subject to the same treatment.⁷²⁵

According to Gosse, the cycle closed with "the victory of one side" which resulted in the "break up of the naval organization of the other." Its components "would be reduced to the position of outlaw bands," and return to the first stage of their evolution.⁷²⁶

⁷²⁵Gosse, *The History of Piracy*, 1-2.

⁷²⁶Ibid. Pirates and OC groups differ here. While Gosse's pirates fight each other on the international level, it should be maintained that OC groups are at least as likely to cooperate at that stage. For example, the February 1993 confiscation of one ton of cocaine with an estimated street value of US\$200 million by Russian authorities hints at the cooperation between Colombian and postsoviet criminal groups. There have also been reports of "summits" between different national OC groups to establish a division of labour and "international hierarchies of crime." See Stephen Handelman, *Comrade Criminal* (Harmondsworth: Penguin, 1994), 180, 239. On the other hand, while OC groups tend to be made up by members of the same ethnic background, pirate crews in the Caribbean at least were often multinational and multi-ethnic. For example, those who

The merger of these dimensions of crime, political leadership (state), economy, and society generates a phenomenon of a very different quality. It has grown beyond most of the OC groups examined in this work. Modern criminal societies, nevertheless, share these same dimensions with piracy, albeit without necessarily merging them to the same extent. Depending on the degree to which they do converge, and on the perspective of the observer, piracy is either a criminal act, or it becomes a form of warfare, that, oddly enough, is no longer criminal. These links become apparent in a discussion of letters of marque, privateering, and piracy on the Spanish main during the mercantile age.

Letters of marque are

authority formerly given to private persons [the privateers] to fit out an armed ship and use it to attack, capture, and plunder enemy merchant ships in time of war.²²⁷

The original function of a letter of marque had been to right a private wrong committed in peace time. For example, when a French trader had his goods stolen in the Netherlands, and could not gain compensation for his loss through legal or diplomatic means, the person could be granted a letter of marque by his or her government. Such a letter permitted the capture of a Dutch merchant ship by a privateer to reimburse him or her for the loss. This person might be the trader who had suffered the offense, or somebody designated by him or her. Privateers acted on a commission recognized under

served under Henry Morgan, were English, Dutch, French, Italian, Portuguese, Mulatto and Black. See Cordingly, *Under the Black Flag*, 15

²²⁷A. S. Hornby, E. V. Gatenby, H. Wakefield eds, *The Advanced Learner's Dictionary of Current English* (London: Oxford University Press, 1970), 529.

international law. However, privateering was also a reflection of the absence of international law as the practice initially arose due to the lack of permanent diplomatic representations to settle such conflicts.⁷²⁸ It was standard procedure that a letter of marque specifically named the country whose vessels could be legally captured, while stiff penalties could be exacted if the property of other nations was taken. While letters of marque were initially used to right a private wrong in peace time, they turned into an instrument for governments to use in times of war.⁷²⁹ According to Reinhardt, the granting of letters of marque created an auxiliary navy designed for the sole purpose of damaging the enemy nation's war effort by cutting into its trade and thus its ability to raise and supply armies and navies.⁷³⁰

In fact, the practice represented a privatization of warfare, and a legalization of piracy. Moreover, Henry A. Ormerod observed that the equivalent of letters of marque and privateering already existed in antiquity:

Buccaneering enterprises...were the natural outcome of the exclusive commercial policy pursued by...[Greek city] states, as the Spaniards also found to their cost in the 17th century.⁷³¹

⁷²⁸Janice E. Thomson, *Mercenaries, Pirates, and Sovereigns* (Princeton, NJ: Princeton University Press, 1994), 22.

⁷²⁹David Reinhardt, *Pirates and Piracy* (New York: Konecky and Konecky, 1997), 22-29, 167, 186, Cordingly, *Under the Black Flag*, 219-220; Richard Preston and Sydney Wise, *Men in Arms* (New York: Holt, Rinehart and Winston, 1979), 214. E.O. Hoppé, *Pirates, Buccaneers, and Gentlemen Adventurers* (New York: A.S. Barnes and Co., 1972), 36.

⁷³⁰*Ibid.*, 22.

⁷³¹Ormerod, *Piracy in the Ancient World*, 156.

The first English letters of marque were issued to attack French and Portuguese shipping in the 13th century. The late 14th century Hanseatic pirates, the previously mentioned *Victual Brothers* led by Klaus Störtebeker, who became the scourge of the Baltic and North seas, represent another early example. Accordingly, Hanseatic league merchants and aristocrats were initially allied with the pirates in a war against Denmark. They supplied the *Victual Brothers*, took part in their expeditions, and shared in the profits. However, after the end of the conflict, the pirates turned against their sponsors and attacked all shipping in the Baltic, and later in the North Sea.⁷³² The alliance between the *Victual Brothers* and the Hanseatic league and the subsequent shift describes a pattern that can be observed elsewhere.

The difference between pirates and privateers was at best marginal and a question of perspective. The main distinction between the two was that privateers had a government which protected and harboured them. In times of war, pirates could find lawful employment under this semilegal blanket and make out well. However, when a privateer had been captured by hostile nations, he was often executed for piracy. Between wars, the same men, in need of work, took to the illegal side, because of the promise of wealth.⁷³³

Moreover, letters of marque were also used as an instrument of informal warfare

⁷³²Thomson, *Mercenaries, Pirates, and Sovereigns*, 22. Gosse, *The History of Piracy*, 90-92. Pleticha, *Freibeuter, Piraten, und Korsaren*, 15-18. Burbach, *Das Spätmittelalter*, 27-29.

⁷³³Reinhardt, *Pirates and Piracy*, 22.

and nonstate violence in times of peace against a former or future enemy. For example, England's Elizabeth I ordered her privateers, the *Sea Hawks*, against Spain's treasure fleets, while the two countries were at peace. King James I of England, who was strongly opposed to privateering, and tried to abolish it after he succeeded Elizabeth I to the throne, described the practice as "a splendidum furtum" [magnificent theft].⁷³⁴

From the 16th to the early 19th century this shifting pattern of legal and illegal employment opportunities was repeated quite a few times as England, France, the Netherlands, Spain, the Hapsburg Empire, and various smaller European powers fought several wars among each other. After the outbreak of the War of the League of Augsburg (1688-1697), in which Britain was allied with the Hapsburg Empire, the Netherlands and Spain against France, King William III pardoned pirates and turned them into hired privateers. The end of the conflict resulted in an increase in piracy as the privateers again turned to the illegal side of the profession. Similarly, after the end of the Spanish War of Succession (1701-1713), which had pitted France under Louis XIV against most European powers including Britain, many unemployed privateers turned into pirates. They set up bases in the Bahamas and raided the North American coast.⁷³⁵ Peter Rankin

⁷³⁴Senior, *A Nation of Pirates*, 8. Howard M. Chapin, *Privateer Ships and Sailors: The First Century of American Colonial Privateering* (Toulon, France: Imprimerie G Mouton, 1926), 9.

⁷³⁵Daniel Defoe, *The General History of the Pyrates*, XXI-XXII. There is an apparent continuity between piracy and organized crime in geographic terms in the case of the Bahamas which was a hide out for the buccaneers in the 17th and 18th centuries. The islands became a base for blockade runners supplying the Confederacy during the American Civil War. The Bahamas were then used by rum smugglers during the

comments on the former privateers put out of business by peace: "Poverty drove them to crime and experience drove them to piracy."³⁶

The impact of the 'private navies' on warfare was considerable. For example, during the Napoleonic wars French privateers are said to have captured some 10,000 British ships. In fact, it was the havoc wreaked on international trade during the Napoleonic wars, by privateers of all colours on shipping of all countries, that led to an international agreement to end the practice during the next major European conflict. In 1856, during the Crimean war, the great powers established an international regime of conduct on seizures of goods during war time.³⁷

prohibition era of the 1920s in the United States. More recently, the islands have been a base for cocaine traffickers from Colombia. See Schreiber, "Foreword," 54; Bruce Bullington, "A Smugglers' Paradise: Cocaine Trafficking through the Bahamas," *Crime, Law and Social Change*, 16, (1991); Jorge I. Domínguez, "The Powers, the Pirates, and International Norms and Institutions in the American Mediterranean," in Michael C. Desch, *From Pirates to Drug Lords* (Albany, NY: State University of New York Press, 1998).

³⁶Hugh F. Rankin, *The Golden Age of Piracy* (Williamsburg, VA: Colonial Williamsburg, 1969), 82.

³⁷Pleticha, *Freibeuter, Korsaren, und Piraten*, 41; Preston and Wise, *Men in Arms*, 214. Cordingly, *Under the Black Flag*, XVII; Hoppé, *Pirates, Buccaneers, and Gentlemen Adventurers*, 36.

4. Piracy As State-Organized State Crime

As in the cases of organized crime already discussed, mercantile piracy could only flourish because of the collaboration of states, in particular the governments of Britain, France and the Netherlands, and because of the mercantilist economic policies these countries pursued during the 16th and 17th centuries.

Mercantilist policies were designed to build up the wealth of a country and pay for standing armies and navies. While early mercantilist economists believed that state power derived from access to precious metals, others realized that gold and silver could be amassed by maintaining a trade surplus with other countries. For that purpose, the state defended a country's commerce, industry and agriculture, regulated the flow of trade, obtained and exploited colonies, and promoted merchant shipping.¹⁸

After the 'discovery' of America, Spain and Portugal found immense new sources of wealth from which they excluded other European nations. The Dutch, English, and French, in particular, were confronted with the following predicament: They could watch the power shift toward Spain and Portugal, or they could find means to share in the

¹⁸George T. Crane and Abba Amavi eds. *The Theoretical Evolution of International Political Economy* (New York: Oxford University Press, 1991), 5-6; John Rennie Short, *An Introduction to Political Geography* (London: Routledge, 1993), 9; E. M. Winslow, *The Pattern of Imperialism* (New York: Columbia University Press, 1948), 13. For example, the French Navy minister Colbert believed that "the more trade a country has with Spain, the more silver it has." In fact, much of the silver produced in the Spanish silver mines in the Americas ended up in various European countries including Holland, France, the Northern Italian city of Genoa, England and Germany, while only about 5 percent remained in Spain. See Eduardo Galeano, *Las venas abiertas de América Latina* (Mexico City: Siglo Veintiuno Editores, 1982), 34-36.

wealth. As they intended to partake in these riches, one option open to them was going to war. However, the Hapsburg Empire was the dominant military power in Europe, and this course of action was not advisable. A less precarious alternative, that would generate a similarly desirable outcome, was to reach an alliance with pirates. Although at peace, the governments of England, France, and the Netherlands issued letters of marque to their pirates directing them to engage the Spanish and Portuguese treasure fleets. In return, the pirates had to share their plunder with the governments protecting them.³⁹

Accordingly, Francis Drake received financial and material support from Elizabeth I. From one excursion, Drake made a profit of 4,700 percent (!) based on "appropriation without exchange." From this, he handed over sufficient booty to allow Elizabeth I to finance the English government, and all its expenditures, for seven years. Officially, and in the presence of the Spanish envoy presenting the diplomatic protests of his government, she distanced herself from the pirates, yet unofficially she contributed financially to the fitting of their vessels, profited considerably from these ventures herself, and welcomed the contributions to the English treasury made by the likes of John Hawkins and his nephew Francis Drake. The latter also received a knighthood for his efforts.⁴⁰ Undoubtedly, the continued English privateer-pirate attacks against Spanish

³⁹Pleticha, *Freibeuter, Piraten, and Korsaren*, 20.

⁴⁰Paul Schulz, *Piraten Ihrer Majestat* (Würzburg, FRG: Arena, 1971), 27; William J. Chambliss, "State-Organized Crime - The American Society of Criminology, 1988 Presidential Address," *Criminology*, 27, 2, (1989): 185-186; Hampden ed., *Sir Francis Drake: Pirat im Dienst der Queen*, 332.

ships crossing the Atlantic figured highly in the reasoning of Philip II when he ordered the *Great Armada* against England in 1588.

The exploits of the English privateer-pirate leader John Henry Morgan have been recorded by Alexander Olivier Exquemelin, his personal physician, in a work published in 1678. Like Drake a century earlier, although on a larger scale involving far more ships and 'troops', the buccaneer leader, supplied with letters of marque from the governor of Jamaica, attacked Spanish shipping and plundered cities on the Caribbean coast, although England and Spain were not at war. Morgan's most famous raid in 1673 targeted the city of Panama which he sacked.⁷⁴¹ For his efforts, Morgan was not only knighted, but was appointed Lieutenant Governor of Jamaica, and put in charge of suppressing piracy in the Caribbean. As with Drake, the government in London officially disowned Morgan, claiming that his actions were beyond its control and not representative of official

⁷⁴¹Exquemelin, *Das Piratenbuch*, 235-241. According to this author, the raiders displayed the utmost cruelty during these ventures in order to increase the loot. He writes: Now they began to extort the prisoners with the most cruel tortures. A 60-year old Portuguese...was whipped for a long time, then tied to four stakes by his thumbs and big toes. Then they flogged him with ropes, so that his whole body trembled. Finally, they placed a large stone on his mid section and lit palm leaves under, so that his face was completely scorched... Some were hung by their genitals, until they fell down by their own weight, then somebody stabbed them with a cutlass and left them lying until God released them through death. Others were tied, and their feet covered with oil, placed in front of a fire, so that they were practically grilled." Ibid., 198.

The buccaneer William Dampier who also sailed the Spanish main for spoils a decade later, noted that Panama had been completely destroyed by Morgan, and that the Spanish did not rebuilt the city on the same site but moved in further inland. See Dampier, *Freibeuter*, 45.

policy.⁷⁴² This is reminiscent of Horkheimer's observation that "the circumstances of domestic and foreign policy" determine whether a "bandit leader, condottiere, insurrectionist, [or] racketeer" is categorized as "warrior" or "criminal."⁷⁴³

Cordingly writes of the pirates-privateers Henry Morgan and Francis Drake:

Whether Morgan was a pirate, a corsair, or a privateer is a matter of debate. The Spanish regarded him as a corsair, and since some of the most spectacular raids were carried out when England was at peace with Spain, those actions, like those of Francis Drake, were acts of piracy. But Morgan always carried a commission from the governor of Jamaica so that technically he was a privateer. He no doubt simply regarded himself as a soldier fighting the enemies of England. The one label we can give him is that of buccaneer... which applied to several generations of fortune hunters who roamed the Caribbean for plunder.⁷⁴⁴

The Caribbean of Henry Morgan was also home to what Gosse would describe as pirate organizations at their most powerful, when they attained state-like qualities.

Morgan's Jamaica differed little from the French island colony of Tortuga, another pirate state used by the buccaneers of various nations to raid Spanish shipping and coastal cities. Another pirate haven was New Providence in the Bahamas.⁷⁴⁵

However, the transfer of war-making powers to private individuals, the reliance on, and sanction of, nonstate violence during conflict or peace, hints at a state that lacked

⁷⁴²Ibid., 117; Reinhardt, *Pirates and Piracy*, 48.

⁷⁴³Max Horkheimer, "Theorie des Verbrechers," in *Gesammelte Werke*, vol. 12, edited by Alfred Schmidt and Gunzelin Schmid Noerr (Frankfurt a. M.: Fischer, 1985), 269.

⁷⁴⁴Cordingly, *Under the Black Flag*, 41.

⁷⁴⁵Exquemelin, *Das Piratenbuch*, 117-121, Reinhardt, *Pirates and Piracy*, 75-83.

important resources, and which overcame this shortcoming by a temporary alliance with criminals. However, once pirates-privateers were no longer required, or even deemed dangerous, they were treated as criminals by nation-states. This is explicit in the case of Britain: Once its hegemonic status had been secured, the Royal Navy went after pirates to protect the Empire's trade. For example, during the 1720s, after the War of the Spanish Succession, British warships hunted down most of the pirates in the Caribbean within a few years.⁴⁶ The hegemonic status implied furthermore the decline of mercantilism and the rise of free trade under the British flag. Thus, the protests of the merchants in British North America helped to end the practices of their corrupt colonial governors, who harboured pirates in return for some spoils.⁴⁷

Piracy-privateering adds a dimension to the international conflicts of the 16th and 17th centuries, which is relatively unexplored in the literature on European state making. Tilly among others, discusses the role of violence and war in the process of European state making. As mentioned earlier, he refers to it as "organized violence" and "organized crime" in his discussion of the emergence of the European states in the 16th century. Herman M. Schwartz also explores the relationship between the monopoly of violence, military conquest, and the rise of the western state.⁴⁸ However, neither greatly discusses

⁴⁶Reinhardt, *Pirates and Piracy*, 30

⁴⁷Ibid., 30, 72, 125.

⁴⁸Charles Tilly, "War Making and State Making as Organized Crime," in Peter B. Evans, D. Rueschemeyer, and T. Skocpol eds, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1993), 169-191, Herman M. Schwartz, *States versus*

the role of piracy. One of the few exceptions is the critical criminologist, William Chambliss, who describes the practice as a form of state organized crime because "the state specifically instructed selected individuals to engage in criminal acts," even though in England, France, and Holland piracy was a crime punishable by death.⁷⁴⁹ Moreover, the previously discussed Janice Thomson has provided an excellent analysis of this issue. In her work, she compares the activities of nonstate agents, such as English pirates and Spanish conquistadors, who use private violence in the name of the state and for their own gain.⁷⁵⁰

Markets (New York: St. Martin's Press, 1994), 10-42.

⁷⁴⁹Chambliss, "State-Organized Crime," 185-186.

⁷⁵⁰Janice E. Thomson, *Mercenaries, Pirates, and Sovereigns*. (Princeton, NJ: Princeton University Press, 1994).

5. Manifestations of Organized Crime in the Russian Federation and the 'Near Abroad'

Previously, I described Soviet OC as a phenomenon which shared obvious features with other forms of organized criminality, but that had qualitatively developed beyond. This is demonstrated by the extent to which criminal groups managed to integrate into elite structures during Soviet times.

Officially, organized crime did not exist in the Union of Soviet Socialist Republics (USSR).⁷⁵¹ However, shortly after the USSR's collapse Lev Timofeyev claimed that entire segments of the new republics' economies were under the control of "purely criminal structures," while complete areas of entrepreneurship, such as the sale of computers, had surfaced with the support of funds from organized crime.⁷⁵² In 1993, Russian economists estimated that 30-40 percent of their country's gross national product (GNP) was controlled by criminal organizations. Michail Yegorow, from the Russian ministry of Internal Affairs (MVD), pointed out that organized crime had merged with legal entrepreneurship and owned some 40,000 companies.⁷⁵³ Stephen Handelman uses similar figures. He mentions Russian law enforcement estimates which claim that "organized crime allegedly accounted for between 30 - 40 per cent of the national turnover in goods and services." Handelman points out though that his sources were

⁷⁵¹Stephen Handelman, *Comrade Criminal*, 1

⁷⁵²Lev Timofeyev, *Russia's Secret Rulers* (New York: Alfred Knopf, 1992), 169.

⁷⁵³"Deutschland im Visier," *Focus*, 4, Jan 25, 1993, 44

unable to justify the figure because they failed to concur on an adequate definition of what constituted criminal activity."⁵⁴

According to MVD estimates, some 5,700 criminal gangs operated in the territory of the Russian Federation in May 1994, 30 percent more than in the previous year. One hundred and fifty of them were considered large with a membership between 1,500 - 2,000.⁵⁵ Jürgen Roth maintained, however, that this number was exaggerated and resulted from the tendency of Russian security agencies to classify even "a small gang of thieves" as organized crime.⁵⁶ Former Russian President Boris Yeltsin himself believed that "crime has become the number one problem" in Russia. The rise of postsoviet OC in the region also alarmed the CIA. Its former director, James Woolsey, claimed that criminal groups allegedly controlled 40 percent of the Russian economy, and threatened the security of the world.⁵⁷

⁵⁴Handelman, *Comrade Criminal*, 305

⁵⁵Werner Raith, *Das Neue Mafia-Kartell* (Berlin: Rowohlt, 1994), 89. By 1990, at the end of the Soviet era, 1,641 gangs had been identified. See Joseph Serio ed, *USSR Crime Statistics and Summaries: 1989 and 1990* (Chicago: The University of Illinois, 1992), 85.

According to the Canadian Security Intelligence Service (CSIS), there were an "estimated 5,700 mafia-type groups" in Russia "and another 1,000 in the Commonwealth of Independent States." See Al Hensler, "National Security: A Changing View," *Carleton University Magazine*, (Fall 1994), 24

⁵⁶Jürgen Roth, *Die Russen-Mafia* (Hamburg: Rasch und Röhling, 1996), 40

⁵⁷Stephen Handelman, "The Russian 'Mafiya'," *Foreign Affairs*, 73, 2, (March-April 1994): 88; "Der Mob, der aus der Kalte kam," *Die Woche*, May 11, 1994, 22

It may seem exaggerated that Russian organized crime could threaten the security of the world. However, the possible availability of weapon grade plutonium to criminal

Measuring the extent of organized crime's infestation of the former USSR's political and economic structures is difficult. However, from the ability of criminal groups to conduct international business deals of major proportions outside the official channels, it can be deduced that this penetration has been considerable. Important in this context are the illegal trades in arms from the former Soviet army, of raw materials, as well as of art treasures.

For example, the equipment of the former Western Group of Forces (WGF), likely the former USSR's best military fighting force, which until 1994 had been stationed in eastern Germany, was largely sold by those in charge. Apart from drug trafficking and shady car deals, the WGF's military command has been implicated in the illegal sale of Antonov-72 transport planes, MI-8 helicopters, tanks, and guns.⁷⁵⁸ The president of the

groups and their sale to terrorist organizations and so-called rogue states has been considered such a threat. See "Plutonium vom Schwarzen Markt," *Frankfurter Rundschau*, July 14, 1993, 1.

According to an officer from the former Soviet Union's military intelligence service GRU, who defected to the West following the country's disintegration, Russia is "a nation led by gangsters -- gangsters who have nuclear weapons." See Stanislav Lunev, *Through the Eyes of the Enemy* (Washington, DC: Regnery Publishing, 1998), 12. However, Moscow News journalist Victor Orlov strongly doubted the participation of organized criminal groups in the smuggling of nuclear materials. See "Is There a Nuclear Mafia?," *Moscow News*, 42, Oct. 21-27, 1994, 3.

Moreover, during the so-called "Plutonium affair" in Germany in the mid-1990s it was alleged that the German Secret Service, the *Bundesnachrichtendienst* (BND) itself had ordered and obtained weapons grade plutonium from the Russian black market to demonstrate the availability of such materials. See Udo Ulfkotte, *Verschlußsache BND* (Munich: Koehler and Amelang, 1997), 241-242.

⁷⁵⁸Christian Schmidt-Häuser, "Die Macht schlägt zurück," *Die Zeit*, Nov. 4, 1994.

Parliamentary Committee for Defence, Sergej Yuchenkov, raised the issue in the *Duma*, the Russian Parliament:

The trains with the military equipments which came from Germany to Russia could have been sent directly to the garbage dump. But where remained all the equipments which recently had been procured especially for our troops in Germany and which were sent there?⁵⁹

Postsoviet OC has been involved in the sale of stolen weapons of the former Soviet army that have found their way to the ethnic conflicts on Russia's borders.⁶⁰ Ivelaw Griffith reported that antigovernment guerrillas in Tajikistan were collaborating with OC groups which finance them with drug money, while Graham H. Turbiville claimed that "Russian troops have been charged with deep involvement in the drug trade from a variety of sources."⁶¹ Given its scope, the sale of Soviet military hardware after 1991 on the international arms markets was described as "the biggest and most dangerous arms bazaar in history."⁶²

The *Moskovsky Komsomets* journalist, Dimitry Kholodov, who was assassinated prior to a hearing in the *Duma* on his investigations into shady deals of the former WGF, wrote in one of his last articles:

⁵⁹Ibid.

⁶⁰Handelman, "The Russian 'Mafiya'." 84

⁶¹Ivelaw L. Griffith, "From Cold War Geopolitics to Post-Cold War Geonarcotics," *International Journal*, XLIX, 1 (Winter 1993-94): 21, Graham H. Turbiville, "Organized Crime and the Russian Armed Forces," *Transnational Organized Crime*, 1, 4, (1995): 82.

⁶²Handelman, *Comrade Criminal*, 216

When they say that a whole army of Mafia is operating in Russia, they can't imagine how close that is to the truth. Our Russian army is really descending into the world of organized crime."⁶³

According to *Die Zeit*, former President Boris Yeltsin was aware of these activities. However, Yeltsin did not dismiss General Burlakov, the commander of the WGF, but fired Yuri Boldyrev, the chief inspector of the Russian Federation, whom he had appointed himself to investigate military corruption. Moreover, the former president did not merely dismiss Boldyrev, he also abolished the office of chief inspector. Yeltsin also elevated Burlakov to the post of deputy minister of Defence."⁶⁴

Similarly, postsoviet OC has been involved in the illegal trade of raw material. For example, in 1992 criminal groups illegally shipped about five million tons of nonferrous metals to the West via the Baltic states with an estimated profit of US\$ three billion. Thus, Estonia became the world's 6th largest exporter of copper, although the country has no known nonferrous metal deposits in its territory, while the most important buyers turned out to be companies from the Federal Republic of Germany. Handelman correspondingly noted for the period between July and December 1992 that

⁶³"Murdered Journalist speaks out," *Moscow News*, 42, Oct. 21-27, 1994, 2.

⁶⁴Schmidt-Häuser, "Die Macht schlägt zurück," 6; "Who's Behind Kholodov's Assassination," *Moscow News*, 43, Oct. 28-Nov. 3, 1994, 1. Also see Wladimir Kolesnikov, "Reformen in Rußland: Auf dem Weg zum korruptierten Markt?", *Osteuropa*, 44, 4, (April 1994), 365; "Crime permeates far reaches of society," *The Globe And Mail*, Nov. 28, 1998, A12.

Moreover, allegedly there exists a "circle of cronies surrounding President Boris Yeltsin" that funnels large amounts of money into its coffers. See "The mysterious 'family' that keeps Yeltsin in power," *The Globe And Mail*, June 15, 1999, A1, A16

Russian border police intercepted trucks and cars carrying a total of 1.5 million tons of oil and petroleum products, 77,000 tons of metal, 43.8 thousand cubic metres of forest and timber materials, and 2.4 billion rubles' worth of industrial chemical products.⁷⁶⁵

Another example is the illegal traffic of objects of precious art and cultural items, such as religious icons, which, according to MVD reports, represents "one of the largest sources of income for the postsoviet criminal world" and is worth some US\$ 30 million annually. Other sources point to amounts of hundreds of millions of dollars.⁷⁶⁶

Organizations capable of transporting tens of thousands of tons of metals or military hardware have few problems smuggling several tons of drugs to the West. In fact, drug trafficking and abuse had already been growing social problems during Soviet times. For example, the former USSR's ministry of Health had reported that the number of addicts rose by more than 70 percent between 1985 and 1990. During the Afghan war opium and hashish had become available in the USSR. This stimulated the 'home grown' production of these drugs in Soviet Central Asia. Also, Gorbachev's anti-alcohol campaign, which aimed at reducing violence in society and improving economic performance, had resulted in growing narcotics' abuse as especially young people

⁷⁶⁵Handelman, *Comrade Criminal*, 172-173. "Der Mob, der aus der Kälte kam," 22; The *Observatoire Geopolitique des Drogues'* 1993 annual report also noted that postsoviet OC groups shipped 238,000 tons of nonferrous metals from the Ural mines to Latvia where it was sold to western buyers. However, the report also pointed out that these criminal groups have switched to drug trafficking. See *Observatoire Geopolitique des Drogues, Der Welt-Drogen-Bericht* (Munich: DTV, 1993), 86.

⁷⁶⁶Ibid: "Rußland ohne Ikonen," *Moscow News* (German-language edition) 9, (September 1992), 12.

switched from alcohol to drugs.⁷⁶⁷

In 1993 54 tons of narcotics were confiscated in Russia, compared with 20 tons in 1992, the year following the USSR's disintegration.⁷⁶⁸ In the Central Asian republics cultivation and production of narcotics have also increased considerably since 1991. For example, Azerbaijan, Kazakhstan, and Uzbekistan have become heroin producers, while some 70 percent of the West European heroin supply in 1992 allegedly came from or via the CIS.⁷⁶⁹ The expansion of the narcotics trade in the CIS corresponded to the growing interceptions in the West. Between 1989 and 1991, German seizures of heroin on the German-Czech border increased from 8.5 to 616 kilos annually.⁷⁷⁰ These figures, however, do not necessarily provide an accurate assessment. Nevertheless, they do suggest that the drug trade, which had already existed during the last years of the Soviet regime, rapidly increased after the collapse.⁷⁷¹

The involvement of postsoviet OC groups in the drug trade has given them links to other crime groups that operate internationally. For example, the February 1993

⁷⁶⁷Rensselaer W. Lee III and Scott B. Macdonald, "Drugs in the East," *Foreign Affairs*, 72, 2, (1993):98.

⁷⁶⁸"Der Mob, der aus der Kälte kam," *Die Woche*, May 11, 1994, 22. This source does not differentiate between different drugs which leaves me to assume that the bulk of these narcotics was hashish.

⁷⁶⁹"Deutschland im Visier," *Focus*, January 25, 1993, 45, "Die Moskau-Connection," *Die Woche*, July 15, 1993, 16.

⁷⁷⁰Lee III and Macdonald, "Drugs in the East," 94.

⁷⁷¹"Die Moskau-Connection," *Die Woche*, 16.

confiscation of one ton of cocaine in a Russian Baltic port, as mentioned earlier, indicated that Colombian crime groups had discovered the former USSR as a transit route for drugs to the western part of the continent. Such a cooperation involving large amounts of narcotics would not occur without established links between Colombian and Russian criminals. Allegedly, there have even been 'summits' between postsoviet and western OC groups to establish a division of labour and profits which shows the "importance of postsoviet gangs in the international hierarchies of crime."⁷²

Russia's importance as a transit and producer country of drugs was also accompanied by the establishment of a money-laundering industry, because lax Russian banking laws allowed OC groups to set up their own financial institutions. Until 1994 anyone with US\$100,000 was allowed to start operating a bank. After 1994, the funds needed were increased to roughly US\$1.2 million. However, some 3,000 private banks or banking affiliates had already been founded by 1993. According to estimates, "40 percent of the movement of capital in Russia is now linked with narcotics."⁷³ Leonid Fituni, from the *Centre for Global and Strategic Studies* in Moscow, claimed that US\$ 10 billion were being laundered annually in Russia during the early 1990s by various international

⁷²Handelman, *Comrade Criminal*, 180, 239; Roth, *Die Russen Mafia*, 48-52; "Der Mob, der aus der Kälte kam," *Die Woche*, 22.

⁷³Handelman, *Comrade Criminal*, 122, 180-182. Especially Moscow offers great opportunities for money laundering. For example, there are 31 casinos in the Russian capital, while Las Vegas is home to 25 casinos. See Observatoire Géopolitique des Drogues, *Der Welt-Drogen-Bericht*, 87.

crime groups."⁵

While the above figures have to be treated with caution, one may conclude though that organized crime reached enormous proportions in the former Soviet Union with which authorities could not cope. Moreover, the police forces suffer from the effects of the administrative changes that took place after the Soviet Union's breakup, such as decentralization, and the general economic problems in the region."⁶ Police lack fast cars or modern communication systems. Their low pay also makes them easy targets for corruption. In fact, tens of thousands of corrupt police men and militia soldiers had been charged and dismissed already during the last years of the Soviet era."⁶

⁵"Der Mob, der aus der Kälte kam", *Die Woche*, 22.

⁶Mark Galleotti, "Perestroika, Perestrelka, Pereborka. Policing Russia in a Time of Change," *Europe-Asia Studies*, 45, 5, (1993):783, "Moscow Police play catch-up with criminals," *The Globe and Mail*, Oct.3, 1994, A6.

⁷Louise I. Shelley, "Crime in the Soviet Union," in Anthony Jones, Walter D Connor, and David E. Powell eds, *Soviet Social Problems* (Boulder, CO: Westview Press, 1991), 253, "Der Mob, der aus der Kälte kam," *Die Woche*, 22.

It has also been claimed that the break-up of organizations, such as the KGB, may have had the result that first-rate intelligence professionals who can go "through 90 percent of existing alarm systems, and who know how to disappear without any trace, in any society, under any conditions" joined criminal organizations which offer a more attractive pay. See Leonid Maximenkov and C. Namiesniowski, "Organized Crime in Post-Communist Russia - A Criminal revolution?" *Commentary* (a Canadian Security Intelligence Service publication), 48, (Sept 1994):12.

6. The Origins of Postsoviet Organized Crime

In the discussion of his book, *Comrade Criminal*, during a radio interview, the author Stephen Handelman concluded that corruption was prevalent in all ministries in Russia and the 'near abroad'. After observing the cooperation between the Mafia and government officials he concluded that bureaucracy and organized crime were the same.^{***} Similarly, Paul Goebel from the *Carnegie Endowment for International Peace* pointed out that the Mafia in any other country would be identified with criminal activities, while in Russia it was part of the establishment.^{***8}

Even if above accounts of organized crime in Russia and the rest of the CIS are overstated, it seems that postsoviet criminal groups have indeed achieved what few Mafia organizations elsewhere managed to do; namely, to merge with existing power structures. While this dissertation does investigate various cases of close collaboration between organized crime and elites, such as the Garcia Meza regime in Bolivia in 1980-81 and the *Kuomintang's* alliance with Shanghai OC during the 1920s and 30s, the links established in the USSR go far beyond most observed instances of such cooperation.

Organized crime did not suddenly emerge after the collapse of Soviet state and economy. Rather, the rise and subsequent infiltration of power structures by semicriminal and criminal elements already occurred during Soviet times. As claimed by Kelly,

^{***}Canadian Broadcasting Corporation (CBC) - Sunday Morning, *Interview with Stephen Handelman*, Oct.23, 1994.

^{***8}CBC - *As it Happens*, *Interview with Paul Goebel*, Oct.17, 1994

organized crime grows "in many kinds of societies" that "differ politically, economically, and culturally, " yet it "is intimately linked to political structures and economic infrastructures."⁷⁹ This makes it necessary to discuss the political and economic structures in the former USSR.

⁷⁹Robert J. Kelly, "Criminal Underworlds: Looking Down on Society from Below," in Robert J. Kelly ed, *Organized Crime: A Global Perspective* (Totowa, NJ: Rowman and Littlefield, 1986), 14

6a. Soviet Economic Development and Elites in Party and State

The introduction of Socialism to the former Tsarist Empire did not occur in accordance with Marxist thinking. Unlike Marx and Engels, who had foreseen a Socialist take-over in the advanced capitalist nations, such as Great Britain or Germany, Socialism came to rule the former Imperial Russia, a country which not only lacked a large industrial working class but which, for the most part, was a backward agricultural society. Hence, the victory of the *Bolsheviks* did not turn into a project of redistribution of the wealth of an advanced capitalist country. Rather, there was little to distribute in the former Russian Empire after World War I and Civil war, and instead, applied Marxism became a project of development.⁷⁸⁰ In fact, Soviet-style development should be viewed as a specific strategy devised to catch up with the economically advanced West.

Dieter Senghaas addresses this issue in his history of economic development. He differentiates between several types of development considering criteria, such as a country's population, size, available resources, and the period in which economic takeoff was achieved. According to Senghaas, this process was not simultaneous. Rather, different countries applied specific strategies to catch up with more developed ones. He also argues that the later a country developed, the stronger became the involvement of the state in that process.⁷⁸¹ For example, he describes the path used by the latecomers

⁷⁸⁰Jorge Nef, *Comparative Public Administration and Public Policy* (Guelph, Ontario: University of Guelph, 1986), 88.

⁷⁸¹Dieter Senghaas, *Von Europa Lernen* (Frankfurt a. M.: Suhrkamp, 1982), 7-17

Germany and France during the second half of the 19th century as the "dissociative-domestic-dynamic" route. It was designed to catch up with Great Britain, which had undergone its industrial revolution in the early 19th century. These latecomers developed their economic potentials by using protectionism, and other economic policies, to nurture their young industries, and shield them from the more advanced competition."⁸²

Senghaas points out that Tsarist Russia could no longer develop on a capitalist path, unlike most countries in western and central Europe. In fact, the infringement of the more advanced capitalist countries had brought upon the threat of peripheralization in the early 20th century. Thus, development on the "dissociative-state socialist" path provided the means to catch up. According to Senghaas, this course initially implies dissassociation from the global market to develop. This does not mean that there are no economic relations with the outside world, or with capitalist countries. Rather, these relations are very selective because their contribution to domestic development is seen as limited. Moreover, while the state plays a significant role in the designing of the "dissociative-domestic-dynamic" route with other agents, such as domestic banks or companies, the state becomes the sole vehicle for development on the "dissociative-state socialist" path."⁸³

⁸²Ibid., 42.

⁸³Ibid., 52-53, 277-278. In a speech held at the First All-Union Conference of Socialist Industry, February 4, 1931, Soviet Leader Joseph Stalin talked of the necessity to catch up quickly: "One feature of the history of old Russia was the continual beatings she suffered because of her backwardness. She was beaten by the Turkish beys. She was beaten by the Polish and Lithuanian gentry. She was beaten by the British and French

Milovan Djilas had expressed similar ideas a generation earlier. He pointed out that underdeveloped countries like Russia were confronted with a dilemma: They either industrialized or became part of the periphery controlled by foreign capital. Djilas wrote further:

[Communist] revolutions did not occur because new, let us say socialist, relationships were already existing in the economy, or because capitalism was "overdeveloped." On the contrary. They did occur because capitalism was not fully developed and because it was not able to carry out the industrial transformation of the country.⁸⁴

From the initial push toward modernization under the Tsars in the middle of the 19th century to the Stalinist period of the 1930s, the economy of Tsarist Russia and the Soviet Union strongly relied on a form of centralized planning. Prior to 1914, the country had generated the essential components for the country's development: an enterprising bureaucratic state, small formations of indigenous wealth, associated with large amounts of foreign capital, sources of western technology, and established trade relations. Russia

capitalists. She was beaten by the Japanese barons. All beat her -- because of her backwardness, military backwardness, cultural backwardness, political backwardness, industrial backwardness, agricultural backwardness... Do you want our Socialist fatherland to be beaten and to lose its independence? If you do not want this, you must put an end to its backwardness in the shortest possible time and develop genuine Bolshevik tempo in building up a Socialist system of economy. There is no other way. That is why Lenin said on the eve of the October Revolution: "Either perish, or overtake and outstrip the advanced capitalist countries." We are fifty or a hundred years behind the advanced countries. We must do good this distance in ten years. Either we do it, or we shall be crushed. This is what our obligations to the workers and peasants of the USSR dictate to us." See Joseph V. Stalin, *Fragen des Leninismus* (Moscow: Verlag für Fremdsprachige Literatur, 1947), 398-399.

⁸⁴Milovan Djilas, *The New Class* (New York: Praeger, 1957), 11-14.

also owned, and still owns, huge reserves of natural resources ⁷⁸⁵

On the other hand, this path of development resulted in dependency on the advanced capitalist countries. Before 1914, foreign interests controlled 21 percent of textile production, 26 percent of leather processing, 32 percent of lumber processing, 41 percent of all chemical industry and 63 percent of mining, metallurgy, and machinery production.⁷⁸⁶ Prior to World War I Germany was Russia's most important trading partner. In fact, some 47 percent (1) of Russian imports derived from that country in 1913.⁷⁸⁷

⁷⁸⁵Timothy W. Luke and Carl Boggs, "Soviet Subimperialism and the Crisis of Bureaucratic Centralism," *Studies in Comparative Communism*, XV, (Spring-Summer 1982): 99.

The bygone Soviet Union had one of the largest resource bases. It pumped more oil and gas out of the ground than any other country. In 1977 it was assessed that the Soviets controlled 32 percent of global oil and 40 percent of global gas reserves. Similarly, the former USSR's share of the raw materials on earth was roughly calculated to be 35 percent of the total. At that time period the Soviets had the global production percentage of 35 percent of manganese, 32 percent of chromium, 28 percent of uranium, 27 percent of iron ore, 20 percent of nickel, 20 percent of vanadium, 15 percent of copper and 14 percent of bauxite. See "Die Sowjetunion," *Informationen zur Politischen Bildung*, 182, (November 1979), maps X, XI.

On the territory of the CIS one also finds nearly all strategic metals and other important resources on the globe. For example, chromium, magnesium, nickel, platinum, silver and titanium, 6 of the 25 mineral raw materials needed to build the US space shuttle, were imported from the former USSR. In the case of silver and titanium, the former USSR sold more than half of its annual production to the US. See Michael Kidron, *Die Aufrüstung der Welt* (Hamburg: Rowohlt, 1983), map 28.

⁷⁸⁶Walt W. Rostow, *The World Economy* (Austin: University of Texas Press, 1979), 426-437.

⁷⁸⁷Mario R. Dederichs, "Gemeinsame Geschichte: Deutsche und Russen," in Klaus Liedtke ed., *Der Neue Flirt* (Hamburg: Gruner und Jahr, 1989), 223.

Charles K. Wilber and Kenneth P. Jameson argued that the application of the Soviet model created the preconditions for development by ending the domination of foreign capital, and by eliminating the existing socioeconomic power structures. Peasants and workers did not receive these powers. Instead they were transferred to a one-party state and its institutions which only ceremonially ruled on their behalf. However, the introduction of Socialism did end foreign domination and the old class system that had frustrated economic development.⁷⁸

Furthermore, the countries of the Socialist Bloc achieved high rates of economic growth. These were based on the establishment of heavy industries, and the mobilization of large work forces, in particular through the collectivization of agriculture, which turned surplus rural labour into an industrial work force. While the extensive industrialization was largely successful, the collectivization of agriculture did not yield the desired increase in food production, but became a considerable problem. In contrast, Socialism did create good education, as well as health and social security systems.⁷⁹ Development on the Socialist route did also occur in the countries of central and eastern Europe, although these nations did not adopt the Soviet path by choice after World War II. Nevertheless, their postwar leaderships were more successful than their predecessors in preventing their countries from becoming part of the European periphery

⁷⁸Charles K. Wilber and Kenneth P. Jameson, "Paradigms of Economic Development and Beyond," in C. K. Wilber ed. *The Political Economy of Development* (New York: Random House, 1988), 20.

⁷⁹Senghaas, *Von Europa Lernen*, 294-295

Development did take place, considerably changing these countries' economies, although the human costs of the Socialist experiment made the results debatable."⁹⁰

Senghaas concluded that the first phase of Socialist development had been relatively successful. While centralized planning brought about the conditions for economic takeoff, East bloc countries failed to grow beyond an early stage due to their inability to switch from extensive to intensive growth, particularly on a technological level. The first stage of industrialization succeeded well enough despite, rather than because of Stalinist policies. However, without decentralized structures of government and political participation, the societies of the former East bloc were unable to advance on the path of economic development."⁹¹ Herbert Marcuse identified the problem with the structural inability of the Stalinist system:

The Stalinist construction of Soviet society rested on the sustained priority of heavy industry; a fundamental shift in the balance would mean a fundamental shift in the structure itself -- in the economic as well as political system."⁹²

The main resistance to these necessary reorganizations came from the Soviet elites, the new class of bureaucrats and technocrats."⁹³ Created by the Stalinist regime to carry out the USSR's transformation from an agrarian to an industrial society at

⁹⁰Ibid.

⁹¹Ibid., 298.

⁹²Herbert Marcuse, *Soviet Marxism: A Critical Analysis* (New York: Random House, 1961), 98.

⁹³Arthur Koestler, *The Yogi and the Commissar* (New York: Macmillan, 1945), 171-174; Djilas, *The New Class*, 37-41.

brehtaking speed, it became the stumbling block on the road to the postindustrial society. Hence, there is a relationship between the refusal by Soviet elites to introduce meaningful reforms to counter the economic decline, the rise in corruption, and the growth of the shadow economy out of which organized crime arose. Of particular interest in this context are the political and administrative elites of the old Soviet Union in general, as well as those representing the steel, petroleum and heavy construction industries, and the military. Khrushchev had called this circle the "metal eaters" because of the constantly increasing demands for the allocation of resources for heavy industry and armaments. This group became entrenched during the Stalin era and considered any attempt to change economic priorities as a direct threat.⁷⁴

The previously mentioned Milovan Djilas identified this group as the "new class." Similarly, Alec Nove referred to a "ruling class" in the USSR.⁷⁵ Günther Wagenlehner described this group as the "high bureaucracy" which ruled the USSR in the late 1970s through some "300,000 functionaries in key positions of party, state, the economy and society." This elite regenerated itself by recruiting new blood from a select list, the nomenclature.⁷⁶ Bohdan Harasymiv calculated that the nomenclature lists for the central committees of all union republics amounted to "between 190,000 and 260,000 positions"

⁷⁴Harrison Salisbury, *Russia* (New York: Atheneum, 1965), 70.

⁷⁵Alec Nove, "Is there a Ruling Class in the USSR?," *Soviet Studies*, XXVII, 4, (Oct. 1975)

⁷⁶Günther Wagenlehner, "Ideologie und Macht in der Sowjetunion," *Osteuropa*, 28, 9, (Sept. 1978): 790-792.

during the height of Brezhnev era.⁷⁹⁷

According to Jan Pakulski, the administrative elites of the Socialist Bloc nations differed greatly from those in the West. He argued that it would be misleading to apply a classical Weberian framework to the Soviet-type administrative model.⁷⁹⁸ While Pakulski conceded that western administrative experiences also conflict with the Weberian ideal type, he concluded that the digressions "constitute not the exception or 'anomaly' but the rule" in Soviet-type administrations. These include the discrepancy between the real and the formal "constitutional" command structure as well as the dominant position of party organizations as compared with those of the state. Moreover, Pakulski referred to overlapping responsibilities and obscure jurisdictional divisions between -- and within -- party and government hierarchies, and the general preference of "political judgement" over defined regulations. Additional factors were the weight given to ideology in the decision-making process as well as the central role of "(quasi)-charismatic elements in political leadership", the importance of a mobilizational system based on a blend of

⁷⁹⁷Bohdan Harasymiw, "Die sowjetische Nomenklatur: I. Organisation und Mechanismen," *Osteuropa*, 27, 7, (July 1977) 585

⁷⁹⁸According to Max Weber, the ideal type of bureaucracy is based on a.) a high degree of specialization and a clearly defined division of labour, with tasks distributed as official duties; b.) a hierarchical structure of authority which clearly circumscribed areas of command and responsibility; c.) the establishment of a formal body of rules to govern the operation of the organization; d.) administration based upon written records; e.) impersonal relationships between staff and clients; f.) recruitment of personnel on the basis of ability and technical knowledge; g.) long-term employment, promotion on the basis of seniority or merit and a fixed salary. See H.H. Gerth and C. Wright Mills, *From Max Weber: Essays in Sociology* (New York: Oxford University Press, 1958), 196-244.

exhortation and force. Finally, he mentions the commonplace acceptance of extralegal and illegal activities, and of patronage which resulted from the *nomenclature* system of selection. Thus, Pakulski described the Soviet-type administration as "quasi-bureaucratic" and "politocratic" ⁷⁹⁹

Though the necessity to innovate the system was already generally acknowledged in the Khrushchev era, no major changes were introduced. According to Jan Prybyla, reform was viewed in the limited sense of increasing component productivity, stepping up the momentum of innovation, more pay for workers, as well as higher standards in research, science, training, and technology. Still, the imperative modification of conceding to individual consumers, workers, and factory managers the right to have allocative alternatives was never implemented. Prybyla writes further:

Administrative decentralization took the place of proposed economic decentralization; the vertical structure of information flows, administrative coordination, and the centre's detailed regulations of the incentive system were not significantly altered. The partial reforms distorted the behaviour of consumers, workers and managers in novel ways. In short, Soviet reforms [before Gorbachev] suggest that the Soviet political-economic establishment is organically incapable of surrendering meaningful decision-making powers to anyone. The retention of the monopoly of allocative power at the centre remains a basic principle of Soviet conduct to this day. Plus ça change, plus c'est la même chose.⁸⁰⁰

However, the failure to reform the apparatus not only prevented the Soviets from

⁷⁹⁹Jan Pakulski, "Bureaucracy and the Soviet System," *Studies in Comparative Communism*, XIX, (Spring 1986) 4-11.

⁸⁰⁰Jan Prybyla, *Issues in Socialist Economic Modernization* (New York: Praeger, 1980), 35

entering the stage of intensive industrialization on a technological level. It also had serious consequences for the functioning of industry which manifested themselves in the years of stagnation.

Ministries and government agencies merely set quotas without considering the quality of the product, or the actual need for, and consumer satisfaction with it. Plans were often badly coordinated which caused bottle necks, unused capacities, unnecessary inventories, and waste. The centralization of the decision-making process meant that corrections could only be implemented slowly and with difficulty. Moreover, given the pressure on management to maximize output and meet targets, the quantity of production became more important than product quality. This emphasis on maximal production prevented management from modernizing outdated machinery because of the fear that innovations would disrupt production and endanger fulfilment of the plan. Furthermore, enterprises could gain little from reorganizations that increased production and profits, because returns were siphoned off by the central government. In addition, the central government would set higher quotas for the next planning period. As a consequence, Soviet industrial management avoided innovations of their plants, because it only resulted in the increased pressure of having to fulfil higher quotas. Conversely, management had to bear responsibility if the innovative changes did not have the desired effect.⁸⁰¹

These managerial practices had a large impact on the way Soviet industries

⁸⁰¹Gregory Grossmann, *Economic Systems* (Englewood Cliffs, N.J.: Prentice-Hall, 1977), 114

worked. Administrators favoured repairing obsolete machinery instead of replacing it. By the late 1970s one third of Soviet industry was geared toward producing machine tools designed for repairs as well as spare parts, instead of manufacturing new machinery for production. Therefore, large segments of Soviet industry ended up being unproductive. Some 30 to 50 percent of Soviet machinery was outdated by 1985, and the typical age of a factory machine in the USSR reached 27 years.⁸⁰² East Bloc industries were generally only half as productive, but used three times the energy compared to those in the West.⁸⁰³

The USSR's failure to grow beyond the intensive stage was also caused by its inability to integrate the new technologies acquired from the West during the 1960s, and thereafter. This is in contrast to the newly industrializing countries (NICs) of Southeast Asia. There the absorption of western technology resulted in improved efficiency and greater export volumes.⁸⁰⁴ This outcome is also in contrast to the earlier successful application of western technology, in particular from Germany and the United States, on which the Stalin regime had relied during the modernization drive of the 1920s and

⁸⁰²Holland Hunter, *The Future of the Soviet Economy: 1978-1985* (Boulder, CO: Westview Press, 1978), 16; Caspar Ferenczi, "Der Stalinismus und seine Folgen," in Caspar Ferenczi and Brigitte Lohr eds, *Aufbruch mit Gorbatschow* (Frankfurt a.M.: Fischer, 1987), 84-85.

⁸⁰³Wolf Oschliess, "'Oekokriege' in Osteuropa," Bericht des Bundesinstitutes für Ostwissenschaftliche Fragen, 29, (1990) 9-10

⁸⁰⁴United Nations Commission for Europe, "East-West Trade in Investment Goods, 1970-1987," *Economic Bulletin of Europe*, 41, (1989) 91-97

30s.⁸⁰⁵ However, the introduction of foreign technology into the Soviet economy during the 1960s and 70s had the opposite effect. Timothy W. Luke and Carl Boggs point out that the centrally-planned economies which did not encourage innovative processes, were also not adept at incorporating foreign technologies. These were only of use for the Soviets in fields where they had achieved parity with the West, such as aircraft, heavy equipment, and were thus able to absorb them. In most other areas, foreign technology perpetuated the inadequacies by replacing reforms.⁸⁰⁶

Economic decline became manifest as all Soviet Bloc nations experienced lower growth rates, and even negative ones, since the beginning of the 1980s. While growth rates in the former East Bloc had been 5 percent and higher in the 1960s, they fell to between 1 and 2.5 percent in the late 1970s. This trend of declining growth rates ran parallel to the increasingly higher debt burdens these countries accumulated because they implemented growth strategies of import substitution applying western technology to restructure and modernize their outmoded industries during the latter part of the 1960s to the mid-1970s. To finance this largely unsuccessful modernization drive, they relied on loans from western banks.⁸⁰⁷ By 1988, the cumulative debt of the USSR and its European

⁸⁰⁵Luke and Boggs, "Soviet Subimperialism," 104.

⁸⁰⁶Ibid., 113.

⁸⁰⁷Nina Pascal, "East European-Soviet Relations in a Changing Economic Environment," *East European Quarterly*, XXIII, 1, (March 1989) 99.

allies had grown to roughly US \$150 billion.⁸⁰⁸

Moreover, the nature of totalitarian rule itself during the Stalin era, which shaped the initial modernization drive in the 1930s and the subsequent reconstruction period following World War II, had a considerable impact on the functioning of the economy. After all, the goal of modernization was to be attained by 'primitive socialist accumulation', the squeezing of the population for rapid capital buildup. This included the willingness of the leadership to expend with the lives of millions to build a 'new' society. However, Stalinist central planning only worked since the tasks it had to administer were relatively simple, such as rapid extensive industrialization. Conversely, the same economic system could not give society the tools to continue on the path of development. The inability to reform the apparatus prevented Soviet society from entering the next stage of development, namely, intensive industrialization on a technological level. This could only have been achieved by dissolving the structure itself.

The environment of terror and fear likely had implications for the functioning of the administrative apparatus, and the management of information. In order for an economy of the size of the Soviet one to be productive, those running it must not only obtain, but also process vast amounts of information. These data flow up from the various industrial production units through layers of bureaucracy and become the basis for a decision-making process at the top. However, information losses increase with the

⁸⁰⁸Ruben Berrios, "Transideological Collaboration and East-West-South Economic Relations," *World Development*, 18, 12, (1990): 1686.

size of the apparatus, because miscalculations at any layer are passed to all subsequent ones, whether it is information on the way up, or a decision based on this information on the way down.^{*109} Management had a monopoly on information, while the decision-making ability of the leadership depended on the quality and quantity of information it received. It was, however, in the collective interest of management of industry that the central leadership underestimated the productive potential of their enterprises to conceal shortcomings and mistakes. Thus, there was an incentive for management to withhold information, as well as to overstate problems, and understate potential production. Distorted information was used at every level of the apparatus.^{*110}

In Stalin's totalitarian state, this problem remained manageable because the oppressive apparatus imposed negative incentives which took the form of a firing squad or a Siberian labour camp, but made the system function. For example, show trials were held against hapless members of the Soviet managerial elite, who were accused of being "wreckers" and "saboteurs."^{*111} However, the vertical decision-making process functioned less once negative incentives had been removed after Stalin's death, and once the developmental level reached required a conversion to different forms of economic organization. The command economy could not cope with horizontal decision-making.

^{*109}Peter Murrell and Mancur Olson, "The Evolution of Centrally Planned Economies," *Journal of Comparative Economics*, XV, 2, (1991) 257

^{*110}Ibid., 256-258.

^{*111}Isaac Deutscher, *Stalin* (Harmondsworth: Penguin Books, 1970), 136

and decentralization, which became requirements, after the foundations for further development had been laid. In fact, this need was already realized by Stalin himself who called for a decentralization of the decision-making process to adapt to the new conditions of production in the USSR.⁸¹²

Decentralization, however, was not in the interest of the new elites created by Stalin. Their primary concern was the preservation of power, albeit without the environment of fear and repression. This explains the failure of Khrushchev, and his overthrow in 1964. His reforms went too far in the eyes of the members of the new class in the USSR, who saw their status and privileges endangered. Khrushchev's overthrow, and replacement by Brezhnev, basically implied a return to Stalinism without Stalin, and without of the excesses of the secret police.⁸¹³

However, as I will elaborate below, corruption became a major tool to maintain the system.⁸¹⁴ It is important here to make some mention of the notion of property rights practised in the deceased USSR and other former East Bloc countries, a factor that greatly

⁸¹²Stalin wrote: "In addition, it is necessary that our current sluggish trusts which sometimes encompass 100 to 200 enterprises are immediately reduced in size and divided up into several combines. It is obvious that the director of such a trust who has to deal with 100 or more enterprises cannot really know these enterprises, their production capacities and their work..." See Stalin, *Fragen des Leninsmus*, 423

⁸¹³Arkadi Waksberg, *Die Sowjetische Mafia* (Munich: Piper, 1992), 35. William Clark, "Crime and Punishment in Soviet Officialdom," *Europe-Asia Studies*, 45, 2, (1993) 276-277

⁸¹⁴James R. Millar, "The Little Deal: Brezhnev's Contribution to Acquisitive Socialism," *Slavic Studies*, 44, 4, (1984)

new class of bureaucracy and state became a new class of owners.^{*17}

To sum up: Soviet economic decline resulted from the failure to modernize the economy as elites were opposed to the reform and decentralization of the decision-making process because they feared the loss of power and status. Throughout its history, the Soviet economic system had played the dual functions of serving the aims of production, and of the perpetuation of the power of the party. The nomenclature was the guarantee of this second function of the economy, but also the cause of economic inefficiency and corruption. This, at least partly, explains the failure of Mikhail Gorbachev. His attempts to reform the economy, and make it more efficient, aimed at suspending the second function, and met the resistance of the elites.^{*18} The new class that controlled the USSR, although spawned by a revolutionary regime, had turned into a protection racket primarily interested in maintaining itself.

^{*17}Djilas, *The New Class*, 35-39

^{*18}Barbara Jancar, "Reform and Continuity in the USSR," in J. Piekalkiewicz, and Christopher Hamilton, *Public Bureaucracies between Reform and Resistance* (New York: Berg Publishers, 1991), 117.

6b. The Emergence of the Shadow Economy⁸¹⁹

When elites came to view innovation and decentralization with the loss of power and privilege, it became difficult to maintain productivity at reasonable levels. To keep producing within such a system, connections, extralegal practices and ultimately, corruption become important, even in running day-to-day affairs. Thus, the emergence of the *tolkach* or expeditors is hardly surprising. The term refers to private individuals hired by enterprises, who used their special connections to supply businesses with equipment, tools, and raw materials, without using the official channels.⁸²⁰ Beerman already pointed out in the early 1960s that the *tolkach* operated in a grey zone between legal and illegal, and that "their activities...may have the odium of criminality."⁸²¹

The journalist Barbara Kerneck writes in this context:

The principal person of the socialist planned economy...was the *tolkach*, the fixer...[who could supply] any commodity: On behalf of his boss he was constantly driving around...to obtain missing parts to continue production, not without payoffs, of course. The perverse element of the whole situation was the fact that the exchanged goods belonged to nobody.⁸²²

⁸¹⁹It is necessary to differentiate between the practices that transpired in the economy of the former Soviet Union and those in the previously discussed informal economy. While the informal economy contains criminal elements, the activities in the USSR were conducted by real criminals and semicriminal representatives in state and party. For the purpose of distinguishing between the two, I will use the term *shadow economy* in the case of the Soviet Union.

⁸²⁰Salisbury, *Russia*, 72-73.

⁸²¹R. Beerman, "The Parasites Law," *Soviet Studies*, XIII, 2, (1962):201-202.

⁸²²Raith, *Das neue Mafia-Kartell*, 158-159. The same author observes that the intermediary function of the Soviet *tolkach* has its equivalent in the task performed by the

The need for the *tolkachi* was also caused by the priority given to military production, which resulted in shortcomings in other areas, particularly the agriculture sector. Aron Katsenelinboigen maintained that agriculture suffered "the most from failure to receive spare parts." However, "managers of agricultural enterprises" were also under great pressure to deliver during harvest time. He noted that "kolkhoz managers... encourage workers to steal" badly needed spare parts, or obtain them through 'special' arrangements with factory directors who produced the required supplies by diverting materials from their own production lines.⁸²³

The emergence of the shadow economy, that tried to fill the gaps of the plan, should thus be considered a logical progression resulting from the above described pattern. Accordingly, the shadow economy has been in existence at least since the 1950s. Instead of private individuals who would have been eager to fill the gaps left by the central planning but were prevented from doing so by the authorities, Soviet 'entrepreneurs' who evolved from the just described *tolkachi* took over the organization of underground factories, and with it the nonstate production of commodities, mostly in the area of consumer goods. The shadow economy became an integral part of a system that would not have functioned without it. Officials from party and state were usually bribed, or even

Sicilian *gabellotti* from which the Sicilian *Mafia* evolved. Ibid, 159. The *gabellotti* are the local strong men on which Sicilian absentee landowners relied to manage the peasants on their estates.

⁸²³Aron Katsenelinboigen, "Coloured Markets in the Soviet Union," *Soviet Studies*, XXXIX, 1, (Jan. 1977): 79-80.

turned criminal themselves, and took part in the plunder of state and economy.

Girling's differentiation between "functional" and "dysfunctional" corruption is descriptive of the Soviet case. Accordingly, corruption may be viewed as useful if it helps to master the "rigidities of an over-regulated economy " It remains worthwhile as long as it is "wealth-producing," but becomes "wealth-consuming" when it wastes resources.^{*24}

^{*24}John Girling, *Corruption, Capitalism and Democracy* (London: Routledge, 1997), VIII, 24. Timofeyev described the situation in the former USSR which was no longer merely dysfunctional, but had developed beyond. He refers to "metacorruption, a stage beyond corruption; it is the corruption of the corrupters, when corrupt power no longer conceals its corruptness... This is the process now under way in the CIS. [It] is a new form of anomie, anomie squared." See Timofeyev, *Russia's Secret Rulers*, 163-164.

7. Notes on Soviet Organized Crime

In their analysis of organized crime in postcommunist Russia James O. Finckenauer and Elin J. Waring describe different groups which came to form part of the *Mafiya* in the USSR. First, they included the corrupt officials in party and state who provide the breeding ground for organized crime everywhere. Furthermore, they pointed to the *avtoritet* or "thieves in authority." These were government and party officials, who turned criminals themselves, and who pillaged the state economy. An example for the *avtoritet* is the so-called Uzbek Mafia. These members of the highest party and bureaucracy in Soviet Uzbekistan had misappropriated billions of rubles by systematically overstating the figures on cotton production. The profits were used to fund the shadow economy. According to Finckenauer and Waring, some "thieves in authority" emerged as "major actors in the current organized crime scene in postsoviet Russia." Their evolution has partly been explained by my deliberations above.⁸²⁵ The third group to be discussed is the *vory v zakone*, which translates as thieves professing the code. This group is also called the *vorovskoy mir*, or the thieves' world.⁸²⁶

Organized crime in the Soviet Union evolved in accordance with the unique conditions of time and place. Organized criminal or semicriminal groups predate the USSR. These include 17th century outlaw peasant bands and 19th century beggars' and

⁸²⁵James O. Finckenauer and Elin J. Waring, *The Russian Mafia in America* (Boston: Northeastern University Press, 1998), 92-93, 98-100; Roth, *Die Russen Mafia*, 109-111; Waksberg, *Die Sowjetische Mafia*, 147-159.

⁸²⁶*Ibid.*, 92-93

thieves' societies, with their own laws, customs, and forms of communication, similar to the secret organizations discussed above. Handelman refers to the *vorovskoy mir* as an organized professional underworld, which "has existed on the margins of Russian life for centuries." It has a "complex paramilitary culture" with "exclusive rituals and codes of honour."⁸²⁷ Valery Chalidze described the *vorovskoy mir* in the Soviet Union as an evolved "social institution" with "its own internal cohesion and ethical code."⁸²⁸

The thieves' world was traditionally an 'institution' which was strongly antistate. In fact, its code of honour promised severe punishment, including expulsion and death, for any type of collaboration with agents of the state. However, during the Stalin era this position changed, not only leading to the cooperation of criminals with the authorities, but also to great internal divisions within the *vorovskoy mir*.⁸²⁹

As stated earlier organized crime was severely repressed during the regime's totalitarian phase, the Stalin era. This statement needs some qualification. While great numbers of criminals were indeed imprisoned in the USSR at that time, their incarceration did not destroy the *vorovskoy mir*, which continued to function within the prisons and work camps. In fact, it was strengthened. The regime even relied on common criminals to oppress the political prisoners. Chalidze wrote here:

In the twenties and thirties, common-law criminals were far from constituting the

⁸²⁷Handelman, *Comrade Criminal*, XIX.

⁸²⁸Valery Chalidze, *Criminal Russia* (New York: Random House, 1977), 34-40.

⁸²⁹Ibid., 71; Handelman, *Comrade Criminal*, 30-31.

majority of camp inmates. The regime was conducting a campaign to change the class composition of society, and among the millions of class aliens in the camps were many whom the Bolsheviks wanted to get rid of but preferred to liquidate with the aid of criminals rather than openly.⁸³⁰

After the June 1941 invasion of the Soviet Union by Nazi Germany many criminals joined the Red Army, against the thieves' world's stipulations. After the war, these were viewed as traitors by the traditional criminal underworld, and the so-called Scabs' War erupted between the two groups within the prisons and labour camps costing many lives. This conflict, which took place in the early 1950s, contributed to the coming of a new type of criminal, who like his western counterparts, collaborated with, and subverted state agents, and who immersed in society. Ultimately, the *vorovskoy mir* changed its law to permit the *scabs* back in, and to accept involvement with the authorities.⁸³¹ Nevertheless, given their experiences in prison, many former members of the thieves' world cut their ties with the traditional criminal underworld. They moved into areas which necessitated the cooperation with, and corruption of state agents; namely, the shadow economy. From there, according to Handelman, they emerged as the

most successful wheelers and dealers of the Perestroika era...[who had] established working alliances across the black economy with businesspeople and government officials... A new type of Russian godfather now challenged the tsars of the underworld. Having less regard for gang traditions...the new-style crime boss...transformed the cosy environment of the Soviet underworld. He moved into more risky spheres of criminal behaviour, such as bank frauds and drug trafficking; and

⁸³⁰Chalidze, *Criminal Russia*, 70

⁸³¹Ibid., 71.

he commanded wealth beyond the dreams of the old... [crime bosses].⁸³²

The criminalization of Soviet society was likely enhanced by the regime's preference to pardon criminal, rather than political prisoners, a tendency that is evident throughout the Stalinist era, and thereafter.⁸³³ Shelley believes that the increase in crime during the Brezhnev era was the result of the release of prisoners after Stalin's death.⁸³⁴

The nature of the relationship between organized crime and state agents has undergone fundamental changes in Soviet history. From being antistate, it became an informal instrument of the state that played a role in the persecution of the regime's political enemies, and even fought on its behalf. However, it is the regime, which controlled this association, at least during the Stalin era. Subsequently, with growing corruption, and the emergence of the "thieves in authority" came the merger with the Soviet criminal world which resulted from their collaboration in the management of the shadow economy. At this stage, however, the regime no longer merely relied on criminals, but was dependent on them, and had been criminalized itself.

As noted previously, in the former East Bloc, the informal economy was perceived as the "production and distribution of licit products outside the channels of centralized

⁸³²Handelman, *Comrade Criminal*, 31

⁸³³Zigurds Zile, "Amnesty and Pardon in the Soviet Union," *Soviet Union Union Soviétique*, 3, 1, (1976):46.

⁸³⁴Shelley, "Crime in the Soviet Union," in Anthony Jones et al., *Soviet Social Problems*, 256-257.

planning and direct state control."⁸³⁵ This implies that these activities were not of a criminal nature. However, given the results of my investigation such a conclusion would be inadequate. It is true that the 'legal' nature of most goods strongly differed from the illicit products provided by organized crime elsewhere. These products were not illegal by themselves, but in the manner they had been produced or acquired. Some might disagree therefore whether the Soviet black market organizations indeed represent forms of organized crime. However, a former Russian police official pointed out:

In contrast to organized crime in a number of western countries which developed by providing illegal [goods and] services -- prostitution, lotteries, narcotics -- our organized crime formed itself in the domain of the [legal] economy.⁸³⁶

It rather seems that the licit nature of the goods provided by Soviet crime groups enhanced their ability to integrate into the system. After all, criminals made the economy work. The services and goods provided by the Soviet *Mafiya* differ little from the activities Naylor ascribes to organized crime in its "symbiotic" phase which demonstrates the extent of the infiltration by criminal groups into the formal economy and society. While the goods provided were not necessarily criminal, they were provided by criminals because the providers were criminals in the eyes of Soviet law. The criminalization of parts of the elite was made possible and augmented by the absence of legal and judicial mechanisms. This strongly contributed to the rise of organized crime within the Soviet

⁸³⁵Portes and Böröcz, "The Informal Sector under Capitalism and State Socialism," 17.

⁸³⁶Raith, *Das Neue Mafia-Kartell*, 140.

system. The dilemmas of the Soviet economy and of law 'created' the shadow economy, and those running it in the same fashion, the Mafia activities in western countries have been engendered by the contradictions there.

Block and Chambliss argue that people react to the discrepancies that are inherent in their respective historical conditions. Accordingly, individual acts result from the innate contradictions that people experience within the respective socioeconomic formations, in which they exist.⁸³⁷ Ordinary citizens greatly contributed to the growth of organized crime in the USSR. While Soviets were earning money, they were unable to spend it in the formal economy where few consumer goods of quality were available. To find these products, Soviets shopped in the shadow economy, which became a "necessary escape valve for excess rubles."⁸³⁸ However, due to growing corruption, and the emergence of the "thieves in authority," the shadow economy grew beyond a grey area where one would buy only consumer goods. Many daily necessities and food items, which should have been sold within the framework of the state economy, also ended up on the black market, where greater profits could be reaped. By the 1980s, it had grown so large that according to estimates, 83 percent of the USSR's population acquired essential food items and

⁸³⁷Allan Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier, 1981), 7.

⁸³⁸Dirk Holtbrügge, "Ursachen, Ausmasse und Ausprägungen der Schattenwirtschaft in der UDSSR," *Osteuropa*, 41, 1, (Jan. 1991):47; Igor Birman, "The Financial Crisis in the USSR," *Soviet Studies*, 1, (Jan. 1980):88; Ian Bremmer and Raymond Taras, "The Black Marketers under Perestroika," in Jim Riordan, *Soviet Social Reality in the Mirror of Glasnost* (New York: St. Martin's Press, 1992), 72.

services through the shadow economy.⁸³⁹

Official estimates claimed that the shadow economy of the USSR was worth between 150-200 billion roubles annually by the 1980s. However, Soviet economists put the figure at some 400 billion roubles. Yet, this figure seems exaggerated given that the official national income of the USSR in 1986, for example, amounted to 568 billion roubles.⁸⁴⁰ Although official Soviet records are notoriously unreliable, it can nevertheless be assumed that the shadow economy, and consequently corruption in the USSR, had assumed immense proportions.

Given the importance of these practices, it is reasonable to argue that organized crime significantly sped up the USSR's economic collapse. After all, the commodities used in the shadow economy had been misappropriated from the formal one, and were thus lost. The fundamental contradiction of the formal Soviet economy was the growth of the shadow economy, and ultimately of the criminal one, which had been allowed to emerge to compensate for the shortcomings of the former. Above, I referred to Fred Block who pointed out that "those who accumulate capital [who] are not conscious of what is necessary to reproduce the social order." However, "[t]hose who manage the state apparatus" are preoccupied "with the reproduction of the social order because their

⁸³⁹Clark, "Crime and Punishment in Soviet Officialdom," 261.

⁸⁴⁰Waksberg, *Die Sowjetische Mafia*, 169; *Knaur's Weltspiegel 1989* (Munich: Droemer, 1988), 383.

continued power rests on the maintenance of political and economic order."⁴¹ In the Soviet case, the two groups were identical, but neither was seemingly conscious of the need to reproduce the system. While the Soviet Union displayed many contradictory facets that contributed to its collapse, the role played by organized crime in this process requires an investigation of how immune a modern capitalist system is to such an encroachment. The material presented in this dissertation suggests that it may not. In any socioeconomic system, where the criminal economy feeds off the formal one, such developments are possible.

⁴¹Fred Block, "The Ruling Class Does Not Rule: Notes on the Marxist Theory of the State," in Fred Block ed, *Revising State Theory* (Philadelphia: Temple University Press, 1987), 54-55.

8. From Soviet to Postsoviet Organized Crime

The Soviet *Mafiya* emerged so rapidly after the beginning of reforms in 1985, because it had already been part of the system. The failure of the command economy had created the shadow economy which was controlled by criminals, and semicriminal bureaucrats. The USSR's collapse did not put an end to the old power structures, corruption, or organized crime. Rather, what took place was a process of restructuring due to the new economic conditions, resulting in a merger of the old power structures, and the new "entrepreneurial" Mafia.⁸⁴² In fact, the union of criminal groups managing the shadow economy with the nomenclature had already been identified as the "greatest danger" to the USSR before 1991.⁸⁴³

Even before the beginning of privatization in 1991 members of party *nomenclature* used party funds and state property to set up different banks, associations, stock corporations, private limited liability companies, joint ventures, and so forth. These organizations came to be under the control of former party apparatchiks, who turned into company presidents and vice presidents.⁸⁴⁴ A study done on the backgrounds of 580 of the richest men in Russia, a mere three years after the 1991 collapse, shows that 60 percent of its wealthiest citizens were former members of the Communist elite. This

⁸⁴²Timofeyev, *Russia's Secret Rulers*, 168

⁸⁴³Wladimir Wolkow, "Ethnokratie - Ein verhängnisvolles Erbe in der post-kommunistischen Welt," *Aus Politik und Zeitgeschichte*, Dec. 20, 1991, 38.

⁸⁴⁴Waksberg, *Die Sowjetische Mafia*, 331.

group enjoyed an unfair advantage because of its links to the old power structures. When state property was being privatized, control was often transferred to those who had managed it during Soviet times.⁸⁴⁵ Simultaneously, the Soviet *Mafiya* was able to channel its illicit profits into the same legal business ventures.⁸⁴⁶ In a country without private property or market economy, the funds gained by organized crime were of little use, unless they could be converted. Therefore, once it became possible to open businesses, such as joint ventures or banks, these turned into outlets for illegally acquired wealth, including funds gained through black marketeering.⁸⁴⁷

One should also point to an important difference between organized crime in the former USSR, and elsewhere. For example in Colombia or the United States, a criminal group acquires political power only after attaining economic clout. In the Soviet Union, the situation was more complex. The criminals from the *vory y zakone* criminals gained important positions of power through their economic role first, namely through their participation in the shadow economy. The so-called "thieves in authority" on the other hand, used their positions to gain economic power, or rather the privileges that came with power. However, Soviet OC's integration into elite structures was far simpler than similar efforts by their western counterparts. US or Colombian OC groups needed to corrupt agents in both state and economy to function. However, in the USSR state and economic

⁸⁴⁵"Former elite prospers in Russia." *The Globe and Mail*, Sept. 17, 1994.

⁸⁴⁶Handelman, "The Russian 'Mafiya'." 87

⁸⁴⁷Timofeyev, *Russia's Secret Rulers*, 169

actors were the same. The Soviet *Mafiya*, by corrupting one automatically contaminated the other

9. Soviet and Postsoviet Organized Crime and Political Power

Organized crime had already been part of the power structures of the old USSR. According to Naylor, an OC group evolves from a "predatory" to a "parasitical," and ultimately to a "symbiotic" stage. Lupsha correctly argues that this model is not applicable to the former USSR. He does claim, however, that it should be "seen as an inversion." Lupsha maintains therefore, that initially a "symbiotic" relationship integrated organized crime into the "Stalinist embrace" with other institutions, such as military, the party, and the intelligence services. In the course of history, however, the relationship became "parasitical," and ultimately, following the collapse of the USSR turned "predatory."⁴⁸ This analysis recognizes the role played by criminals in the persecution of the regime's enemies in the camps. However, it ignores the specific nature of the shortcomings of the Soviet command economy and attempts to prescribe a western interpretation. Naylor's model is useful, because it recognizes evolutionary processes at work. However, the stages are not the same, and can neither be copied nor inverted, because the former Soviet Union represents a different socioeconomic formation.

The stages of the evolution of Soviet OC differ from those of their capitalist counterparts: First, organized crime was largely confined during Stalin's totalitarian rule in a fashion differing little from Nazi Germany and Fascist Italy. However, it continued to exist, and even grow within the Soviet prison system. Stage one, therefore, took place

⁴⁸Peter Lupsha, "Transnational Organized Crime versus the Nation-State," *Transnational Organized Crime*, 2, 1, (1996):32.

within the prison system itself. The next phase began after Stalin's death in 1953, the end of terrorist rule, and Khrushchev's program of liberalization. The members of the new class created by Stalin no longer wanted to live in fear, but wished to maintain the economic system that preserved their social positions. However, the unwillingness to reform caused the economic stagnation that culminated in the Brezhnev era, and resulted in the emergence of the shadow economy out of which Soviet OC ultimately arose.

Stage two was represented by the *tolkachi*, the informal local 'fixers', who did not misappropriate commodities per se, but filled the gaps of the formal economy by overcoming the rigidities of the apparatus. However, while the *tolkachi* contributed to the functioning of that system, the next generation, the 'Soviet entrepreneurs' and the "thieves in authority," who evolved in stage three, were dysfunctional and parasitic because they fed off the formal economy which furthered economic decline. During this stage occurred the merger between criminal groups and semicriminal elements in state and party. Soviet OC was "symbiotic" in its integration into power structures and by turning into an important ally of elites. Yet, it remained "parasitic" because its resources were not geared toward the maintenance of the Soviet command economy. The less productive the formal economy grew, the more important the organized criminal groups in the shadow economy became. But the more the shadow economy grew, the less productive the formal one became.

The fourth stage should be called *ecliptic* because Soviet OC not only integrated as, for example, organized crime in the United States managed to do, but came to

dominate, while remaining parasitic. In the process, however, criminal groups had also undermined the formal economy to such an extent that the latter essentially self-destructed. Thus, while the informal dealings of the *tolkachi* initially filled the gaps of the Soviet economy, the growth and the increased criminalization of the shadow economy reduced the latter to a supplier of its own needs.

Lupsha's last inversion, namely the "predatory" stage, should rather be termed *transformative*, a mirror image of the processes the country itself has been undergoing since 1991. Like the formal economy, the Soviet *Mafiya* has also been transforming to the conditions of capitalist methods of production, as well as the methods of modern capitalist OC groups. This is manifested, for example, by its move into the drug trade, an activity in which Soviet OC participated only marginally until the 1980s.

10. CONCLUSION

Given the strong presence achieved in the power structures of the old USSR, and its access to substantial finances and foreign cash supplies, organized crime was able to continue to dominate the economic and political structures that emerged in the Commonwealth of Independent States since 1991. Like developed criminal organizations elsewhere, the postsoviet *Mafiya* obtained political clout by influencing economic development. Illicit funds -- as in Latin America -- have created significant local political support bases for Mafia bosses, who secured political power by corrupting officials, by financing political campaigns, and by running their own candidates.⁸⁴⁹

OC groups in Russia, and the 'near abroad', due to their economic power, may even stir local conflicts to maintain or increase their influence. Former Russian President Boris Yeltsin used the term *nomenclature* separatism to describe the disposition of local OC bosses and bureaucrats to defy the central government.⁸⁵⁰ Vladimir K. Volkov even claimed that the independence declarations of the republics after the August 1991 coup mainly aimed at perpetuating the "Mafioso-clientalist party apparat structures."⁸⁵¹

In addition, as part of its conversion to capitalist ways of 'doing business', Mafia-controlled enterprises may attempt to monopolize the market through threats and

⁸⁴⁹Rensselaer W. Lee III, "The Latin American Drug Connection," *Foreign Policy*, 61 (Winter 1985-86):148.

⁸⁵⁰Handelman, *Comrade Criminal*, 99

⁸⁵¹Volkov, "Ethnokratie - Ein verhängnisvolles Erbe," *Aus Politik und Zeitgeschichte*, 39.

violence. Consequently, as in the other case studies provided, OC violence might also be employed against various parties, institutions, and groups which form the opposition. Timofeyev, for example, points to the prospect of strife between *Mafiya* and trade unions.⁸⁵² The absence of legal mechanisms in Russia's business law also has the result that many legal companies would "be forced to rely on the Mafia, suggesting the possibility of greater entrenchment of the Mafia in the economic and social life in Russia in the future."⁸⁵³

The increase of organized crime has negative consequences for the development of democracy. Important is not only the rise of organized crime, and its integration into elite structures, but also the escalation of common criminal delinquency in Russia and other republics. The USSR had already been drowning in a crime wave during the late 1980s. In 1989, more than almost two and a half million crimes were committed, 31.8 percent more than in 1988 and 61.2 percent more than in 1980.⁸⁵⁴ Juvenile crime in the Soviet Union rose by 62 percent between 1980 and 1989, and by 21.2 percent from 1988 to 1989.⁸⁵⁵ Violent crimes also increased rapidly. Murder and attempted murder increased by 28.5 percent in 1988-89, rape and attempted rape by 23.9 percent, and violence resulting

⁸⁵²Timofeyev, *Russia's Secret Rulers*, 169-170

⁸⁵³Kathryn Hendley, Barry W. Ickes, Peter Murrell, and Randi Ryterman, "Observations on the Use of Law by Russian Enterprises," *Post-Soviet Affairs*, 13, 1, (1997):39

⁸⁵⁴Serio, *USSR Crime Statistics and Summaries*, 55

⁸⁵⁵*Ibid.*, 58.

in serious bodily injury rose by 38.4 percent in the same period.⁸⁵⁶

Strain theory may provide some insights in the evolution of crime in the USSR.

The previously quoted Merton wrote:

When a system of cultural values extols, virtually above all else, certain common symbols of success for the population at large, while its social structure rigorously restricts or completely eliminates access to approved modes of acquiring these symbols for a considerable part of the same population,...antisocial behaviour ensues on a considerable scale.⁸⁵⁷

⁸⁵⁶Ibid . 74

⁸⁵⁷Robert K. Merton, "Social Structure and Anomie," in Marvin E. Wolfgang, et al., *The Sociology of Crime and Delinquency* (New York: Wiley and Sons, 1970), 245.

Although Merton did not study communist societies, Václav Havel's account of the acceptance of life in what he calls the "post-totalitarian" regime, gives different meaning to the notion of conformity. Havel writes: "...Life in the post-totalitarian system is corrupted by a web of deceit and lies: The power of the bureaucracy is called power of the people. The working class is enslaved in the name of the working class; the all encompassing humiliation of people is regarded as...[their] definitive emancipation. The isolation from information is called access to information; manipulation by power is labelled public control of power, and the arbitrariness is referred to as the preservation of the rule of law. The suppression of culture is praised as its development; the extension of imperialism is coined assistance to the oppressed; the lack of freedom of expression [is called] the highest form of freedom. The election farce [is referred to as] the highest form of democracy; the prohibition of independent thinking [is taken as] scientific ideology [and] occupation [is] fraternal assistance. Power has to distort because it is caught in its own lies. It falsifies the past, the present and the future. It forges statistical data. It pretends there is no powerful police apparatus that is capable of anything. It pretends human rights are respected [and] that nobody is ever persecuted. It pretends that it is not afraid. It pretends that it does not pretend.

People...do not have to believe all the mystifications. [But they] have to behave in such a way as if [they] did. At least [they] have to accept it quietly, or maintain a good rapport with those who operate the mystifications. Therefore...[people] have to live the lie.

[A person] does not need to accept the falsehood. It suffices, that he [/she] accepts life with it and in it. By doing so, he [she] already confirms the system, serves and creates it - he [/she] is the system." See Václav Havel, *Versuch in der Wahrheit zu leben* (Hamburg: Rowohlt, 1980), 18-19

In the USSR, the regime had proclaimed to create a new society based on the complete equality of its citizens. In reality, it restricted access to the "symbols of success," to the members of a new ruling class. Crime in the USSR, therefore, was not only a response to the "restrictions of the social structure," but also a reaction to the kleptocratic practices of a regime bent on perpetuating itself. Nevertheless, as even the unreliable Soviet crime statistics show, the outcome was still "antisocial behaviour on a considerable scale."⁸⁵⁸

Crime has not decreased since the collapse of the USSR. However, many ordinary people in Russia, and other former Soviet republics, have come to associate crime and corruption with democratic and capitalist practices, and feel increasingly insecure in their cities. Hence, they may call for governments of law and order which put limits on civil and democratic rights. The strength of postsoviet OC suggests that only a repressive solution, not unlike the totalitarian regimes of the 1920s and 30s, can suppress it. Given the volatile nature of present Russian politics, such a solution cannot be ruled out. Yet, an authoritarian solution would not necessarily help eradicate organized crime, but entrench it. As previously noted, those who would be in charge of creating law and order are in league with those responsible for generating the present conditions.⁸⁵⁹ Recent developments in Russia, namely, the election of a former secret service agent, Vladimir Putin, for president, may indicate that such a process is under way.

⁸⁵⁸Ibid.

⁸⁵⁹CBC - *Interview with Handelman*, Oct. 23, 1994.

VI. SOME FINAL THOUGHTS ON PIRACY AND ORGANIZED CRIME IN EAST AND WEST

1. Introduction

Cyril M. Kornbluth's *The Syndic*, a science fiction novel depicting life in a society dominated by organized crime, was published in 1953. This futuristic North American society depicted in the book has little in common with the examples of criminal groups discussed in this dissertation. In the novel, mafia freedom fighters, following their victory in "the Second American Revolution" against an oppressive government, have established a radical, albeit undemocratic, libertarian order essentially, based on the credo of an Al 'Scarface' Capone: *Give the people what they want*.

North America, including Canada, is separated along a north-south divide into *Syndic* and *Mob* territory. *Syndic* territory is a comfortable place that has enjoyed peace and prosperity for a century. There is no army; it has social assistance and health systems maintained by 'voluntary' contributions.⁸⁶⁰ The police cooperate with the Mafia to control violent crime.⁸⁶¹ The existing political system is undemocratic, though, because social mobility and access to positions of power depend on both 'family connections' and talent.⁸⁶²

A North American government still exists in exile in Iceland. Its activities on the

⁸⁶⁰Cyril M. Kornbluth, *The Syndic* (New York: TOR Books, 1982), 200-201.

⁸⁶¹*Ibid.*, 17-18.

⁸⁶²*Ibid.*, 197-198.

continent are largely reduced to "a little commerce-raiding and a few coastal attacks."⁸⁶³

One Mafia leader characterizes past government as

brutal taxation, extirpation of gambling, denial of life's simple pleasures to the poor and severe limitation of them to all but the wealthy, sexual prudery viciously enforced by penal laws of appalling barbarity, endless regulation and coercion governing every waking minute of the day... I fail to see how this menace to our liberty can be condoned by certain marginal benefits which are claimed to accrue from its continued existence.⁸⁶⁴

The existing exiled government is given an equally negative image. One of the novel's characters observes that

the government had reactors, the government had vehicles -- why this? [T]he government's metal and machinery and atomic power went into its warships; that there was none left over for consumers and the uses of peace. The Government had degenerated into a dawn-age monster, specialized all to teeth and claws and muscles to drive them with. The Government was now, whatever it had been, a graceless, humourless incarnate ferocity.⁸⁶⁵

The *Syndic* is an engaging work because the author speculates about a world turned upside down. Kornbluth switches polarity and turns the state into a negative entity, and organized crime into a positive one. By emphasizing the state's disagreeable aspects, it is portrayed as a coercive and murderous apparatus to which the sloppy order imposed by organized crime compares quite favourably. Moreover, despite the switched polarity, the depiction of government in *The Syndic* hints at the kinship between organized crime and repressive regimes. Finally, the organized crime of *The Syndic* and the criminal

⁸⁶³Ibid., 52.

⁸⁶⁴Ibid., 53.

⁸⁶⁵Ibid., 99-100.

groups discussed here have in common their existence in the absence of state power.

Kornbluth's futuristic vision of a Mafia-run society belongs to the realm of science fiction. The organized crime depicted is not oppressive, and, for the most part, accepted by society at large. It enjoys a Gramscian hegemony based on the consent of the governed. However, the studies in this work illustrate that OC groups are far more likely to become integral components of repressive ruling structures which do not enjoy such a status. In fact, this argument may be taken one step further. The presence and size of organized crime in a given society may serve as an indicator of such a state of affairs.

2. Preliminary Evaluations

The main argument of this dissertation has been that criminal groups, or rather criminal elites, develop ideology-like preferences during their maturation. As a result, they may participate in, and even come to the defence of the repressive regimes which allowed them to flourish. These groups are ideological by default because they adapt to the ideological preferences of those in power

There are several important similarities and differences between mercantile piracy, Soviet and postsoviet OC, and criminal organizations spawned in modern capitalist societies. First, all three have been generated, and furthered by the contradictions of state and law practices. The legal practice of privateering during military conflict generated peace time piracy. The necessity to fill the gaps of the Soviet command economy resulted in the shadow economy, and the rise of criminal groups supplying it. Similarly, in the West, the prohibition of goods and services deemed illicit, such as alcohol, narcotics, or prostitution, has engendered the groups willing to supply them.

Second, piracy-state collaboration ranges from the corruption of single individuals in position of power, such as colonial governors in British North America, who protected and harboured pirates in return for a share in the profits to an actual alliance between state and pirates. Similarly, OC penetration of state agents in East or West may range from individual cases of corruption to the complicity of whole regimes.

In fact, irrespective of time and place, the emergence of strong criminal societies is made possible by a weak state whose elites collaborate with such groups. The mercantile

state relied on privateering, but was either not able to control, or rather preferred to ignore its 'evil twin' piracy. Simultaneously, the practice allowed strong pirate organizations to achieve state-like status and step into the space the state did not fill. Similarly, OC groups, in capitalist countries and in the former Soviet Union, emerged in spaces 'free of the state', while often performing a function of socioeconomic control that the state failed to render

Pirates contributed to the preservation of elite structures, and frequently merged with them in a process not unlike what Gramsci described as *trasformismo*. However, there are important differences in the case of the Soviet *Mafiya*. While the cases discussed in this dissertation examine instances of close links between organized crime and elites in state and economy, Soviet criminal groups managed to infiltrate these power structures to a far larger extent. Thus, the degree of integration of criminal organizations into the power structures suggests a different, more advanced kind of relationship, namely, that of the criminal state. Only the Bolivian *narcocracy* of 1980/81, the Nationalist regime in Republican China, and some examples of piracy suggest a similarly close relationship between elites and criminals. In fact, especially in the cases of mercantile piracy and the Soviet *Mafiya*, it is difficult to ascertain between criminal, semicriminal, and legal structures and activities because these are simultaneously criminal, semicriminal, and legal.

Third, as with modern organized crime, pirates required access to the economy -- if only to convert their loot into money, edibles, arms, munitions, and other supplies. Like

piracy-privateering, the participation in a criminal economy, such as the drug trade, functions as a means of production, and may involve large parts of the population within a geographically confined space. However, while the OC groups and pirates examined here have contributed to their respective national economies, Soviet criminal groups have generally pillaged theirs -- as do their postsoviet successors.

Fourth, piracy-privateering only faded away once the socioeconomic conditions developed beyond the structures that created and maintained the practice. In my opinion, a decline of organized crime strongly depends on changes to the socioeconomic structures that rely on criminal groups to maintain them. Such changes, which will be discussed below, need not be revolutionary, but should be far-reaching.

3. On Economic Globalization and Organized Crime

As previously noted, different socioeconomic formations will produce different dilemmas which bring about different types of criminal law, crime, and organized crime.⁸⁶⁶ However, even minute differences in place, time, and mode of production will engender very different types of law and crime.

The informal, shadow and criminal economies, especially in the countries of the developing world and the former Soviet Bloc, are created by people reacting to the globalizing process. The ones participating are those left out who suffer from the massive displacements caused by the said process. However, also included here are those who take advantage of the gaps, loopholes, and opportunities provided by the transformation of the global economy, such as the associates of international crime groups.⁸⁶⁷

Economic globalization, therefore, produces its own contradictions, including the internationalization of OC activities. An organization, like the *Medellin cartel*, acted very much like a capitalist multinational corporation. It was active in some two dozen countries, and cooperated with international organized crime, such as Japanese *Yakuza* and Russian *Mafiya* groups, in a specific division of labour and illegal profit. But it was

⁸⁶⁶Alan A. Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier Science Publishers, 1981), 9.

⁸⁶⁷James H. Mittelman and Robert Johnston, "The Globalization of Organized Crime, the Courtesan State, and the Corruption of Civil Society," *Global Governance*, 5, 1, (1999): 110-113; Joseph W. Smith, Graham Lyons, and Evonne Moore, *Global Meltdown* (Westport, CT: Praeger, 1998), 127-146; Michel Chossudovsky, "Crime goes global: The Criminalization of the World Economy," *Third World Resurgence*, 80, (April 1997)

also a criminal organization that possessed quasi-military capabilities.⁸⁶⁸

Yet given the lack of a regulatory authority on the global level, the transformation of the global economic system, and the arising fallout, such as the growth of international criminal groups, remain unchecked. According to the present economic policy-makers, markets are self-regulating, and require few rules. However, global capitalism needs rules very badly. While it is a better system than centralized planning in the bygone Soviet Union, it cannot be left to run by itself. For example, the deregulation of financial markets, which has occurred since the 1970s, has allowed organized crime to participate in massive money laundering schemes. According to economist R.T. Naylor, the illicit funds are

[the] financial reflection of the operation of widespread and sophisticated markets in contraband goods and services. These markets deal not just in drugs, but in every commodity from phony designer jeans to stolen airline tickets to human organs; they traffic in every pleasure from Southeast Asian sex tours to high-stakes and tax free gambling; and they sell every service from the talents of industrial spies to the skills of professional assassins. Indeed, if the buyer has the money and the ambition, those markets can provide a made-to-order mercenary army equipped with the fanciest modern hardware. What is at work is no longer this or that illegal market but a systemic, transnational, multi-sectoral parallel economy comprised of networks of mutually-supporting submarkets. This parallel economy has its own labour exchanges, its own distribution methods, and its own information networks. Not surprisingly, it has its own banking and financial

⁸⁶⁸Stephen Handelman, *Comrade Criminal* (London: Michael Joseph LTD, 1994), 180-181, 239-240. The cartels were armed with AK-47s, Uzis, Galil rifles etc., as well as M-16 machine guns, grenades, rocket launchers, ground-to-ground missiles and possibly ground-to-air-missiles. See Rennselaer W. Lee III, "Colombia's Cocaine Syndicates," *Crime, Law and Social Change*, 16, (1991):6.

system.⁸⁶⁹

The following may give the reader some estimations on the size of this underground sector of the global economy. According to a 1987 study by the International Monetary Fund (IMF), the *Esteve Report*, the global economy has been running a deficit with itself whose origin can be traced back to the late 1960s. This deficit is the result of the sum of national surpluses and deficits, which mathematically speaking, should cancel each other out. By 1983, this "black hole" in the global economy had grown considerably to an estimated US\$ 600 billion. Couvrat and Pless estimate that this deficit, which averaged some US\$ 63 billion annually between 1979-1983, had increased to US\$ 1 trillion by 1988, an amount that corresponded then to the total debts of developing countries.⁸⁷⁰ It not only stands to reason that the size of this global deficit has increased since, but that considerable portions of the funds, which disappear into this "black hole," derive from criminal activities.

Any policy that would seriously impede the activities of global organized crime would have a considerable impact on the manner the global economy runs. One such example may be the so-called *Tobin tax*. The Nobel-Prize-laureate economist James

⁸⁶⁹R. T. Naylor, *Hot Money and the Politics of Debt* (Montreal: Black Rose Books, 1994), 434.

⁸⁷⁰Jean-Francois Couvrat and Nicolas Pless, *Das Verborgene Gesicht der Weltwirtschaft* (Münster: Westfälisches Dampfboot, 1993), 19, 207-212, *Report on the World Current Account Discrepancy, International Monetary Fund* (Final Report of the Working Party on the Statistical Discrepancies in World Current Account Balances, Washington D.C., September 1987), 92-95.

Tobin proposed to charge a seemingly trivial tax, less than 0.5 percent, on every foreign currency transaction to discourage speculation on currency vacillations. The tax would be low enough not to prevent long term investments, but it would reduce or eliminate the profits of financial 'gamblers' who move large volumes of money across international markets in search of minute variations in currency fluctuation. Accordingly, between 80 and 90 percent of the US\$ 1.3 - 1.5 trillion that are being traded daily on the financial markets represent short-term speculative operations, while a far smaller amount involves the trade in commodities or services. To find means to regulate the global financial markets has become a pressing issue after the financial emergencies of the 1990s which were exacerbated by the chaotic nature in which foreign currency transactions transpire. These include the collapses of Baring's bank, and of the Mexican Peso, and also the recent Asian crisis.⁸⁷¹

The details of the *Tobin tax* cannot be examined here. What is significant is that such a tax also complicates matters for money launderers. Taxation would automatically imply a form of registration, which makes 'hot money' traceable. Yet, it would equally expose the activities of legal businesses, and of private individuals, who shelter their riches from taxation by depositing them in offshore banks. Although some countries have had positive experiences with such a tax, its introduction in the larger industrial countries, and

⁸⁷¹Kunibert Raffler, "Globale Entwicklungsfinanzierung: Die Diskussion über die Tobin-Steuer." Vienna, (June 8, 1996), available at www.members.aol.com/Solifonds/texte.htm; "The Tobin Tax: An International Tax on Foreign Currency Exchange," available at www.sierraclub.ca/national/halifax/Issues_info/tobin_tax.htm; INTERNET.

on a global scale, is a different matter.⁸⁷² Accordingly,

the...instrumentalities that allow the private sector to evade taxes and skirt regulations are the same procedures that allow illicit enterprises like drug organizations to move their money and merchandise within the legitimate global economy with little risk of detection. Directing a light at these practices...also casts an embarrassing light on legitimate enterprises who are trying to maximize profits by minimizing their obligation to play by the formal rules set by governments. Obviously, solutions designed to close these kinds of loopholes...would be met with strong resistance. There are few policy makers willing to take on these issues so they instead persist in narrowly viewing drug trafficking as a straightforward law enforcement problem of finding criminals and bringing them to justice.⁸⁷³

The Colombian political scientist, Alejandro Reyes, even maintained that attempts at regulation would slow global monetary exchanges and cause a worldwide recession. While the removal of trade barriers and monetary controls furthered the drug trade, and the infiltration of the formal economy by criminal groups, political and economic decision makers were willing to pay this price because the imposition of global monetary controls was impossible for logistical reasons alone. Reyes, however, also noted that in Colombia

⁸⁷²Chile, for example, largely escaped the repercussions of the 1995 Mexican Peso crisis because it maintains a 30 percent national tax on foreign currency transactions which exceeds by far the 0.5 percent tax proposed by Tobin. Malaysia also introduced a similar tax after the Asian crisis. See Philip Symons, Victoria and Fergus Watt, "Stabilizing the World Economy: Tobin Tax May Be Best Bet," *World Federalists of Canada*, Issues Action Briefing Paper No.45, (February 1999), available at www.web.net/~wfcnat/tobin.html; The Halifax Initiative, Factsheet: "We Can Stop the Hot Money Casino," (1998), available at www.sierraclub.ca/national/halifax/Action/tobin-fact.htm; INTERNET.

⁸⁷³Lieutenant Commander E. Flynn, PhD U.S. Coast Guard, "The Erosion of Sovereignty and the Emerging Global Drug Trade," A Paper presented to the Annual Conference of the International Studies Association (ISA), Chicago, Illinois, (Feb 22, 1995):15-16.

the drug traffickers could only be successfully combatted "in the absence of free trade."⁸⁷⁴

⁸⁷⁴"Free trade benefiting Colombian drug cartels," *The Globe and Mail*, Jan. 16, 1996, A9.

4. Organized Crime, Globalization and Law Enforcement

Globalization not only refers to "processes of global economic integration." It equally implies processes of "political and social disintegration."⁸⁷⁵ Osvaldo Sunkel, for example, points to the "uneven globalization" within "peripheral countries." As a consequence, "the dialectics of transnational integration...may also generate conditions of social segregation, fragmentation, and disintegration."⁸⁷⁶ In other words, not only does globalization provide drug traffickers and money launderers with the means to operate more freely, it also induces the very conditions that may also bring into existence repressive regimes. Given the processes of economic globalization, and the relative absence of international law enforcement, may "social domination" not "lead to gangster rule by virtue of its own economic principle?"⁸⁷⁷

⁸⁷⁵Richard J. Barnet and John Cavanagh, *Global Dreams: Imperial Corporations and the New Global Order* (New York: Touchstone, 1995), 13.

⁸⁷⁶Osvaldo Sunkel, "Uneven Globalization, Economic Reform, and Democracy," in Hans-Henrik Holm and Georg Sorensen eds, *Whose World Order?: Uneven Globalization and the End of the Cold War* (Boulder, CO: Westview Press, 1995), 55.

⁸⁷⁷Max Horkheimer, "The End of Reason," in Andrew Arato and Eike Gebhardt, *The Essential Frankfurt School Reader* (New York: Continuum, 1982), 34.

When contemplating the potential negative impact of global organized crime it may be useful to recall some of the observations by Barnet and Müller on multinational companies. An organization, such as the *Medellin cartel*, also searches "the entire planet for opportunities," moves "from country to country," and maintains one "overriding goal," namely "worldwide profit maximation." International crime groups "exploit the advantages of mobility while... governments are still tied to particular territories." Meanwhile, the likes of Pablo Escobar or the Orejuela brothers "are far ahead of the rest of the world in making claims on the future. [and] are creating a politics for the next generation." See Richard J. Barnet, and Ronald E. Müller, *Global Reach: The Power of the Multinational Corporations* (New York: Simon and Schuster, 1974), 363.

As noted above, only the totalitarian regimes of Nazi Germany, Fascist Italy, and the Soviet Union during the Stalinist period, effectively prevented organized crime from functioning, or destroyed it in their respective countries. These regimes excluded criminal groups from exercising their local power because they effectively replaced the functions played by organized crime, while simultaneously relying on the very same methods of repression

As discussed previously, OC groups also represent secret societies functioning apart from the rest of the community, yet within it at the same time. The secrecy of OC activities is symbolized by the practice of clientelism which is based on the absence of the state, and in fact replaces it. The Mussolini regime in Italy reversed this process and supplanted the mostly local power structure in which the Sicilian *Mafia* operated. As did other totalitarian regimes. Yet, the aspect of secrecy explains why only totalitarian states have historically succeeded in subduing organized crime. Only the *omerta* of the totalitarian state could overcome the *Mafia's*.

These observations hint at several predicaments a given country's police service encounters as it attempts to combat organized crime. Such groups go about their activities in a concealed fashion which make their detection and investigation by police more difficult. The police usually investigate offenses that have already occurred, while the efforts undertaken against organized crime imply the prevention of the anticipated, if

not the unexpected.⁸⁷⁸ Relying on various means of surveillance to observe OC activities, police officers working in their respective OC unit have therefore more in common with the efforts of intelligence officers combatting terrorism or foreign espionage, than with their colleagues engaged in conventional law enforcement. However, Roberts observed that the secret societies' "main importance was what people believed about them."⁸⁷⁹ Or as pointed out by the sociologist Georg Simmel:

From secrecy, which shades all that is profound and significant, grows the typical error according to which everything mysterious is something important and essential. Before the unknown... [people's] natural impulse drive to idealize and...[their] natural fearfulness cooperate toward the same goal; to intensify the unknown through imagination, and to pay attention to it with an emphasis that is not usually accorded to patent reality.⁸⁸⁰

Given the unreliability of available information, it is of great import to consider the question of whether organized crime or anticrime legislation represents the greater threat to society. It is useful here to include the observation by critical geographer Simon Dalby who maintained that one ought not to expand the range of security

without simultaneously investigating the formulation of what it is that is being rendered secure... The question then is whether, in the process of extending the ambit of threats requiring a military response, one is not further militarizing society

⁸⁷⁸Norbert Pütter, *Der OK-Komplex* (Münster: Westfälisches Dampfboot, 1998), 301

⁸⁷⁹John M. Roberts, *The Mythology of Secret Societies* (London: Secker and Warburg, 1972), 347

⁸⁸⁰Kurt H. Wolff ed, *The Sociology of Georg Simmel* (New York: The Free Press, 1950), 333

rather than dealing more directly with political difficulties.^{**1}

There is an important link between national legislation to combat organized crime and drugs, and the process of globalization. On one hand, organized crime thrives in the age of economic globalization, which is driven by antistate, free-market forces, and is caused by the informalization of economic processes. On the other, repressive policies at home may be the direct consequence of the inability to provide international solutions.^{**2}

The danger to civil rights posed by anti-OC legislation is enhanced by globalization because the state that withdraws from its role as economic regulator, may shift into the arena of social control, as evidenced by the domestic consequences of the drug war in the United States. A similar conversion has already been apparent in many developing societies because of the need for the repressive capacity of the state to deal with the consequences of the implementation of neoliberal policies. These may include the food riots that often occur after the imposition of structural adjustment programs, local opposition groups concerned about the impact of globalization, or organizations of indigenous peoples whose environment is being ruined, and even rebel groups as evidenced by the events in Chiapas, Mexico in the mid-1990s.

If global organized crime is to be combatted the above discussion of piracy may

^{**1}Simon Dalby, "Contesting an Essential Concept: Reading the Dilemmas in Contemporary Security Discourse," in Michael C. Williams and Keith Krause, *Critical Security Studies* (Minneapolis: University of Minnesota Press, 1997), 5

^{**2}Hans-Peter Martin and Harald Schumann, *Die Globalisierungsfalle* (Hamburg: Rowohlt, 1997), 291.

provide some insights. As in the cases of modern organized crime, piracy was based on alliances between criminals and state and economic elites. This relationship ended when the predominant nation-states came to regard pirates as a threat to their trade rather than allies in war. Their fleets, foremostly the British Royal Navy, hunted down pirates and made war on the early rogue states which harboured them.⁸⁸³ Piracy was also destroyed because of technological change in the form of improved communications and faster, steam-driven ships. Today the reverse is the case. While global organized crime can rely on the latest means of technology to further its activities, the nation-state has fallen behind. However, its backwardness is not caused by lack of technological advancement, but by the territorial limitations of even powerful nation-states, and the primacy of economics that drives globalization.

According to Strange, states historically responded in various ways when challenged by "nonstate authorities," such as organized crime. They failed to react at all, or went about eliminating the challenge. She also discusses a third possibility:

States could implicitly delegate some of their authority for maintaining some kind

⁸⁸³For example, piracy in the Mediterranean had existed for thousands of years and only ended in the early 19th century. The fleets of France, Britain, the Netherlands and even the US sent warships to protect their trade and reduce piracy in the western Mediterranean in the early 19th century. In 1816 a combined Dutch-British naval force attacked and destroyed the pirate ships in Algiers as well as parts of the city itself largely in response to kidnapping, hostage taking, and slave trading by the Algerian pirates. Indeed, over a thousand mostly southern European slaves were freed after the campaign. Although the Algerian pirates had been severely beaten, they recovered within a few years and resumed their practices. Piracy in the Mediterranean finally ended with the French invasion and subsequent colonization of Algeria in 1830. See Charles Ellms, *The Pirates* (New York: Gramercy Books, 1996), 265-287

of social order to another organized source of authority, even if this meant turning a blind eye to transgressions of state law by members or subjects of that counterauthority.⁸⁸⁴

She views such a collaboration as peaceful coexistence that ends when the state comes to view the "nonstate authority" as a threat and attempts to eliminate it. Strange herself refers to the abolition of the Templars by the French king in the 14th century as one such an event.⁸⁸⁵ Her perspective is confirmed by the findings of this work. The cases of Nationalist China, Colombia or Sicily represent the third option because the discussed elites maintain a close partnership with organized crime to preserve their hegemonic racket.

Colombia provides an interesting scenario because it simultaneously represents two options. State and economic elites in Colombia tended to cooperate with the Orejuela brothers from the *Cali cartel* who had bought their way into the economic structures. The situation differed in Medellin, where Pablo Escobar came to be viewed as a threat to elites, because he tried to achieve social mobility with bombs and murder. Consequently, the Colombian state moved against the *Medellin cartel*, but not against the Cali one. When

⁸⁸⁴Susan Strange, *The Retreat of the State* (Cambridge: Cambridge University Press, 1996), 119

⁸⁸⁵Ibid., 115, 119. Similarly, Indonesian OC played a critical role in the War of Independence against Dutch colonialism in the post-World War II period by contributing troops to nationalist militias. In this manner, criminals gained considerable sway within the nationalist movement. However, after gaining independence the Indonesian government, under pressure from the military, disbanded the militias and organized crime lost its influence. See Brian G. Martin, *The Shanghai Green Gang* (Berkeley: University of California, 1996), 224-226.

the Samper administration in Colombia finally decided to pursue the members of the *Cali cartel*, it did so largely because of US pressure.

The later Soviet Union represents an extreme case, a regime that failed to act, and allowed the penetration of organized crime which resulted in the strong presence of criminal groups in state and society. Criminal elites became so firmly entrenched in the power structures of the Soviet successor states that they have achieved a status which goes beyond organized crime. Meanwhile, attempts to remove them would likely result in a civil strife.

What the success of the totalitarian state against organized crime tells the scholar is that adherence to civil rights practices by the police favours the criminal. The dangers to civil rights posed by anti-OC legislation should be apparent as policies designed to combat OC groups can easily lead to abuses against individuals and groups engaged in legal opposition politics. One such example has been the introduction of the so-called faceless courts in Colombia, a step which was initially designed to stop the killing of judges by drug traffickers. However, the practice has evolved into an instrument of repression of legitimate political organizations, such as labour unions and community groups.³⁸⁶

In the United States the drug war not only failed to achieve the desired effects, but resulted in grave dangers to the state of civil liberties, law, and democracy itself.

³⁸⁶Robert Weiner, "War by Other Means: Colombia's Faceless Courts," *NACLA Report on the Americas*, XXX, 2, (Sept.-Oct. 1996):31-36.

Corruption and the abuse of civil rights may also result from the increased powers handed to police.⁸⁸⁷ As previously noted, Handelman observed that an authoritarian solution would reinforce rather than eradicate postsoviet OC because those in charge of creating law and order are partners to those who generate crime.⁸⁸⁸ It has to be concluded therefore that a certain level of OC activity has to be tolerated by a society that aims to preserve its democratic institutions and civil liberties. There are no perfect solutions. Thus, the powers and resources given to law enforcement ought to correspond to the threat actually posed by organized crime, not the perceived funding needs of agencies that claim to fight a menace they largely invented themselves.

However, one necessary response to global organized crime should be the international law enforcement, as opposed to the export of a given country's law enforcement, such as the US drug war in Latin America. This presupposes the creation of institutions at the global level that are under international control. These would include a global police force that had the full cooperation of national police agencies. Moreover, the cooperation of international financial organizations which implement mechanisms, such as the *Tobin tax* or other measures, to curb money laundering and tax evasion, is essential.

⁸⁸⁷Robert Elias, "Drug Wars as Victimization and Social Control," *New Political Science*, (20, (Summer 1991):45-54. According to Canadian economist R. T. Naylor, "emergency legislation" that gives the police special powers may endanger individual rights. He referred to the seizure laws in the United States that are "turning police forces into looters, into self-financed bounty hunters," because law enforcement agencies are permitted to retain what they confiscate in property and cash. See "Canadian warns against 'hysteria' in war on drugs," *The Toronto Star*, June 11, 1998, A15.

⁸⁸⁸CBC - *Interview with Stephen Handelman*, Oct. 23, 1994.

In addition, it would be required to create an international criminal court, not unlike the International War Crimes court set up recently.

Most importantly, however, it is necessary to reorganize the global economic system in such ways that substantial parts of the populations of many countries around the globe do not need to participate in the criminal economy to assure their livelihoods. This is not a call for the violent overthrow of a particular regime. Rather, it is a call for a fairer and better regulated global economic order. There is literature abound about what may be done to improve the conditions in developing countries. These include, for example, the various United Nations or World Bank reports, such as the 1969 *Pearson Report*, the 1983 *Brandt Report Commission Report*, or the 1987 *Brundtland Report*, all of which suggest steps that would lead to improvements. These would include items, such as fairer trade, or the transfer of technology between North and South.⁸⁸⁹

These reports on the developing world represent the minimalist option because they were written largely by authors from the North, or by academics representative of southern elites. These reports' suggestions for improvements have been criticised for not properly addressing the problems of these countries. However, not even these minimalist demands have been met.⁸⁹⁰ The solutions mentioned above seem illusive unless those who

⁸⁸⁹Dieter Nohlen ed, *Lexikon Dritte Welt* (Hamburg: Rowohlt, 1989), 105-107, 112-113, 539

⁸⁹⁰As far as the meaning of development is concerned the following borrowed definition should be suitable. Development refers to "a process of becoming and a potential state of being. The achievement of a state of development would enable...[people] to make...[their] own history under conditions of... [their] own choosing.

presently profit from the way the global economy functions come to regard organized crime as a threat to their interests. This has happened in the case of piracy. The elites of the emerging nation-states in the 18th and 19th centuries viewed pirates no longer as allies in war, but as what they truly were, namely: criminals who represented a threat to commerce and trade. Such a change in attitude may be the prudent path for today's elites as well. After all, those who allow the growth of criminal groups in their midst may find themselves at the mercy of the very rogues they once relied on, profited from, tolerated, or merely ignored.

The process of development is the means by which such conditions of human existence might be achieved. They, in turn, would necessarily involve...[people] in a productive, crisis-free and non-exploitative set of relations with nature and in the struggle to remove oppression and exploitation from the relations between... [people]." See R.J. Johnston, *The Dictionary of Human Geography* (Oxford: Blackwell, 1983), 78.

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