

From Anarchy to Monopoly: How Competition and Protection Shaped Mafia's Behavior

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Introduction

- **Social Order** is usually assumed to be **preferred** by a society over an **anarchical regime**, as Olson (1993) notes *“there are colossal gains from providing domestic tranquillity.”*
- In **Large Groups**, such order does not emerge voluntarily as the sacrifices to their members outweigh the benefits. (Olson, 1965)
How to explain the transition from an anarchical to a social order in these large groups?
- **Social order** emerges in a group from the capacity of some individuals to **impose their own will on others** and to **maintain this privileged position**. (Innes, 2003)

Introduction

- **Coercion** (i.e., **violence**) in general and **extortion** in particular have played a role in the **emergence and maintenance of social order**. (Tilly, 1985)
- Schelling (1971) notes that violent criminal activities, and specifically **extortive activities**, lead to **monopoly of violence**.
- Observations show that rulers **do not ground their mechanisms** and practices of dominance **only on violence and terror**, they also **provide benefits** to their victims
 - It is **costly to maintain** as they spend a lot of money on punishment
 - It **does not** achieve a **great level of legitimacy**
 - It is usually **not sustainable** in the **long term**

Objectives

- Investigate how embryos of **social order** may emerge in **heterogeneous** and **anarchical** simple societies.
- Analyze how **Extortion Racket Systems of the Mafia-type** may have evolved from uncoordinated groups of **roving bandits** into real **governments of the underworld**.

Example: Origins of Mafia

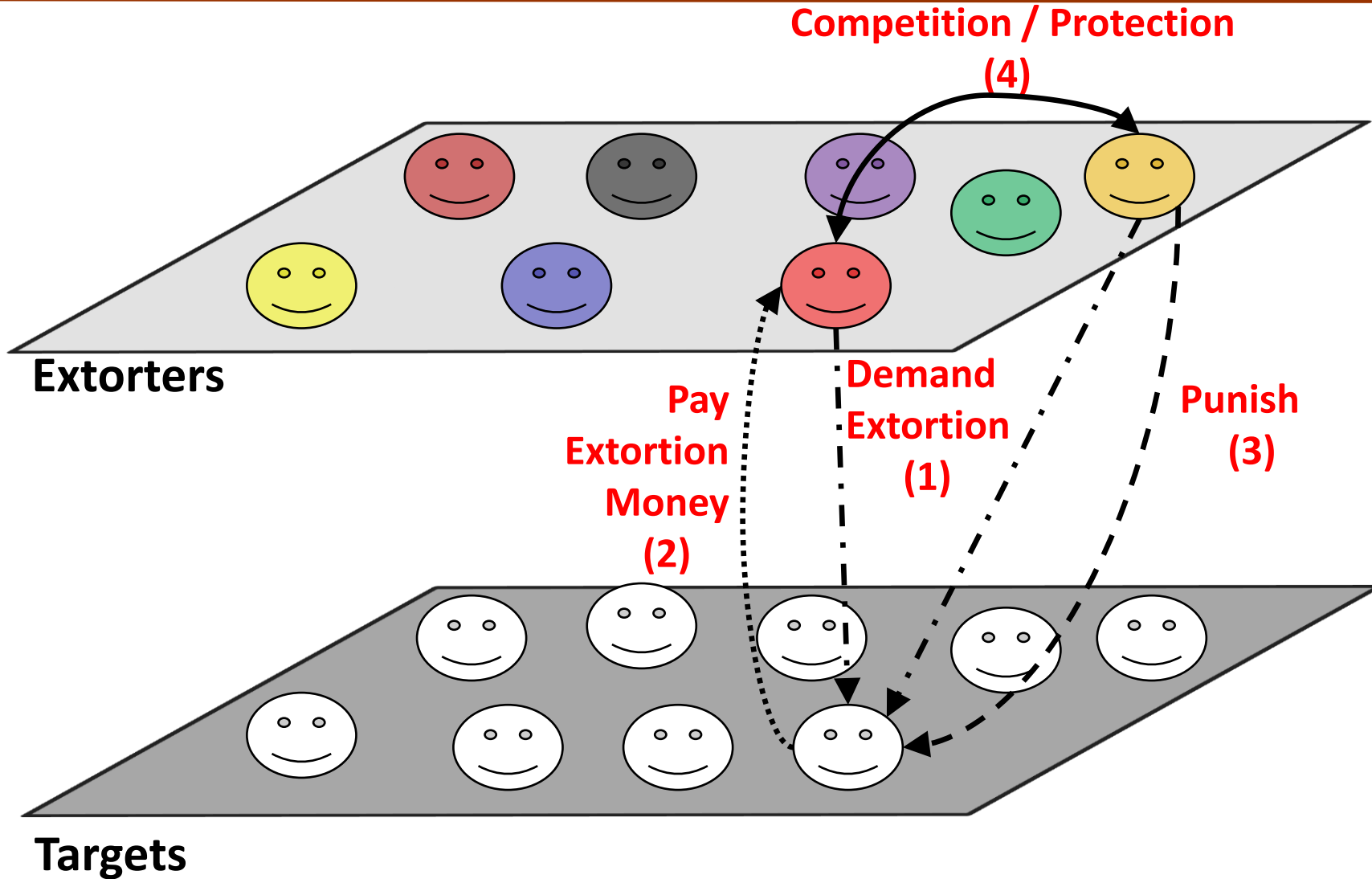
Research Questions

- How to explain the **transition** from a situation characterized as **anarchical and uncoordinated** extortive systems to a **monopolistic** one? What are the **minimal factors** that suffice to the emergence of a monopolistic regime of violence?
- What is the **effect of either regime**, i.e., anarchical and monopolistic, **on the extorters**? In particular, what is the **effect** of the different factors on the **profile** of the surviving extorter?
- What is the **effect of either regime on the victims of extortion** and more generally on the society?

Hypotheses

- Hypothesis 1** the **competition** (i.e., violence) **among extorters is the necessary condition** in the transition from an anarchical and uncoordinated extortive situation to a monopolistic one
- Hypothesis 2** a **monopolistic regime is preferred** by the victims of extortion and extorters over an anarchical one
- Hypothesis 3** **protection enables the selection**, among those competing, **of the relatively most sustainable extortive system** to become the monopolist

ERS Model Dynamics



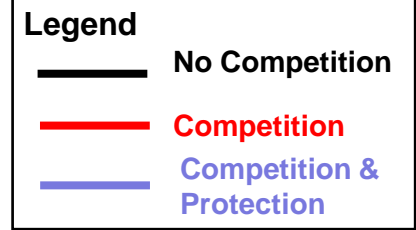
ERS Model

Treatments

Treatment	Description
No Competition	Extorters do not compete for the Targets, meaning that they do not fight one another.
Competition	Extorters that do not receive extortion fight against other extorters in order to expand their domain; however, those that receive extortion do not protect their extorted Targets from other extorters.
Competition & Protection	Extorters that receive extortion try to protect their extorted Targets. Extorters that do not receive extortion fight against other extorters in order to expand their domain.

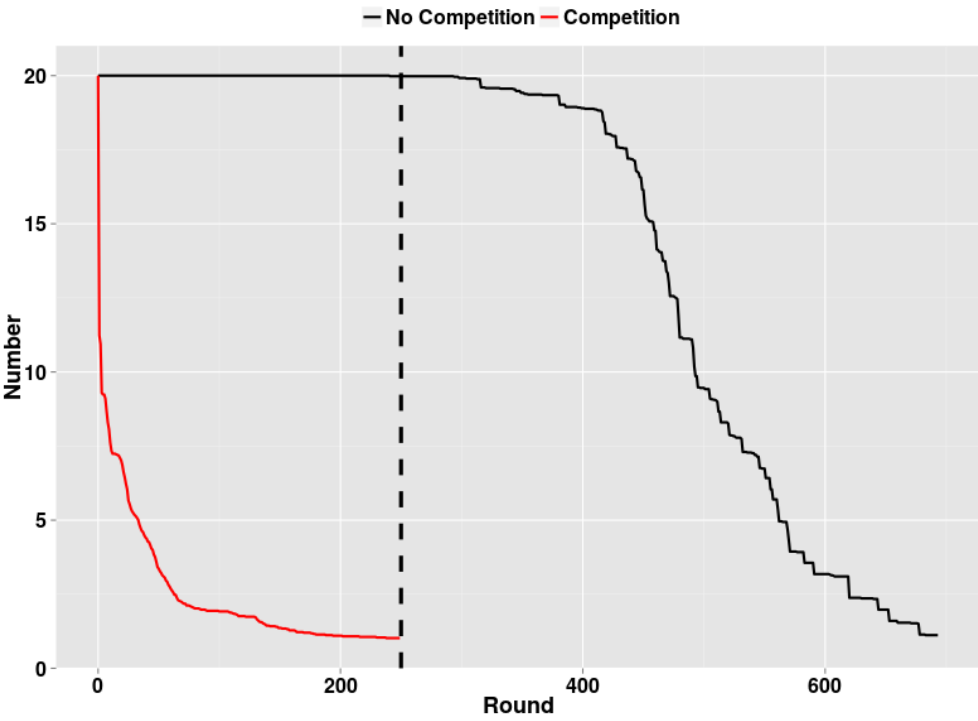
Experiments

Results #1

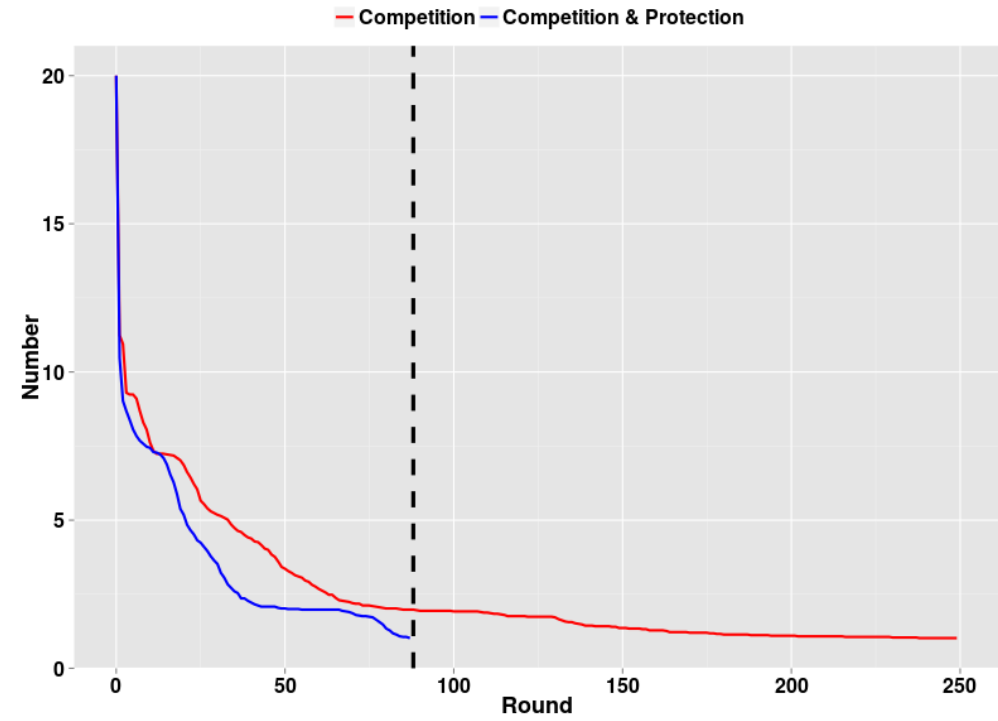


- Competition among extorters is what supports the emergence of a monopolistic regime.

Competition is a necessary and sufficient condition



Number of Extorters



Number of Extorters

Experiments

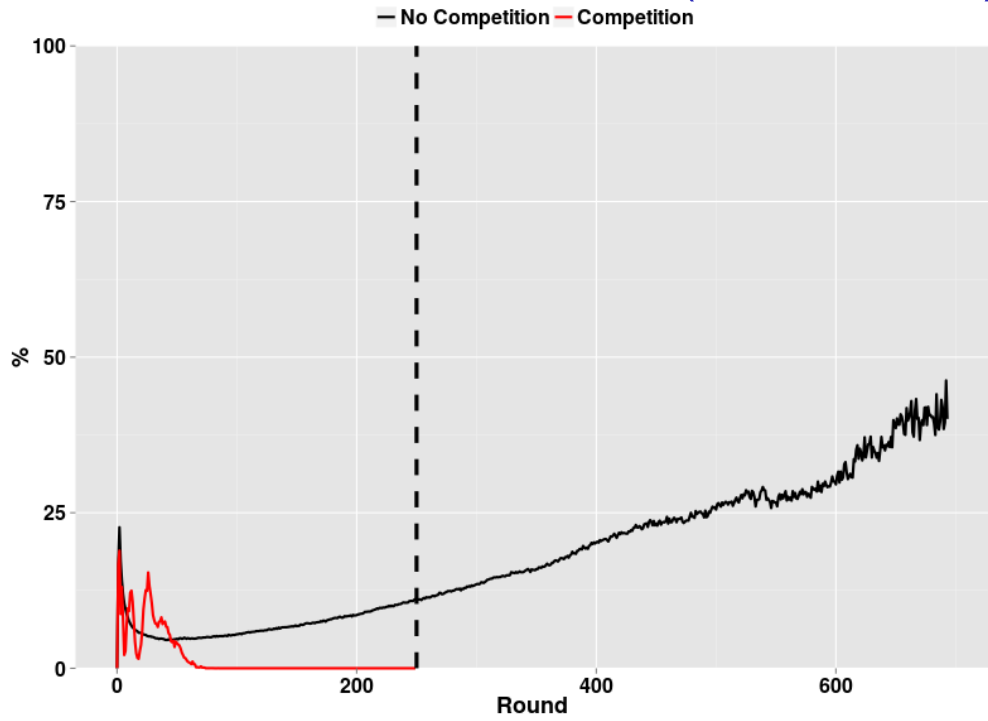
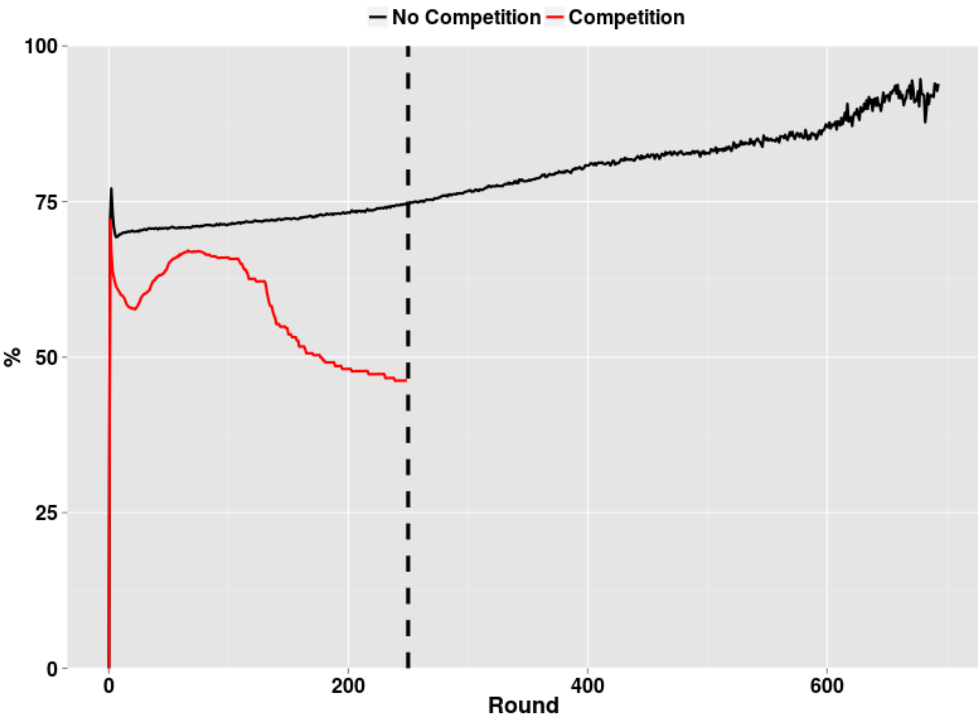
Results #2

Legend	
—	No Competition
—	Competition
—	Competition & Protection

- **Monopolistic regime shall be preferred over anarchical ones**

“In a world of roving banditry there is little or no incentive for anyone to produce or accumulate anything that may be stolen and, thus, little for bandits to steal.”

(Olson, 1993)

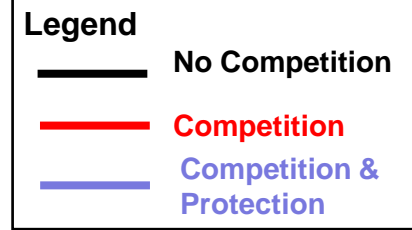


% of target's income spent on paying extortion

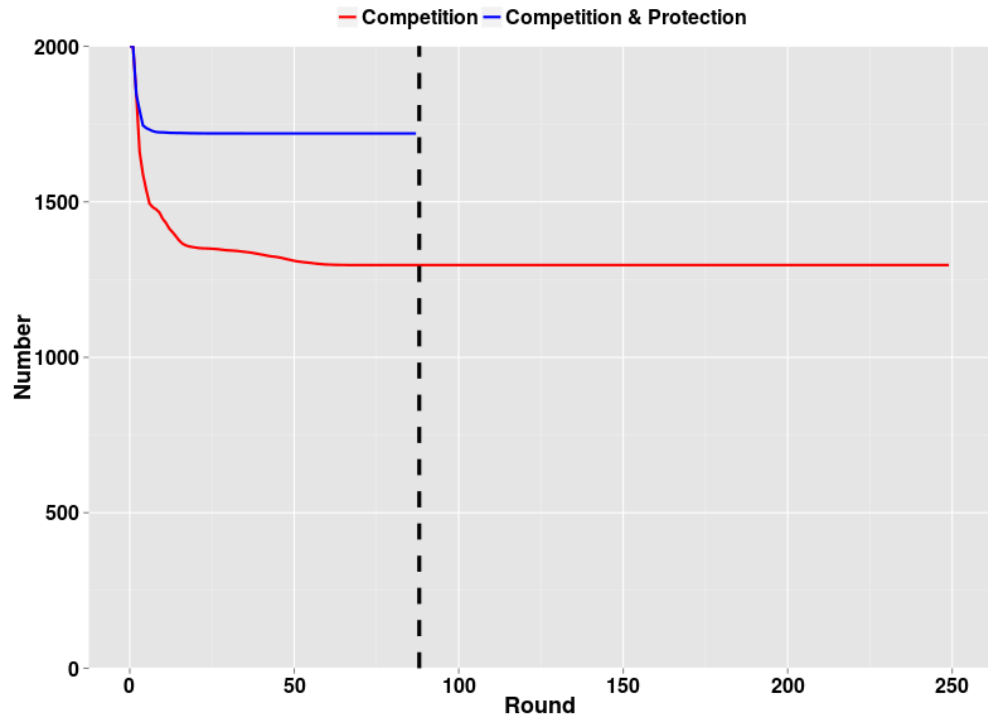
% of unsuccessful extortions punished

Experiments

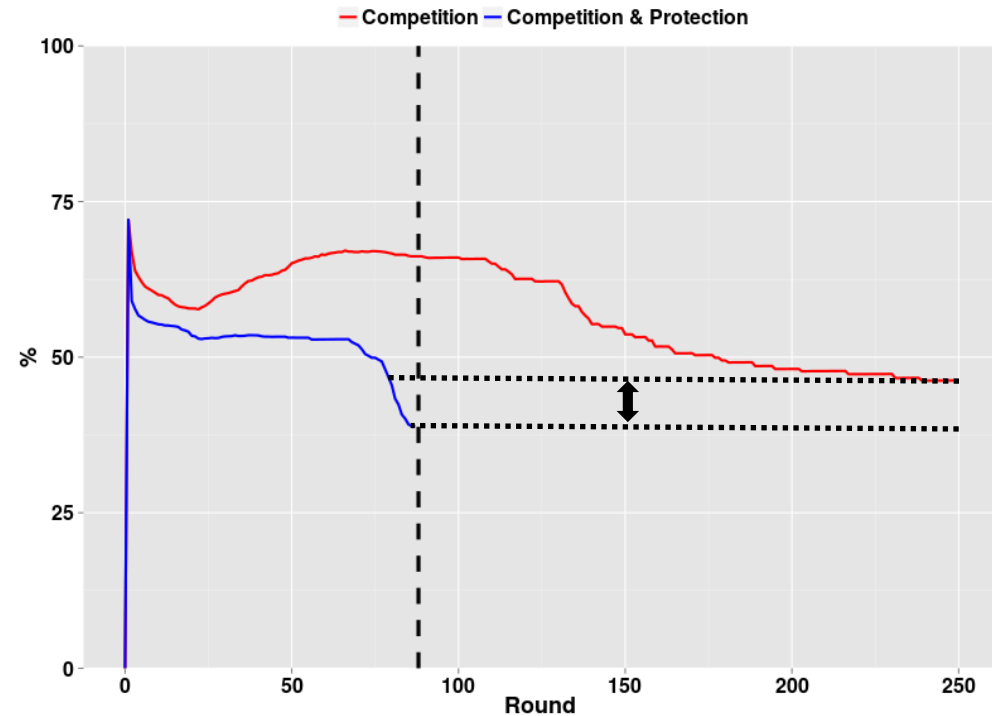
Results #3



- Protection benefits both targets and extorters
 - Monopoly is achieved faster reducing the period of instability
 - Greater number of Targets alive
 - Demands less extortion of each Target, but collects more in the long-run



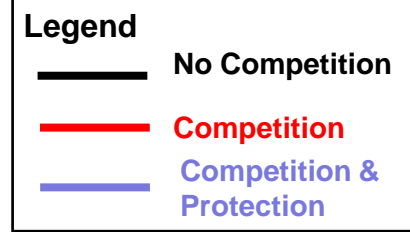
Number of Targets



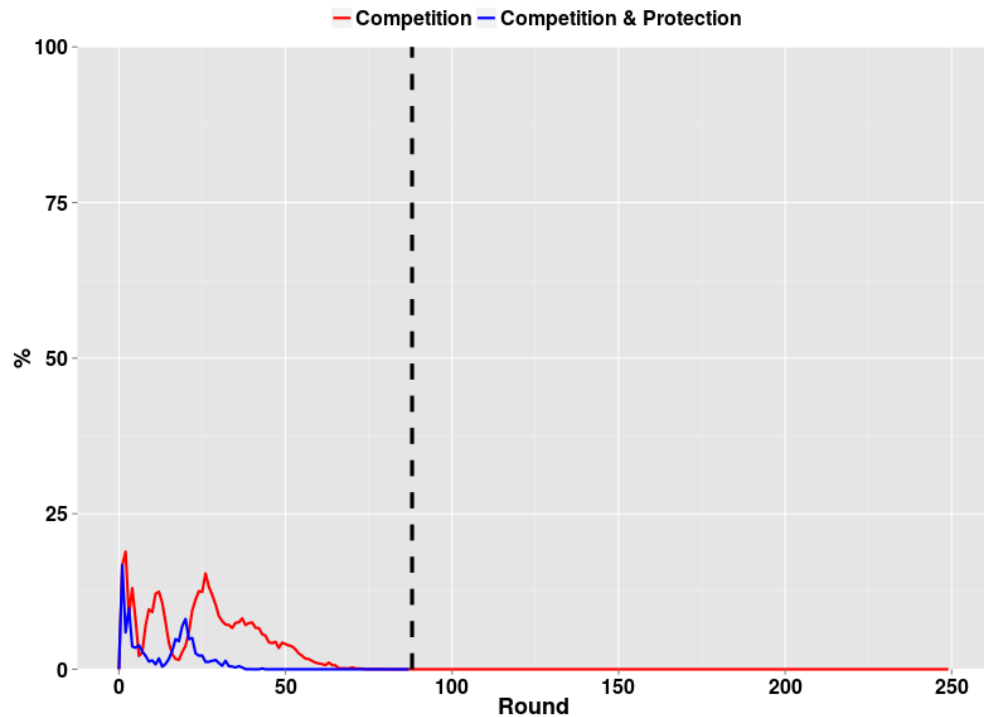
% of target's income spent on paying extortion

Experiments

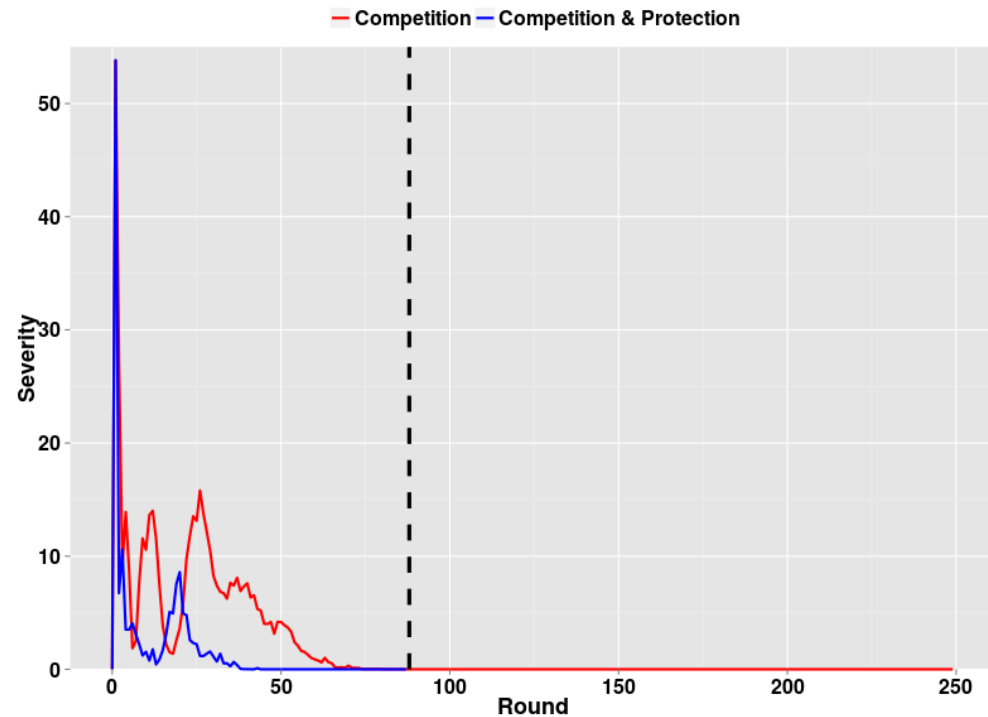
Results #3



- Protection benefits both targets and extorters
 - Extorters inflict **fewer** and **milder** punishments



% of unsuccessful extortions punished



Punishment severity

Conclusions

- **Anarchical**, in contrast to **monopolistic regime**, **cannot be rational to a society** as the anarchical regime drains away all the societal resources conducting it to a collapse

“..., anarchic violence cannot be rational for a society: the victims of violence and theft lose not only what is taken from them but also the incentive to produce any goods that would be taken by other.” (Olson, 1993)
- **Competition** among the extorters is the **minimum factor** needed to achieve a monopolistic regime, but it **does not select the most sustainable in the long run**
- **Protection**, although not essential for the transition to a monopolistic regime, provides valuable benefits to the society
 - Faster achievement of a social order
 - Reduction of the burden of extortion on Targets
 - Fewer violence

References

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- Tilly, C. (1985). War making and state making as organized crime. In Evans, Peter B. and Rueschemeyer, Dietrich and Skocpol, Theda (Eds.) *Bringing the State Back In*. Cambridge: Cambridge University Press, 169-191.

Thank You !!!