Corinna Elsenbroich
David Anzola
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Social Dimensions of Organised Crime

Modelling the Dynamics of Extortion Rackets

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*To Rosaria, whose intellectual curiosity
and determination made this project
possible. The world has lost a great spirit.*

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Chapter 1
Introduction

Corinna Elsenbroich, David Anzola, and Nigel Gilbert

1.1 The Project

For most of us extortion rackets will never blight our lives. This is lucky given the severe financial, psychological and social consequences extortion brings with it. It is also lucky as nobody is ever very far from extortion. A recent European review of extortion racketeering found that extortion rackets exist in every EU member state and the same holds for almost all countries in the world. Whilst ubiquitous, in most countries extortion rackets are an isolated phenomenon, isolated geographically or ethnically, or reserved for a criminal underclass of prostitution, drug dealing and gambling. In the communities where extortion takes hold it wreaks havoc, destroying livelihoods, if not lives, and undermining community cohesion. At the same time, extortion rackets can establish themselves within communities completely unknown to the rest of society. This combination of longevity and invisibility is a unique feature of extortion rackets, making them an interesting social phenomenon as well as a very-hard-to-research criminological phenomenon.

The book is the result of a project called Global Dynamics of Extortion Racket Systems (GLODERS) and funded by the FP7 programme. The GLODERS research project is directed towards development of computational models for the understanding of the dynamics of extortion racket systems (ERSs). ERSs, of which the mafia is but one example, are a global phenomenon, originating from a small number of seed locations. They cause disruption to economies by money bypassing official channels as well as by undermining investment, and societies by creating fear and distrust. As yet understanding of ERS is relatively poor,

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resulting from the clandestine nature of the phenomenon as well as a lack of integrative approaches (Di Gennaro & La Spina, 2016). ERSs are not only powerful criminal organisations, operating at several hierarchical levels, but also prosperous economic enterprises and socially situated dynamic systems. The approach taken in GLODERS is particularly focussed on the needs of stakeholder, such as legislators and law enforcers, to further their understanding of ERS and how to tackle them. Through focussing on social dynamics and stakeholder needs, GLODERS presents a novel approach to the understanding of extortion rackets.

This book presents the results from the GLODERS project. It provides the synthesis of novel data and innovative analyses of data, a unique consortium of stakeholders and a new methodological approach to extortion racketeering, to understand the internal dynamics of extorting criminal organisations as well as extortion rackets embedded in society.

The new data consist of a unique database of extortion cases in Sicily and Southern Italy, police and court data for extortion racketeering in Italy, the Netherlands and Germany and novel uses of datasets such as the European Value Survey.

Some of these data would not have been available without the strong stakeholder involvement in the project. A stakeholder board consisting of about 30 international experts on extortion rackets was involved from the start and throughout the project. Stakeholders provided access to data not otherwise available but more importantly stakeholders provided access to expertise that was essential for the success of the project. The expertise involved narrative evidence, judgement about findings of the research and a focus on producing research focussed on real-world applications.

This kind of expertise is particularly important for the novel methodological stance explored in this book: trying to understand extortion rackets from a complex systems perspective which takes account of their embeddedness in society and the emergence of norms and behaviours within and surrounding extortion racketeering. The methods used to understand extortion racketeering are computer based and consist firstly of the simulation method of agent-based modelling and secondly of enhanced computational analysis and integration of large amounts of a variety judicial data.

Through this unique combination of data, stakeholder expertise and computational modelling there are several interesting results regarding the dynamics of extortion rackets. The most important results are the role of trust in an extortion racket, the role of social norms in sustaining as well as fighting extortion rackets and the role of civic organisations in supporting norm change in society.

1.2   Researching Extortion Rackets

Extortion rackets have been researched from multiple angles and a range of disciplines. There are several assessments of the damage to national economies caused by extortion. The damage comes about in various ways, as loss of tax to

governments, loss of reinvestment into businesses as well as undermining of external investment into an extorted territory.

Schelling ([1967]) provides one of the earliest accounts of racketeering focussing on the interplay of the upper and the underworld. He points at three important aspects of organised crime: (a) the economic dimension, i.e. the impact of illegal markets on the economy and tax revenue of a country; (b) policing organised crime; (c) the structure of organised crime; and (d) its entrenchment in society. Although the focus is more on the black market economy than extortion rackets points (c) and (d) pertain directly to the content of this book. Part IV presents a simulation of a network of organised crime over time to its demise. The simulation shows in particular how the erosion of norms of trust leads to the collapse of the organisation.

"The underworld seems to need institutions, conventions, traditions, and recognisable standard practices much like the upper-world of business" (Schelling, [1967], p. 68).

Part III delves into analyses of the societal dimensions of extortion racketeering, the interaction of the upper and the underworld. But rather than focussing on the economy (e.g. Asmundo and Lisciandra ([2008]), Frazzica, Lisciandra, Punzo, and Scaglione ([2016])), the research here focuses on normative aspects and the ways of changing social norms to fight and support policing of extortion racketeering.

Another large area of research into extortion racketeering is conducted using a game theoretic approach. The interaction between an extorter and a victim is a classic interdependent choice problem. Gambetta ([1994]) follows the general interdependent choice framework with a focus on trust and the flipside of trust: the credibility of threat and the reach of reputation. An extortion racket does not function if the racketeers have to cause a lot of violence; in fact, the low rate of violence is a hallmark of a functioning extortion racket, cf. La Spina ([2008]).

Formal game theory has been applied to various configurations of actors in extortion racketeering. The extortion situation intuitively reads as an iterative decision tree. The extorter demands money from an entrepreneur, the entrepreneur decides to pay or not to pay and then the extorter decides whether to punish. The demand and decision occur multiple times between a paired extorter and entrepreneur. In the game theoretic literature on extortion rackets (Gambetta, [1988], [1994]; Konrad & Skaperdas, [1998]; Varese, [1994], [2001]), the payment decision *depends on the entrepreneur's expectation of being punished for refusal to pay*. Konrad and Skaperdas ([1998]) treat the probability of punishment as endogenous, arising from the efforts invested by extorters and police. The game described in Konrad and Skaperdas ([1998]) formalises the interdependent choice between three actors: the extorter, the entrepreneur and the police. On the other hand Gambetta ([1994]) and Smith and Varese (2001) have levels of police presence as an exogenous variable, focussing instead on the extorter-victim interaction. The game originates with Gambetta (1988) who uses it as a setting to discuss reputation, signalling and piracy of symbols. Extorters are split into two types, the real Mafiosi and fakers. Mafiosi establish a reputation for punishing resistance and fakers can free-ride on this reputation if they manage to signal belonging to the real mafia. Entrepreneurs decide whether to pay or not depending on their individual expected punishment probability calculated from whether they think an extorter is a faker or not, given knowledge of the

level of police presence. High police presence lowers the probability of a Mafioso to punish and also the probability of fakers to extort. The game has been formally analysed in detail in Smith and Varese (2001).

The above approaches are highly theoretical or focussing exclusively on estimated economic impact. There are also more empirical approaches to the investigation into extortion racketeering.

One important source of data is in-depth interviews with victims, *pentiti*, Mafiosi that provided evidence in trials and left the organisation, and officials. Two major examples relying on these data are Varese (2001) on the Russian and Paoli (2003) on the Italian mafia.

Varese (2001) highlights the features of a transition economy on the success of protection racketeering. The book integrates a variety of data sources, from interviews with victims, mafia member and officials, over data from undercover police investigations to archival documents.

Paoli (2003) provides a close analysis of the structure of the Italian mafia, in particular on the Cosa Nostra and 'Ndrangheta. The focus is on the organisational structures, the cultural and ideological aspects of the mafia and their integration into the social and political context of Italy. The argumentation in the book partly follows that of Gambetta (1994) in identifying extortion as the essential economic MTO activity and in seeing trust bonds and family ties as being at the heart of the Italian mafia.

Quantitative approaches include several large-scale surveys of entrepreneurs and businesses, often conducted by third-sector institutions (cf. Di Gennaro and LaSpina (2016). These surveys show relatively low levels of extortion as well as intimidation in Italy. However, the surveys all have a serious problem for the assessment of extortion racketeering given a low response rate and a strong suggestion that the self-selected sample of respondents are already those not extorted (Di Gennaro & La Spina, 2016).

In addition to the descriptive research on extortion there is research on the legal aspects of extortion racketeering, their effectiveness of undermining extortion by supporting victims, law enforcement and judiciary. Much of the research is concerned with comparative analyses of legislation in EU member states. Barriers to unified EU legislation are a general focus on organised crime but very different instantiations of this kind of crime in the different memberstates. Whilst all countries are affected by drug, weapon and human trafficking, the particular MTO practice of extortion varies greatly between EU countries. Finding laws that agree with the general legal systems of countries and capture the specific needs of all member states seems elusive, although signs of slow convergence towards a civil law approach can be identified (Calderoni, 2010).

Criminology in general has a problem with procurement of adequate data; however, often the victim side is fairly reliable. For extortion racketeering also the victim response needs to be critically examined due to the long-term relationship between the extorter and the victim. For example in the case of the Italian mafia, extorted entrepreneurs might reasonably not respond to the survey as they are afraid of disclosure or colluding with the mafia (La Spina, 2008).

The problem of reliable data and other information to investigate extortion is discussed extensively in a special issue of Global Crime (2016, Vol 17, Issue 1) and

is one of the motivations for the computational approach discussed in this book. Questions about the reliability of every single data source lead to a demand for the triangulation and integration of multiple data and the use of multiple methods to put together the jigsaw that is extortion racketeering.

1.3 Enhancing Understanding

As the above section suggests, integration of many methodological approaches and various data is necessary to enhance the understanding of extortion racketeering as a criminal as well as a social phenomenon. This book details a computational modelling approach to integrate several of the separate research strands discussed above and additional ones, such as participatory co-production, and large-scale European survey data.

Part I contains a comparative analysis of extortion racketeering as a global phenomenon. Chapter 2 provides information about the most prevalent global extortion rackets, including Russia, Latin America and the Yakuza, but excluding the Italian mafia. As the Italian mafia is the case study for a socially embedded extortion racket, a lot of detail is provided in Part II of the book. Chapter 3 builds on the comparative analysis of Chap. 2, extrapolating a typology of extortion rackets in societies. The typology considers the three dimensions of the structure of the criminal organisation, the civil society it is situated in and the state, including agents of the state such as law enforcement and judiciary. The typology highlights how important it is for the latter two features for extortion rackets to flourish. GLODERS focussed on two aspects of the typology, which will be extrapolated upon in two case studies in the following chapters of the book. Parts II and III focus on the interaction of the state and civic society. They look in particular at state responsiveness in the form of law enforcement as well as aspects of dissociation from the state and structural social capital, in the form of denunciation and the role of norm change towards pizzo payment.

Part II constitutes a theoretical preparation for the investigation of two aspects of extortion rackets highlighted in the typology in Chap. 3, the interaction between the state and civil society. Chapter 4 provides a close analysis of the importance of social and legal norms and their interactions for the understanding of extortion racketeering and Chap. 5 details anti-mafia legislation in Italy and the EU, thus focussing on a particular state aspect of extortion.

Part III presents the case study of the Italian mafia, detailing a new empirical basis for research and two simulation models of the interaction between state and civil society in extortion rackets. Chapter 6 provides a general analysis of the Italian mafia's extortion practices, including law enforcement and social response aspects. A unique data source for the investigation of extortion rackets is presented in the form of a database of extortion cases in Sicily and Calabria. Chapter 6 sets the stage for the models discussed in Chaps. 7 and 8. Both models represent the extortion situation in Sicily, to investigate the interplay of social norms regarding pizzo payment, state interventions

and civic organisations (e.g. *addiopizzo*) on levels of extortion. The difference between the models is that in Chap. 7 parameterisations were deliberately developed, according to historical records in Italy, whereas in Chap. 8 a Monte Carlo parameterisation was tested in order to find out a large variety of simulation outcomes. Chapter 9 brings together several data sources to help validate and interpret the models.

Part IV investigates a second aspect of the typology developed in Chap. 3: the criminal organisation itself. The analysis is executed on a second case study, investigating the relationships and actions of agents in a criminal network engaged in extortion practices. Chapter 10 lays the data foundation for the simulation, applying a conceptual modelling tool (CCD) to transcripts of police interrogations of suspects and witnesses. The conceptual model is translated into a simulation replicating the process of the criminal organisation's breakup in Chap. 11.

Part V provides a synthesis discussing general aspects of simulation modelling, in particular focussing on questions of validation and the integration of different kinds of data in Chap. 12. Chapter 13 provides a general conclusion of the book, bringing together the theoretical, methodological and empirical aspects of investigating extortion racketeering.

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Part I
Extortion Rackets as a Global Phenomenon

Chapter 2
National Mafia-Type Organisations:
Local Threat, Global Reach

David Anzola, Martin Neumann, Michael Möhring, and Klaus G. Troitzsch

2.1 Introduction

A first challenge in characterising and quantifying the nature and dimension of the extortion rackets phenomenon worldwide is that extortion is an umbrella concept grouping a large array of criminal practices. Extortion is often associated with long-standing and well-organised criminal organisations, such as the Italian mafia and the Japanese Yakuza, given the amount of data and research about these criminal groups and their popularity in contemporary popular culture. Yet, a review of the different extortion practices around the world quickly makes readily available the significant diversity and complexity of the social contexts in which extortion occurs. This chapter provides a brief review of typical dynamics of extortion in different countries around the world. The main goal is, first, to summarily show the persistence and diversity of extortion rackets worldwide and, second, and most important, to contextualise the two cases analysed in the following chapters, by providing some points of contrast regarding the social conditions of the phenomenon of extortion, as well as their academic accessibility.

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Four main cases are analysed through the text. The first one is the Japanese Yakuza, a very popular and thoroughly studied criminal organisation. Extortion is extremely common in Japan. The Japanese context is distinctive, for there is strong social and political legitimation of several extortive practices: first, because of the long-standing bonds between criminal organisations and the state and right-wing elites and, second, because of the perceived relative advantage civilians have in consuming some of the services or goods provided by criminal groups in the form of extortion.

The second case is the Russian mafia. Along with the Sicilian mafia and Japanese Yakuza, the Russian mafia is probably one of the most well-known criminal organisations in popular culture. They all have a similar context of origin, i.e. important social and political transitions, and have achieved similar level of penetration of social, economic and political life. Yet, contrary to its Japanese and Italian counterparts, extortion practices of the Russian mafia are not well documented. Information is scarce and unreliable. This is partly because of operational and methodological difficulties in the collection of data, but also because extortion is often subordinate of other more important types of crimes committed by these criminal groups.

The third case is Latin America. This region provides an interesting mixture of criminal organisations engaging in different forms of extortion. None of these groups, however, fits entirely into the mold of a mafia-type organisation (MTO). In spite of lacking the level of institutional penetration of more well-known mafia groups, some types of extortion thrive in the region because of widespread conditions of violence, exclusion and deprivation and the weak reliance on geographic factors, such as exclusive control of the territory, of some common extortive practices in the region.

Finally, the last case discussed is Germany. Unlike some of the other countries described, most extortion in Germany is performed by criminal organisations that did not originate in the country, such as the Sicilian or Russian mafia, or motorcycle gangs, which are often chapters of large motorcycle gangs with worldwide presence. Extortion in Germany is not strongly linked to a historically advantageous institutional framework for criminal groups or impoverished social conditions. It does not seem to constitute a serious threat to citizen security, either. Still, the case is interesting because it shows the international reach of some criminal organisations and the challenge for governments and research organisations, in terms of developing adequate tools to measure the impact of the transnationalisation of extortion practices.

Before diving into the analysis, it is important to set a couple of distinctions. Extortion is often classified in terms of its extension in time and the nature of the victim-perpetrator relationship (TRANSCRIME, 2008). Regarding the temporal extension, there is a differentiation between casual and systemic extortion. The former is an one-off episode, whereas the latter involves a relationship that extends over time. This difference is important in the present context, for most extortion carried out by large criminal organisations is somewhat systemic, given the institutional penetration and amount of resources these organisations have at their disposal. Regarding the victim-perpetrator link, the relationship, following a biological analogy, can be classified as predatory, parasitic and symbiotic. The first one

implies a casual exploitation of the victim; the second, a systemic relationship of exploitation; and the third, a systemic relationship in which both parties receive some benefit from the interaction. Most criminal organisations tend to combine more than one type of extortion of this second category. The type chosen usually gives important clues about the level of institutional penetration achieved by the criminal organisation, the amount of resources invested by the victim and perpetrator and the level of social or legal legitimisation of the interaction.

2.2   Yakuza

The Japanese Yakuza is one of the oldest ERSs with worldwide reach. "Yakuza" is an umbrella concept, grouping several criminal syndicates, originated in Japan since the early twentieth century. These criminal organisations are well entrenched in social institutions, developing several mechanisms of control of social life, including extortion. These control mechanisms are strengthened and validated by historically resilient links with the Japanese Government and the right-wing elite. Kaplan and Dubro (2003) quote a Japanese social critic as saying: "Extortion is to Japan as snow is to the Eskimos. There are a hundred variations" (p. 158). These variations can be generally grouped in casual and systemic, although it could be argued that most extortion methods in Japan is, in fact, somewhat systemic.

2.2.1   Systemic Extortion

Protection rackets are probably the most common mode of systemic extortion. Many of these rackets occur in illegal industries, tolerated both by the authorities and the Japanese society, because of their relative innocuous character. Japan, for example, has the largest sex market for women in Asia, producing annual profits between ¥4 and ¥10 trillion, which represents between 2 and 3 % of the country's GNP (Dean, 2008). As of 2006, there were 1200 brothels and 17,500 sex-related businesses, such as massage parlours and strip clubs (Hongo, 2008); all this in spite of the fact that prostitution is illegal in Japan. The Yakuza have taken advantage of the absence or ambiguity of the legal framework and developed several extortion rackets focused on preventing the disruption of business and providing quick conflict resolution. These services are also widely sought for by legal establishments, such as clubs, bars and restaurants. A 1995 police survey of entertainment businesses in Tokyo revealed that almost one-third of the 60,000 establishments surveyed were paying protection money (Kaplan & Dubro, 2003).

Extortion rackets are also common in labour-intensive industries, such as construction. By the late 1990s, up to 50 % of public construction projects in Japan paid extortion money to the Yakuza, ranging between 2 and 5 % of the total construction cost (Hill, 2006). While the anti-mafia measures of the last couple of decades have

cracked down hard on Yakuza-linked construction companies, these criminal organisations still profit from this business, thanks to the use of extortion rackets. Yakuza extortion rackets in the construction business cover two basic aspects. The first one is labour. The sector depends on large flows of unqualified workers. Informal labour brokering takes a staggering 70–80 % of the labour exchange market in Japan (Hill, 2006). Yakuza influences these flows through labour brokerage. Rackets are also used to control the everyday operation of construction. The labour-intensive construction sector is very susceptible to delay and sabotage. Along with the provision of sufficient and well-behaved workforce, Yakuza offers protection for things such as theft or damage of machinery and construction materials.

Extortion rackets in corporate Japan are not limited to labour-intensive industries. For years, the companies listed on the stock market have been targeted by a distinctive type of financial racketeering known as *sōkaiya*. This form of financial racketeering was developed by criminals outside the Yakuza. Yet, these criminal syndicates quickly took notice of the profit generated by this extortion method and started taking over the *sōkaiya* business during the 1970s. By the early 1980s, there were around 6800 men working on this type of extortion, distributed in over 500 separate groups and extorting as much as $400 million a year (Kaplan & Dubro, 2003).

The principle behind *sōkaiya* is relatively simple. Criminals would buy shares of the targeted company in the stock market, which grants them permission to attend the annual shareholder meeting. Once there, they extort the company with threats as simple as disrupting the meeting. Most *sōkaiya* have more sophisticated threats, however. It is common for criminals to show up at the meeting and present the directors with scandalous or embarrassing information about them or the company, e.g. irregular payoffs or bookkeeping, safety issues and mistresses. A 1999 survey showed that Japanese companies were paying these regular extorters an average of $2000 a year, and double that amount for a selected few "expert" *sōkaiya* (Kaplan & Dubro, 2003).

The practice of *sōkaiya* changed when organisations started hiring their own *sōkaiya*, either to protect them against other *sōkaiya* or as private security forces. A large retail company, for example, paid a Yakuza-linked *sōkaiya* ¥160 million to keep shareholder meetings in order between 1994 and 1995 (Hill, 2006). This change in extortion practices has eventually led to the distinction between in-house, *yotō-sōkaiya*, and outsider, *yatō-sōkaiya*. The former provides a protection service that is symbiotic; the second attempts predatory or parasitic extortion. Yakuza syndicates are often at both sides or the practice.

2.2.2   Casual Extortion

The Yakuza also engages in different kinds of extortion beyond the traditional protection rackets. Casual one-off types of extortion target both individuals and companies, and extort money or specific goods provided by the corporations. In some cases, casual extortion is partly associated with extortion rackets.

Criminal organisations in Japan are powerful enough to extort the largest and more important companies. Along systemic modes such as *sōkaiya*, there is quite a diverse variety of casual types of corporate-based extortion. A 1991 police survey of 3000 large firms in Japan found that around 41 % had been extorted by the Yakuza (Rankin, 2012). These companies are extorted into giving positions, money or different kind of goods or services to the criminals. In some cases, these extortions are done in order to further increase the criminals' reach in legal businesses. During the early 1990s, for example, the DKB bank was extorted into lending ¥26 billion to a well-known *sōkaiya*. This money was then used by the criminal to buy shares of a company he later extorted (Hill, 2006).

Some of these modes of casual extortion have moved from the parasitic to the predatory. The Yakuza, for example, has historically intervened in processes of bankruptcy management. Criminals were often hired by both the company management and the creditors. The former would hire them to provide protection, and the latter, for debt collection. This privileged position would allow the Yakuza to manipulate the whole process. In occasions, this ability to manipulate the entire negotiation process would lead creditors to sell their debt to the Yakuza, sometimes for as little as 5 % of face value (Hill, 2006).

These extortion schemes were eventually taken further. Extorters identify companies in the break of bankruptcy, for which they provide short-term financial support. From there, they force the manager to give them enough access and power in order to advance their position as creditors. Once the company finally goes bankrupt, and sometimes even before that, the Yakuza takes over its assets. It is difficult to estimate the extent of this kind of extortion, but it should be significant, taking into account that, through the 1980s, an average of 18,000 companies, with debts over ¥3.6 trillion were declared bankrupt annually (Hill, 2006).

Beyond the corporate world, the most important mode of casual extortion is associated with the provision of conflict resolution. The prevalence of this mode of extortion is not so much linked to Yakuza's power, as it is to the inefficiency and limitations of Japanese bureaucracy and legal system. Civilians prefer the intervention of the Yakuza, in order to avoid a system that is both slow and expensive. Debt collection, for example, can only be performed by lawyers. When done legally, the process is often extremely slow, so lenders prefer to pay a hefty fee to the Yakuza, so as to speed up the process. Criminals usually keep 50 % of the debt, plus expenses, which, in some cases, could leave the lender with as little as 20–30 % of the original debt (Hill, 2006). A similar situation occurs with individuals looking forward to resolving traffic disputes, businessmen looking to get official permits processed and ordinary citizens seeking to get a hold of official authorities. They are all forced to rely on criminal organisations to get things done quickly.

The Yakuza have also developed a particular scheme of casual extortion known as *pretext extortion or racketeering*. The criminal basically claims compensation for a good or service for which a relatively trivial fault is found (Hill, 2014), for example, a bug in the food, a purchased item of substandard quality or a service or good that is different than advertised. Pretext racketeering is sometimes carried out by creating

fake social and political movements or by infiltrating existing ones, which makes the extortion escalate both in terms of complexity and profit. A 1986 survey of 5030 companies in 17 different industries found that around 26 % of them had been extorted by social groups protesting on discrimination-based claims (Hill, 2006).

The Yakuza is naturally present in traditional areas of predatory extortion, such as loan-sharking. This activity is particularly profitable in Japan, since the formal financial system is not entirely integrated and financial services are extremely fragmented. As much as 10 % of the Japanese population resorts on moneylenders, which lend money under huge interest rates (The Economist, 2008). By 1983, it was 73 % a year. This value has constantly been reduced to a low of 20 % in 2006. The Yakuza have been increasingly pushed out of the legal moneylending business, but they still operate a parallel illegal system in which money is lent, for example, adding 10 % of the debt every 10 days (Kaplan & Dubro, 2003).

The landscape of casual extortion carried out by the Yakuza varies with contextual conditions. Due to the real estate bubble of the 1980s, for example, the Yakuza entered into the business of land-sharking. The goal of this type of extortion was to force land-owners or lease holders to sell or give up their lease, respectively, so as to allow larger real estate developments on that land. This extortion was usually paid by big developers, which were usually charged 3 % of the land value by the criminals (Hill, 2006). This was an extremely popular practice during the 1980s. By 1990, the Osaka police had documented up to 1600 land-sharking denunciations (Kaplan & Dubro, 2003). It, however, lost its attractiveness after the real estate bubble burst, which significantly decreased land prices for more than 20 years. By 2008, property prices in Japan were only about 40 % of their values before the start of the crisis (McCurry, 2008).

The widespread character of extortion rackets in Japan is the consequence of both the inefficiency and complacency of local authorities. Regarding the latter, historically, there has been a strong link between the Yakuza, the Japanese Government and right-wing elites. This connection has allowed the Yakuza, first, to take over important economic sectors, such as construction, and, second, to gain important leverage when it comes to issuing policy aiming at crackdown on organised crime. The inefficiency of the Japanese Government has, on the other side, allowed the Yakuza to position themselves as crucial brokers of social life. The Yakuza has traditionally focused on the provision of social and public services and goods. While the provision of these goods and services is usually underlain by an unfair advantage for the criminals, many victims actively seek for the Yakuza services, since they are in different ways perceived to be better than official channels.

2.3   Russia

"Russian mafia" is a generic way to refer to a vast array of criminal organisations that emerged within the territories the former Soviet Union. These organisations developed criminal enterprises strongly linked to the communist system and gained significant power during the transition to capitalism. Like the *Yakuza* and *Cosa Nostra*,

there are conflicting foundational myths regarding the origin of these criminal groups. Sometimes their origin is traced back to criminal organisations that emerged in the early twentieth century, during tsarist times. Yet, most accounts trace the origin of these groups to the *Vory v zakone* (thieves-in-law) of the Soviet *gulags*. These groups allegedly emerged as an informal mechanism of control of the prisoners in the *gulags*, but quickly became highly organised criminal groups that took full advantage of this level of organisation once the *gulags* were closed and the prisoners were out.

The different criminal groups that compose the Russian mafia are engaged in numerous types of crimes, ranging from petty crime to highly coordinated transnational criminal activities, e.g. drug, human and gun trafficking. This diversity in the criminal activities in which these groups take part is, to a certain extent, an effect of their high structural flexibility. The best detailed overview of different criminal organisations around the world—albeit a little outdated—can be found in the "Violent Non-State Actors Database", compiled by the *Matthew B. Ridgway Center for International Security Studies*.[1] This database contains information for the six main Russian mafia-like brotherhoods currently operating worldwide: The Izmailovskaya, the Mazukinskaya, the Liuberetskaya, the Podolskaya, the Solntsevskaya and the Tambovskaya. Except from the last one, all these criminal organisations were named after suburbs or city districts in the Moscow region. They all were founded between 1985 and the early 1990s. Structurally, they all adopt a vertical structure, but are heavily fragmented in networks spreading all over the world. Central coordination diffuses as the cells are farther away from central in the Russian Federation (for an older source see Volkov, 2002).

In terms of extortion, the Russian mafia has followed a path quite similar to that of the Yakuza and the Sicilian mafia. It amassed significant power through the provision of protection rackets during the tumultuous period of transition between socialism and capitalism. According to Gans-Morse (2012), after the collapse of the Soviet Union, "[c]ourts, law enforcement bodies, and state regulatory agencies capable of enforcing the rules of the game for a modern market economy had to be created from scratch or rebuilt from the remnants of socialist institutions" (p. 263). Because of the lack of adequate protection and the importance of property rights in a market economy, several private actors turned to criminal organisation for the provision of protection of the recently acquired or expanded property rights. This role was not limited exclusively to protection, but also covered some other aspects related to the everyday economic transactions in a market economy. "In the absence of effective state institutions, firms turned to alternative forms of protecting property and enforcing contracts. Criminal protection rackets and private security agencies provided physical protection, collected debts, and adjudicated disputes among firms" (p. 263).

While protection became a particularly sought-out service during the transition period, the overall brokering of social life was a role criminal organisations were regularly engaged with way before the collapse of the Soviet Union.

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[1] http://research.ridgway.pitt.edu/topics/gang-intro/violent-non-state-actors-database/, last opened September 8, 2015 11:58.

According to Burton and Burges (2007), criminal organisations were often involved in the provision of social goods and services for "Corruption in the Soviet Union was bred largely by a state-run economy that left citizens lacking basic goods. Small groups of entrepreneurs emerged to provide items otherwise not available—and the black market was born". Reports about the dimension of the second economy of the Soviet Union tend to agree that it experienced a rapid increase between the 1960s and the 1980s and that, right before the collapse of the Soviet Union, it had a large participation in the nation's GDP (Alexeev, 1995). These dynamics had important ripple effects in post-Soviet economies for years to come. Around 1998–1999, Georgia's shadow economy was still significantly large, at 64 % of the country's GDP (Schneider & Enste, 2002).

The role of social brokers of criminal organisations was not significantly altered with the transition to capitalism.

> Since the Iron Curtain fell, Russian organized crime groups have used the economic reforms and crises to increase their wealth and influence. […] Over the years, organized crime also has conducted certain functions of the government, including dividing territory among competing economic actors, regulating business markets, imposing 'taxes' (protection fees) and setting up tariffs, legitimizing the mafia in the eyes of many Russians as a type of de facto government. (Burton & Burges, 2007. This is also argued in Hignett, 2012)

Interestingly, however, after Putin's rise to power, the Russian Government has taken away from the Russian mafia some of its traditional extortion markets (Volkov, 2014), because of the country's transition into a competitive authoritarianism, in which the government focuses on the accumulation of institutional power under the central government, but without doing away with democratic institutions (Levitsky & Way, 2010). In order to succeed in the implementation of this political system, the Russian Government needed to get rid of other major institutional actors, including the mafia.

The relative governmental success in pushing the mafia away from its traditional zone of influence is due to the fact that, unlike other traditional mafia-type organisations, Russian criminals did not care much for the development of widespread trust networks within the local population. As a result, a significant part of the population that depended on the mafia rackets started using legal institutions and mechanisms, following the government crackdown on the mafia (Taylor, 2011). The Russian mafia lost a hold of these people, even though, as of 2012, 64 % of the Russians claimed that they usually try to go along with their business without involving governmental institutions and 63 % reported having a negative image of the law enforcement institutions (Levada Analytical Center, 2013).

While the overall dynamics of extortion rackets in Russia and other former Soviet states where the Russian mafia has strong presence has been documented, precise quantification of the phenomenon has not been possible. There is far less information about this ERS than about any other major criminal organisation. Russian official sources are more or less taciturn about this phenomenon. Internet sources—however reliable they might be—rarely go beyond about 2005. Potential Russian stakeholders who promised to contribute to GLODERS in the early phase of the project withdrew for mostly unknown reasons. One can only speculate about the reasons of this scarcity of reliable information: either it is the reluctance of