

Organized Crime in Postcommunist Regimes

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Abstract

Robert J Jackson: Organized Crime in Postcommunist Regimes
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In this thesis I examine the transitions to democracy found in the postcommunist regimes of Eurasia and compare among them levels of organized crime. I find that the regime type classified as competitive authoritarian bears the highest levels of organized crime. This relationship is explained by a number of weak state institutions, such as problematic economic liberalization, low rule of law, and weak civil society. The political environment of competitive authoritarianism provides the ideal conditions for criminal organizations to set up shop and flourish. Additionally, I show that as states exit competitive authoritarianism, moving either toward liberal democracy or toward closed authoritarianism, the levels of organized crime decrease.

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I. Introduction

The collapse of Soviet Bloc was followed by a great variety of domestic political outcomes in the postcommunist era. Some states have enjoyed privileged relationships with the European Union (EU) while others have consolidated new forms of authoritarian regimes. Meanwhile, the postcommunist bloc has developed some of the world's highest levels of organized crime. As observed in 2007, states the EU's eastern periphery have roughly 100% higher observed organized crime scores than the EU average and roughly 50% higher scores than the world average (Van Dijk 2007: Table 1). However the postcommunist EU members show lower levels than the high levels found in the states with weak linkage to the West.

These high levels of organized crime at the EU's eastern periphery have become a growing concern for the West for a number of important reasons. It can destabilize states through political collusion (Greco 2004:62-64). It can interrupt vital economic infrastructures (Kostovicova 2004: 17). It can challenge the effectiveness of external leverage on democracy promotion (Wallace 2005: 430). Further, organized crime networks follow migration patterns, penetrating Western economies and threatening to destabilize Western democratic institutions and social values.

What is it about the postcommunist transition that organized crime groups found so favorable? The answer to this question might be found in either social phenomena or political environments. The variety of domestic environments facing similar institutional challenges during regime change makes it possible to examine and compare institutional differences among the postcommunist region.

In this thesis I analyze the relationship between regime type and level of organized crime found at the EU's eastern periphery in the postcommunist world. I assess various forms of state capacity across a spectrum of regimes and find that partial democracies are the states with the highest levels of organized crime. My main argument holds that the type and degree of weak institution has a direct impact on the ability of organized crime groups to set up shop and consolidate power over markets. Specifically, the states who have been defined as competitive authoritarian bear the greatest relative levels of organized crime because, in general, these regimes share a mixture of weak democratic institutions, including rule of law, the process of economic liberalization, and the relationship with civil society. I show that as states exit competitive authoritarianism, moving either toward liberal democracy or toward closed authoritarianism, the levels of organized crime decrease. I argue that competitive authoritarian regimes create the conditions for the highest levels of organized crime in postcommunist Eurasia.

I divide my analysis into three main sections. In the first section I explain my problem statement, methodology, and briefly discuss a similar assessment of state capacity and organized crime. In the second section, I define and contextualize the concepts important to my study. I rely on dynamic definitions of both organized crime and democracy in order to draw comparisons between various regime types. I explain the development of hybrid regimes in the postcommunist world and identify the regimes with high levels of organized crime. In the third section, I explain why organized crime has flourished in certain of these regime types and illustrate at what points the institutions after regime change in the postcommunist world become permissive and vulnerable to these groups. I conclude by establishing a number of points for further research, such as country specific origins of organized crime and threats posed to Western democracies by transnational organized crime.

II. The Relationship Between Hybrid Regimes and Organized Crime

A study by Phil Williams & Roy Godson (2002) links weak democratic institutions with organized crime. They seek to understand how to anticipate the development of organized crime. They argue that a combination of social, economic and political models is essential for anticipating the "business strategies" of criminal groups throughout the world (315). Their work is aimed at policy development. Their political model divides states into four categories: weak states; strong states becoming weak; states characterized by ethnic conflict, insurgency or terrorism; strong democratic states with high levels of legitimacy, transparency, rule of law. Each political condition defines the opportunities for organized crime.

Weak states offer little resistance to criminal groups. In some cases, organized crime provides a "substitute for and protective and regulatory functions of the state" (2002:315). Strong states becoming weak, they argue, may "incubate" the group, and the groups can expand its own power when the state becomes weak. "States in transition are particularly vulnerable to organized crime, inhibiting progress toward democracy, rule of law, and the free market" (2002:315). The states with conflicts offer many opportunities for criminal groups. Warring factions may use their services for smuggling illegal or sanctioned items, specifically weapons, or to fund their political struggle. The embargoes serve as an "opportunity for trafficking and profiteering" (2002:315). The strong democratic states appear to be in "constant struggle between organized crime and law enforcement", and yet the criminal groups seek out vulnerable economic sectors and find a market for illicit goods (2002:315).

The range of states in the postcommunist world falls neatly into the political model established by Williams & Godson (2002). My research draws on their model, yet I examine in

finer detail the political conditions found in the postcommunist world and assess levels of organized crime across a spectrum of distinct partial democracies and hybrid regimes.

Methodology

The observation of the rise in organized crime in the postcommunist world is neither new nor unexpected. In the journal *Demokratizatsiya*, Louise Shelley and many others wrote as early as 1994 about the impending severity of organized crime in post-Soviet development. Her initial analysis identifies organized crime as a "security issue, a human rights problem, and a development issue" (Shelley 2003). My research seeks to quantify her observations by assessing the regime types and levels of organized crime in order to better understand the political conditions found in the postcommunist world favorable to organized crime. To classify regime types I combine the assessments given by a number of seminal authors in the debate on democratization. I also use a number of indicators that measure state capacity in order to draw comparisons between the political environments with different levels of organized crime.

My assessment is limited to the emergence of organized crime in the postcommunist world. This region offers a wide variety of partial democracies and hybrid regimes with varying levels of organized crime while experience transition at roughly the same time with more or less similar authoritarian pasts under communist rule. Further, this region constitutes a large number of actors particularly important to both the EU and the US because of land and sea borders, economic trade, and legacies of power relations.

My research design establishes some points of departure for investigating transnational organized crime; however I do not treat this subject in my analysis for a number of important reasons. The index I used to establish relative levels of organized crime only considers domestic activity. It does not illuminate whether the level of one state has its source in a criminal

organization native to another state. Second, the method of transmission is generally regarded to be a problem for social network theory or other similar models. My assessment assesses the political environment favorable to organized crime in general, not the means by which it spreads in the global economy.

Finally, my assessment does not specifically investigate the social origins of organized crime. This is largely a regional or cultural aspect of organized crime, a subject very well covered in the criminology and sociology literatures, employing a wide variety of methods. I do recognize, however, that the social environment is a vital mechanism for organized crime to develop. I do discuss this feature briefly in its relationship with the political sphere, but again my focus here is to concentrate on the political environment conducive to criminal organizations, and not the social origins.

III. Defining and Comparing Organized Crime and Hybrid Regimes

In this section I explain key concepts in my analysis and present the levels of organized crime found in the postcommunist world. I begin by describing the theoretical approaches for understanding organized crime and the basic conditions for it to function. Next I discuss definitions of democracy. Important to this part are the procedural minimal and midrange definitions used for classifying regimes throughout the world. I also introduce the debate on how we understand that these regime types emerged in order to show that partial democracies lend themselves to organized crime activity. Finally, I combine the assessments on regime type by Andreas Schedler (1998), Larry Diamond (2002), Renske Doorenspleet (2005), and Steven Levitsky & Lucan Way (2002, 2006), in order to classify the postcommunist states and compare levels of organized crime.

Defining Organized Crime

Many theories have attempted to define organized crime. Debates in the literature revolve around assessing to what extent organized crime is a social, economic or political phenomenon. Generally criminologists deemphasize ethnicity and territory in order to argue that a group assembles and agrees upon means to accomplish specified ends. By the criminologist's view, white-collar crime can be considered organized crime. Economists and sociologists tend to argue that organized crime is a variable form of labor, an industry of private protection. They argue that the state has abandoned the welfare of citizens and mafias fill this gap. Anthropologists argue that organized crime can be viewed as a form of unregulated capitalist enterprise, spanning nationalities, spreading through globalization. These theoretical views

generally agree that organized crime differs from petty crime in varying degrees with respect to territory, temporality, physical or threats of violence, political collusion, corporate strategies, and/or social relations.

The key to understanding organized crime is to agree on a definition and approach for analysis. In 1981, Howard Abadinsky assigned eight attributes by which to identify organized crime: non-ideological, hierarchical, exclusive membership, perpetual, illegal violence and bribery, division of labor, monopolistic, governed by explicit rules and regulations. These attributes attempt to explain organized crime across a broad spectrum of environments. More generally, I conceptualized organized crime as a sustained illegal economy that operates non-ideologically through intimidation and violence over a given territory, duration, or socio-political milieu, in search of money and power. Below I briefly explain how this phenomenon functions in three key aspects, society, economy, and politics.

Understanding organized crime as a social phenomenon has a long history. Through social network analysis, organized crime can be understood to emerge out of a deficit of control during periods of socialization. During such periods, individuals seek "success", and if legal means prevent or stall such pursuits, the illegal means will be adopted (R. Merton 1938). Further, cultural transmission theory argues that groups transmit norms together through common attitudes, values, and learned group behavior (Shaw and McKay 1972). Organized crime groups control and coerce societies through violence into behavior patterns and other means of social support.

Viewing organized crime purely as an economic phenomenon has a long history as well. Donald Cressey's (1969:8) corporate model compares organized crime to any other economic enterprise. Similarly, Thomas Schelling (1971) argues that organized crime groups seek to maximize profit and reduce risk the way a large scale firm would operate, yet additionally use

violence to secure exclusive influence over a given market and actively engage in political corruption. More recently, Diego Gambetta (1993) assesses the dynamic between organized crime and the EU as a business exporting labor and money laundering services. Organized crime groups engage in a number of legal and illegal enterprises for generating money such as narcotics trade, human trafficking, and money laundering.

Finally, organized crime at its peak can be assessed through its political collusion where it slowly assimilates political process through clientelism. At the political level, these groups engage in corruption with the people who constitute political parties, politicians themselves, and other dimensions of the state such as judiciary members and law enforcement agencies. Mary McIntosh (1975) combines the social, economic and political aspects of organized crime into a three stage approach for understanding how it functions. The social sphere lies at the bottom and is the foundation upon which economic enterprises are built; then in the third stage organized crime enters into the political sphere. Each builds upon the next while consolidating more power in the lower spheres. During each of these stages, organized crime engages in both legal and illegal activities. The second and third stages can be viewed as part of a larger literature on corruption that focuses on economy and politics. While there is a degree of overlap between organized crime and corruption in general, organized crime has the added dimension or stage of social coercion through threats of violence, so it remains a distinct phenomenon.

Favorable Conditions for the Development of Organized Crime

Here I turn to establishing the basic conditions for organized crime to set up shop and develop. Again I examine the three key aspects identified above. The models used draw mainly from advanced liberal democratic regimes. These are useful for comparing partial democracies

because in many cases the postcommunist institutions are modeled after advanced liberal democracies.

Allum & Siebert (2003:4) argue that "organized crime gangs have mostly appeared and developed in situations of political upheaval, economic chaos, and/or social confusion". Further, they argue that there exists a paradoxical relationship between organized crime and democracy. While crime networks obfuscate democratic principles, defined below as competition and inclusiveness, they depend on this environment to function. "Once it has established itself, its natural habitat would appear to be one of democratic values and conditions" (Allum & Siebert 2003: 15).

Ercole Giap Parini (2003:147) examines the dual relationship of democracy and organized crime: "the Mafia is not simply something that affects or shapes different aspects of social and economic life, but is in turn something that is affected and shaped by them". His hypothesis states that the more engaged and vibrant the civil society are in a democratic system, the more organized crime groups are limited to mere criminality. Their ability to penetrate the social sphere is greatly determined by the behaviors and attitudes of the citizens. By his analysis, organized crime groups can function in a liberal market economy and do not need general control over civil or political spheres.

In sum, the basic conditions for organized crime groups to begin operating is a combination of social confusion, economic chaos, and political upheaval; in all three of these examples, the upheaval, chaos, and confusion establishes an environment in which the rules of the game have changed for the social and political elite. The political process during such a period does not have proper control of the state institutions for protecting itself or the citizenry against illicit activities, and reciprocally, it is not entirely clear what is illegal or what the consequences are of trespassing on presumed illegal activities. On the one hand, during such a

period, there is a need for protection. Organized crime groups can quickly fill this gap by replacing the security capabilities of the states. On the other hand, the crime groups can establish a shadow economy, meeting demand for goods and services at a time when the state struggles to regulate and establish a trajectory for economic restructuring.

Finally, in order to consolidate their power, organized crime groups rely on maintaining control over their market by asserting influence in the vulnerable civil, economic, or political spheres. Wyn Rees (2003:115) elaborates on these conditions found in liberal democracies:

"Liberal democracies experience two particular vulnerabilities. First, their political and economic systems are relatively open and are capable of being penetrated by covert criminal activities. The freedom enshrined within the economic system thus becomes a source of weakness. Second, the ability of democracies to combat criminal groups is severely constrained by their adherence to the rule of law. For instance, police forces must possess sufficient evidence to bring criminal charges against a suspect and they must have this evidence tested in court."

Defining Democracy and the Outcome of Democratization

Since 1989, the postcommunist states have had different political trajectories. Here I will explain how democracy is defined and how states are categorized today. Democracy itself is a hotly debated topic in the social sciences. Following Schumpeter (1947) and Dahl (1971), a number of authors have produced procedural minimum definitions of democracy. Doorenspleet (2005) and Levitsky & Way (2006) offer important but different procedural minimum definitions of democracy. Doorenspleet's (2005:15) "minimal" definition divides all states into democracies and nondemocratic regimes. To be classified as a democracy by his dichotomous, a state must simply include competition and inclusiveness: "*Democracy* is a type of political regime in which (1) there exist institutions and procedures through which citizens can express preferences about alternative policies at the national level, and there are institutional constraints on the exercise of power by the executive (*competition*); and (2) there exists inclusive suffrage or the right of participation in selecting national leaders and policies (*inclusiveness/participation*)". Nondemocratic

regimes lack one or the other component. Levitsky & Way (2005:5-6) call their definition "midrange" because they add to Dahl's procedural minimum a requirement for the "existence of a reasonably level playing field between incumbents and opposition". A state becomes undemocratic at the point where the incumbency manipulates state institutions to advantage and assure re-election. These distinctions are used further below when classifying postcommunist regimes.

States in the postcommunist world have been identified by a number of scholars as hybrid regimes, a term that refers to a state with combined features of one or another more traditional regime type, such as democracy or authoritarianism. Schedler (1998:92-93) notes that "borderline" cases in fact fall into a number of distinct "diminished subtype[s]"; he further illustrates the process of consolidation of four regime types: authoritarianism, electoral, liberal, and advanced democracies. Levitsky & Way (2002) add competitive authoritarianism to the list of stable regimes. Finally, Diamond (2002) summarizes the hybrid regimes and begins a classification of states under corresponding regime type.

In my analysis, I combine the assessments of regime type by these four authors and classify the postcommunist states into a number of partial democracies and hybrid regimes: hegemonic electoral authorities, competitive authoritarianism, ambiguous regimes, electoral democracies, liberal democracies, and advanced democracies (see Figure 2 below). There are important distinctions between each partial democracy and hybrid regime. To begin, Diamond (2002) explains that hegemonic electoral authorities are a type of authoritarian regime in which elections are merely a façade, and there exist so many restrictions and such repression against opposition that competition is not real. The outcome of elections in this regime type is certain in favor of the incumbency. These regimes are broadly recognized as nondemocracies.

Levitsky & Way (2006:5) make a substantial contribution towards understanding competitive authoritarian regimes. These are regimes where "formal democratic institutions are widely viewed as the primary means of gaining power, but in which fraud, civil liberties violations, and abuse of state and media resources so skew the playing field that the regime cannot be labeled democratic. Such regimes are *competitive*, in that democratic institutions are not a façade: opposition forces can use legal channels to seriously contest for (and occasionally win) power; but they are *authoritarian* in that opposition forces are handicapped by a highly uneven -- and even dangerous -- playing field. Competition is thus real but *unfair*". Their definition of competitive authoritarian makes a significant distinction from the minimal definition of democracy offered by Doorenspleet and others. Many regimes in this category meet the procedural minimum definitions of democracy, yet do not constitute democracy by Levitsky & Way. This regime type will be found to bear significant consequences on the levels of organized crime in Figure 2 below.

Electoral democracy, unlike electoral authoritarianism, is recognized as a borderline case to liberal democracy. Schedler (1998:92) argues that these states "possess some but not all of liberal democracy's essential features... this term is now generally used to describe a specific type of semidemocracy -- one that manages to hold more or less) inclusive, clean, and competitive elections but fails to uphold the political and civil freedoms essential for liberal democracy".

Finally, liberal democracy is a regime type that possesses all of the procedural minimal requirements plus protect a significant degree of civil liberties and advanced democracy is a regime that "presumptively possesses some positive traits over and above the minimal defining criteria of liberal democracy", managing to sustain itself over time (Schedler 1998:93). Schedler warns, however, that this term "risks idealizing and reifying the wealthy Western democracies" (93).

Today the regimes of the post communist world are understood as stable partial democracies or hybrid regimes, but it is important to understand how these states made the transition to their current regime type. There are two important periods of transition I present for assessing organized crime in the post communist world: the initial period of state collapse or breakdown and the period of consolidation. The breakdown period marks the first step towards establishing a new regime, and is characterized by dramatic change in the political structures demanded by internal and external pressures. The consolidation period is when the state solidifies its power base, and is characterized by the stabilization of existing structures through the efforts of elites or other factors such as civil society or external pressure.

There is a rift in the debate on causal mechanisms for the outcome of transition. Theorists on democratization have alternately emphasized human agency or structural components for determining the outcome of regime change.

Guillermo O'Donnell & Philippe Schmitter (1986) sought to establish a general theory of regime change and consolidation. Their work combines experiences from various transitional phases and concludes that actions taken at the moment of transition critically determine the trajectory of consolidation; the uncertainty associated with regime change produces sufficient disorder that ruling elites no longer know the rules of the game. Their transition paradigm suggests that all transition away from authoritarianism is in the direction towards democracy and that states could be monitored in their progress by evaluating the development or reform of certain institutions, with elections constituting primary evidence.

In the years following communism's collapse, a number of scholars have criticized the transition paradigm. Valerie Bunce (1998, 2002) argues that there is much more involved in determining the outcome of transition than just uncertainty, claiming that the transition paradigm neglects to consider the legacy of the communist past. She also argues that area-based

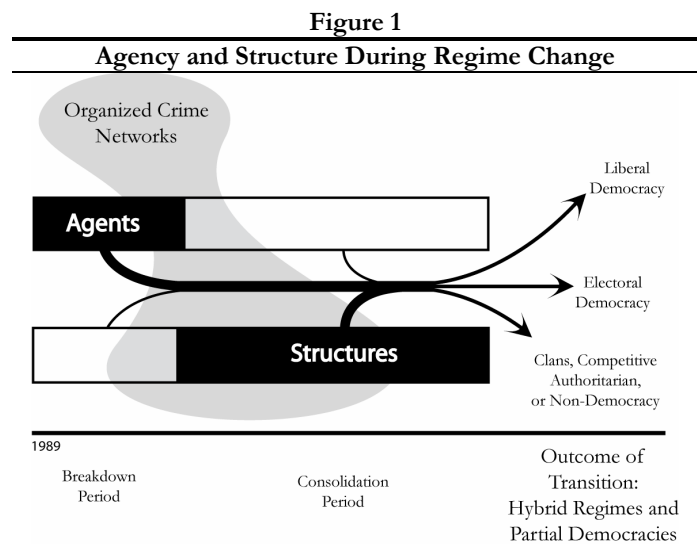
traditions play a vital role at the breakdown period; context, the role of the authoritarian past, the possibility for a return of socialism, pre-socialist past, and ethnicities and national identities prior to the breakup must all be considered (1998). Similarly, Milada Vachudova (2005) argues that opposition prior to breakdown is vital for political competition and the outcome of regime change.

Further, Schedler (1999), Diamond (2002), Collins (2004), and numerous others have argued that the transition paradigm insufficiently explains the prolonged regime types found in the postcommunist world today. Thomas Carothers (2002:20) stirred the debate even more in "The End of the Transition Paradigm" where he challenges its five core assumptions, teleological optimism, and contests its "technocratic ideal of rational sequences". Instead of assuming regimes are transforming towards democracy, we must conceptualize and theorize them as distinct regime types.

Doorenspleet (2005:115) analyzes regime change from a structural approach grounded primarily in "dependency" and the "world system role". His primary criticism of agency-centric approaches is that the future outcome of consolidation is not predictable, therefore the process cannot be summarized or simplified; such theorizing relies on region specific data or psychological data about the principal actors: "actions of and pacts among elites are means towards a transition to democracy, but whether they emerge or hold is linked to probabilities associated with the presence or absence of structural factors" (2005:7). Structures establish the space in which elites act by determining the capabilities, resources and available options to key actors.

The debate on transition suggests that the initial stage of regime change in the breakdown period particularly subject to human agency, for key actors ultimately set the agenda, and the consolidation period is particularly subject to structural components, because the

implementation of actor's decisions is limited by their environments. However, this does not suggest that either human agency or structures has primacy over the other at a given period. Rather, their relationship must be examined in parallel, with special emphasis applied at given periods for assessing the levels of organized crime. Figure 1 illustrates the method for assessing organized crime during regime change. The breakdown period establishes an environment of political chaos in which elites and criminal organizations alike may exercise agency and seize opportunities. The consolidation period establishes the structures in which both may act. The outcome of regime change includes a combination of agency- and structure-centric theories which allow us to examine influence of organized crime accordingly. Finally, this figure lends support to Williams & Godson's (2002:321) argument that the development of organized crime in transitioning states tends to "perpetuate the weakness of the state and hinder the prospects for a successful transformation to the rule of law and to a functioning vibrant democracy".



Comparing Regime Types and Levels of Organized Crime

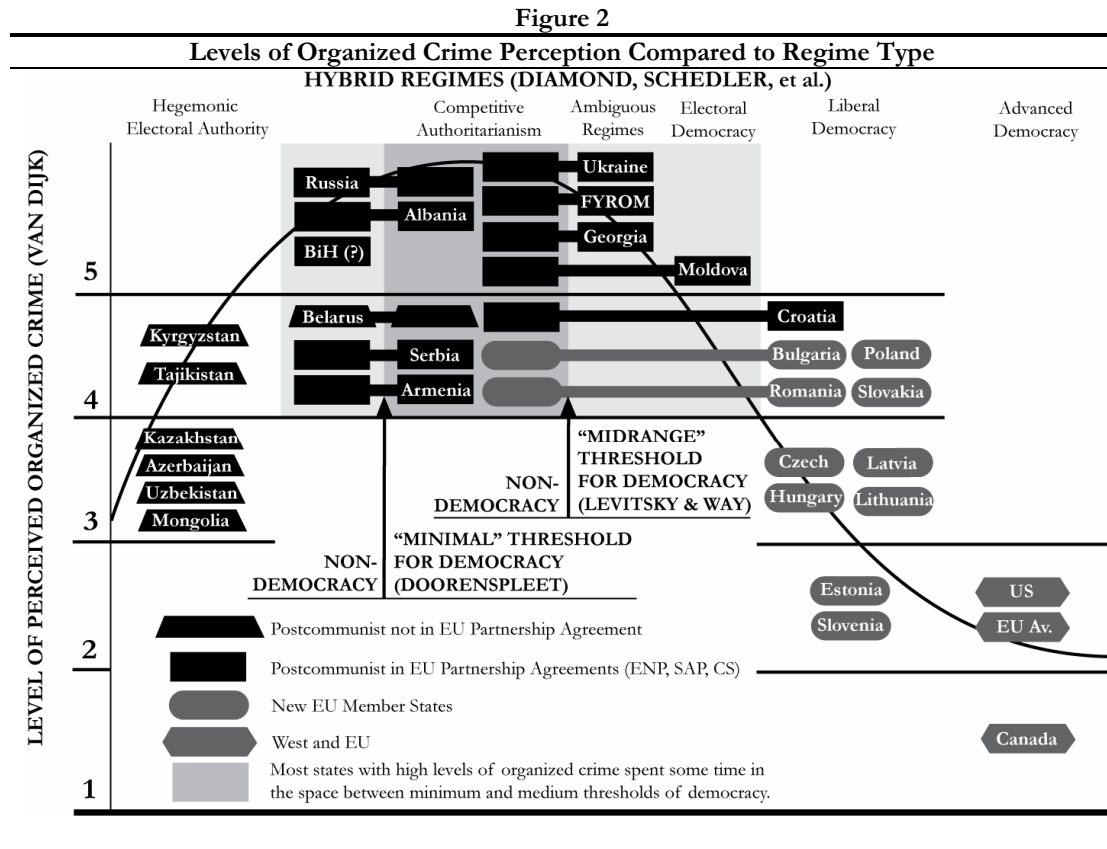
I now turn to classifying the postcommunist states according to their regime type and levels of organized crime in the given regimes. The index used to rank states according to their organized crime levels is developed by Jan Van Dijk (2007). His index is important for several reasons. Since the average household is not victimized by organized crime, household surveys are only

marginally useful. Van Dijk combines a number of cross-national indicators, corporate risk assessments, and surveys from international businesses. Such an index is also challenged by the inconsistency of cross-national definitions of what constitutes organized crime. The problem of a statistical exploration of organized crime has resulted in a composite of numerous cross-national data resulting in a measure of perceived prevalence (2007:2-3). Therefore the perceived organized crime index (POCI) does not measure actual levels of mafia or criminal activity, and must be used for drawing broad regional comparisons rather than state specific assessments (2007:5). However such an index is extremely useful because it is the only such index to make global comparisons of organized crime and shows clear regional trends that correspond to state specific case studies.

In Figure 2, I classify all postcommunist states except where data is insufficient, such as with Turkmenistan and Kosovo, along with the "West", to include the Canada, the US, and an average of the EU excluding postcommunist accessions. Each state is coded to signify its relationship to the EU.

Along the X-axis lies regime type, and along the Y-axis lies the POCI, with higher numbers representing more prevalently perceived organized crime. Additionally, I have added in the center of the graph the procedural minimum and midrange definitions of democracy as given above. Along the X-axis, some states have made transitions into other regime types, indicated by a bar between the shapes representing states. The space with the name is the most current classification found from one of the given authors, and the space without the name is a former classification given of 1995 by Levitsky & Way (2006:1). The transition away from the competitive authoritarian classification need not be precised by specific dates; what is important here is that the states with the highest ranking on the POCI have functioned at some point in the postcommunist past as competitive authoritarian regimes; specifically, they have existed as a

democracy between the procedural minimum given by Doorenspleet and procedural midrange given by Levitsky & Way. Further, as states change regime type away from the competitive authoritarian classification, levels of POC diminish, with Croatia, Bulgaria, and Romania being prime examples.



In this section I have established a correlative relationship between the stable partial democracies and hybrid regimes of the postcommunist world and their levels of perceived organized crime. Some of the world's highest levels of organized crime appear at the EU's eastern periphery in the states, especially in the states identified as competitive authoritarian regimes. In the next section, I turn to sorting out the mechanisms behind this development and attempt to explain why competitive authoritarian regimes have developed such high levels of organized crime.

IV. Mechanisms Behind the High Levels of Organized Crime

The result of the post-Cold War era is that the EU's eastern periphery has developed a number of stable partial democracies and hybrid regimes where organized crime has grown among the highest in the world. I now turn to explaining why organized crime has emerged so substantially in the postcommunist world during regime change. I identify three important mechanisms behind the political environments favorable to the development of organized crime: rule of law, the process of economic liberalization, and the relationship with civil society. Then I offer two case studies that show in greater detail the relationship between organized crime and the partial democracies and hybrid regimes.

Above I show that organized crime requires a set of basic conditions to set up shop, such as a combination of social confusion, economic chaos, and political upheaval, and to consolidate power it needs an established environment in which it may exert extortion over a vulnerable population, monopolize legal or illegal markets, and eventually collude with state institutions. The regime changes in the post communist world provided exactly these conditions. Here I examine in further detail the political conditions of the partial democracies and hybrid regimes to isolate key mechanisms behind the emerging power of criminal organizations.

The regimes in the postcommunist world have provided the best blend of weak democratic institutions for organized crime groups to develop and flourish. Sergei Plenkhanov (2003:74) observes that "organized crime in the post-communist countries is rooted in the massive societal upheavals which occurred in Russia and Eastern Europe in the last century,

when state-society relations in the region were repeatedly and violently destroyed and recast by wars, revolutions, and failed attempts to build a non-capitalist political-economic system".

Rule of Law

A transitioning state encounters a number of challenges the rule of law. The uncertainty associated with the breakdown period of regime change creates a political environment where both competition among elites and former institutions vie for legitimacy. The states' trouble enforcing rule of law creates an environment of legal uncertainty, which becomes a security question for protecting state and civil property. Frye (2004:455) argues that the transition is an opportunity for key actors to disregard legal decisions and undermine the process of establishing rule of law. Such legal uncertainty leaves many other institutions beyond the judiciary institutions vulnerable and challenges the state's capacity to protect legal decisions. As such, political elites and criminal organizations alike experience a free reign to establish and consolidate power with impunity.

Economic Liberalization

The implementation of economic liberalization as well presents a congenial political environment for the organized crime groups. Frye argues that commitments to market reforms increase the chance for consolidation of democratic institutions (2004:465). However, such a commitment poses a threat to elites, described by Adam Przeworski (1991:163) as the J-curve. He theorizes that growth in a developing state will follow a curve where output over time decreases, then, after reaching a desperate low, begins to increase. This curve is necessary for removing value subtractors since at the bottom of the curve the use of high cost inputs will be too expensive for a firm to make a profit. The curve indicates trouble if the dip occurs in the

middle of an election, when elites will face the threat of losing their popular mandate if the transitional costs are not mediated by either social security or political assurance that reform is working.

It follows that there are two consequences of economic liberalization that bear fruitful environments for organized crime groups. First, at the bottom of the J-curve, the economic trouble will be the worst, and crime itself will appear to be a more viable means of securing an income, especially when rule of law remains questionable. Second, where elites have chosen to make only partial commitments to economic liberalization, we can observe slower development of democratic principles plus the preservation or slow reform of monopolies, thus preserving the market for the shadow economy that sustains organized criminal activities.

Civil Society

Finally the relationship between civil society and the political environment has important consequences on the development of organized crime. In liberal democracies, civil society functions as a check and balance against the state. However, Marc Marjé Howard (2003:15) argues that across the postcommunist region, the "societal process in coping with the legacy of a long experience of living under a rigid communist system, while bitterly accepting the reality of a new political and economic order that many citizens already feel has let them down" has contributed across the region to a general weakness of civil society. The particular weakness found in individual states, he argues, can be measured in terms of degree, not in terms of kind.

A weak civil society is also a vulnerable civil society, permitting organized crime groups establish themselves as a form of civil society itself, albeit under duress by threat of violence. Allum & Siebert (2003:2) argue that these groups are an integral part of these countries' civil society, a presence there to control, to 'keep an eye' on 'everything' and 'everyone', so that they

can make money undisturbed; in some cases, they appear more efficient than the state, as an alternative state, which provides what the state is unable to provide -- jobs, protection, goods, and services". They gain their power by dominating and ruling over weak or vulnerable citizens.

Denny Pace (1991) argues that organized crime can change the social structure to the effect that it changes what is viewed as right and wrong, thus establishing a permissive society. The cultural mores, social acceptance of criminal behavior, entropic processes within society, and existing permissive attitudes are all exploited by the relationship between organized crime and civil society. In this way, the criminal activity can shape both the civil and political environment, making both reluctant to resist or prosecute.

Empirical Data from Postcommunist Hybrid Regimes

In this section I provide empirical data supporting my argument that postcommunist hybrid regimes have higher levels of organized crime because of weak rule of law, partial economic liberalization, and weak civil society. This data includes indexes measuring the effectiveness of democratic institutions over time and two case studies that illustrate the rise of organized crime through political transition in a number of competitive authoritarian regimes.

The data collected from indexes (see Appendix 1) broadly represents the political development of each postcommunist state. Unfortunately there is very little data in all three categories for the years immediately following regime change. In general, the most useful indexes on postcommunist political environments begin around 1997 or 1999 and continue to the present. The existing data allows us to draw useful conclusions on the recent developments and trajectories of postcommunist regimes. However, most useful would have been data covering the early years of transition, especially data covering the levels of organized crime just prior to and immediately following regime change.

In Figure 3 below, I draw some conclusions on the empirical data provided in Appendix 1. I show levels of organized crime follow four distinct trends in political development. Although many of these states bear the highest absolute levels of organized crime and levels on other indicators, these attributes are described by comparisons relative to other postcommunist regimes in order to draw meaningful comparisons. Organized crime is described as either high or low while the political environments is described as low, medium, or high.

The low levels of organized crime include in two separate clusters the states classified as liberal democracy or the states classified as authoritarian. These show opposite trends in the political environment. The high levels include also include two clusters, the states classified as stable competitive authoritarian or the states displaying change from competitive authoritarian to another regime type or the ambiguous regimes. Each of the four divisions shows different trends in the political indicators.

Figure 3
Trends of State Capacity Clustered by OC Level and Regime Type (Source, Appendix 1)

1. High OC & Comp Auth	2. High OC & Ambiguous/Changing
1. Medium economic liberalization	1. Medium economic liberalization
2. Medium-low rule of law, decreasing	2. Medium-low rule of law, decreasing
3. Medium-low FH scores	3. Medium-high FH scores
3. Low OC & Lib Dem	4. Low OC & Authoritarian
1. High economic liberalization	1. Low economic liberalization
2. High rule of law, increasing	2. Low rule of law, wavering
3. High FH scores, increasing over time	3. Low FH scores

In these four categories, it is clear that the general political conditions of the postcommunist regimes bear significant influence on the level of organized crime. Here I examine in greater detail the political conditions found in the competitive authoritarianism in order to explain why this stable regime type bears the highest levels of organized crime.

Levitsky & Way (2006) argue that the rise of Competitive Authoritarian regimes is largely a post-Cold War phenomenon and has produced a new environment of international relations (10). One shift in the West has been a "foreign policy in favor of democracy promotion" and a

"combination of external assistance, military and diplomatic pressure, and unprecedented political conditionality" (10). As a result, "many autocrats adopted formal democratic institutions" to appear more favorably to western assistance by adopting "the formal architecture of liberal democracy, particularly multiparty elections" (11). Levitsky & Way also argue that a "domestic push" is required for democratization to proceed, and that states lacking "strong civil society, effective political institutions, and a rule of law...[are] much more likely to give rise to regimes that combine multiparty elections with various degrees of electoral manipulation, repression, and incumbent abuse" (2006:12).

They continue to argue that the relative weight of international or domestic factors "varies across countries and regions" (2006:15). The international leverage and linkage can be determined by a combination of factors: direct democracy promotion by Western states, multilateral conditionality, democracy assistance, transnational advocacy networks, and diffusion (2006:16). As such, the Competitive Authoritarian regimes are less vulnerable to international pressure to uphold democratic institutions and Western leverage and linkage remains low, but present.

The weak democratic institutions found in Competitive Authoritarian regimes have been exploited and perhaps perpetuated by organized crime groups. In the social sphere, the criminal groups emerged to fill the power vacuum of a weak state and need of society for protection and other services. In the Economic sphere, disruption of the command economy established a market for a shadow economy both in licit and illicit goods and extortion. In the political sphere, they inherited deep networks of corruption, which made collusion by organized crime groups easy and mutually beneficial as politicians could trade services for support. Combined, these affect the strength of civil society, rule of law, founding principles of liberal democracy.

Case Studies

Here I describe two case studies to explain the emergence of high levels of organized crime with the development of competitive authoritarian regimes. The first study concerns the relationship between competitive authoritarian regimes and the EU. The second study concerns the context of post war development in the Balkans.

The relationship between competitive authoritarianism and organized crime is supported by an examination of the criminal networks and political response in three countries, Bulgaria and Romania, and Russia. Bulgaria and Romania have made a transition from a more authoritarian to a more liberal regime and have reduced levels of organized crime while Russia has remained authoritarian with high absolute levels of organized crime (see Figure 2). Bulgaria and Romania follow the trends of Box 3 in Figure 3, with gradually entrenched democratic institutions, while Russia follows the trends of Box 1 Figure 3, with consolidated competitive authoritarianism and high levels of organized crime.

Competitive Authoritarian Regimes and the EU

When compared to other regimes defined as competitive authoritarian, Bulgaria and Romania are a special case due to their special relationship with the EU. Their organized crime levels are among the highest in the EU. The EU has made reduction of corruption and organized crime a condition for accession and their slow response delayed accession to 2007. Recently they have received warnings for failing to sufficiently treat the problem. The Economist reports on 9 August 2007 "in June, the European Commission, under pressure from its Bulgarian and Romanian members, softened a report chastising both governments for doing too little to tackle corruption and organized crime. But if more progress is not made in a year's time, the pair may face sanctions". The report even singled out Bulgaria since contract killings have continued in

the capital and "despite efforts to clean up the prosecution service, not a single suspect in a contract killing has been convicted. Worse, the government has stopped trying".

Russia, meanwhile, has maintained a very different relationship with the EU and has seen its levels of organized crime soar in the postcommunist era. Federico Varese argues that the Russian Mafia rose to power through Russia's economic transformation. Originally a prison gang in the Gulags, the Vory v Zakone formed governance over the liberal market principles being quickly adopted by Russia (1994:226). Varese argues that the post-soviet Russian state was incapable of enforcing court decisions, so people were compelled to enforce the decisions themselves (1994). His interviews reveal the people connected to the nomenklatura were able to use the state to settle disputes since they were sufficiently protected, yet people not connected and new entrants to the system were likely to rely on extra legal governance and services provided by the Vory, and were likely to be racketeered, analogous to the fate of Sicily (1994:243). In this way Russia's organized crime groups propped up the authoritarian regime in the early years of transition and have consolidated power in the absence of democratic reform.

Competitive Authoritarian Regimes in the Western Balkans

The Western Balkans are a special case as well due to the effect of war on state capacity and regime changes. Yet these states follow many patterns as other postcommunist regimes: ailing state-run economies in the 1980's with the emergence of black markets and widespread political corruption, then massive social disruption and regime change, then an imported western liberal economy, and in many cases the consolidation of partial democracies including competitive authoritarian regimes. The Western Balkans has experienced even more extreme levels of these disturbances than in other postcommunist states. Indeed, as well the organized crime networks

in the Western Balkans have risen sharply in the postcommunist era, consolidated through thriving black markets and international networks.

For the Western Balkans, I discuss two instances of organized crime: 1) the Albanian mafia and its coordination with the Italian mafia; 2) the mafia networks that developed out of the war in the former Yugoslavia in Serbia, Macedonia, and again Albania.

According to Gus Xhudo (1996), the Albanian mafia evolved out of a combination existing ties to Italian mafias, Serbian aggression in Kosovo, and Albania's state collapse in the early 1990's. Albanian émigrés developed networks with Italian employers in the tri-state area and gained substantial exposure to the existing mafia activities. The "Pizza Connection" drug bust forced Italian mafias to reorganize their drug trafficking routes, a role the Albanians were quick to fill (1996:2). The emerging Albanian mafia inherited a code of honor and clan system that dates to the Ottoman era, known as the Canun of Lek Dukagjeni, in which clan and family members must respect an order of respect and loyalty (1996:6). Additionally, Slobodan Milosevic's aggression in Kosovo triggered an nascent Albanian national identity, and the Serb crackdown on Kosovo has the unfortunate consequence of both forcing Kosovo's legal economy underground, adding to the existing black market, and convincing Kosovars to organize networks of armed resistance, support for which they drew upon their Albanian neighbors who had been developing their own networks in Albania and Abroad. The partnership between Albanians and Kosovars only increased as Albania itself faced state collapse (1996:3-4).

We can see from Gus's assessment that the Albanian mafia had exactly all three of the basic requirements for organized crime to set up shop. The social sphere was turned upside down by the new order brought on by state collapse and Milosevic's aggression in Kosovo, a growing illegal market expanded the possible economic opportunities for the existing criminal

networks, especially with the rise in drug trafficking, and finally the criminal organizations managed to consolidate political power during the state collapse. Finally, partnership with Italian mafias solidified the role of Albania's organized crime groups.

The successive wars in the Western Balkans gave rise to even more opportunities for the Albanian mafias as well as many other organized crime groups. 60% of trafficked heroin traveled through Yugoslavia; during the wars, most of this trade was move to Albania (Xhudo 1996: 6). Elena Gadjanova (2006) assesses the presence of corruption and organized crime throughout the Western Balkans. She notes that the Albanian mafia has consolidated drug and human trafficking routes in to Europe, and widespread "official corruption is seen as a major factor allowing the operation of trafficking" (2006:57), illustrating that the Albanian mafia has managed to penetrate all three levels of state capacity, beginning with social, economic, and including political collusion. "The Albanian interior minister in 2003 admitted in 2003 that authorities knew of police and political leaders who were directly involved or maintain links with organized crime groups (2006:58). The widespread perceived corruption has only further delegitimized political actors and implicated civil society groups, viewed as being too close to the corrupt officials (2006:58).

Gadjanova further cites the war as a source for the criminal groups to gain markets through smuggling activities across borders, especially in arms, and such organized crime groups are particularly widespread in Serbia (2006:188). Again a scandal arose in 2003 when the Serbian organized crime groups assassinated Prime Minister Zoran Djindjic, which "stalled the democratic processes in the country, triggered a process which saw the return of the radicals to power, and culminated in renewed ethnic tensions" (2006:188). The wars established networks for smuggling and trafficking that have persisted across borders throughout the Western Balkans.

Alternative Explanations

The empirical data illustrating the relationship between regime type and level of organized crime is limited by the secrecy of illegal organizations. The best possible data would be a combination of interviews with the mafia elite as well as statistical information recording the economic impact of their activities. In both of these cases we can make speculations based on either information delivered by informants or inferred from periodic black market seizures as indicated in the case studies.

An alternative explanation to my analysis might rely more heavily on the role of human agency, instead of the political structures set up in my research. As such the primary actors can be explained to take advantage of the opportunities widely available during economic transition. In this case the rise of organized crime might be explained by a coincidental concentration of opportunistic criminal organizations whose cross border activities became facilitated by the general political upheaval sweeping across the region. Additionally the rise in globalization increases the opportunities for principle criminal actors to network on an unprecedented scale while the criminal organizations follow rising trend towards wider international markets.

My research establishes a number of points for further research. Specifically, to what extent does this unprecedented rise in native organized crime groups in the postcommunist region threaten globalization and advanced liberal democracies with currently low levels of organized? (Consider an analogy to one group, the Sicilian Mafia, and its presence in New York).

Another point of departure includes case specific developments of very high levels of organized crime and the relationship with past legacies of corruption, future trajectories of democracy consolidation, and the ability of civil society to flourish. To what degree do

organized crime groups prevent the development of more liberal states in the postcommunist world or, inversely, to what degree will organized crime prop up the competitive authoritarian regimes and contribute to their consolidation as a partial democracy? Further, what will happen with the ambiguous or changing cases? Having established a strong foothold, will the criminal groups find new ways to preserve markets as states develop more or less democratic institutions?

Finally, how significant is the role of international linkage and leverage on the ability of states to reduce their levels of organized crime? Can Bulgaria's or Romania's levels be attributed to international factors or has domestic pressure held primacy? Also, to what extent is the West culpable for these recent trends? Although domestic factors clearly play a significant role, the west holds a significant degree of responsibility for shaping its periphery and for the ensuing environment, even if that responsibility was not actively pursued.

V. Conclusions

My research has discussed the emergence of organized crime in the postcommunist world. I show that the political environment found in partial democracies, especially competitive authoritarian regimes, offer near ideal conditions for organized crime groups to set up shop and flourish. I show that organized crime can even have an effect on the outcome of regime change since it can alter key structures that shape the state. Three important political conditions for organized crime have been identified as weak rule of law, partial economic liberalization, and weak civil society.

Combined with rising levels of organized crime, these conditions threaten the consolidation of liberal democracy. Its parasitic nature ensures weak state capacity in order to operate with impunity and operate through overt means such as coercion and violence. These findings are significant because they show how partial or incomplete democratic transition can have profound unintended consequences on regional development and international political and economic integration.

My research sets the foundation for and raises some important questions for further research. What is the relationship between transnational organized crime and regional political development? And to what extent does organized crime challenge the democratic institutions of more liberal or advanced democracies? Globalization and trends in emigration patterns will continue to amplify the importance of these questions.

Appendix 1
Regime Types with Social, Economic, and Political Indicators

Regime type	Country	Organized Crime Index 1997-2003	Economic Liberalization Index 1989-1997	Rule of Law Rank 1996 2005		Freedom House Index						FH Democracy Score	
						1991		1997		2005		1999	2005
						PR	CL	PR	CL	PR	CL		
Liberal Democracy	Czech Rep	3	0.72	78.1	73.8	1	2	1	2	1	1	2.08	2.29
	Estonia	2	0.84	65.7	77.6	2	3	1	2	1	1	2.25	1.96
	Hungary	3	0.75	78.6	71.9	2	2	1	2	1	1	1.88	1.96
	Latvia	3	0.72	58.6	62.4	2	3	2	2	1	1	2.29	2.14
	Lithuania	3	0.79	62.4	62.9	2	3	1	2	1	1	2.29	2.21
	Poland	4	0.78	70.5	60.0	2	2	1	2	1	1	1.58	2.00
	Slovakia	4	0.75	59.5	61.9	3	4	2	4	1	1	2.71	2.00
	Slovenia	2	0.75	80.0	75.7	2	3	1	2	1	1	1.88	1.68
Ambiguous/ Changing Regimes	Bulgaria	4	0.55	52.9	50.0	2	3	2	3	1	2	3.58	3.18
	Croatia	4	0.72	32.9	54.8	3	4	4	4	2	2	4.46	3.75
	Moldova	5	0.56	53.3	36.2	5	4	3	4	3	4	4.25	5.07
	Ukraine	5	0.34	34.8	37.1	3	3	3	4	3	2	4.63	4.50
	Georgia	5	0.44	22.4	28.6	6	5	4	4	3	3	4.17	4.96
	Macedonia	5	0.70	50.5	44.3	3	4	4	3	3	3	3.83	3.89
	Romania	4	0.46	51.0	46.2	5	5	2	3	2	2	3.54	3.39
Competitive Authoritarian	Albania	5	0.46	52.4	24.3	7	7	7	7	5	5	4.75	4.04
	Armenia	4	0.50	36.7	40.5	5	5	5	4	5	4	4.79	5.18
	Belarus	5	0.37	18.1	12.4	4	4	6	6	7	6	6.25	6.64
	Bosnia	5	n/a	54.8	33.8	6	6	5	5	4	3	5.42	4.18
	Serbia	4	n/a	15.7	22.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.75
	Russia	5	0.63	24.8	20.0	3	3	3	4	6	5	4.58	5.61
Hegemonic Electoral Authority	Azerbaijan	3	0.38	17.6	23.8	5	5	6	5	6	5	5.58	5.86
	Kazakhstan	3	0.48	22.9	26.2	5	4	6	5	6	5	5.50	6.29
	Kyrgyzstan	4	0.67	29.5	13.8	5	4	4	4	5	4	5.08	5.64
	Mongolia	3	0.45	55.7	46.7	2	3	2	3	2	2	n/a	n/a
	Tajikistan	4	0.31	3.3	15.7	3	3	7	7	6	5	5.75	5.79
	Turkmenistan	n/a	0.20	10.5	4.8	6	5	7	7	7	7	6.75	6.93
	Uzbekistan	3	0.41	15.2	6.2	6	5	7	7	7	7	6.38	6.43

Organized crime Index: Van Dijk, Jan (2007)

Economic Liberalization Index: De Melo, et al (1996)

Rule of Law Rank: World Bank (1996, 2005)

Freedom House Index: Freedom House (1991, 1997, 2005)

FH Democracy Score: Freedom House (1999, 2005)

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