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Management from NOVA – School of Business and Economics

**"MARKET EXPANSION AND THE CO-OPETITION OF CRIMINAL
ORGANIZATIONS IN ITALY".**

FILIPPO GALLI, 1192.

A project carried out on the Strategy course, under the supervision of:

Professor Guido Maretto.

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Abstract.

A mafia modernization process will be addressed. That is the process by which the expansion growth into new territories coincided with a shift of objectives and interests of the mafia itself, which turned from being "traditional" to "entrepreneurial." Beside that we will examine the strategies adopted by the criminal organizations in order to successfully face the legal market and maintain at the same time a deep control over their home-regions.

Keywords

Organized Crime

Competition

Cooperation

Legal Markets

Introduction.

Criminal organizations (from now on COs) are a global phenomenon.

Considering the European picture: In addition to Italy, the most affected countries by the criminal organizations are Spain, Germany, Netherlands, Albania, Greece and France. In Germany, an 2007 investigation, has revealed the Germans an ignored truth but that was under the everyone eyes. Namely that the Duisburg massacre of mid-August 2007, (the last act of the San Luca feud that saw six members of an 'Ndrina dying) it was not an accident and it did not regard only Italian affairs. A report by the Bundesnachrichtendienst, the German secret service, pointed out in 2006 that the 'Ndrangheta had done a quantum leap by purchasing blocks of shares in Gazprom and other energy companies. Three years later, in 2009, the federal police stated that in Germany there were at least 230 'Ndrine with 1800 affiliates¹.

Shifting our attention toward a global context: The countries characterized by the highest mafia presence are Canada and Colombia, followed by Australia, Venezuela, China and Morocco². Given this broad picture, the real problem is that, technically, the Mafia does not exist in the European States legal codes. The crime of Mafia criminal conspiracy exists only in Italy, and it was introduced in 1982. Abroad, belonging to a gang or being part of a recognized gang, is not a crime. "Organized crime is progressing and we are blind," he summed up in April 2012 the police commissioner Jean-Francois Gayraud in front of the European anti-Mafia commission. However something is developing. National Anti-Mafia Directorate is increasingly used as a model by the foreign police. In this light the Special Committee on Organized Crime (from now on OC), Corruption and Money Laundering (CRIM) was set up in March 2012 further to the adoption, on 25 October 2011, of the European Parliament resolution on organized crime¹.

What we are going to focus on along the thesis, is the answer to the question "how do criminal organizations expand both geographically and in terms of their activities"?

We will discuss how the organizations' motives for expansion shift between necessity and profit seeking." In fact as we will see, the criminal organizations have gradually adopted an entrepreneurial spirit devoted to the profit.

¹ Giovanni Tizian e Fabio Tonacci. 2013. "*EuroNdrangheta*".

² Progetto PON sicurezza. 2007-2013. "Gli investimenti delle mafie."

Methodology analysis:

There is a vast body of books and media pieces on the topic of OC. Therefore I tried to organize my research on four different levels. I initially deepened my knowledge about the topic by going through different texts in order to see how the economic literature broadly addressed and explained the issue. Realizing that there is plenty available data for Italy, I chose it as the perfect case study. Thereafter I based my research on referring to the data provided by the Italian National Operational Plan about the organized crime. Since my thesis is based on Italian criminal organizations, this source has provided me with important data to support my conclusions. In particular, data such as the Mafia Presence Index (IPM) and each business profitability have been very relevant data. During the third research phase, I have reviewed many articles and testimonies of journalists, politicians and experts on the subject. This phase was crucial in the search for actually occurred cases that could make my research exemplify. Finally, I used the acquired knowledge on the topic stemming from the several lectures, in order to have sharper questions for the face to face interviews I carried out with two anti-mafia district attorneys in Milan. I had the opportunity to interview Francesco Greco, magistrate and expert about economic crime, and Paolo Storari as the first organized crime magistrate.

Along this first part we will focus on defining what constitutes the criminal organizations and where they are concentrated within the Italian territory.

Literature review

The core business of organized crime is the supply of illegal goods and services. More specifically, **Cressey (1967)** suggests that "the differences between ordinary illegal firms and organized crime is that the former specializes in activities for which there is an autonomous demand, while the latter more often undertake purely predatory activities". From his part **Schelling (1971)** points out that the core business of organized crime is to impose its protection to other legal and illegal firms under the threat of violence. Furthermore the **Buchanan (1973)**' basic assumption is that organized crime strives to control, directly or indirectly, the allocation of resources within the illegal markets. In such a role it operates approximately as a monopolist whose interest is to block entry of new competitors and to limit output. In this light, Schelling points out four main conditions for organized crime to develop. The first feature of such markets is that victimized firms must reveal a basic need for

protection. Second, victims should find hiding difficult. Third, organized crime tend to establish activities such as extortion on firms whose profits are easily observable. Fourth, organized crime typically succeeds in becoming a governance structure when the victims of ex are represented by small firms. The same concept is covered by **Pino Arlacchi (2007. *Mafia imprenditrice*)** and **Ivan Lo Bello (2011. *Mafia e mercato*)**. With this regard, Paolo Storari precises that often both illegal and legal firms call for organized crime intervention to provide the several facilities to stay in business (for example, deter the competitors to enter or exploit their wide network or requesting easy and immediate loans). **Francesco Calderoni 2011** and the **PON**, represent important source since their overview of the Italian situation together with the organized crime. Through his article (The Economic Consequences of Organized Crime: Evidence from Southern Italy) **Paolo Pinotti** highlights the deep infrastructures and legislative gap between the North and the South (where the organized crime is totally established). **Roberto Saviano (Gomorra, 2012)** not only supports this thesis, but also states how a social undeveloped context is what the organized crime need to establish a total territorial control.

Legal context.

In order to understand the phenomenon mafia, we need to define it within its legal context. In Italian law, criminal organizations are dealt with by Article 416 of the Constitution.

Article 416. Criminal associations.

When three or more 'persons conspire in order to commit more' crimes, those who promote or constitute or organize the association are liable for this' only, with imprisonment from three to seven years. By the mere fact of participating in the association, punishment and 'imprisonment from one to five years. The heads are subject to the same penalty of the promoters. The sentence increased if the number of members is ten or more.

Article 416 bis. Mafia-based association

Anyone who is part of mafia-type association which is formed by three or more 'people, will be punished ' with imprisonment from three to six years. Those who promote, manage or organize the association are liable, with imprisonment from four to nine years. The association is considerable as "mafiosa" when its members make use of both its intimidation power and the condition of subjection and omerta' in order to commit crimes, to acquire directly or indirectly the management or control of economic activities, concessions, authorizations,

contracts and public services. The same consideration for the association will be adopted if it will use intimidation in order to make unjust profits or advantages for themselves or for others or with the purpose of preventing or impeding the free exercise of voting or to procure votes for itself or for others along the elections period. (...) If the economic activities ' the association intends to take or maintain control in, are financed in whole or in part with the price, product, or profit stemming from offenses, the penalties prescribed in the preceding paragraphs shall be increased by a third to a half. A necessary sanction is the confiscation against the convicted of the means that were used or were intended to commit the offense and the things which are the price, the product, or profit that results from it. Necessary is also the decay of all rights to police licenses, commerce, the concessions of public waters and the rights attached to them as well the entries in the contactors' registers of public works or supply of which he/she was holder.

Mafia In Italy.

These are the three major organizations along the Italian territory³:

'Ndrangheta.

"Today the 'Ndrangheta is the most robust and deep-rooted organization, spread throughout Calabria and branched out into all Centre-North region, in Europe and in other foreign countries which are crucial for trafficking routes»⁴.

The 'Ndrangheta is an Italian criminal organization original of Calabria, characterized by a deep mafia nature. Today, the 'Ndrangheta is considered among the most dangerous criminal organizations in the world, with numerous branches abroad (from Canada to Australia). Within Calabria, the 'Ndrangheta plays a profound social conditioning which is founded both on the fired arms power, than on the strong economic role they currently achieved through the money laundering. Its main activity are drug trafficking, followed by procurement participations, conditioning of the electoral vote, extortion, usury, arms trafficking, gambling, human trafficking. According to the report EURISPES 2008 the 'Ndrangheta has a turnover of 44 billion Euros per year. (2,9% of PIL).

³ The fourth is SCU (Sacra Corona Unita), discussed in the appendix.

⁴ Francesco Forgione, president of parliamentary commission anti-mafia.

Cosa Nostra

*"Cosa Nostra is one hand against the state and on the other it is with the State and inside it, through external relations with its representatives in society and in the institutions."*⁵

The expression Cosa Nostra (more commonly Sicilian Mafia) is used to indicate a criminal - terrorist mafia presents in Sicily since the early nineteenth century and then turned into an international organization. In 2006, the arrest of Bernardo Provenzano (a fugitive for 43 years) has damaged a lot the organization. Even economically Cosa Nostra has been downsized, this also due to the simultaneous increasing power of the 'Ndrangheta, which has taken control and the dominance of the international drug trafficking .

Camorra.

"Within camorra's system murder is necessary, it is like a payment to the bank, like buying a dealership, like interrupting a friendship".⁶

With the term Camorra, we are referring to the set of the organized criminal activities, with particular influence in Campania, both on the national and at international level, which began to develop in the Naples area around the seventeenth century. Its power, enables the organizations to control the most important local economic activities, especially in the province of Naples. Today, the Camorra has thousands of affiliates, divided into more than 200 active families all over the area. Have been reported settlements of the Camorra also abroad, such as in the Netherlands, Spain, Portugal, Romania, France, Dominican republic, Brasil , Germany, Poland , Russia and Albania.

Where is Mafia in Italy?

According to the " PON" data, the presence of OC is noticeable in almost all the regions that comprise the Italian territory, with rare exceptions. It may also be noted that the areas with higher mafia presence concentration are limited and well concentrated. They are represented by the southern regions, fully characterized by a highly traditional mafia presence. For instance, the high values of southern Sicily correspond to the original areas of the *Cosa Nostra*, Naples and Caserta are directly attributable to the *Camorra*, while the southern Calabria to the *'Ndrangheta*. Despite the strong presence in the south, an important presence

⁵ Pietro Grasso, National anti-mafia DA.

⁶ Roberto Saviano, Gomorra.

of organized crime is also detectable in the center and north, as we are going to analyze in the following paragraphs⁷.

We can Generally identify the almost exclusive presence of the 'Ndrangheta in Piemonte and Valle d'Aosta, while the Camorra is playing a leading role in many areas of the center and south. Furthermore, the simultaneous presence of different types of mafia organizations (some areas also have four or five different types of organizations) is a frequent phenomenon in the center and north. (Lazio, Umbria, Emilia Romagna and Liguria, especially in Rome, Milan and Florence).

Organized Crime and Illegal Markets

- Firearms illicit trafficking;
- Drugs;
- Forgery;
- Gambling;
- Illegal waste trafficking;
- Illicit Tobacco trafficking;
- Usury;
- Extortion.

Several strategies have been used in order estimate the economic effects that these activities carried out by criminal organizations, have on the economy both nationally and internationally, in terms of costs and crime's profits. The method *follow the money* was most recently added to the traditional strategies, and it is mainly based on a cash flow analysis. This methodical evolution is the direct result of the awareness that organized crime is now mainly motivated by the logic of profit and management' power⁸.

Organized Crime and legal Markets.

Which are the main motivations that lead organized crime in investing in legal markets?

Legal activities conducted by the mafia criminal organizations meet different needs and it is possible to identify various reasons why they deliberately invest in certain legal markets:

- *reasons for concealment of criminal activities*

The investment of money in legal markets can be firstly addressed to conceal the

⁷ See appendix 1 – IPM, Mafia's Presence Index - See appendix 2 - *Combined presence of the main criminal organization on the Italian's territory.*

⁸ Progetto PON sicurezza. 2007-2013. "Gli investimenti delle mafie."

proceeds of criminal activity through recycling⁹. Furthermore the mafia criminal organizations often make legitimate "companies" as the operational headquarters for different illegal activities at the same time.

- *Economic reasons (e.g. profit)*

The choice of entering into a particular business can be also a direct result of the willingness to enjoy its profitability. If, as before mentioned, legal companies often conceal illegal activities simultaneously active, exploitation activities as a guarantee of an high economic return. The profitability of these businesses is often attributable to the direct vicinity of the gangs, rather than to particular entrepreneurial skills of the criminals who are running them: typical pipelines are in fact represented by the direct discouragement of competition, tax evasion, substantial irregularities around work' conditions and direct connections with political and economic institutions.

- *Social reasons (Social consensus)*

Actions such as creating new jobs providing the local population with an outcome, are essential to generate consensus and hence to the direct survival of the mafia crime syndicates. In fact by infiltrating into the legal economy, the criminal entrepreneur does have consequently the ability to establish and strengthen a network with other entrepreneurs, administrators and local politicians, and therefore creating a favorable and profitable image.

When the main mafia's aim is the maximization of social consensus through the legitimate sectors' infiltration, the choice of the sector heavily depends on the ease whereby the mafia organization is able to offer jobs. The sectors commonly victims of the infiltration are therefore those that do not require high levels of specialization and are labor-intensive, so that they can facilitate the direct recruitment of workers close to the organization.

- *Strategic reasons (Territory's control)*

Criminal organization impose the territory's control both by increasing their influence in traditional mafia presence areas, both extending it towards new possibilities. However Territory's control is closely correlated with the social consensus which has been

⁹ E.g. financial statement falsification which allows the mafia criminal organizations to justify those proceeds directly arising from illegal activities).

previously discussed. Examples of industries within these strategically reasons, may be retail and tourism. Even the field of public procurement would encourage criminal organizations since they would be able to offer or deny employment to certain undertakings, and consequently control some sectors of the legal economy.

- *Cultural and personal reasons.*

The entrepreneur "mafioso" may prefer traditional mafia presence markets or being aimed towards activities related to personal interest. This type of motivation can bring criminal organizations to invest in traditional sectors such as agriculture and construction. These particular activities would also guarantee visibility to the criminal entrepreneur, who may invest in assets that provide social prestige, such as restaurants, hotels and nightclubs.

However, the reasons just described are not mutually exclusive, but they can quietly occur simultaneously within an investing decision¹⁰.

Regarding the particular sectors which these motivations lead to invest in, it is crucial to clarify that every motivation is correlated with a different sector. If the predominant objective is the criminal activity' concealment, it is likely that the criminal organization prefers to steer investments towards areas predominantly characterized by corporate regulations which promote recycling. Therefore emerging sectors, lightly regulated, or whose law is constantly evolving for, will be favorites to sectors characterized by strong regulation. For the same reason, the COs would more frequently settle in limited size companies, so that they would minimize the disclosure of corporate information and consequently the risk to be reached by fiscal controls. In addition, the criminal entrepreneur does not aim towards the company's growth, but on the other hand he has, as its objective, the continuous investments diversification, by investing the new profits in new several sector. The choice about which illegal activities have to be undertaken is basically characterized by two factors: higher profitability and greater economic guarantees¹¹. The seizure orders against organized crime, have shown how criminal organizations have a preference towards investment in land, buildings and apartments rather than stocks and securities. In particular, the mafia associations are interested in investing in so-called "protected" sectors, i.e. those in which the public administration regulates the entry by requiring permits or concessions, thus

¹⁰ Progetto PON sicurezza. 2007-2013. "Gli investimenti delle mafie."

¹¹ Arlacchi Pino. 2007 "Mafia Imprenditrice" – Il Mulino, Bologna.

reducing the competition. Indeed the strength of mafia intimidation is more effective in monopolistic or oligopolistic markets, where the number of competitors is limited and therefore violence and intimidation can be easily exploited in order to eliminate competition. Even outside of protected sectors, criminal associations still prefer areas where the business risk is moderate, i.e. those sectors where competition, particularly internationally, is limited (e.g. distribution, and construction). Finally, criminal organizations find high profits in those sectors which do not require any special skills or professional technological innovation. They will secure high profitability since they do not require large outlays for research and development. In particular, they find that such intervention can be observed in markets with low barriers to entry both in terms of sunk capital and product differentiation¹².

Criminal organization' investments in companies

Why criminal associations have turned from being traditional to entrepreneurial?

One explanation may lie in the fact that the offer of traditional protection is no longer sufficient to effectively control the territory, so that after the war the mafia organizations started to consider political / business fields. In this light what was firstly called "Pizzo", directly became a share of the profits. The second reason is surely that criminal organizations used companies both as concealment of illicit income and expenses, and as a vehicle to make harder the identification of the real beneficiary behind the companies.¹¹

The 1970s were a period of great transformation for the criminal organizations¹³. The Mafia is no longer a marginal component that gravitates along the margins of the legal economy, but it tends to be an active player, that's why we say Mafia companies. This change takes place in a context of a changing national scenario that sees a gradual weakening of the economic and social development¹⁴. The mafia organization consequently changes to adapt itself to the new environment. In this light we see a transition from an old to a new mafia. The Mafia, from "parasitic" would become a producer. However, this does not mean that the mafia has replaced the competition with the power and the honor with the profit, because it is a mixture of

¹² Anderson A. 1979, *The Business of Organized Crime: A Cosa Nostra Family*. Anderson suggests a third reason to OC to start legitimate business activities is that these activities allow organized crime to exploit economies of scale and scope related to its illegal activities. Analogously, the legitimate business can be seen as an occasion to diversify the organization's portfolio with investments characterized by a different mix of risk and returns

¹³ Arlacchi Pino. 2007 "Mafia Imprenditrice" – Il Mulino, Bologna.

¹⁴ The oil crisis of 1973-1974 badly affected the Italian economic framework.

tradition and transformation. Nevertheless it is undeniable that the 70s represent a time of evolution for the criminal organizations. The Mafia, enriched by the illegal economy proceeds, particularly from the flourishing market of heroin, inserts itself into the legal economy throughout the world. It creates a meeting between the Mafia and entrepreneurship that leads towards a mafia business model which relies on specific competitive advantages due to its particular structure, compared to the “normal” companies¹³.

According with what expressed above, the figure of the new "mafia entrepreneur" is distinguished from the past for changes also affecting the lifestyle and the culture itself. The old-fashioned mafia leave way for a new kind of mafia that is increasingly assuming modern capitalist values together with the inclination towards modern culture of success and power. The new mafia entrepreneur manages to combine new values required by an industrial society, with traditional values and behaviors. The change also regards the social origin and the formal education level: the affiliates do not come exclusively from lower classes, but more frequently from middle and upper class categories characterized by a discreet education level.

Which are the main obstacles that a company has to face in order to enter a businesses characterized by a high degree of mafia’ presence?

The obstacles that a company will face if it would chose to enter into business area characterized by the mafia’ presence are summarized with a strong presence of unfair competition¹⁵.

It is reflected in the possibility for the companies controlled by criminal organizations, to set prices much lower than the competitive ones, consequently exploiting huge economies of scale¹⁶. This obstacle to competition often proves to be an insurmountable obstacle for companies that have infiltration goals in certain types of businesses. Moreover, in Southern Italy a company which tries to get into certain areas should not only challenge the Mafia system, but also inefficient institutions and infrastructures and a submissive and compliant culture.

¹⁵ Francesco Greco, economic crime DA.

¹⁶ They primarily derive from two tangible assets. The first one is labor they use. In fact, by having available a large labor flow available for which they do not pay contributions, which is underpaid and without any collective agreement behind, criminal organizations exploit the same group of workers for different projects. This economies of scale also extends to the reuse of means of transport or the companies 'warehouses of their controlled companies, in order to transport and hide illegal goods.

Advantages, disadvantages and reasons why an incumbent deliberately decides to rely on the Mafia.

We can describe the competitive advantage of a Mafia footprint company, by dividing it in three: **The first competitive advantage** is represented by the action of discouragement of competition. The mafia enterprise has the opportunity of acting in an advantage position over the competitors because it can exploit its ability of intimidation that acts as a strong barrier (see the specifics of mafia style criminal conspiracy)¹⁷. This can be done through a series of intimidation aimed at restricting the competitors activities and by hoarding the majority of public procurement, contracts and supplies at very competitive prices. Often violent actions are not necessary, since just the mere recognition of the mafia coercive effectiveness is enough. Gambetta¹⁸ suggests that a separate service provided by organized crime to legal firms is protection from entry of new competitors. This is because it is neither in the interest of the incumbent firms nor to allow entry of organized crime, since this would ultimately reduce the rents which pertaining to both.

The second competitive advantage related to mafia enterprises, is represented by the mafia enterprise actions in imposing working conditions which are very favorable to firms. The consequences are the precariousness of workers, the labor rights, the evasion of social security contributions, the constant workers blackmail, unsafe working conditions and an increase in the company's productivity due to the pressure created on the workers.

The third competitive advantage is its greater funds availability that can be attributed to several causes. First, the mafia has the possibility to invest some of the resources that come from illegal activities. These illegal activities can be quite varied: extortion, heroin trade, arms trafficking, kidnappings and so on. The immense profits from illegal activities may be used to invest along legitimate businesses. Therefore the Mafia has the possibility of a privileged access to the banking system, due to its liquidity and financing availability much higher than competitors. In addition to these three elements listed above, we have to be aware of the availability of a wide and well established network in the South, close to their home regions.

Regarding the **disadvantages** of incumbents in addressing organized crime, are examinable in

¹⁷ Arlacchi Pino. 1983 "Mafia Imprenditrice" – Il Mulino, Bologna.

¹⁸ Gambetta Diego - PhD in social and political sciences - "Fragments of an economic theory of the mafia" 1988.

two ways: There is an implicit cost of the legal risk. And this risk increased with the decree 231/01. Tax evasion and bringing capital abroad is becoming generally more difficult and this decree proves a progressive attitude of the state to be as much less permissive on tax evasions. The 231/01 has introduced the concept of administrative liability of companies for offenses committed by directors, managers or employees, by linking to them heavy fines or disqualification¹⁹.

The **second disadvantage** is the certain defeat in terms of the relationship with the criminal organization to which the entrepreneur, politician or businessman turns and then relies on²⁰. To better explain this essential disadvantage for entrepreneurs in relying on the mafia, it is convenient to show the classic pattern with which some criminal organizations tackle the legal markets. For instance it would be a mistake to think that the 'Ndrangheta recruitment process consists in a despotic search for businessmen or politicians who have to be enlisted. On the contrary, it is very rare that 'Ndrangheta searches someone. Indeed within the North, are the entrepreneurs and politicians themselves to contact the Calabrese group relying on them both to solve problems or to gain competitive advantage in the short term. The relational pattern is always as follows: In a first step, the relationship starts as equal, with the strong entrepreneur's conviction of subjecting the Mafia itself once it solved the problem for which the organization is was called. However, the ending is always the same and entrepreneurs (with their corresponding company) and politicians are gradually being "crushed" by the constant Mafia's requests and intimidations, until it reached the total control of their activities. Therefore, in many cases are the entrepreneurs seek the organized crime intervention, aimed to solve the economic problems of their own company in crisis, deceiving of not getting sucked by an uncontrollable mechanism. Since it is clear who opens the door to the 'Ndrangheta, the following proceeds according to known patterns. The Mafia component introduced himself as

¹⁹ This provision provides for the allocation of certain types of crime not only to the specific persons who have committed the offense, but also to the legal persons such as the companies they work for. The main offenses provided by this decree, are those towards the public bodies (such as fraud, bribery, corruption, misappropriation of public funds, etc.) and most of the corporate crimes (false accounting, false corporate communications, market rigging, etc.). There are also offenses related to subversion and terrorism, offenses against the person, counterfeiting and transnational crimes. The trend, however, is to include in the future inside the Decree also offenses relating to the environment, workplace safety and labor exploitation.

²⁰ Paolo Storari, Organized crime DA.

a credible partner but only afterward actually show its true intentions (economic, political, territorial, cultural). The 'Ndrangheta infiltration technique is insidious and irreversible: it does not take place through intimidation like in the South with the historic "pizzo". In conclusion, we can hence affirm that the biggest drawback and danger for an incumbent entrepreneur in relying on organized crime, is the relative loss of control of the company or a large part of it.

But what are reasons for an entrepreneur to actively choose to rely on organized crime?

Summarizing: Immediate need for liquid money, intent of facing the market competition with a higher gear, request for "skills" in order to manage difficult areas such as southern Italy, and finally the need for protection. It is precisely this last motivation that led Andrea Ruffino to turn to the 'Ndrangheta. Below we will analyze the case of his company, the blue call, subject to the mafia' intervention.

Blue Call.

"The entrepreneurs' point of no return is when they ask for help to the family, whatever the motivation"²¹.

This is the Blue Call' case, in 2010 the most important call center in Italy with revenues for 14 million and 1,000 employees. The first two main characters in this story are Andrea Ruffini owner of 80 % of the company's shares and Tommaso Veltri with the remaining 20%. Andrea Ruffini is frightened by a group of criminals who belong to a family of Caporizzuto island, which has recently started to take control of his company through threats and bullying. So the entrepreneur, looking for protection, does not call the police but decides to knock on the Bellocco family' door. They are part of the so-called "'Ndrine", who have built and accounted for more the 100 years most of the criminal power of the Calabrian Mafia . Despite numerous arrests, this family has remained among the strongest and most influential of the Tyrrhenian. Of course Ruffini does not have direct contacts with the family, so he turns to Emilio Fratto, an accountant who perfectly reflects the many figures of intermediaries between entrepreneurs and the 'Ndrangheta along the North. Fratto is connected with Carlo Antonio Longo, purveyor of business for the Bellocco family. The intervention of the criminal family coincides with the disappearance of those people who were trying to forcefully enter in Blue Call. However, the

²¹ Giuseppe Gennari, GIP of the Milan Court.

Bellocco's presence does not disappear with them as the contractor was expected, but instead it progressively engages within the corporate capital. The novelty in this matter is represented by entry mode of the Ndrangheta in the company. In fact, Bellocco do not give funding, they do not provide financial services, but they enter in order to offer protection; in this light the criminal power directly becomes an intangible asset with which they enter into the company's capital. With the 'Ndrangheta arrival on the scene, the capital of the company increases, but by virtue of the services rendered, the Bellocco ask for and get a big percentage of property : 30%. The accountant Emilio Fratto has a further 10%. In January 2011 Michelangelo Belcastro, a twenty-one without any competences, is nominated as the unique administrator of the company. He is clearly considerable the Bellocco's nominee, who can hence appear in the organizational chart. The criminals join the company as members of it in January 2011 and after a few months they conquer the total control. Ruffino and his collaborators initially thought to be able to handle the situation, considering the good performance of financial flows, but the demands of criminal shareholders increase more and more steeply. The aim of Bellocco is to achieve the management control because the company must be an instrument for the exclusive realization of their interests. Along this context It becomes a direct consequence the continuous flow of instruments plundering the company: convenience recruitments, "free" salaries, and money's drainages aimed at supporting the inaction of Umberto Bellocco between Milan and Rome.²²

Case analysis : In light of what is above expressed, is interesting to analyze the Blue call case according to three variables:

Entrepreneur Reasons to call 'Ndrangheta : need for protection. In our case, the real reason that brought Andrea Ruffini to turn to the 'Ndrangheta is the demand for protection. In fact the entrepreneur, instead of turning to law enforcement to counter the threat of a dozen criminal, deliberately calls for the accountant Fratto, knowing that he has the right knowledge to solve the problem. We can therefore say that the entrepreneur caters to the ' Ndrangheta with full awareness.

What Attracts the 'Ndrangheta: Blue Call features that attract crime are mainly three: it is a large company that has 1,000 employees, has major customers which are highly creditworthy

²² **Roberto Galullo. 2012.** "The Blue Call case". <http://robertogalullo.blog.ilsole24ore.com>

(Sky , Mediaset, Vodafone) and has significant periodicals cash flow. Accordingly With these characteristics, if the Bellocco' family would have succeeded in managing and taking control of the company, they would have gained and a significant profit.

Which are the ' Ndrangheta 's Objectives along this affair: Despite the Ndrangheta has shown itself as the cure of the problems, it has become clear very soon how this partner was not at all interested in the ordinary course of business, but only to pursue their own objectives. And which are these goals? not recycling, in this case, since the Bellocco did not contribute with anything financially, and did not intend to invest in Blue Call. The objectives we are addressing follow a strong parasitic logic. For example, creating social consensus through the offer of jobs positions. We have to keep in mind that Blue Call is a thousand employees reality with several locations in the south, especially in Calabria. To manage a reality like this means controlling a considerable induced labor of great interest especially during this time of economic hardship. Therefore by hiring people and procuring work the 'Ndrangheta purchases consensus, proving to be able to do what the State cannot do. Secondly the Bellocco used part of the profits to fully support the absence of their boss Umberto Bellocco between Milan and Rome.

During this new section, I will report an analysis of how criminal organizations have a radically different approach in relation to the proximity or distance from their original territory.

We will particularly see how in their native land the absolute priority of the criminal organizations set of actions would consist in having total control over the territory and the consequent social consensus that stems from it. On the contrary, the more organizations move towards regions distant from their own headquarters the, more their attitude becomes cooperative. In addition in order to show these dynamics, we are going to be focused on their main pipeline: A mafia modernization process. That is the process by which the expansion growth into new territories coincided with a shift of objectives and interests of the mafia itself, which went from being "traditional" to "entrepreneurial."

Territorial control and Social consensus. *"Mafia behaves like a real anti-State, which finds*

*its humus in the people's request of need. Where the State does not arrive, here that there's, behind the door, 'the friend of the friends' which can always solve your problem".*²³

The relationship between mafia and territory is crucial as it represents a constitutive element of Mafia itself. As noted by the professor Rocco Sciarrone, "The Mafia has a strong territorial specificity: indeed, the so-called territorial control, competing with the state authority, is an essential feature of the mafia". From the mafia point of view the territory is not only the setting of its activities: it is configured either as a defining element of their power margins and modes, both as a product of their activities. The gangs presence along the territory is configured as an oppressive presence, able to modify it and restructure its previous structure. In these terms, the territory becomes a product of the mafia strategies.

But what does the territorial control consist in? What is the purpose? What the mafia exerts is an ambiguous set of fear' exercise and consensus building. Taken together, this not only provides the mafia with an absolute power over the territory in which it operates, but it is also a strategically important resource, which ensures both impunity and local visibility. Therefore the social consensus is a goal as important as the mere military control of the territory. Obtaining the social consensus means that the organization has to represents 'an institution' to look to for every need, that could be appeasing dissension among the people, giving job opportunities, granting easy loans with usurious rates or ensure the lack of problems to the controlled companies. On the other hand, the military control of the territory is also an absolute priority for every criminal association. For instance in Reggio Calabria (the Calabria's referring city) even if the families realize illicit profits in other regions or in other countries, the association don't even take in account the possibility of losing control over the "home businesses". First of all, the 'Ndrangheta' family feels the need of being recognized, honored, and respected in its own territory.²⁴

From this perspective a twofold need for the mafia arises:

- to strengthen a territorial control' way that guarantees consensus and protection;
 - the one based on strategies more directly oriented to capital accumulation.
- It is therefore possible to identify two limiting cases of territorial control. On the one hand there is a pattern of territorial control that focuses on the ability to balance consensus and

²³ Roberto Saviano, Gomorra.

²⁴ Mario Roselli, procuratore Reggio Calabria.

terror, in which it is difficult to distinguish the line that separates the cultural acceptance of the Mafia from its submission to the violence. This type of control is also characterized by the use of parasitic activity focused towards the capital accumulation, such as usury, extortion, forced protection, even if they play a secondary role. The features of this model can be more frequently traced in places of traditional mafia settlement, where the strategy is rather aimed at obtaining social protection than economic accumulation, and where the mafia presence is projected on the long time perspective.

On the other side there is a pattern of territorial control equally dangerous. In this context the violence exercise is the main resource, aimed to establish a situation of widespread fear. This territorial control strategy is especially findable in the territories characterized by the new Mafia expansion, where it is unlikely to lay the foundations for a social consensus.

A modernization process.

The mentioned process is the dynamic whereby criminal organizations, starting from the post-war period, have equipped themselves to undertake both economical and territorial growth.

More precisely, we are going to examine the evolution that led the same criminal organizations to expand into new territories, different from the original ones, with different objectives. We are discussing about an expansion guided by economical and political motives that led even the biggest mafia organizations towards the choice of cooperating with each other for economical and political aims.

Therefore it will be discussed the modernization process that has involved all the major criminal organizations, both from an economic point of view and from a strictly territorial one along the Italian Peninsula. This “evolution” is described through these terms by **Roberto Greco**: "We are witnessing a quantum leap from the different clans, which are no longer limited to criminal activities to solicit money and resources, but they are now aimed to control the traditional territory and new of them. The transition is occurring through the infiltration in the local authorities of each territory." Coordinating this process with the concept of the territorial control expressed above, I have to highlight a review of evidence based on their investments which shows how all the three major gangs, concentrate their investments in their original territories. For instance the 80% of the seizures to criminal associations (17 000 buildings and 1,700 companies) is located in four regions: Calabria, Campania and Puglia

Sicily²⁵. The case of 'Ndrangheta represents an exception since it deeply focuses its attention towards the Northern provinces. Furthermore the picture deriving from the investment portfolios' analysis of the largest criminal organizations (conducted by using as a proxy the companies confiscated to the mafia crime associations) shows how they are still bounded to traditional investments, mainly distributed along their original provinces and therefore more aimed to reasons such as territories control and social consensus rather than the strictly profit maximization. This could contrast with the idea previously expressed of "modern" mafias, but as said in the previous paragraph, we should not forget that their priorities still remain those of territories control, social consensus and visibility in their traditional areas. (e.g. traditional sectors such as construction or quarries better meet these needs than finance or advanced tertiary sector). However, during the after war, it have been commonly identified in the north not only business groups simultaneously in contact with several criminal organizations, but also pure cases of cooperation cases and joint ventures between different organizations. By the way we will properly cover this topic afterwards, reporting some cases.

A territorial evolution, deeply based on the tradition.

Roberto Saviano, one of the most important Camorra' scholar, tackles the topic by criticizing those who do not recognize the problematic mafia's development²⁶.

However, as previously mentioned, we are referring about an evolution which does not ignore the priorities of making sure and safe the operational headquarters, that is the original country. If on one hand it is true that criminal organizations have developed more and more interest towards the attractive Northern profitability, on the other hand it is equally true that they strongly want to have the full control over the interests orbiting in their own territorial reality. The most emblematic case is the one of the 'Ndrangheta in Calabria. Accordingly with it Saviano states that "If Calabria remains the top management site, Lombardy emerges as the economic heart of the association: In fact the 'Ndrangheta has managed to create a parallel structure along Lombardy, with an high degree of autonomy of action."

North expansion between necessity and profit.

²⁵ Progetto PON sicurezza. 2007-2013. "Gli investimenti delle mafie."

²⁶ "We are witnessing a phenomenon which has completely overturned the axiom that Mafia is only the direct result of the Southern" culture " and that the mafia's graft would have been impossible in areas with an high rate of civic responsibility and "social capital. It has been shown the ingenuity of the belief which states that the criminals organizations' obliged stay in particular regions, would have been enough to redeem them. " .

The presence of organized crime stems from the necessity of reinvesting in the north, after changing ownership, a significant portion of the proceeds deriving from illegal activities²⁷.

The money is invested through all types of activities which are common along the whole north, such as usury, the presence in constructions industries, investments, real estate acquisitions and whatnot. Along the globalization era, we could think that even for the criminal organizations would be easier to expand themselves towards new borders. This is surely true for a legal company, but is not obvious when we are analyzing the illegal companies' case. Conversely, criminality's scholars have always considered criminal organizations as sedentary, strongly rooted along in the territory they govern. In this Light, I may cite the author Machiavelli reminding that the "Prince must reside among his people". Also one Camorra' boss, currently a justice' collaborator, Maurizio Prestieri affirms: "I always say that, we (organization's members) were not meant to be VIP, but VIPL." Where L means "local" and thus " Very Important People Local . The important thing is to be important only in our own enclosure."

In fact, as an organization can be powerful, the "transplant" in another territory will be hindered due to several reasons:

- the boss' difficulty of checking its affiliates operating away from the "headquarter".
- the difficulty of creating a robust accomplices based network in the new territory.
- difficulties for the mafia's group in creating the same "reputation" of the original regions, which continuously allows him to be feared and respected, hence to be a VIPL.

We can finally state that the decision to invade distant markets is very often not only the result of a strategic planning, but it is also the consequences of external or internal pressures within the criminal organizations. For instance the Mafia bosses often emigrate since they are sought by the justice, or to save themselves from feuds, or again as they are forced to stay in a regions away from their own once. Organizations surely move even where capital leads them, but we must also to consider the exogenous and endogenous dynamics that make the move as a necessity.

Which are the main factors that allow the organization to succeed in their "Transplantation"?

²⁷ Nigel G. Fielding, Ronald V. Clarke, e Robert Witt. 2000. "Conspiracy among the many: the Mafia in legitimate industries".

Regarding the conditions, the protection' demand becomes a key factor for the success of the criminal organizations' transplantation. Particularly when the state does not succeed not only in resolving economic and commercial disputes and but also in ensuring that the covenants would be respected. In this case, the parties will be more likely to turn towards an "other" authority which could provide an alternative to the law's protection. Additionally, the mere mafia's presence is not a sufficient condition for the criminal organizations to take root in other places. Indeed in order for it to happen it is crucial that there would be a demand for protection, that means the State would not be able to enforce the rights of its citizens.

So it is an enormous mistake believing the mafia only related to its own marginal and original countries. Considering themselves immune to this problem, It damages the northern Italy and all the European countries which behaves analogously as states Roberto Saviano²⁸.

Three different examples of Mafia's northern transplantations.

Bearing in mind what we discussed in the previous paragraph, in this session I will report some concrete examples of mafia movements towards the North. As formerly analyzed, the protection' demand together with a weak regulation in favor of the citizens needs, are the two factors that will surely facilitate the entry of organized crime into new regions.

We are going to verify, through two examples, if the theory just stated, really applies to practical cases²⁹.

Bardonecchia, Piemonte.

In the 1960s, when the "bosses" came in Bardonecchia due to a obliged stay, the construction sector was expanding and there was need for labor' force. Accordingly with it, some local companies began to demand for " fixers " who could provide southern workforce that, even if they lived in Torino, were not already employed by Fiat. These unskilled workers, even without any trade union protection, decided to accept a badly paid occupation just to gain a wage. The Calabrian bosses thus began to manage the so-called " arms racket ", a recruiting system that favored both the immigrant workers not unionized, and construction companies in the area. Again: since it was a black business, the criminal organizations was able to solve eventual conflicts between employees and employers. An investigation by the Parliamentary

²⁸ "When a territory is threatened by the Mafia's presence, when it is invaded, especially if they are development countries, politics becomes crucial, in the South as in the North, East and West, everywhere. And to be aware of the factors that facilitate the mafia' expansion, it is a vital step to tackle it."

²⁹ A third interesting example regarding the U.S. is reported in the supplementary appendix.

Anti-Mafia Commission, who visited the area in 1974, estimated that the 80 % of the workforce in Bardonecchia was recruited through illegal channels. Rocco Lo Presti, the 'Ndrangheta leading boss, had not only managed to become the leading abusing supplier of cheap labor force throughout the area, but he also had attracted in Bardonecchia construction companies from Calabria, which would have been were able to outperform the competition within Piemonte soon.

The total Control over the territory allowed the criminal group to diversify its interests due to their ample range of controlled companies together with a wide political network. Beside that the criminal organizations protect other illegal activities, such as trafficking in arms, drugs and money laundering. The last step was to influence policy and the civil society reaction was not enough to prevent it.

Verona, Veneto.

In Verona, however, the obliged stay did not achieved the same results. With an economy mainly based on the handicrafts export, there was less demand for criminal protection since the mafia could not help exporters to penetrate other distant markets. The only "service" the Calabrese group could provide the local entrepreneurs with, it was the simple extortion or the truckloads of furniture's theft. Accordingly with this awareness, the 'Ndrangheta tried to take control of the only significant illegal market in Verona in those years: the heroin consumption and trafficking. Famous throughout Italy for the cheapest and the most pure, the city had become the "Italian Bangkok." The heroin traffic was handled by local dealers who were not tied to the Mafia, often unsuspected entrepreneurs who had reached a well-established relationships with suppliers and trusty ones with customers. On top of this, they applied to this market the same rules of fair trade that characterized the legal economy 'sectors. Therefore there was no need to rely on third parties. Indeed the drug was fully managed by the Verona' entrepreneurs and there was no room for the 'Ndrangheta colonies unless they would have decided to establish a war.

Here is one demonstration of how is main the rule of the "protection' demand" for a winning Mafia' transplantation. Without one of the two conditions described above, which can make the ground fertile for the organization, the transplantation is not going to see a happy ending.

Coordination, cooperation and subdivision.

In these last paragraphs we will see how the criminal organizations, far from the native territories, particularly prefer to have strategically acted within a dangerous "cohabitation", but also how they created cooperate with each other to achieve their goals. Below, I will report some cases during which the main mafia groups cooperated, sometimes by establishing real joint venture, or simply coordinating themselves to divide the territory and its corresponding businesses. Moreover I will illustrate the case of Lazio, a region with a high IPM (16.83) and with a crime equally shared between 'Ndrangheta, Cosa Nostra and Camorra. We will particularly see not only how these three powers what scholars call the "fifth mafia".

I am going to use a 1990's case which will also prove the modernization process of criminal organizations described above. While the South and then the original regions still remain the "headquarters" where the first goals are always territorial control and social consensus, in the North are more and more common these cooperative activities between the organizations themselves. Consequently, also the objectives gradually become those of profitability, strategic and political ones.

KAPPA-LAMBDA. A joint venture between different criminal organizations, aimed to manage the nightlife'clubs.

In the early 90s, some members of the family kappa (Campania's clan), settled in Lombardy, exactly near Lake Garda. Thanks to the proceeds transferred from their reference's clan, the family established several companies, aimed in nightclubs and important disco's management.

At the same time another group (Calabrese's group), formed by LAMBDA brothers (will be later convicted in 2012 due to mafia behavior), was already active on the same territory. Initially the Lambda brothers have been focused on traditional sectors such as construction, trucking and distribution of fuel through sole firms.

After this first phase of neutrality, they started to take an interest in the profitable nightclubs sector in lake Garda. According with it, it begun a phase during with the LAMBDA, through intimidation, crime and extortion attempts, tried to stop the monopoly created by KAPPA in the sector.

After having contacted their respective offices in the original territories , the two groups abandoned the violence' way and constituted a "joint venture" for managing the sector. The economic-criminal decision has been instituted by the constitution of company which could take into account the twofold presence. Upstream there was KAPPA-LAMBDA HOLDING SA, which controlled the two companies used as parents of the two organizations, the KAPPA 1 SRL and LAMBDA 1 SRL.

CASES.

Are shown below two cases concerning the criminal organizations' activities in Lazio. They are both focused on the two essential pillars that compose the new actions 'method of the 'fifth mafia':

- *Strategic territorial subdivision together with its corresponding businesses.*

- *Strategic cooperation between different criminal organizations.*

Strategic territorial subdivision

The case series we are going to deal with, particularly concerns two of the most important criminal organizations worldwide: 'Ndrangheta and Camorra, adept to plan a mutual profitable division in order to control restaurants and shopping centers within the Roman territory. Since the 'Ndrine' interest is mainly focused to invest in the restaurant industry and precisely in the historical center, it has been established the following strategic pact: the Casalesi would have left to the "colleagues" the full control of the restaurant industry together with the historical center, in exchange for the same control' degree over the hypermarkets, and hence on the periphery.

Strategic cooperation between different criminal organization

The first reported case analyzes a kind of military cooperation between different organizations, difficultly findable in other territories. More precisely, on March 30 of 2013 just a few kilometers from Rome, a commando fired with Kalashnikovs trying to kill a merchant from Campania. After a few days, the police arrested the likely perpetrators of the incident. It was interesting realizing that while some of them were found to belong to the Camorra clan from Caserta, others were members of the 'Ndrangheta in Calabria.

The second instance concerning drug trafficking along Lazio and its corresponding criminal cooperation shows the joint venture which has been established between Cosa Nostra and 'Ndrangheta. Internet has represented the new frontier of drug trafficking for the two organizations. With a sophisticated system based on e-mail, Cosa Nostra and the 'Ndrangheta for over two years have placed cocaine on the Italian market for an amount over 10 million euro. This has been revealed by the Palermo anti-drug operations coordinated by the DDA that has led to the issuing of 30 arrest warrants between Sicily, Calabria, Lazio and Lombardy³⁰. Behind the business there was the hand of the Cosa Nostra, willing to invest dirty money in the purchase of the drug, linked through partnership with the Calabrian 'Ndrangheta. In this regard, the deputy Giuseppe Lumia states how "from this operations the image of Cosa Nostra

³⁰ The mechanism used was simple: the drug dealers were creating the e-mail boxes in which they simply composed messages never sent. The e-mail, in fact, were not sent but just saved as a draft. The recipient, by knowing password and user name of the owner, could easily enter in the box and read the mail from the e-mail archived. The police, with the cooperation of telephone companies, have succeeded in forcing the password, and so entering in the dangerous drug virtual market.

will emerge strengthened. In fact Cosa Nostra regarding international negotiations, including drug trafficking, is now allied with the 'Ndrangheta, which is strongly confirmed to be the most globalized Italian mafia. CN not only maintains its control over Sicily, but in the last period it "is reactivating channels and contacts with South America drug trafficking". Beside that CN is stipulating arrangements and agreements with Camorra and 'Ndrangheta in order to attract new international references and exploit logistical and operational supports."

This is the 'fifth mafia', a new phenomenon which through bonds supports and alliances, has conquered Lazio and has widespread it as a cake between several diners.

LAZIO. An established phenomenon, a mafia with its own peculiarities. "The Fifth Mafia".

"The emerging framework is getting clearer and clearer. The various gangs behave as if Rome had become a chessboard, where they can freely move their pieces, making money, polluting the legal economy, and infiltrating themselves in the political and administrative system."³¹.

Who has the territorial dominance over Lazio? How do different clans seek to impose their superiority over others? Who manages the criminal monopoly?

The answers to these questions are the reason why the situation of Lazio is unique and why experts have come to define the flow of criminal organizations present through a new mode: The Fifth Mafia. With this definition they want to highlight how it has been established an innovative mafia, which, however, deeply differs from the major. In fact, the fifth Mafia is a new type that historically had never manifested before Cosa nostra, 'Ndrangheta, Camorra have turned their interest towards the Italian political and financial heart.

The main criminal organizations as well as had found ideal conditions to infiltrate as well. Indeed it was a territory that was not characterized by the lack of a deeply rooted local crime.

So then the fifth mafia shows all its own methodological characteristics. In fact, in Lazio the mafia organizations do not act according to traditional methods. Hence they do not aim to fight against each other or trying at all costs to clearly and absolutely prevaricate themselves.

On the contrary, they have subdivided the territory, tending to maintain a quiet situation in order to easily achieve the criminal objectives they pursue: the progressive infiltration into the economic and entrepreneurial frame. By doing so they choose to keep a low profile and replace manifestations of violence with a sense of sharing and cooperation, for two basic

³¹ Cosmo Bianchini, Secretary of Silp Lazio in an interview with Roberto Greco.

reasons:

- to avoid the reaction of the State
- in Rome "there is room for everyone" and everyone is interested in working quietly for money laundering , as well as for usury , gambling etc. .

According with it Antonio Turri (an expert about organized crime in the Lazio) supports this thesis. "Business for the mafia clans in Rome and Lazio are so significant that at the moment, there is no danger of great contrasts. Contrary, criminal organizations help each other, by sharing their influence on this or that market that it is legal or illegal. "Despite the methodological change that marks the fifth mafia of Lazio, it is not in any manner compromise the bond with the original headquarters. In fact, not only no decision is taken if it is not suitable with directions from the parent organization, but the methods used in the particular areas of belonging are the same as those used by the original Mafia association. The direct result is a criminal organization that balance its own autonomy with the fundamental bond with the parent³².

The pattern is similar throughout the region: from the earliest settlements, followed by obliged exodus of the southern bosses was born an endogenous mafia. The same Francesco Schiavone (Casalesi clan, 'Ndrangheta) confirms the presence on the same territory of all the national gangs representatives³³:

This is the new model for control of the territory, no longer based on the mere territorial prevalence, but now based on a more mature business concept, able to avoid conflicts and the rejection of civil society.

Constructions, hotels, shopping centers, procurement, catering, waste, fruit, vegetables, transport and usury interests in businesses. These are the most attractive interest for the new families which are living in peace with each other, able to put aside their different origins, and thus pursue profitable business without stepping on each other's toes.

This integration has resulted in a lightweight and flexible structure, ready to be adapted

³² "A fifth mafia which maintains ties with their original families, but now is moving with a certain autonomy: strategic alliances, agreements with foreign organizations business with the local bourgeoisie."(Antonio Turri).

³³ "Since many years The Casalesi clan has launched in the province of Latina a work of infiltration and illicit revenues investment. It was not just my group having interests in Roman land because talking with our zone leaders I had news of the representatives' presence of all the national gangs which acted as local representatives of the groups which they came from. "

according to the momentary conveniences. there are a lot of money, *enough for everyone; Just get organized.* This is the main strategy of the fifth mafia. The deputy prosecutor of Rome Italo Ormanni defines this “*pax mafiosa*” on the Roman coast as a sign of power. A rising ‘mafioso’ front which is even more compact between along the Southern Lazio, where to divide happily the cake there are also the Sicilian families.

Conclusion:

The direct research is started by contextualizing the topic "mafia" and showing its international stature. Then we focused on the three most powerful Italian organizations and where they had their headquarter. So we analyzed how the three main organizations tackle both the illegal but especially the legal markets. In this light, it was pointed out the change from being traditional to entrepreneurial. During the second part of the thesis we have explored this change, examining more in detail the strategic route undertaken by the organized crime. This has happened by underlying how the criminal organizations have a radically different approach in relation to the proximity or distance from their original territory.

The more organizations move towards regions distant from their own headquarters the more their attitude becomes constructive and willing to cooperate with their peers.

On top of that the emblematic case of the Italian capital has been reported showing its equally shared crime. The last issue that I wanted to discuss is the one concerning the methods of contrasting the phenomenon Mafia. Addressing the issue with two experts on criminality such as Francesco Greco and Paolo Storari it turned out that the problem must be encountered from two points of view: one strictly policy and a second purely cultural.

From a policies point of view, according to experts there is a twofold need : clear rules and effective sanctions. In order to successfully attack the Mafia the legality has to be constantly and homogeneously restored throughout the territory, by rehabilitating the infrastructure gap between North and Southern Italy. This is a vital issue for the Italian economy itself since a foreign investor will not invest in a country where it has neither tax certainty nor credit recovery. However, in recent years steps forward have been done in combating criminal organizations. It is important to mention the article amendment 416 bis and the decree 431 of 2001. Both of them are aimed to tackle the Mafia’ set of criminal actions by punishing *those who promote, manage or organize the association or when its members make use of both its intimidation power and the condition of subjection and omerta' in order to commit crimes, to*

acquire directly or indirectly the management or control of economic activities, concessions, authorizations, contracts and public services. Particularly the decree 231 has introduced *the concept of administrative liability of companies for offenses committed by directors, managers or employees, by linking to them heavy fines or disqualification.* This decree intends to regulate the Italian companies behavior, by promoting a level playing field for all types of enterprises (legal or not) in front of the state. According to Greco what is decreed is the fact that whatever the nature of the business in question, it must be suited to certain financial and managerial criteria to be recognized as legal and then continue its business. In this regard we can state that it becomes more and more risky and complicated for the companies controlled by criminal organizations, bringing capital abroad, do not pay the contributions, keep uninsured workers with an appropriate collective agreement and so on.

In addition, there is also a second level that has to be taken into consideration: the broad cultural attitude towards the Mafia. It certainly has to be fought a submissive, yielding and complaisant culture towards the organized crime. In this light should be strongly opposed the lack of respect for the state authority, the consequent tax fraud and the corruption costs which in Italy amounted to seventy billion. In the South in particular, the challenges are not only limited to the mafia but even to a non-functioning state system with significant infrastructure and digital deficiencies. In a context like this it is therefore essential by the State to regain the territorial control. An experiment has been established in order to open a plurality of temporary commissariats both to effectively control the proper law prosecution, both to show people that the state presence is concrete and visible. By doing so they succeeded in directly attacking the antistate role that the mafia strives to obtain, consequently weakening the territorial control that the crime has developed. A cultural change along the educational side is requested. According to Paolo Storari the continued spread of internet and its information flow represents a tool that will be crucial along the fight against organized crime. The Internet openness and accessibility completely clashes with the closure which belongs to the Mafia code of silence. "The territorial control is based on a total closure, today anyone with a smartphone has access to everything." (Francesco Greco). We can therefore conclude the discussion by stating that a credible state replanning together with targeted education at will undoubtedly play a major role in the daily fight against the organized crime.

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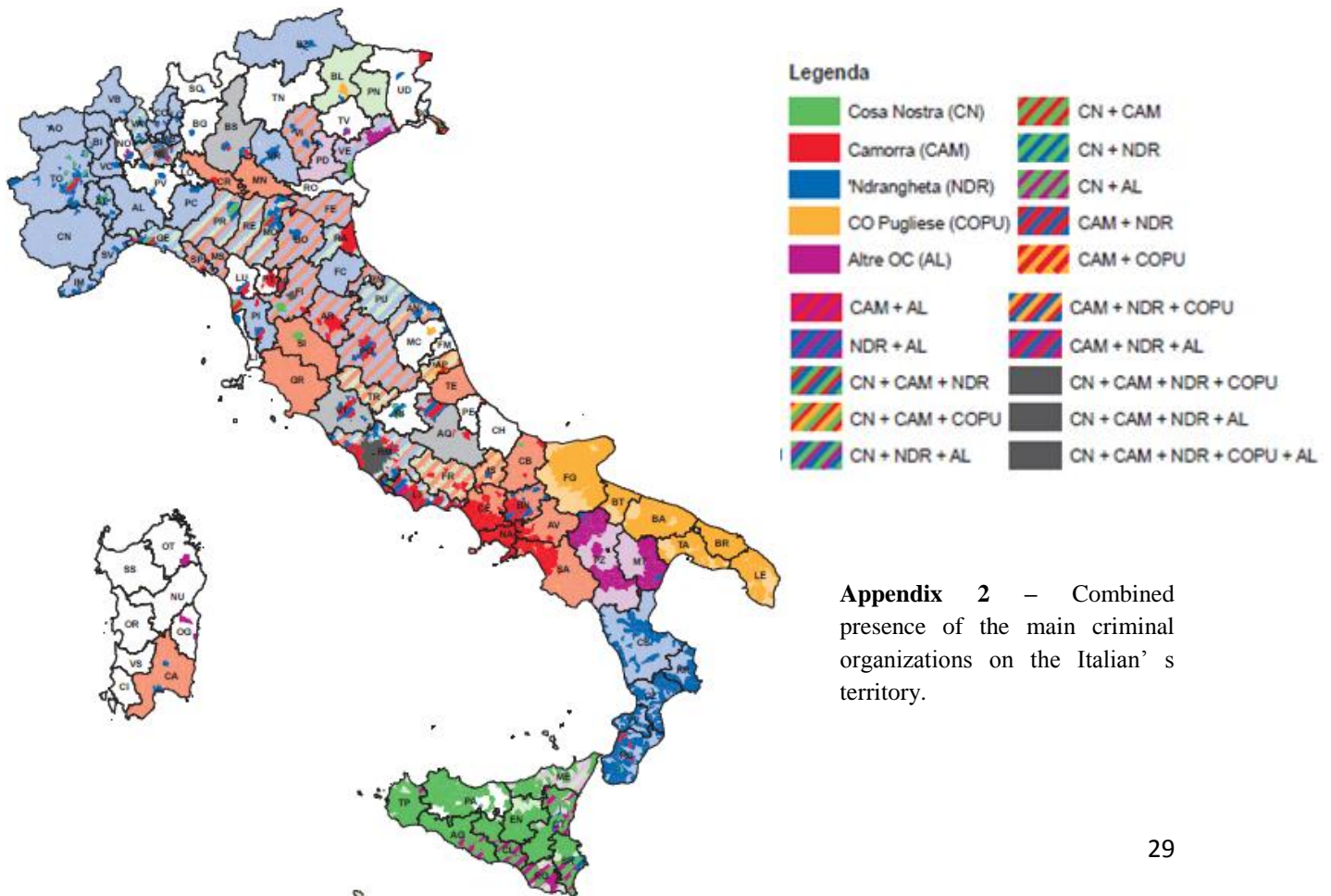
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Appendix 1 – IPM: the Mafia's presence index (IPM) is obtained:

- by the combination of mafia' murders and attempted murders (2004-2011);
- those people who have been reported for Mafia association (2004-2011);
- municipalities and public administrations dissolved due to the mafia infiltration (2000 -2012);
- the goods confiscated from organized crime (2000-2011);
- groups involved in relationships reported by DIA and DNA (2000-2011).

Rank	Regions	Mafia index presence	Cosa Nostra	Camorra	Ndrangheta	CO Pugliese	Altre OC
1	Campania	61,21	0,0%	99,8%	0,1%	0,0%	0,0%
2	Calabria	41,76	0,0%	0,1%	99,9%	0,0%	0,0%
3	Sicilia	31,8	91,1%	0,0%	0,5%	0,0%	8,5%
4	Puglia	17,84	0,0%	0,0%	0,0%	100,0%	0,0%
5	Lazio	16,83	31,0%	35,6%	30,4%	0,7%	2,2%
6	Liguria	10,44	22,7%	7,0%	70,3%	0,0%	0,0%
7	Piemonte	6,11	2,9%	1,1%	95,2%	0,0%	0,8%
8	Basilicata	5,32	0,0%	0,0%	0,6%	0,0%	99,4%
9	Lombardia	4,17	11,6%	29,2%	53,1%	5,0%	1,1%
10	Toscana	2,16	5,9%	57,7%	34,9%	1,5%	0,0%
11	Umbria	1,68	5,6%	59,1%	35,4%	0,0%	0,0%
12	Emilia Romagna	1,44	8,8%	24,4%	66,9%	0,0%	0,0%
13	Abruzzo	0,74	8,9%	80,6%	6,1%	4,5%	0,0%
14	Sardegna	0,7	0,0%	71,0%	27,8%	0,0%	1,3%
15	Marche	0,67	7,0%	21,5%	54,8%	16,7%	0,0%
16	Valle d'Aosta	0,57	0,0%	0,0%	100,0%	0,0%	0,0%
17	Friuli Venezia Giulia	0,42	73,9%	24,3%	1,8%	0,0%	0,0%
18	Veneto	0,41	5,4%	12,5%	37,3%	0,9%	43,9%
19	Trentino Alto Adige	0,37	0,0%	0,0%	100,0%	0,0%	0,0%
20	Molise	0,31	0,2%	93,4%	2,7%	3,7%	0,0%



Appendix 2 – Combined presence of the main criminal organizations on the Italian's territory.