

ORGANIZED CRIME AND STATES

The Hidden Face of Politics

EDITED BY

JEAN-LOUIS BRIQUET AND
GILLES FAVAREL-GARRIGUES



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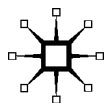
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ORGANIZED CRIME AND STATES

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This work was originally published in French by Karthala under the title *Milieux criminels et pouvoir politique. Les ressorts illicites de l'Etat*, Paris, Karthala, Coll. Recherches internationales, 2008, 318p.

First published in 2010 by

PALGRAVE MACMILLAN®

in the United States—a division of St. Martin's Press LLC,

175 Fifth Avenue, New York, NY 10010.

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ISBN: 978-0-230-62286-9

Library of Congress Cataloging-in-Publication Data

Milieux criminels et pouvoir politique. English

Organized crime and states : the hidden face of politics / edited by Jean-Louis Briquet and Gilles-Favarel Garrigues ; translated by Roger Leverdier... [et al.].

p. cm.—(The Sciences Po series in international relations and political economy)

"This work was originally published in French by Karthala under the title *Milieux criminels et pouvoir politique. Les ressorts illicites de l'Etat*."

ISBN 978-0-230-62286-9 (alk. paper)

1. Organized crime—Political aspects. 2. Transnational crime.

I. Briquet, Jean-Louis. II. Favarel-Garrigues, Gilles. III. Leverdier, Roger. IV. Title.

HV6252.M54413 2010

364.106—dc22

2009047963

A catalogue record of the book is available from the British Library.

Design by Newgen Imaging Systems (P) Ltd., Chennai, India.

First edition: August 2010

10 9 8 7 6 5 4 3 2 1

Printed in the United States of America.

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Introduction: Violence, Crime, and Political Power

JEAN-LOUIS BRIQUET AND GILLES FAVAREL-
GARRIGUES

“The globalization of crime,” the rise in power of “world mafias,” the proliferation of large transnational crime networks behind increasingly extensive and lucrative smuggling operations (narcotics trafficking, arms dealing, illegal raw materials trade, counterfeit goods, extortion of migrant workers, etc.): on the basis of these alarming reports, organized crime was presented as one of the main threats to the economic and political world order during the 1990s. Many observers expressed concern, widely picked up by the media, that a new “mafia empire” had arisen, corrupting markets and government institutions, and undermining the material and moral foundations of liberal democracies.¹ A growing number of experts, magistrates, senior police and military officials, political leaders, journalists, and academics alerted the public to this threat that was expanding in the shadow of globalization and the “retreat of the state.”² International organizations attempted to prevent and combat organized crime more diligently than in the past. Promoting interstate judicial and police cooperation, they have encouraged governments to enact special legislation against it (in particular by establishing the specific crime of membership in a criminal organization) and to reinforce the institutional apparatus required for combating it (intelligence and specialized crime units, procedures for monitoring financial flows, development of undercover investigation techniques).³ This intense mobilization led to the adoption of the United Nations Convention against Transnational Organized Crime in December 2000 in Palermo.

Since 2001 terrorism has largely supplanted organized crime as the symbol of security threats in a globalized world. Nevertheless, in national

and international arenas, “professional managers of insecurity”⁴ continue to sound the alarm that mafia peril might spread beyond the traditional turf of criminal organizations (Cosa Nostra in Sicily, Camorra in Naples, Yakuza in Japan, Chinese triads, Colombian and Mexican cartels, Russian and East European mafias) and that transnational crime coalitions might form an even more dangerous worldwide threat. Due to the institutionalization of the fight against illegal trafficking and financial crime (especially money laundering),⁵ which consolidated expert communities and networks of specialized actors, organized crime has remained since 2000 a predominant issue on national and international public agendas and a priority target for political and moral crusades aimed at promoting democracy and “good governance.”⁶

The development of such a consensus on mafia-related issues has brought to the fore similarities among the various criminal organizations. They are seen as sharing structural features based on the acceptance of particular rules (hierarchy, discipline, interpersonal obligations) and signs of recognition (rituals of initiation, distinctive lifestyles).⁷ In addition, criminal organizations are compared to companies seeking to maximize profits in sectors of illegal activity, which each such organization tends to monopolize.⁸ Finally, they are perceived as maintaining an exclusively parasitic relation vis-à-vis the legal economy and state power.⁹ This perspective has led to associating “organized crime” with a given social environment—theoretically outside the sphere of legal companies and political institutions—that acquires positions of wealth and power through the use of violence and the corruption of certain legitimate agencies, which often appear as mere auxiliaries of the crime world that act to safeguard or legalize its activities or even open up new opportunities for it.

For the past several decades, many analysts have refuted some of these postulates. They criticize in particular the distorted perception that creates an overly entrepreneurial image of organized crime and the propensity of the most influential analyses to overestimate the size and structural sophistication of these organizations. On the basis of police and judicial sources, Peter Reuter has shown that contrary to dominant belief, traditional crime markets (gambling, illegal betting, prostitution) in major US cities are not controlled by hierarchically ordered, long-standing organizations tending to monopolize sectors of activity, but by small groups of operators that often take advantage of fortuitous opportunities, pulling off a few “deals” before vanishing. Reuter maintains that the growth of criminal groups is curbed by the need for trust that characterizes interpersonal relationships within these

groups.¹⁰ Other research works criticize analyses of the influence of illegal groups in politics in terms of parasitic integration, by revealing the role that local politicians and officials sometimes actively play in organizing criminal markets, more specifically in managing the supply of prohibited goods and services.¹¹ Lastly, numerous studies reject the hypothesis that the strengthening of illegal networks automatically undermines state power.¹²



Following the line of these criticisms, this edited volume seeks to overturn the standard perspective on organized crime by adopting a methodological approach that is more sensitive to the sociohistorical contexts favorable to the development of criminal violence in the political arena.¹³ It aims to empirically observe the conditions under which interactions between holders of political power and users of extralegal force and intimidation (“politico-criminal configurations”¹⁴) are formed. It differs from approaches that minimize the complexity of the phenomena labeled as “organized crime,” obscure the diversity of social and historical circumstances in which these phenomena develop, and draw on often questionable sources.¹⁵

This volume offers nine case studies, each of them investigating the concrete processes through which the connections among criminal, political, and/or economic actors are established.

These case studies demonstrate that the use of mafia-related violence within the political arena cannot be reduced to the interactions between political actors and a criminal milieu considered as socially homogeneous and hierarchically organized. “Violent entrepreneurs,”¹⁶ that is, actors that prosper by wielding their violent know-how, have diverse sociological profiles. Some are related to what one usually perceives as the “criminal milieu,” for example, the mafia in Italy. Others act directly within law-enforcement institutions or within the private security sector (such is the case in Indonesia, Pakistan, Turkey, and Russia). In certain contexts, professional reconversion of former military and police officers, or former political activists, seems to favor the development of organized criminal violence in the political sphere. The means and ends of their reconversion cannot be examined apart from historical processes involved in the formation and transformation of state power.¹⁷

Politico-criminal configurations can characterize various types of interactions between political actors and violent entrepreneurs, as well

as various modes of penetration of organized criminal violence within the political arena, depending on the sociohistorical context considered.¹⁸ In the most elementary case, violent actors offer know-how to political and/or economic elites, which themselves develop illegal practices founded on the use of force and intimidation. In so doing, they act as subcontractors in vast accumulation enterprises, as the cases of Bulgaria, Belize, and Russia at least partially demonstrate. Violent entrepreneurs can also become integrated into these “legal” elites at the end of a process of accelerated enrichment and access to notability, as can be observed in contexts as different as the ones of Bulgaria, Indonesia, Turkey, and, to a certain extent, Corsica. The possession of know-how in the use of force and intimidation is then converted directly into a political source of legitimacy. Such actors often justify their political aspirations by the determination to promoting a “healthy” lifestyle (by investing in sports, combating drug use and associated unlawful practices) and restoring order. Thus, they participate in defining emblematic figures of criminals associated with illegal practices (narcotics trafficking) or “dangerous” social strata against which the entire population should rise up. They contribute to the legitimization of state power and at the same time conceal illegal practices that thrive within it and in which they can be actively involved. Their political ambition may reflect a desire to achieve a form of notability, preserve their assets, and develop their activities by influencing law-making and extending their network. Cases of direct reconversion of violent entrepreneurs into political actors are, however, fairly rare.

Whether they are acting as subcontracted agents or getting directly into politics, these violent entrepreneurs enter into collusive relations with political actors in order to develop their activities, which cannot be carried out without the help of privileged contacts within the state apparatus. Even if this observation does not automatically validate the assumption of a general process of “criminalization of the state,”¹⁹ it nevertheless challenges two commonly held beliefs: on the one hand, the clear separation between state sectors and organized crime; and, on the other hand, the ambition of the criminal milieu to subvert the political order by imposing its own rules. Violent entrepreneurs are very often satisfied with the existing rules of the political and economic game in which they move. Their familiarity with the “system” allows them to detect opportunities that enable them to develop their activities. Furthermore, several of the contributions to this book highlight the short duration of established collusions, which are often the target of new political leaders who found their legitimacy precisely on

the will to break with the old corrupt order. Possession of know-how and the use of violence in many such cases serve as a bargaining chip in negotiating with the public authorities.



The contributions collected in this volume—because they study politico-criminal configurations more than the internal workings or organization of violent enterprises—pay particular attention to the interactions, intertwining, and even interpenetration between the criminal world and legal society's institutional spheres. Illegalism and the illegal use of violence, officially relegated to the fringes of the legitimate social order and at odds with democratic standards and models of good governance, nonetheless constitute levers of accumulation of economic and political resources as well as social and territorial control.

This phenomenon is never plainer to see than when violent entrepreneurs act in concert with state agents, especially when the latter delegate some of their prerogatives to them. This is the case with the Rangers in Pakistan, a paramilitary force studied by Laurent Gayer in chapter 1. The government enlisted their help in the early 1990s to keep order in Sindh province and the city of Karachi. On the basis of this official mandate, the Rangers developed a raft of “extra-professional” activities (unlawful appropriation of public goods, racketeering, rent capturing), tolerated by the civil and military authorities—who found in such activities an indirect means of paying for the Rangers' services. In Turkey as well, private security units and militias were formed under the aegis of the government and employed by the army as backup forces in the war against the Kurdistan Workers' Party (PKK) in the 1980s. These armed groups later grow more independent, enjoy a relative impunity, and gain various contacts in several state sectors (especially security forces and intelligence services) as well as in local institutions. They manage to work their way into corruption networks (embezzlement of funds and public contracts) and become involved in criminal transactions (arms and drug dealing, contraband). In this case—analyzed by Elise Massicard in chapter 2—as in the case of Pakistan, enrollment of paramilitary groups to control and quash social and political protest has led violent entrepreneurs to privatize the use of the force delegated to them for their own benefit and thus enjoy the opportunities that such delegation has enabled them to take.

This process can work only with the at least partial and tacit approval of government authorities. In Turkey, some of these have formed

collusive agreements with armed gangs based on joint participation in racketeering or smuggling activities as well as “covert” security operations, first against left-wing movements and then against Kurdish nationalism. In Pakistan, a stabilized system of understandings and arrangements between military and political actors seems to have been established: the former put their coercive resources in the service of the latter, providing protection and support for them, and in exchange have been allowed to appropriate economic resources by legal and illegal means.

Similar arrangements are most certainly what explain, in the context of Indonesia, the long career of Sutiyoso, a former major-general in Suharto’s army, appointed by him as governor of Jakarta in 1997 but who remained in his post even after the fall of the regime one year later and the opening of the democratization process (*reformasi*). Retracing the main stages of his career in chapter 3, Romain Bertrand shows that Sutiyoso managed to marshal patronage resources, networks of friendship and solidarity, as well as violent skills (particularly regarding management of urban public order) he had acquired through his military past to build a mighty power system in the capital. On the strength of this position—and his ties with high-ranking officials who had backed the new regime—he was able to peddle his support to dignitaries in this regime (especially among the entourage of Megawati (an opposition figure to Suharto), once the country’s vice president and then president from 1999 to 2004). He offered them the political and relational capital he had cultivated in Jakarta through his acquaintances with business circles and the local underworld, and with party networks closely linked to these milieus as well as neo-puritan Islamic militias that seconded him in his “war on vice” and street crime.

Several other chapters in this book also show that the exercise of political power can rely on the private practice of violence and illegal business dealings to the extent that sometimes both partake directly of state assemblages and the regulation of the conflicts inside it. Rosaleen Duffy’s analysis in chapter 4 devoted to the criminalization of the state of Belize since its independence in 1980, highlighting its environmental impact, is exemplary in this regard. It explores the wheels of a political system in which the governing elites have formed explicit agreements with racketeering and criminal circles involved in unlawful trade circuits on a global scale (international smuggling networks, money laundering). Jean-François Bayart’s observation that transnational economic crime does not necessarily undermine state power but instead sometimes invigorates it is fully borne out here.²⁰ The circulation of

dirty money, facilitated by bank legislation and development policies centered on tourist investments that attract capital of doubtful origin, has served the formation of the state of Belize. It has fueled the expansion of a “shadow state” alongside official institutions and has in reality superposed itself on them. It has transformed the state into an arena for negotiation and transactions between the local elites and transnational business circles, reinforcing illicit networks that prey on collective resources and, within these networks, the role that individuals and groups from professional crime circles can assume as violent auxiliaries or trading partners.

The case of Belize seems to illustrate the total integration of the political world and the various protagonists of “illicit international relations.”²¹ Elsewhere, for instance, in postcommunist societies, more complex and ephemeral configurations made up of distinctly more heterogeneous groups have been formed owing to local sociopolitical turmoil. Chapters 5 and 6, which set out to analyze the mechanisms by which criminal and illegal practices spread through the economic and political sectors in Bulgaria and in Russia, have points in common in this regard. Retracing the entrepreneurial success of Ilija Pavlov (murdered in Sofia in 2003), the owner of a huge conglomerate that had taken on considerable economic importance in Bulgaria in the 1990s, Nadège Ragaru shows what this success owes to the support Pavlov managed to marshal among members of the former *nomenklatura* who had become organizers of the transition to a market economy, emerging party elites, as well as violent entrepreneurs operating on the fringe of legality. The specific procedures of economic liberalization and political democratization shaped politico-criminal networks, thus uniting a variety of actors toward a common goal of predation and rent poaching (both from privatizations and from fraudulent operations at the expense of public enterprises): administrative officials who gave information and authorization to captains of industry taking advantage of the reorganization of Bulgarian capitalism and the funding needs of new political parties, members of these parties seeking opportunities for enrichment and to wield influence, criminal actors and police officers reconverted to the protection racket and illicit entrepreneurship.

It is not surprising that very similar phenomena could also be observed in the Russian “transition” that Gilles Favarel-Garrigues studies. The rapid changes resulting from the upheaval in the economic and political framework offered opportunities to accumulate wealth and power for predatory enterprises that relied on “administrative resources” as well as management skills and were in a position, directly or via hired

operators, to use force to promote their interests, weaken their competitors, or influence politico-administrative decisions regarding them. Consequently, there was a rise in the use of violence (murders, intimidation) to settle trade disputes as well as political conflicts. In some regions and major cities of the country as well as in segments of the state bureaucracy, a mechanism of intersecting interests and exchanges of favors also developed, leading to the formation of coalitions linking economic and criminal actors with elected officials or top civil servants.

The situations just mentioned could support the hypothesis of the “criminalization of the state,” as expounded by Jean-François Bayart, Stephen Ellis, and Béatrice Hibou with respect to contemporary Africa.²² Whatever the reasons may have been, these historic trajectories of the societies studied favored the assertion of power positions based on control through force and membership in predatory coalitions deeply embedded in state institutions. They have sometimes also favored the brutalization of the exercise of power. Even in contexts very remote from those just discussed, incidences of such embedding have been similarly proven. It is true in Italy, for instance, where, as Rocco Sciarrone points out in chapter 7, the influence of the Calabrian mafia (the ‘Ndrangheta) is largely explained by its capacity to form and maintain lasting collusions with the locally dominant political forces and to induce local economic actors to collaborate with them, either by using threats or by reaching collusive understandings. This enables mafia “families” not only to ensure themselves relative impunity but also to enjoy a “social capital” (i.e., relational resources and dense cooperative ties) that facilitates access to public contracts, giving them a remarkable advantage over their competitors and, beyond that, accrediting their social authority over the territory. This is also true, in a certainly less stable context, of the politico-criminal networks of interests and influence in Corsica that Jean-Louis Briquet discusses in chapter 8. Such networks, as several parliamentary commissions have established, developed in the late 1980s owing not only to the increased investment by the island’s mafia in the regional economy, but also to the reconversion of certain leaders of the armed nationalist movement into business dealings. Agreements established between these violent groups and part of the local politico-administrative class led the national government to criticize Corsica for its “mafia tendencies,” thereby encouraging it to reformulate the “Corsican question” in terms that were no longer political (regional identitarian demands) but instead clearly criminal.

But how can such “criminalization” processes be analyzed when they unfold in situations of extreme turmoil, where the frontiers between

lawful and unlawful are considerably blurred, where warfare and the collapse of state regulations make these boundaries indiscernible? This is the question tackled by Roland Marchal in the ninth and last chapter of the book, studying the way currency exchanges were handled during the civil war in Somalia in the 1990s. The labeling of wartime economic practices (in this case the issuance of currency by private actors) as “criminal,” as the international community does in its spurts of legalism, makes it difficult to grasp the extent to which such practices stem from local actors’ need to continue doing business. Certainly, in such situations “criminality” does characterize the predatory practices of violent professionals (“warlords”) or the attendant activities of corruption and fraud, but it is also part of a population’s survival strategy and the way “civil society” creates its own viable options and seeks to maintain relative stability in a crisis situation that escapes it. To some extent, this chapter serves as a warning. It cautions against an analysis of “criminal enterprises” that casts aside the processes that cause them to be labeled as such and ascribes their motives solely to absolute predation or uncontrolled greed.



In all the aforementioned situations, the interrelation and overlapping of politico-institutional, economic, and criminal practices and spheres are the most readily apprehended and examined. In the course of the analyses that run through the various contributions, however, other questions are raised and other perspectives explored. One of these pertains to the sociology of violent entrepreneurs, more precisely how they became specialized and the conditions in which they ply their “trade.” Although, as it appears in all the contributions, these entrepreneurs are recruited primarily from among military personnel or security service agents, there are other channels of specialization, which are brought to light in these chapters. Active militancy in underground political groups and in armed protest is one of these channels. This can be seen in particular in the case of radical right-wing Turkish activists moving between undercover subcontracting of state repression and the smuggling trade, or in that of certain Corsican nationalist leaders who have applied the skills that they had acquired through political struggle to the field of common law crime (especially racketeering) and illegal entrepreneurship. Combat sports is another channel of this “professionalization.” Indonesian martial arts clubs, Bulgarian wrestling associations, and Russian athletic circles serve as the preferred recruitment

pool for private security firms or groups of gangsters specialized in violent services. In addition to the sociological diversity of violent entrepreneur profiles, at the junction of the underworld, athletic clubs, political protest, security services, and military careers is their ability to inspire cooperative behavior within their environment. This capacity undoubtedly derives from the violent reputation and the know-how they can claim directly or that the public authorities have delegated to them. But we have seen that it also arises from collusions and active agreements for collaboration, exchanges and loyalties that have been established with fractions of such authorities and more generally with sectors of the legal society in which they operate.

The second point that should be underlined does not pertain to the use of violence aiming at accumulating wealth and power but concerns public engagements against this violence and the denunciation of the alleged perpetrators. Violence is the object not only of power struggles between institutional actors that attempt to appropriate it or channel it but also of ideological elaborations aiming to justify or discredit its use and to prevent competitors from exercising it. Denunciation of it punctuates factional disputes and fuels criticism addressed by opponents to the incumbent powers—"civil society" activists protesting against those supposedly responsible for criminal tendencies among the elites, as well as international organization representatives who accuse states of committing despicable acts and attempt to induce greater morality by "naming and shaming" them. The publicizing of the criminal question through the disclosure of scandals or affairs owes much not only to these denunciations and to battles of influence, but also to the mobilization of experts or moral entrepreneurs.²³ And it is generally due to such denunciations of scandal that the underground functioning of politico-criminal networks becomes known to the public (and to the researcher). Parliamentary inquiries and the legal proceedings that came in the wake of the Susurluk scandal in 1996 have proven valuable to describe the mechanisms of the "deep state" in Turkey. The same is true in Belize in the Ashcroft's case, which fed international controversy over the role of offshore markets in the expansion of criminal networks and the protection these enjoyed from official players in global finance. The reaction provoked by the murder (probably by the mafia) of Ilija Pavlov, founder of Multigroup, in Bulgaria, is a similar example.

In such conditions, campaigns against organized crime are always liable to be exploited in power conflicts. In some cases, the use of stigmatizing label designed as such and broadcast by international organizations helps to delegitimize opponents by alleging their involvement

in criminal and corrupt circles. This is, for example, the case of the compromising revelations (*kompromaty*) regularly made by the Russian press or in the denunciation of the “Corsican mafia,” made in particular to disqualify some of the island’s nationalist leaders. Political and military authorities have been known to seek sources of legitimization in such campaigns, for example, the Pakistani rulers who use denunciation of the Rangers’ illegal activities to restore the army’s image at the national and international level by thus demonstrating its integrity. In Indonesia, Governor Sutiyoso used the “war on vice” and street crime to justify an unprecedented police clampdown in Jakarta and to reassert the state’s security mission while shoring up his position as urban leader and inescapable partner of the new rulers, whom he had nevertheless staunchly opposed at the time of the “new order.”

One conclusion emerges out of this series of case studies: that the borders between the licit and the illicit in the exercise of power and in the political regulation of societies are extremely permeable. The analysis of criminal practices cannot be carried out independently from the analysis of their embedment in political and economic legal structures. It cannot be seen separately from “the hybridization of state and crime,” whose “systemic” nature constitutes, according to Jean-François Bayart, “one of the essential wheels of the assemblage of the state and world capitalism.”²⁴ This analysis also requires permanent attention to the way in which these mechanisms are maintained in secrecy or made public, tolerated or denounced, socially accepted or criminalized and punished as such. Such a perspective leads us to abandon any attempt to represent the world of crime as the opposite of the democratic order, and also to describe what arises, in this order, from practical arrangements made by those in power, be they in disregard of moral and legal codes.

Notes

1. Claire Sterling’s book *Thieves’ World. The Threat of the New Global Network of Organized Crime* (New York: Simon & Schuster, 1994) offers a good example of this sort of commentary in the very outrageousness of her remarks. Organized crime is held up as an overbearing threat to the West, comparable to what “international communism” was in its time. The “antidemocratic” nature of mafias has also fueled a number of scholarly analyses, for instance, Louise Shelley, “Transnational Organized Crime: The New Authoritarianism,” in H. Richard Friman and Peter Andreas (eds.), *The Illicit Global Economy and State Power* (Lanham: Rowman & Littlefield, 1999), 25–51.
2. To use Susan Strange’s famous phrase from *The Retreat of the State. The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996).

3. On the development of the fight against organized crime on an international scale, see Peter Andreas, Ethan Nadelmann. *Policing the Globe. Criminalization and Crime Control in International Relations* (Oxford: Oxford University Press, 2006); Michael Woodiwiss. *Gangster Capitalism. The United States and the Global Rise of Organized Crime* (New York: Carroll & Graf, 2005).
4. We borrow this expression from Didier Bigo, "La mondialisation de l'(in)sécurité? Réflexions sur le champ des professionnels de la gestion des inquiétudes et analytique de la transnationalisation des processus d'(in)sécurisation," *Cultures et Conflits* 58 (2005): 53–100.
5. Gilles Favarel-Garrigues, "Domestic Reformulation of the Moral Issues at Stake in the Drive against Money Laundering: The Case of Russia," *International Social Science Journal* 57(185) (2005): 529–540. Gilles Favarel-Garrigues, Thierry Godefroy, and Pierre Lascoumes, "Sentinels in the Banking Industry. Private Actors and the Fight against Money Laundering in France," *British Journal of Criminology* 48(1) (2008): 1–19.
6. In a 2008 study, the National Intelligence Council has, for instance, expressed concern about "Europe's Future Mafia States." See National Intelligence Council, *Global Trends 2025: A Transformed World*, 2008, http://www.dni.gov/nic/NIC_2025_project.html
7. For elements of comparison between the Sicilian mafia, the Yakuza, and Triads, cf. Diego Gambetta. *The Sicilian Mafia. The Business of Private Protection* (Cambridge: Harvard University Press, 1993), 127–155.
8. See the chapters entitled "Economics and Criminal Enterprise" and "What Is the Business of Organized Crime?" by Thomas Schelling. *Choice and Consequence* (Cambridge: Harvard University Press, 1984), 158–193.
9. Manuel Castells. *End of Millennium, The Information Age: Economy, Society and Culture Vol. III* (Cambridge: Blackwell, 1998).
10. Peter Reuter. *Disorganized Crime. The Economics of the Visible Hand* (Cambridge: MIT Press, 1983).
11. On the role of local political and administrative actors in the activities of organized crime in the United States, see William Chambliss. *On the Take. From Petty Crooks to Presidents* (Bloomington: Indiana University Press, 1978). This author also uses the expression "state-organized crime" to refer to the unlawful activities of the American law-enforcement agencies, often in the international sphere, cf., for example, *Power, Politics and Crime* (Boulder: Westview Press, 1999), 142–152.
12. This is one of the main hypothesis of Jean-François Bayart's studies on globalization, which will be cited below. See also H. Richard Friman, "Caught Up in the Madness? State Power and Transnational Organised Crime in the Work of Susan Strange," *Alternatives* 28(4) (2003): 473–490.
13. This book is one of the fruits of the "Sociologie des entreprises criminelles" research group led by the editors of the present volume at the CERI since 2001. The contributions were first presented and discussed during a study day entitled "Violence criminelle, pratiques illicites et pouvoir politique" that was held at the CERI in June 2004. We would particularly like to thank all the group participants as well as the CERI for its material support.
14. About the concept of "configuration," see Norbert Elias. *What Is Sociology?* (London: Hutchinson, 1978).
15. Jean Cartier-Bresson, "Comptes et mécomptes de la mondialisation du crime," *Economie politique* 15 (2002): 22–37. He has in this regard emphasized the flaws in the methods used to estimate the profits from crime. Since most of the information available on organized crime is produced by specialized agencies (police and judicial institutions, intelligence agencies), the information is highly dependent on the objectives of such agencies, which often tend to overestimate the "mafia threat" or offer a picture of criminal organizations that fit with their operational strategies. Regarding the Italian mafia on this point,

- cf. Jean-Louis Briquet. *Mafia, justice et politique en Italie. L'affaire Andreotti dans la crise de la République (1992–2004)* (Paris: Karthala, 2007).
16. Vadim Volkov. *Violent Entrepreneurs. The Use of Force in the Making of Russian Capitalism* (Ithaca: Cornell University Press, 2002).
 17. Charles Tilly, "War Making and State Making as Organized Crime," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol (eds.). *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), 169–191; Karen Barkey. *Bandits and Bureaucrats. The Ottoman Route to State Centralization* (Ithaca: Cornell University Press, 1994).
 18. Our remarks are in particular inspired by Christian Geffray's research "Etats, richesse et criminels," *Mondes en développement* 28(110) (2000): 15–30 on the exercise of criminal activity by political actors and conversely, on the entrance into politics of violent entrepreneurs in the case of Brazil.
 19. Jean-François Bayart, Stephen Ellis, and Béatrice Hibou. *The Criminalization of the State in Africa* (Bloomington: Indiana University Press, 1999).
 20. Jean-François Bayart. *Le gouvernement du monde. Une critique politique de la mondialisation* (Paris: Fayard, 2004), 109–118. Also, by the same author, "Le crime transnational et la formation de l'Etat," *Politique africaine* 93 (2004): 93–104.
 21. Pierre Conesa (dir.), "Les relations internationales illicites," *Revue internationale et stratégique* 43 (2001): 18–25.
 22. Bayart, Ellis, and Hibou. *The Criminalization of the State in Africa*, op. cit. The authors disprove this hypothesis in most of the cases they studied.
 23. On the phenomena of disclosure in the case of white-collar crime, cf. Pierre Lascoumes. *Elites irrégulières. Essai sur la délinquance d'affaires* (Paris: Gallimard, 1997). Cf. also regarding scandals, Damien de Blic, Cyril Lemieux, "Le scandale comme épreuve. Eléments de sociologie pragmatique," *Politix* 18(71) (2005): 9–38.
 24. Bayart, "Le crime transnational et la formation de l'Etat": 100.

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CHAPTER 1

The Pakistan Rangers: From Border Defense to Internal “Protection”

LAURENT GAYER

We are a very difficult country structurally. [...] We don't know the value of freedom. Our people feel exposed and unhappy in freedom. [...] Thank God we have an army.

(Général Ayub Khan, March 26, 1969)¹

Pakistan has several paramilitary forces whose mandate has been expanded considerably since the 1990s. These forces are not militia organizations acting as auxiliaries to law-enforcement professionals or using illegitimate violence to private ends, but security service units commanded by high-ranking police or military officials and answerable to the federal authorities. Some of these forces, such as the National Guard² and the Rangers, come under Interior Ministry authority but are commanded by military officers. Others, such as the *Frontier Constabulary* (FC), are commanded by a police officer and placed under the authority of the Ministry of States and Frontier Regions (SAFRON). These paramilitary forces, with troops numbering a total of 270,000 (compared to 500,000 in the regular army),³ were originally in charge of defending the country's international borders. Their mandate has expanded, however, to include policing tasks within the national territory. Since the end of the 1980s, law enforcement in Karachi, capital of Sindh province as well as Pakistan's economic and financial hub, has been divided between the municipal police and the Rangers, who numbered 10,000 in 2003 (i.e., half the size of the police force).⁴ The

Rangers' sociological profile is similar to that of the military:⁵ most of them come from the Punjab and Pashtun peasantry in the north, viewed by the British as "martial races." Federal political officials see this geographic origin as making the Rangers more reliable than the police in managing conflicts in urban Sindh. However, due to their origin, Sindh inhabitants tend to consider the Rangers an "occupation force," in the very words of a former Karachi mayor.⁶

In exchange for taking part in law-enforcement missions that fell outside their mandate, the Rangers were authorized to extract economic resources from the local society. The paramilitaries thus took over lawful business activities (the fisheries market in Sindh province) and provided protection for certain unlawful activities (the parallel trade in drinking water in Karachi). The Rangers' extra-professional activities were long tolerated by Pakistan's civil and military authorities at the provincial and federal levels alike, given that such activities ensured self-financing of the paramilitaries, but it was also a way of rewarding their commanders for their loyalty. But normalization of the security situation in Karachi toward the end of the 1990s and the gradual autonomization of the paramilitaries, who were tempted to go their own way in their "violent entrepreneurship,"⁷ called into question the informal pact that had linked them to their state patrons. At the provincial level, the government sought to regain control of the Rangers' business activities in order to take their cut on these resources. The attitude of the federal authorities, particularly President Musharraf, was different, however. In the face of growing discontent among Pakistani political society regarding these extra-professional activities on the borderline between lawful and unlawful, the general-president chose to dissociate himself with the Sindh Rangers and delegitimize the business activities that were targets of criticism, including those that enjoyed legal sanction.

The fluctuating status of the Rangers' extra-professional activities since the 1990s provides a good illustration of one of the essential properties of "violent enterprises":⁸ that theirs is a shifting nature, indicating the fragility of the collusive systems on which they are based. The entanglements between positions of wealth and power are constantly renegotiated and depend at least in part on the fluctuating social images connected with the paramilitaries, even in a state as authoritarian as Pakistan. These constraints are even stronger when these "violent enterprises" are managed by state actors. Government officials involved in these business activities on the fringes of legality, in fact, have difficulty complying with rule number one of "violent entrepreneurs": that

they must enjoy “a relative freedom in the strategic and tactical decision making regarding the use of violence or threats, autonomy from other authorities and the possibility of earning private income, which depends on the efficiency of the entrepreneur.”⁹ Such is not the case for mid-level state officials who remain subordinated to higher authorities whose tolerance of the private activities of their subordinates is always relative.

The Sindh Rangers, a state-delegated violent enterprise

Following the expansion of their mandate to maintaining internal security in the late 1980s, the Rangers began to engage in activities of economic accumulation that were at first tolerated and even encouraged by the state. During this initial phase, covering the 1990s, the Rangers were able to conduct their business with total impunity, the government having left them a considerable margin for maneuver to extract economic resources from the local society in exchange for their participation in a law-enforcement mission in which the police and later the army had failed.

The Rangers first intervened in Karachi in 1990, at the request of the Sindh provincial authorities and with the approval of the local Corps Commander,¹⁰ to quash student union agitation on the city’s campuses.¹¹ They then seconded the army in 1992 for Operation Clean-Up, which was intended to eradicate the dominant political party in Sindh urban areas: the Mohajir Qaumi Movement (MQM), founded by Mohajirs, descendants of Indian migrants who settled in Pakistan after the partition in 1947. Given the failure of the army’s repressive strategy conducted in Karachi and Hyderabad during Nawaz Sharif’s first-term, the army withdrew from Sindh cities of its own accord in 1994, although the Sindh government had wanted to extend its mandate. The Rangers were again called in for reinforcement by Benazir Bhutto’s government in 1995 to put down the MQM.

Far from “interfering” in civil affairs through their “internal security mission,”¹² the Rangers had their mandate enlarged in the framework of the state of exception that was declared and extended by the civil authorities. The internal security mission given to the Rangers in Karachi is but one illustration of the permanent state of emergency the Pakistani civilian political leaders have declared since the 1950s and which they literally turned into a method of government in the 1990s.¹³ Like the military, who used it as an instrument to legitimate

their coups d'état, the Rangers took advantage of the theory of necessity formulated in the mid-1950s by the Pakistani legal authorities, who had endorsed the dissolution of the constituent assembly by Governor-General Mohammad Ali Bogra in 1954, by declaring that "that which otherwise is not lawful, necessity makes lawful."¹⁴ This foundational doctrine of the permanent state of exception which has prevailed in Pakistan since the 1950s has been used not only by the country's authoritarian elites but also by the actors of the aborted "democratic transition" in the 1990s. Reinforcement of the Pakistani antiterrorist regime and its instrumentalization by the governments of Benazir Bhutto and especially Nawaz Sharif provide a striking illustration of the propensity of the actors of Pakistan's "democratic transition" to resort to laws of exception and military actors in their political quarrels.¹⁵

Such methods of government have likened the Pakistani legal system to a "zone of anomie" in which de facto procedures, "which are in themselves extra- or antijudicial, pass over into law and judicial norms blur with mere fact."¹⁶ Blurring the boundaries between law and fact or between the lawful and the unlawful, they were perpetuated during General Pervez Musharraf's term after he came to power in a coup d'état in October 1999. Pakistan's return to a representative form of politics in October 2002 did not call this permanent state of exception into question. The new civil authorities, sponsored by the military, maintained the antiterrorist regime strengthened by Nawaz Sharif and continued to call on the paramilitaries to handle development and internal security missions. Today even the MQM, which had nevertheless been the Rangers' main target throughout the 1990s, is requesting that the paramilitaries remain in Sindh. Since its return to power at the provincial level, the Mohajir party has, in fact, found the Rangers to be a valuable instrument to quash its adversaries, especially the *Jama'at-e Islami*. Kunwar Khalid Yunus, one of the MQM representatives to the National Assembly, thus justifies keeping the Rangers in Karachi by evoking the threat posed by "the 500,000 students in madrasas and the jihadists." "It's a little hard to swallow," he continues, "but you have to admit that the Rangers are very effective, compared to the police."¹⁷ The provincial government that the MQM has participated in since 2002 has thus resigned itself to assuming the financial burden of maintaining the Rangers and placed at the latter's disposal public land in the environs of Karachi, on which the paramilitaries began to build permanent homes during the winter of 2004–2005.¹⁸

Throughout the 1990s, the civil authorities not only turned a blind eye to the development of the Rangers' extra-professional activities but also actively contributed to them, particularly in Karachi, by subcontracting to the paramilitary certain administrative duties previously handled by the municipality. Convinced that Ranger control over certain vital sectors of the local economy (such as the city drinking water supply) was a lesser evil than the corruption and inefficiency of the municipal bodies, the government of Sindh devolved entire segments of urban policy in Karachi to the Rangers. The development of the Rangers' extra-professional activities thus first of all attests to collusions between the country's security actors and politicians, the former providing protection for the latter in exchange for relative autonomy in the extraction of economic resources done on the fringes of legality. But diversification of the Rangers' practices of accumulation during the 1990s can also be explained by the tendency of the civil authorities to delegate to the military authorities. Such practices of delegation are rooted in British imperial rule during which the Indian colonial army in times of crisis was authorized to fulfill tasks that traditionally befell the civil authorities.¹⁹ The first generation of Pakistani civil administrators, having limited capacities and authority over their society, drew inspiration from these laws of exception to entrust the army with the task of enforcing law and order. For example, in Lahore in 1953 the army was called in to put down the first sectarian riots that occurred in the country. The success of this mission, which ended with a huge cleanup operation in the city, prompted the civil authorities to replicate the experience by gradually enlarging the armed forces' mandate to involve them in the country's economic development (building of infrastructures, involvement in the educational sector, and later, the administration of heavily indebted state companies). Far from diminishing over the years, these practices of delegation have multiplied, making the army the main guarantor of internal stability and the country's largest entrepreneur.²⁰

The senior Pakistani military hierarchy tolerated the Rangers' business activities in that they provided a means of rewarding the senior officers who commanded them.²¹ This clientelistic strategy runs up against the problem that the rank and file (*sepoys*, to use the colonial terminology) has no hope of drawing any benefit from such activities, which explains why some of them periodically engage in criminal activities (armed robbery, extortion of drivers and shopkeepers) that are both more violent and less organized than the "violent enterprises" sponsored by their superiors.

**From collusion to autonomization and back again: The
volatility of the Rangers' "violent enterprises"**

The Sindh Rangers gradually sought to gain independence from their state protectors, as attested by their activities of "illegal occupation," appropriation of public property, and control over markets. In an environment of social and political appeasement, this ambition finally prompted the government of Sindh to react, so that it could partake of the dividends yielded by these "violent enterprises" and recover their sovereignty over Sindh urban areas, in the process of being normalized.

Given that the Rangers initially had no mandate to operate within the cities of Sindh, no building was attributed to them to billet their troops and store their equipment. The paramilitaries were thus obliged to occupy public buildings, totally illegally but without it seeming illegitimate in the eyes of the civil authorities. As Charles Tilly points out, the notion of "legitimacy" is always shifting in a protection racket situation: "Legitimacy is the probability that other authorities will act to confirm the decisions of a given authority."²² In the case at hand, the government of Sindh first legitimated the Rangers' "illegal occupation" activities, convinced that their stay would be temporary and that it was a lesser evil, as building barracks promised to be more costly than the temporary occupation of public buildings. And so it was with civil authority endorsement that the Rangers became involved in unlawful practices, even if already by then the locations chosen by their high command carried powerful symbolism that was clearly derogatory to the local authorities. One of the first buildings to be occupied by the Rangers was the home of Jamshed Nuservangi, a former city mayor who governed the city during the 1930s. Former mayor Fahim Zaman Khan (June 1994 to April 1996 and then from October 1999 to February 2000) has pointed out that the choice of his residence was not innocuous: "By acting this way, the Rangers behaved like the Mughal conquerors who, after taking a city, occupied its palace and transformed it into a stable."²³

Yet it was not until 1992 with the arrival of several thousand paramilitaries in the city in the course of Operation Clean-Up that occupation of public buildings became systematic. The Rangers began by setting up headquarters in sports complexes (such as the National Coaching Centre and Lyari's People's Stadium in the city center), in student residences and buildings meant to house university professors (especially the Karachi University Teachers Residences and NED University

Muhammad bin Qasim Hostel),²⁴ in schools and research centers (such as the Karachi University Islamic Research Centre), and in apartments belonging to the Karachi Development Authority (KDA), especially in the posh neighborhood of Clifton, and lastly in hospitals (such as the Landhi Medical Complex in the southern part of the city, and the Abbasi Shahid Hospital, between the Nazimabad and Orangi areas). Occupation of these public buildings took place gradually, often during periods of unrest. For example, the Rangers set up their headquarters in the university residences of Jinnah Courts in the city center, after having stepped in to quash a student movement in 1993. Similarly, the paramilitaries took over the Abbasi Shahid Hospital to oust MQM activists who had made the hospital their stronghold in the early 1990s, going as far as to position snipers on the rooftops.

The protection racket set up by the Sindh Rangers was reinforced in 1995 after the province's governor delegated the distribution of drinking water in Karachi to the paramilitaries. In the preceding decade, the city had faced a serious water shortage that the municipality strived to palliate by developing eight water supply points where tens of thousands of tanker trucks filled up daily to meet the population's needs. Given the failure of the Karachi Water Board to ensure a fair distribution of water throughout the city, the government of Sindh decided to subcontract the task to the paramilitaries. The Rangers thus began to appropriate this public resource to their private benefit by offering protection to the cartel that controlled the parallel drinking water market in Karachi, a cartel that the local media qualified as the "tanker mafia." By operating in the same fashion as and to the benefit of organized crime,²⁵ the Rangers ended up managing this public utility as a private concern, giving precedence to their clients over ordinary citizens as regards access to the resource. They honed a dual system that operates as follows: individual customers can purchase a tanker truckload at the official price, between 240 and 375 rupees (between 3.5 and 6 euros) depending on the location, but the waiting lines are generally so long that they prefer to go through the parallel market, where the price of a full tanker truck costs between 600 and 1,000 rupees (between 9.5 and 15 euros). The parallel market generally functions to full capacity whereas the Rangers artificially saturate the official market. Out of the 300 tanker trucks that fill daily at the Central District Federal B Area pump, only 40 are delivered at the official price. At the city's main water supply point, located in the Muslimabad area, this ratio is even more imbalanced: although 1,000 tanker trucks fill there daily, only 80 pay the official price. And when the pumps break down due to power

outages that regularly paralyze the city, official water deliveries cease whereas, thanks to generators set up by the Rangers, the loads sold on the parallel market continue.²⁶

The protection racket set up by the Sindh Rangers is not limited to protecting organized crime actors who control Karachi's parallel drinking water market, from which the paramilitaries derive a significant, though impossible to quantify, income. In Sindh province, the paramilitary troops have also taken control of legal markets, for instance, those selling fishery products (fish and shrimp). The racketeering operation developed at first as a legal special dispensation, later to become illegal and to finally end up delegitimized by the military authorities and be taken over once again by the government of Sindh. These fluctuations highlight the extreme relativity of the notion of "unlawful practices" in the context of Pakistan. As mentioned previously, the Pakistani legal system was formed against a backdrop of permanent exception, justified by a theory of necessity put forward by Pakistani magistrates in the 1950s. Discredited by the civil and military authorities' frequent and extended recourse to laws of exception, this legal system is moreover characterized by inconsistency and instability. Such features are the result of conflicts and compromises between conservative jurists, protectors of the Anglo-Muslim law handed down from the colonial period, and reformist jurists who promote Islamic law. This legal system has only a limited hold on society, especially in the regions bordering Afghanistan and Iran where everyday life remains governed by customary tribal law. Furthermore, in the late 1990s, a parallel legal system based on antiterrorist tribunals controlled by the military supplemented this civil legal system. The Pakistani legal system is thus hybrid, unstable, and disputed in both theory and practice.²⁷ Frequently suspended by the political leadership and circumvented by the population, this legal order has been unable to establish a lasting and consensual definition of the notion of "unlawful practices" in the political and economic sphere, especially when these pertain to the country's hegemonic actor: the army and its clients in the bureaucracy.

In 1977, the Rangers in Thar first obtained from the Pakistan People's Party (PPP)-dominated provincial government annually renewable fishing rights in a handful of villages in Badin District close to the Indian border. This fishery was supposed to ensure them a living and no one found fault with it. But what was originally a special arrangement limited in scope gradually gained the force of law in the two coastal districts of Badin and Thatta. Until February 2005, the Rangers controlled the purchase and distribution of fishery products in these two

districts, obliging local fishermen to sell 12 kg of shrimp at the price of 150 rupees (2.5 euros), whereas the price on the official market was 1,500 rupees (25 euros). Moreover, distributors—to whom Rangers auctioned licenses at an annual cost of 31.6 million rupees (5 million euros) in 2003–2004—could purchase 40 kg of fish for 800 rupees (15 euros) and resell them at 5,000 rupees (80 euros) on the official market. This situation caused the Sindh fishermen's revenues to fall by half since 1986, by which time the Rangers began auctioning the rights to purchase fishery products to their private clients. The protection offered by the Rangers to these distributors was accompanied by acts of brutality against the "producers." Fishermen were subjected to regular searches on their return to port, where boats and nets were carefully inspected: those tempted to conceal their catch in their boats were usually beaten.²⁸ On the pretext that some fishermen were supposedly "Indian agents," the Rangers also began conducting raids on their villages to search their homes. The shows of strength lent credit to the Rangers' protection offer to their private clients, by demonstrating their ability to control the distribution of fishery products right at the source and to do so exclusively. In other words, such violence against the fishermen enabled the Rangers to convince their private clients that they were dealing with a lucrative but captive market into which they could not venture without "protection." This is indeed a protection racket, that is, a means of extraction that differs from the mere activity of extortion in its systematic and organized nature and the real or imaginary services it guarantees its "clients."²⁹ To the Rangers' private clients, the cost appeared fairly minor.³⁰ Entrepreneurs who could afford to hire Ranger protection indeed reaped huge benefits. It is thus mainly the Sindh fishermen who bore the brunt of this protection racket by submitting to the prices imposed by the paramilitaries.

Even if the Rangers sought to gain independence from their state patrons by developing a protection racket, they were unable to escape state control entirely. In exchange for political protection from the government of Sindh, the Rangers themselves were subject to a tax. In May 2004, the Sindh government thus granted them the right to control fisheries throughout the Badin Lake District once the paramilitaries had promised to pay the provincial government 35 percent of the proceeds. On May 24, 2004, the Sindh government fisheries minister, Sardar Manzoor Hussain Panhwar, made this agreement official by declaring that the Rangers have access to these resources "to meet their needs," before adding that a state fisheries official would henceforth be present when the exclusive rights to purchase fishery products

were auctioned off annually at Rangers headquarters.³¹ The racketeering of the paramilitaries by the provincial authorities did not last long, however. It was brought to an end in February 2005 when General Musharraf intervened to denounce the Rangers' activities in the fisheries sector. As suggested in the introduction, these fluctuations in the "lawful" or "unlawful" nature of the Rangers' extra-professional activities indicate the volatility of the hybrid configurations on which their "violent enterprises" are based, hovering between the public and the private and involving both civilian parties and "professionals in violence"³² under the eye of the bureaucracy and political society.

Delegitimation of the Rangers' extra-professional activities by local civil actors

In recent years, there has been rising discontent about the Rangers' control over certain political (keeping order) as well as economic (control of resources) activities throughout the country. Resistance, picked up by the media, has come from four types of actors: provincial authorities, local authorities, the police force, and political society. Despite their varied motivations, the shows of resistance have jointly contributed to delegitimizing the extra-professional activities of the Rangers, now presented as a criminal organization.

In June 2003, the Rangers were accused by the Punjabi provincial government of manufacturing and selling adulterated soft drinks in 60 villages (bordering on India), where the paramilitary troops have a *de facto* trade monopoly in that no other vehicle can venture there without their permission. Armed with this monopoly on a captive market, the Rangers started building small plants in the villages of Baidian and Wagha in 1989, where they produced 500 crates of soft drinks per day using non-potable water. Each of these 24-bottle crates was sold for 60 rupees (1 euro) to distributors, as opposed to 180 rupees (2.5 euros) for genuine soft drinks.³³ In this specific case, the paramilitaries were unable to act with total impunity since their activities carried such a health risk that the local authorities ordered the offending plants to be closed. This decision serves as confirmation that the civil authorities continue to have significant regulatory power over the parallel markets controlled by "professionals in violence," with whom they had developed a partnership since the late 1980s that was not imposed on them but into which they entered freely and for which they continue at least in part to set the rules of operation.

In Sindh province, the government officials involved in revealing the Rangers' extra-professional activities have long been in a situation of rivalry with the paramilitaries, whose maintenance the provincial administration has paid for since 1994, although they are officially placed under the authority of the interior minister. The cost of this maintenance is not insignificant: it represented 198 million rupees (3 million euros) in 2002–2003 and 219.12 million rupees (3.5 million euros) in 2003–2004, following 2001 when the province was on the verge of bankruptcy with a deficit of 110 billion rupees (2 billion euros).³⁴ Although Aftab Sheikh, the then advisor to the chief minister of Sindh on home affairs, had requested in 2003 a one-year extension of the Rangers' presence, he himself acknowledges that "the Rangers' activities represent a significant share of the provincial budget."³⁵ But officials who had the courage to publicly express their grievance with the Rangers have generally been transferred out of the province, as was Wajid Rana, who had been head of Sindh home affairs in 1996–1997 and later in charge of managing the province's finances in 1999–2000. Rana was transferred to Peshawar in 2001 for having been, in his own words, "too upright, straight forward and blunt" with the Rangers.³⁶

Some administrations also criticized the Rangers' illegal activities because they encroached directly on their own mandate. For instance, the Sindh Cultural Department (SCD), in charge of protecting the province's heritage sites, has a deep-seated grievance with the paramilitaries in that they illegally occupy buildings placed under its jurisdiction, particularly the former student residence of Jinnah Courts, in downtown Karachi, where the Rangers set up their headquarters in total disregard for the law. As if it were not enough to occupy the historic building, the Rangers took the liberty of building on the land (in particular a mosque),³⁷ without bothering to inform the competent authorities, not only the SCD but also the Karachi Building Control Authority (KBCA) and the Advisory Committee on Cultural Heritage, which is supposed to issue a non-objection certificate (NOC) before any construction can take place on protected sites. In 2004, the Rangers went even further: on his visit to Jinnah Courts, Interior Minister Faisal Saleh Hayat had complained of the small size of the room where he was to hold his press conference. The Rangers then knocked down one of the walls of the room to make it larger, heedless not only of the rules in force concerning heritage sites, but also of the most elementary safety measures (since it was a load-bearing wall, cracks soon formed in the walls of the upper story of the building). This information was

immediately handed by the SCD to the press so that it could visit the site and report on the extent of the damage.

Although until the late 1990s the local authorities could hardly protest against the Rangers' illegal occupation of public buildings, some of them were able to rise up against these practices when a very relative calm was restored in Karachi at the close of the decade. Thus, in October 2001, the Karachi Development Authority (KDA) managed to convince the Rangers to withdraw from its administrative buildings in the Kekhasan area of Clifton. KDA officials had been demanding since 1993 that they leave but it took threatening the paramilitaries with legal action for them to comply. And when the Rangers occupied land that thwarted plans to develop bungalows on the site, the paramilitaries refused to pay the slightest usage fee on leaving the premises.³⁸ In 2003, the Rangers also agreed to vacate the hospitals and schools they had occupied until then, but the buildings thus vacated were generally left in such a state of disrepair that it took the Karachi government many years and millions of rupees from the municipality to restore them. And even as the Rangers finally yielded to municipal pressure to vacate the hospitals and school buildings, they have refused to leave the city sports complexes³⁹ as well as the Jinnah Courts student residences, even though the Sindh High Court had ordered their eviction in 2000.

Another source of information for journalists in Karachi helping to discredit the Rangers is none other than the police. The police already have a long-standing bone of contention with the Rangers, who are better equipped and regularly encroach on their mandate. This is true especially in Karachi, where the paramilitaries were put in charge of controlling vehicles as of 1998 after the police had proven itself incapable of performing this task out of lack of motivation or due to the corruption of its officers. Although the Rangers are not officially entitled to take people in for questioning, some officers in the paramilitary force do not hesitate to regularly overstep this prohibition to the police's great dismay. By regularly supplying the media with information that can be detrimental to their paramilitary "colleagues," city police officers thus attempt to tarnish the Rangers' reputation and take their revenge over a security force that has gradually impinged on their duties and their means.

Sindh political society also mobilized to denounce the Rangers' protection rackets. The Rangers' control of fishery product distribution in Badin and Thatta districts thus gave rise to major protest action throughout 2004 and in the early months of 2005, led by a particularly combative NGO, the Pakistan Fisherfolk Forum (PFF).⁴⁰

This mobilization came to a head in the fall of 2004: on September 23, Badin fishers embarked on a hunger strike that continued during the month of Ramadan. November 2004 was marked by a series of demonstrations rallying several thousand fisherfolk in the port of Karachi, on the Baluchistan coast, and the shores of Lakes Badin, Thatta, and Manchhar. On November 22, 2004, the Badin fishers decided to stop selling their catch to the Rangers and readily denounced the paramilitaries who harassed them. With the intervention of their superiors, the culprits were, however, quickly released and often pressed charges against the rebellious villagers.⁴¹ These punitive measures were, however, not enough to put an end to the fishermen's revolt, which gradually became politicized. During the winter of 2004–2005, opposition parties, in particular the Pakistan People's Party (PPP),⁴² put their support behind the fishermen, requesting that the Rangers' contract not be renewed and that the coastal zone of Badin District be declared "free fishing zone." Seizing the opportunity to denounce the army's control over the country's politics and economy, the PPP also reiterated that only "political leadership" (i.e., opposition parties not subservient to the military) was in a position to protect the destitute and solve Pakistan's most pressing problems, particularly the Kashmir question.⁴³ Given the politicization of the issue, the government of Sindh first challenged the PFF leaders' representativeness and the grounds for PPP criticism, to which the chief minister of Sindh hastened to reply that he had instigated the contractual system giving the Rangers fishing rights in Badin District. Afterward, the Sindh government made a strategic retreat, acting as if it would grant the fisherfolk's demands. In February 2005, the Sindh chief minister thus canceled the Rangers' fishing rights while announcing the creation of cooperatives to be managed by 15-member directorates, seven members of which would be from the fishing community.⁴⁴ This measure remained purely declarative, however. The Sindh government preferred to renegotiate their contracts previously held by the Rangers with private sector actors, thus provoking a new surge of protest from the Sindh fisherfolk. By elbowing the Rangers out of the fisheries market, the Sindh government thus did less to meet the expectations of the local political society than to serve their own economic interests by retaking control of a lucrative market. And while carrying out their own strategies of accumulation, the provincial elites were able to comply with pressure from the military authorities, eager to dissociate themselves from the Rangers to protect their national and international image.⁴⁵

Withdrawal of military support

It is indeed the military and not the civil authorities who control the activities of the paramilitary troops by determining their legitimacy. This is borne out by General Musharraf's move in October 2004 ordering the Sindh Rangers to withdraw from the province's fishing zones. On January 5, 2005, the director-general of the Sindh Rangers province announced that this withdrawal had taken place and that the Rangers had handed over the administrative charge of these zones to the provincial fisheries minister. During the press conference where he announced this withdrawal, Major-General Javed Zia specified that he was thus complying with President Musharraf's directive⁴⁶ and added that he was prepared to vacate any buildings that his troops were accused of occupying "illegally":

We are ready to move out from any property, including the educational institutions where we have been accommodated by the government. But there has to be an alternate accommodation and the concerned authorities have to make a formal request for the shifting.

The press release issued a few hours later from the Sindh Rangers' headquarters reiterated this offer but added an important remark:

The buildings have been provided to the Rangers by the administrations of the institutions to enable the agency to maintain law and order. Rangers will vacate these buildings once they were provided an alternative accommodation for their residential/official purpose. [...] However, if the administrations of these institutions do not require their services anymore, the Rangers were ready to vacate the buildings instantly.

A few months earlier, in November 2004, Major-General Javed Zia had already offered the Sindh government to revert control of drinking water distribution to the Karachi municipal authorities. The Sindh Rangers director-general complained on this occasion that by handling civilian tasks the Rangers had lost their focus on their law and order mission, that they had wasted their human and financial resources in handling water distribution for Karachi. He added that transferring this activity to the municipal authorities would enable the Rangers to concentrate on their "security-related duties."⁴⁷

In the face of Sindh political society mobilization and pressure from the military high command, the Rangers thus sought to relegitimize their presence in Sindh province. To do so, they first reminded them that their exceptional practices, from occupation of public buildings to the control of the Karachi drinking water supply, have been duly authorized by the government of Sindh and that they had endured only due to these authorities' inability to manage the issue themselves. By offering to give up control of the tanker service and vacate the dozens of public buildings they continue to occupy in Karachi, the Rangers could hope to repair their image at little cost. While posing as defenders of the law acting under the control of the civil authorities, they were sure to catch these authorities out, since the latter did not have the means to accept this apparently generous offer. The Rangers thus did not have much to lose by engaging in this publicity stunt, even if it nevertheless reflected their wish to renegotiate the terms of their contract with the Sindh government to recover their status of holder of legitimate violence.

This search for respectability can also probably be explained by the Rangers' need to conform to the image that General Musharraf wishes to give the entire armed forces. Since its creation in the turmoil of the partition,⁴⁸ the Pakistan army has strived to promote its integrity and professionalism to such an extent that the entire history of the Pakistani military can be interpreted as "the ceaseless pursuit of the image, often in preference to reality itself," as a former Brigadier has suggested.⁴⁹ Internalized by the ranking officers, this image of the army has served to legitimate its involvement in the country's politics and economy. Convinced that it alone is qualified to defend the Pakistani "fortress,"⁵⁰ the high military command has also gained the conviction that it was most apt for it to manage the country's civil matters, which it perceives as far too serious a business to leave in the hands of corrupt and incompetent civilians.⁵¹ The success of the army's intervention in Lahore in March 1953, mentioned earlier, helped to ground this self-perception. The army's increasing involvement in the country's domestic affairs in the second half of the 1950s led to the crystallization of this savior complex that served to legitimate the military coups of 1958, 1969, 1977, and 1999. The military officers who rose to power following these putsches, from Ayub Khan to Pervez Musharraf, all did their best to preserve this image of "last resort" to the army by maintaining the myth of its disinterestedness.

They have been seconded in this task by intellectuals co-opted by the army⁵² and retired officers whose memoirs have consistently praised the army's presumed "antimaterialism." Thus a former army

lieutenant-colonel wrote as recently as 2003 that the main characteristic of the Pakistan army was none other than its simplicity: “Our army traditionally portrayed simplicity; simplicity in dress, simplicity in living, simplicity in food and simplicity in work.” That author, however, laments the recent trends toward materialism in the armed forces, believing that “this trend may, momentarily satisfy the egos of those who exhibit, but in the long run it is damaging and needs to be curbed.” This former lieutenant-colonel calls on the Pakistani armed forces to “resist such temptations” and “say farewell to the chip-and-buck” by inculcating “self-discipline, self-denial, austerity and devotion to duty.”⁵³ The Green Books published annually since 1990 by the army also extol humility, lending it both spiritual and martial virtues: “In Islam, the strongest are the humblest and when it comes to action, they are strong, calm and kind, not proud, angry and cruel,”⁵⁴ thus asserts an active brigadier. In the same volume, intended for young army officers, a division general echoes the views of the retired lieutenant-colonel mentioned above, when he deplors the damage caused by materialism:

[due to the development of materialism], the society which was in a state of equilibrium till the mid-sixties found itself, within a decade, in a state of moral and ethical agnosticism: there was genuine and general doubt about what was right and what was wrong; and where right could be distinguished from wrong, there was serious doubt about whether it was wise or not to do what was right and refrain from what was wrong. Even though the army is shielded through institutionalised methods from the ill facts of the psycho-social environment prevailing in the country, it cannot remain completely immune to it.

General Syed Tanwir Husain Naqvi expressed delight, however, that the army “did fully recognize these phenomena” and that it had taken “many steps to check the growth of these attitudes.”⁵⁵

Mobilization of Sindh political society against the Rangers’ “illegitimate” activities and the gradual politicization of this affair after the PPP had intervened has somewhat tainted the image the army would like to project. In order to protect the army’s reputation for integrity and sobriety, General Musharraf thus found himself obliged to delegitimize the Rangers’ activities that were targets of criticism and with that, the large-scale protection racket that the military had consolidated over the years at both the national and international levels.⁵⁶ Like any government protection racket, it is based on a dual protection offer: from

both local and external violence.⁵⁷ The armed forces protect the nation against its outside enemies (India and Afghanistan) as well as its internal demons (anarchy, corruption, communal conflicts, etc.). This confusion between defense and security is betrayed by the titles of the laws of exception that the army used to justify its political and economic control during the 1950s and 1960s. The Security of Pakistan Act of 1952, the Defence of Pakistan Ordinance of 1958, and the Defence of Pakistan Rules of 1965 stand as prime examples. By their very titles, these laws underscore that “the military leaders take an oath under the constitution for preserving and protecting the territorial integrity of the country from internal subversion and external aggression,” as a former vice chief of army staff points out.⁵⁸ In exchange for this dual protection, Pakistani society has been obliged to accept the supremacy of the military authorities, the crushing weight of the defense budget,⁵⁹ and the regular suspension of its civil and political rights. Yet Pakistan has never been a totalitarian state, even under General Zia’s dictatorship, and this protection contract has never been imposed on society through violence. It was freely consented to upon independence, after which it became institutionalized throughout the 1960s under Ayub Khan’s rule.⁶⁰ It is thus truly an offer of protection and not an extortion scheme, to apply Diego Gambetta’s distinction. The contract is not a permanent one, but one that must regularly be renegotiated with society, which can dispute its terms. Once social and political actors come to feel that the cost of this “protection rent”⁶¹ is more than the benefits they draw from it, they are able to act to demand the army’s withdrawal from politics. The fragility of this protection racket is particularly obvious in conflict and especially post-conflict situations, when the need for national cohesion or reconciliation makes the military more receptive to society’s demands. And although Charles Tilly invites us to be wary of “faulty implicit comparisons between today’s Third World and yesterday’s Europe,”⁶² it is plain that Pakistan’s political society has also resisted the “coercive exploitation” of its leaders by managing to impose limits, however relative and often temporary, on their actions.

The army’s protection racket, which ensures its hegemony over the country’s politics and economy, is thus fragile, as the previously quoted former vice chief of army staff suggests, “Power intoxicated the three commanders [Generals Ayub Khan, Yahya Khan and Zia-ul Haq] and, once in power, the Sword of Damocles hung on their heads.”⁶³ This threat moreover finally ended up falling on each of the putschists. Ayub Khan was ousted by Yahya Khan after a large-scale protest movement; Yahya Khan was obliged to hand

over power to the civilians after the 1971 war, which gave birth to Bangladesh; and Zia-ul Haq vanished in a mysterious plane crash in 1988. Eager to give his regime a more legitimate and less repressive image than that of his predecessors, General Musharraf was nonetheless faced with resistance from the political society as well. Although opposition parties, secular and religious alike, did not manage to mobilize en masse, they upset the general-president's political ambitions, from his project for constitutional reform to his decision to maintain a dual status as head of state and chief of army staff. The head of state nevertheless managed to contain his opposition, which was confined to parliamentary institutions. Mobilization of Sindh political society in favor of the province's fisherfolk was expressed publicly and did not call into question General Musharraf so much as the army itself, which was criticized via the Rangers. The image of the military as an institution was already besmirched since 2002 with the Okara Farms affair.⁶⁴ Since 2003, the Pakistan army has found itself in a domestic conflict and a process of diplomatic normalization with India that each in its own way damaged the image that the Pakistani armed forces wanted to project. The war the Pakistan army is waging against its own population in the Federally Administered Tribal Areas (FATA) has sparked discontent among many important officers and rank-and-file soldiers; its unpopularity is even greater among the general population. The "composite dialogue" Musharraf engaged in with India in 2004 has in turn caused a stir in the Pakistan army, since rivalry with India had, in fact, been a steppingstone to power for the military high command. By accepting the normalization of Indo-Pakistani relations, the Pakistani high command had thus taken the risk of devaluing its own protection offer and settled for using the threat of domestic chaos alone as a reason to justify its existence.

This is the context in which General Musharraf's move in favor of the Sindh fisherfolk should be placed. It aimed to polish up the army's image at a time when it came up against two domestic conflicts and its external sources of legitimation had dried up. By sacrificing a share of the Rangers' economic interests, the general-president was protecting those of the regular army that, depending on the sources, was thought to control between 10 and 15 percent of the national economy.⁶⁵ While General Musharraf was ordering the Rangers to vacate the Sindh fishing zones, the Fauji Foundation (a private foundation controlled by the army),⁶⁶ for instance, was showing interest in purchasing the Pakistan

State Oil company (PSO, which was undergoing privatization) to strengthen its industrial empire.⁶⁷



The protection racket controlled by the Rangers developed in stages with the approval of Pakistan's civil authorities and military high command. In the late 1980s, the country's civil and military elites delegated law-enforcement tasks to the paramilitaries that did not originally come under their mandate, which was focused on border security. By thus being sub-contracted for tasks that until then came under the responsibility of the police force and municipal agencies in Karachi, the Rangers gained access to unlawful rents such as those generated by the parallel drinking water market. By virtue of a theory of necessity set forth by Pakistani jurists in the 1950s, the Rangers also benefited from special arrangements regarding the occupation of public property and fishing rights. These special arrangements enabled them to take control of legal markets for which they themselves first supplied "protection" until the civil government of Sindh stepped in to take its cut on the racket. The "violent entrepreneurship" in which the Rangers gradually became involved is thus not the result of mere "excesses" on the part of these paramilitary troops perpetrated in the context of their home security mission. It appears symptomatic of the informal agreements that bind the civil and military authorities in Pakistan, where the army as a whole has turned into a "violent enterprise" since the 1960s and 70s and where state officials continue to perceive the military institution as a recourse against the chronic weaknesses of the state as well as an obligatory partner in their own strategies of accumulation.

The task of unveiling the Rangers' unlawful business activities nevertheless suggests that cracks have been appearing in the edifice of this military-bureaucratic oligarchy in recent years. The rivalry between the armed forces and the police has prompted several police officers to tarnish the image of their paramilitary rivals via the press. The discourses relating to the unlawful business activities of the Rangers highlight fractures that are currently appearing in the Pakistani security apparatus as well as tensions that have come to characterize relations between civil and military authorities in the country. The Pakistani armed forces themselves can no longer be perceived as a homogeneous actor, not only because new cleavages have appeared in reaction to the strategic realignments made by General Musharraf since the Fall of 2001, but also due to the limits of martial clientelism through which

the Pakistani high military command has strived to handle dissension within the armed forces since the 1950s.

The resistance the Rangers has encountered from the provincial and local governments and especially from political society attests to the inherent limits of state “violent enterprises,” even in a praetorian state such as Pakistan. Less than the scale of protest, it is its target that obliged the high military command to react. By attacking the army’s image of integrity by protesting the Rangers’ “unlawful” activities, the Sindhi fishermen and their media and political protectors touched a raw nerve with the military institution. Already tarnished by the Okara Farms scandal and the brutality of the antiterrorist operations in the FATA, the army’s prestige has once again been called into question and with it the terms of the protection racket that binds this military institution to society. By ceasing to protect the Rangers to restore the army’s image at little cost, General Musharraf confirmed the “illegitimate” nature of the paramilitaries’ extra-professional activities, constructed by Sindhi political society to denounce it. As for the civil government of Sindh, it has strived to regain control of the economic sectors that the Rangers were obliged to cease protecting, especially fisheries.

Violent enterprises take part in state formation so that they create the local political context they are so closely dependent on. By generating new resources, they give rise to new, always fragile power configurations. The actors involved agree to share the dividends of extracting the resources or to disqualify certain protagonists. Power being at stake, these violent enterprises can provoke new conflicts between candidates for the control of these resources as well as new social protest movements from the victims of authoritarian control over unlawful markets. As the Pakistani example suggests, the authoritarian nature of the regime in power is not necessarily an obstacle to these movements, any more than a possible transition of these regimes to democracy implies that the collusions between certain civil servants and violent entrepreneurs will disappear. Quite on the contrary, it was at the moment of Pakistan’s aborted transition to democracy under the governments of Benazir Bhutto and Nawaz Sharif that violent entrepreneurs made their entrance on the political stage,⁶⁸ while some professionals of violence such as the Rangers were authorized to extract economic resources illegally. By contributing to lending major criminal figures notability while authorizing some state officials to invest in unlawful activities, Bhutto and Sharif hoped to benefit from their financial and coercive resources to help their party gain ascendancy over its rival and the

army. And while these civil governments had legitimated the unlawful activities of the Sindh Rangers, it is a highly militarized regime that disqualified them in 2004.

Notes

1. Cited by Altaf Gauhar. *Ayub Khan. Pakistan's First Military Ruler* (Lahore: Sang-e Meel, 1993): 339.
2. This paramilitary force, heir to the militia founded by the Muslim League in the context of the Movement for Pakistan, counts 185,000 men and women; Pervaiz Iqbal Cheema. *The Armed Forces of Pakistan* (Karachi: Oxford University Press, 2002), 47. Regarding the contribution of the Muslim National Guards to the movement for Pakistan, cf. Ian Talbot. *Freedom's Cry. The Popular Dimension in the Pakistan Movement and Partition Experience in North-West India* (Oxford: Oxford University Press, 1996), Chapter 2.
3. Iqbal Cheema. *The Armed Forces of Pakistan*, 47.
4. In all of Sindh, the Rangers numbered 23,000 men in 2003 (Sabihuddin Ghausi, "Sindh to Request Centre for Extending Rangers Stay in Province," *Dawn—the Internet Edition*, July 15, 2003).
5. 65 percent of the officers and 70 percent of the soldiers of other ranks are from Punjab and 22–25 percent of them are Pathans (Pakistani Pashtuns), from the North West Frontier Province or the Federally Administered Tribal Areas (FATA). Cf. Hasan Askari-Rizvi. *Military, State and Society in Pakistan* (Lahore: Sang-e Meel, 2003), 240.
6. Interview with Fahim Zaman Khan, former administrator of the Karachi Municipal Corporation (KMC), Karachi, May 27, 2004.
7. Vadim Volkov, "Les entreprises de violence dans la Russie postcommunisme," *Politix* 13(49) (2002): 69.
8. This notion originally referred to the financing of organizations specialized in the use of violence in the context of Sicily, cf. Anton Blok. *The Mafia of a Sicilian Village. A Study of Violent Peasant Entrepreneurs* (Oxford: Blackwell, 1974); Diego Gambetta. *The Sicilian Mafia. The Business of Private Protection* (Cambridge: Harvard University Press, 1993). The semantic field of the notion is worth extending to include the business activities of state security officers, as Volkov has recently suggested in *Violent Entrepreneurs*, 27.
9. Vadim Volkov. *Violent Entrepreneurs. The Use of Force in the Making of Russian Capitalism* (Ithaca: Cornell University Press, 2002), 28.
10. Only the Karachi army commander is, in fact, authorized to relieve the Sindh Rangers of their border-guard duties to take on domestic security tasks on request from the provincial authorities. This protocol confirms that the Rangers are, in fact, placed under army command. Amélie Blom, "Qui a le bâton a le buffle. Le corporatisme économique de l'armée pakistanaise," *Questions de recherche* 16 (2005): 19.
11. All together, between 1977 and 1988, 80 students (60 of them after 1984) were killed and 1,000 (700 of them after 1984) were wounded in these conflicts (Zahid Hussain, "The Campus Mafias," *The Herald*, Karachi (October 1988): 56.
12. Regarding recourse to the armed forces for domestic security missions used as an instrument to interfere in civil affairs, cf. Arnaud Dubus, Nicolas Revise. *Armée du peuple, armée du roi. Les militaires face à la société en Indonésie et en Thaïlande* (Paris/Bangkok: L'Harmattan/IRASEC, 2002), Chapter 3.
13. Regarding the shift from exceptional measures to the permanent state of exception, see Giorgio Agamben. *State of Exception* (Chicago: University of Chicago Press, 2005).
14. Stephen P. Cohen. *The Idea of Pakistan* (Lahore & Washington: Vanguard Books/Brookings Institution, 2005), 58. This formula is the translation of the theory of necessity set out in

- the gloss of Gratian's *Decretum*: "Quia quod non est licitum in lege, necessitas facit licitum." As Giorgio Agamben points out (*State of Exception* (Chicago: University of Chicago Press, 2005), 26), in Gratian's text this formula had no political implication in that it pertained to conducting mass.
15. Charles H. Kennedy, "The Creation and Development of Pakistan's Anti-terrorist Regime, 1997–2002," in Satu Limaye, Robert Wirsing, and Mohan Malik (eds.). *Religious Radicalism and Security in South Asia* (Honolulu: Asia Pacific Centre for Security Studies, 2004).
 16. Agamben. *State of Exception*, 23 and 29.
 17. Interview, Karachi, February 20, 2005.
 18. Interview with Mazhar Abbas, correspondent for the *Friday Times*, *Newsline*, and AFP, Karachi, February 18, 2005.
 19. This procedure, known as "aid to the civil power," enabled civil authority to be transferred to the military command of a given region for as long as needed to restore order. The location of army barracks near cities was supposed to facilitate these army interventions in civil affairs. Stephen P. Cohen, *The Pakistan Army* (Oxford: Oxford University Press, 1998 [1984]), 48.
 20. See the analysis of the impact of militarism on the political culture of states subject to military control, from the example of Nigeria: J'kayode Fayemi, "Entrenched Militarism and the Future of Democracy in Nigeria," in Kees Koonings and Dirk Kruijt (eds.). *Political Armies. The Military and Nation Building in the Age of Democracy* (London: Zed Books, 2002), 204–235.
 21. Thus the military high command in Pakistan turned a blind eye to practices of enrichment among officers commanding the Rangers in Karachi, particularly Major-General Salahuddin Satti, director-general of the Sindh Rangers from 2002 to 2004. Suspected by the local media of having collected sizeable commissions on real estate contracts made by the Rangers, he also allegedly received a portion of the profits generated by control of the drinking water supply in Karachi. Far from being punished, General Satti was promoted lieutenant-general and army corps commander in Karachi, one of the most important and lucrative positions in the country, in October 2004 (Interviews, Karachi, February 2005).
 22. Charles Tilly, "War Making and State Making as Organized Crime," in P.B. Evans, D. Rueschmeyer, and T. Skocpol (eds.). *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), 171.
 23. Interview with Fahim Zaman Khan, Karachi, May 27, 2004.
 24. Nadirshah Edulji Dinshaw, University of Engineering and Technology.
 25. There is unfortunately no reliable academic or journalistic investigation into organized crime actors in Pakistan. In Karachi, it would seem that criminal outfits are controlled by a handful of "godfathers," mainly Pashtuns, who emerged in the 1980s. These "godfathers" from major Pashtun tribes in the country's northwest (Afridis, Shinwaris, etc.), first prospered in the arms and drug traffic generated by the Afghan *jihad*. They later reinvested their profits in real estate, the transport sector, and then the drinking water market (by controlling the city's tanker trucks). Alongside these large mafia families, there has been a proliferation of criminal micro-enterprises in Karachi. Made up of a core of 10 to 15 men assisted by young boys who serve as informers, these organizations have specialized in car theft, robbery, and kidnapping for ransom. The irruption of Indian mafia bosses on the scene in the early 1990s perturbed local criminal scene. Dawood Ibrahim, the most well-known of them, has built a financial empire in Karachi by readily attacking local cartels. The reader should refer to one of the rare feature articles on this subject in the Pakistani press in recent years: Massoud Ansari, "Crime City," *Newsline*, Karachi (June 2001).
 26. Hussain Askari, "Thirsty for More," *The Herald*, Karachi (August 2003): 54–55.
 27. Rubya Mehdi. *The Islamization of the Law in Pakistan* (Richmond: Curzon Press, 1994).
 28. Interview with Aijaz Ahmed, coordinator of the *South Asia Labour Forum*, Karachi (Pakistan Institute of Labour Education and Research), May 24, 2004.
 29. Volkov. *Violent Entrepreneurs*, 33.

30. On the distinction between imposed extortion and freely consented protection, cf. Diego Gambetta. *The Sicilian Mafia*.
31. "Rangers Make Money out of Badin Lakes," *The Star* (Karachi), May 24, 2004.
32. Morris Janowitz. *The Professional Soldier. A Social and Political Portrait* (London/New York: Free Press, 1960).
33. "Rangers Blamed for Sale of Fake Beverages," *Dawn-the Internet Edition*, June 25, 2003.
34. Sabihuddin Ghausi, "Rangers Outnumber Police in Karachi," *Dawn-the Internet Edition*, August 19, 2001.
35. Interview, Karachi, May 23, 2004.
36. Sabihuddin Ghausi, "Rangers Outnumber Police in Karachi," *Dawn-the Internet Edition*, August 19, 2001.
37. Construction of the mosque stemmed more from a strategic choice than a spiritual motivation: given that it is illegal to demolish a religious building in Pakistan, this construction made the Ranger's illegal occupation of the land irreversible.
38. Syed Shoaib Hasan, "Power Politics," *The Herald*, Karachi (August 2003): 53.
39. Except for the Kashmir Road sports complex in the East District of Karachi (information provided by Farooq Sattar, the former mayor of Karachi and MQM parliamentary group leader at the National Assembly, Interview, Karachi, February 20, 2005).
40. The Pakistan Fisherfolk Forum was founded in 1998 by representatives of Pakistani fishermen backed by NGO activists. This organization set itself the aim of informing, uniting, and mobilizing the country's 15 million fishermen to work toward the "sustainable management of this community's resources. For a detailed presentation of PFF activities, see its website at the following URL: <http://www.pff.org.pk>.
41. Hasan Mansoor, "Rangers Control of Fishing Grounds Sparks Controversy in Coastal Sindh," *The Friday Times*, Lahore (November 5–11, 2004).
42. The PPP had already sought to cancel the Rangers' fishing rights in 1996, under Abdullah Shah's provincial government, but the chief minister was ousted before managing to implement this plan. Yet the Rangers owe their obtention of Badin District fishing rights to this party (Interview with Hasan Mansoor, correspondent for the weekly *Friday Times* (Lahore) and monthly *Newsline*, Karachi (February 18, 2005).
43. "Karachi: Call to Declare Coast Free Zone," *Dawn-the Internet Edition*, February 13, 2005.
44. "Badin: Meeting Rejects Contract System—Fishermen's Right over Badin Waters Recognized," *Dawn-the Internet Edition*, February 22, 2005.
45. This author will not stress the international pressure that may have led the military authorities to withdraw their support of the Rangers, in that it only played a marginal role in this issue. A World Bank delegation indeed visited PFF headquarters in Karachi in December 2004, but this visit took place after President Musharraf's public disqualification of the Sindh Rangers in October 2004.
46. "Karachi: Rangers Say Badin Fishing Handed over to Govt.," *Dawn-the Internet Edition*, January 6, 2005 (the two following quotes are taken from this article).
47. "Karachi: Rangers Want to Hand over Tanker Service to Government," *Dawn-the Internet Edition*, November 11, 2004.
48. Upon independence, the Pakistan army had only 3,000 officers, 500 of them British. The latter continued to play a major role in the Pakistan army until the early 1950s, there being few high-ranking Pakistani officers. In 1947, there was only one Pakistani division general, two brigadiers, and 53 colonels in the new army, of which the first two commanders-in-chief were British officers. The Pakistan army was thus initially a true "paper army" (Cohen, *The Pakistan Army*: 7).
49. Abdurrahman R. Siddiqi. *The Military in Pakistan. Image and Reality* (Lahore: Vanguard Books, 1996), vi.
50. Cohen. *The Idea of Pakistan*, 61.

51. Under Ayub Khan's rule, for instance, 1,622 civil servants were sacked for incompetence or corruption (Saeed Shafqat, "Military Hegemony, Political Decay and Economic Development: An Assessment of the Ayub Era," in Saeed Shafqat (ed.). *Contemporary Issues in Pakistan Studies* (Lahore: Azad, 1998), 91.
52. Ayub Khan went so far as to create a "Writers Guild" to promote the army's image in society (Siddiqi. *The Military in Pakistan*, iv).
53. Ashraf Faiz. *From First Post to Last Post. A Journey through Army Culture* (Lahore: Vanguard Books, 2003), 99.
54. Askari Raza Malik, "Concept of Leadership," in *The Pakistan Army Green Book. Year of the Junior Leaders* (Lahore: Ferozsons, 1990), 12.
55. Syed Tanwir Husain Naqvi, "Doctrine of Leadership for the Pakistan Army," in *The Pakistan Army Green Book*: 18.
56. Although the aim here is to focus on the national aspect of the protection racket set up by the Pakistan army, it should be remembered that it also has an international side. Since the 1950s, the Pakistan army has, in fact, rented its protection to the "international community," the United States in particular, against internal disorder in Pakistan and Afghanistan. The dividends of the international protection "rent" were first political, since the "international community" resigned itself to the military controlling the Pakistani political system in exchange for this security guarantee.
57. Tilly, "War Making and State Making as Organized Crime," 171.
58. Khalid M. Arif. *Khaki Shadows. Pakistan 1947–1997* (Karachi: Oxford University Press, 2001), 351.
59. Pakistan's defense expenditure tripled between 1988 and 1998, going from 1 to 3 billion dollars. The budget for the year 2005–2006 amounted to 3.7 billion dollars, i.e., 3.6 percent of GDP. These figures, however, give only an approximation of the real cost of the armed forces to the Pakistani state, since some expenses do not appear in the Defense budget, particularly payment of retirement pensions, partially transferred to the civilian administration as of 2000 (Blom, "Qui a le bâton a le buffle," 13).
60. Ayub Khan appointed 272 active or retired officers to the Pakistani administration (Saeed Shafqat, "Military Hegemony," 85).
61. Tilly, "War Making and State Making as Organized Crime," 176.
62. *Ibid.*, 170.
63. Arif, *Khaki Shadows*, 348.
64. In Punjab, Okara farmers who tilled 13,500 hectares of land, began protesting in October 2000 against the army's modification of their land tenure, threatening to institute a contract system that would transfer ownership of the land to the army. The Okara farmers argued that they had been farming the land since the beginning of the century and claimed ownership of it, as the army had in fact promised in 1999. Reneging on its commitment, the army brutally put down the protest by deploying several thousand paramilitaries in the region, charging the leaders with terrorist activity and finally cutting off the water and electric supply of recalcitrant farmers.
65. Interview with Hasan Askari-Rizvi, Lahore, February 2005. This estimate is close to one made by Ayesha Siddiqi, recognized as the best analyst of "milbus" (short for "military business") in Pakistan. According to Siddiqi, assets of army-controlled companies amount to 10 billion euros. Pakistan army business activities can be divided into three categories: those under direct control of the chief of army staff; those managed by the Defence Ministry Defence Production Division; and those handled by the army's four foundations that operate independently in the private sector. Regarding the Pakistan army's extra-professional activities, cf. Blom, "Qui a le bâton a le buffle."
66. The Fauji Foundation, founded in 1953, over the years has become the largest industrial conglomerate in Pakistan, with a capital of 8 billion rupees (120 million euros) in 1996.

The foundation's commercial activities expanded with the liberalization of Pakistan's economy, via joint-ventures with foreign partners. The Fauji Foundation's activities now range from the agrifood business to microelectronics (cf. Blom, "Qui a le bâton a le buffle," and Askari-Rizvi, *Military, State and Society in Pakistan*, 237).

67. If this buyout were to occur, it would deprive the Pakistan government of 2 billion rupees per year, Fauji Foundation companies being tax exempt for revenue they devote to "charitable" activities. Akhtar Hassan Khan, "PSO: Only Management Will Be Privatized," *Dawn-the Internet Edition*, September 27, 2003.
68. Regarding the political conversion of the most famous heroin baron in Pakistan, cf. Mariam Abou Zahab, "Pakistan: d'un narco-Etat à une 'success story' dans la guerre contre la drogue?" *Cahiers du CEMOTI* 32 (2001): 141–159.

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CHAPTER 2

“Gangs in Uniform” in Turkey: Politics at the Articulation between Security Institutions and the Criminal World

ELISE MASSICARD

Introduction and methodological problems¹

“Mafia” is a common, even banal, term in public debate in Turkey today. Many NGOs and media sources warn against “mafia” groups running rife in a variety of different domains.² At the end of 1998, the department of the Istanbul Police dealing with organized crime and arms trafficking set up a “hello-mafia” hotline for people denouncing extortionist activities. The crowning “glory” of this development was the enormous success of the 2002 television series *Kurtlar Vadisi* (Valley of the Wolves),³ which presents a romanticized depiction of the world of the *baba*; it attracted a large following and even led to some imitations. More generally, the media use the term “mafia” in both an inflationist and a sensationalist way, qualifying any delinquent activity as “mafia-esque.” This both trivializes the term and contributes to the dilution and confusion of the phenomenon itself.

However, any attempt to go further in the analysis of politico-criminal configurations in Turkey poses specific problems. The study of secret organizations that either provide no information on themselves or too much—notably because of internal conflicts—generally presents methodological challenges.⁴ Added to these are several difficulties specific to the Turkish case. Firstly, “criminology” as a discipline scarcely exists

in this country. To the best of my knowledge there are no major studies on this case, only newspaper articles or work by investigative journalists that don't aim to be scientific.⁵ Being entirely focused on Turkey, these publications make no reference to international work on this subject and are in return largely ignored on the international level—notably because of the language barrier. Experts agree on the links between Turkey's criminal and political spheres and its central role in global drug trafficking, yet this country is rarely studied in international cases, although it is often mentioned. There are thus no studies that compare organized crime in Turkey to that in other countries.

This state of affairs is problematic for a number of reasons. The majority of publications in this area don't specify their sources and when they do, there is often no way of verifying them. These are not fieldwork studies but media interviews, journalistic or parliamentary investigations, official sources from security or justice institutions, and occasionally confidential documents or transcriptions of illegally recorded tapes. It is reasonable to be concerned about bias in the selection of data or, as in certain cases, even its manipulation. Indeed, one of the specificities of the politico-criminal configurations in Turkey is the involvement of security and intelligence agencies (beyond simple "corruption"). Because of this, it is important to be cautious in the interpretation of information emanating from particular institutions. The same goes for media sources: investigative journalism, of uneven quality, is conducted according to the framework and rationale of the media. As is the case elsewhere, these sources tend to overestimate the organization of groups conducting criminal activities. Given the structure of Turkish media, which is often part of conglomerates with vested interests in different economic and political sectors,⁶ it is necessary to question the reasons why a daily paper would reveal a "scandal" linked to politico-criminal collusion. Moreover, journalistic and institutional sources often share a similar approach to these collusions, founded on indignation and catastrophism,⁷ and their discourses are mutually validating. Beyond their similar approach, these heteroclitic and unreliable sources are difficult to cross-check, especially as they are not balanced out by a rigorous analysis of relevant legal documents. These limitations in the use of data also apply to this study.⁸ How is it possible to analyze politico-criminal collusion in these conditions?

Firstly, it is important to note the impossibility of dealing with these configurations in all their complexity and in their entirety, largely because of the quantity of information to process and double check. Moreover, these collusions are the product of different actors (groups

specializing in violence, security service agents, military personnel, economic entrepreneurs, or obliging political figures who change their—more or less illegal—practices in different contexts), who together form a milieu that is marked by profound rivalries. It is, therefore, difficult, if not impossible, to analyze the overall functioning, the composition, and reorganization of these networks of alliance.

In these conditions, only the exploratory study of a specific and contextualized case seems possible. Here I will discuss a specific form of politico-criminal collusion, the mid-1990s “gangs in uniform.” This choice is governed by the existence of relatively numerous and diverse sources produced in the wake of the “scandal” that partly revealed these collusions. Although it represents only the tip of the iceberg, this configuration allows us to examine the transfers—on the levels of both individuals as well as organizations and resources—between groups specialized in the use of violence and the political and administrative spheres. In particular, this approach allows us to analyze the role of the political in the links between the institutional and the criminal worlds—not only in terms of ideological proximity, but also in terms of party structures, particularly concerning the True Path Party (DYP⁹). After addressing the conditions in which these collusions were unmasked, I will come back to the genealogy and the successive reconfigurations of these complex relations in changing contexts. I will particularly focus on the conversion of resources from the political sphere to the criminal sphere and vice versa. Finally I will examine the ways in which these links are reinforced and perpetuated in situations of significant political change.

The unmasking: The Susurluk “scandal”

One word is spontaneously associated with relations between criminal and political spheres in Turkey: Susurluk. This small town, situated 100 kilometers to the south of Istanbul, was the scene of a famous car accident on November 3, 1996 in which three people died when their Mercedes was hit by a truck. One of them, Abdullah Çatlı, a former radical right-wing activist implicated in a number of political homicides of left-wing activists, had been wanted for these crimes by the Turkish justice system since 1977 and was likely to face the death penalty. He was also involved in the attack on the Pope in 1981, in Rome.¹⁰ Having been incarcerated in France and then in Switzerland for trafficking heroin, before escaping in 1990, he was also wanted

by Interpol. His companion Gonca Us, a former beauty queen well known for her relations with the criminal world, also died in the accident. The third victim was Hüseyin Kocadağ—a senior police official, former director of the Urfa Police (in the southeast of the country) in the 1970s, and former assistant director of the Istanbul Police—who was recently transferred, following corruption accusations, to the post of director of the Istanbul School of Police.¹¹ The only survivor of the crash was Sedat Bucak, the chief of a powerful Kurdish tribe in the area of Siverek (in the Urfa province), which since 1993 had set up a private army of several thousand men, equipped with weapons supplied by the state to combat the PKK. Close to President Süleyman Demirel, Sedat Bucak was since 1991 also a parliamentary member for Urfa for the DYP, the governing party in the coalition.

The objects found in the bulletproof Mercedes speak for themselves: five pistols of different types and calibers, two MP-5 machine guns and their silencers—from the arsenal intended for the special operations of the police—as well as listening devices. Abdullah Çatlı was also in possession of an identity card and a weapons license under a false name, as well as a diplomatic passport, reserved for senior state officials.

Following this scandal several reports were published, the first by an ad hoc parliamentary investigatory committee,¹² the second by an investigator appointed by the prime minister.¹³ They provide damning evidence as to the existence of links between criminal groups, extreme-right activists, politicians, and certain state institutions, all together constituting the “gangs in uniforms” (*uniformalı çete*).¹⁴ With numerous eyewitness reports and investigations in the press, they were able to specify the mode of action and organization of these collusions. The security institutions used converted right-wing activists and militiamen as their armed division to do the dirty work in the “special war” against the PKK. In return, these men were rewarded with public tenders, logistical support, and legal protection¹⁵—which only the officials could provide them. Thus, Abdullah Çatlı, although officially wanted by police, was working for certain state institutions that provided him with identification documents and weapons. He was a key element in the militia responsible for numerous assassinations in the 1990s, mostly of left-wing activists or Kurdish nationalists—including businessmen who supported the Kurdish cause and who were partly involved in drugs and arms trafficking. Public servants in the security forces, politicians, and the militiamen they protected were able to benefit with all impunity from the niche markets created, notably in drugs and arms trafficking, and thus partly devoted themselves to criminal

economic activities. Heavy suspicion rested on possible business relations between the “Susurluk Gang” and the Çiller couple. Access to elected office allowed some members (Sedat Bucak, Mehmet Ağar) to benefit not only from parliamentary immunity but also from privileged access to institutions. This gang was not an isolated phenomenon, but one among many armed gangs that shared the same characteristics and against which it competed for a considerable revenue from drugs trafficking and armed conflict.

Unmasking strategies in the media and politics

For several months the “gangs in uniform” scandal filled media headlines. They focused on the activities of gang members using the fight against the PKK as a cover for illicit drug trafficking under the auspices of the authorities. In light of this reading of the situation, journalists reinterpreted a number of unclear episodes in the country’s recent history: they linked these gangs to phenomena as diverse as unsolved assassinations (*faili meçhul cinayetler*) of leftist intellectuals or Kurdish nationalists (frequent in the beginning of the 1990s) and false tendering or illegal use of state funds. The links made in the media between local scandals, corruption cases, unsolved murders, and bloody score settling convey an undifferentiated image of a society that has abandoned itself to violence and to the cynicism of an all-powerful and untouchable elite. One expression sums it up: the *derin devlet* (the Deep State). This refers to a vast network of corruption that links the crime industry, the highest levels of government, and the death squads of the radical right. This overly simplistic vision is fed on conspiracy theories already in broad circulation and has provided material for much journalistic writing, particularly in the period 1996–1997 (some of which has been reprinted several times¹⁶). This sudden profusion of information and analyses led to the collusion between political and criminal spheres quickly becoming a public problem.

If we consider the Susurluk accident in isolation, then the scandal and the public debate that followed might seem natural. However, although this was the first time that the media seized so massively on the problematic link between political and criminal spheres, the accident was not the first incident to bring it to the public’s attention. In fact, one of the leaders of the secret services (MİT¹⁷), Mehmet Eymür,¹⁸ wrote two reports on this question: the first when he was director of the fraud office in 1987¹⁹ and the second when he was director of the counter-terrorism office in 1995.²⁰ These reports accuse the police, particularly

Mehmet Ađar (Istanbul deputy chief of police when the first report was published and director of the National Police when the second was published), of a long list of crimes including the use of extreme-right activists as a strike force. They also mention several political figures involved in illegal economic activities. The two reports, despite being intended for the political hierarchy and classified top secret, were revealed to the press, apparently by their author(s). However, the mainstream media refused to publish these reports condemning such senior figures in the security forces. The involvement of the security services in these politico-criminal configurations meant that any attempt to unmask them was dangerous and would lead to a certain degree of self-censorship on the part of the media.²¹ Thus ultimately these reports were revealed by the alternative media,²² which, short on reputation, could give the reports only sparse diffusion and little credibility in public opinion. Their restricted diffusion thus led to only limited public debate. However, the Susurluk accident represented a qualitative change; the “scandal” erupted in broad daylight, independent of any media or persons in particular. Therefore, all were able to seize upon this story without fear of reprisals. The media dynamics of revelation thus have their own limits and constraints.

The witness reports, recordings, and revelations collected by the investigation after Susurluk confirmed certain aspects of the reports by Mehmet Eymür. But they also showed that this author had obscured some important elements linked to his own illegal activities. These reports and their “leaking” thus represent the denunciation by a rival and an attempt to cover up the author’s equally reprehensible activities. There is thus a second rationale behind the revelation at work here: the struggles between competing security services and the gangs close to them, through, amongst other means, a war of competing revelations. This struggle continued after Susurluk through the political insults that intelligence services hurled at each other.

A final strategy of denunciation of these collusions is more directly political. The principal detractors of the collusions between the political and criminal spheres were to be found amongst the ruling political party—who seemed to be the most involved in these practices. The DYP was the major party in a series of coalition governments between 1991 and 1997, first under Süleyman Demirel and then, when he had become president of the republic in 1993, under Tansu Çiller. The Worker’s Party (İP²³) (an opponent of the DYP and of the “system parties” in general, and also the party behind the newspaper that published the two “secret” reports) hounded Tansu Çiller through

numerous investigations and publications.²⁴ These accusations also came from kemalist left-wing circles.²⁵ Mesut Yılmaz, the director of a liberal right party (ANAP²⁶) and direct competitor of the DYP, gave ample information in support of this. However, this political rationale of exposing collusion between criminal and political spheres also has inherent limits.

Tentative political sanctions

It seems that there is either an incapacity or a lack of will on the part of political actors to dismantle these gangs. The 164 people denounced in the first MIT report of 1987—from the army, the police, the intelligence services, criminal organizations, or the business world—were scarcely investigated. Moreover, nothing suggests that these denunciations damaged their careers.²⁷ The smothering of the Susurluk scandal was also the result of a broad political consensus. Both Tansu Çiller—already strongly suspected of corruption—and the party that she had headed since 1993, the DYP, were directly implicated notably through Mehmet Ağar, former Ankara chief of police and then Istanbul chief of police, who she appointed to the head of National Police in 1993. He had also been a member of the DYP since 1995 and was minister of the interior at the time of these revelations.²⁸ Smothering this incident was of utmost importance for the DYP. When the investigation revealed that the arms license in the possession of Abdullah Çatlı was, in fact, signed by Mehmet Ağar, the latter was forced to resign from his position as minister—but he remained a member of parliament. In the wake of the 1995 election results that announced victory for the Islamist Refah Party (RP), Çiller and Yılmaz formed a coalition government, partly to keep the Islamists out of power. This experiment was short-lived, as Yılmaz soon joined the RP in pressing charges against Çiller on corruption allegations. Çiller then reversed her electoral campaign promise to bar the way for the Islamists: if the RP would help her oppose the corruption allegations, she would, in return, “open up” the Turkish state to the Islamists. Therefore, the DYP and RP entered into a “Faustian” coalition from June 1996 until May 1997, during which the RP protected Çiller against corruption allegations and parliamentary enquiries. Some of these enquiries had been launched by the RP themselves, but they could no longer pursue them for fear of losing their only political ally²⁹: thus the proposed no confidence motion on the assets accumulated by Tansu Çiller and her family—a motion that was launched by the ANAP, two center-left parties, and the RP at the

beginning of June 1996—was abandoned when the coalition came into power. This was also the case for the parliamentary enquiry into Tansu Çiller's affairs that was launched by the ANAP and the CHP³⁰ in 1996. The parliamentary investigation process was thus dominated by political interests.

What of the opposition? Mesut Yılmaz, leader of the opposition from June 1996, accused Tansu Çiller of corruption. But even for him there were limits to what could be said without alienating too many powerful groups and taking personal risks—he was reminded of this when he was assaulted by members of the Turkish radical right in Budapest at the end of 1996. Despite his electoral promises to shed light on the scandal, Mesut Yılmaz did not pursue the investigation once he became prime minister in 1997. Perhaps this was because his own government was obliged to resign in November 1998, due to a vote of no confidence following revelations of his own relations with another “gang,” that of Alaattin Çakıcı, during the public tendering for the privatization of a bank. However, as far as Susurkuk was concerned, no political leaders were particularly bothered. Mehmet Ağar and Sedat Bucak were members of parliament at the time of the trial and the prosecutor requested the removal of their parliamentary immunity, voted for at the National Assembly at the end of 1997. However, the two men were reelected in 1999 and regained their immunity before the end of the proceedings. In spite of requests, the new National Assembly did not vote for the suspension of their immunity and the charges against them were dropped. In 2000, most parties voted against Mehmet Ağar appearing before the Supreme Court (*Yüce Divan*) for crimes he was accused of whilst an MP. More generally, it seems that the revelation of connections to the criminal world is by no means an obstacle to political ambition.³¹

Limited judicial consequences

What of the judicial perspective? The parliamentary investigatory committee that was set up following the accident came up against a wall of silence, even whilst approaching certain intelligence agencies. It led to almost no charges being filed against the members of the “gangs.” The first person sentenced, as early as 1997, was the driver of the truck that hit the Mercedes.³² The Susurluk trial came before the State Security Court in Istanbul³³ at the beginning of June 1997 and ended at the beginning of 2002. The charges against Sedat Bucak—for not having denounced Abdullah Çatlı, who was wanted by the police for setting up a criminal organization (*cürüm işleme amacıyla teşekkül oluşturmak*) and

for carrying weapons—were dropped because of parliamentary immunity. Charges against Mehmet Ağar, for the same crimes as well as those of abuse of power (*görevi kötüyle kullanmak*), were dropped for the same reasons (until the 2007 electoral setback put an end to his immunity). Only two senior security officials close to Mehmet Ağar, İbrahim Şahin,³⁴ and Korkut Eken³⁵ were sentenced—each to six years in prison (for creating and controlling a criminal organization). The second of these men was later released. Twelve other defendants—among others, police officers from the Special Task force (*Özel Tim*), Sedat Bucak’s bodyguards who were also involved in the murders—were sentenced to four years in prison for forming a criminal organization. Several senior officials, including Kemal Yazıcıoğlu (the chief of the Istanbul Police between 1996 and 1997), were suspended from their duties but escaped penal sanctions. Many police officers named as responsible in the inquiry claimed they acted under orders from the highest echelons of the state.³⁶ Other trials linked to this gang and instigated at the time of these revelations, for intimidation, abduction, or murder, were dismissed because of insufficient evidence.³⁷ This was specifically the case in the trial concerning the July 1996 assassination of Ömer Lütfü Topal,³⁸ the “Casino King,” widely attributed to policemen of the Special Forces who were members of Abdullah Çatlı’s gang.

Some members of the parliamentary commission deplored the fact that this trial failed to investigate such a large part of these politico-criminal collusions. However, an operation “clean hands” was not adopted. Unlike in Italy, no well-defined political program made the investigation into links between the political and criminal worlds a priority. The first law specifically dealing with organized crime was voted in August 1999³⁹ but did not introduce any major innovation. Thus in Turkey there is no specialized authority specifically responsible for the fight against politico-criminal collusion. Moreover, the Susurluk scandal—the most significant in recent history in Turkey, in spite of other frequent revelations—did not lead to its creation.

Given that the issue was largely smothered at the political and judicial levels, what about “supra-political” authorities? The army, which the declarations suggested was partly involved in these collusions, is wrought with internal tensions. Moreover, the military hierarchy preferred to shift public outrage from the “gangs” to the Islamists. In fact, one of the results of these revelations was a public demand for transparency and for reform of the judicial system, the police, and the bureaucracy. Thus, in February 1997 the campaign “One Minute of Darkness for Eternal Light” (*Sürekli Aydınlık için bir dakika karanlık*) began; each

night at 9 o'clock in the evening the electricity was turned off as a protest against corruption between security forces, politicians, and the criminal world. The army joined this campaign to denounce not the politico-criminal collusion, but the "obscurantism"⁴⁰ of the Islamists, in power since June 1996. Defending "endangered secularism," the military organized near-daily press conferences and briefings to justice officials and bureaucrats to warn against the "Islamist threat." On February 28, 1997, the National Security Council presented the government with an ultimatum, ordering them to eradicate all Islamist elements from society. As a result Erbakan was forced to resign in May of that year. The scandals around the gangs were thus rapidly forgotten and the people involved were released one after another,⁴¹ and the involvement of senior officials of the state bureaucracy was covered up by the military hierarchy.⁴² The only real moral sanction was Mehmet Ağar's exclusion in 1996 from the alumni association of the *Mülkiye*, the prestigious school of administration of which he was a graduate.⁴³ These strategies of partial, biased, and incomplete revelations, combined with limited political and judicial sanctions, provide an insight into the conditions in which our knowledge of these politico-criminal configurations was produced.

A complex genealogy

It is important to begin by examining the sociohistoric context in which these forms of collusion between criminal and political organizations developed. How did these people and groups come into contact with each other? The "gangs in uniform" discussed here are notably the result of the "special war" policy that certain official agencies developed in the 1960s and put in place, initially sporadically (during the coups d'état in 1971 and 1980) and then more consistently, after around 1993. It is difficult, however, to trace their genesis back to any particular event. They were formed according to a complex genealogy of which we can here outline the main stages, from the "period of terror" (1975–1980) to the war against the PKK (since 1984), not forgetting the coup d'état in 1980.

Connections between security institutions and extreme-right militants

One of the central elements of this configuration was the association between certain security institutions and militants of the radical right.

This connection, from the period of terror to the war against the PKK, including the coup d'état, follows different and sometimes intermittent rationales. One of the most important stages in the establishment of this dynamic was the so-called period of terror in the 1970s. This decade was marked by a severe economic crisis. Heavily affected by the petrol crisis and the embargo that followed the invasion of Cyprus, Turkey went through a serious recession accompanied by food shortages and rapid inflation. Thus, a black market developed around numerous products that had become difficult to access. The economic crisis was accompanied by governmental instability; the absence of a parliamentary majority meant the creation of fragile—and sometimes unnatural—coalitions that succeeded each other with a rapidity that led to institutional blockage and to the political authorities being incapable of governing. Moreover, this period was characterized by a partisan polarization without precedent—the CHP sliding to the left, and the nationalist party MHP dragging the right-wing parties to the extreme. The left, along with the radical right, aimed to transcend the parliamentary institutions by attempting to impose itself on the political scene through violence. Clashes between armed groups from the extreme-left and the extreme-right became more frequent, as did political assassinations, leading to a state of near civil war.

Politicization affected the administration, the police, and the army as well, all influenced by a process of fragmentation. The public servants who were politically active could obtain false identity documents for militants. Abdullah Çatlı, the number two of the Idealist Youth (the youth movement of the MHP), was arrested in 1978.⁴⁴ In protest, his superior Muhsin Yazıcıoğlu⁴⁵ presented an ultimatum to the police force, threatening to set off 150 bombs if he was not released. After the first bombs, Çatlı was indeed released.⁴⁶ It is difficult to understand how this man was able to obtain false papers as early as 1979 without links to senior public officials. From this period on, whenever operations were carried out by extreme-right militants, weapons and explosives provided by the military were found.⁴⁷ Despite divisions among its institutions, Turkey nevertheless remained a strategic ally of the West and the “communist threat”—incarnated by the extreme-left groups—remained its primary enemy. Thus collusions began to emerge between public servants—including those of the security forces—and militants able to resort to force. These collusions were based on political proximity, particularly on the right.

These armed groups also attempted to obtain sought-after resources, particularly weapons, most often through contraband and smuggling,

Whilst all the while maintaining their own activities, certain groups on the radical right, including that of Abdullah Çatlı, worked as hired guns for criminal entrepreneurs. In return, these businessmen provided them with money, weapons, and access to the illegal drug market to finance themselves. These links are likely to have partly continued after 1980—Çatlı was arrested for trafficking heroin in 1984 in France and then in 1988 in Switzerland. Some extreme-left groups apparently also conducted alliances with patrons on the left or among Kurdish nationalists such as Behçet Cantürk.⁴⁸ However, as these relationships didn't have the same legacy as their counterparts on the right and they didn't develop the same institutional links, there is less information available about them.

The military coup on September 12, 1980 aimed to put an end to the process of political radicalization by shutting down the political parties and the majority of associations through mass arrests and imprisonments. Through an unprecedented degree of coercion, the military regime managed to put an end to armed groups and to once again monopolize the use of violence. However, as was the case in the coup on March 12, 1971, the left was more severely repressed than the right—notably because of the similar objectives (anticommunism) of the junta and the right-wing militants.⁴⁹ The activity of extreme-right groups was also suspended and many of its leaders and militants were arrested. However, the military regime provided some of them with the possibility to disappear overseas for a few years, or to work for the institutions as hired guns. Thus, according to some reports, Abdullah Çatlı, who became an expatriate after the coup, was allegedly involved, on behalf of Turkish institutions, in the attacks against the Armenian nationalist organization ASALA in Europe at the beginning of the 1980s.⁵⁰

Links between public servants in the security services and militants on the extreme-right were sustained by the fact that even after the end of the military regime, security remained a pressing issue because of the struggle against the Kurdish nationalist and communist guerrillas of the PKK. This struggle was played out in the southeast of the country from 1984 onward, attaining its peak at the beginning of the 1990s. These collaborations were partly institutionalized by the creation of special task forces attached to the security services. At the beginning of the 1980s, the Special Task Force (*Özel Harekat Timleri* or *Özel Tim*) was thus created within the police force, under the leadership of Hüseyin Kocadağ. These special forces were quickly re-baptized “death units” (*Ölüm Timi*) because of the often very brutal nature of

the operations they were involved in. This force of 23,000 men, reinforced under Tansu Çiller, was intended to fight with the army against the PKK, and it marked the entry of the police into the fight against terrorism. These men were primarily recruited from amongst the militants of the extreme-right; former activists from the 1970s were indeed “ready-made militiamen.” After the political groups were dismantled in the 1980s, these men were even more at a loss given that most of them had few real skills except for handling weapons. Some lived in hiding, still wanted for political crimes committed in the 1970s—this was the case of Abdullah Çatlı, who had been accumulating false identities since 1979. Some became hired guns in the criminal world, specializing in debt collection or intimidation during tenders (kidnapping, threats). Others, rekindling their political contacts made in the 1970s, found a way forward in the official security forces, which gave them cover and often false documents. Thus it was through the right-wing nationalist network formed in the 1970s that Abdullah Çatlı met Mehmet Ağar upon his return to Turkey.⁵¹ Many militants who were able to leave Turkey worked for the security institutions when they returned. Thus there was a process of specialization in the use of violence on the part of the former militants, in large part under the auspices of these institutions.

This subcontracting of violence became more common in the 1990s. In 1991 the “low-intensity conflict” doctrine was officially adopted in the combat against the PKK. Counterinsurgency and militia practices were then developed. This policy reached its peak in 1993, when President Turgut Özal was replaced by Süleyman Demirel, who left both the direction of the DYP and the role of prime minister to Tansu Çiller. In spite of her initially liberal attitude, Çiller rapidly adopted an uncompromising stance aiming for a quick military victory over the PKK that would be converted into votes. During this period attacks increased despite the unilateral ceasefire declared by the PKK. In 1993 the National Security Council was dominated by “hawks,” with Tansu Çiller, the chief of the general staff Doğan Güreş (renowned for his “tough” approach), and Mehmet Ağar as the director of police all sitting on it. Together they decided, in spite of opposition by a section of the political and military hierarchy,⁵² to delegate certain extralegal activities, such as the elimination of businessmen who supported the PKK, to extreme-right militants. This meant they could avoid bearing direct responsibility for these operations.

It was also in response to the guerrilla force (which had become the principal problem) that the institutions abandoned their hard-won

monopoly on the use of violence. This kind of subcontracting of violence is a central step in the formation of a politico-criminal configuration. It was thus the institutions—even at the moment of the most intense concentration of coercion—that allowed former militants to convert their political resources (principally their links with official actors and their skill in the use of violence) into criminal activities.

Subcontracting violence: Militia and special forces

Another dimension of the subcontracting of violence by these institutions was the formation of “village guardian” forces (*korucu*)⁵³ in 1987. They numbered around 36,000 in the early 1990s and nearly 100,000 at the end of the decade.⁵⁴ These Kurdish civilian militiamen were partly armed and employed⁵⁵ by the state and they were advantaged by their knowledge of the terrain. The initial objective of these forces was not so much to combat the PKK directly but to restrict their room for maneuver by depriving them of potential allies. In this context, subcontracting violence was above all based on strategic considerations rather than on political ties.

Several tribes were thus transformed into militia forces. This was the case of the Bucak, led by the only survivor of the Susurluk accident. This tribe had been integrated into *Hamidiye* and its leader had obtained the ottoman title of pasha, before they joined the side of the state and fought against the revolt by Sheikh Said in 1925.⁵⁶ The Bucak family dominated the land and property market as well as local politics in Siverek and partly in Urfa, where the chief of the tribe was all but systematically elected to Parliament. At the end of the 1970s, the PKK that was forming in the region came into conflict with the tribe that they saw as incarnating feudalism and collaborating with the institutions. Moreover, it was Mehmet Celal Bucak, both leader of the tribe and local MP, who was targeted in the first attack by the PKK in 1979; he survived but one of his sons was killed. Following his own death in the 1990s and internal conflicts in the tribe,⁵⁷ his nephew Sedat Bucak was promoted to the leadership position and was for the first time elected deputy in 1991. In September 1993, following Tansu Çiller’s coming to power, Mehmet Açar, then the director of the National Police, convinced Bucak to accept arms from the state. This was an important development, given the size of the tribe: “when the state armed Kurdish militias against the PKK, the Bucak tribe established the strongest of those militias.”⁵⁸ Although the Bucak army was estimated at several thousand,⁵⁹ only 350 to 400 men were registered as

“temporary village guardians” and received a salary from the state.⁶⁰ The others had the status of “voluntary village guardians” and were given weapons licences but were not remunerated by the institutions. The Bucak tribe was thus not totally dependent on the state and had to have its own resources in order to provide hundreds of men with weapons.

The tribe drew numerous advantages from its position in terms of resources. It was notably rewarded with manipulated public tenders,⁶¹ besides receiving benefits in terms of protection and immunity. Thus, at the end of 1993, Sedat Bucak demanded heavier weapons, such as rocket-propelled grenades, in order to fight the PKK. It is worth noting that Sedat Bucak was already well known in military and security circles. According to his declarations at the Susurluk trial, his father had been on good terms with Hüseyin Kocadağ, from the time when the latter was appointed to the southeast, first as the Siverek police chief in 1980 and then as director of the Special Operations Section in Diyarbakir. Sedat Bucak also had a good relationship with Mehmet Ağar and with Ünal Erkan, the “super-governor” of the state of emergency zone⁶² from 1992 to 1995. He also had good relations with Korkut Eken. These relations helped him to neutralize the resistance of certain security agents to his activities.

However, these links did not imply total subordination. Like many other *korucu* tribal chiefs, the Bucak family were not much engaged in military actions against the PKK but instead used their salaries and the weapons they acquired to reinforce their position in the tribe.⁶³ According to the report by the inspector Kutlu Savaş in 1997, they used the resources they obtained to establish their hegemony in Siverek at the expense of other tribes, and to become the principle point of contact for the institutions. However, in maintaining their own interests, the *korucu* tribes were not necessarily loyal to the state: several of them also had relations with the guerrilla forces or demonstrated a double allegiance. Locally, they were occasionally able to obtain the release of arrested members, or to control state agents by providing them with protection. Thus, some *korucu* threatened to change sides if the institutions stopped supporting them militarily or financially.⁶⁴ Kamil Atak—chief of the *korucu*, member of the MHP, and Mayor of Cizre, a town at the Syrian border—expressed this clearly when he said, “If the state abandons us, we will serve those who give us weapons.”⁶⁵ Appointed by the institutions, the *korucu* thus conserved a certain autonomy, which is visible in their bargaining power.

Some *korucu* also seem to have profited from this situation by engaging in criminal activities. The Bucak tribe used the protection they received to get involved in trafficking drugs and weapons⁶⁶—which also meant they could pay the “voluntary” village guardians. Thus in 1996, members of the Bucak family were arrested with 262 tones of hemp. Once the tribunal established that it wasn’t illegal to possess hemp at one’s residence, they were acquitted.⁶⁷ This case is far from exceptional; from 1985 to 1996, 284 *korucu* were accused of murder, 84 of drug-trafficking, and 69 of weapons-trafficking.⁶⁸ The protection accorded to the *korucu* probably incited them to participate in criminal activities, often in forming links with the underworld. We thus observe a certain privatization of the violence delegated by the institutions. This led to an increased number of armed civilian groups, officially operating on behalf of institutions but difficult for them to control.

The multiplication of security agencies

One final dimension of the disintegration of the state’s monopoly on violence is the multiplication of rival security agencies. Before the doctrine of low-intensity conflict was adopted, the MİT, attached to the army, had the monopoly on intelligence services. Since the 1980s, however, new security agencies have emerged. At the end of that decade, JİTEM⁶⁹ was created within the gendarmerie to unite otherwise dispersed services, as well as to be both an operations and intelligence agency in its own right.

It is within this framework that the constitution of the “special organization” (*özel örgüt* or *özel büro*), probably the basis for the “Susurluk gang,” must be understood. The idea for this informal organization, which has no legal existence, came from Turgut Özal, who took the reins as prime minister (after three years of military regime) and then as president until 1993. However, the intelligence services remained under the control of the military and reasonably inaccessible to civilians. Özal thus apparently took the initiative of regrouping members of the security services in order to better serve civilians, but his attempts met with little success.⁷⁰ In the context of an increasingly intense war, of which the political stakes were very high, the control of operations and access to intelligence were central. Tansu Çiller took over the project and set up a parallel security force. She thus brought under her control members of the army, the gendarmerie, the police, and the secret services under the command of the minister of the interior,

Mehmet Açar. The organization was deeply embedded in the police force, around İbrahim Şahin (then director of the special operations section of the police), Korkut Eken (advisor to the direction of the police), and Hüseyin Kocadağ (deputy chief of the Istanbul Police). Amongst these figures are some whom the first MİT report denounced for their criminal activities. However, the organization was genuinely transversal because it also covered members of the MİT, senior public servants such as Ünal Erkan (the super-governor of the region where a state of emergency was declared), and people specialized in the use of violence—be it former political militants such as Abdullah Çatlı or the *korucu*.⁷¹ It remains difficult, however, to retrace the degree of organization and stability of this “gang” and others like it.

Why not have these agencies regrouped under a single authority? Firstly because, in a classic institutional struggle, each security agency (and the groups within them) attempts to distinguish itself from the others in maximizing its resources and controlling armed forces and intelligence units, thus contributing to the dilution of the monopoly of violence. Furthermore, each of these groups or agencies has divergent ideological visions and strategies about the route to adopt in the southeast—divergences that are more or less virulent depending on the people in place. Thus we no longer see a hierarchical security body, but a field of multiple actors characterized by conflictual processes. This organizational dispersion results in an unclear distribution of labor between institutions, including partial cooperation but above all overlapping and blurring of boundaries. Thus *Özel Tim* gave the police access to heavy weaponry and those responsible in each institution could take advantage of their specific prerogatives.⁷²

Competition and autonomization

The multiplication of security agencies led to competition around the access to material resources made available by the conflict. The military solution adopted implied both a certain autonomy with regards to political power as well as considerable financial and symbolic benefits for many involved: high-ranking officers and members of security institutions in general had important roles to play along with the *korucu* and the militia. The conflict was extremely costly, involving 300,000 men from the security forces, in addition to the militia, and absorbing 20 percent of the national budget. These armed forces had to be paid not only in cash—which provoked chronic inflation—but also in kind, by different sorts of benefits. The legal public resources were far from

sufficient, above all in the race for human and military means that the security agencies were engaged in.

The conflict allowed them to access other material resources through arms and narcotics trafficking, as well as the underground economy. In fact, the front line of the conflict zone, a region close to the border that was under a state of emergency from 1978 to 2003 was mostly mountainous and little controlled. It has long been a privileged route for heroin from Iran, Iraq, Syria, Pakistan, or Afghanistan.⁷³ In this region—the poorest of the country—the illegal economy and drug trafficking are central resources,⁷⁴ especially for underground political parties (PKK, Hezbollah). This is especially so given that liberalization, the opening of the economy since the 1980s, and the demand for foreign currency have led to numerous legal opportunities to launder money. The security forces sought the collaboration of those controlling these resources, initially to cut sources of financial support to the PKK. They established unofficial links with certain entrepreneurs active in trafficking drugs/weapons or laundering money, giving them the choice between collaboration or denunciation—or even elimination.⁷⁵ Several of them were close to security officials and political figures, a closeness that gave them protection and even allowed them to outsource certain activities. This explains why drug traffickers were found with false identification, weapons licenses, or weapons from state arsenals.⁷⁶ Moreover, the elimination of Kurdish nationalist businessmen, especially those trading in illegal affairs, opened new markets to other entrepreneurs.

It would be impossible to argue that links between security forces and the underworld go back precisely to this time and this particular situation. They have been visible since at least the 1980s, but principally in the large cities such as Istanbul. This can be seen in the trajectory of someone like Hüseyin Kocadağ, who was removed on several occasions from the police force from 1985 onward because of his links with the criminal world. The institutionalization in 1982 of the cooperation between the MIT and the Security Force in the fight against trafficking (weapons and narcotics) is undoubtedly a milestone; Mehmet Eymür and Atilla Aytek, who were responsible for it, were shortly afterward involved in cases concerning their own participation in illegal activities. However, the situation of armed conflict and the revenue brought in by illegal trade in the southeast give these links another dimension.

Some leaders were aware of the profits to be made from covering or even organizing this trade on a large scale.⁷⁷ Because of their enormous technical, military, and financial means, the security groups became

actors in the underground economy, often under cover of antiterrorist operations (against the PKK or left-wing groups) overseas. This explains why in the 1990s it was possible for drugs to be transported by military helicopter⁷⁸ and shows just to what extent the lines between legal and illegal were blurred.⁷⁹ “Legitimate” violence is used in this context not only for political ends but also for accumulative ends. Some members of the security services also ran businesses—for example, in Cyprus—that were active in money laundering. The struggle for the control of the underground economy has embittered already conflictual relations between rival security and intelligence agencies. Kidnapping, torture, and executions, both within the illicit economy and in official spheres, have become the means of resolving everyday conflicts between different intelligence services—via intermediary gangs.⁸⁰ According to an official report, more than 100 officers have been kidnapped and fifteen have been either assassinated in mysterious circumstances or summarily executed,⁸¹ all due to rivalry between security agencies.

The multiplication of security agencies and the subcontracting of violence have created new sources of conflict not only between institutions but also within them. Initially instruments of the state, security institutions and their subcontractors have become autonomous and moved beyond the control of the state, to the detriment of the military’s monopoly on conflict. The institutions proved themselves incapable of controlling the violent dynamics that they themselves contributed to establishing. Even after the end of the conflict, the state authorities were incapable of disarming and dismantling the groups that it had set up and equipped. The legibility of these configurations is limited, however, to the extent that these complex and intertwined connections produce their own dynamics that are neither controllable nor predictable—even by the actors themselves. The links between official political spheres and the criminal world were thus formed and have evolved in several phases in contexts that are perpetually changing. Thus the “Susurluk gang” was merely a particular state of this configuration at a particular moment in time.

Politics as a space for reconversion: The DYP

It is possible, therefore, to question the multiple overlaps between criminal and legal activities. These areas cover the subcontracting of violence to militia and the privatization of the use of violence, the establishment of politico-criminal networks aimed at predatory acquisition of public

resources and illicit income, and also the instrumentalization of institutions for particular objectives. The variety of people involved in these configurations is also striking—each participant brings different specific resources to the group. The relations and exchanges between these different types of people and environments denote interests that are not only shared but also conflicting or competing. However, it is the passages between the legal and illegal spheres in terms of personal trajectories that are particularly interesting here. We have seen extreme-right militants converted into agents of violence on behalf of institutions, and who have in part taken on criminal activities (Abdullah Çatlı); criminals involved in drug or arms trafficking or money laundering who are partly protected by the officials they are collaborating with (Yaşar Öz, Ömer Lütfü Topal); senior public servants involved in the antiguerilla force, working with the militia (Hüseyin Kocadağ) or going into politics (Mehmet Ağar); militia leaders in the southeast working on behalf of institutions and sometimes also engaging in criminal—and even political—activities (Sedat Bucak); political leaders covering up criminal activities and profiting in economic and political terms (Tansu Çiller). Each of these actors, in becoming involved in these collusions, in moving between the legal and the illegal, gains a certain autonomy from the sphere they come from.

What are the types of interactions and the rationale behind the movements between these spheres? This is an essential question that is raised by these configurations and the modes of movement and resource conversion between the criminal and political fields. But how can the specifically political aspect of this be isolated? In order to make headway on this question it is useful to examine the political actor most engaged in this configuration, the DYP. Why in the political field is the DYP at the center of this configuration? In fact, from an ideological perspective it appears that there are a number of other actors in these collusions that are to the right of this party. Thus an observer commented that Mehmet Ağar, who is Sunni and apparently “non Turkish” (meaning Kurdish or Zaza), in spite of being an MP for the DYP moderate right party, is also a member of the Turkish nationalist movement on the extreme-right.⁸² Similarly, converted former militants come from the MHP, a party that was reconstituted after the coup, even though it has changed since the 1970s. Yet the MHP does not seem to be linked to these configurations. Thus we can put forward the idea of an ideological porosity between right-wing parties. In fact, the first half of the 1990s, especially during the aggravation of the conflict in the southeast and the lifting of parliamentary immunity for Kurdish nationalist MPs

in March 1994, was characterized by an acceleration of nationalism that goes well beyond the MHP.

However, it seems more pertinent to pose these questions not only in terms of ideology but also in terms of networks and access to the resources that are behind the formation of these configurations. In fact, the DYP had a relatively stable social foundation. It was a party with a strong rural base, supported by important local figures and in the southeast by tribal leaders. Moreover, following the military regime, the moderate right was in power from the 1980s to 1991 through the ANAP and then through the DYP coalitions. Everything seems to suggest that the key movements in the trajectories of the main actors of these configurations, and the filling of positions of responsibility in the police or in senior administration (particularly the sections dealing with politics, counterterrorism, and the fight against crime) in the large cities and in the southeast state of emergency zone, were not attributed to chance alone. The government appointed people well known for their experience in counterterrorism and counter guerrilla activities to these positions. This strategy is far from being politically neutral in the general context of the politicization of the administration and the repression of left-wing opponents, which reached its peak during the coups (1971, 1980) but was silent during the whole period of the cold war. Thus, Hüseyin Kocadağ and Korkut Eken were known to have links with the extreme-right, even though they were public servants.

Some senior public servants in the Security were thus able to build links with the right-wing political establishment, in power during the 1980s and 1990s. Mehmet Ağar thus became director of police in Ankara (1988–1990) and then in Istanbul (1990–1992), following a series of rapid promotions in the police force, especially in the sections dealing with politics and counterterrorism. These positions allowed him to join the political circles of the right, then in power, and especially to become close to the Özal couple. Some years later, the witness at the circumcision of his son—after former president of the republic and member of the DYP Süleyman Demirel declined at the last minute—was none other than Kenan Evren, the leader of the junta in 1980. These links with right-wing senior public servants seem to result from the proximity of these parties to the source of political power, whereas the MHP did not associate itself with the government until the end of the 1990s. It seems, therefore, that the centrality of the DYP in these configurations is explained above all by its links to political power. Indeed the DYP was in power from 1991, at the height of the conflict, whereas the MHP was in power in the coalition only from

1999 to 2002. From June 1993, Tansu Çiller took the leadership of the DYP and the three successive governments up until 1996. But the party also controlled the presidency through Süleyman Demirel. Moreover, Çiller maintained good relations with the military staff directed by Doğan Güreş from the end of 1990 to August 1994. The DYP thus had a central role within the state institutions, encountered little opposition within the National Security Council—a central institution in the formulation of policy in the southeast—and thus controlled substantial resources.

During the legislative elections of December 1995, the DYP was overwhelmingly peopled by those from whom Tansu Çiller drew her support. In the 1995 legislative elections, she fielded several bureaucrats, police leaders, and governors of the state of emergency zone in the southeast.⁸³ Thus, Mehmet Açar, the director general of the police from 1993 to 1995, was elected MP of the DYP in 1995. It was the same for Hayri Kozakçıoğlu, who had been the sub-governor and the governor of different provinces since 1960, had spent more than a year in the Istanbul police, and been the first “super-governor” of the region in the state of emergency from 1987 and governor of Istanbul from 1991. Ünal Erkan, son of a police officer and graduate of the police academy—head of the Ankara police forces (1980–1984), and then of the Istanbul police forces (1984–1988), governor of the Edirne province (1988–1991), director general of the police (1991–1992), and “super-governor” (1992–1995)—was also elected to parliament for the DYP in 1995. Necdet Menzir, director of the Istanbul police from 1992 to 1995 (he had appointed Hüseyin Kocadağ as his assistant director), was elected MP for Istanbul for the DYP (before moving to another party because he opposed the rise of Mehmet Açar). The transfer of personnel between the military and the party was less significant than the transfer between the police and the party, with the notable exception of Doğan Güreş, the former chief of staff who was elected for the DYP in 1995. The transfer of several leaders from the security services to the DYP led to the latter being dubbed the “number one police academy.”⁸⁴ There was thus a substantial transfer from the security field to the parliamentary and political one. In spite of the existing links between these spheres it is possible to truly talk of a “passage” here, given that public servants cannot become members of a political party nor engage in political activities. To be elected and even to run for office require resignation from public service. The party represented a place of reconversion for these actors and allowed them to become autonomous from their initial environment.

Access to politics gave these individuals immunity. None of them—involved for the most part in politico-criminal collusions—was really subject to investigation. This also allowed them to increase their resources not only to include political representation but also to influence decision making. In fact, many of these former public servants became ministers in the Çiller governments. She appointed Mehmet Ağar to the position of justice minister (he remained in this post until 1996) and then minister of the interior (until 1997). Necdet Menzir was appointed minister for transport and communications, and Ünal Erkan was appointed minister of state in 1996. This confirmed their membership of the “inner circle” in the leadership of the party.

Tansu Çiller lost her post as prime minister in 1996, and then her post as minister in 1997. Following the scandals (Susurluk in particular, and other minor affairs in general), some DYP members left the party while others resigned, thus making the coalition fragile. However, the sanction of the DYP did not appear to result as much from its links with criminal spheres as simply from political strategies.⁸⁵ It was above all because of its “Faustian” alliance with the Islamists of the ostracized RP that DYP was considered by other parties to be “untouchable” and that it lost credibility with the army. However, this ostracism has to be seen in the context of its image and its electoral results. Even if, for a part of the population and the near-totality of the intelligentsia, it is synonymous with racketeering, corruption, and collusion with criminal spheres, the DYP maintained reasonable electoral results (around 10 percent) and a solid social base for a few years. Along with the other parties of the system, the DYP has experienced an electoral backslide since the 2002 legislative elections. DYP’s failed attempt to unite with the ANAP in 2007 especially signaled a severe loss to its electoral power. However, its downfall seems to be more directly linked to political factors than to the loss of its control over the revenues from the war.

Does the fact that the DYP has not been associated with the successive governments since 1997 imply the end of the collusion between political and criminal spheres? The fact that at the end of 1997 Mesut Yılmaz’s ANAP-led coalition government was the first, and so far the only, Turkish government to be toppled by a vote of no confidence on corruption allegations (because of its links with another gang, that of Çakıcı⁸⁶) seems to suggest that this kind of collusion is not specific to the DYP—even if its time in power did provide a particularly comprehensive example of it. It seems, however, that the parties in power since 1998 have maintained less “dangerous” liaisons. This is possibly for a number of reasons, including both the slackening off of the conflict

and a certain cleaning up of the military staff from 1994 to 1995, the latter had already happened when the Susurluk scandal erupted in 1996. Finally, the increased media attention that the mafia received after the scandal also possibly contributed to this. Just as this configuration was formed in several stages, so was the “de-configuration” in an evolving context. In the 1999 legislative elections Sedat Bucak was reelected deputy for the DYP. He ran again in 2002 but the DYP did not obtain the 10 percent of national votes necessary to gain parliamentary representation, a shortfall that put the Assembly out of his reach. The charges against him were dropped in an amnesty following the end of his parliamentary immunity. The only remaining indictment—forming a criminal organization—led to an acquittal that was overturned in an appeal. At the end of 2006, Bucak thus finally received a one-year suspended sentence. As for Mehmet Açar, he was also a candidate during the legislative elections of 1999 and 2002, but he ran as an independent. He was elected on both occasions, profiting from the support of his local electorate in Elazığ (in the southeast of Turkey), where he himself comes from; his victories showed his ability to operate independent of the DYP. However, following the resignation of Çiller from the party leadership in 2002, Açar was quick to return to the DYP to take her place. In 2007, he united with the ANAP to form a new center-right party, the Democratic Party (DP). He finally resigned from the DP leadership following the party’s 2007 electoral setback that also put an end to his parliamentary immunity. A case linked to the Susurluk affair was opened against him in 2009.



The politico-criminal configuration known as the “gang in uniform” is the product of a complex genealogy. These are not pre-organized groups mobilizing violence and rooted in a state system into which they are absorbed as such. Rather, they are composed of partial links between institutional, political, and criminal spheres, links that are re-actualized and re-configured in response to new resources within both the state apparatus and specialized violent groups. This configuration is thus the fruit of adaptation to evolving political and social contexts. The principal stages in its establishment are characterized by violent circumstances (crisis, war) where the boundaries between legal and illegal, between legitimate and illegitimate are blurred or redefined. However, these collusive links between the criminal and political worlds demonstrate a certain capacity for both adaption and

perpetuation, even in times of normalization and, therefore, beyond instances of significant political change. Thus some of these links have been re-actualized or reinforced in different periods, generally considered as periods of radical rupture: the period of “terror,” the military regime, and the normalization that followed.

The importance of institutional relationships in these successive reconfigurations leads us to reconsider the role of state actors in the consolidation of these violent enterprises. Thus, security institutions subcontracting out the “dirty work” led to former militants shifting to areas of illegal activities. Similarly, institutional and political actors ensuring access to resources such as immunity, protection, or large-scale coercion facilitated the pursuit and even the development of criminal activities. This observation challenges the habitual separation of the criminal and institutional spheres, particularly the currently fashionable discourse that sees organized crime as a threat to the state. As a result the sociology of criminal configurations must also be a sociology of state actors and their functioning, with institutions being considered as conflictual fields allowing for phenomena of autonomization.

Notes

1. I would like to thank Hamit Bozarslan and Gilles Dorronsoro, as well as Jean-Louis Briquet and Gilles Favarel-Garrigues for their helpful comments and suggestions on a previous version of this text.
2. Mafia groups dealing with drugs, gambling, prostitution, property, parking, etc. However, these basic denominations cover extremely heterogeneous activities and forms of organization. See the 2004 report by the Ankara Chamber of Commerce, which denounces the underground economy.
3. See <http://www.kurtlarvadisi.com> (accessed March 15, 2010).
4. Concerning the Italian Mafia, see Briquet, Jean-Louis, “Comprendre la mafia. L’analyse de la mafia dans l’histoire et les sciences sociales,” *Politix* 8(30) (1995): 139–150.
5. It is significant that the only scientific publication was written in Dutch and later translated into Turkish. The author aimed to look at the ramifications in Turkey of Turkish drug-trafficking in Europe. Frank Bovenkerk, Yücel Yeşilgöz. *Türkiye’nin mafyası* [Turkey’s Mafia] (Istanbul: İletişim, 2000).
6. Andrew Finkel, “Who Guards the Turkish Press? A Perspective on Press Corruption in Turkey,” *Journal of International Affairs* 54(1) (2000): 147–168.
7. Gilles Favarel-Garrigues, “Concurrence et confusion des discours sur le crime organisé en Russie,” *Cultures et Conflits* 42 (2001): 9–46.
8. Similar challenges were raised concerning the Turkish Hizbullah, by Gilles Dorronsoro. *La mouvance Hizbullah* (Istanbul: Les dossiers de l’IFEA, 2003).
9. *Doğru Yol Partisi*, conservative right-wing.
10. During his testimony at the trial, Abdullah Çatlı admitted to providing the pistol used by the attacker, Mehmet Ali Ağça, also a member of the *Milliyetçi Hareket Partisi*

- (MHP: Nationalist Movement Party, nationalist right). He had previously helped this man escape from prison where he had been serving a sentence for having assassinated Abdi İpekçi, the editor of the major daily newspaper *Milliyet* in 1979.
11. According to the court, he was involved in 22 instances of torture and homicide. Hiçyılmaz, Semih. *Susurluk ve Kontrgerilla Gerçeği* [Susurluk and the Reality of the Counterterrorism] (Istanbul: Evrensel, 1997), 19.
 12. This report is available in part at: [http://tr.wikisource.org/wiki/Susurluk_Raporu_\(TBMM\)](http://tr.wikisource.org/wiki/Susurluk_Raporu_(TBMM)).
 13. This report is available at: [http://tr.wikisource.org/wiki/Susurluk_Raporu_\(Kutlu_Sava%C5%9F\)](http://tr.wikisource.org/wiki/Susurluk_Raporu_(Kutlu_Sava%C5%9F)).
 14. For their list of those involved, cf. Enis Berberoğlu. *Susurluk: 20 yıllık domino oyunu* [Susurluk: Playing at Dominoes over Twenty Years] (Istanbul: İletişim, 1997), 22–26.
 15. For instance, the members of the Special Task Forces of the police suspected in the assassination of Ömer Lütfü Topal in 1996 were denounced and arrested. They were then released by orders from Ankara (stemming probably from Mehmet Ağar, then minister of the interior) and transferred to Ankara as bodyguards for Sedat Bucak.
 16. One of the best-sellers, a biography of Abdullah Çatlı, was in its 24th edition at the beginning of 2004. Soner Yalçın and Doğan Yurdakul. *Reis. Gladio'nun Türk Tetkikçisi* [The Chief: Gladio's Turkish Hitman] (Ankara: Öteki, 1997).
 17. MİT (*Milli İstihbarat Teşkilatı*): national intelligence agency, linked to the military.
 18. Mehmet Eymür followed in the footsteps of his father who was also a member of the secret services. During the 1971 coup d'état, working with Hiram Abbas in the counterterrorism force, he was allegedly involved in several torture cases against left-wing opponents. He also allegedly infiltrated the Turkish mafia in Bulgaria at the beginning of the 1980s before being discovered. Upon his return to Turkey he was appointed as the director of the fight against trafficking and organized operations. He was then director of the counterterrorism office of the MİT. His memoirs are available: *Analiz. Bir MİT Mensubunun Anıları* [Analysis. The Memoirs of a Member of the MİT] (Istanbul: Doğan, 1997). Also available, on the evolution of his career, Orhan Gökdemir, Turhan, Talat. *Mehmet Eymür. Ziverbey'den Susurluk'a Bir MİT'çinin Portresi* [Mehmet Eymür. The Portrait of a Member of the MİT from Ziverbey to Susurluk] (Istanbul: Sorun, 1999).
 19. This report is available in *MİT Raporu Olayı* [The Affair of the MİT Report] (Istanbul: Kaynak, 1988), 91–118.
 20. This report is republished in Enis Berberoğlu. *Susurluk: 20 yıllık domino oyunu*, 237–244.
 21. Many of those investigating this question have mysteriously disappeared. For example, Uğur Mumcu, an investigative journalist publishing since the 1980s on the links between the underworld, the radical-right, and the state, as well as on criminal activity between Turkey and Bulgaria, was assassinated in 1993. Since then, few journalists will risk investigating these questions. A parliamentary investigatory committee was created in order to investigate political assassinations, including that of Uğur Mumcu, but its investigation was blocked and the director of the committee excluded from the DYP party.
 22. The two reports were revealed by the radical-left nationalist newspaper *Aydınlık*. The opposition newspaper *2000'e doğru* was also very active in denouncing these collusions.
 23. *İşçi Partisi*, Worker's Party, both nationalist and radical left-wing.
 24. See, for example, Doğu Perinçek. *Çiller Özel Örgütü* [Çiller's Special Organization] (Istanbul: Kaynak, 1997). The determination of this movement also explains the quantity of work consecrated to collusion between political and criminal spheres produced by this publishing house, Kaynak.
 25. One of the assassinated journalists, Uğur Mumcu, was known for his kemalist political opinions.
 26. *Anavatan Partisi*, Motherland Party.

27. Amongst the people denounced in the first report, Mehmet Aġar and his collaborators were not sanctioned but promoted to the direction of the Security Force in 1988. Nevzat Ayaz, the then governor of Istanbul and former senior public servant in the police force, was elected MP for the DYP in 1991, he was minister of defense from 1991 to 1993 in Demirel’s government, and then minister of education in the Çiller government until 1995. Hüsamettin Çindoruk, then director of the DYP became president of the National Assembly from 1991 to 1993 before resigning to form his own political party, the *Demokrat Türkiye Partisi* (DTP) (Democratic Turkey Party). Ünal Erkan was director of the Istanbul police at the time of the first report and then became director of the National Police in 1991, and then “super-governor” of the southeast region in the state of emergency in 1992, before being elected deputy for the DYP in 1995 and then becoming a minister of state in 1996. On the other hand, the presumed authors of the report, Mehmet Eymür and Atilla Aytek, directors of the office of fraud and secret services of the police, were suspended from their functions and demoted to less prestigious positions.
28. Mehmet Aġar followed his father’s career path. His father had been Adana police chief and had been detained and then removed from the police during the 1960 coup d’état because of his proximity to the leaders of the Justice Party. Mehmet Aġar was trained both as a police officer and as a public administrator. In 1980 he left his post as sub-governor to return to the police force. There he specialized in political issues and in antiterrorism and was thus rapidly promoted. He was also a senior official in the direction of the Istanbul police and then director of the National Police (1993–1995). He was elected MP for the DYP in 1995, and then appointed to justice minister (1996) and a few months later to minister of the interior (1996).
29. Hamit Bozarslan, “Le camion et les chars: une année de pouvoir islamiste en Turquie,” *Les Annales de l’Autre Islam* 6 (1999): 317–325.
30. *Cumhuriyet Halk Partisi*, Republican People’s Party, Kemalist.
31. Although his links with the criminal world have been revealed on several occasions, the former director of the Trabzonspor football club, Mehmet Ali Yılmaz, was elected as an MP from the DYP and appointed to state minister of sport without incident in 1991.
32. He was sentenced to three years in prison and a large fine.
33. Founded in 1973, these tribunals were institutionalized by the Constitution of 1982. With the mission of judging “crimes against the security of the state”; they also deal with trials concerning criminal organizations or gangs. The sentences they impose are heavier than in other tribunals.
34. A graduate of the Academy of Police, he was director of the security force in different departments in the 1970s and in 1980. At the beginning of the 1980s he joined the Special Operations Department of the Army (*Özel Harp Dairesi*), specialized in counter-guerrilla, and trained for counterterrorism, including in the United States. In 1990 he became director of Special Operations (*Özel Harekat Şubesi*) within the Istanbul Security Force. In 1993, he was appointed deputy director of the Special Operations Department of the General Directorate of Security. He was accused of having covered for police involved in the assassination of former members of the secret services Tarık Ümit in 1995 and Ömer Lütfü Topal in 1996. His relations with Abdullah Çatlı have been confirmed.
35. A graduate of Military School, he is a retired lieutenant-colonel. In the Army he had been particularly active in the Special Operations unit, especially in the counterterrorism and counter-guerrilla activities. In 1982 he was involved in setting up a Special Operations unit within the Directorate of Security. He then worked with the Secret Services (MİT) as the deputy director of the unit against drug trafficking (with Mehmet Eymür). He then resigned following the first MİT report in 1988. In 1993 Mehmet Aġar appointed him as advisor on the formation of the Special Operations team in the Security Force, until

1996. He is considered to be responsible for the 1995 assassination of Tarık Ümit, a former member of the Secret Services.
36. According to the daily newspaper *Hürriyet* (June 6, 1998), 43 police officers implicated in these operations were promoted.
 37. The drug traffickers charged in other cases linked to Susurluk received heavier sentences than the political leaders who were covering them. Thus Yaşar Öz, drug trafficker and relative of Abdullah Çatlı, was repeatedly imprisoned for having weapons and weapons licenses under false names—signed by Mehmet Ağar—at his house.
 38. This drug trafficker was imprisoned for his activities in the 1970s both in Belgium and in the United States. He was able to launder money through his involvement in gambling and in his different businesses—in which he apparently joined other members of the “gang.”
 39. The law on the “Fight against Profit-making Organized Crime” (*çıkara amaçlı suç örgütleriyle mücadele yasası*), defines a criminal organization as using force, intimidation, and conducting illegal and criminal activities.
 40. The military exploited the ambiguity of the term *aydınlık*, which means both “light” (literally) and “enlightenment” (in the sense of progressivism, of which the antonym is obscurantism).
 41. Hamit Bozarslan, “La crise comme instrument politique en Turquie,” *Esprit* 1 (2001): 145–151.
 42. The report produced by another parliamentary inquiry, set up in 1996 to investigate disappearances and unsolved assassinations, and which accused several senior security agents of illicit activities, was labeled “separatist propaganda” by the military hierarchy (Bovenkerk, Yeşilgöz. *Türkiye'nin mafyası*: 257). In 2002, several retired high-ranking members of the army expressed their solidarity with Colonel Korkut Eken, condemned for his involvement in the Susurluk scandal: “He did what he did in accordance with the chain of military command,” several of them declared in the press (*Hürriyet*, February 14, 2002).
 43. *Aydınlık*, July 14, 1996.
 44. He was implicated in the assassination of seven left-wing students in a right-wing neighborhood in Ankara.
 45. In 1992 he founded and led the *Büyük Birlik Partisi* (BBP: Great Union Party, religious and nationalist right). He died in a helicopter accident in 2009.
 46. Cf. the confessions of a repentant member of the MHP under the protection of the authorities in July 1980. Ali Yurtaslan. *İftiralar, MHP Merkezindeki Adam Abdullah Çatlı'yı anlatıyor* [Defamation. The Man at the Center of the MHP Talks about Abdullah Çatlı] (Istanbul: Kaynak, 1997), 91.
 47. This was the case in, for example, the attack in a cinema in Maras in 1978. Hamit Bozarslan, “Le phénomène milicien: une composante de la violence politique dans la Turquie des années 1970,” *Turcica* 31 (1999): 185–244.
 48. Bovenkerk, Yeşilgöz. *Türkiye'nin mafyası*: 32 (1996). Cf. also. Soner Yalçın. *Behçet Cantürk'ün anıları* [The Memoirs of Behçet Cantürk] (Istanbul: Öteki, 1996).
 49. According to a German report that was based on official Turkish sources, 2,347 extreme-right activists, 11,386 extreme-left activists, 4,214 “separatists,” and 4,214 “others” were incarcerated. Harald Schüler. *Die Türkischen Parteien und ihre Mitglieder* (Hamburg: Deutsches Orient-Institut, 1998), 76. Alparslan Türkeş, a retired general and leader of the MHP was imprisoned for conspiracy to murder but then released without trial.
 50. According to the testimony of his wife, Meral Çatlı, before the Susurluk commission (Berberoğlu. *Susurluk: 20 yıllık domino oyunu*, 45–47).
 51. Yalçın and Yurdakul. *Reis. Gladiyo'nun Türk Tetikçisi*, 276.
 52. Many testimonies suggest that the Susurluk gang was responsible for the “helicopter accident” in 1993, which cost the life of Eşref Bitlis, chief of general staff of the gendarmerie,

who did not agree with the actions of certain military agencies in the southeast of Turkey. On this case, cf. Adnan Akfırat. *Eşref Bitlis Binbaşı Suikasti. Belgelerle* [The Assassination of the Major Eşref Bitlis. Documents] (Istanbul: Kaynak, 1997).

53. Without taking things out of proportion, this subcontracting of violence had a precedent in the nineteenth century when the Sultan Abdülhamid II transformed Kurdish tribes into special cavalry units (*Hamidiyye*), allied with the state, that were then mobilized against the Armenians.
54. Hamit Bozarslan. *Network-Building, Ethnicity and Violence in Turkey* (Abu Dhabi: ECSSR, 1999), 8. According to the minister of the interior there were 76,000 *korucu* in 1996. Can Dündar, Celal Kazdağlı. *Ergenekon. Devlet içinde devlet* [Ergenekon. The State within the State] (Ankara: İmge, 1997), 147.
55. A *korucu* earned roughly double minimum wage.
56. Some of its members were affected by the population transfer policies at the beginning of the Republic, and by imprisonments during the 1980 coup d'état. On the Bucak tribe, cf. Osman Şahin. *Fırat'ın sırtındaki kan: Bucaklar* [Blood from the Euphrates: The Bucaks] (Istanbul: Kaynak, 1995).
57. A part of the tribe is, in fact, close to Kurdish nationalists. Faik Bucak, one of the founders and then president of the PDKT (Kurdistan Democratic Party of Turkey, the first clandestine Kurdish nationalist party, created in 1965 in Diyarbakir), was assassinated in obscure circumstances in 1966. His descendents became involved in the Kurdish nationalist movement.
58. Martin Van Bruinessen, “The Nature and Uses of Violence in the Kurdish Conflict,” contribution presented at the international conference *Ethnic Construction and Political Violence* (Cortona: July 2–3, 1999).
59. The Turkish media refers to 10,000 armed men. Cf., for example, the interview with Sedat Bucak published in *Aktüel*, 136 (February 10–16, 1994): 18–24.
60. Martin Van Bruinessen, “Les Kurdes, Etats et tribus,” *Etudes kurdes* 1 (2000): 9–31.
61. Urfâ, the stronghold of the Bucak tribe, is situated in the middle of a region that was the site of a major program for dam construction and industrialization. In the 1990s, several public tenders were awarded to shell companies of members of the Bucak tribe (Bozarslan, *Network-Building, Ethnicity and Violence in Turkey*, 17–21).
62. The state of emergency zone had its own special administration, led by a “super-governor” who had specific powers including the right to detain prisoners in secret detention for more than 30 days and to censor the press.
63. Hamit Bozarslan, “Kurdistan: économie de guerre, économie dans la guerre,” in François Jean and Jean-Christophe Rufin (eds.). *Economie des guerres civiles* (Paris: Hachette, 1996), 138.
64. Hamit Bozarslan. *From Political Struggle to Self-sacrifice. Three Essays on Violence in the Middle East* (Princeton: Rynner, 2002).
65. “Silâhı Kim Verirse Ona Hizmet Ederiz,” *Hürriyet* (December 17, 1996).
66. Bozarslan, *Network-Building, Ethnicity and Violence in Turkey*, 17–21.
67. *Radikal* (November 17, 1997).
68. This relatively modest figure should be interpreted in light of the cases evoked above, with institutions covering the illegal activities of the *korucu* (Dündar, Kazdağlı. *Ergenekon. Devlet içinde devlet*, 147).
69. *Jandarma İstihbarat ve Terörle Mücadele* (Intelligence and counterterrorism service of the gendarmerie).
70. Orhan Gökdemir. *Pike. Bir polis şefin kısa tarihi* [Pike. The Brief History of a Chief of Police] (Istanbul: Çivi yazıları, 2001), 129.
71. An extensive list of members of different gangs can be found in *Aydınlık* (November 2, 1997).

72. The MİT lost the power to deliver diplomatic passports in 1998, this was henceforth exclusively the domain of the minister of foreign affairs (“MİT’e kırmızı pasaport yasağı,” *Hürriyet*, August 24, 1998).
73. “European governments estimate that as much as 75 percent of the heroin seized in Europe either transited Turkey, was processed there, or was seized in connection with Turkish criminal syndicates” (*Narcotics Control Strategy Report*, 1999).
74. The southeast of the country, along with the Black Sea region is the principal origin of entrepreneurs active in illegal trade in Turkey (Bovenkerk, Yeşilgöz. *Türkiye’nin mafyası*, 157).
75. In 1996, whilst Mehmet Ağar was justice minister, a drug trafficker, Ömer Lütfü Topal, was threatened with charges of “Kurdish nationalism,” even though he had collaborated with Abdullah Çatlı. This threat was a means of pressure and extortion. He was nevertheless assassinated shortly afterward (cf. the report quoted by Kutlu Savaş).
76. In 1994, Yaşar Öz was arrested by police units ignorant of his protection. At his home they found large quantities of weapons and service documents signed by Mehmet Ağar. The latter then had him immediately released, arguing that “he’s on our side.” Mehmet Ağar declared to the prosecutor that Yaşar Öz was responsible for a certain number of operations, although he could not provide details of these operations as they were “state secrets” (Berberoğlu. *Susurluk: 20 yıllık domino oyunu*, 140–149).
77. In January 1997, during a trial, the State Court of Frankfurt recognized that narcotics-trafficking between Turkey and Western Europe was in large part the work of two families in Istanbul protected by Tansu Çiller.
78. Bozarslan, *Network-Building, Ethnicity and Violence in Turkey*, 10.
79. When Mehmet Ağar was director of the police (July 1993–November 1995), 25 million dollars were spent buying from overseas weapons, whose destination remains mysterious. Nearly a quarter of all arms imports are not registered at customs, but they can be “legalized” by public servants in the Ministry of the Interior. In Batman, these weapons were intended (with the implicit complicity of the government) for the governor’s thousand-strong militia, which was mostly composed of extreme-right militants. This militia acted outside of any legal framework, cooperating with groups such as Hezbollah that work with the *korucu* (Ümit Cizre, “Tansu Çiller: Lusting for Power and Undermining Democracy,” in Metin Heper and Sabri Sayarı (eds.). *Political Leaders and Democracy in Turkey* (Landham, MD: Lexington Books, 2003), 205.
80. Amongst the victims it is worth mentioning Hiram Abbas, undersecretary of the MİT, close to Mehmet Eymür and opposed to Mehmet Ağar, who was assassinated in 1990; Eşref Bitlis, already mentioned, who died in a suspicious accident in 1993; Ahmet Cem Ersever, commander responsible for the intelligence services of the gendarmerie, who had fallen foul of his superiors and following blunders left the army in 1992 with a group of officers as a symbol of protest against the governmental policy of the southeast region. In June 1993 he gave an interview in the left-wing newspaper *Aydınlık* and was assassinated some months later in circumstances that were never clarified; on this case, cf. Soner Yalçın. *Binbaşı Ersever’in İftiraları* [The Defamation of Major Ersever] (Istanbul: Kaynak, 2002). Berberoğlu. *Susurluk: 20 yıllık domino oyunu*: 138. Another victim of these paybacks was Tarik Ümit, close to Mehmet Eymür, one of the principal informers of the section of the army dealing with the special war. He had long had good relations with the police but was kidnapped and assassinated in March 1995.
81. Of the 2,000 unsolved assassinations that took place in the 1990s, cf. the report by Kutlu Savaş on the Susurluk affair.
82. Ruşen Çakır, “La vie religieuse à la frontière turco-kurde: le cas d’Elazığ,” *Les Annales de l’Autre Islam* 5 (1998): 351–367.
83. In Turkey it is generally the party leadership that appoints the election candidates.
84. Berberoğlu. *Susurluk: 20 yıllık domino oyunu*, 18.

85. Ümit Cizre, “Tansu Çiller: Lusting for Power and Undermining Democracy.”
86. Alaattin Çakıcı was involved in arms trafficking, extortion activities, and homicide. He was arrested in France in August 1998. Sought in relation to nine incidents in Turkey, he was extradited for two of them, judged, and incarcerated. Shortly after his liberation he was arrested in Austria, extradited, judged, and imprisoned again. His links to political actors and senior security officials have been confirmed.

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CHAPTER 3

Governor Sutiyoso's "Wars on Vice": Criminal Enterprises, Islamist Militias, and Political Power in Jakarta

ROMAIN BERTRAND

Following a series of elections, the *reformasi* period that began in 1998 with the forced resignation of President Suharto led to a partial renewal of the political personnel. But, against all expectations, certain key figures from the New Order regime succeeded in surviving the liberalization process. One of the most enigmatic of these figures was unquestionably the governor of Jakarta, former major-general Sutiyoso, who was appointed by Suharto, defended by Megawati Sukarnoputri, and was the military mentor of President Susilo Bambang Yudhoyono,¹ who reappointed him. In his nearly ten years of running the capital's municipal government Sutiyoso managed to build a formidable power structure. Through his diverse support system he could count at various times on personal networks in the army, on the martial arts centers controlled by the barons of the *betawi* community, and on violent Islamist militias. His main repertoire for political legitimacy varied little, however. He always presented himself as a champion of the "war on vice" (drugs, prostitution, alcoholism, gambling) and within that framework developed tactical alliances with veritable Islamist entrepreneurs of urban violence such as the Islamic Defenders Front (FPI).

The fact that one can now attempt to tell the story behind some of the collusive deals between the Jakarta municipal government and criminal-type movements is itself an indication of the profound changes

that have occurred in the political economy of the media and the legal fabric of scandal-ridden post-Suharto Indonesia.² The progressive institutionalization of veritable “unveiling networks” and public denunciation procedures³ bringing together community activists, journalists, and magistrates resulted in a flood of documentary material (articles, press releases, pamphlets). The point here is neither about the “truth” of certain criminal actions nor about the “validity” of the criminal characterization of actions brought to public attention by the press, but rather about raising questions about the veracity of the discourse of denunciation. The sheer fact that stories of “behind the curtains” politics could be believed indeed tells us a lot about the way politics was understood and fancied in those early *reformasi* years. Moreover, by reconstructing the professional and ideological trajectories of both the “accusers” and the “accused,” we can link that discourse to positions dictated by specific moments in the militant, religious, and military socialization process, thereby highlighting some of the authoritarian origins of the repertoire of actions underpinning the predatory behavior of a fraction of the political elite today.

Sutiyoso’s military career

Sutiyoso was born in Semarang, on the northern coast of Java, in December 1944. He graduated from the Military Academy (Akmil) in 1968. One of the members of his graduating class was Agum Gumelar, who would later become one of the most powerful generals in the New Order. Sutiyoso and Gumelar belonged to the first generation of army officials trained after Suharto violently took power in 1965–1966. The objective of the military academies at the time was to propagate the official version of the birth of the New Order regime, whose leaders claimed to have saved the country from an attempted coup d’état led by the Indonesian Communist Party. The nationalist litany recited by Akmil cadets was prompted by one central idea: the nation-state must always be protected from its “internal enemies”; to that end the army must remain present at every level of the country’s social and economic life. This was the armed forces’ so-called double function theory (*dwifungsi*), which justified the colonels’ entrenchment on boards of directors of public companies and maximum surveillance of political activities.⁴ As of 1974, as per the laws meant to “simplify” the political landscape, only three parties were allowed to run in the elections held every five years, inevitably won by the governing party (Golkar⁵) with

over 70 percent of the vote. It was also in the early 1970s that Suharto reformed the army command structure, giving exorbitant powers to elite units whose task was to hunt down and eliminate "enemies of the nation."

It was during these years of the genesis of the New Order system that Sutiyošo went through his baptism of fire. In 1969, he took part in Operation *PGRS-Paraku*, a so-called restoration of order campaign in Kalimantan province (Borneo). In 1975, he was once again on the front lines during Operations *Flamboyan* and *Seroja*. Behind these suave code names were the ruthless campaigns to annex East Timor that cost the lives of nearly a quarter of the local population and led to raids, the burning of villages, mass executions, and torture. At barely 30, Sutiyošo was already a model soldier in the martial Suharto regime. He earned his first decorations with Yunus Yosfiah⁶ and Sjafrie Sjamsudin in blazing "Timtim" (an acronym for Timor Timur, or East Timor). In 1978 he faced the perils of the "antiseparatist war" for the third time when he took part in Operation *Aceh Merdeka*, which aimed to eradicate the Aceh independence movement created in 1976 by Hassan Di Tiro.⁷ Those were the heydays of the New Order, which had grown stronger and was eager to eliminate all who contested its hegemonic ambitions. The peripheral provinces, where labor and "ethnic" dissatisfaction was increasingly vocal, were bled systematically by elite army units (Kostrad green berets, Kopassus red berets, and navy riflemen). In 1991–1992, Sutiyošo became "operations assistant" (Asops) at army strategic reserve command headquarters (Kostrad), a top venue for planning the repression of political dissidence under the New Order. In 1992, he was named principal assistant (Adan) to the commander-in-chief of army special forces (Kopassus).

This position was proof that he was part of General Suharto's inner circle.⁸ Indeed, only the president's men of confidence were allowed to direct operations for the Kopassus elite corps, specialized in the "antiseparatist" and "antiterrorist" struggle. Whether in Aceh, Timor, or the high plateaus of Papua, Kopassus was known throughout its history for its extreme cruelty. The true war dog of the Suharto regime, it enjoyed almost total autonomy inside the armed forces, taking orders only from its unit commander, in disregard of Mabas AD (army headquarters), and sponsoring the creation of a clandestine network of political intelligence that infiltrated trade unions and opposition parties.⁹ In 1996, Suharto's son-in-law Prabowo Subianto took over its command. Prabowo distinguished himself throughout his career as one of the best soldiers of his generation. He was a man without scruples or

remorse. Like all young lieutenant-colonels in the 1980s, he took part in the Timtim campaigns and then learned about “antiguerrilla” arts at Fort Bragg and Fort Benning in the United States before joining Kostrad’s worst combat battalions and Kopassus’ Group 3.¹⁰ Under his leadership Kopassus, which at the time was gravitating toward radical Islamist movements,¹¹ acquired unequaled power within the army. In 1998 and 1999, one of the main demands made by the front-runners of the *pro-demokrasi* movement was the total dissolution of Kopassus, accused at that time of having orchestrated the kidnapping and torture of fifteen union dissidents and student leaders. But despite the removal of Prabowo Subianto (a personal enemy of General Wiranto who had become minister of defense¹²), Kopassus managed to preserve its hold over certain large regional commands as well as over the network of “intelligence assistants” (*asintel*) who continued to keep a close watch on political movements considered too provocative. Within the army, having been part of a Kopassus detachment in Timtim or in the hell of Aceh’s jungles was an enormous source of prestige. In the 1980s it was also a means for rapidly climbing up the hierarchical ladder of the operational command structure. Kopassus lieutenant-colonels reached coveted *danrem* positions (commander-in-chief of a Korem: a *resort militer* command, generally one of the archipelago’s 27 provinces) on average five to ten years before their comrades from regular units.¹³

In 1993, Sutiyoso became the commander of Korem 061 in Bogor (a suburb of Jakarta and home of the presidential palace). As proof of his popularity within the army, the following year his peers appointed him “best military *resort* commander” in the country. In March 1994, he was promoted to the rank of chief of staff (*kepala staf*) of the Greater Jakarta military command (Kodam Jaya¹⁴). In April 1996, he became its commander-in-chief, attaining the prestigious position of Pangdam Jaya. Now he ruled over the capital’s military hierarchy. This precise moment in his career is crucial in understanding the underlying political issues when Suharto appointed him governor in October 1997. For a dramatic event that was to occupy a central place in *reformasi* martyrology was to be forever associated with his appointment as head of the Kodam Jaya. On July 27, 1996, army commandos covered by sharpshooters stormed a building in which militants had taken refuge; these were militants who had remained faithful to Megawati Sukarnoputri, the president of the Indonesian Democratic Party (PDI) and at the time the main force of political opposition in the country. At the PDI’s Medan Conference a few weeks earlier, Megawati had been dismissed from the party leadership by a faction secretly manipulated by the

BAIS (military intelligence services). PDI headquarters in Jakarta were turned into a *pro-demokrasi* forum, quickly drawing the attention of the national media. Suharto decided to use strong-arm tactics to crush the dissidents. It was an extremely violent operation, leading to several dozen deaths and hundreds of "disappearances."¹⁵ In a statement published on its website in March 2000, the PDI-P (the new name of the PDI) explicitly named Sutiyoso as a suspect for his key role in the "July 27th tragedy." In the long list of high officers suspected of having ordered the attack, his name is in ninth position—after Suharto and the main army generals (Hartono, Feisal Tanjung, and Syarwan Hamid).¹⁶ The New Order strategists considered the crushing of the PDI's pocket of rebellion a success at the time. As a reward for his loyal services, Sutiyoso was appointed governor of the capital by presidential decree a year after the tragedy.

Within the army, Sutiyoso counted particularly on the unflinching support of Sjafrie Sjamsudin. Born in 1952, Sjamsudin belonged to the military generation after Sutiyoso, whom he saw as a mentor, and was one of the key figures in Kopassus in the late 1970s and 1980s. Having taken part in the most dangerous campaigns in East Timor in 1975–1977, he was a comrade in arms of Prabowo Subianto.¹⁷ Sjafrie Sjamsudin graduated in 1974 from the Armed Forces Academy, where his "boss" was Susilo Bambang Yudhoyono (a 1973 Akmil graduate). After the latter became president, he appointed Sjamsudin secretary general of the Ministry of Defense (Dephankam) in April 2005.¹⁸ Sjamsudin was one of the Kopassus Group 1 intelligence agents in 1980–1981, before becoming deputy commander-in-chief of an operations detachment and then of a battalion in the same group in 1982 and 1989. From 1991 to 1993, he was Sutiyoso's deputy in the Kopassus "operations department." From 1993 to 1995, he became commander of one of the presidential guard units. In 1996–1997, he held the position of *kepala staf* of Kodam Jaya, a capacity in which he was Sutiyoso's right-hand man. Moreover, he succeeded the latter as head of Kodam Jaya in 1997. Sutiyoso declared publicly that he was "proud of and satisfied with" Sjafrie's promotion, reiterating that he had always felt their relationship to be "like that of an older and younger brother" (*hubungan kami sudah seperti kakak-adik saja*).¹⁹ Thus, thanks to his "little brother" Sjafrie's appointment as head of Kodam Jaya, Sutiyoso was able to preserve a powerful network of influence within the army after his departure in 1997.²⁰

From his long and brilliant career in the army during the Suharto era, Sutiyoso took away both resources for sponsorship—from networks of

friendship and solidarity within the armed forces—and a specific vision of urban management. For the governor of the capital, the possibility of calling directly on certain of his former Kodam Jaya and Kopassus subordinates remained a political option that he did not hesitate to use in times of crisis. Thus the “shadow meeting” (*rapat gelap*) among several ex-generals (*puarnawirawan*), held in February 2003 at the initiative of General Ryamizard Ryacudu, gave rise in the press to disturbing rumors about a coup d'état.²¹ Present around the table, in addition to Sutiyoso, were all the “big names” from the dark years: Hartono, Fachrul Razi, Hari Sabarno, S. B. Yudhoyono, Wiranto (former minister of defense), and Prabowo Subianto (former commander of Kopassus). The publicizing of this kind of “clandestine” meeting among army strongmen helped plant the idea in the public's mind (and this was the desired effect) that the country's fate was being played out behind the scenes and that real power was still in the hands of the military. History has demonstrated that Sutiyoso always remained close to his former comrades in arms in TimTim—Yunus Yosfiah, S. B. Yudhoyono, Sjafrie Sjamsudin, and Hendropriyono (director of the National Intelligence Agency under Megawati Sukarnoputri)—who all graduated from the Military Academy between 1965 and 1975 and, like Sutiyoso, experienced the trial by fire in the rebel province. In 1998 this longstanding solidarity among soldiers, formed on the battlefield, was thus turned into a secret network of support and patronage offering direct access to the presidential palace. On an ideological level, that is, the equally disturbing level of his ideas about how to manage urban space, Sutiyoso, a pure product of the military academies of the New Order, advocated from the start of his term a “security approach” focusing on instilling a highly strict sense of “discipline” in its inhabitants.²² The terminology is the same one that was elaborated by theorists of the repressive New Order system (in particular Ali Murtopo) when establishing the principles for the permanent “antiguerrilla” struggle.

Sutiyoso's ties to the criminal world

Sutiyoso managed to survive several waves of political change after being appointed governor of the capital by Suharto. He outlasted four presidents and survived dozens of scandals. At a time when the main political parties were demanding that the military be removed from elected assemblies, the former officer ruled unilaterally over Jakarta.²³ Other reasons for this political longevity, in addition to his support within

the army, could involve unofficial services rendered to the sycophants of *reformasi*. Thus, in 2002, rumor had it that Sutiyoso was an intermediary in a secret transfer of funds between crime lords and President Megawati Sukarnoputri's husband—the notorious businessman Taufik Kiemas.²⁴ The money was said to have filled the coffers of the Indonesian Democratic Party–Struggle (PDI-P), at a time when internal clashes between factions led by Arifin Panigoro and Taufik Kiemas had resulted in a rapid decrease in party liquidity due to influence-buying. According to these rumors, it was also in exchange for this service that the president had publicly shown her full support for Sutiyoso when he announced he would run for another five-year term as governor.²⁵ Although it is impossible to confirm the reality of this secret transaction, it is quite easy to prove that Taufik Kiemas and Sutiyoso talked on several occasions with one of the supposed owners of the capital's clandestine casinos, the mega-rich tycoon Tomy Winata, the man who is said to have “lent” several hundred thousand euros to Taufik. In April 2002, Taufik met Winata on the island of West Pantara along with the island's regent, Abdul Kadir, in all likelihood to discuss building a casino on the little island, located a stone's throw from Jakarta and, therefore, not subject to the antigambling laws in effect in the city.²⁶ Like two other small islands in the archipelago, Pantara belonged to Tomy Winata, whose career we will examine later in more detail.

Megawati Sukarnoputri's public statement in favor of candidate Sutiyoso was all the more surprising given that the latter, as we have already remarked, was and remains someone considered by most PDI-P militants as their historic enemy, “the July 27 murderer.” Consequently, the 30 PDI-P city councilors vociferously rebuffed this base political maneuver, which in their view demonstrated the increasing clout of “money politics” (*uang politik*). But when threatened by letter with expulsion from the party if they refused to tow the president's line, they voted almost unanimously for Sutiyoso's reelection.²⁷ Tarmidi Suhardjo, the faction's leader, was the only one who refused, choosing to run himself, along with Abdillah Toha (one of the main leaders of Amien Rais's National Mandate Party, or PAN). Ultimately, thanks to 8 additional votes from Golkar and 9 unelected representatives from the army and police, Sutiyoso won 47 of the 84 votes.²⁸ Megawati's support for her former enemy resulted in the capital's working-class districts turning even further away from the PDI-P. Although the party of the “mother of the people” (*ibu rakyat*) had scored excellent results in the June 1999 legislative elections, it lost several million votes in 2004. But Sutiyoso once again survived the storm.

In order to grasp the complexity of the politico-criminal architecture of the power structure built by Sutiyoso, attention must also be paid to the number-two man on the city council, Vice Governor Fauzi Bowo. He came from a rich family from the *betawi* (native) bourgeoisie in Jakarta²⁹ and was, therefore, linked to groups exerting pressure for the recognition of the ethnic privileges of the *orang betawi* people. The latter maintained that they were the heirs of the first native occupants of the city, in other words the descendants of the Javanese inhabitants of the port of Jacatra, conquered by the Dutch East India Company in the early seventeenth century and subsequently called Batavia, capital of the Netherlands East Indies.³⁰ For about twenty years, the *orang betawi* had been asking for preferential treatment in the allocation of municipal land, payment of commercial taxes, and construction of sports and cultural centers.³¹ A “*Betawi* Brotherhood Forum” (FBR), run by Fadloli El Muahir, was created in the late 1990s to support these demands and promote “recognition of the importance of *betawi* culture.”³² The forum brought together a network of martial arts clubs (*pencak silat*), most of which were connected to the world of organized crime. In fact, the FBR’s “strongmen” distinguished themselves on several occasions through their participation in racketeering and harsh intimidation tactics.

The involvement of the “*betawi* community” in criminal gang wars in Jakarta had indeed become a recurrent theme in the big national newspapers. Starting in 2001, the papers were full of stories about violent clashes between Madurese and *betawi preman* (thugs³³). The stakes in these brawls, often resulting in several deaths, usually involved control of strategic commercial spots in the capital’s covered markets.³⁴ They were controlled by rough *preman* who demanded a “protection tax” (*uang pengamanan*) from the merchants.³⁵ Kramatjati Market in northern Jakarta, for example, became an area full of opportunities for predation that was fought over by rival gangs wielding bladed weapons. The Madurese were led by Matdasir, while the *Betawi* were controlled by a *preman* named Heri.³⁶ Near the city center, in the rough areas of the Menteng district, it was a fight over monopolizing illegal collection of “parking taxes” that triggered a major brawl in February 2005. According to witnesses, the fight involved over fifty members of the FBR who came to the assistance of *preman* Ucok, a local boss.³⁷ The FBR’s “tattooed thugs” were frequently mixed up in these nighttime brawls designed to show political and criminal control over an urban territory. But they also maintained an ambiguous relationship with business circles in the capital, as the following strange affair demonstrates.

In March 2002, El Muhiir publicly stated his intent to physically attack Wardah Hafidz, head of the NGO *Konsortium Kemiskinan Kota* (UPC), which for several months had been denouncing collusion between the governor's office and businessmen linked to organized crime.³⁸ According to Wardah, Sutiyoso is said to have received large bribes from real estate developers who were laundering dirty money from the city's major pimps in exchange for delivering construction permits in areas normally reserved for housing for the poor.³⁹ Tomy Winata's name came up constantly. Through a barrage of widely circulated press releases, the UPC had implicated the governor and several of his assistants by name. The FBR attack on Wardah Hafidz's team resulted in UPC headquarters being stoned and several of its members being beaten up. Yet it would be hard to understand the reasons for the FBR's wrath against this NGO without the hypothesis of a—political and financial—link between Sutiyoso, the shady *betawi* martial arts milieu, and big-time Jakarta thugs. The fact that Vice Governor Fauzi Bowo constantly presented himself as championing the interests of the “*betawi* community” and that he inaugurated some *pencak silat* centers closely linked to the FBR with its leaders would tend to confirm this hypothesis. Sutiyoso's links to *preman* circles in the capital were allegedly built in part through the contacts he maintained with the *betawi* community for obvious electoral reasons.

These links were also truly partisan in character, since El Muhiir was also secretary general of the Jakarta branch of the PDI-P and one of Megawati Sukarnoputri's special advisors (giving him direct access to high levels of government under her presidency in 2001–2004). According to the buzz from the slums, it was due to El Muhiir's contacts in the rundown areas of the capital's poverty-stricken northern and western districts that the PDI-P was able to count on ordinary folk to vote massively in its favor in the June 1999 legislative elections.⁴⁰ A strange power system was taking shape here, connecting former enemies (the PDI-P and Sutiyoso) to their mutual criminal ally (the FBR and its “tattooed thugs,” most of them from the *pencak silat* clubs). The importance of the *pencak silat* training centers in this semicriminal structure of the municipal government was not surprising in itself. When violence becomes a profession, it entails acquiring specific skills for combat and risk-taking; consequently, political parties' “security guards” were frequently recruited from among practitioners of combat sports.⁴¹ Javanese martial arts schools have often been a favored seedbed for training major urban criminal gangs under the New Order.⁴² *Pencak silat* isn't seen as simply a sport. It is a set

of techniques for self-mastery that belong in the category of *kanuragan*: a form of esoteric mystical knowledge through which one can acquire exceptional powers such as the art of resisting pain and dodging bullets.⁴³ Because the *orang betawi* insisted on their “Javaneseness” as a way of differentiating themselves from immigrants coming from peripheral islands and Sino-Indonesians, they were deeply involved in *pencak silat* circles in Jakarta. The FBR, therefore, had a ready-made pool of young men trained in street fighting to draw on in constituting its shock militias.

But Sutiyo’s links to the world of organized crime were not limited to the tactical alliance established with the FBR. The deal made in 2002 between the governor of Jakarta and Megawati’s husband, Taufik Kiemas, was said, in fact, to have been concluded through Tomy Winata, a notorious figure from the Indonesian underworld. Winata, a Sino-Indonesian born in the province of Kalimantan, was president of the Artha Graha consortium that ran the bank of the same name and several luxury hotels. In the 1980s he became one of the major real estate promoters in the capital. According to the media, he made most of his fortune through contracts signed with the army’s Eka Paksi Foundation, deals that he cut by maintaining excellent relations with several generals.⁴⁴ Winata was known to be part of the social circle of Susilo Bambang Yudhoyono, a former comrade in arms of Sutiyo and Sjafrie Sjamsudin and currently president of the republic.⁴⁵ In March 2003, in an article that resulted in their being targeted by a gang of 200 thugs who vandalized their magazine offices,⁴⁶ journalists from *Tempo* asserted that early in the year Tomy Winata had received a 53-billion-rupiah contract (6 million euros) from the municipal government for the renovation of a covered market in the Tanah Abang district. Several weeks later, however, a fire of undetermined origin demolished the market, destroying over 5,500 stands and facilitating the renovation work all the more.⁴⁷ Furthermore, Tomy Winata had regularly been accused by NGOs and the press of secretly operating several clandestine casinos in Jakarta, thanks to protection from the army and the governor. The accused denied all charges,⁴⁸ although he was still perceived by a number of analysts as the *raja judi* (gambling king) of the capital.

Furthermore, the hatred for Sutiyo felt by people in the slums is a direct consequence of the Jakarta governor’s authoritarian style of “handling” certain urban issues. He was notably responsible for two decisions designed to “reassure citizens” and “improve the efficiency of public areas”: a ban on pedicabs (*becak*) decreed in May 1998 and

the introduction of a "war on gambling" in October of the same year. The decree prohibiting *becak* drivers from operating inside the capital—the first version of which dated back to 1988—triggered intense mobilization. A *becak* drivers' union was created under the protection of the *Konsortium Kemiskinan Kota*.⁴⁹ During the May–June 1999 elections, the *tukang becak* even negotiated with Alex Litaay, deputy secretary of the PDI-P. In exchange for their votes and those of their family members (about 45,000 votes), the PDI-P promised to abolish the ban if they won.⁵⁰ But to this day the municipal council has not abolished the ban, even though the PDI-P has over a third of the assembly seats (30 out of 84) and potential alliances at no political cost over the issue with several small parties. Without going into further detail here about the history of the *tukang becak* movement, we would observe that this kind of mobilization attests to the complex interplay that developed—due to the legalization of the multiparty system in 1999—between major political parties and various interest groups and networks of associations controlling (or meant to control) "blocks of votes."⁵¹

Sutiyoso's second controversial decision had a similar fate, in that the war declared on drug dealers and clandestine gamblers, although indeed resulting in spectacular police raids in "rough areas" of the capital, did not halt either the increase in amphetamine consumption or the new outbreak of illegal lotteries. But the focus here is more on the type of action rather than its effects. In this respect, while maintaining the moralistic tone that characterized the New Order's authoritarian paternalism, Sutiyoso acted in a more innovative way by broadening the scope of "actors" associated with the public decision-making process. He relied in particular on support from small groups such as the National Anti-Narcotics Movement (*Granat*) founded by the Solonese lawyer Henry Yosodiningrat and the People's Anti-Drugs Association (*Geram*) run by the extremely rich concert organizer Sofyan Ali.⁵² Furthermore, he was provided with intermittent support from officials in the National Mandate Party (PAN) and the Justice and Unity Party (PKP) to get a decree passed to close two municipal buildings in the Pluit district that civil servants had transformed into gambling rooms.⁵³ In launching a moral crusade to turn Jakarta into a "civilized city," Sutiyoso received the backing of numerous Islamic associations. The Islamic Defenders Front (FPI), a puritanical movement initially close to the Council of Ulemas (MUI), declared itself "75 percent satisfied" with the governor's decision to close all major venues for Jakarta's nightlife, including saunas and massage parlors, during the holy month of Ramadan.⁵⁴ Sutiyoso thereby turned his ability to build

eclectic coalitions of community organizers and Islamist militias (in order to short-circuit the municipal council) into his main strategy for political survival. But what exactly were these “virtue-promoting” movements that he was dealing with?

The Islamic Defenders Front enters the fray

The Islamic Defenders Front (*Front Pembela Islam*) was created on August 17, 1998, and was run by Al-Habib Muhammad Rizieq Sihab. Born in 1965 in Java, Rizieq obtained a grant in 1984 from the powerful Organization of the Islamic Conference to study at King Saud University in Riyadh. He came back to Indonesia in 1990 and then left to spend a year at the International Islamic University in Kuala Lumpur.⁵⁵ From his prolonged exposure to neo-puritan doctrines Rizieq retained an obsession for “pursuing evil,” an obsession that resulted in a ferocious zeal to denounce and destroy everything that was considered *haram* (explicitly prohibited) by the Koran and the *ahadith*. In his office on Ketapang Jakarta Street, a small World Health Organization sign contained the inscription “smoking is forbidden,” followed by the handwritten translation *merokok haram* (smoking is *haram*). Since its creation, in a political ferment after the multiparty legislation was passed, the FPI had set itself up as the punctilious defender of Islamic morality.

Targets of the FPI’s hatred were numerous, including shops selling alcoholic beverages, brothels, and clandestine gambling establishments. Its militia—the *Laskar FPI* (LFPI)—became particularly active after the June 7, 1999 elections, which saw the defeat of Islamist political parties.⁵⁶ On July 4, 500 of its members marched in front of Jakarta police headquarters (Polda Metro Jaya) demanding action against gambling (*praktik perjudian*). Indeed, the LFPI spokesman, Tubagus Abdurrahman Anwar, linked the rise of gambling to the increased circulation of “pornographic media.”⁵⁷ On November 7, 300 FPI militants raided a hotel in Pamekasan, literally storming the Larangan Plaza. Masked militants rushed into the bedrooms, mercilessly hunting down and roughing up the prostitutes. At the same time, other militants were initiating an “antigambling raid” in the nearby district of Pasar Keppo. The FPI section chief in Pamekasan, *Kiai Haji Munif*, explained that it was a matter of “improving social morality in the most concrete manner” (*perbaikan moralitas masyarakat dengan cara langkah kongkret*).⁵⁸ Pamekasan became a bastion for the FPI,

which organized a protest march there on November 30 with 5,000 militants. They demanded that the municipal council and the regency council take measures against gambling, prostitution, and "shocking behavior" in public places. This long march was seen as an opportunity to send a "moral signal" (*unjuk moral*) to the authorities and the *umat* (community of believers).⁵⁹

The FPI and its militia invariably went after what their leaders called "sinful places" (*tempat maksiat*). At a meeting with envoys from the Jakarta town hall, an FPI delegate declared: "We, the Islamic *umat*, feel it is impossible for us to find the peace required for fasting, in accordance with the dictates of our faith, so long as these sinful places exist within our society."⁶⁰ The punitive expeditions organized by the FPI were thought of as military operations aimed at reconquering the social territory tarnished by corrupt morals. On December 13, 1999, thirty FPI militants seized 1,500 bottles of alcoholic beverages from a warehouse in South Jakarta in order to force the owner to stop selling them. They deposited the fruits of their raid in front of the local police station, to the great annoyance of Lieutenant Nono Supriyono who saw their gesture as nothing less than "the seeds of anarchy."⁶¹ During important social events, the FPI also tried to exert pressure in favor of an increased Islamization of national criminal law. Thus, on the day after a rape case was heard, a local branch of the organization enjoined *imam* Subandi to obtain permission from district officials to have the rapist stoned to death (*rajam*). Indeed, according to the FPI, the code of justice reflected in Koranic dictates had to take precedence over "formal law" (*hukum formal*), deemed too lenient.⁶² The re-Islamization of society also involved censorship of the media. In May 2000, the private satellite station SCTV was banned from broadcasting the series *Esmeralda* (a *telenovela*), which the FPI judged to be filled with sex scenes liable to pervert the country's youth.⁶³

Between 1998 and 2000, FPI militia committed innumerable acts of vandalism and violence, including destroying a *karaoke* bar in Ciputat,⁶⁴ beating up three prostitutes and a transvestite in Brawijaya Park in Kebayoran Baru,⁶⁵ and taking part in the arson of Beji church in Depok in November 1999.⁶⁶ But the movement also presented a kinder face to the public through its social and charitable activities. It took part in the demonstrations criticizing the government's actions in the Moluccas, where bloody so-called intercommunity clashes had taken place. Its members collected clothing and medicine to help the "Muslims injured by the Christians" in Ambon.⁶⁷ Reconnecting with the rhetoric of radical Islamists from *Sabili* magazine, the FPI denounced, along with

the National Council of Ulemas, “the massacre of the community of Islamic believers in Ambon by an extremist Christian faction, with the aid of a foreign conspiracy (*konspirasi pihak asing*).”⁶⁸ Links were also confirmed between the FPI and the Laskar Jihad (a violent movement dissolved in 2002). For the FPI, the 2,000 jihadists sent clandestinely to the Moluccas by the Laskar Jihad were no more than “volunteers carrying out social work” (*relawan untuk melakukan aksi sosial*).⁶⁹ The day after a tsunami struck Sumatra in December 2004, the FPI also sent several thousand volunteers to help with the religious burial of tens of thousands of corpses littering the beaches and streets of Banda Aceh and Meulaboh.

Thus, even though the FPI sought to promote the re-Islamization of society by exerting pressure on public authorities, it had no qualms about occasionally financing and taking part in violent actions. It claimed to have no more than 10,000 active members, but had succeeded in mobilizing up to 80,000 sympathizers for its protest marches. Furthermore, it had distanced itself increasingly from the National Council of Ulemas, the organization that forms religious policy and periodically gives it legitimization,⁷⁰ and begun to support violent factions (such as the Laskar Jihad in 2000). Rizieq suppressed his violent tendencies long enough to pursue his fruitful cooperation with conservative ulemas, but they eventually resurfaced, driving him to seek out radical Islamist allies. Rizieq, therefore, considered Megawati Sukarnoputri as his personal enemy and the PDI-P as a den of apostates. In his view, in the hands of the secular-nationalists Indonesia would turn into “the land of Satan.”⁷¹ The FPI was involved in most of the widespread agitation around “sinful places,” and its militants fanned the inhabitants’ ire as much toward petty thugs living the high life as toward women driving air-conditioned SUVs. Along with others, he demanded and obtained death sentences for drug dealers.⁷² The most disturbing aspect here is that, after seeking out partnerships with and recognition from public authorities, the FPI often had no qualms about directly confronting the government. To protest what it considered to be the false conclusions of an investigative report about the Tanjung Priok tragedy,⁷³ 300 of its members ransacked the premises of the National Human Rights Commission (Komnas-HAM) on June 23, 2000. Armed with bamboo clubs and projectiles, the FPI militants, dressed in long white tunics with green headbands on their foreheads, smashed the windows of the building and fought with security agents.⁷⁴ Here too the FPI claimed to represent the indignation of “simple folk” against the infidel (*kafir*) government that couldn’t even show respect for Islamic militants who

had died as martyrs to the cause of fighting the authoritarian state. In so doing, the FPI was triggering these outbursts of popular violence as much as riding on their wave.

In fact, it is difficult to say whether it was the FPI activists' neo-puritan morality or the "community morality" of people in the *kampung* (neighborhood) that was the most determining factor in these cases of acting out. In all likelihood they had a reciprocal influence on one another. FPI officials watched carefully for any signs of local dissatisfaction and kept an eye out for news items in the media that might provide them with an opportunity to mobilize the masses (as in the example of a particularly horrible rape case). On the other hand, the inhabitants of *kampung* on the periphery had no objection to insurrection experts putting an Islamic spin on their demands as long as they were heard by the proper authorities. A ringleader haranguing people on the spot could easily attribute any meaning he desired to the arson of a *warung* (a roadside food-stall). These violent acts were not usually seen as a challenge to *reformasi*, but indeed as its fulfillment, for in the popular understanding *reformasi* was not only a matter of institutional reform but also above all the expression of a demand for a more ethical public life.⁷⁵ Thus, in 1998 and 1999, Sutiyoso could publicly take pride in the "security approach" of his municipal policies without being accused of endorsing a regression to the former military regime. The "war against vice" he was advocating could be seen as a variation on the theme—characteristic of *reformasi* as "seen from below"—of a "return to proper values."

Reactivating the discourse on the threat of crime

Sutiyoso's terrifying warning on the eve of the commemoration of the 53rd anniversary of the proclamation of independence also dates from this time when neo-puritan movements were on the rise and the state's role in providing security was being challenged: "Use all possible weapons to protect yourselves: clubs, spears, *klewang* [scimitars], scissors, anything you like, because those who are coming to ransack your neighborhood will not be coming empty-handed."⁷⁶ This speech was most likely meant to back the army's attempt to regain control of national politics at a time when interim president B. J. Habibie's team announced its intention to speed up the return to a multiparty system. But it also sheds light on some of the ideological connotations in the political notion of *kriminalitas*. As has been clearly demonstrated in

James Siegel's study of 1980s news items in the newspaper *Pos Kota*, the notion of *kriminalitas*—different from the older one of *kejahatan*—suggests random violence that is likely to occur anytime, anywhere, unexpectedly depriving an individual of his property or his life. *Kriminals* personify the unpredictable and unfathomable surge of hatred felt by those who have nothing and yet refuse to accept their poverty.⁷⁷ This figure of the wild urban *kriminal* found fertile ground in the police's reading of the chaotic situation triggered in the capital by *reformasi*. In 1998–1999 the crime rate, conveniently published by the police, had followed an exponential curve, depicting Jakarta as a place that had given way to sheer random violence.⁷⁸

It would be hard to underestimate the coverage given to acts of *kriminalitas* in the local and national media in 1998–1999. The number of columns devoted to this kind of violent activity, particularly in popular magazines with a large circulation such as *Gatra* and *Forum Keadilan*, suggests a disproportionate political investment in this semantic field. In fact, for the police and the army, affirming a constant increase in *kriminalitas* justified the strengthening of their repressive surveillance of society and offered a pretext for reasserting the state's security objectives. Moreover, it was not a new strategy. In accounting for his decision to entrust the army with the execution of several thousand petty delinquents in Java in 1982–1983 (events known today by the acronym *Petrus*), President Suharto explained in the first version of his *Otobiografi* that “the criminals (*jahat*) [had] overstepped the limits of humanity” in attacking the elderly and raping women in front of their husbands. For Suharto, *kriminalitas* was the exact antonym of *stabilitas*: “Criminal threats, burglaries, murders, etc., were occurring all the time. Our [country's] stability was shaken.”⁷⁹ The idea of disorder (*rawan*, *kerusuhan*) thus occupied a crucial position in the semantic sphere establishing the parameters of the contemporary political notion of *kriminalitas*. In Suhartian jargon it designated what could not be predicted and, therefore, challenged the state's authority, that is, it posed the threat of insubordination.⁸⁰ Yet, this very same sense of the word is found in articles evoking the climate of insecurity in the capital at the dawning of *reformasi*:

Incidents such as violent muggings in front of ATMs are occurring at a time when order and public security in Jakarta have been severely disrupted (*memang rawan*). The threat is a potential danger to anyone, anytime, anywhere (*bahaya bisa mengancam siapa saja, kapan saja dan di mana saja*). Criminals (*para preman*) are behind this threat.⁸¹

In order to fully grasp the ideological underpinnings and the success among the middle classes of the "war against vice" advocated by Sutiyoso, it is important to keep in mind the imagined criminal threat conveyed by the national media starting in the 1990s and the hype induced by police statistics published in 1998. The continued support for the governor of Jakarta among well-to-do segments of the urban population—despite his implication in numerous scandals revealing his links to the criminal underworld and despite his role in the July 27 tragedy—was due above all to the new notion of a criminal threat invented by the police and the army. It was an omnipresent threat, aimed directly against wealth and its outward manifestations, fed by unassailable social resentment. Sutiyoso's authoritarian municipal strategy, as much a legacy of his military socialization as a consequence of his transactions with *betawi* criminal circles, was thus articulated on the security expectations of the middle class as well as dramatized by the national press and updated by the FPI in the form of mob killings.



Governor Sutiyoso's path has crossed that of the crime world on many occasions, whether in obtaining indirect support from criminal organizations, in backing the rise of neo-puritan militias in the capital, or in making the "war against vice" his major argument for legitimization in order to politically exploit the security scare heightened by the media's dissemination of the notion of *kriminalitas*. Once the New Order regime's "war dog" and now a fellow traveler of the PDI-P, Sutiyoso reinvented himself brilliantly during the *reformasi*. The main reason he was able to switch sides so easily was that the resources and aptitudes he had acquired during his years in uniform had never really depreciated (support networks within Kopassus and Kodam Jaya, and his security vision for the urban environment). In other words, Sutiyoso's career is like a reflection and a consequence of the partially "undemocratic" nature of *reformasi*. Like the New Order, the latter is based on clientelism and secret dealings. The whole former system of collusive transactions between the army, criminal circles, public administrations, and the political world remained in place by transforming itself after the 1998 events.

The real difference between the two political configurations was far more evident in the emergence of new ways of uncovering "scandals" and "affairs" involving high-profile figures. It was no longer a

matter of the presidential palace's near-total control over the means of disseminating scandalous information—a characteristic feature of the dismissal campaigns typical of the New Order regime in the 1970s and 1980s—but rather of a broader range of denunciations fed by contradictory “rumor strategies”⁸² in which none of the various actors (media, nonprofit, political, police, and legal) had enough clout to impose a single, official version of the action being denounced. Nevertheless, by ultimately agreeing (though always in a conflictual manner) on which activities were deserving of criticism, the discourse of denunciation defined a specific area of what was politically plausible. Thus the fact that the governor of Jakarta, one of the most important figures in the state apparatus, was involved with the underworld and Islamist vigilante groups is today *imaginable*, and even expressible (indicating a perception of political competition as part of a sphere encompassing violence and crime). Furthermore, the political use of these collusive transactions was renewed and heightened by unintended consequences resulting from the return to a competitive multiparty system. Ultimately, acquaintances (whether real or imagined) with unofficial actors in the political arena (retired generals, “strongmen” from rough neighborhoods, or violent Islamist militants) became a vital necessity due to the increasingly important role played by interest groups in the public decision-making process, the imperative of politically taking into account partially fantasized security demands from media-hyped “public opinion,” and the needs of illicit or illegal financing for the new political parties.

Notes

1. Susilo Bambang Yudhoyono was elected by 61 percent in a direct popular vote. He took office as the head of the Indonesian government on October 20, 2004, succeeding Bacharuddin Jusuf Habibie (1998–1999), Abdurrahman Wahid (1999–2001), and Megawati Sukarnoputri (2001–2004).
2. For a recent overview of the literature devoted to “affairs” and “scandals,” cf. Damien de Blic, Cyril Lemieux, “Le scandale comme épreuve. Éléments de sociologie pragmatique,” *Politix* 18(71) (2005): 9–38.
3. John Thompson. *Political Scandal. Power and Visibility in the Media Age* (Cambridge: Polity Press, 2000) reminds us of the patently logical fact (also a methodological safeguard) that scandalous revelations are a “transformation of visibility” that implies the existence of an “audience.” The Indonesian “audience” for the kind of scandalous revelations mentioned in this article—i.e., readers of national newspapers such as *Kompas* or magazines like *Forum Keadilan*—is mainly composed of citizens with a level of education higher than the national average.
4. For a presentation of the theory of *dwifungsi*, its inventors and methods of enforcement in the 1970s and 1980s, cf. David Jenkins. *Suharto and His Generals: Indonesian Military Politics, 1975–1983* (Ithaca: Cornell University Press, 1984).

5. Golkar in an acronym for *golongan karya*: "functional groups." Golkar, a pro-government party that all civil servants had to be members of, was the nerve center of a vast corporatist system; regarding this point, cf. David Reeve's synthesis. *Golkar of Indonesia: An Alternative to the Party System* (Ithaca: Cornell University Press, 1985).
6. Born in southern Sulawesi in 1944, Yunus Yosfiah graduated from the Military Academy in 1965. He took part in Operation *PGRS-Paraku* in Kalimantan with Sutiyo and Hendropriyono (director of the National Intelligence Agency (BIN) during Megawati Sukarnoputri's presidency). He fought in East Timor in 1975–1977. A member of the Kopassus Group 3, he was involved in the "Balibo affair" (the assassination of 5 foreign journalists on October 16, 1975). In 1985–1987 he became commander-in-chief of Korem 164 that supervised East Timor. In 1998, he was appointed minister of information in the B.J. Habibie government—"Letjend (pur.) Muhammad Yunus Yosfiah: dari Balibo Five hingga sekjend partai," a repertoire of biographies in *Tempo* magazine, April 2004.
7. Moreover, it was following this repressive campaign in 1978 that Hassan Di Tiro was forced to leave Indonesia, to which he had returned clandestinely in 1976.
8. To reconstruct Sutiyo's military career, in addition to the data contained in his official résumé accessible on the website of the capital's municipal government (www.jakarta.go.id), the following sources were used: "Gubernur DKI pimpin PBSI," *Ensiklopedi Tokoh Indonesia*, Jakarta, s.e., 2004, and "Gubernur DKI Jakarta Sutiyo," *Tempo Interaktif*, March 19, 2004.
9. Kopassus is a direct descendant of the elite regiments of the Siliwangi division that were the spearhead for the fight against the Darul Islam rebel movement in West Java in the 1950s. It was given its current name in 1986. In the 1990s it was composed of three intervention "groups" and one "antiterror detachment." They took part notably in the Komodo operation to annex East Timor in 1975–1976, in the campaigns against the Free Aceh movement in 1976–1978 and 1989–1992, and in the antiseparatist operations in Papua Barat in 1995–1996. For an unfortunately outrageously apologetic history of Kopassus, cf. Ken Conboy. *Kopassus. Inside Indonesia's Special Forces* (Jakarta: Equinox, 2003).
10. Prabowo Subianto was born in 1951 in Jakarta. The son of a dissident economist who was against the Sukarno regime, he studied abroad (Singapore, Kuala Lumpur, Hong Kong, etc.), graduated from the Military Academy in 1974, and immediately joined the horrible Nanggala X Team of the Kopassandha, ancestor of Kopassus, in East Timor. In 1983, he married Titiek, one of Suharto's daughters, and took command of a battalion in Kopassus detachment 81 in Timtim. He then spent eight years in Kostrad combat battalions, taking part in the Timor and Aceh campaigns, where he distinguished himself by creating torture centers during operation *Rencong* (1989–1992). In 1993, he took over Kopassus Group 3, then became deputy commander-in-chief of the unit in 1994. Two years later, he became commander-in-chief of Kopassus. Implicated in several human rights violation scandals, he was relieved of his duties and left the army in August 1998 and moved to Jordan, where he started several businesses. Since then he has run several foundations and companies and continues to frequent Golkar leaders (interviews, Jakarta and Singapore, 2000–2004).
11. In late 1996 Prabowo Subianto, very likely acting upon instructions from Suharto, talked with major players from the Indonesian Islamic Propagation Council (*Dewan Dakwah Islamiyah Indonesia*), whom he invited to break their fast in one of the Kopassus barracks, cf. Robert Hefner. *Civil Islam. Muslims and Democratization in Indonesia* (Princeton: Princeton University Press, 2001).
12. Concerning Wiranto's exact motives for and means of removing Prabowo Subianto as of May 1998, cf. "Current Data on the Indonesian Military Elite, January 1, 1998–January 31, 1999," *Indonesia* 67 (April 1999): 138–140.
13. The army's territorial structure is a patchwork of military jurisdictions of increasing size, corresponding to the country's civil administrative divisions: a Koramil (command of a military area equivalent to a subdistrict), a Kodim (command of a military district

equivalent to a region), a Korem (command of a military *resort* equivalent to a province), a Kodam (command of a military district equivalent to 2 or 3 provinces). The commands of these jurisdictions are designated by the following acronyms: Danramil, Dandim, Danrem, and Pangdam.

14. Acronym for *Komando Daerah Militer Jakarta Raya*.
15. Benny Butarbutar questioned Megawati's mysterious pardon of her former enemies in uniform with scathing irony in *Permainan Jenderal Kalajengking Menjelang Lahirnya Reformasi* (Jakarta: Ridma Foundation, 2003).
16. "Kasus 27 juli 1996," *Komunitas Informasi Terbuka*, March 2000 (www.megaforpresident.org).
17. Sjafrie and Prabowo took part together in *Operasi Bravo*. In 1991, Sjafrie was in charge of the Kopassus detention and interrogation center in Dili (East Timor). He is still considered a hero by the young lieutenant-colonels in the Kopassus operation detachments (interview with Kopassus Group 81 officers, Jakarta, March 2000).
18. By direct "presidential instruction" (Keppres) on March 29, 2005.
19. "Sutiyoso: Sjafrie bagai adik sendiri," *Media Jakarta*, September 15, 1997. Kinship terms were frequently used to express relationships of patronage within the army.
20. In September 1999, Sjafrie Sjamsudin took part in the anti-independence operations in East Timor (after the self-determination referendum was held) under orders from the formidable Zacky Anwar. He has been accused of war crimes by numerous NGOs for this reason. His name was on a confidential UNTAET document listing the main people responsible for the violence committed there ("The Bloody Career of Major-General Sjafrie Sjamsudin," TAPOL, February 19, 2002—TAPOL, an acronym for *tahanan politik* (political prisoner), is a London-based organization for the defense of human rights in Indonesia that has long supported the cause of Timorese independence).
21. "Ada apa dengan tentara?" *Sinar Harapan*, March 4, 2003.
22. Sutiyoso's inaugural speech, reproduced in "Mendagri lantik Sutiyoso jadi gubernur DKI Jakarta: percuma disiplinkan masyarakat kalau aparat tidak disiplin dulu," *Surabaya Post*, October 6, 1997.
23. Sutiyoso nevertheless handed over power in 2007 to Vice Governor Fauzi Bowo, elected by popular vote over his opponent, Adang Darajatun. Sutiyoso subsequently planned to run in the 2009 presidential elections. Data for this article was gathered until the end of 2006.
24. Regarding Taufik Kiemas, we refer readers to Romain Bertrand. *Indonésie, la démocratie invisible. Violence, magie et politique à Java* (Paris: Karthala, 2002), 219–220. I was told about the rumors concerning this secret transaction by journalists, diplomats, and MPs from the PDI-P and PAN during one of my trips to Jakarta in 2002. Naturally, the number of people conveying a rumor doesn't validate its allegations, but it does attest to their credibility, that is, the power of its truthfulness factor.
25. The election of the governor of Jakarta is presided over by presidential order, due to the capital's status as a "special territory." With the exception of members of the armed forces and the police force, who are appointed by decree, city councilors are elected by direct universal suffrage (list system) and subsequently elect the governor and vice governor on a generally bipartisan "ticket."
26. "Taufik Kiemas, Tomy Winata Meet in Thousand Islands," *The Jakarta Post*, April 18, 2002; "Bahas rencana lokalisasi judi: Kiemas diisukan bertemu Winata," *Suara Merdeka*, April 20, 2002.
27. "Sutiyoso dan strategi Megawati," *Suara Merdeka*, September 14, 2002.
28. "Bizarre Political Chess behind Sutiyoso Victory," *Laksamana.net*, September 13, 2002.
29. Fridus Steijlen, "Sutiyoso's Re-election as Governor of Jakarta," *Bijdragen tot de Taal, Land en Volkenkunde* 158(3): 516–517, supplemented by Bowo's official résumé accessible on the Jakarta municipal government website. Born in 1948, Bowo pursued studies in architecture at the city university and then spent a long time in Germany while obtaining his PhD.

After embarking upon a university career in Indonesia (1977–1984), he became head of the Department of Tourism in the municipal government (1993–1998), and finally secretary general of the province of Jakarta in 2001.

30. For a history of Jakarta, cf. Susan Abeyasekere. *Jakarta, A History* (Singapore: Oxford University Press, 1987). No one really knows whether or not those who call themselves *orang betawi* are direct descendants of the inhabitants of Jacatra. What is certain, however, is that this claim and the use of a specific urban dialect delimited by precise dwelling areas characterize them as such in the eyes of those who have migrated to the capital. "Betawi community" associations have often maintained a xenophobic discourse toward immigrants ("Orang betawi penduduk asli atau pendatang?" *Kompas*, August 28, 1999).
31. "Orang betawi seperti etnik tanpa teritori," *Kompas*, August 23, 1999.
32. The *Forum Betawi Rempug* (FBR) also goes by the name *Forum Kesaudaraan Betawi* (FKB).
33. The term *preman* originally designated a police officer not in service or his civilian clothes (*pakaian preman, baju preman*), with the generic meaning of "private" and "unofficial." But in the 1980s and 1990s the term was mainly used to qualify bad boys in the streets and neighborhood bosses who "held" bus stations and markets. Several writers have suggested that another etymological origin should be taken into consideration to explain this change in meaning: the colonial notion of the *vrij man* ("free man"), which designated agricultural day laborers who, as opposed to coolies, worked for hire (cf. Loren Rytter regarding this point: "Pemuda Pancasila: The Last Loyalist Free Men of Suharto's New Order," *Indonesia* 66 (October 1998): 45–74, and Onghokam, "Hooligans: An Age-Old Problem," *The Jakarta Post*, January 18, 1997). As a result, the term *preman* has not only negative connotations: in street jargon it is also used to champion the kind of unrestrained freedom that comes into play in the chinks in state control. A *preman* is also seen as someone who "copes" well and uses his wiles to dodge the law. Ruddy Agusyanto, "Preman adalah profesi," *Gatra* 25 (March 1995): 20.
34. "Kasus Pasar Kebayoran Lama tidak akan menjadi Sampit kedua," *Tempo Interaktif*, March 27, 2001. For an ethnographic study of territorial wars among criminal gangs over markets, cf. Jérôme Tadié, "The Hidden Territories of Jakarta," in Peter J. Nas (ed.). *The Indonesian Town Revisited* (Munster and Singapore: Lit Verlag and ISEAS, 2002), 402–423.
35. For a very precise outline of how this racketeering system works, cf. "Pemalak dibakar di Tasik," *Pikiran Rakyat*, January 23, 2002.
36. "Beginilah kalau Rakyat Lapar: peta kerusuhan di ibukota dan sekitarnya," *Kontan* 23/4, March 11, 2002.
37. "Dua kelompok preman bentrok di kawasan Menteng," *Republika*, February 3, 2005.
38. "NGOs Accuse Sutiyo of Rent-a-Thug Methods," *The Jakarta Post*, March 23, 2002.
39. "Urgent Appeal: A Jakarta Militia Attacked the Urban Poor Group," *Konsortium Kemiskinan Kota*, Jakarta, March 28, 2002; 400 members of the FKB attacked a march organized by the UPC on March 28, 2002 in front of the premises of the National Human Rights Commission. The UPC wanted to force the commission to demand that the municipal government "stop acting against poor people."
40. Interviews with the *imam* of a Ciliwung slum mosque, Jakarta, February 1999.
41. One is reminded here of the Iranian "houses of strength" (*zur-khâneh*) where traditional wrestling was practiced and that were often used by political movements as pools for recruiting "strongmen." See Fariba Adelkhah. *Etre moderne en Iran* (Paris: Karthala, 1998), 57.
42. Cf. Joshua Barker, "Surveillance and Territoriality in Bandung," in Vicente Rafael (ed.). *Figures of Criminality in Indonesia, the Philippines and Colonial Vietnam* (Ithaca: Cornell University Press, 1999), 95–127. Having tattoos (*otat*), knowing a specific jargon, and practicing *pencak silat* are the quintessential attributes of a *preman*. For an outline of the semantic richness of *bahasa prokem*, or *preman* slang, cf. Raisha Amien. *Kamus lengkap Preman-Indonesia, Indonesia-Preman* (Jakarta: Pustaka Bintang, 1988).

43. For further information, cf. Jean-Marc de Grave. *Initiation rituelle et arts martiaux. Trois écoles de kanuragan javanais* (Paris: L'Harmattan, 2001), "Cahier d'Archipel" n° 33.
44. "Tomy Winata Gets Tough," *Laksamana.net*, March 8, 2003.
45. Rumors emanating from the PDI-P were circulated in July 2004 concerning Winata's nomination by Yudhoyono to the position of secretary of state in the event of a presidential victory by him (the rumors were commented on in "Yudhoyono's military links," *Laksamana.net*, July 20, 2004).
46. A complaint was immediately filed concerning the affair, but the court ultimately dismissed the plaintiff, that is, the editor-in-chief of *Tempo*, Bambang Harymurti. But the judge did agree to investigate a complaint of slander by Tomy Winata ("Journalists Face Jail over Tomy Report," *Laksamana.net*, July 27, 2004), eliciting indignation from the Indonesian Journalists Association (Asosiasi Wartawan Muslim Indonesia, *Malpraktek pers Indonesia: dari somasi B.J. Habibie ke tuntutan Tomy Winata*, Jakarta, Satya Darma, 2003).
47. "Ada Tomy di Tenabang?" *Tempo*, March 4, 2003.
48. "Gue dikaitin Raja Jelek. Wawancara dengan Tomy Winata," *Gatra* 18, March 17, 2003.
49. The story of the political mobilization of the *tukang becak* comes from a series of interviews conducted at *Konsortium Kemiskinan Kota* headquarters in Jakarta. I would like to extend warm thanks to Wardah Hafidz for allowing me to make contact with the leaders of the *Persatuan Tukang Becak Jayakarta*.
50. Interviews with M. Suparno and B. Daryanto, members of the *Persatuan Tukang Becak Jayakarta*, Jakarta, January 1999. In the 1980s and 1990s, special brigades from the army Strategic Reserve Command (Kostrad) racketed *becak* drivers on a regular basis, demanding money in exchange for not seizing their vehicles. The brigades were known as *Arhanud-Kostrad*.
51. See Romain Bertrand, "La démocratie à l'indonésienne. Bilan critique d'une transition qui n'en finit pas de commencer," *Revue internationale de politique comparée* 8(3) (2002): 435-460.
52. "Governor Sutiyoso Makes his Mark on the Capital," *The Jakarta Post*, December 24, 1999.
53. "Sutiyoso Orders War against Gambling," *The Jakarta Post*, October 28, 1999, "No Place for Gambling Here, Says Sutiyoso," *The Jakarta Post*, March 14, 2000.
54. "FPI Executives Hail Sutiyoso for Closing Nightspots," *The Jakarta Post*, December 18, 1999.
55. Al-Habib M. Rizieq, "Saling ancam terus, presidennya nanti preman," *Suara Hidayatullah*, August 1999. For a presentation of the FPI's official doctrine, cf. Alip Purnomo et al., *FPI disalahpahami* (Jakarta: Mediatama, 2003). For a biography of the movement's leaders, cf. Chaider Bamualim et al., *Laporan penelitian gerakan Islam radikal kontemporer di Indonesia: Front Pembela Islam dan Laskar Jihad* (Jakarta: IAIN, 2001).
56. In the June 1999 legislative elections, the smaller parties openly endorsing an Islamist program (i.e., demanding that an obligation to "follow *sharia* law" be written into the preamble to the 1945 constitution) won only about 15 out of the 462 seats in the lower house.
57. "LFPI: tindak tegas judi dan pornografi," *Kompas*, July 5, 1999.
58. "Rumah maksiat Larangan Plaza digerebek FPI," *Jawa Pos*, November 8, 1999.
59. "Kerahkan 5,000 anggota, FPI akan Long March ke DPRD," *Jawa Pos*, November 30, 1999.
60. "FPI: tutup semua tempat maksiat," *Kompas*, December 2, 1999.
61. "FPI sita 1 592 botol minuman keras," *Kompas*, December 15, 1999.
62. "FPI ancam rajam tersangka pemerkos," *Jawa Pos*, December 13, 1999.
63. "FPI Protests SCTV over Esmeralda," *The Jakarta Post*, May 12, 2000.
64. "FPI Members Suspected behind Attack on Bar," *The Jakarta Post*, April 29, 2000. On May 5, 2000, during a demonstration of 3,000 militants in Pamekasan, the FPI threatened

to set fire to several shops where alcoholic beverages were sold ("FPI ancam bakar ratusan toko miras," *Jawa Pos*, May 6, 2000).

65. "10 Arrested over Attack on Prostitutes, Transvestite," *The Jakarta Post*, May 1, 2000.
66. "Mob Burns Church in Depok," *The Jakarta Post*, November 3, 1999.
67. "Demo soal Maluku di Istana Presiden dan Dephub," *Kompas*, January 14, 2000.
68. "MUI-ormas Islam minta Gus Dur serius tangani kasus Maluku," *Kompas*, January 13, 2000.
69. "Gubernur Maluku berwenang pulangkan Laskar Jihad," *Kompas*, May 17, 2000.
70. The MUI was instituted by the government in 1975 in order to give the New Order an Islamic legitimacy. Although initially designed as a place to produce *fatwas* legitimizing the regime's actions, the MUI soon slipped out of the state's total control. In the 1980s and 1990s, it even became a bastion of strict morality, exerting pressure on the Ministry of Religious Affairs to obtain legal endorsement for various measures promoting "social propriety." In 1986 it crusaded in favor of a ban on interfaith marriages, in 1993 for prohibiting the sale of alcohol, and in 1996 for prohibiting Muslims from being allowed at Christian celebrations at Christmas. For further elements regarding the recent history of the MUI, cf. Andrée Feillard. *Islam et armée dans l'Indonésie contemporaine* (Paris: L'Harmattan, 1998), 273–274; John Bowen, "Legal Reasoning and Public Discourse in Indonesian Islam," in Dale Eickelman and Jon Anderson (eds.), *New Media in the Muslim World: The Emerging Public Sphere* (Bloomington: Indiana University Press, 1999), 92–93; Mohamad Mudzhar, "The Council of Indonesian Ulama on Muslims' Attendance at Christmas Celebrations," in Muhammad Khalid Masud, Brinkley Messick, and David Powers (eds.), *Islamic Legal Interpretations. Muftis and their Fatwas* (Cambridge: Harvard University Press, 1996), 230–241.
71. He referred to Megawati as a "criminal" (*preman*) ("FPI dan Pemuda Keadilan tuntutan Megawati turun," *Kompas*, January 6, 2000).
72. "FPI usul hukum mati pengguna narkoba," *Jawa Pos*, May 23, 2000.
73. The "tragedy of Tanjung Priok" refers to the death of several dozen civilians in 1984 during clashes between the army and militant Islamists in the Rawa Badak Mosque district. The army had given orders to charge after an *imam* gave a sermon sharply criticizing the regime. The event remained a symbol of Islamic opposition to President Suharto.
74. "FPI Members Attack Rights Commission Headquarters," *The Jakarta Post*, June 24, 2000.
75. As we tried to demonstrate in Romain Bertrand, "Indonésie: le désordre nouveau," *Critique internationale* 8 (Summer 2000): 28–35.
76. "Sutiyoso Tells Jakartans to Protect Themselves," *The Jakarta Post* August 15, 1998. For another example of a security frenzy, cf. "Rise in Crime Scares the City," *Tempo Interaktif*, November 28, 1998.
77. James Siegel. *A New Criminal Type in Jakarta: Counter Revolution Today* (Durham: Duke University Press, 1998), 34–48. *Pos Kota* is a Jakarta newspaper that is favorable to the municipal government.
78. An outline of this police strategy of dramatizing the perils of crime can be seen in "National Crime Rate Increases by 10%," *The Jakarta Post*, December 31, 1998 and in "City Police Shot 191 Suspects in 1998: 90 Dead," *The Jakarta Post*, January 1, 1999. The number of crimes is said to have increased by 10 percent in 1998 with 157,180 cases of assault and 18,674 victims, compared to 142,711 cases and 17,950 victims in 1997. The crime rate is said to have gone from 72 per 10,000 in 1997 and 1998 to 78 per 10,000, i.e., an assault every 20 seconds. The number of stolen vehicles is said to have reached 24,179 compared to 17,300 in 1997. Armed assaults are said to have risen from 41,760 to 54,625. East Java, Central Java, West Java, Jakarta, and North Sumatra are believed to be the five most affected areas. Furthermore, the police are said to have resolved no more than 57 percent of criminal affairs in 1998, compared to 60 percent in 1997.

79. Gufran Dwipayana, Karta Hadimadja Ramadhan (eds.). *Suharto: Pikaran, Ucapkan dan Tindakan Saya. Otobiografi seperti dipaparkan kepada G. Dwipayana dan K. Ramadhan* (Jakarta: Citra Lamtoro Gung Persada, 1988), 364. This passage was removed from subsequent editions of the book.
80. On the notion of *rawan* and its political/military uses, cf. Geoffrey Robinson, "Rawan Is as Rawan Does. The Origins of Disorder in New Order Aceh," *Indonesia* 66 (October 1998): 127–156.
81. "Kapan Jakarta bisa aman," *Gatra* 5, December 19, 1998.
82. Philippe Aldrin. *Sociologie politique des rumeurs* (Paris: PUF, 2005).

CHAPTER 4

Shadow States: Globalization, Criminalization, and Environmental Change

ROSALEEN DUFFY

Introduction

This chapter will examine the ways that parts of the South have been drawn into and modified by global, criminalized networks. It argues that globalization has produced new political, economic, and social forms that interlink local networks with the global economy through an illicit trading system. In particular this chapter investigates the criminalization of the state, especially the interrelationship between the illicit trade in drugs, offshore banking, and money laundering. This chapter will specifically analyze the environmental impact of criminalization in Belize, Central America. It is clear that the transformation of the state through its engagement with illicit trading networks has undermined the ability of national governments to implement and enforce environmental legislation and led to ecological damage.

In order to examine these issues this chapter will use the framework of the shadow state as developed by William Reno in his study of informal markets in Sub-Saharan Africa.¹ Belize provides an excellent case study because of its (1) role as a major transshipment point in the global trade in cocaine; (2) participation as a key player in the offshore banking industry; and (3) a highly biodiverse environment that forms the basis of a buoyant and valuable tourism industry. This chapter will

investigate how globalization has accelerated the development of criminal transnational networks that have changed states so that they might be better regarded as arenas where complex and illicit transactions are negotiated between locally based elites and representatives of the global economy. It will examine how such criminalized networks might be regarded as comprised of “violent entrepreneurs” that utilize global-local business networks. Furthermore this chapter will examine how they profoundly challenge the ability of states to develop and maintain structures of domestic accountability, specifically in the arena of environmental protection.

Globalization and shadow states

Reno’s notion of the shadow state is especially useful in understanding aspects of globalization, especially the development and growth of transnational criminal networks within states in the developing world. Although his concept of shadow states was developed in relation to Sub-Saharan Africa, it has relevance to other areas of the world as well, despite their vastly differing histories, politics, societies, and geographies. In turn Reno’s work is related to Bayart’s examination of the strategies of extraversion.² Developing states have not been marginalized or left behind by globalization, rather they are inextricably linked to the global system, often through transnational illicit trading networks that then become deeply embedded within the formal state apparatus and the legal trading system. In turn this creates a new form of politics where it is no longer useful to distinguish between the formal and the informal, the illegal and the legal. Bayart suggests that the salient feature of African politics over the last 300 years is not the growing integration of Africa into a West-dominated global economy, but the contrary, it is the latter’s inability to pull the continent into its magnetic field.³ For Bayart, the continent is not marginalized, instead he argues that Sub-Saharan Africa increasingly exchanged goods and ideas with the rest of the world.

Following Bayart’s line of argument, this chapter is concerned with how the formal state apparatus has been challenged and transformed by its engagement with illicit networks. Elites in Sub-Saharan Africa have compensated for a lack of autonomy by taking recourse to strategies of extraversion; thus the global economy has been turned into a major resource for African states.⁴ Clearly for Bayart, the external environment is important in the structuration of African societies, and the

strategies of extraversion are marked by the creation and capture of a rent generated by dependency.⁵ Bayart calls this the politics of the belly, which refers to the way in which political elites use informal and invisible networks to exercise political and economic power.⁶ Furthermore, Bayart argues that African societies operate at two levels: a “*pays legal*,” a legal structure that is the focus of attention for donors and Western states, and a “*pays réel*,” where real power is wielded.⁷ It is in looking at the illicit economy that we can analyze the complex links between the formal and informal economies, criminalized networks, and environmental change in the Sub-Saharan Africa.⁸

Following on from Bayart’s work, Reno’s arguments regarding the shadow states are particularly instructive for understanding political dynamics and environmental change in Belize. Reno’s work concentrated on the ways that political elites use informal and invisible networks to exercise political and economic power. His examination of the growth of informal markets indicated that they sprang up in response to deterioration in central state authority. Informal markets that constitute the shadow state are indicative of an attempt by political elites to exercise authority in realms that fall outside the usual boundaries of state responsibility.⁹ Such a breakdown in the formal boundaries between states and societies has tended to occur in the weakest of states, and the developing world is one area that can be regarded as a key site of weak states. For Reno, the shadow state is constituted by high-ranking politicians and individuals in the business community; together they manage to wield significant political power through the private control of resources (such as diamonds, timber, ivory, arms, or drugs) and the illicit markets for them. These powerful and clandestine networks can then be used to manipulate the formal institutions of states and create conditions that are favorable for global networks of foreign investors (transnational corporations, logging companies, diamond traders, drug traffickers, or the offshore finance sector) who then serve to underwrite the emergent shadow state. Reno suggests that, apart from presenting financial inducements to individuals and interest groups, the “warlord politics” that accompanies the development of an emergent shadow state requires access to force, especially to the threat of violence to maintain control.¹⁰ Networks of “violent entrepreneurs” form and provide private security services to support and maintain the emergent shadow state. This is especially relevant in controlling complex illicit trading networks that deal in lucrative natural resources and drugs. This is even more important in areas of the developing world where states might be regarded as weak and unable to maintain

political, economic, or military control over its internationally defined territory. The implication of the growth of the shadow states is that any focus on the visible state apparatus is misleading since it is no longer the principal source of power.

Belize: Criminalization and the transformation of the state

Turning to the case of Belize, this chapter will now examine the impact of criminalization on structures of the state through the framework of shadow states. In particular, it provides an examination of the offshore banking sector and its interrelationship with money laundering and the global trade in cocaine. Firstly, however, it is useful to provide some broad information on Belizean society and politics. Belize is a former British colony and achieved independence in 1980. In formal terms it is classified as a democracy, with two main political parties that have a broad support base—the People’s United Party (PUP) and the United Democratic Party (UDP); there are a number of other smaller parties but the PUP and UDP have dominated government since independence. In 2008 the UDP won power under the leadership of Dean Barrow, ending ten years of PUP rule. Barrow has previous links with the telecommunications industry in Belize and as a lawyer knows his former client Lord Michael Ashcroft, the controversial businessman and life peer in the U.K. (as discussed later in this chapter). In addition, it has been one of the few states in Central America that has enjoyed political stability and peace. Its population is a complex mix of Creoles, Garifuna (descended from escaped slaves), indigenous Maya, and other smaller groupings including Europeans, Americans, Taiwanese, Lebanese, and Indian.¹¹ It is important to understand the role of a few key elite actors in Belize—especially those drawn from Creole, European, Taiwanese, and American communities. These individuals and their relationship to global and local networks have formed groupings of important transnational actors that have a direct impact on state politics in Belize. Although the roles of these elites are discussed in greater depth later in this chapter, it is useful to provide two examples here. One controversial and important development was the scandal surrounding “passports for sale” during the 1990s. The Taiwanese community is partly made up of individuals who came to Belize as part of the economic citizenship program that allowed them to invest in Belize in return for citizenship and a Belizean passport.¹² In addition, key American and British individuals have played important roles in the development of various

forms of service industry such as tourism.¹³ Since such key elites have an important economic role in Belize, their contributions are inextricably linked to the global economy. The involvement of external capital derived from legal and illegal sources is a key feature of Reno's shadow state. It is clear that there is extensive foreign investment and ownership in Belize, and foreign investors are required either legally or through necessity to utilize local economic and political links. Equally, these local elites have found it necessary to attract foreign capital in order to underwrite an emergent shadow network.

One area where the shadow state can grow is in offshore banking and its development has been a significant economic and political change for a number of small developing countries. Offshore banking centers (OFCs) represent a legal loophole and can hinder global efforts to govern and regulate.¹⁴ Palan argues that tax havens and the states that develop offshore service sectors have transformed political space. Offshore is quintessentially the global market, but at the same time it is a juridical space that operates with a particular political system. Offshore is in a sense "nibbling" into the legitimacy of state law and sovereignty partly because of the introduction of business-friendly rules.¹⁵

The conditions under which offshore banking flourishes also provide an ideal environment for the creation and maintenance of illicit networks of criminal organizations. Under these circumstances organized crime often enjoys protection from all levels of government, because it has invaded the structures of the state and taken advantage of its power and resources.¹⁶ As such it may now be unhelpful and inaccurate to try to separate the formal and informal economies, the legal or legitimate from the criminal or illegitimate. Rather, the two are so inextricably intertwined that it may be more useful to think of them as a single system. This in itself raises fundamental questions about the role of the state in that economy, either as a regulator or as a participant or as both. In this way global networks that often inextricably link legal and illegal businesses manage to incorporate developing states into the fabric of their organizations. Criminal organizations are well placed to take advantage of looser border controls and lower trade barriers, and as a result these organizations have been able to create highly effective illegal financial and drug-smuggling networks that advance their interests in the context of a world keen to reduce economic barriers.¹⁷ Such easy global movement of capital allows key figures to gain immediate access to the financial resources to underwrite their emergent shadow state.

In the 1980s a few former British colonies and dependencies began to flourish as offshore centers. They were heavily encouraged by the

deregulation of the international banking system and by successive British Conservative governments that promoted offshore as a means of economic diversification. They provided the critical space for the growth of the offshore sector through guaranteeing client confidentiality, a favorable regulatory environment, and a political climate of tolerance.¹⁸ However, in a post-9/11 world, global (especially US) fears have grown regarding the potential use of offshore centers as money-laundering hubs serving terrorist networks.¹⁹ Since 2000, especially since 9/11, many of those same states have been encouraged to conform to the stipulations of global regulations such as the Anti Money Laundering and Combating the Finance of Terrorism Acts, and the Financial Action Task Force (FATF). Following the onset of the global financial crisis in 2008, the regulatory regime governing international banking was renegotiated and rewritten in 2009; at this stage it is unclear what shape these new regulations will take and what impact they will have on the offshore banking sector.

The Government of Belize has been building an offshore services sector since 1992. The importance of international investment in Belize is enhanced by its status as a major offshore banking center. The deregulation of international banking during the 1980s was as one of the key determinants of the rise in OFCs that were willing to accept deposits derived from illicit sources, and Belize is one such OFC.²⁰ During the 1990s patterns and changes in individual accounts were not seen by any Central Bank authority unless specifically ordered and no registry was kept on offshore trusts.²¹ In 2004 an IMF report on the regulation of the offshore sector in Belize pointed out that although significant progress had been made in terms of ensuring that the offshore sector was not used for money laundering, it still had a number of loopholes. The report pointed out that there was new legislation in place in Belize including the new Money Laundering (Prevention) Act (2000 and 2002) and the Financial Intelligence Unit Act (2002).²² However, it also noted that much of the new legislation was dependent on “self regulation” and that very few checks were ever carried out. The Caribbean Financial Action Task Force noted that in Belize the anti-money-laundering regime was still in its infancy and that the supervisory practices and level of resources devoted to regulation were “largely of a lower quality.”²³ It concluded that

no agency has the critical mass or the autonomy need to fully satisfy the expectations of international standards, particularly with respect to on-going oversight of the financial sector.²⁴

The expansion of the offshore sector in Belize became more controversial from the late 1990s onwards. The controversies over the role of offshore finance in enhancing the powers of criminal networks indicate that the “strategies of extraversion” used by elites in Belize are undermining their ability to conform to global regulation in the financial sector. The links between the development of Belize as an OFC, drug trafficking, and foreign elites became the subject of intense international debate in July 1999 with the highly publicized story of Michael Ashcroft. His influence in developing Belize as an OFC was of particular interest to the British press because of his position as Conservative Party treasurer at the time. The controversy surrounded his company (Belize Holdings Incorporated [BHI]) and his role in writing the offshore legislation that turned Belize into a financial center.²⁵ In 1994 the Foreign Office adviser Rodney Gallagher was contracted by the Belize Government to write a report on regulating the growing offshore sector. In the report Gallagher warned against allowing too much freedom to the sector, fearing its use by criminal organizations, particularly drug traffickers.²⁶ He also expressed disquiet at the special status given to BHI, which did not have to disclose information about its accounts and had a thirty-year exemption from tax. In fact, under the 1996 Offshore Banking Act and Money Laundering Prevention Act, BHI was the only company to retain this special status.²⁷ This was attributed to the immense political and economic power held by Ashcroft in his capacity as a Belizean citizen (but resident in Florida), Belizean ambassador to the UN, treasurer to the British Conservative Party, and major funder of the PUP in Belize. In 2000 he became a Tory peer in the U.K. and later stepped down as Conservative Party treasurer and Belizean ambassador to the UN.²⁸ His interests are certainly diverse. He is the chairman (and major shareholder) of BCB Holdings, a financial services company that operates in Belize, Turks and Caicos Islands, and the wider Caribbean region; in the U.K. he set up Crimestoppers, which encourages the public to call a confidential crime-reporting hot line; he has remained a major donor to the U.K. Conservative Party and was a major donor to the Australian Liberal Party in 2004, in advance of federal elections; he was made vice chancellor of Anglia Ruskin University (his alma mater) in 2001; he became a major shareholder in Watford football club.²⁹

However, the press soon linked the rise of Belize as an offshore center under the guidance of Ashcroft, to the transshipment of drugs and money laundering in the wider Latin American region. The US Drugs Enforcement Agency (DEA) had already indicated that Belize was

attracting money launderers to its secretive offshore services sector, and that it was a major player in the transshipment of cocaine. *The Times* then led with a front page story, "Drugs Agency Has Ashcroft on Its Files," indicating that the DEA had four investigations on Ashcroft and his companies to look into alleged money laundering and drug smuggling; however, the editor was keen to point out that, so far, no evidence of wrong doing had come to light.³⁰ Michael Ashcroft then issued a libel writ against *The Times* for defamation and damage to his business interests but later dropped the case after direct discussions with Rupert Murdoch, owner of the parent company News International.³¹ This meant that two of the most prominent supporters of the Conservative Party in the U.K. were able to reach an amicable agreement and stave off a politically damaging libel case.

Similarly, Ashcroft had threatened legal action against the Labour Government in Britain for its response to his activities in Belize. In 2003 he halted a case he was bringing against the U.K. Foreign and Commonwealth Office (FCO) and Department for International Development (DfID). Ashcroft claimed that Robin Cook and Clare Short had during their ministry breached his privacy and were responsible for press leaks that undermined his business reputation. Ashcroft claimed that they had deliberately leaked documents to the *Times* and *The Guardian*.³² Furthermore, in 2003 the DEA official who had leaked the US government documents detailing concerns over drug smuggling and money laundering was jailed for taking payment in return for classified information on the Ashcroft case.³³ Lord Ashcroft later put forward his version of events in a book, *Dirty Politics, Dirty Times: My Fight with Wapping and New Labour*.³⁴ The Ashcroft case is illustrative of the wider issues of the role elites in Belizean society play. Certainly, in the international and local media, the reporting of the case indicated a perception that powerful foreign elites were able to induce policy changes favorable to their interests by issuing threats and possibly engaging in illicit activities.

The offshore sector in Belize has also been closely linked to the expansion of the drugs trade and the increase in political and economic importance of the illicit economy. The sector where the shadow state in Central America is at its most pervasive and most effective is drug trafficking. The organizations and the networks involved in trafficking have not only incorporated the state apparatus but also created a new kind of hybrid organizations that seamlessly interlink the informal and formal economy, so that the links between criminal networks and formal state apparatus are indivisible. These hybrid criminal-state

organizations then act to protect and support the activities of criminal networks as “violent entrepreneurs,” a key feature of Reno’s shadow state. The new types of traffickers are more discreet and set up smaller-scale organizations that are interested in co-opting key personnel within the political and judicial systems. Traffickers are also more likely to work through legitimate small businesses and contract out manufacturing and transport to specialist groups.³⁵ Here again it is clear that to understand politics in Belize, it is not useful to focus purely on the formal state apparatus. Rather, it is more useful to think of the formal and informal, legitimate and criminalized businesses as part of a single system rather than as separate systems.

The Caribbean and Central America are two regions that have been targeted as trafficking routes by drug cartels. Within the Central American/Caribbean region, Belize has not been immune to the development of this illegal international trade in narcotics. The US Department of State identified Belize as a significant drug transit country. Since Belize lies between the producing countries of South America and the consumer countries of Europe and North America, its position marks it out as an ideal route for smugglers. In addition, the unique geography of the Caribbean, especially Belize, means that chains of hundreds of islands provide points to drop off and pick up consignments of drugs. In Belize several factors present the opportunity for large-scale transshipment of illicit narcotics: its contiguous borders with Mexico and Guatemala, large tracts of forested land, unprotected coastline, numerous Cayes, inland waterways, unpopulated rainforest and coastal areas, and a rudimentary infrastructure for combating trafficking and abuse.³⁶ In the local press, the increase in trafficking of so-called hard drugs has been partially blamed on drug cartels utilizing the old trafficking routes for marijuana through Belize to Mexico and ultimately through to the United States in order to target its markets for cocaine and heroin.³⁷ One of the striking features of the drugs trade is the way that growers, traffickers, and dealers are increasingly paid in drugs rather than cash. This means that transshipment countries will be subject to an expansion in the availability of drugs and its attendant problems of narcotic abuse and rising crime.³⁸ It is clear that the inter-relationship between offshore finance, money laundering, and drug trafficking have produced new forms of politics in Belize. This can be thought of as conforming to Reno’s notion of the shadow state: where elites draw in resources from the global economy to underwrite their political and economic power in the national context. In so doing, these global-local networks that span the formal and informal economy

produce a shadow team of decision makers who exercise real power behind the scenes, as in Bayart's "*pays réel*."

Tourism, environmental change, and shadow states

The shadow links that are ultimately responsible for decision making in Belize is evidence of a process that is more formalized than ad hoc or uncoordinated corruption. Rather the links between the public and private sectors, local elites and external capital constitute a shadow state; this is nowhere more apparent than in the inability of the formal state apparatus to enforce environmental legislation in the tourism industry. This discussion of tourism is based on fieldwork conducted during 1997–2000 as part of a wider project on ecotourism development and conservation in Belize. The issues in the tourism industry at the time indicate the wider debates about the relationships between environment, criminalization, and the changing nature of the state in a globalized world.

Hampton points out that there is often a symbiotic relationship between the financial services sector and tourism in particular. Tourism and offshore finance require rapid air transport links, attractive climates, as well as restaurants and shops. In addition, it is assumed that wealthy tourists will visit, then become residents, and invest; at the same time international bankers and accountants will be attracted by the climates, lifestyle, and laissez faire regulatory environment, and they would bring the relevant expertise with them, thus adding to a kind of virtuous circle to support the offshore sector.³⁹ In Belize one critical formal economic sector that has clearly interlinked with criminal or illicit economy is tourism. The tourism industry has proved to be a place where illegitimate business interests can converge with corrupt public sector managers, because the arrival of tourism is often associated with an increase in crime, prostitution, and an expansion in the supply of drugs.⁴⁰ Drugs may be only one part of a broader criminal activity that includes legitimate businesses such as tourism and illegitimate ones such as bank robberies, car theft, arms trafficking, and kidnapping.⁴¹ Tourism development in Belize has been partially dependent on drug culture in the industrialized world on two levels: recreational drug taking by tourists, and funding of tourist developments by capital derived from dealing and smuggling narcotics.

The demand and supply routes for drugs, particularly cocaine, have had a significant impact on the direction and rate of development in the tourism industry in Belize. For example, it was reported that cocaine trafficking brought a new spurt of wealth to the local economy in

Placencia where the local press noted the appearance of new speed-boats and the beginnings of a construction boom.⁴² Similarly, there was local speculation, among critics of the involvement of foreign interests and possibly criminal elements, that entire resorts were bought with millions of dollars in cash derived from the drug trade.⁴³ In 1999 James Kavanagh, a citizen of Colorado, was expelled from Belize and escorted out of the country by US Marshals and DEA officers. He had been a resort owner in Cayo District but had been found to be engaged in money laundering and the drugs trade, using the resort as a legitimate business front for illegal activities.⁴⁴

The existence of shadow links between the private sector, the public sector, and criminal elements means that enforcement of environmental legislation is problematic in Belize. Since Belize is promoted as an ecotourism destination, enforcement of regulations to ensure that tourism developments do not damage the environment is important. Belize has an extensive framework of environmental legislation, including the Environmental Protection Act, and a Department of the Environment. A common complaint amongst locally based tour guides and the conservation community was that although legislation was in place, it was rarely enforced. Godsman Ellis, president of the Belize Ecotourism Association, stated that policing was not carried out effectively for reasons of scant financial resources, limited manpower, inadequate technological and administrative resources, and unchecked open borders; he suggested that very few cases of environmental violations had been brought before the courts despite the legislation in place.⁴⁵ One interviewee, who was involved in marine conservation in Belize, stated that although environmental impact assessments were legally required for all new tourism developments, the government office responsible for monitoring such assessments was completely overwhelmed by requests for assessments because they were so poorly staffed.⁴⁶ In addition, when conservation authorities have tried to press for prosecutions for breaches of environmental legislation, they have faced opposition from powerful interest groups.

The Lamanai Room Declaration of 1997, which detailed major environmental abuses in Belize and was signed by numerous local conservation agencies, including the Audubon Society and Coastal Zone Management Project, was criticized for its political bias by those who supported the then UDP Government. Victoria Collins, editor of the *San Pedro Sun* newspaper, suggested that the Lamanai Room Declaration was perceived by UDP supporters as designed to strengthen the position of the PUP amid public speculation that an election was to be called. The

then minister of tourism and the environment, Henry Young, accused the parties at Lamanai of trying to topple the UDP Government.⁴⁷ Over the course of the UDP Government term, Young became a developer in Placencia, where large areas of ecologically important mangroves were cut to make way for tourism developments.⁴⁸ Political opponents of such developments speculated that local business elites and external investors were able to seek protection from prosecution for environmental breaches due to their links with politically prominent figures in Belize and with the ruling UDP. It is clear that in accordance with Reno's model of the shadow state, local elites utilize informal networks to reward their clients. The tourism industry provides one example of the manner in which those elites can bestow political and economic favoritism upon their international and local supporters. In this way they conform to Reno's argument that elites use resources from the global economy to bestow favor and remain in political control.

In promoting tourism as a development strategy, elites often aim to entice foreign investors and large international tour operators into the country to underwrite their own investments and patron-client networks. The involvement of foreign interests in the Belizean tourism industry has assisted the creation of a shadow state. The convergence of legal and illegal business interests with government interests is apparent in the development of coastal tourism. The dominance of foreign capital in the tourism industry is made possible by the compliance of and collaboration with local companies as well as the political and economic elite. This is especially the case in Belize, where there is a legal stipulation that international tour operators and investors must have a Belizean partner. The case of Caye Chapel⁴⁹ is a good example of the impact of global-local networks during its development. One interviewee stated that Caye Chapel was a glaring example of what happened to the environment in Belize when a corrupt politician and a foreign millionaire cooperated, and that it was all about money and there was no one willing to stop it.⁵⁰

Caye Chapel (owned by a former miner from Kentucky) has proved to be a controversial tourist development that highlights illegal links between foreign investors and local political/economic elites and underlines local perceptions of corrupt business practices. The island was completely re-landscaped and artificially expanded to provide an exclusive tourist resort. Caye Chapel describes itself as a

stunning beachfront community living. Enhanced by the Caribbean Sea on its eastern shores, with a spectacular 18-hole,

Par 72 championship golf course (USGA rated) along its western edge. Featuring a deep-water marina welcoming yachts up to 140 feet, private airstrip, and 25,000 square foot clubhouse with a magnificent custom designed bar and restaurant, conference facilities, large swimming pool complex with bar, and over 2 miles of pristine sandy beaches. The entire property has been developed at the highest possible standards and is meticulously maintained.⁵¹

The development of the island included dredging for sand to build the beach and to allow larger boats to dock at the island. In the process, the dredging stirred up the seabed, disturbed lobster fisheries, and destroyed Caye Caulker fishing grounds.⁵² This reconfiguration of the environment for tourism development had also led to an illicit trade in sand. The increasing phenomenon of sand pirates in Belize had raised concern amongst local conservationists. The sand pirates operated at night and removed sand from neighboring islands, which was then used to build up artificial but aesthetically pleasing beaches on sand-free coral atolls.⁵³ Such creations are meant to satisfy the tourists' desire to have destinations that conform to their stereotyped image of pristine Caribbean paradise of turquoise water, white sand, and coconut palms. Ambergris Caye has suffered from the activities of sand pirates more than other islands, with tons of sand being removed over time. As the sand is an important part of the wider ecosystem on the island that supports coral reefs, mangroves, and a variety of fauna, sand piracy has a significant negative impact on the environment.⁵⁴

In Belize Caye Chapel was perceived as an example of an environment being totally remastered by the shadow state linkages between foreign capital and local elites in pursuit of tourism development.⁵⁵ The owners claim, somewhat paradoxically, that it "has been developed as a pristine oasis."⁵⁶ The alliances that form the shadow state in Belize ensured that the island could be overhauled to conform to the image of Cayes presented to potential visitors. There was a great deal of local speculation about the way in which the owner of the island appeared to be able to dredge around the island and build a beach without proper permission. Those who opposed the development of Caye Chapel speculated that the owner was allowed to undertake such activities because he was protected by the highest political authorities in the country in return for free trips to the island, and that the owner had been careful to pay the relevant officials in order to avoid environmental regulations.⁵⁷ Critics

of such tourist developments have complained that although the United States and United Kingdom berate Belize for failing to tackle money laundering, drug trafficking, a possibly corrupt offshore sector, and environmental damage from tourism development, it is the citizens of those countries who are most likely to avail themselves of the facilities on offer in Belize.⁵⁸

The impact of criminalization on the environment is also apparent in the crustacean sector. One of the major issues that environmental agencies face in Belize is the trade in crustaceans and shellfish. It has proved especially difficult to regulate the trade because of the operation of the shadow state in Belize. The shadow state assists local elites in illicitly trafficking crustaceans into a global trade. Conservation organizations in Belize have been critical of the sale of undersized lobsters, the ways that lobster and queen conch fishing licenses are handed out, as well as the development of aquaculture. This is partly because there is a perception that the Fisheries Department contained highly corrupt officials and because the Department has been at the center of a number of high-profile staff purges that were widely regarded as politically motivated.⁵⁹

The relationship between lobster fishing and tourism development is very close. On Ambergris Caye, for example, numerous lobster fishermen went from working in the Fishermen's Cooperative straight into acting as tour guides, which earned them more money. In the mid-1990s the members of the fishing cooperative went from earning US\$5–6 per pound of fish and US\$15–20 per pound for lobster to US\$30–40 per day as guides. As a result, many members of the fishing cooperative simply left and began tour guiding. Likewise, families that had made money through selling lobster went onto invest in hotels, resorts, and restaurants.⁶⁰ There are two main markets for the lobster and conch meat: (1) the United States and the Far East and (2) local restaurants serving tourists. The fears amongst the conservation community in Belize were also expressed in the Lamanai Declaration, which specifically detailed lobster fishing as a major threat to the environment in Belize.⁶¹ It was perceived that the decision-making process was not transparent. Although there was legislation in place to prevent undersized lobster and conch being removed, such as rules stipulating closed seasons, these were rarely enforced and the Fisheries Department has been criticized for failing to send inspectors to restaurants to ensure that they are not using lobster out of season or using baby lobsters and conch.⁶² The Conservation Compliance Unit of the Fisheries Department was responsible for monitoring fishing, but it had its budget cut so that its

enforcement and management capabilities were already overextended even before the new regulations on conch and lobster came into force.

The question of lobster fisheries is controversial also because of the ways that licenses had been granted by the state to local interests, especially to certain global elites. Non-Belizean investors ultimately own the main shrimp farms in Belize (Cher-ax and Laguna Madre). For example, James Wang had already been involved in a scandal over the sale of Belizean passports to Taiwanese business people under the economic citizenship program. The decision to grant a lobster license to Wang was regarded as an example of the shadow links between local and foreign elites. A&J Aquaculture Limited, owned by James and Andrew Wang, was given a license to fish for undersized lobsters by the then minister of agriculture and fisheries, Chiste Garcia. The license was issued because the company wanted to start up a lobster farm, but thus far it had proved impossible to raise lobsters in captivity from the larval stage. Consequently, the Wang brothers were allowed to catch juvenile lobsters to start off their farm. In contrast, the Department of the Environment, claiming that this was in contravention of fisheries legislation, was reported to be very unhappy with the decision.⁶³ One newspaper claimed that the decision to grant the license to the Wang brothers came just three days after the Taiwanese foreign minister had approved a loan of US\$20 million to the then UDP Government for the rehabilitation of a major transport artery, the southern highway.⁶⁴ Clearly, there was a local perception that Wang, who had a history of corrupt business activities, was being shown favoritism by elements within the state apparatus. The grant of a lobster license amid such controversy indicated that shadow links between local politicians and global businesses, rather than accountable and transparent government policy processes, were primarily responsible for decision making.

Despite the arguments between different interest groups in the tourist areas of Belize, it was clear that ultimately there was a view that a shadow state was in operation. This indicated a perception that breaches of environmental legislation in the tourism and crustacean-fishing sectors, as well as wider problems with criminality amongst foreign and local elites, were either overlooked, tolerated, or actively supported and encouraged by key members of state agencies because parts of the state apparatus had been co-opted by these powerful networks of elites. This in turn demonstrates that states have become transnationalized through networks that span the legal/formal and the criminal/informal economies.

Conclusion

The incorporation of developing societies into an ever more globalized world places greater pressures on states to demonstrate that they are implementing global agreements; however, quite paradoxically its also undermines the ability of those states to carry out such promises. Globalization has accelerated the development of transnational networks that have changed states so that they might be better regarded as arenas where complex and illicit transactions are negotiated between locally based elites and representatives of the global economy. An examination of the case of Belize indicates that a set of shadow links that follow the contours of the formal state apparatus ultimately determines the direction of policymaking. In Belize, the failure to implement environmental protection as well as the direction and pace of tourism development and fishing crustaceans can be explained through the framework of the shadow state. Tourism policy is determined by the informal links of the shadow state; in turn this has had a negative impact on the environment in Belize, most obviously in the ways that new tourism developments have been allowed to go ahead. It is clear that government regulations that are supposed to protect the environment are rendered ineffective in the face of local networks that are interlinked with globalized networks, such as the offshore finance sector and drug trafficking. The expansion of organized and global criminal networks has resulted in locally based facilitators and protectors of criminality. An examination of the case of Belize indicates that these illicit transactions undermine any possibility of domestic accountability in the arena of environmental management.

Notes

1. William Reno. *Warlord Politics and African States* (London and Boulder, CO: Lynne Rienner, 1998).
2. Jean-François Bayart. *The State in Africa: The Politics of the Belly* (London: Longman, 1993); and Jean-François Bayart, "Africa in the World: A History of Extraversion." *African Affairs* 99(395) (2000): 217–269.
3. Bayart, *The State in Africa*; Reno, *Warlord Politics and African States*; and Patrick Chabal and Jean-Pascal Daloz. *Africa Works: Disorder as a Political Instrument* (Oxford: James Currey, 1999); Jean-François Bayart. Stephen Ellis, and Béatrice Hibou. *The Criminalisation of the State in Africa* (Oxford: James Currey, 1999); James Ferguson. *Global Shadows: Africa in the Neoliberal World Order* (Durham: Duke University Press, 2006).
4. Jean-François Bayart, "Africa in the World: A History of Extraversion," *African Affairs* 99 (395) (2000): 239.
5. *Ibid.*: 225.

6. Bayart. *The State in Africa*.
7. Bayart. "Africa in the World"; also see Rosaleen Duffy, "Gemstone Mining in Madagascar: Transnational Networks, Criminalisation and Global Integration," *Journal of Modern African Studies* 46(2) (2007): 185–206.
8. For further discussion see Carolyn Nordstrom, "Out of the Shadows" in Callaghy, in T. R. Kassimir and R. Latham (eds.). *Intervention and Transnationalism in Africa: Global and Local Networks of Power* (Cambridge: Cambridge University Press, 2001), 216–239; and Carolyn Nordstrom. *The Shadows of War: Violence, Power, and International Profiteering in the Twenty-First Century* (Berkeley: University of California Press, 2004); and Bayart, Ellis, and Hibou. *The Criminalisation of the State in Africa*.
9. Reno. *Warlord Politics and African States*; and Reno, W. *Corruption and State Politics in Sierra Leone* (Cambridge: Cambridge University Press, 1995); also see Nordstrom, "Out of the Shadows"; and Nordstrom. *The Shadows of War*.
10. See Reno. *Warlord Politics and African States*.
11. See http://www.governmentofbelize.gov.bz/ab_people.html (accessed September 8, 2009) and see Nigel Bolland. *Struggles for Freedom: Essays on Slavery, Colonialism and Culture in the Caribbean and Central America* (Belize City: Angelus Press, 1997); and Joel Wainwright. *Decolonizing Development: Colonial Power and the Maya* (London: Blackwell, 2008) for a wider discussion of Belizean history and society.
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CHAPTER 5

Forging Capitalism: A Bulgarian Case-Study

NADÈGE RAGARU

On March 7, 2003, Ilija Pavlov, founder of the conglomerate MG Corporation (MG Korporacija, ex-Multigroup), was assassinated near his office in Sofia. His murder ended a controversial career as an entrepreneur, the chronology of which tracks the main phases of political and economic change in Bulgaria since 1989. Three hundred people attended Pavlov's funeral at Sveta Nedelja Church, including such public figures as Dimităr Kalčev, the then minister of public administration and regional development, and Aleksandăr Marinov, brother of Andrej Lukanov, one of the initiators of the Bulgarian transition. Though not in attendance, Prime Minister Simeon of Saxe-Cobourg Gotha conveyed his sincere condolences to the family. This was quite an acknowledgment for a businessman and former wrestler suspected of controlling one of the most influential business networks to operate on the fringes of legality in recent Bulgarian history. Examining Multigroup's trajectory in greater detail offers us an opportunity to shed light on the complex interactions between "economic groups" (*ekonomičeski grupirovki* in Bulgarian) and political actors in today's Bulgaria, as well as on their role in shaping the postcommunist economic and political order.

Created in the late 1980s, Multigroup grew rapidly over the next decade to encompass a number of activities ranging from the sale of energy products and foodstuffs to mining and tourism, as well as trading in antiques and gambling. The illegal activities in which the conglomerate was involved significantly evolved over time. At first, these activities were reputed to extend from the use of aggressive sales methods (corruption of

members of the government and the political elite, intimidation, blackmail and threats against economic competitors, violent settlements of economic disputes) to involvement in smuggling networks (stolen cars, oil, sugar, etc.). After 1998, the group was weakened by several police and tax investigations linked to government efforts to reassert control over Bulgarian-Russian relations in the field of natural gas—a sector in which Multigroup had sought to establish itself as an intermediary. To cope with stronger legislation governing economic activities, the increased openness of the Bulgarian market to foreign investment, and the emergence of new local competitors, Pavlov reorganized his group's activities and adopted a public relations strategy underscoring the group's professionalism and contribution of "national capital" to the country's development. Following Simeon of Saxe-Cobourgh Gotha's June 2001 electoral victory, the conglomerate gained more visibility due to its good relations with Ahmed Dogan, president of the Movement for Rights and Freedoms (MRF, a member of the governing coalition representing the Turkish minority), and the support that Multigroup was said to have given the former king when he returned to Bulgaria in 2001. At the time of its founder's death, however, the group owned only about fifty companies in Bulgaria.

In a number of respects, the example of Multigroup offers an interesting perspective. On the one hand, it invites us to reflect on the individual trajectories of the new private entrepreneurs while highlighting the role played by representatives of the former State Security services (*Dăržavna Sigurnost*, DS), the world of athletics, and economic *nomenklatura* in the creation of conglomerates suspected of criminal activities. On the other, Multigroup's case raises the broader question of the criminalization of the Bulgarian state and the impact of the new political economy on the place of criminal entrepreneurs within the emerging order. In order to address these two sets of issues, the chapter is organized into three sections, which correspond more or less to the main phases in the group's development. First, I will examine the context in which Multigroup emerged, its recruitment policies, and core activities. Second, I will consider the interaction between economic and political circles as well as the impact of economic policies on the strategies of criminal entrepreneurs. Finally, the third section will examine the new entrepreneurs' modes of legitimization in the emerging free-market economy. This section will underscore the extreme reactivity of companies to the changing political, legal, and economic opportunities that arose mainly after 1997 as well as to changes in the representations of social success.

Some issues of methodology deserve attention here. In Bulgaria, information about individuals involved in illegal economic activities

and their role in political affairs comes from a limited number of sources and is not easily verified. It is drawn from journalistic and police investigations, parliamentary findings, and intelligence service reports and cannot always be crosschecked. That said, these sources nevertheless provide a body of empirical data that, regularly quoted in the Bulgarian press and picked up by Western observers, informs dominant readings of the illegal practices of economic groups. The conditions under which this discourse emerged deserve closer study as it has contributed to determining actors' strategy in a game where denouncing illicit transactions helps establish positions of influence within the political, police, judicial, and economic arenas. Very often, "revelations" take the form of *kompromati*, that is, leaks in which compromising information is passed on the media. This technique of stigmatization—a common way of settling economic and political disputes in Bulgaria—depends sometimes on reliable information and sometimes on formulating credible but not necessarily accurate charges. The manner in which incriminated individuals react and the results of the investigations carried out in response to these denunciations sometimes clarify the scope of the information circulated without guaranteeing its accuracy.

The facts relating to the origins of Multigroup's capital, its activities and sales methods, as well as the political support Ilija Pavlov is thought to have enjoyed principally appeared in 1997 and 1998—at the very time that what the Bulgarian media presented as an offensive against Multigroup had been launched by the Kostov government (UDF, center-right, 1997–2001)—and in March 2003, immediately following the founder's death. In both cases the information was circulated by former executives of the conglomerate who had clashed with Pavlov, economic competitors and political entrepreneurs known for their *naming and shaming* activities as well as officials from the Customs Department, Internal Revenue Service, National Agency for Combating Organized Crime and Interior Ministry. This data should be treated with the utmost caution. Furthermore, it should be noted that none of the lawsuits initiated against the companies owned directly or indirectly by Multigroup have to this day resulted in a criminal conviction.

The fall of Communism and the emergence of Multigroup

In the interviews he gave to the press in the 1990s, Ilija Pavlov dated his entrepreneurial debut from the founding of the Multiart Company by seven investors in Sofia in 1988, although Multigroup International

Holding was not registered until 1990 in Zoug, Switzerland. Three networks of actors were involved in the company at the beginning: State Security circles, members of the economic *nomenklatura*, and wrestlers (*borci*). A similar configuration was to be found in many criminal undertakings that emerged after 1989. However, interactions between networks varied from one group to another according to the particular trajectories of their leaders, their range of activities, and the political context.¹

Genesis: The social capital of the State Security and Communist networks

The contribution of the former State Security services and the police to the development of illicit economic practices should come as no surprise. It is explained by reference to the know-how acquired during the Communist era as well as the massive layoffs that occurred in the militia, the police, and the State Security services following the change of regime.² It is estimated that between the fall of Todor Živkov in November 1989 and the end of 1991, at least 12,000 members of the domestic security forces left the services through early retirement, layoffs, and resignations.³ These employees had expertise in overseeing the use of force and surveillance systems. They also possessed in-depth knowledge of criminal circles and enjoyed exclusive access to economic information that was classified during the Communist era. Furthermore, starting in the 1970s, former State Security officials had gained experience in organizing smuggling networks (particularly in drugs and arms). At the time, Bulgaria smuggled arms to fellow Soviet bloc states and, at times, managed the inflow of Communists at risk for their political beliefs in their country of origin. These activities provided a precious source of hard currency.⁴ After 1989, several joint ventures founded in the West were “privatized” by their former communist managers and provided the initial capital for many private investments.⁵ In particular, it is believed that several services within the State Security apparatus contributed to shaping the new private economy—representatives from economic intelligence circles (1st and 2nd departments: economic intelligence and counterintelligence respectively), military counterintelligence (3rd department), and the political police (6th department).

Ilija Pavlov’s career was built at the crossroads of all these services. Born in 1960, Ilija graduated from the Physical Education Institute, where many wrestlers were trained.⁶ In 1983–1984, he is reputed to have begun a career as freelance journalist, apparently after spending

time in the United States and Great Britain, where he is thought to have taken courses in management.⁷ In 1985, he became an advisor at the Ministry of Culture, where he dealt with international relations. Pavlov had two sources of backing in the intelligence world. He was linked to the military counterespionage service through his first marriage to the daughter of General Šergilanov, director of military counterespionage. And, with the help of Dimităr Ivanov, former director of one of the political police departments and vice president of Multigroup from April 1991 to February 1996, he enjoyed ties to the political police.⁸ Several other individuals who were later to become executives in the firm were also recruited from within intelligence circles: for instance, Mladen Apostolov, the former head of the “human resources” directorate at the Ministry of the Interior, was appointed to run the conglomerate’s “security and information” department. Members of the military-industrial complex were also solicited, including Spartak Žarov, a former executive of the Kintex firm—in charge of arms exports during the Communist era—who was appointed to the position of executive director of Bartex, a Multigroup subsidiary specializing in sugar.

For the young entrepreneur, contacts within the political police were irreplaceable as social capital. A study commissioned by the TC Bank suggests that the rise of Multigroup may have been facilitated by Pavlov’s access to some State Security and Communist Party archives.⁹ Pavlov is thought to have been in a position to blackmail several high government officials by threatening to reveal the contents of their files. He is in this way said to have obtained a broad array of services ranging from providing information about competitors and protection against legal proceedings to obtaining special credit access and favorable arbitration in procurement contracts and during the privatization of public companies. However, it is difficult to evaluate the accuracy of these charges.

Relations within the economic *nomenklatura* provided the second pivot for Ilija Pavlov’s career. In the second half of the 1980s, members of the economic elite were becoming increasingly aware that changes were inevitable. In July 1987, the secretary general of the Bulgarian Communist Party (PCB), Todor Živkov, reluctantly launched a rather limited Bulgarian version of Soviet Perestroika. More importantly, in January 1989, the adoption of decree n°56 (*ukaz* 56) ushered in a new era by authorizing the restructuring of state firms as anonymously owned and limited liability companies. Certain officials at the Bulgarian Foreign Investment Agency, directors of the Bulgarian

Foreign Trade Bank, commercial attachés at embassies, and members of economic intelligence services were ideally placed to profit from these new opportunities. As a result of decree n°56, nearly 5,520 private firms had been created by September 1, 1989.¹⁰

Multiart was one of the first private companies registered in Bulgaria. Officially the firm was designed to organize cultural activities (exhibitions, concerts, dance performances)¹¹ but it was thought to have served as a front for smuggling operations involving antiques and works of art. The source of its capital was the subject of much speculation in the Bulgarian media. Some sources suggest that Multiart had received the support of Andrej Lukanov, at the time minister of foreign trade¹²—an allegation that was always denied by Ilija Pavlov. But Andrej Lukanov's name comes up in the Multigroup story through another channel as well. In 1990 British media tycoon Robert Maxwell signed investment contracts worth 10 million dollars with the Bulgarian government, although they were never fulfilled due to his death in 1991. Pavlov allegedly served as an intermediary in these contracts.¹³ A third hypothesis connects Pavlov's initial investment to the privatization of resources that were formerly part of the Communist Party's secret funds.¹⁴

Whatever the truth, it seems likely that some members of the economic *nomenklatura* were at the very least informed of Pavlov's activities, in particular the founding of IPN Trading on the island of Malta in 1989. The company was involved in the purchase of submarines and their resale as spare parts in Turkey. Until 1993, the casinos owned by Multigroup in Bulgaria were administrated through IPN Trading.¹⁵ In this specific branch of activity, Multigroup officials interacted with private security firms. These interactions between *ikonomičeski grupirovki* and private security firms merit a closer look insofar as the private protection business often developed in osmosis with the new criminal conglomerates—an osmosis that did not exclude conflicts and violent clashes.

The relationship between criminal businesses and private protection

As in other postcommunist countries, private security firms developed rapidly in Bulgaria after 1989, due to the emergence of “selfish” entrepreneurial behavior (to use Vadim Radaev's term¹⁶), weak protection of property rights, difficulties in debt collection, inadequacies in the legislative framework, ineffectual legal sanctions, and the accumulation of material resources requiring protection. Two groups of individuals occupied the private security niche: (1) wrestlers and (2) former members of the police apparatus. Before 1989 Bulgarian athletes were

well known in three Olympic disciplines: wrestling, weightlifting, and shooting. High-level athletes enjoyed especially favorable living conditions and could travel abroad (a privilege in a closed society) and establish contacts there. It was not rare for them to cooperate with the State Security services in exchange for the relative freedom of movement they were granted. Bonds of friendship and loyalty developed within the “wrestlers’ brigade,” a group that grew out of the “Olympic Hopefuls” program [*Olimpijski nadeždi*] designed to maximize Bulgaria’s chances for medals at big international competitions.

The change of regime posed a major challenge for these athletes. With the closing of several sports facilities and a drastic reduction in state subsidies, many of them were forced to seek out new avenues for professional advancement. In order to do so they mobilized the two resources at their disposal—their physical strength and social networks. In the early 1990s some of them took control of motels, gambling, and prostitution along the main highways; theft of luxury cars in the West was another area of activity. Parallel to this, the police registered instances of racketeering and extortion starting in 1992–1993. Extortion soon spread to retail, restaurants, tourism, and illegal goods markets. Racketeering and theft proved to be two very efficient means of convincing those who were uncooperative to take out insurance with the security firm controlling a given territory.¹⁷ Another source of enrichment was supplied by smuggling between Bulgaria and the Federal Republic of Yugoslavia, which had been subjected by the United Nations to an international embargo on oil and exports since 1992.

The cooperation between Multigroup and the security firms occurred at several levels. The first connection was interpersonal in nature. Like the principal leaders of VIS-1¹⁸ and SIK (the security firms created in 1993–1994), Ilija Pavlov belonged to the “wrestlers’ brigade.” In these milieus, Ilija Pavlov enjoyed a certain authority due to his background. He also recruited several former wrestlers as chauffeurs and bodyguards, including Dimităr Džamov and Mladen Mihalev-Madžo. At another level, the private security firms were service providers for Multigroup. From its founding the conglomerate created its own security department in charge of protecting its economic activities and ensuring its directors’ security. The department also gathered information about competitors and potential economic partners. In a context marked by an aggressive struggle for control of public companies and attempts to establish a dominant position in various markets, knowledge of wire-tapping and skill in the use of violence constituted a powerful sales pitch. On several occasions the Bulgarian media reported stories about

physical pressure being exerted on entrepreneurs by agents of security firms connected with Multigroup.¹⁹

Relations with the world of private protection also developed with the help of illegal import-export operations. Only a small minority of these operations were investigated by the police. Ilija Pavlov was rumored to be involved in the theft of cars from the West, an activity that was mainly controlled by private security firms.²⁰ Furthermore, Multigroup was known for being involved in oil-smuggling operations to the former Yugoslavia, one of SIK's major sources of income.²¹ The main affair brought to light by Bulgarian authorities was the fraudulent importation and resale of unrefined sugar through Multigroup's subsidiary Bartex. Sugar was declared to be "in temporary transit" through Bulgarian territory and thus duty-free. Instead of being re-exported, it was sold on the Bulgarian market.²² SIK agents handled the unloading of the sugar and supervised the transactions in the port of Burgas.

Finally, the diversification of private security circles and the spread of their activities to the productive sector led to more or less sustained interactions with Multigroup. Starting in 1995–1996, private protection firms began reinvesting their profits in businesses and services. Intergroup and Partners, the "economic" arm of SIK founded in 1995, initially specialized in the fuel business, later expanding into tourism, the hotel and restaurant business, and transportation. Nevertheless, the existence of interpersonal and professional affinities does not mean that *ekonomičeski grupirovki* and private security companies shared similar profiles or covered the same range of activities. An examination of Pavlov's entrepreneurial investment during these early years will illustrate the point.

Paths of illegality, or the range of Multigroup's activities

Identifying all of the activities controlled by Multigroup over the course of the Bulgarian transformation would be nearly impossible. This is mainly due to the complex legal relationships connecting firms that included Multigroup in name only, companies in which Multigroup had a stake at some point and structures that, without appearing to be an official company within the conglomerate, were, in fact, controlled by dummy companies close to Multigroup.²³ The scope of activities encompassed by Multigroup also underwent considerable fluctuations during the 1990s. Lastly, Multigroup's organizational impenetrability and the media strategy employed by Pavlov led to the group being sometimes seen as a genuine "state within the state" that had succeeded

in penetrating most sectors of the Bulgarian economy and sometimes as an ordinary economic player in control of a handful of companies.

The group's early years, from 1990 to 1994, are probably the least well-known. They brought into play the group's participation in the smuggling rings described above and its control of strategic niches of the economy, in particular in the metal business. Moreover, it was during this early period that the conglomerate's legal base was established, when a group of firms was set up in Bulgaria, Switzerland, and the United States. The Berov government (December 1992–September 1994) provided Multigroup with an opportunity for rapid expansion. Divided and increasingly dependent on support from the Bulgarian Socialist Party (BSP), the executive branch was indeed paralyzed by the contradictory interests of members of the economic elite, who were often in charge of public companies and defended the deferment of privatization and laws regarding bankruptcy and banking activities.

In 1994–1995, an estimated 120 companies were directly or indirectly controlled by the conglomerate in the business, mining, energy, tourism, sugar, and food industry sectors.²⁴ Another Multigroup subsidiary was Sofia Ins., which established an insurance pool in 1995 to secure the Burgas oil refinery, Neftohim, in partnership with the State Insurance Institute and a private company called the Bulgaria Insurance and Reinsurance Company. The economic group was also spreading out into Macedonia and Serbia. In November 1995, for instance, Multigroup declared that it had granted a million-dollar credit to the Macedonian company Fenimak and provided equipment for a mine in Ržanovo. Multigroup was also doing business with two large public companies in Macedonia, Makpetrol (a provider of oil-importing guarantees) and Makmetal.²⁵

Alongside the diversification of its economic activities, Multigroup started investing in football in the middle of the 1990s—a professional milieu suspected of being an inside platform for money laundering at the time.²⁶ The CSKA football club (Army Central Athletic Club), one of the division 1 leaders, was bought in 1996 with financing from Kreditna Banka. Although Pavlov had to leave CSKA management in July 1999 (apparently due to unprofitable investments), he remained involved in the world of football. Two years later, he bought the Plovdiv club, Lokomotiv, from Georgi Iliev, director of Vaj Holding, the security firm that grew out of VIS-2. This time it was someone close to Pavlov—his former chauffeur and bodyguard Georgi Todorov—who was appointed director of the club. At the same time, Ilija Pavlov tried to break into the gas market. This initiative was the source of a clash

with the Videnov government (January 1995–December 1996), particularly the Union of Democratic Forces (UDF, anticommunist), which had won the legislative elections of April 1997. The energy issue provides a particularly interesting prism through which to examine the relationship between political circles, the upper echelons of government, and illicit economic groups.

“Economic groups,” political protections, and state transformation

In order to better grasp the relationship between state authorities, political actors, and criminal companies, one needs to further investigate the political economy of the postcommunist transformation of Bulgaria. In effect, the post-1989 transformation thoroughly reshaped the conditions for accumulating wealth and the very exercise of political power. In Bulgaria, changes in the political economy took place in three arenas: local, regional (in the Balkans), and international (global integration of the Bulgarian economy and the geostrategic environment). At every one of these levels, the contours of the political and economic domains were transformed. Meanwhile, positions of power and private entrepreneurial circles often overlapped.

Three hypotheses may be put forward concerning the conditions in which illicit activities were carried out at the juncture between public and private sectors. First, one might view their development as part and parcel of a temporary phase of capital accumulation, a prelude to partial legalization of the flow of business and finance. According to a second theory, the phenomenon was in no way transitory: collusion between public and private figures and rent-seeking strategies constitute the core features of Bulgarian capitalism. Finally, a third, intermediary position would have it that predation, fraud, and smuggling in certain sectors may coexist with a progressive legalization of most economic activities, thanks to the increasing differentiation and specialization of entrepreneurial circles. These hypotheses all raise questions about the state and politics: should the emergence of illicit economic groups be attributed to a particular “weakness” of the state or does it rather result from the development of routinized transactions between economic entrepreneurs (who seek state protection in order to carve out a slice of emerging markets) and political actors (who view this collusion as a resource for advancing their political careers)?

Collusion and predation: Opportunities within the transitional context

In February 1991, Bulgaria implemented a form of “shock therapy,” the financial and monetary components (easing of price restrictions, and internal currency convertibility) of which were in a sense dissociated from structural aspects: privatization was deferred, as was the restructuring of public assets. Legislative reform fell behind in areas such as company bankruptcies and introduction of prudential measures for the banking sector. This policy fueled the development of predatory practices among public sector managers and members of the emerging economic elite who used their connections with top government officials, the political elite, and private security circles. Rent-seeking practices involved both the banking and productive sectors. Multigroup was among the actors that played it both ways.

Starting in the early 1990s, Multigroup tried to establish connections within banking circles in order to finance its activities. It founded Credit Bank (Kreditna Banka) and developed a close relationship with Balkanbank, a public establishment run by Ivan Mironov from 1990 to 1995. Through these two banks, as well as several subsidiaries, Multigroup also became one of the main shareholders in the Balkan-Skopje Bank (Balkanska Banka-Skopje), created in December 1992 in Macedonia; Pavlov was elected chairman of the board, which Mironov also sat on.

According to the white paper on bank insolvency in Bulgaria released in 1996 by MP Edvin Sugarev (UFD), at the time vice president of the Parliamentary Commission on Organized Crime, the practice of abusive capital increases and non-reimbursed credit helped Multigroup to break into the financial sector.²⁷ The Kreditna Banka was opened thanks to a sizable credit from the State Savings Bank (DSK, one of the main public banks at that time), which still had not been reimbursed when Kreditna Banka filed for bankruptcy in January 1999. As for Balkanbank, it was one of the public banks that carried out illegal changes of ownership through capital increases. Mironov is said to have granted at least two illegal credits to companies belonging to Multigroup in 1994–1995.²⁸ The very same Mironov was also a co-shareholder with Pavlov in Diskuntova Kăšta, one of Balkanbank’s main debtors.²⁹ Furthermore, the concentration of Balkanbank credit in favor of a small number of beneficiaries would tend to give credence to the existence of collusion.³⁰ As it turned out, the case of Multigroup was not an isolated one. Between 1990 and 1996–1997 (when the Bulgarian banking system faced a severe crisis), there were numerous

instances in which the directors of private banks—created with loans approved by the Central Bank or DSK—granted credit to private firms in which they had a stake. These credits were often controversial due to an absence of collateral, failure to comply with prudential measures, and even a lack of transaction records.³¹

In addition to the banking system, faulty management of public assets between 1990 and the beginning of mass privatization in the autumn of 1996 provided Multigroup with another opportunity for enrichment, known as the “entry-exit” system. It involved the “sandwiching” of public firms by private companies owned by managers from the public sector and some of their business partners. The latter overcharged for raw materials they delivered and then purchased at a lower price part of the firm’s production subsequently sold by the private partner. Multigroup’s most famous deal of this kind involved Kremikovci, the main metallurgical conglomerate in Bulgaria. The Intersteel Company, owned by Multigroup, supplied the public firm with raw materials and fuel while handling the sale of part of Kremikovci’s finished products, estimated at between 18 and 25 percent in 1995–1996. These deals are said to have earned Multigroup 150 million dollars. Indeed, the control wielded by I. Pavlov’s structures over the conglomerate was strengthened through credit deals following which Multigroup bought back part of Kremikovci’s debt. The debt was to be reimbursed in kind, enabling Multigroup to establish itself as an intermediary in selling the finished product while attempting to achieve a monopoly in order to influence the market price. This deal is thought to have yielded 80 million dollars in three years.³²

These economic methods implied an attempt to achieve a dominant position (or, at the very least, to establish agreements limiting the competition) and preserve a broad public sector that would allow socialization of losses and privatization of gains. But such methods also required protection from management circles in the public sector and the political elite, that is, tapping into social networks and compensating them.

Defending corporatist interests, criminalizing politics:

Multigroup’s ties to the political elite

Whether in raising initial capital, acquiring credit, or privatizing funds from public firms, Multigroup’s expansion was closely linked to the extensive reshuffling that occurred in the government, the former single party, and the public sector. In exchange, in developing his

entrepreneurial activities, Ilija Pavlov was given the means to acquire intermediaries in politics, legal circles, and the police. But examining these connections merely in the context of corruption would be to ignore the complex relationships between the new economic elite and political circles after 1989, the element of trial and error in defining public and private interests, and the development of employer associations.

To take its full measure, one must look back at the political context of the early 1990s. Between late 1989 and April 1997, Bulgaria ran through eleven governments. There was constant reshuffling in the upper levels of government and precarious parliamentary majorities jeopardized the formulation of coherent economic reforms. Party splits grew and many members of Parliament changed party affiliation during their term of office. These permanent changes frustrated economic agents' efforts to anticipate events. Yet they simultaneously provided entrepreneurs willing to mobilize friendship networks and financial assets and even resort to blackmail with an opportunity to have votes decided in their favor. Certain methods verged on aggressive lobbying; others were illicit. But just how far could one go in maintaining "good relations" without it involving insider dealings or misappropriation? There was no legislation at the time regarding lobbying and the defense of private interests in the public arena. Starting in 1993, several new entrepreneurs made an initial attempt at coordinating lobbying efforts aimed at the political elite—known by the name of G-13.³³ Pavlov was among the founders of this group. After several hesitant years, the main protagonists of the emerging economic game wanted to be involved in the formulation of public policies, particularly in the upcoming privatizations. They had to be in a position to supervise the distribution of the "jewels" of Bulgarian industry and preclude the entry of new competitors. Less than a year after its creation, however, disagreement over the transit and distribution of Russian natural gas in Bulgaria as well as business conducted with Russia in convertible rubles got the better of the G-13 group.

Partly as a result of the weak institutionalization of relations between politics and business, Multigroup followed the example of other economic groups and sought individual protection and/or gave its support to the political parties in power. This approach coincided with political entrepreneurs' career aspirations and desire for personal social advancement as well as their prudential interest in providing for a transition into the private sector in the event of eviction from office.

Indeed, the introduction of political pluralism forced political parties to invest heavily in electoral campaigns and organizational work. Because of its ties to former Communist circles and the dismantled security apparatus, Multigroup was identified more readily with “red” (the Bulgarian Socialist Party, or BSP) than “blue” (UDF) capital. Nevertheless, for the legislative elections in October 1991—when the UDF was elected and the first political transfer of power took place—Multigroup is said to have financed the UDF campaign to the tune of 5 million leva.³⁴ Relations between the new prime minister, Filip Dimitrov (UDF), and Ilija Pavlov’s group quickly deteriorated, however. In 1992, Multigroup is believed to have spared no effort (or expense) in contributing to the fall of Dimitrov (who had to resign following a no-confidence vote in Parliament after only eleven months in power). With the replacement of the UDF leader in December 1992 with Ljuben Berov, a former economic advisor to the president of the republic, Multigroup gained an opportunity to diversify its access to parliamentary and government circles. In Parliament, the new cabinet had to rely on an ill-assorted coalition of support; the weakness of the executive branch increased the wiggle room of elected officials with adaptable allegiances.³⁵ What then was the contribution of the political class and members of the upper echelons of government to a structure such as Multigroup? Among other things, it included obtaining political protection in appointing close friends to the board of directors of public firms, being informed about future ministerial decisions, reorienting public policy in high-priority sectors, acquiring public procurements (concessions in supplying raw materials to public companies, for instance), and receiving public funds allocated on a clientelistic basis.

With the December 1994 elections approaching, the cards were once again reshuffled. Though the polls predicted a landslide victory for the former Communists, Multigroup bet on the Socialists to win. According to the story later recounted by Dimităr Ivanov, Multigroup’s vice president at the time, in return for its support, the conglomerate expected BSP leader Žan Videnov to “pursue principled policies toward entrepreneurs, strengthen the market economy, not create any obstacles towards achieving Multigroup’s large-scale energy projects (gas, electricity, coal, etc.), refinance the Credit Bank, and insure public property with Sofia Ins. [the insurance company founded by Multigroup].”³⁶

And yet, the Socialist government—at the crossroads of contradictory economic interests—failed to satisfy the economic group’s

expectations. Ivanov describes the disenchantment of the early months of 1995 in the following terms:

In the beginning Žan Videnov seemed to want to communicate. He would sit here in my office for hours. Ilija would come from Multigroup with folders full of documents and we would make a list—energy, coal, electricity, oil, gas, foreign debt. It must be said that Žan learned a lot from Ilija Pavlov. During this phase Ilija was far better prepared than Žan. Žan asked us to write the platform for the government program, which we did and then sent them around to the Patriotic Union, to help him with his choice of government ministers, including the Ministry of the Interior [. . .]. In March 1995, Žan rejected these guidelines and came out against Multigroup.³⁷

Within the new term dominated by the UDF (1997–2001), several members of the Alliance for National Salvation (ANS) parliamentary group, the third political force in Parliament, were said to be lobbying in favor of Multigroup, following the example of Ahmed Dogan, the former minister of defense Dimitar Ludžev (1991–1992) and Venceslav Dimitrov (who joined the Simeon II National Movement in 2001). But the range of support also occasionally included Euroleft (a party that grew out of a split within the BSP) members of Parliament such as Aleksandar Tomov, former vice prime minister (1990–1991) and co-owner with Radoslav Nenov (vice president of Multigroup) of the firm 7M. Outside of Parliament, Multigroup's closest ties seem to have been with the public prosecutor Ivan Tatarčev.

No matter which part was in power, insider dealings, conflicts of interest, illegal profit-taking, and collusion were encouraged by the to and fro of executive management between the public and private sectors, the administration, and the world of politics. The list of former ministers and vice ministers recruited by Multigroup is long. Ivan Kolev, for instance, was vice minister of commerce under Berov, before holding the position of vice president of Multigroup (from late 1995 to May 1998); Aleksandar Cvetanski, former vice minister of energy, was appointed director of the coal sector in the group and Minko Gerdžikov, former vice minister of commerce, became vice president of Minstroj Holding. Several officials from the public sector were likewise “poached” by Multigroup, at times after facilitating—within the scope of their former functions—certain of the economic group's dealings. Thus Liljan Vačkov, the former director general of Kremikovci,

became Multigroup's representative in Belgrade. The management of the Kreditna Banka was given to Veselin Blagoev, the former secretary general of the Berov government and executive director of the Privatization Agency under his successor, Žan Videnov. Multigroup recruited some of its high-level officials even from Bulgarian Trade Unions, with Radoslav Nenov, ex-secretary general of the (anticommunist) union Podkrepa, becoming vice president of Multigroup for economic issues in 1993.

These relations were not necessarily earning dividends for Multigroup and members of the elite involved, despite the network of connections and cooperation. Competition was stiff, even among economic groups, in vying for the attention of public officeholders. Multilevel loyalties and sudden changes in alliance limited the transparency of decisions. Above all, there was a qualitative transformation in 1997. The financial crisis in the winter of 1996–1997 was interpreted by the new prime minister, Ivan Kostov (May 1997–June 2001), as proof that a critical threshold had been reached in developing relations between public authorities and economic groups. The competition between public officials and private business was felt most sharply in the energy sector, particularly Russian natural gas.

*The Russian gas affair: A clash between private and
state economic interests*

In 1996–1997, Multigroup had diverse interests in electricity, coal, fuel, and gas. Multigroup's involvement in these sectors began during the Berov government in 1994. Through the Energija 94 company, Multigroup became a mid-level player in the sale of Russian electricity to Serbia, Greece, and Macedonia. Multigroup was also involved in selling coal. In partnership with the Faradej and Rhythm 4 companies, it supplied the Varna and Ruse thermal power stations. Its dominant position in the market earned it a profit estimated at 30 percent of sales turnover (40 million dollars in 1997).³⁸

Importing, transporting, and selling Russian gas remained its most lucrative business. Bulgaria imported nearly all of its gas from Russia (6 billion cubic meters per year in 1997). It then re-exported part of it to Turkey, Greece, and Serbia. Some of its main business activities included transporting the gas, collecting taxes generated by the use of the Bulgarian gas pipeline network, and participating in the financing and construction of a new gas pipeline. In acquiring an interest in the

Overgaz and TopEnergy companies, Multigroup was trying to become an indispensable intermediary between Bulgargaz (the company with a monopoly on Bulgarian gas) and the Russian company Gazprom. Moreover, Ilija Pavlov was trying to obtain a 50-year concession for the rights to the Bulgarian gas pipeline network. The project, backed by Rem Vyakhirev, the head of Gazprom, met with opposition from part of the Videnov government. In the summer of 1996, Ilija Pavlov succeeded in being appointed chairman of the board of TopEnergy but talks concerning a bilateral agreement with Russia failed to advance. Clashes among competing gas networks and the assassination in October 1996 of Andrej Lukanov, one of the main protagonists in the game, were among the factors that, together with the financial crisis, led to the fall of the Videnov government. Stefan Sofianski (UDF), Videnov's successor in February 1997, appeared to be more open to lobbying from Multigroup and Gazprom, and a temporary agreement on the delivery of Russian natural gas to Bulgaria was signed with Gazprom on April 15, 1997, confirming the role of Overgaz (and thus Multigroup) in importing Russian gas.

As soon as it came to power in May 1997, Ivan Kostov's cabinet (UDF) decided to put a halt to the expansion of Multigroup's activities, perceiving them as a threat to Bulgaria's national interests. Allied with Gazprom, henceforth the main TopEnergy shareholder, Pavlov was suspected of contributing through his entrepreneurial policies to increased Russian control over natural gas distribution networks in Bulgaria.³⁹ Arbitration on behalf of Multigroup subsidiary companies was another extra expense for the Bulgarian government. There was no longer any question of privileged relations with the executive government. Kostov was bent on keeping TopEnergy and Multigroup out of bilateral discussions with Russia. Various methods were employed to that end—from prohibiting Multigroup officials from leaving the country when bilateral sessions were to be held between Bulgaria and Russia to exerting pressure on Multigroup to sell its shares in TopEnergy and Overgaz. Meanwhile, the Bulgarian agency for combating organized crime conveniently revealed an affair (involving pirated CDs) implicating certain members of Multigroup. The sugar smuggling affair involving the Bartex subsidiary also came out in this shady context. In January 1998, Pavlov responded by circulating a *kompromat* accusing members of the Kostov administration of corruption in negotiating a contract with the American gas sector company Hardland. Multigroup also played on Gazprom executives' fears about the Bulgarian government, which openly displayed its pro-Western stance, in order to block

any agreement that tried to exclude it. However, a 12-year agreement between Bulgaria and Russia was ultimately reached on April 27, 1998.⁴⁰ Gazprom agreed to buy out TopEnergy; Overgaz remained a privileged partner as long as it kept its distance from Pavlov. Multigroup had lost what the press called the “gas war.” The gas affair was undoubtedly one of the main reasons for the group’s reorganization after 1997. But it was also a period of profound economic transformation that forced the new entrepreneurs to reposition themselves. Certain groups opted for partial legislation of their affairs; others became involved in criminal activities. All of them, however, had to search for a newfound legitimacy in Bulgarian society.

From “black” to “pearl gray”? The professionalization of economic groups

Under the impact of reforms carried out by the Kostov government, increased supervision by international financial organizations, and preparations for joining the European Union, 1997 marked the start of a reconfiguration in the relationship between licit and illicit activities. These changes did not signify a radical or irreversible restructuring of the economy that would have resulted in the disappearance of collusion between political and economic actors but rather a reorganization of the conditions under which political protection was solicited and illegal practices were carried out. Similarly, the economic groups’ social visibility took on new forms, as the “credit millionaires” slowly faded from memory and a new employer profile was created to validate the defense of “national capital” and evergetism.

A new system of incentives and constraints: Reforming economic practices

The first impetus for restructuring came from the establishment of an IMF monetary board on July 1, 1997. The Bulgarian currency, the leva, was tied to the Deutsch Mark (995 old leva = 1 DM), strict controls were placed on the money supply⁴¹ and the Central Bank’s independence from the executive government was strengthened. At the same time, Bulgarian authorities—whose budget plans were discussed with the IMF—adopted a policy of austerity. Subsidies to public companies showing a deficit were progressively cut, often as a prelude to the liquidation of the least competitive establishments. The banking system underwent a major overhaul. The golden age of (bad) debts was

over: in 1996–1997 a dozen banks were placed under supervision or closed down by the Bulgarian National Bank (BNB). A bank debt consolidation company recapitalized the banking sector and prepared to transfer it to the private sector. Most of the buyers were well-known Western firms such as BNP-Paribas and the Italian bank Unicredito.⁴²

The second factor concerns efforts undertaken by the government to create a legal framework and strengthen the system of sanctions by restructuring services within the Ministry of the Interior and reforming the judicial system (as yet unaccomplished). The period from 1997 to 2001 was marked by highly intense legislative work aimed at supervising economic activities and adopting the norms and standards of the European Union. The fight against corruption and to strengthen institutions became a focus of public policy in Bulgaria. Accelerated privatization had perhaps a more complex effect on economic practices. On the one hand, the dismantling of the old public monopolies helped to reinforce competition, supervised by a watchdog agency (Komisijata za zaštita na konkurencijata, KZK). The gradual liberalization of the telecommunications, transportation, and gas sectors encouraged the emergence of new economic actors. Furthermore, the privatization process attracted foreign investors whose presence on the Bulgarian market exerted pressure in favor of an overhaul of managerial practices and increased productivity. On the other hand, however, the transfer of public assets was a highly opaque process that permitted renewed collusion among the political and economic elite, the granting of commissions in exchange for evicting competitors, and, above all, the recycling of illegally acquired capital.

In the end, private ownership of the means of production modified the resources necessary for entrepreneurial initiatives. In a more competitive situation, social capital, although an essential element of economic activity, could not be the only support for strategies of enrichment, at least in certain branches of the economy. Rationalizing the internal organization of a company, hiring and keeping valuable executives (potentially attracted by the more generous salaries offered by foreign investors), and innovation and the conquest of new market shares abroad demanded entrepreneurial expertise beyond merely possessing compromising documents, using force, or buying political support. In response to this changing environment, economic groups and private security firms followed different courses. Certain corporations that were flirting with gray or “black” areas of the economy shifted to profitable sectors in the process of privatizing (tourism, for

instance, especially after 1999). In “black” markets, drug trafficking came to account for an increasing share of transactions and conflicts. In the field of private security as in other corporate business, a new generation of entrepreneurs was emerging, forcing a redistribution of roles and niches.

Diverging paths: The differentiation in business circles

Weakened financially after its eviction from the natural gas market, the unmasking of its sugar-smuggling operations, and the bankruptcy of the Kreditna Banka, Multigroup repositioned its activities via the privatization process. Through coupon sales and capital increases, the MG Elit Holding privatization fund bought twenty companies, including the firm Elkabel (cable production) based in the Black Sea port of Burgas. The group also broke into the wheat sector by buying Papas Oljo, owner of 4 mills and 16 wheat-processing plants in northeastern Bulgaria. Its other acquisitions, besides some small textile firms, were in the mining, construction, and food-processing sectors.

The profitability of these acquisitions purchased during the period of heavy privatization was nevertheless soon called into question, as was the rationality of diversifying the group’s activities. Part of Elkabel’s production was outsourced to Cyprus as of 2001. The firm, nearly closed down in Bulgaria and was ultimately sold for 9.75 million leva (about 4.9 million euros) in 2004. Starting in 2000, Multigroup began to specialize in two fields: tourism and energy products. These choices can be understood in light of the expertise and social networks from which the group could draw (particularly in private security and gambling circles) as well as existing opportunities. The privatization of seaside resorts on the Black Sea, the return of former Eastern European clients, and the influx of middle-class West Europeans made tourism a particularly attractive sector in the late 1990s. All the more so because political protection and aggressive business methods were means that could be more easily mobilized in the world of services (hotels and restaurants) and business (energy goods in particular) than in industry. Multigroup’s interest in tourism wasn’t recent. Its first investments dated back to June 1994 when it bought the Grand Hotel Varna (a 5-star hotel). The former Communist tour operator Balkanturist also fell into the hands of Pavlov’s organization in 1996. In 2003 Multigroup was ranked third among Bulgarian tour operators and was the upmarket leader.⁴³ This expansion put Pavlov in competition with other economic

groups. Indeed, competition with another *ekonomičeska grupirovka*, TIM, for the privatization of the “Sveti Konstantin and Elena” seaside resorts on the Black Sea was to be cited as a possible explanation for Pavlov’s murder.⁴⁴

Between 1998 and 2001, Multigroup’s contribution to the energy sector was limited. But Simeon II’s rise to power and the future integration of Bulgaria into the European Union opened up new opportunities; several ambitious projects were discussed, such as the Burgas-Alexandropolis oil pipeline. The closing down of reactors 3 and 4 at the Kozlodui nuclear power plant, scheduled for late 2006, opened up the possibility of an enhanced role for thermal power plants. The privatization of electricity distribution companies was another promising move. Pavlov tried to make a comeback on the energy market. This initiative involved reactivating business contacts, several of whom had joined the Simeon II National Movement or the government. The Bulgarian press thus suggested that Minko Gerdzikov, the former trade advisor for Greece in charge of the Bulgarian office for the Burgas-Alexandroupolis project, tried to defend Multigroup’s interests when concessions were being granted for the construction of the oil pipeline. But ultimately the conglomerate was excluded from the project. The minister for regional development, Kostadin Paskalev (an independent with ties to the Socialists), and his vice minister, Hassan Hassan (MRF), were also described as supporting Multigroup. Moreover, the support of Ahmed Dogan, leader of the MRF, was said to have facilitated the acquisition at low cost of the Zlatograd mine in the Rhodopes.

At the time of Pavlov’s death, Multigroup’s directors reported having 12,000 salaried employees and nearly 1.5 billion dollars in assets.⁴⁵ An investigation by the weekly Kapital came up with an estimate of 48 companies, 5,586 salaried employees, and a turnover of 376.6 million leva (185 million euros). The disappearance of the group’s founder, the disclosure of its level of debt, and the mobilization of its creditors accelerated the restructuring of assets which was already begun by the MG Asset Management company, created in October 2002 to oversee financial supervision of the conglomerate. In June 2003, the father of the deceased, Pavel Najdenov, was removed from the conglomerate’s management and Bojana Popova, director of MG Asset Management, was appointed chairman of the board. Within six months the group had ceded its interests in the football world, let go of its Stanjanci lignite mine, and sold its assets with Balkanska Banka-Skopje. Activities deemed peripheral were

abandoned (wine-making, for instance) and there were several sales in the hotel sector in Croatia. But the most notable transformation was elsewhere. These concerned the public relations strategy employed by MG Korporacija and its efforts to present itself as a respectable economic actor. I would like to conclude by addressing this last aspect: Multigroup's public image.

Public image and strategies of legitimization: From kompromati to the defense of "national capital"

On the eve of his death, Ilija Pavlov was a benefactor of Bulgarian monasteries, had become involved in protecting the country's heritage, and awarded grants to deserving young students. He had also expended a good deal of energy presenting himself in the media as a representative of "national capital" concerned with promoting meritocracy. In many ways this approach was not exclusive to Multigroup or its founder. The 1990s saw a gradual transformation in the appearance of new entrepreneurs (from the chunky musclemen in jogging clothes in the early 1990s to the Western-style dark suits at the end of the decade), the manner in which they displayed success (ways of showing prosperity became more selective and better orchestrated), and their communications strategies (more restrained, focusing on competence and work).

Multigroup went through several public relations phases. Starting in 1993, Pavlov attempted to invest in the media sector by backing the creation of a new private press agency, Balkan. Intended to compete with BTA, the official Bulgarian agency, the project was not the success he had hoped for.⁴⁶ Another project, this time in the field of television, was the cable chain Globo. But Multigroup's inroads in the media sector remained modest. Pavlov focused on maintaining his special relationship with editors such as Julij Moskov from the sports newspaper *Sedem dni* and Petjo Blăskov, editor-in-chief of the populist newspaper *Monitor*. Compromising information about competitors and articles endorsing the group were circulated as a result of credit granted by Multigroup's bank (or one of its subsidiaries), the purchase of advertisements, and the corruption of journalists.

In 1995, however, Pavlov changed course. On March 13, he signed an article in *Duma*, the governing Socialist Party's daily, in which he retraced the first phase of capital accumulation and tried to distance himself from the era of the Berov government: "Structures must

themselves break with their actions and sever the unnecessary part of their business, like a lizard cutting off its tail to save its life." This stance was part of an effort to convince the most reluctant left-wing circles not to hinder Pavlov's economic ambitions. At the same time, several members of Multigroup's board of directors who had come from the former State Security services were replaced.

But the main impetus behind the repositioning of Multigroup remained the Kostov government. In choosing to organize his policy of influence around a display of financial success and political networks, Pavlov ended up as a symbol of what was unacceptable in the eyes of his fellow citizens (an ill-gotten fortune) and the UDF political elite (the erosion of state power). In May 1998, Pavlov tried to show his goodwill by removing two vice presidents, Ivan Kolev and Radoslav Nenov. They were replaced by an ex-MP from the Alliance for National Salvation (ANS), Stojan Denčev, who was to serve as the spokesman and public relations director for the conglomerate until February 2001. Denčev came from the former economic *nomenklatura* and had studied in the United States (at Berkeley, in 1988–1989). He had a broad network of friends among the political and economic elite. The summer of 1998 is a good illustration of the media strategy employed in response to the government's denunciation of Multigroup's "mafia" activities. On the one hand, Pavlov kept up his extravagant ways and network of connections on the occasion of Multigroup's tenth anniversary (also his 38th birthday); 800 guests were invited to the Grand Hotel Varna, including members of political circles, athletes, and musicians as well as the firm's representatives from Switzerland, Austria, and Germany. The press obligingly described the gifts presented to guests.⁴⁷

On the other hand, Pavlov gave a speech about success designed to present Multigroup as a model for the new private-sector economy. His line of reasoning endorsed a spirit of enterprise against a stance driven by "nostalgia for Communism." He reframed his political ties within the context of the disorderly beginnings of capitalism, portraying himself more as a victim of the elites than as someone who manipulated them:

Every success I was fortunate to have in business gave rise to contradictions in my homeland. In Bulgaria, there are still people who look back at the past and fondly remember a time when education, employment, housing, social security and health care were guaranteed by the state. They refuse to accept the risks of a free-market economy and are envious of those who have succeeded

through their own efforts. In reality, when Communism collapsed in Bulgaria, the circles from which business emerged were a blend of political chaos, ruthless competition and corruption. There were virtually no rules. Multigroup may have gotten rich through political ties but we were far more frequently the victim of our competitors' political connections insofar as each new government considered power mainly as an opportunity to obtain bribes and settle scores.⁴⁸

This new entrepreneurial rhetoric was also designed to facilitate the economic group's integration into a society where major entrepreneurs continued to have a negative image. Those who made a fortune in business were perceived as profiteers whose success was due not to their capabilities but rather to embezzlement, ties to the former political police, and political protection. To change its image, Pavlov's group also changed its name. On July 7, 2000 Multigroup declared bankruptcy. Meanwhile, the major part of the group's assets was transferred to a new structure, MG Holding Bălgarija, which soon gave way to Bălgarija 2002 AD Holding, itself replaced by MG Korporacija in 2002.⁴⁹

Concomitant with the more professional approach was a renewed effort to organize political lobbying on a collective basis. *Văzraždane* (Renaissance), the new defense organization for top executives launched in September 2001, was not unlike the G-13 of 1993 (the participants were the same, with only two new additions). But the discourse of the new high-level executives had evolved and now mixed references to entrepreneurial experience and appeals to privilege Bulgarian capital. It highlighted *Văzraždane* members' ability to be acknowledged in the West while invoking the need to restore some of Bulgaria's former industrial and economic glory.⁵⁰

During his lifetime Pavlov never succeeded in erasing the origins of his success. His successors pursued to banalize MG Korporacija. To that end, foreign specialists were recruited, including the former German minister of the interior Gerhardt Baum and audit specialists such as Boris Genovski, a former executive with Arthur Andersen. In an interview published in *Kapital*, a member of the MG Korporacija board of directors spoke about Multigroup's trajectory in the following terms:

Ilija was certainly no angel. But the investigators I hired found no convincing proof of any criminal activity, nor did the authorities. Some of the allegations about "gray" activities—economic crimes

such as corruption and improper accounting—are more plausible, although they have never been proven. But that doesn't make Multigroup any different from many Western firms. In the West, efforts to outlaw corruption and improve accounting are recent. The third category [of allegations] involves aggressive business practices and political manipulation. Multigroup tried to buy political influence; it used political connections whenever possible to defend its economic interests, limit competition, and obtain protection against government interference and harassment. While these things are quite unpleasant, they are to a great extent legal. American corporations spend millions of dollars in gifts to political parties and lobbyists who support and defend their interests. European and Asian firms pay politicians and, whether in an open or more hidden fashion, business and politics are connected.⁵¹

In short, Multigroup appeared to be an ordinary company.



To conclude this analysis of Multigroup's trajectory, several hypotheses can be advanced concerning the relationships among political figures, high-ranking civil servants, and economic entrepreneurs after 1989. First, the 1990s were characterized more by the convergence of the repositioning and social mobility strategies of political, economic, media, and legal actors than by any attempt to "absorb" the state. *Multigroup* contributed to and took part in the transformation of the productive bases of the economy and the financial sector as well as commercial exchanges and the state's role in the economy. In doing so, it drew upon old social networks and existing legal niches and brought political protection into play in a context where the institutional and legal framework had been turned upside down. Other individuals and companies also tried to take advantage of what had become a particularly corrupt form of capitalism due to the absence of a reform-minded majority before 1997 and delayed efforts to restructure public assets and the financial sector.

Second, relations with the state, the specific niches occupied, and public relations policies differed from one period to the next. As long as the privatization was deferred, political and administrative personnel and new entrepreneurs used their multi-positionality and networks to pass the cost of economic adjustments on to the public sector and investors. In the wake of the 1996–1997 financial crisis and the Russian gas affair, the Kostov government sought to clarify the relationship

between the public and private sectors and made efforts to reappropriate state control over the management of foreign energy affairs. The sale of public assets, restructuring of the banking sector, and preparations for joining the EU went hand in hand with differentiation between economic groups and, in the case of Multigroup, a clear increase in the professionalism and legality of its activities. However, prospects for joining the European Union did not have an unequivocal effect. Besides triggering reforms, preparations for EU membership also modified resources linked to the power structure, with the place formerly occupied by public companies and credit now taken by the allocation of European competitive bids and aid. The privatization of the tourism and energy sectors, on the one hand, and the financial resources given to public authorities as part of pre-membership phase, on the other, heightened the political and economic struggle in Bulgaria. The European Union's recommendations regarding the law, the administration, and corruption appear to have been frequently manipulated in order to eliminate competition. The denunciation of corrupt transactions was henceforth an important tool in the arsenal of all new governments, allowing them to disqualify their predecessors and free up the positions that controlled access to privatizable resources.

Although the range of possibilities has been restricted since the legal infrastructure was overhauled, neither collusions between political and economic circles nor illicit practices have disappeared. Their persistence is due, among others factors, to a widely shared, clientelist conception of political loyalty and the way in which political parties are funded (by soliciting "friendly" entrepreneurs whose support is subsequently rewarded with favors). Ultimately, it would seem that we are now faced with a new constellation of social and economic circles. This encompasses, on the one hand, a growing number of small businesses, consulting firms, and insurance companies that mainly engage in legal activities and do not chiefly depend on political protection from the center of power and, on the other, economic actors involved in specific sectors of the economy (tourism, gambling, energy, etc.) and endowed with impressive resources. For these latter, drawing on political networks, disclosing *kompromati*, and resorting to illegal practices are still very much part of the game.

Notes

1. Jovo Nikolov, "Crime and Corruption after Communism. Organized Crime in Bulgaria," *East-European Constitutional Review* 6(4) (1997): 80–84.
2. Center for the Study of Democracy (CSD), *Partners in Crime* (Sofia: CSD, 2004).

3. Ibid., 13–14.
4. Ibid., 17.
5. In 1991, in a report written for the Union of Democratic Forces (UDF, center-right), Bogomil Bonev estimated the number of joint ventures controlled by the Bulgarian government in Germany, Italy, France, and Great Britain at 250. The investments are believed to have reached 160 million dollars for an annual turnover of 1.1 billion dollars in 1989. Marko Hajdinjak. *Smuggling in Southeast Europe* (Sofia: CSD, 2002), 21.
6. “Simvolăt na Bălgarskata mafija” [Symbol of the Bulgarian Mafia], *Mediapool.bg*, March 7, 2003.
7. Ibid. According to his official biography, Pavlov is said to have obtained a journalism degree in 1993.
8. This is the version presented in Galina Aleksandrova and Ivan Mihalev, “Multigroup. Emblema na sbărkanija prehod v Bălgarija” [Multigroup, a Symbol of the Bad Transition in Bulgaria], *Kapital* 10 (March 2003): 28.
9. “Sugarev: ‘Multigroup’ razpolaga s arhiva na 6-ti otdel na bivšata DS” [Sugarev: “Multigroup” Had Access to the Archives of the 6th Department of the Former State Security], *Mediapool.bg*, March 16, 2003.
10. Figures quoted in Vasil Kirov. *Trade Unions in Bulgaria during the Transition* (Budapest: International Labor Organization (March 2004), 38.
11. Dimităr Ivanov has evoked this presentation of *Multiart* in a book of interviews with Svetoslava Tadarăkova. *Krăstnika i silnite* [The Godfather and the Powerful] (Sofia: Knigoizdatelska kăšta Trud, 2001), 225.
12. This version was advanced by Edvin Sugarev in “Komentari” [Commentaries], *Mediapool.bg*, March 9, 2003.
13. Quoted in Aleksandrova and Mihalev, “Multigroup.”
14. Ibid.
15. Pavlov’s implication in the world of gambling was substantiated by Dimităr Ivanov (Svetoslava Tadarăkova, *Krăstnika i silnite*, op. cit., 227–228 and 232–233).
16. Vadim Radaev, “Entreprise, protection et violence en Russie à la fin des années 1990,” *Cultures et Conflits* 42 (2001): 47–68.
17. Cf. Nikolov, “Crime and Corruption.”
18. In 1994 the government withdrew the private security company VIS-1’s license, so it was registered under a new name, VIS-2 insurance company.
19. Teodora Peeva, “Ilija Pavlov: ‘Otvliĉaneto’ be manipulacija” [Ilija Pavlov: The “Kidnapping” Was Orchestrated], *Sega*, June 24, 1998.
20. The Bulgarian press repeated information broadcast on the German radio *Deutsche Welle* (in Bulgarian) about Multigroup’s involvement in car theft and money laundering.
21. Ivo Karamanski, a boss in the Bulgarian criminal world in the early 1990s, was responsible for circulating a cassette in 1995 accusing Multigroup of evading the embargo and engaging in money laundering.
22. 305,914 tons of sugar were said to have been imported fraudulently by *Bartex*, *Man Sugar*, and *SV—van SV* between 1994 and 1998. These companies had to pay tax fines of about 11.5 million euros. The legal proceedings were abandoned after a controversial legal assessment determined that part of the “missing” sugar (thought to have been sold in Bulgaria instead of being re-exported) had simply melted due to rain. Multigroup subsequently sold *Bartex*.
23. The former management was not necessarily fired when a company was taken over, as has been shown by Svetla Stoeva, *Neformalni socialno-ikonomičesi procesi v konteksta na bălgarskata transformacija* [Informal Socioeconomic Processes in the Context of the Bulgarian Transformation], doctoral thesis in political science, University of Sofia “Kliment Ohridski,” 2004.
24. Aleksandrova and Mihalev, “Multigroup.”

25. "‘Multigroup’: We Are Not Involved in the Attack," *Macedonian Information Center* (MIC), November 3, 1995.
26. "Bălgarskijat klubten futbol dava priznaci za smjana na grupirovките" [Bulgarian Club Football Shows Signs of Change within the Groups], *Kapital* 11, 2003.
27. Sugarev’s study is based on an unpublished report carried out by the Ministry of the Interior (Edvin Sugarev. *White Paper on Bank Banruptcies in Bulgaria* (Sofia: Manuscript, 1996)).
28. Valentina Valentinova, "Kak ‘Multi,’ imperijata ot ‘krediten milioner,’ stava obiknoven dlāžnik" [How “Multi,” the Empire of the “Credit Millionaire,” Became an Ordinary Debtor]. *Kapital* 4 (1998).
29. Galja Todorova, "Nov Skandal se razvihrja v Balkanbank" [A New Scandal Breaks Out at Balkanbank]. *Kapital* 39 (1998).
30. Galja Todorova, "Sobstvenicite sami sa iztočili bankite si" [Owners Emptied Their Own Banks], *Kapital* 5 (1998).
31. Legal proceedings were brought against those in charge of the banking establishments accused of contributing to the plundering of their banks’ resources after 1997. The beneficiaries of non-reimbursed credits were not legally sued. They had to face public shaming only after the publication in February 1998 of a list of “credit millionaires.” Fear of this kind of stigmatization appears to have played a part in negotiations by certain big bosses, including Ilija Pavlov, in an attempt to strike an agreement with the trustees of the bankrupt banks regarding a partial reimbursement of their debts.
32. Quoted by Aleksandrova and Mihalev, “Multigroup.”
33. Other members of the G-13, in addition to Ilija Pavlov, included Krasimir Stojčev (owner of the *Tron* economic group, a rival of Multigroup), banker Emil Kjulev, gambling boss Vasil Božkov, Dobromir Gušterov (owner of several insurance companies), newspaper publisher Petjo Blāškov, and businessmen Ivan Evlogiev, Borislav Dionisiev, Hristo Danov, and Hristo Aleksandrov.
34. Pavlov revealed this information to the press after UDF prime minister Filip Dimitrov had accused Multigroup of being a mafia organization in 1992.
35. In Bulgaria the Berov government was referred to as the “Multi government,” a nickname it was given by Renata Indžova, prime minister in the government of experts appointed in September 1994.
36. Interview with Svetoslava Tadarākova, *Krāstnika i silnite*, 224.
37. *Ibid.*: 247. However, the government’s position did not prevent Multigroup from continuing to carry out its activities—without facing any judicial investigation—or from taking part in the mass privatizations in 1996–1997.
38. Aleksandrova and Mihalev, “Multigroup.”
39. Ron Synovitz, “Gazprom’s Plans Strain Russian-Bulgarian Relations,” *RFE/RL Newslines* (October 10, 1997).
40. “Bulgaria and Russia Settle Gas Dispute,” *RFE/RL Newslines*, April 28, 1998.
41. The currency board system is a regulating principle in which the internal money supply must have a corresponding amount of foreign currency held by the Central Bank.
42. New amendments to the banking laws (*Zakon za bankite*) were adopted in 2003, in order to prevent bankrupt banks from being taken over by off-shore companies; shareholders controlling more than 10 percent of the capital of banking establishments were forced to reveal the source of their funds.
43. “Koj e koj v kluba na bălgarskite morski magnati” [Who’s Who in the Bulgarian Riviera Baron’s Club], *Kapital*, September 8, 2004.
44. Pavlov is thought to have marshaled support from two officials in the Simeon II National Movement (MP Borislav Račev and Prefect Jane Janev) to exclude land from the assets of “Sveti Konstantin and Elena,” thereby depriving TIM of full control of the resort. Jovo Nikolov and Galja Aleksandrova, “Zašto beše ubit Ilija Pavlov” [Why Was Ilija Pavlov Killed?], *Kapital* 10 (2003).

45. "Anatomy of the MG Corporation," *Sofia Echo*, March 14–20, 2003.
46. In 1998, the information agency left Multigroup and joined the group run by S. Dončev, director of *Overgaz*.
47. Zana Dimitrova, "Ilija Pavlov čaka dnes Rem Vjahirev i ošte 799 gosti" [Ilija Pavlov Is Expecting Rem Viakhirev and 799 Other Guests Today], *Sega*, August 6, 1998.
48. Quoted by Svetoslava Tadaräkova, *Krästnika i silnite*, 251–252.
49. These changes were also a way of dealing with the conglomerate's short-terms debts.
50. Kiril Avramov, "The Bulgarian 'Nationally Responsible Capital' on the Eve of EU Integration," *Revista electrónica "Historia Actual On-line"* 3(6) (2005).
51. "Istinata za proizhoda na MG, ostavijam za istorijata" [I'll Let History Tell the Truth about the Origins of MG], *Kapital* 28, 2003.

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CHAPTER 6

Mafia Violence and Political Power in Russia

GILLES FAVAREL-GARRIGUES

An analysis of the relations between holders of political power and specialists in the use of violence cannot be restricted to the purported interaction between two worlds: the “criminal” and the political. Any attempt to do so would amount to espousing the dominant view relayed by the Russian government, a view that attributes to a given social group the exclusive use of a body of violent practices—mafia-type methods—when executing predatory strategies. Indeed, political leaders have been depicting “organized crime” as a powerful internal enemy and a constant threat to economic and political stability since the late 1980s.¹ Moreover, the a priori distinction between “criminal,” “economic,” and “political” actors tends to confuse analysis of the methods employed to acquire wealth and power since the end of that decade, for these have often relied on the overlap between institutional positions and the entanglement of public and private functions. After outlining the extent to which the formation of capital in the post-Soviet context has depended on the control of administrative resources and access to violent entrepreneurs, this chapter examines the propagation of mafia-style violence in Russian politics, first in parliamentary institutions and then in centers of executive power. I shall attempt to show that Vladimir Putin’s project for a “dictatorship of the law” draws its legitimacy from the desire to tame mafia violence; it facilitates the control of elites in the name of combating “corruption” and “organized crime.” But the project is by no means a moral undertaking: besides leading to the elimination of adversaries, it also integrates into

the machinery of state those who are willing to submit to the new political order.

Capitalism, administrative resources, and violent entrepreneurs

The propagation of criminal violence in business and politics has taken place against an economic background that favors the development of predatory enterprises through the constitution of coalitions that seek to exploit sources of revenue. These coalitions generally pursue their goals by combining managerial skills, privileged access to “administrative resources,” and the ability to resort to force or intimidation whenever their interests are threatened. The term “administrative resources” denotes a body of officials with the power to further the success of the enterprise by promulgating regulatory texts, granting authorizations and exemptions, taking budgetary decisions, sending in inspection teams to destabilize competitors, and other means. The accumulation of wealth was not always based on illicit practices in the strict sense of the term; “ingenious” methods were devised to circumvent laws and exploit loopholes in the regulatory framework in order to obtain advantages such as export licenses, or to benefit from the privatization of state-owned businesses. In many cases, these coalitions brought together three distinct categories of actors—entrepreneurs, administrative officials, and specialists in the use of violence—who could meet each of these needs. Relations between the three parties vary according to the case under consideration. As we shall see, some configurations are dominated by the entrepreneur, while in others, administrative officials or specialists in the use of violence take the leading role. A single actor may sometimes combine several of the skills required to exploit a source of revenue. In one case, a Taganrog casino owner, the victim of a murder, had previously served as the head of the local service responsible for combating economic crime.²

The “true” criminal actors in these coalitions—that is, individuals who are supposed to adhere to the traditional underworld code³—have sometimes legalized their illicit incomes and extended their activities to business management. However, their assumption of specialized functions in the use of force was more spontaneous, even if they did not monopolize this sector. Federico Varese suggests that the term “mafia” should be confined to actors who specialize in providing protection

and that one must bear in mind that such a service is usually linked to extortion.⁴ Such an offer is largely a response to weak property rights, especially to the unclear definition of the titles of property and to the unreliable institutional apparatus for deterring crime.⁵ Indeed, entrepreneurs have often avoided turning to the police and the courts when seeking to resolve their disputes, either because they regard such institutions as ineffective or because they fear the exposure of their practices.⁶ State and non-state actors have emerged to provide them with “cover” (*krysha*, which means “roof” in Russian); in other words, they offer a range of services designed to protect the client. These violent entrepreneurs, to use the term introduced by the sociologist Vadim Volkov,⁷ come from a variety of backgrounds and may include not only underworld figures but also former and serving police officers and ex-military personnel. Their activities are more or less institutionalized, being conducted within the framework of private security firms, the internal security departments created by large factories and companies, and in police forces that, at local level, may guarantee the security of private assets on a contractual basis. Competition in this field has created an alignment of services that extends beyond strict missions to “protect” property and individuals. Violent entrepreneurs are often called in to resolve interpersonal disputes and recover debts and are thus engaged in what may be broadly described as “contract-enforcement.” Despite widespread distrust of law-enforcement agencies, serving officers in the police or the security services have been in great demand as providers of protection. An imbalance has gradually developed between businesses that are able to gain access to and pay for governmental “cover,” and those constrained to fall back on cheaper and less reliable forms of protection.⁸

The activity of violent entrepreneurs has not been restricted to the business world; it has pervaded the political life as well. In this domain, the centers of power are above all executive, which at federal level means the presidential administration and the ministries, and at regional level the administrative services accountable to the governors (elected by popular vote until 2004). However, the parliaments are not entirely insignificant; at the very least, the exercise of a deputy’s mandate ensures proximity to executive power structures. What the presence of criminal violence in Russian politics reveals is less the prevalence of collusion between two constituted worlds than the extension of the use of mafia-style methods to political arenas—a process that occurs independent of the character of the violent entrepreneurs tasked with the achievement of objectives.

**Kompromaty: The revelation of collusion between
criminals and politicians**

References to links between the mafia and politics have long been a feature of life in Russian society. All purportedly serious reports on the evolution of organized crime in Russia in the 1990s invariably contain a section on the criminal underworld's penetration of politics. Yet our knowledge of the phenomenon remains vague: the traditional difficulties surrounding the exposure of organized criminal activity are compounded by more specific issues concerning the ways in which political confrontations are constituted in postcommunist Russia. As law-enforcement agencies and the media are far from impartial, the conditions leading to the exposure of a case that involves both political and criminal elements require close examination.⁹ One of the most sensational scandals to occur during the first phase of privatization, the MMM affair, a pyramid scheme that ruined a huge number of investors in 1994, may be interpreted as an example of the government's desire to sacrifice a scapegoat, the young entrepreneur and deputy Sergei Mavrodi, at a time when the country's leaders were implementing a far more ambitious expropriation scheme.¹⁰ Electoral confrontations led to the escalation of the "war of the compromising documents" (*voyna kompromatov*), in which political and economic leaders, eager to defend their interests, resorted to the fabrication of *kompromaty* in order to discredit their opponents.¹¹ The practice relied on informers, who fuelled denunciations, and journalists willing to disseminate the information. Given the context, it is hardly surprising that the department responsible for monitoring police activity sounded the alarm in 2002 when it became apparent that Interior Ministry agents were resigning and taking sensitive judicial files with them.¹² Similarly, the denunciation of the role of journalists in broadcasting *kompromaty* has often occurred in debates on the Russian media.¹³ The "war of the compromising documents" was often conducted at federal level. Alexander Korzhakov, who served as one of Boris Yeltsin's personal bodyguards before becoming head of the Presidential Security Service (SBP), wrote a memoir in which he revealed that between 1993 and 1996 one of his tasks had been to collect information on the illicit schemes engineered by senior administrative officials.¹⁴ According to some observers, such practices were particularly rife during the 1999 federal election campaign, which was marked by repeated clashes between the two groups of candidates vying to succeed Boris Yeltsin. One camp even accused a rival candidate, Moscow mayor Yuri Luzhkov, of complicity in murder.¹⁵

The privatization of judicial information services was also observed at regional and local levels, as well as in the economic intelligence departments maintained by the country's largest companies.

Criminal violence in the Dumas

Although the war of the compromising documents obscures the links between criminals and politicians,¹⁶ the presence of mafia-style violence in Russian political life is abundantly clear from the number of parliamentarians who have succumbed to it. Of the ten serving State Duma deputies murdered between 1994 and 2003, eight were certainly the victims of contract killers. In all likelihood, the figure is higher, given the fate of the deputy Yuri Shchekochikhin, an investigative journalist specializing in major crimes, who died instantly from food poisoning in 2003. Some former federal deputies have also died violently. The assaults and attempts on the lives of federal deputies and the far more numerous murders of regional and local deputies should also be taken into account. The assassination of the deputies Vladimir Golovlev (2002) and Sergei Yushenkov (2003) attracted wide publicity, for they constituted two-thirds of the leadership of the Russian Liberal Party, a small political party that maintained close links to the business world and received financial backing from Boris Berezovsky¹⁷ and other entrepreneurs. Against a background of increasingly lethal violence toward prominent figures—including the murders of the head of the port of St. Petersburg, the head of an armaments company, the director-general of a Yukos oil terminal, and the director of a Moscow theatre (who also ran a business centre)—Yushenkov's death in the spring of 2003 prompted several businesspersons' associations to call publicly for government action against the killers, who were seldom identified and prioritized "active people who helped the nation to advance."¹⁸

This settling of scores helped to discredit parliamentary institutions. The marginalization of the role of the Dumas in Russian political life took place in December 1993 with the adoption of the Constitution, which enshrined the formation of a regime that has often been described as "super-presidential."¹⁹ Parliaments were subsequently regarded as talking shops far removed from the centers of political action, as bodies for lobbying administrations, and indeed as refuges for mafia members in search of immunity. This perception is obviously reductive, but the exercise of parliamentary functions by figures from the criminal

underworld had already been noted by the press.²⁰ Of the 450 deputies elected in 1995, thirty were under investigation for criminal activities. Law-enforcement agencies frequently denounced the criminal underworld's penetration of Russian parliaments, whether as deputies or assistants. Assistants were a particular source of concern: by the late 1990s, their number had risen to over 15,000, more than thirty per deputy! Twelve assistants were murdered in 1996.²¹ The presence of unsavory characters on federal electoral lists also emphasizes the attraction of a deputy's position, as can be seen from the highly controversial inclusion of the entrepreneur Anatoly Bykov, to whom we shall return, on Vladimir Zhirinovskiy's list for the 1999 legislative elections.

The Liberal Democratic Party of Russia (LDPR), a feature of Russian politics since its creation by Vladimir Zhirinovskiy in 1989, has by far the most sulphurous image. The LDPR attracted entrepreneurs who were impressed by the provocative, hard-line stance adopted by its leader and the opportunity to acquire the political credentials they needed to enhance their public profile.²² Some of these deputies would sooner or later fall victim to crime; for example, Viacheslav Shevchenko, the director of a holding company and member of the State Duma from 1995 to 1999, was killed along with another businessman in Cyprus in 2003.²³ The party also recruited a great many parliamentary assistants, individuals lured by the prospect of material advantages and greater access to holders of administrative power. Apparently, Zhirinovskiy alone employed 300 assistants in the late 1990s. Among the LDPR members murdered were violent entrepreneurs, some of whom had long criminal records and, in many cases, links to private security companies and foundations that "assisted" law-enforcement agencies and furthered the "social rehabilitation" of detainees.²⁴ According to Zhirinovskiy, the frequency with which LDPR members met violent ends reflected the fact that unlike other political formations, his party attracted wealthy entrepreneurs. Similarly, the presence of controversial figures on its list provided voters with a guarantee that the true managers, the people who knew how the economy really functioned, were on his side. Expanding on this point, Zhirinovskiy claimed that entrepreneurs should not be judged by their honesty or the morality of their past actions, for given the flaws in the regulatory framework, everybody committed offences. Their value supposedly lay in their professional achievements and managerial qualities, which were characterized by intelligence, cunning, and authority.

These two ways of penetrating parliamentary institutions—as an independent candidate or on a partisan list—were also observed at

regional and local levels. In Yekaterinburg, the “Uralmash Political and Social Union,”²⁵ which fielded candidates in the 2002 regional elections, made little effort to conceal its direct links with the Uralmash criminal organization.²⁶ Ironically, it adopted the acronym “OPS,” letters the police used to designate an “organized criminal society” (*organizovannoe prestupnoe soobshchestvo*). The justice minister apparently had few qualms about registering the new political party. Some members of OPS Uralmash have succeeded in getting a deputy seat in municipal Dumas within the Sverdlovsk region.

It seems more common for underworld figures to engage in politics on a personal level. In February 2004, I met two candidates for local seats in St. Petersburg municipality, individuals who combined the various skills of violent entrepreneurs:

When I was young, I was a champion weight-lifter in the Soviet armed forces, and later joined army special forces in order to fight in Angola. I discovered the business world in the 1980s, when it was still underground, but I became a proper entrepreneur during *perestroika*. In short, you understand that I belong to an “informal structure” . . . I now have all the material possessions a man could dream of: cars, houses, businesses, etc. But as I got older, I became more concerned about the situation of the people in my locality, all those poor people the government—an authentic mafia!—robbed and abandoned. So I bought the local public baths and tried to keep charges as low as possible. Not everybody was happy with that: the public baths business has been attracting vultures for some time now, people who would rather turn them into luxury brothels. An attempt was made to poison our accountant last year, but we are resisting this intimidation. I recently decided to run for deputy because all these poor people need protecting.²⁷

This account raises questions about the reasons for which violent entrepreneurs enter the political arena. In this particular instance, the motives are linked to the willingness to change their image and to institutionalize a social position. They usually pretend to defend ordinary people against a predatory state. Moreover, such rhetoric is a common feature of the discourse of self-justification—fictitious or otherwise—that criminals have always adopted when giving anonymous interviews to the press or talking to researchers. They all exploit the vagueness of the term “organized crime” and the moral reprobation it arouses by associating it with the activities of the government in power.²⁸ But

they also use political engagement to shield themselves from the law; it enables them to benefit from parliamentary immunity and tighten links with those in positions of real political power, that is, local and regional administrative officials. The State Duma, it should be noted, is largely composed of businesspeople with an interest in influencing decisions that affect their spheres of activity. As regards the aforementioned directors of public baths, obtaining municipal grants in order to support the management's social policy undeniably boosts profits. However, enhanced public profile and parliamentary immunity seem to be the key motives here, for extracting favors from administrative bodies does not require personal engagement in politics.

Criminalization of administrations

Not all administrative officials exerted a function that allowed them to extract illicit income. Murders and, more generally, scandals have been more likely to involve personnel working in the bureaucracies that manage or privatize state assets, organize the production and marketing of local economic resources, and safeguard property rights. Officials of the State Property Management Committee, the organization responsible for the transfer of property, have paid a heavy price. For example, Mikhail Manevich, head of the St. Petersburg committee, was murdered in 1997. As regards property rights, their security is a matter not only for the police and the courts, but also for inspection bodies (tax, health, etc.), which can help a client to destabilize his competitors. To my knowledge, there are no overall studies to indicate exactly how many administrative officials have been murdered since the late 1980s. Assessing the scale of the phenomenon would entail sifting through every regional and local newspaper published in the Russian Federation's 89 "subjects."²⁹ It is clear, however, that several hundred administrative officials (across all Russian regions) have been murdered since the beginning of the 1990s.

By and large, collusion between politicians and criminals can be analyzed as a form of interaction arising from an exchange of services or skills to further convergent interests.³⁰ As Isabelle Sommier suggests, we should avoid defining these relations in black-and-white terms as the exploitation of one group by the other. The perception of the mafia as "anti-state" and the rhetoric that accompanies widely publicized campaigns against "organized crime" should also be treated with caution. Relations between politics and the mafia derive their meaning less from parasitism than from commensalism, a term that acknowledges

the state of symbiosis uniting two partners in a lasting association that presents no underlying threat to either party.³¹ This mutually beneficial arrangement then takes the form of a transaction between population management and tolerance of illegality: local and national political officials ask a criminal organization to maintain order in its territory by containing the most visible manifestations of petty crime and drug dealing. Such relations have been observed at local level in Russia. The political “program” advocated by OPS Uralmash leaders—who portrayed themselves as sportspersons turned businesspeople—consisted of guaranteeing citizens’ safety by cracking down on “thugs” and promoting a healthy lifestyle. They were particularly active in the fight against drugs, creating militias to drive traffickers (associated with the Tajik and Gypsy communities) out of Yekaterinburg and compelling users to undergo shock treatment in appalling conditions.³²

In the Russian context, however, exchanges of favors have most frequently occurred between administrative officials and individuals who purport to be businesspeople with no criminal records. Although their alleged links to the local underworld are rarely proven, their taste for aggressive working methods cannot be doubted. In these predatory enterprises, administrative officials place themselves at the service of entrepreneurs, who are usually motivated by the prospect of capturing regional assets. Pavel Fedulev’s career path in the Sverdlovsk region provides a prime example. In the early 1990s, Fedulev, barely 20 years old at the time, began by selling alcohol and then went on to seize control of some of the region’s most important industries—steel, mineral extraction, telecommunications—with the aid of contacts cultivated in the regional State Property Management Committee. The methods used to acquire these assets were ruthless but not always illegal. Fedulev was particularly adept at exploiting an insolvency law, which made it extremely easy to file for bankruptcy, and thus became one of the principal tools for redistributing property in the late 1990s.³³ But the entrepreneur’s image was tainted by an aura of violence: several of his creditors and business partners were eliminated by contract killers. The famous investigative journalist Anna Politkovskaya (1958–2006), who tracked Fedulev’s activities over a long period, reported that she had privileged access to a private security company set up by a former member of the Main Intelligence Directorate (GRU). This individual, who also ran a foundation for “special forces veterans,” was murdered in 1999. Fedulev also forged links with leading figures in the regional magistracy and police forces, including the head of the service combating organized crime.³⁴ Despite this high-level support, he still

managed to fall foul of the law. Accused of fraud in 1998, he took flight but was later jailed for several months. When released in January 2000, he received the public backing of Eduard Rossel, governor of the Sverdlovsk region. Rossel hailed him as “the best entrepreneur in the Urals.”³⁵ Fedulev was elected to the regional Duma, arrested for fraud in January 2002, and released under caution in the spring of 2003.³⁶ In late 2006, police once again placed him under investigation, on this occasion for having organized a raid with 200 other assailants in the trading complex Oboronsnabsbyt in 2003. In April 2008, the Sverdlovsk region’s court finally sentenced him to a nine-year jail term for fraud and organization of mass disorder.

During the 1990s, Eduard Rossel constantly labored to minimize the unsavory image of the Sverdlovsk region, which he governed until 2009. It is a matter of record that confrontations between rival gangs in the late 1980s and early 1990s reached extraordinary levels in a region known for the size of its prison population as well as its natural and industrial wealth.³⁷ The memory of this gang warfare can be evoked by a visit to Yekaterinburg cemetery. The grandiose memorials lining its avenue of honor are engraved with images of young men killed in the late 1980s and early 1990s. They sport the style cultivated by violent entrepreneurs of that period: the short hair, leather jacket, jeans, trainers, and key ring with the Mercedes emblem.³⁸ Rossel nevertheless insisted that the identity of his interlocutors was less important than their commitment to investing in the regional economy. In his view, the term “mafia” could equally apply to certain predatory networks operating within the machinery of state.³⁹ Like Vladimir Zhirinovskiy, Rossel too had a pragmatic approach that, ostensibly taken in the public interest, dispensed with issues such as the legal status of the capital that had been accumulated or the honesty of entrepreneurs. He returned to this theme on several occasions:

If I knew that somebody is an organised crime gang member, I would invite him to discuss and to work legally.⁴⁰

If you call someone a criminal, you should be able to prove it. In my view, anyone who buys assets, reneges on his obligations and leaves the city can be regarded as a criminal. We don’t need him, but we do need proper owners, people who are willing to work and do some good for themselves and for the country. Should this be the case, it matters less to me what people think of them.⁴¹

Rossel’s position reflects a broader debate on the criminalization or legalization of illicitly acquired capital, an argument that has spanned

the entire postcommunist period, as illustrated by the first trial of Mikhail Khodorkovsky, the oligarch who was eventually sentenced to eight years imprisonment for fraud and tax evasion in 2005. The same position has been shared by other regional leaders, such as the presidential envoy to the Sverdlovsk region:

When someone has the flu you should isolate him from healthy people, but when he has recovered you can shake his hand without catching his illness. I think it's the same with Uralmash. Too much blood has been shed, and it is too painful to think about that now. But we can't deny that they are currently operating legally. They should be treated like any other businessman.⁴²

The case of Anatoly Bykov, an entrepreneur and LDPR candidate in 1999, is similar in many respects. Born in 1960, Bykov, a former sports teacher and amateur boxer, amassed a fortune in the Krasnoyarsk region during the first phase of privatization when he bought up the vouchers distributed to all citizens⁴³ and invested them in one of the flagships of Soviet industry, the K_rAZ aluminium plant. He then went on to create a regional industrial and financial empire by means of aggressive methods, the support of administrative officials, and police protection.⁴⁴ Turning to politics, he won election to the regional Duma and supported General Lebed's bid for the governorship of the Krasnoyarsk region in 1998. Once in post, Lebed launched a ruthless campaign against the entrepreneur:

If business dictates its laws to power, it's because there is no power . . . Bykov had only one goal: to ensure the triumph of the kind of politics that served his interests . . . But my goal was to win the elections. I knew I was dealing with the region's most criminal group, but in war you have the right to deceive the enemy.⁴⁵

Lebed was backed by Yevgeny Primakov, a former Foreign Intelligence Service (SVR) director who served briefly as prime minister and based his political legitimacy on his determination to combat "corruption" and "economic crime." The new governor replaced almost all of the region's administrative managers but found it difficult to retain his new colleagues, as they tended to be frightened off by the merest hint of a threat over the telephone.⁴⁶ Bykov's problems with the law continued after Lebed's sudden death in a helicopter crash in 2002 but were eventually resolved to his advantage. Although found guilty of conspiring

to murder a former associate, he received a six-and-a-half-year suspended sentence—a punishment unique in the annals of Russian judicial procedure.⁴⁷ Despite the gravity of the charges, the judges justified their leniency by stressing Bykov's good behavior and ability to rehabilitate himself without being isolated from society. Some time later, when accused of complicity in another murder, he received a one-year prison term for abetting the crime and concealing evidence but was immediately amnestied in honor of the 55th anniversary of the Soviet victory over the Nazis.⁴⁸

The entrepreneur occupies the key position in these regional configurations, with administrative officials and violent entrepreneurs placing themselves at his service. Other cases reveal a different arrangement in which the predatory syndicates created by regional administrative officials are surrounded by managers and protectors. In some “subjects” of the Russian Federation, leading politicians—that is, the governor and his circle—have also used their powers to assume direct control of the most profitable local economic activities. The name of Yelena Baturina, the wife of Moscow mayor Yuri Luzhkov, immediately springs to mind here. Baturina, a businesswoman with interests in the construction industry, appeared on *Forbes* list of the 100 wealthiest people in Russia in 2005 and 2006 and was also ranked as the country's “first female billionaire.”⁴⁹ The first contract killing of a popularly elected regional governor occurred in 2003, when the head of the Magadan region, in the Russian Far East, was shot down on a Moscow street. The crime led to the arrest of a local violent entrepreneur, a provider of “protection” services to the fisheries sector and distributors of fish and seafood.⁵⁰ The people who ordered the killing have never been identified, but the affair shed light on the methods used to circumvent the laws governing fishing and the sale of crab and other protected species. It also exposed the strategies the victim had developed in order to monopolize the region's most lucrative economic sector.⁵¹

Similarly, the assassination in 2002 of Vladimir Prokhorov, first deputy governor of Smolensk Oblast, shone a harsh light on the sources of income exploited by the regional administration during the 1990s.⁵² Prokhorov served under Viktor Maslov, a former head of the regional FSB, whose recent election owed much to the support of the federal authorities. Maslov's program for restoring order and imposing a region-wide “dictatorship of the law” included damming the wealth channels created by certain former administrative elites. Control of regional vodka production constituted one of their principal sources of revenue. In fact, they had resorted to protectionist measures, taxing

vodka from other parts of Russia and reserving the regional marketing and sale of alcohol for local businesses by installing accomplices as distillery managers. The management of the Smolensk vodka distillery was thus handed to a procuracy official in return for terminating compromising investigations! The new manager, who also served as a regional deputy, was murdered in 2000, probably because certain beneficiaries had not received the profits due to them. It was around this time that the Kremlin's new occupants turned their attention to Smolensk Oblast. Determined to stem the sources of revenue enjoyed by Smolensk's established elites, their underlings replaced many of the regional officials serving in federal administrative bodies and also had the deputy governor arrested for offences relating to "the undervalued privatization of state-owned alcohol distilleries." The crackdown made use of a new federal policy designed to regulate the nationwide production of vodka: all companies producing alcohol were restructured as branches of the state holding company (*viz.* Rosspirtprom) and governor's power to tax vodka imported from other regions was restricted.⁵³ The confrontation came to a head during the 2002 gubernatorial campaign, which was marked by the assassination of the head of the regional criminal investigation branch, the blowing up of the outgoing governor's electoral campaign headquarters, and an attempt on the life of a deputy of his, who had connections to the vodka industry.⁵⁴ Against this background, several months after the election of a new governor, Prokhorov's murder was attributed to interest groups who had suffered a loss of income.

Raw materials may be distributed unevenly, but vodka is produced in all subjects of the Russian Federation. It was, therefore, unsurprising that confrontations over this economic asset extended to every region. The control of its production provided rapid access to a permanent cash flow and facilitated the creation of distinct trade channels according to the quality of the product on offer. It is significant that the entrepreneur Pavel Fedulev, already in possession of some of the flagships of local industry, repeatedly attempted to gain control of the Sverdlovsk region's three distilleries in the 1990s.⁵⁵

The cases outlined above demonstrate that in Russia, collusion between politicians and criminals cannot be reduced to exchanges of services and skills. The formation within regional administrations of criminal enterprises, bolstered by violent entrepreneurs, constitutes a mafia-style mode of income accumulation that does not necessarily involve members of the local underworld. The process may more accurately be described as the "criminalization of the state," or at least of

certain segments of it.⁵⁶ The resort to mafia methods in the political sphere is in effect based not only on collusion between political and criminal milieus (when holders of power make use of “private and illegitimate violence” dispensed by the “world of organized crime”) but also on the “privatization of the legitimate use of coercion” (when elites seek the support of members of governmental law-enforcement agencies).⁵⁷ However it should be stressed that the sources of income underpinning this process are not invariably related to the management of a local economic activity. An income may also be derived from the exploitation of administrative functions, particularly within law-enforcement bodies. In other words, violent entrepreneurs operating within governmental institutions do not always act in the interest of businesspeople or hierarchical authorities; they may combine managerial skills and the illegitimate use of force in order to develop autonomous predatory enterprises based on the illicit exploitation of professional prerogatives.

This observation is reflected in the series of anticorruption campaigns the government has launched by way of administrative reforms since the mid-1990s, when Boris Yeltsin began to regard the phenomenon as a political priority. The “werewolves in epaulettes” affair exemplifies the way in which predatory networks are created within the Interior Ministry. The gang arrested in June 2003 included only six or so top-ranking officers of Moscow’s criminal investigation department and the head of security at the Ministry of Emergency Situations. In order to extort money from businesspeople, they threatened to fabricate evidence against them and bring them to trial. They also planted weapons or drugs on uncooperative targets, some of whom received prison terms. The proceeds of this racket were deposited in a fund for “veterans of the criminal research department” and later shifted to a multitude of companies owned by relatives or front men. The police officers arrested had clearly enjoyed a lavish lifestyle but were also distinguished by their professional trajectories. They were members of the country’s most prestigious criminal investigation department, and their exemplary performance indicators ensured bonuses and promotion. The reality was far more sordid: most of the “offenders” they arrested were homeless or socially excluded individuals whom they falsely accused of conspiring to commit crimes. This aspect of the affair demonstrates that the performance targets law-enforcement bodies are obliged to meet impose only superficial constraints; in fact, they create an institutional environment that fosters the development of strategies for illegal enrichment. A criminal enterprise is easily disguised by legitimate professional activity, which may itself turn out to be totally bogus.

On the one hand, the “werewolves in epaulettes” affair, which led to the imprisonment of seven people,⁵⁸ revealed the existence of autonomous criminal enterprises within the police administration. This was by no means a new development: a few similar affairs had already received wide publicity,⁵⁹ but none created such a stir in the media. The case served as a reference point for further revelations concerning the presence of criminal groups in the Moscow and regional police forces. It unfolded in a context in which ordinary people readily admitted their fear of police officers. Vladimir Putin himself expressed concern over the tendency of citizens to “cross the road” to avoid a uniformed policeman.⁶⁰ On the other hand, the conditions in which this scandal was exposed should not be ignored. Its resonance is connected to its carefully orchestrated treatment by the media: most of the arrests, including those on the premises of the criminal investigation department and the Ministry of Emergency Situations, took place in the presence of journalists. Furthermore, the roundup occurred several months before the federal legislative elections in December 2003. Finally, the investigation owed much to research conducted by Alexander Khinshtein, a journalist and pro-presidential party deputy who portrayed himself as a champion of law and order and a fearless opponent of criminal networks.⁶¹ The scandal reinforced the belief that securing a monopoly on the fabrication of compromising documents was one of the few tangible effects of the policy pursued by Putin and his circle since 2000. When attempting to restore the authority of the state, corrupt elements in the Interior Ministry are natural scapegoats not only because the police suffer from such a poor public image, but also because the law-enforcement bodies on which the presidential administration relies most heavily—the FSB and the Procuracy—are the very bodies with a statutory duty to monitor police activity.⁶² As a consequence, information on the presence of criminal organizations within these two institutions is practically nonexistent but, given the nature of the methods used for accumulating wealth in post-communist Russia, there is no evidence to suggest that they remain untouched by the phenomenon.⁶³

Taming mafia violence

Putin’s project for restoring the authority of the state may be interpreted as an attempt to tame mafia violence in political and economic life. By denouncing the “islands of authority” springing up all over

Russia and the “privatization of security services,”⁶⁴ the president and his circle have been conducting a policy designed to impose new rules on all the social actors—local political elites, business leaders, and violent entrepreneurs—who might at some point contest their authority.⁶⁵ The project thus represents the continuation of a line of political leaders who forged their careers in “force structures” (*silovye struktury*)⁶⁶ and based their legitimacy on a stated ability to reestablish order in Russia, figures such as Yevgeny Primakov and General Lebed. The frequent references to the action taken by Yuri Andropov, the KGB head who replaced Leonid Brezhnev, are worth underlining. Once established as the new secretary general of the Communist Party of the Soviet Union, Andropov devoted his energies to rooting out the “profiteers” operating in government circles. He immediately targeted the police, an institution led for the previous 15 years by one of Brezhnev’s closest associates and thus the embodiment of the USSR’s “stagnation.” Besides appointing another former KGB director as interior minister, Andropov installed 150 security services cadres in the ministry’s departments.⁶⁷ These changes are said to have resulted in the shedding of 160,000 personnel.⁶⁸

To what extent has this policy contributed to what political leaders call the “fight against organized crime”? The fear of “mafias” has somewhat abated since 2000 when compared with the 1990s, notably because the government and the media have prioritized other threats—primarily those posed by terrorists. But despite repeated announcements at the beginning of Putin’s first term, no one has as yet claimed victory. The Russian society remains highly criminalized. According to police statistics, which influence government action, the number of recorded crimes has increased and is comparable on all points to the figures for the 1990s, a period that is now remembered as one of chaos (3.2 million in 2008 against 2.8 million in 1993). Even if some progress has been observed in this field, more than 20,000 murders and attempted murders were still recorded in 2008 alone. The killing of prominent figures continues to make front-page news; in late 2006, victims included heads of public institutions (the vice governor of the Central Bank) and executives from the banking and oil sectors. Pervasive violence is also blatant in frequent contract-killings of journalists, human-rights activists, as well as lawyers, and, of course, in armed confrontation in Russian North-Caucasus republics, especially Ingushetia, near Chechnya.⁶⁹

The Russian government’s approach to “organized crime” since 2000 cannot be reduced to a series of repressive measures but is

characterized by a complex body of positions and decisions. Of course, repression prevails in the relationships with city gangs. For example, a crackdown on Yekaterinburg's Uralmash gang led to the arrests of its leaders and the death of its godfather, who was remanded in custody and was found hanged in his cell in 2005.⁷⁰ Other notorious figures of the underworld have been shot, like St. Petersburg's authority Konstantin Yakovlev (aka "Kostya-the-Grave") in 2005 or Vyacheslav Ivankov (aka "Yaponchik") in 2009. As a result, city gangs are less visible. The Russian government and the police would like to believe that the criminal underworld now confines itself to practices that somehow should constitute its private domain: prostitution, narcotics trafficking, and so on, but it does not seem to be the case. For example, despite the death of Uralmash gang's godfather, regional authorities acknowledge that entrepreneurs with connections to the gang are still running legal businesses.

Police concern about "organized crime groups" is still high in 2010. New threats have appeared, but the fight against "organized crime" remains a governmental priority, even though as a policing category it is extremely vague. The organization of this fight has undeniably changed. After several reorganizations, the General Direction of the Fight against Organized Crime within the Interior Ministry, which used to benefit from considerable means, investigative facilities, and autonomy, was closed in 2008. These services have been reintegrated into the criminal investigation police. However, the focus on organized crime still orientates police activity. Despite the revision of police performance indicators in 2005, law-enforcement agencies are still prioritizing this type of crime.⁷¹ Given the vagueness of the definition of "organized crime" and the requirements to meet performance targets, it means that the proclivity to repress gangs of youths implicated in repeated cases of theft in the name of this fight, which was widely observed during the 1990s,⁷² has no reason to decrease.

The threat of organized crime is still claimed to be dangerous for Russian society, as it may subvert legal economy and the state. The public is assured that "thieves in law," already in control of a considerable number of legal businesses, are using every means at their disposal to obtain direct access to federal, regional, and local budgetary resources.⁷³ Finally, this view of how criminal organizations are positioned in society is accompanied by the sort of language (from political, media, and academic sources) that revitalizes their supposed links to "foreign" ethnic groups. In a social atmosphere saturated by racism, Gypsy and Tajik communities are thus alleged to control the

narcotics trade, while the fear of “Caucasian mafias” helps to justify repressive action against Georgian or Chechen nationals. Since the war in Georgia in August 2008, a strong connection between organized crime in Russia and Georgian “thieves-in-law” (“vory-v-zakone”) has been more often established in the police and the media. Police officials claim, for instance, that half of all “vory-v-zakone” in the Russian territory would be of Georgian origin.⁷⁴ In 2009, several murders in Moscow crime circles, including Vyacheslav Ivankov’s death in October, has led experts to suppose that Georgian “vory-v-zakone” would now pretend to assume the leadership of organized crime gangs in Russia.⁷⁵

As regards local predatory networks that develop without the help of city gangs, Putin and his circle have sought to eliminate certain of them since 2000 by exploiting the legal vulnerability of anyone in a position of power.⁷⁶ Known as the “dictatorship of the law,” this policy addresses mafia violence through the selective application of the law, intimidation, and force, as illustrated by the approach in the aforementioned Smolensk region. The Khodorkovsky affair, the “werewolves in epaulettes” scandal, the exposure of corrupt regional mayors and senior administrative officials, as well as the refusal in 2004 to allow certain governors to run for another term, all highlight the government’s determination in this respect.⁷⁷ Meanwhile, regional figures willing to relinquish their posts are offered jobs in the Kremlin, despite the heinous crimes laid at their door by the federal authorities. Vladimir Yakovlev, the former governor of St. Petersburg, served as deputy prime minister before being appointed presidential envoy to the Southern Federal District in 2004 and, for a short period during the same year, as minister of regional development. Yevgeny Nazdratenko, the long-serving head of Primorsky Krai, was forced to resign by the federal government, which repeatedly accused him of mismanagement and dishonesty. Paradoxically, Nazdratenko was subsequently put in charge of the Moscow-based State Fisheries Committee, which regulated the very sector he had so often been accused of pillaging. Rapidly removed from office, he was then appointed deputy director of the Security Council in 2003.⁷⁸

The “dictatorship of the law” relies on a monopolization of federal political space and the close monitoring of local and regional political arenas, ostensibly in the name of combating collusion between politicians and mafias. After a ferocious struggle to establish his party, Unity, as the most powerful bloc in the State Duma in 1999, Putin and his circle labored to turn it into the country’s dominant political formation,

renamed United Russia.⁷⁹ Governors, when deprived of their electoral legitimacy and appointed by the president, were required to join, willingly or otherwise, the “party of power” or the “President’s party,” as it is currently known in Russia. In the 1990s, some regional leaders including Mintimer Shaimiyev, president of Tatarstan, and Eduard Rossel (governor of the Sverdlovsk region) had built their reputations on attempts to circumvent federal power and maximize regional autonomy. Moreover, new rules on the registration of Russian political parties blocked the formation of regional parties linked to figures with a large local following.⁸⁰ These changes, together with control of the magistracy and national television channels, also help to explain the marked decline (compared to previous elections) in the use of compromising documents during the December 2003 legislative elections. The territorial structure of United Russia is currently one way of keeping local elites under close surveillance. The creation of devolved federal power structures, the seven federal districts, most of which are led by senior functionaries with a background in “force structures,” is another. Besides coordinating the implementation of penal policy, these leaders are responsible for relaying information about local political practices.⁸¹ The Procuracy is actively engaged in combating local political authorities. Confrontations between governors and regional procurators have multiplied in Ivanovo, Kamchatka, the Koryak autonomous area (where the procurator himself stood for election), Tver, Saratov, and other areas.⁸² Although these clashes do not invariably lead to the ousting of a suspect governor, they tend to intimidate holders of regional executive power. Naturally, the FSB has a crucial part in this politics of surveillance. Since 2000, large numbers of senior FSB officers have gone on to take up positions in ministries, regional administrations, federal districts, and on the boards of major companies. Notable examples include Rashid Nurgaliyev, head of the Interior Ministry since 2004, and one of the three deputies. In order to tighten its grip on law-enforcement bodies, the government has also changed the rules for appointing the heads of Interior Ministry regional directorates. Now nominated by the president, they are no longer selected for their knowledge of local affairs, but for the very fact that they have no connections to the region to which they are posted. The implementation of all these measures does not, however, signal the success of Putin’s project or the probity of those employed to carry it out. Despite fears that the FSB has penetrated every locus of power,⁸³ there is no evidence to suggest that all security services agents are pursuing the same interests. Nor is it certain that these agents will succeed in breaking the

old allegiances. Should this occur, there is still the question of whether the restoration of the state's authority actually serves the public interest or simply masks the renewal of predatory networks with no aim other than the exploitation of local economic resources. Whatever the case, it is clear that monopolizing the fabrication of compromising documents reduces the likelihood of scandals involving the machinations of authorities that embody a return to order in the Russian regions.

The pursuit of a "dictatorship of the law" supposedly addresses legitimate concerns at both national and international level, as highlighted by the intensified campaign against "corruption" and Russia's active participation in the global bodies set up to define and promote measures to combat money laundering. As such, these new priorities help to perpetuate political manipulation of the mafia problem. In these domains, international standards provide a valuable arsenal that the Russian government can easily exploit when pursuing domestic goals.⁸⁴

Conclusion

Dealing with predatory networks that developed in the 1990s on the basis of management skills, administrative resources, and violent entrepreneurs is a complex political economy that combines widely publicized repression measures, informal dealings, and integration of some players in the government circle. Anti-mafia rhetoric, moreover, is still employed to legitimize governmental action. In some cases, the campaigns against holders of power who might conceivably represent a threat to presidential authority are conducted in the name of combating collusion with "organized crime." This argument has been extended to nongovernmental organizations. Following riots in several Russian prisons, the first deputy director of the prison service alleged that prisoners' rights groups were funded by criminal organizations seeking to destabilize the penal system.⁸⁵ Finally, the repression of organized crime helps to justify stronger anti-immigration measures by focusing on gangs linked to Caucasian or Central Asian communities, even more so since the war in Georgia in 2008. All these elements reveal the existence of a process of taming mafia violence, the use of which becomes less and less competitive as time goes on. The process is by no means complete, but the monopolization of the definition of "organized crime," of its social issues and the information pertaining to them, constitutes—for the time being—one of its chief results.

Notes

1. Gilles Favarel-Garrigues, "Competition and Confusion in the Discourse on Organized Crime in Russia," *Alternatives* 28(4) (2003): 423–457.
2. *Kommersant'*, October 24, 2005.
3. The Soviet (then Russian) "criminal underworld" traditionally referred to a body of rules that determined the procedures for appointing leaders, the hierarchical relations between members, and the obligations and prohibitions they were bound to respect. These rules were generally disseminated within the prison system. Within this environment, "thieves in law" (those who lived by the code of honor) constituted the leading elite. Since the late 1980s, younger criminals have tended to reject this code.
4. This author draws on Diego Gambetta's work on the Sicilian mafia, notably *The Sicilian Mafia* (Cambridge: Harvard University Press, 1993).
5. Federico Varese. *The Russian Mafia. Private Protection in a New Market Economy* (Oxford: Oxford University Press, 2001).
6. On entrepreneurs' resort to the justice system, see Caroline Humphrey, "Russian Protection Rackets and the Appropriation of Law and Order," in Josiah Heyman (ed.). *States and Illegal Practices* (Oxford: Berg, 1999), 199–232.
7. Vadim Volkov. *Violent Entrepreneurs. The Use of Force in the Making of Russian Capitalism* (Ithaca: Cornell University Press, 2002).
8. Vadim Radaev, "Russian Entrepreneurship and Violence in the Late 1990s," *Alternatives* 28(4) (2003): 459–471.
9. On this point, see Pierre Lascoumes. *Elites irrégulières. Essai sur la délinquance d'affaires* (Paris: Gallimard, 1997).
10. Alexandrine Brami-Celentano, "L'usage politique des scandales financiers en Russie post-soviétique: une étude de 'l'affaire MMM,'" in Gilles Favarel-Garrigues (ed.). *Criminalité, police et gouvernement: trajectoires post-communistes* (Paris: L'Harmattan, 2003), 83–108.
11. The internet site www.compromat.ru contains a large number of compromising documents published in the Russian press.
12. Vladimir Ustinov, "Doklad Generalnogo Prokurora Rossiiskoi Federatsii Prezidentu Rossii i Federalnomu Sobraniyu o sostoyanii zakonnosti, pravoporyadka v Rossiiskoi Federatsii i rabote organov prokuratoury za 2001 god po presecheniyu pravonarushenii" [Russian Federation Procurator General's Report to the Russian President and Federal Assembly on the State of Legality and Order and on Procuracy Activity with Regard to Combating Crime], *strana.ru*, April 30, 2002.
13. See, for example, the list of prosecutions for blackmail involving journalists and politicians published in *Kommersant'*, February 20, 2004.
14. Alexander Korzhakov. *Boris Eltsin: ot rassveta do zakata* [Boris Yeltsin: From Dawn to Dusk] (Moscow: Interbook, 1997), 122.
15. Vladimir Gel'man. Vtoroi elektoral'nyi tsikl i transformatsiya politicheskogo rezhima v Rossii" [The Second Electoral Cycle and the Transformation of the Political Regime in Russia] in Vladimir Gel'man, Grigory Golosov, Elena Meleshkina (eds.). *Vtoroi elektoral'nyi tsikl v Rossii 1999–2000 gg.* [The Second Electoral Cycle in Russia, 1999–2000] (Moscow: Ves' mir, 2002), 27–28.
16. Aggravated by the fact that in law-enforcement agency reports, "political crime" often means acts "against the political order" committed in Chechnya and, more marginally, in neighboring republics. See, for example, the Russian Federation Procurator General's 2002 report on "The State of Legality in the Russian Federation, 2000–2001" (available at <http://genproc.gov.ru/ru/document/nii>).
17. *Kommersant'*, April 18, 2003.
18. *The Times (UK)*, June 7, 2003.

19. Steven Fish, "The Executive Deception: Superpresidentialism and the Degradation of Russian Politics," in Valerie Sperling (ed.), *Building the Russian State. Institutional Crisis and the Quest for Democratic Governance* (Boulder: Westview Press, 2000), 177–192. On the background to the adoption of the 1993 Constitution, see Igor Klyamkin, Lilia Shevtsova, "The Tactical Origins of Russia's New Political Institutions," in Archie Brown (ed.), *Contemporary Russian Politics* (Oxford: Oxford University Press, 2001), 14–16.
20. See, for instance, the case of Nadir Khachilaev, a former State Duma deputy who was murdered in August 2003. *Radio Free Europe / Radio Liberty Newslines*, August 3, 2003.
21. Eugene Huskey, "Legislative-Executive Relations in the Yeltsin Era," in Archie Brown (ed.), *Contemporary Russian Politics* (Oxford: Oxford University Press, 2001), 122.
22. In 2007, the LDPR list for national legislative elections included the name of Andrei Lugovoi, former FSB agent who has been suspected to have poisoned A. Litvinenko in London in 2006.
23. *Gazeta Rossiya*, April 1, 2004.
24. *Ibid.*
25. Obshchestvenno-Politicheskii Soyuz (OPS) Uralmash.
26. Based in the Uralmash factory zone in Yekaterinburg, this gang was one of the first to develop locally in the late 1980s. Initially composed of sports enthusiasts, the organization rapidly expanded under *perestroika* and the economic reforms of the early 1990s. Shootouts with its main rival, the "Central" gang, often made front page news in the early 1990s, and Yekaterinburg became known as the "Chicago of the Urals." Following the arrest of one of its leaders, local businesspeople organized in 1993 a press conference at which they expressed their support for someone who, in their view, guaranteed local economic growth. The gang is supposed to have legalized most of its income in the late 1990s.
27. Interview, St. Petersburg, February 2004.
28. On the discourse of self-justification, see Favarel-Garrigues, "Competition and Confusion in the Discourse on Organized Crime in Russia," 31–32.
29. In the 1993 Constitution, the term "subject" denotes all the regions, republics, and territories that make up the Russian Federation.
30. Isabelle Sommier. *Les mafias* (Paris: Montchrestien, 1998), 121.
31. *Ibid.*, 111.
32. Several journalists have reported on the treatment of drug users (see, for example, *The Guardian*, June 21, 2000). One of the campaign's initiators has also written a book: Evgenii Roizman, *Gorod bez narkotikov* [A Drug-Free City], Yekaterinburg, Fond "Gorod bez narkotikov" (Roizman Foundation, 2005). In this book, Evgenii Roizman, who has also been deputy in the State Duma from 2003 to 2007, does not hide that he has benefited from the support of OPS Uralmash leaders, pp. 10–15.
33. Vadim Volkov, "Po tu storonu sudebnoi sistemy, ili Pochemu zakony rabotayut ne tak, kak dolzhny" [On That Side of the Judicial System, or Why Laws Are Not Working Properly]. *Neprikosnovenii zapas* 4(42) (2005): 43–45.
34. *Novaya Gazeta*, September 25, 2000. This investigation also features in: Anna Politkovskaya. *Putin's Russia* (London: Harvill Press, 2004), 164–198.
35. *Ibid.*
36. *Nezavisimaya Gazeta*, June 16, 2003.
37. V.B. Zhitenev. *Mafiya v Ekaterinburge. Obshchestvennoe mnenie i pressa ob organizovannoi prestupnosti* [The Mafia in Yekaterinburg. Public Opinion and the Press on Organized Crime] (Yekaterinburg: 1993).
38. These monuments can also be seen in the cemeteries of other Russian towns and cities. One example commemorates businessman Otar Kvantrishvili, an investor in the sports sector, killed when leaving the baths in Moscow (photograph in *Moskovsky Komsomolets*, September 22, 2005). In St. Petersburg, the monument to Konstantin Yakovlev, alias "Kostya-the-Grave," a former gravedigger who turned to racketeering in the late 1980s

- and legal businesses in the early 1990s (media, banks, service stations), represents the epitome of funerary art (photograph in *Nezavisimaya Gazeta*, August 17, 2005).
39. Remarks televised by the NTV channel, May 6, 1997. See also Tanya Frisby, "The Rise of Organized Crime in Russia: Its Roots and Social Significance," *Europe-Asia Studies* 50(1) (1998): 46.
 40. *Nezavisimaya Gazeta*, April 20, 1999.
 41. Sergei Mostovschikov, "The End of Organized Crime in Russia," English version of a Russian article published in *Ekspert* 26 (June 12, 1999) (available at <http://www.gateway2-russia.com>).
 42. *Ibid.*
 43. During the first phase of the privatization process, legally initiated in 1992, every Russian citizen received a voucher or privatization cheque. The vouchers could be directly exchanged for shares, placed with investment funds, or sold. As they were anonymous, they were easy to trade.
 44. *Novaya Gazeta*, September 15, 2003.
 45. Alexander Lebed, "Russie: tant que le crime règnera . . .," *Politique internationale* 84 (1999): 245.
 46. *Ibid.*, 244.
 47. *Novaya Gazeta*, September 15, 2003.
 48. *Vremya Novostei*, July 1, 2003.
 49. Baturina attempted to prevent publication of the December 2006 issue of *Forbes* magazine, whose cover quoted her as saying: "I am guaranteed protection" (see *International Herald Tribune*, December 4, 2006).
 50. *Gazeta Ru*, July 28, 2003.
 51. *Ibid.*
 52. *Nezavisimaya Gazeta*, August 8, 2002.
 53. All the information concerning the capture of the vodka market in the Smolensk region comes from Jean-Charles Lallemand, "Clientélisme régional en Russie: les exemples de Briansk, Smolensk et Koursk," *Pouvoirs* 112 (2005): 127–140.
 54. *Kommersant'*, May 17, 2002.
 55. *Novaya Gazeta*, September 25, 2000.
 56. Jean-François Bayart, Stephen Ellis, and Béatrice Hibou. *The Criminalization of the State in Africa* (Bloomington: Indiana University Press, 1999).
 57. *Ibid.*, 47.
 58. Sentences ranged from 15 to 20 years (*Argumenty i fakty*, September 13, 2006).
 59. Leonid Kosals et al., *Ekonomicheskaya aktivnost' rabotnikov pravookhranitelnykh organov post-sovetskoi Rossii: vidy, mashtaby i vliyaniye na obshchestvo* [The Economic Activities of Law Enforcement Agencies in Post-Soviet Russia: Forms, Scale, and Social Effects], Moscow, 2002. An abridged version of this report can be found at <http://escocman.edu.ru/images/pubs/2004/12/14/0000198275/009.KOLENNIKOVA.pdf>
 60. See Putin's address to the nation in 2005, available at http://president.kremlin.ru/appears/2005/04/25/1223_type63372type82634_87049.shtml
 61. Alexander Khinshtein, *Okhota na oborotnei* [Hunting the Werewolves] (Moscow: Detektivpress, 2005). He has also initiated in 2005 a corruption case against Mikhail Kassyarov, former prime minister who pretended at that time to become an opponent to Vladimir Putin's policy.
 62. The case of the Federal Customs Service is relevant here. In April 2006, Putin publicly called for a crackdown on collusion between businesspeople and customs officials. In May and June, the media covered the arrests of a large number of senior regional customs officials. The director of the Federal Customs Service was replaced in July.
 63. However, the replacement of Vladimir Ustinov, the Russian Federation procurator general, and the dismissal of several senior Procuracy and FSB executives for "abuse of power" were

- widely reported in 2006. About corruption within the Procuracy structures, see, for instance, one case in the city of Samara: <http://prokuror.samara.ru/news/12.07.2007/15/10837/>. About corruption in the FSB, see: http://www.stopcorruption.ru/item_464.htm
64. Russian Federation president' address to the nation, 2001. See: www.un.it/russia/pressrel/2000/00_07_00.htm#english, for an English version.
 65. Gilles Favarel-Garrigues, Kathy Rousselet. *La société russe en quête d'ordre* (Paris: Autrement, 2004), 59–105.
 66. This term encompasses the Defense Ministry and all law-enforcement institutions.
 67. See the MVD website: www.mvdinform.ru/index.php?docid=370.
 68. Gordon Bennett. *The Ministry of Internal Affairs of the Russian Federation*, Conflict Studies Research Centre (October 2000): 2 [<http://www.da.mod.uk/CSRC/documents/Russian/C106>]
 69. About the situation in Ingushetiya, see the Memorial association's website (<http://www.memo.ru/>).
 70. *Kommersant'*, September 2, 2005.
 71. *Prikaz MVD Rossii* (Russian Interior Ministry decision), n° 650, August 5, 2005.
 72. Ustinov, "Doklad Generalnogo Prokurora Rossiiskoi Federatsii Prezidentu Rossii i Federalnomu Sobraniyu o sostoyanii zakonnosti, pravoporyadka v Rossiiskoi Federatsii i rabote organov prokuratury za 2001 god po presetcheniu pravonarouchenii."
 73. *Novye Izvestiya*, December 17, 2003.
 74. See, for instance, "In Russia there is more than 600 Georgian vory-v-zakone. MVD estimates that it is not their fault, but Saakashvili's one" (<http://www.newsru.com/russia/31mar2009/vory.html>)
 75. Two major gangs were supposed to be fighting in Moscow in 2009, both led by "vory-v-zakone" of Georgian origin, "Ded Khasan" i Tariel Oniani.
 76. A "political information and consultancy service" offered a list of 216 "vulnerable" State Duma deputies, that is, those likely to be investigated. See N.A. Tyukov, *Perspektivy otmeny deputatskoi neprikosnovennosti: otsenka zainteresovannosti deputatov Gosudarstvennoi Dumy RF* [Plan for Withdrawing Parliamentary Immunity: An Interpretation of the Interests of the Deputies of the Russian Federation State Duma] (Moscow: Spil-tsentr, April 2002).
 77. Shortly after the tragic denouement of the Beslan hostage crisis in 2004, Putin used the threat of terrorism to reinforce vertical power. Governors would in future be appointed, rather than elected by popular vote.
 78. Robert Coalson, "Can the Kremlin Really Fight Corruption," *RFE/RL Russian Political Weekly* 28 (July 2003).
 79. Apart from United Russia, the only parties that succeeded in penetrating the State Duma in December 2007 were communist (CPRF) and populist (Zhirinovskiy's LDPR and the faction-ridden Rodina), in other words, groups that in reality had no chance of winning the elections.
 80. During the 1990s in the Sverdlovsk region, for example, regional elections were often noted for the absence of national political parties and the domination of purely local parties. See Aleksander Kynev, *Smeshannye vybory v rossiiskikh regionakh: opyt' 1993–2002 godov* [Mixed Elections in the Russian Regions: The Experience of the Years 1993–2002]. Available at: www.democracy.ru/library/practice/media/media_in_regelect_2001/page4.html
 81. Nikolai Petrov, "Siloviki in Russian Regions: New Dogs, Old Tricks," *Power Institutions in Post-Soviet Societies* 2 (2005) (<http://www.pipss.org/document331.html>).
 82. Julie Corwin, "Governors versus Prosecutors," *RFE/RL Russian Political Weekly* 4(19) (2004).
 83. Olga Kryshatanovskaya. *Anatomiya rossiiskoi elity* [Anatomy of the Russian Elite] (Moscow: Zakharov, 2005).

84. On the domestic use of anti-money laundering norms, see Gilles Favarel-Garrigues, "Domestic Reformulation of the Moral Issues at Stake in the Drive against Money Laundering: The Case of Russia," *International Social Science Journal* 57(185) (2005): 529–540. About anticorruption policy, see: Gilles Favarel-Garrigues, "La lutte anticorruption, de l'unanimité internationale aux priorités intérieures," *Droit et Société* 72 (2009): 275–284.
85. *Kommersant'*, May 8, 2004.

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CHAPTER 7

Mafia and Civil Society: Economico-criminal Collusion and Territorial Control in Calabria

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Mafia style criminal organizations have long been present in many regions of southern Italy and continue to have a deep impact on the organization of local society in these areas. Despite their remarkable capacity for expansion beyond their original zones and their participation in large-scale trafficking (national and international), the “historical” Italian mafia remains characterized by its strong territorial roots. This is why it is important to study the mechanisms upon which this embeddedness, which is a particularity of the mafia compared to other criminal organizations, is constructed. Yet, in the vast literature on the mafia and related phenomena, there is little empirical research concerning the mechanisms through which the *territorial control* exerted by the mafia operates in a specific local society.

The most evident manifestation of such control is the existence of an extortion-protection mechanism that mafia groups meticulously apply to all forms of economic activity in the local context where they are active. Payment exacted by the racketeers (the *pizzo*) is in fact “the tangible recognition of the mafia organization’s authority over this territory, and represents a kind of tax paid to the organization in control.”¹ This extortion-protection mechanism is rendered possible by the mafia’s control of interpersonal resources. For the groups in question these mechanisms are also a way of procuring these resources, which might be called a kind of “social capital.”² Other than the use of violence, a specificity of these groups is indeed their ability to accumulate and

utilize social capital—that is, their ability to establish relationships with their external environment, particularly with politico-administrative and entrepreneurial actors. They possess a “reservoir” of interpersonal resources to be used for a variety of different purposes. The accumulation of wealth is by no means the sole objective of mafia groups—often not even their principal one. It is above all the desire for power that characterizes mafia organizations. That is why these groups have a specifically political dimension that is visible in their control of territory and in their contacts with different aspects of official institutions and civil society. Social capital and external relations on one hand as well as territorial control and the offer of protection on the other, both are integral elements in the exchanges between political actors, entrepreneurs, and the mafia. These collusive practices gradually become more generalized and develop across different territories and social sectors. Thus they gain legitimacy in a widening range of social areas and eventually become models of success that are socially accepted and imitated.

The criminal groups in question here belong to the ‘Ndrangheta, a term that refers to the Calabrian mafia.³ The specificity of the ‘Ndrangheta compared to other mafia organizations (Cosa nostra in Sicily or the Napolitan Camorra) lies in its horizontal organizational structure: each group within it (a *ndrine*) has absolute authority over the area it controls. Through the use of violence, the selective instrumentalization of traditional cultural codes, and the manipulation of social and political relations, the ‘Ndrangheta has gradually transformed itself from a simple criminal association into the expression of a criminal elite that, deeply rooted in local territory and possessing a significant amount of economic as well as military power, is in a position to participate in local government.⁴ The development of the ‘Ndrangheta went hand in hand with an underestimation of how dangerous it was. For a long time the ‘Ndrangheta was considered to be a criminal organization of lesser importance in the panorama of the Italian mafia groups. It has only recently gained recognition, even at an institutional level, as one of the most powerful of these organizations, and also one that is active in international cocaine trafficking. Its dangerous nature was tragically confirmed in October 2005 when the vice president of the Regional Council of Calabria was assassinated. The region, which had not for long been governed by a center-left majority, had decided on a series of policies to combat organized crime. The homicide was committed in a polling station during the “primaries” organized by the centre-left coalition in order to designate their leader for the legislatures

that were to be held in April 2006. The details of this homicide suggest that it was a murder of high political significance, even more so given that it took place after a long series of intimidations toward officials in local administration and regional government.

In this chapter I draw on research conducted in Calabria⁵ to explore the points mentioned above and more particularly to highlight the effects of a strong mafia presence on economic practices and the functioning of businesses. I will focus on the type of interaction that is established between mafia actors and civil society, drawing particularly on the case of economic actors. Firstly, I will discuss the specific characteristics of the mafia presence in local society and then present the main results from the research on the relations between mafia members and entrepreneurs. The analysis of this kind of relationship is key to understanding the “politico-criminal configuration” that results from the territorial control exerted by the mafia groups. As we will see, the mafia pushes business actors to behave cooperatively. These actors are then constrained to take the presence of the mafia into account when conducting their economic activities: either they submit to the mafia’s impositions, or they actively accept them, or they adopt exit strategies and transfer their businesses elsewhere.

The presence of the mafia in local society

This research was conducted on the Gioia Tauro plain in south west Calabria, an area where the presence of the mafia is very old. Active criminal groups have been documented here since the post-unification period. In 1899, 317 people originating from Gioia Tauro were accused of being part of an “association of delinquents” who were “attacking private property”; in 1903, 54 people were accused⁶ in another mafia trial. From this period onward, the Gioia Tauro zone was one of the most dynamic in Calabria and in the Mezzogiorno. Its economy was characterized by intensive agriculture for export and also by the presence of industries dealing in the transformation of agricultural products.⁷ This development, confirmed by several studies underlining the presence of a large commercial bourgeoisie,⁸ throws doubt on the thesis that associates the emergence of the mafia with economic underdevelopment. As has been demonstrated in other places where the phenomenon has been observed,⁹ the case of the Gioia Tauro plain indicates that the emergence of the mafia cannot be assimilated with poverty and socioeconomic backwardness. On the contrary, it historically developed

in zones where there were important opportunities for development and imposed itself as an instrument of political, social, and economic regulation in these areas.¹⁰

The mafia presence thus consolidated itself over time in the Gioia Tauro plain and became a stable element in local society. The mafia is a mechanism that regulates social, political, and economic relationships and as such it has produced a state of balance that has a profound impact on life in the community. The outside observer will necessarily be struck by the contrast between an explicit private well-being and the evidence of collective social malaise. As is the case in other regions of the Mezzogiorno, there is a clear division here between private wealth on one hand and poverty and inefficiency of public services on the other.

The socioeconomic context

The structure of production on the Gioia Tauro plain is characterized by the predominance of small local businesses operating in traditional low-technology sectors with a very small geographic reach. There is also a strong presence of commercial services that require a low-skilled labor force. The principal activities are the building sector and its derivatives, as well as the food industry (which includes first and foremost treating citrus fruits as well as producing and refining olive oil). The number of businesses in the area is very high, higher than in Calabria or in all the Mezzogiorno in relative terms.¹¹ Entrepreneurial initiatives tend to be oriented toward sectors that are supported by state intervention, either directly or through aids and subsidies of different kinds. The level of industrialization of this zone is low; it has a service sector that is overly large but underproductive, in which public subsidies make up a large part of the revenue.

Within the scope of this chapter, it is not possible to precisely retrace the influx of public investment that has been directed into this zone in the last fifty years, but a rapid enumeration will help us understand its significance: the construction of a second train line between Naples and Reggio Calabria, the building of a freeway between the latter city and Salerno, preparatory work for the construction of a steel plant and a thermoelectric power station (two projects that were never completed), the construction of a dam on the Metramo river, and many other infrastructure projects.¹² In all of these cases there was a manifest presence of mafia groups, either at the moment of awarding the public tenders or when the work was finished. In this, the mafia members demonstrated

their entrepreneurial abilities but above all their interpersonal skills. Several judicial enquiries revealed the existence of collusive agreements between politicians, major businesses specializing in public works, and mafia clans.

The construction of the Gioia Tauro port was particularly significant in this respect. The port was intended to be part of the infrastructure for the steel-manufacturing plant. The project dates back to the 1970s but first it was downsized and then altogether abandoned following the industrial crisis. In the mid-1980s this project was replaced with plans to build a thermoelectric power station. The construction of this plant was obstructed by judicial investigation from its early stages, because of the exposure of illicit partnerships between the business running the construction (the National Electric Company, ENEL) and mafia organizations. The investigation implicated the president and senior managers of ENEL, elected officials, directors of national businesses, as well as mafia leaders and some of their frontmen. The construction work on the power station was never resumed, not only because of these inquiries but also because of environmental protest movements. During this time, the industrial port—which was finished after nearly twenty years of construction and for a sum exceeding 1,000 billion lire¹³—remained unused. After interminable discussions and multiple proposals concerning its possible reuse, the port became a place of great entrepreneurial initiative. In 1993, a ligurian ship-owner and president of the Contship Italia group requested the concession of the port zone to develop a “transshipment” practice, that is, the transfer of containers between ships. A business was set up for this purpose in 1994 (Medcenter Container Terminal, MCT) and became operational in September 1995. Since then the port activities in Gioia Tauro have increased spectacularly. Intended as a major industrial port, it indeed possesses the necessary technology for *transshipment* and its location puts it in a strategic position in the middle of the Mediterranean basin. In the business of transferring containers, the Gioia Tauro port has become the most important port in the Mediterranean and the third most important in Europe.¹⁴ Here too the mafia is active. As we will see shortly in more detail, those wishing to invest in this zone are confronted with a number of risks associated with a strong mafia presence. The group that invested in the transformation of the port took these risks into account. When they began their work, the delegated administrator of the Contship Italia declared that “Gioia Tauro is a tinderbox. We knew that very well when we decided to invest [. . .]. It’s terrible to admit, but those who work in these regions risk their life.”¹⁵

In the initial stages the 'Ndrangheta seemed absent from the operation *Medcenter*, which otherwise began in a period where the antimafia tactics of institutional organizations were particularly strong (it was the time of the large antimafia and anticorruption investigations in the Italian magistracy, the "clean-hands" operation). However, from 1997, racketeering attempts on the part of mafia groups became apparent. These groups demanded a dollar and a half for each container transferred—which amounted to nearly half the profit the MCT made on these transfers—and claimed a role in the businesses activity in the port zone. After long judicial enquiries into these matters, an entrepreneur (Domenico Pepè) was designated by the Piromalli clan (the dominant mafia "family" in the Gioia Tauro area, and among the most important in Calabria) to make a connection with the president of the MCT. Pepè met with the man who was the delegated administrator and vice president of the *Contship Italia* in Lombardia. The magistrate noted¹⁶ that during this meeting the administrator had remarked that because the MCT was part of a large multinational corporation it was not easy for them to justify the cost of substantial bribes in the company accounts (roughly 2 million dollars were demanded per year). The entrepreneur replied that this obstacle could be overcome by the creation of "shell corporations." During another meeting, this same entrepreneur was more specific: he stipulated that the mafia organization that he represented was able to ensure not only the security of the facilities and the relations with port staff and unions, but also the "resolution of any bureaucratic obstacles with which the MTC may be confronted in any public organism in Calabria, as well as any criminal activity that might be directed by others against the industrial structures of the company."

According to legal sources, it seems that the management of the *Contship Italia* group decided to negotiate with the mafia. As the delegated administrator himself declared in an interview with the newspaper *La Repubblica* on August 21, 1997: "our initial objective was to save time. But in the end I think we would have paid. You see, the *Contship* made very large investments in Gioia Tauro, to the order of hundreds of billions [of lire]. The containers terminal was in full development [...] We had to defend our investment." Successive investigations demonstrated that businesses set up or controlled by the mafia did more than simply organize the services and handling within the port infrastructure, they also controlled the labor market and the distribution of lands around the port (intended for the development of businesses), which gave them access to public funds. Beyond the judicial consequences

that stemmed from these events, they show that the risks associated with the mafia weigh heavily on local economic initiatives and that the entrepreneurs who are active in the area are obliged to adopt specific (and diverse, as we will see shortly) strategies to deal with them.

The local political system

Over time, the local political system was revealed to be highly permeable to the pressures and interests of the mafia. In Gioia Tauro, like in most local areas of this zone, the Christian Democracy (DC) were the dominant political party from the end of the Second World War up until the 1990s. As was the case elsewhere in the Mezzogiorno, politics was dominated by clientelism. On one hand, the absence or the lack of mobilization and identification obstructed the development of an extensive trust network and led to an increase in the role of the family and filiation as a means of defense and protection for individuals. On the other hand, because local politics was still strongly connected to civil society, it became modeled on the primary social structures mentioned above and favored the same types of particularistic exchanges, thus allowing for the development of not only "private governments" such as clientele groups but also mafia groups. This situation led to the generalization of "acquisitive" political practices, that is, those aiming to exploit the opportunities and resources that stem either directly or indirectly from family-clientele relations and/or power struggles.¹⁷ In Gioia Tauro particularly, the mafia has been seen to be "perversely entangled with public intervention, the private interests of certain sectors of the upper classes and independent workers, generalized preferential treatment, and the action (or rather inaction) of local administration." The mafia relies on political parties distributing political resources that come from the center: "each influx of resources that arrive in the territory constitutes an object of more or less direct appropriation and control."¹⁸

A rapid reminder of some of the emblematic episodes will give an idea of the dense networks of collusions and interests that characterize the political system. During the municipal election campaigns of 1980, the Christian Democracy list in Gioia Tauro included the immediate relatives of one of the principal mafia families.¹⁹ This is precisely the period during which the mafia groups adopted a new political strategy; no longer content with influencing political and administrative apparatuses from the outside, they aimed to insert themselves directly into these structures. In other words, no longer content to guide the votes

that they controlled toward the people most disposed to protect their interests, these groups sought to have their members elected in the local administration. This type of insertion does not prevent the mafia from pursuing intimidatory action toward economic operators or institutional representatives. A case in point is that of Vincenzo Gentile, who was elected mayor of Gioia Tauro several times from the beginning of the 1960s onward. In 1977, in a statement to the press he described a reputed mafia family as “respectable people.” Then, in 1979, in a deposition during a trial against sixty mafia bosses implicated in, among other things, the irregular contracting on the Gioia Tauro port, he declared that “the mafia doesn’t exist,” a statement that provoked many indignant reactions. The same year he was the target of a bomb attack and gunshots were fired at his house. What can be ascertained about these attacks is that they were the result of the mayor, although “receptive” to mafia interests, seeking to put limits on the increasingly exorbitant demands of criminal groups. In 1987, Gentile—once again mayor—was assassinated by the mafia who sought absolute control over local administration. The investigations that followed this assassination led to numerous arrests, including those of several local elected officials who were close to the mafia groups. In 1993, in accordance with a recent law, the Municipal Council was dissolved by government decree because of mafia infiltration. Neighboring areas were also subjected to similar measures—which confirms the diffuse nature of the mafia presence in this zone.

This period was marked by strong antimafia action on the part of the public authorities and institutional agencies, as well as increased mobilization in civil society against the mafia—following attacks in Sicily that cost the lives of judges Falcone and Borsellino as well as their escort in May and July of 1992. It was not by chance that in 1995 the new mayor of Gioia Tauro was elected on a series of promises in which antimafia action had an important place. This was Aldo Alessio, the regional leader of the *Confederazione italiana del lavoro* (CGIL), the union linked to the former communist party that was at the head of a coalition of left-wing parties. The action of the new mayor was inspired by a desire to “reestablish lawfulness” (to use his own words). The administration promoted anti-racket associations and decided to press charges in all the trials concerning the mafia on the Gioia Tauro plain. The mafia reacted with threats and intimidation. Political instability was significant during this period; only ten months after Alessio was first elected as the head of the municipality, 11 of his 21 councilors resigned (undoubtedly as a result of pressure, to say the least) and the

Municipal Council was dissolved. Alessio was reelected but had to face more desertions. In 1999, 11 councilors resigned, including some from the majority, all invoking personal reasons.²⁰ This followed a municipal decision allocating a real estate complex confiscated from a mafia family for public use (the law allowing local authorities to appropriate assets confiscated in the context of mafia trials and to put these assets to the service of associations or community services). The innovative agenda of the new administration was not acceptable to the mafia, which, therefore, aimed to make the municipality ungovernable, increasing and exploiting the political instability and conflict that characterized the political sphere.

On the other hand the mafia groups seem to have overcome their momentary weakness during the intensification of repressive action (by the judiciary and the police) in the 1990s, even though this resulted in numerous arrests in their ranks. Toward the end of the decade, encouraged by the decrease in attention public institutions paid to the mafia,²¹ these groups reorganized themselves and reaffirmed their ability to control a territory. The increase in violence is testimony to this. In 1998, a well-known member of the local bourgeoisie who had founded an association to promote cultural and civic initiatives was assassinated. In 2001, the building mentioned above that had been confiscated from the mafia was destroyed in a bomb attack. In the run-up to the municipal elections of the same year Alessio was assaulted by a center-right candidate. Numerous other attacks against economic operators demonstrate that the mafia continues to solidly control the territory—an observation that is confirmed by recent judicial enquiries as well.

In 2008, the Municipal Council was dissolved once again; the mayor, a political representative of the center-right majority, was arrested and the investigations revealed that the local administration was controlled by criminal organizations.

Entrepreneurship in a mafia context

In a zone with a strong mafia presence, like the one that has just been described, economic operators must “deal” with the mafia. Relations between entrepreneurs and mafia members are not “one-way,” characterized only by force. Rather, they are based on an interaction that develops in an eminently restrictive environment but involves opportunities, preferences, assessments, and cost-benefit analyses on the part of each participant. More generally, the mafia induce the entrepreneurs

to cooperate with them—even if this cooperation, as we will see shortly, may take very different forms ranging from passive cooperation (imposed from above and submitted to) to active cooperation (resulting from a mutually advantageous contract between parties). Moreover, cooperation always supposes mutual dependency between social actors²² and it is not contradictory with the exercise of power.²³ Cooperation is not only the product of loyalty between different social groups or the defense of shared interests. As Enzo Mingione notes, “for cooperation to function even at a low level, power mechanisms must ensure, more or less efficiently, an obligation to cooperate.”²⁴

The entrepreneurs in our study evaluate reality in a rational way. They take into account the conditions of their environment and the concrete alternatives of action at their disposal, and they behave accordingly. The situation is such that, for many of them, it is rational to adopt a strategy of cooperation with the mafia. As was noted by a magistrate in a Calabrian court as early as 1978, these entrepreneurs “have adapted to reality, they recognized the efficiency of the mafia’s authority and the inefficiency of that of the state: given that it was impossible to continue their activity if they did not submit to the mafia, and the damages paid to racketeers was less than would have been caused by their refusal to pay (attacks, strikes), so they preferred to negotiate a preventive ‘protection’ from organized crime.”²⁵ For the entrepreneurs, cooperation may either be the product of force or represent an opportunity; the means of interaction between these entrepreneurs and the mafia are, therefore, diverse. The schema that I propose to analyze this diversity distinguishes between three ideal-typical categories of entrepreneurs. These categories are differentiated by their proximity to the mafia system. From those that are the furthest from the mafia to those that are the closest, these are the “subordinate entrepreneurs,” the “collusive entrepreneurs,” and the “mafia entrepreneurs.”

Subordinate entrepreneurs

The mafia controls the economic activity of subordinate entrepreneurs through the extortion-protection mechanism. This mechanism is extremely flexible and dynamic, and the mafia applies it differently in each case. The mafia offers its protection in exchange for specific benefits and expects a profit for the services it provides. In order for this exchange to come about and be durable, there must be a need for private protection—a need that the mafia creates through the use of violence or, more often, by simply threatening to resort to it.²⁶ One

of the businessmen of the Gioia Tauro plain explained in an interview that the mafia members, through their capacity for intimidation, “condition you to reach an agreement,” that is, to accept one way or another their power and the compromises they propose. The testimonies that were collected on the field suggest that this system is generally considered “routine” by the entrepreneurs themselves. Along with other contextual elements specific to the environment they work in, these businessmen have incorporated the mafia factor into their economic evaluations and their management techniques, to the point that the competence of an entrepreneur is also gauged by his capacity to obtain mafia protection at the lowest possible price.

Once it has begun, the extortion-protection mechanism repeats itself almost automatically and it is practically impossible to extract oneself or even to contain it. Moreover, the rules of the game are not defined once and for all but may be changed by the mafia; this uncertainty makes business activity unstable. These entrepreneurs are those upon whom the mafia presence weighs most heavily, because they are constrained to recognize and passively accept what the mafia imposes on them.²⁷ In an interview, one such businessman formulated it like this:

What can you do? We're forced to do what they [the mafia] wants. Each of us has a family and nobody feels like playing hero. It's not a question of courage... the fact is that it does no good to denounce them: in any case they'd just be straight out and then it'd be us who'd have problems. They'd blow up your business... if you let yourself denounce them, they're even capable of killing you.

It is thus the fear of reprisals that leads these subordinate entrepreneurs to accept the offer of protection and collaborate with the mafia. Their coercive tools, their reputation, and their capacity to use violence mean that the mafia are able to discourage opposition and can decisively condition the behavior of these economic actors.

The fieldwork study had enabled us to identify variations within the category of subordinate entrepreneurs. It is possible to qualify as “oppressed” those entrepreneurs with whom the mafia maintains a relationship of pure domination: those who pay for protection without receiving in return anything other than a guarantee—a temporary one at that—to simply be able to keep operating. These economic actors feel completely helpless when faced with the mafia: they have often been in a position to confirm the impact of mafia's disruption and directly endure the consequences (threats, attacks against their person

and property). A second subcategory of this group is that of the “dependant” entrepreneur. These men, like those in the first group, must pay for mafia protection but must also have the mafia’s authorization to carry out their activity. These entrepreneurs are active in sectors where the mafia have significant interests (notably in construction and public works) and in which they cannot operate without the “permission” of the mafia. Often the “dependant” entrepreneur must not only pay his racketeers to ensure his protection but also pay bribes to politicians. In the zone studied here, the informants suggest that in the majority of these cases, the money was transferred directly to the mafia that then set aside a certain amount to “remunerate” politicians where necessary.

The requirement for remuneration on the part of the racketeers must have some limits, so that it doesn’t force entrepreneurs to cease their activities entirely. In order for the extortion-protection mechanism to keep functioning, the protection must vary according to the nature of the activity and the potential profit that it presents. In many instances, rather than directly extorting (paying a tribute to ensure “tranquility”), mafia members prefer to oblige entrepreneurs to provide articles from their production or payment in kind. Such indirect extortion is logically different from direct extortion. In the latter case, the mafia members obtain an income passively, a percentage of the profits of the business they “protect,” but in which they do not participate. In the former case, however, the mafia has a direct interest in the economic activity from which they seek to obtain an immediate utility, rather than a simple payment from extortion. The economic activities that concern them the most are, therefore, areas in which they could themselves be entrepreneurs. In other words, the mafia establishes a “privileged relationship” with businesses that are in a position to provide material or support to mafia businesses. Many entrepreneurs stated that they preferred straightforward extortion to this form of indirect extortion. Indeed, racketeering allows for a minimum of foresight and means that mafia protection—from an economic perspective—is equivalent to other services that businesses pay for.

The pressure under which these subordinate entrepreneurs are placed, apart from weighing heavily on their balance sheet, hinders both their current performance and their perspectives for development. Markedly submissive to mafia pressure, these businessmen aim to reduce the visibility of their activities and even to limit their business because the mafia presence makes investment decisions and projects for growth extremely hazardous. Their attitude is the product of a rational choice that is explained by the context of subordination in which they act and that leads them to reduce their activity themselves, if they

wish to refuse all “active” agreement with the mafia. Even if they continue to undergo the exactions of the mafia, these businessmen express a clear rejection of this organization and refuse to enter into business with them. Therefore, it is better to be subordinate to the mafia than be their client, or worse, their associate.

There is an alternative for those entrepreneurs who refuse to make links with the mafia and who wish to alleviate its influence: give up their activities. As we have seen, subordinate entrepreneurs have no voice: they cannot protest, particularly to any judicial authority, without the risk of violent retaliation. In these cases exit is likely to be a solution in order to avoid resignation to mafia oppression.²⁸ It is, however, a high-risk and highly costly solution that only some entrepreneurs can face. The exit strategy supposes being able to build a commercial activity elsewhere, an option that most entrepreneurs know to be difficult if not impossible, either because they lack the means necessary or because their activities are too closely linked to local demand and it would be difficult for them to integrate into a new market. Some have succeeded, however. For businesses with higher than average performances, significant commercial opportunities, and heads with the skills and capital necessary to move out of their initial zone of development, the exit was crowned with success. These movements had a negative effect on the Gioia Tauro region, both economically and socially. The entrepreneurs who chose to exit, although relatively few, generally represent the most active and qualified element of the local business elite. Moreover, these entrepreneurs were those for whom the mafia presence was the most unbearable; since they were in the strongest position to oppose it, their exit had the paradoxical effect of reinforcing this presence.

The mafia aims to prevent the exit of these entrepreneurs because of the loss of revenue it represents. For this reason the extortionists make their demands proportional to the economic size of the businesses they racket, so as to never ask for amounts that would lead to the bankruptcy or the exit of the business. However, it does occasionally happen that the mafia seeks to provoke such an exit and imposes it by force. This is the case notably when the mafia is no longer content to take a revenue from these activities or to control them but wants to take possession of them directly or indirectly. The entrepreneur is then the object of threats, generally followed by acts of violence, until he is obliged to give up his business—generally to a straw man for a criminal business. In this case, the only way to avoid the appropriation of his business is for the entrepreneur to seek an active agreement with the mafia, to

show that he is ready to deal with them and put his business to their use—in other words, to become a “collusive” entrepreneur.

Collusive entrepreneurs

Collusive entrepreneurs are those who have created with the mafia an active agreement that leads to reciprocal obligation, collaboration, exchange, and loyalty. Relations between the mafia and these businessmen are mutually beneficial: they are based on shared interests and on compromises between partners who act according to different but complementary principles. These entrepreneurs are linked to the mafia by their interests, both material and symbolic. They are prepared to submit to the pressure of mafia groups because they think themselves able to use mafia protection for their own ends. They, therefore, aim to transform into an advantage what is for others a constraint and an obstacle to the fulfillment of their activities. Fundamentally, collusion appears here as “an exchange of services and mutual protection that increases the advantages to each participant.”²⁹ It is true even to say that those who establish this kind of relationship with criminal actors become “representatives” of the legal economy in the mafia network, and, inversely, the mafia “intermediary/spokesmen” within the legal economy.³⁰ In order for these collusions to be put in place, on one hand, the entrepreneur must abandon certain cultural or moral principles and explicitly recognize the coercive and violent aspects of the mafia’s power. On the other hand, the mafia must accept this collaboration, which happens either when they expect to benefit more than they would from simple extortion or when the mafia is linked to the entrepreneur by personal relations of loyalty.

Research from the field has enabled us to distinguish two principle categories of collusive economic actors. First, “instrumental” entrepreneurs are those who are powerful enough to enter into an exchange-based relationship with the mafia. They agree to collaborate with the latter as part of a preventive strategy and in order to promote their economic interests, depending on the instrumental and utilitarian evaluation of the context in which they are acting. In one interview, a local elected official described this phenomenon in the following terms:

They say to themselves: the mafia is here. Either we submit to them or we deal with them. The second solution is the most advantageous; that’s why, if you have to make the choice, it pays to make it in advance. So, it’s the businessmen who make contact

with members of the mafia and who show that they're willing to collaborate.

The choice is clear. As one business leader described it: "if you can't be against the mafia, it's better to be with them." The businesses that establish this kind of instrumental relationship with the mafia are generally larger than the regional average. They are often businesses that are based elsewhere in Calabria and come to operate on the Gioia Tauro plain in the context of major public works. In deciding to contribute to public tendering these entrepreneurs are aware that they will have to deal with the mafia. They, therefore, accept protection as a preventive measure so that when they compete for a tender they will not run the risk of facing extortion demands.

Often these entrepreneurs make contact with the mafia before the tendering takes place, in order to seek an agreement that will protect them against extortion and give them an advantage over their competitors. With access to resources and know-how that local entrepreneurs don't have, they are in a privileged position even compared to the mafia themselves. Because of their economic status, they are in a position to determine the terms of the exchange in their favor and, within certain limits, to resist mafia demands. In this kind of relationship, each of the partners remains autonomous. Of course, their activities converge in that they both have a common objective (access to public tenders and the associated profits). But the cooperation between them is both conditional and contingent: it is constantly renegotiated and is built on mutual benefits of a contractual nature. The entrepreneurs (who are part of the legal economy) see the mafia presence as a "contextual element" that they must take into account. This presence is the cause of supplementary expenses and the impact of these expenses on the activity of the business must, therefore, be limited. This is normally done by increasing the cost of the work performed, the extra cost being borne by the agency administering the tender.³¹ The mafia, however, are likely to participate in a transaction that provides them with substantial material advantages. In providing entrepreneurs with protection or ensuring their "tranquility," the mafia receive in exchange either monetary transfers or participation in the operations of the company (generally via the intermediary of subcontractors controlled by the criminal groups or the entrepreneurs who are their "clients").

The other category of collusive entrepreneurs that emerged from the investigation may be called "clients" in the sense that they establish

relationships based on patronage with the mafia. In the majority of these cases, these are businessmen who are prominent on a regional level in the legal economy, because of the profitability of their activities (large commercial interests, companies dealing in transport, construction, etc.). What distinguishes them from instrumental entrepreneurs is the stability of the links that they maintain with the mafia. Instrumental entrepreneurs aim to have a relationship with the mafia that is limited both in time and content: they negotiate the renewal of the agreement on a case by case basis. On the contrary, client entrepreneurs often have with the mafia a stable and continuous relationship that influences not only the nature of all their economic activities but even their social behavior. This “diffuse” relationship is subject to recurrent conditions that are not precisely determined, be it duration or composition.

The range of services that the client entrepreneurs provide their partners is extensive, from simply procuring information for the mafia (because of their relations with decision-makers in politics, administration, or the legal economy), to gaining privileged access to political and financial channels,³² to even constructing businesses that are jointly run by the mafia bosses and colluding entrepreneurs.³³ These services may also be unrelated to business activities—as, for example, is the case when the mafia asks an entrepreneur to harbor a wanted criminal or to testify in favor of a mafia member during a criminal trial, in exchange for protection or simple benevolence. In any case, even when the partners retain their autonomy it is most often a “diffuse” relationship. The mafia doesn’t necessarily demand specific returns; it is enough that the entrepreneur feels an obligation to “return the favor” and to show that he is inclined to collaborate in general. It is not impossible, however, that a relationship of patronage is transformed into a relationship of subordination. It is likely, in fact, that if the entrepreneur attempts to break the relationship or to impose certain limits on it, the mafia will resort to violence and aim for subservience.

Client entrepreneurs operating in the sectors of public works and construction benefit from a privileged position, in return for their collaboration and “receptiveness.” When it “is known” that one of these businessmen is “protected” and that he is interested in a particular tender, no competitor will dare compete for it. The mafia guarantee the entrepreneur an oligopolistic position in the markets by removing (via threats, intimidation, or “persuasion”) any of his competitors. Even more frequently the mafia organizes and manages agreements between businesses participating in tenders and makes sure that these agreements are respected. It acts as an intermediary between the different actors

(political, administrative, and economic) with which it has a collusive relationship, enabling client entrepreneurs to access the organizations behind the tendering, providing them with the necessary information to win the tender, and ensuring the “collaboration” of the politicians and public servants who are “close” to them.

Some of these client entrepreneurs have built loyal relationships with the mafia on a personal level. It is likely that all these client entrepreneurs aspire to transform exchange relations into a closer connection that might ensure the continuity of this relationship in the long term. When this happens, the reciprocal interaction is accompanied by a process of identification: the entrepreneurs share the values and intention of the mafia members and it is this connection that pushes them to collusion. This is how an “economic brotherhood” is constructed, consolidated by a knowledge of each other, personal loyalty, and mutual esteem. The businesses in this situation are at the total disposal³⁴ of the mafia, even when their agents are acting in their own interests and using the “cover” of criminal actors (both in legal and illegal markets). The behavior of this type of client entrepreneur can thus essentially be explained by identification rather than utility. These are actors who define their objectives themselves and use their identification with the interests and values of the mafia in order to attain those objectives. The mafia, in this type of configuration, tends to prefer personal links of loyalty and proximity (which are based on similar ways of life). The entrepreneurs do not hide these relations more than is necessary; when it suits them, they even make a show of these connections. However, this proximity with the mafia means that they share their fate, not only in a positive sense (wealth and in some cases “prestige”) but also in a negative sense: their entrepreneurial destiny is heavily dependent on the success (or the failure) of the mafia “families” that support them in the criminal spheres. This is why many of the businesses discussed here degenerate into out-and-out criminal activities and become progressively integrated into the illicit economy.

The mafia's entrepreneurial activities

Some businesses, in fact, emanate directly from the mafia, both in the legal and illegal markets. Amongst those that are legal, the mafia business have a “competitive advantage” compared to their “normal” competitors.³⁵ They are able to mobilize significant financial means (stemming from illicit activities) as well as “connections” with local politico-administrative figures. In addition, they are able to resort

to violence to “regulate” economic competition to their advantage. Although they are rarely businesses of considerable size and generally operate in low-technology sectors (construction, large commercial distributions, health services, and tourist trade), these businesses have acquired a central economic role. The revenues that they procure are necessary for criminal groups to make the mafia organization function, guarantee the loyalty of its members, and contribute to the network of exchanges and obligations in which mafia members are embedded. A politician asked a mafia boss of the Gioia Tauro plain why he continued to practice extortion when he had attained a solid economic position in legitimate affairs, the man replied:

How do we maintain our troops? We’re like generals or colonels who have a real army behind them [...]. To be generals worthy of the name we need this army and we need substantial resources to maintain it.³⁶

A large part of mafia interest is concerned with the satisfaction of the organizational needs of the criminal structure: territorial control, laundering money from illicit activities, distributing jobs and resources amongst members of the organization, maintaining loyalty networks and clientele, and other such activities.

Mafia entrepreneurs prefer to operate in “safe” sectors, which ensure them substantial profits whilst minimizing business risks and maximizing their social capital (i.e., their abilities to distribute to their members, “clients,” or dependants). In April 1998, the authorities confiscated the Pimomali clan’s assets to the value of 6 billion lire. As well as land and bank accounts, these assets consisted in several service stations and a company recuperating and transforming agricultural products—all activities that are neither risky nor innovative but create jobs and maintain durable relations in local society.³⁷ The other activities mafia businesses engage in are similar, for example, the construction and public works sectors in which criminal groups are the most active. It has been noted that mafia organizations have established a kind of “integrated production cycle” in this sector, from the fabrication of material to their transport, as well as the sale and distribution of basic supplies and equipment.³⁸

On the Gioia Tauro plain, the mafia business interests in the area of public works were particularly evident, among other occasions, during the call for tenders for the construction of the port and related infrastructures. The mafia controlled the entirety of the subcontracting

markets, either directly (in 70 percent of these markets) or indirectly (by extorting non-mafia businesses).³⁹ The road transport sector, for example, was almost entirely in the hands of businesses run by the most important local criminal “families” (in particular the Piromalli-Molè clan, which controlled 55 percent of the subcontracting markets in this sector). The directors of these businesses—as the courts revealed—were either the mafia bosses themselves or their close relatives. The tribunal of Reggio Calabria thus established that a business belonging to the grandson of the head of the Piromalli-Molè clan controlled nearly 20 percent of these markets, another, run by his sister-in-law, nearly 16 percent, and yet another run by his son-in-law roughly 11 percent.⁴⁰ Clearly the volume of the market share is allocated according to position in the hierarchy of mafia power. This phenomenon is also valid for the distribution of tenders between different “families” in the zone. The most lucrative contracts are attributed to the most powerful mafia groups, in the context of a peaceful agreement with less important groups. The lesser groups accept the “*pax mafiosa*” imposed on them because it also offers them the possibility of participating in public tenders (by operating in secondary markets that are allocated to them, or by subcontracting to other mafia businesses).

These are old strategies, but they are exemplary of the *modus operandi* of mafia families in their management of public markets. More recently, magistrates in the tribunal of Palermo have specified this *modus operandi* by outlining a typology of collusive agreements that link the mafia, businessmen, and politicians. In the first case, the markets are directly managed by the mafia members. The entrepreneurs content themselves to following orders; they pay bribes and the mafia members themselves take care of the “relations” with politicians and public administration. In the second case, the entrepreneurs themselves manage the connections with public agencies responsible for tenders. Only after the work has begun do we see the emergence of the mafia presence, in the form of either extortion or the imposition of a particular subcontractor, who could be either a “client” of the criminal groups or a mafioso himself. In the third and final case, the entrepreneurs call on the mafia directly in order to make sure agreements with other businesspeople, politicians, or public administrators are honored in relation to a call for public tenders.⁴¹ The mafia entrepreneur is, therefore, in a position either to monopolize these legal markets or to absorb a substantial portion of them by imposing “repartition agreements” on other businesses operating in this sector.⁴² In most cases, mafia members act as mediators between businesses and local politico-administrative circuits

dealing with the allocation of public resources. Their economic power stems not only from the use of violence and the mobilization of illegal funds but also from the ability to use the social capital that they have accumulated and the connections they have in the numerous social networks in which they are inserted.

Mafia organizations manage to create bridges among dissimilar networks and to promote horizontal and vertical cooperation with diverse actors. Through these relational skills, mafia members increase their social capital, which they use to extend their webs or to weave new ones. The relations of collusion and complicity, particularly with the ruling class, provide active support and basic consensus that the mafia needs to preserve and exercise its power.⁴³

Victims, accomplices, “grey areas”

The typology that we have presented aims to describe the relations that exist between the mafia and businessmen in a local context. The former determine the terms of the exchange using violence and intimidation for the most part; the latter either passively submit to mafia requirements or work actively with them—or they choose the difficult *exit* route. This typology enables us to navigate the vast “grey area” that exists between the two extremes of the social actors who are openly hostile to the mafia and those who are a part of it. In reality, the dividing line in this matter is never clearly drawn; but the “victims” and the “accomplices” may be distinguished by the different rationales that push them to cooperate with the mafia. As several magistrates have noted, it may be difficult to precisely determine “where behavior imposed by the mafia ends and where the implication and participation in mafia activities begins”⁴⁴ for the entrepreneurs. However, a separation can be made between the economic actors who voluntarily associate themselves with criminal actors (and for whom this association is the root of their success in business) and those who submit in silence to extortion and mafia power.

In a context like that of Gioia Tauro, where violence penetrates every sphere of social and economic relations, it is difficult to establish the interpersonal trust necessary for market relations and indispensable to economic growth. The mafia is the unique guarantee of this trust and to “trust the mafia,” even if it is a disastrous choice for the community, is the only rational option for the individual.⁴⁵ Thus, the best solution for an entrepreneur who wishes to continue his business is to adapt not only to the economic reality in the strictest sense but also

to the context so as to deal with competition that often takes violent and unpredictable forms. The presence of the mafia thus discourages productive investment and renders entrepreneurial activity unattractive.⁴⁶ The social actors most likely to engage in this activity are those who seek the support of the mafia and manage to obtain it. Allied to the mafia, “collusive” entrepreneurs benefit from a considerable comparative advantage. They obtain the major part of public funding. The entrepreneur who gains access to this funding is not the one with the best technology, nor the most innovative, nor the one who has the highest propensity to risk—but rather he who has succeeded in building a relationship with both political and mafia power. Competition is not dependant on the price and quality of the tenders but on bribes and politico-administrative support. Entrepreneurial competency is oriented toward the creation of appropriate and efficient channels of contact between representatives of the public sector and the administration on one hand and the mafia groups on the other.

In these circumstances, cooperation with criminal groups becomes not only a rational choice but a profitable one. To the extent that the collusions grow over time and involve an increasing number of actors, this choice brings greater long-term benefits. The option of noncooperation is practically improbable—and denunciation even less so. One unresolved problem in the fight against the mafia rests in the possibility of knowing and suppressing these “grey areas” in the collusion between the mafia and the politico-economic spheres, collusions that are to a significant extent at the root of the mafia’s power and that allow it to adapt to the changing socioeconomic contexts in which it operates. The interpersonal skills of the mafia influence the behavior of politicians and entrepreneurs and are at the root of the systems of cooperation that increase mafia members’ social capital, which is in turn used to stretch support and contact networks out into the legal elements of society. This is how the mafia acquires the ability to reproduce itself over time within the territories it controls and to spread out beyond them.

Notes

1. Giovanni Falcone. *Interventi e proposte* (Florence: Sansoni, 1994), 214. On the Sicilian mafia protection, see Diego Gambetta. *The Sicilian Mafia* (London: Harvard University Press, 1993).
2. On the notion of “social capital” applied to the analysis of mafia groups, cf. Rocco Sciarrone. *Mafie vecchie, mafie nuove. Radicamento ed espansione* (Rome: Donzelli, 2009 [1998], new edition). Also “Réseaux mafieux et capital social,” *Politix*, 13(49) (2000): 35–56.

3. This term is from the Greek *andragathos*, referring to brave and valorous men. On the origins and characteristics of the 'Ndrangheta, cf. particularly Enzo Cicone. 'Ndrangheta dall'Unità a oggi (Rome-Bari: Laterza, 1992). Also Rocco Sciarrone, "La 'ndrangheta," in Marzio Barbagli and Uberto Gatti (eds.), *La criminalità in Italia* (Bologna: Il Mulino, 2002), 33–42.
4. Vincenzo Macrì, "La 'ndrangheta in Calabria," in Franco Occhiogrosso (ed.), *Ragazzi di mafia* (Milan: Franco Angeli, 1993), 95–108.
5. This research (of which the results can be found in their entirety in Sciarrone, *Mafie vecchie, mafie nuove. Radicamento ed espansione*) was based on fieldwork conducted between 1994 and 1998 in the Gioia Tauro region (nondirective interviews with economic operators and political actors, analysis of legal documents and local media). In recent years, other short periods of field research have followed. A new revised and expanded edition of the book was published in 2009.
6. Enzo Cicone, "'Ndrangheta, politica e imprenditoria in un'area del Mezzogiorno. La piana di Gioia Tauro," *Giornale di storia contemporanea* 1 (1999): 89–113.
7. At the beginning of the twentieth century, the oil produced on the Gioia Tauro plain was destined for the French, English, and German markets—then later for those of America and Russia. Osvaldo Pieroni, "Il lungo XX secolo. Mutamenti sociali, ambiente, antiche e nuove 'vocazioni,'" in Fulvio Mazza (ed.), *Gioia Tauro. Storia, cultura, economia* (Soveria Mannelli: Rubbettino, 2005), 249–324. In 1873, the King's Regent to the court of Palmi wrote that "this circumscription, which is very rich because of its size and the productivity of its lands, also includes the market of Gioia, one of the most important in Italy for the commerce of oil, oranges, wood, wine and many other things" (cited by Cicone, "'Ndrangheta, politica e imprenditoria in un'area del Mezzogiorno. La piana di Gioia Tauro": 92).
8. Pino Arlacchi. *Mafia, contadini e latifondo nella Calabria tradizionale* (Bologna: Il Mulino, 1980); Piselli, Fortunata. Arrighi, Giovanni, "Parentela, clientela e comunità," in Piero Bevilacqua and Augusto Placania (eds.), *La Calabria* (Turin: Einaudi, 1985), 365–492.
9. For example, the areas of citrus production near Palermo, studied by Salvatore Lupo. *Il giardino degli aranci. Il mondo degli agrumi nella storia del Mezzogiorno* (Venice: Marsilio, 1990).
10. Catanzaro, Raimondo. *Men of respect: A Social History of the Sicilian Mafia* (New York: Free Press, 1992).
11. Pieroni, "Il lungo XX secolo. Mutamenti sociali, ambiente, antiche e nuove 'vocazioni.'"
 12. The industrialization of this zone was sporadically reflected as an objective in funding by the central state, which failed in its goal of modernization, according to a strategy that had long dominated the development policies of the Mezzogiorno.
 13. The call for tenders regarding the construction of the Gioia Tauro port, which began in 1974, was the largest ever in Italy in terms of funding. José Carlo Gambino. *L'industrializzazione fantasma. Il caso Calabria* (Naples: Edizioni scientifiche italiane, 1980). For a long time this port was a good example of the "cathedral in the desert" (one of many facilities built in the Mezzogiorno that remained unfinished or unused).
 14. Pieroni, "Il lungo XX secolo. Mutamenti sociali, ambiente, antiche e nuove 'vocazioni.'"
 15. Quoted in *Il Sole-24 Ore*, November 30, 1995.
 16. Palmi Tribunal, Public Prosecutor's Office, Provvedimento di fermo di polizia giudiziaria e di richiesta di custodia cautelare nei confronti di Domenico Pepè e altri soggetti, 1997 (this refers to a request for preventative detention on the part of the prosecution against D. Pepè and his alleged accomplices). The citations in the following paragraph are from the same source.
 17. Carlo Trigilia. *Sviluppo senza autonomia. Effetti perversi delle politiche nel Mezzogiorno* (Bologna: Il Mulino, 1992).
 18. Pieroni, "Il lungo XX secolo. Mutamenti sociali, ambiente, antiche e nuove 'vocazioni,'" 268 and 275.

19. Ciconte, "‘Ndrangheta, politica e impreditoria in un'area del Mezzogiorno. La piana di Gioia Tauro", 105.
20. A detailed reconstruction of these episodes is to be found in "Gioia Tauro," in Raimondo Catanzaro, Fortunata Piselli, Francesco Ramella, and Carlo Trigilia (eds.). *Comuni nuovi. Il cambiamento nei governi locali* (Bologna: Il Mulino, 2002), 350–382.
21. Rocco Sciarone (ed.). *La mafia esiste ancora. Mafia e antimafia prima e dopo le stragi del 1992* (Rome: Nuova iniziativa editoriale-*L'Unità*, 2004).
22. Bernard Williams, "Formal Structures and Social Reality," in Diego Gambetta (ed.). *Trust. Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell, 1988), 3–13.
23. Erhard Friedberg. *Le pouvoir et la règle. Dynamiques de l'action organisée* (Paris: Seuil, 1993).
24. Enzo Mingione. *Sociologia della vita economica* (Rome: La Nuova Italia scientifica, 1997), 79–80.
25. Reggio Calabria Tribunal, *Ordinanza di rinvio a giudizio contre De Stefano P. + 59*, 1978.
26. Raimondo Catanzaro, "Imprenditori della violenza e mediatori sociali. Un'ipotesi di interpretazione della mafia," *Polis* 1(2) (1987): 261–282.
27. When defection is impossible or impracticable, silence or pragmatic acceptance are possible strategies along with loyalty, or alternatively, protest.
28. Albert O. Hirschman. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge: Harvard University Press, 1970).
29. Vincenzo Ruggiero. *Economie sporche. L'impresa criminale in Europa* (Turin: Bollati Boringhieri, 1996), 209.
30. Friedberg. *Le pouvoir et la règle. Dynamiques de l'action organisée*.
31. The mafia and businessmen constitute a pressure group capable of artificially exaggerating the cost of proposed work and the estimation of the tender. Cf., for example, Pino Arlacchi. *Mafia Business: The Mafia Ethic and the Spirit of Capitalism* (London: Verso, 1986). The cooperation between entrepreneurs and the mafia otherwise depends on the ease with which this surplus cost may be transferred onto a third party and most especially onto the public body. It is thus, at least in part, the result of a lack of administrative control in the tendering process.
32. It can be noted here that mafia members, in some cases forced to live in secrecy because of the repressive actions of the state, prefer to "delegate the management of relations with the political sphere to businessmen who are connected to them in various ways." Mastropaolo, Alfio, "Tra politica e mafia. Storia breve di un latifondo elettorale," in Massimo Morisi (ed.). *Far politica in Sicilia. Deferenza, consenso e protesta* (Milan: Feltrinelli, 1993), 128. This mediation by businessmen is all the more convenient for politicians as it is less compromising.
33. Covered by straw-men from the "official" company, mafia entrepreneurs establish the economic associations that allow them to engage in the legal economy. They protect themselves in this way from investigation into assets that has been made compulsory by anti-mafia legislation (which reserves access to public markets to those businesses possessing a certificate delivered by the public authorities attesting to an investigation into the sources of their capital).
34. Sometimes these are ad hoc businesses set up by the mafia with the help of straw-men and accomplices in order to launder money from genuinely criminal activities.
35. For an analysis of these "competitive advantages," cf. Arlacchi. *Mafia Business*.
36. Interview with a local elected representative in Calabria.
37. See the report conducted by the daily newspaper *Gazzetta del Sud*, April 1, 1998 and July 29, 1998. Concerning the nature of the business activities of the Calabrian mafia, see also the Antimafia Parliamentary Commission: *Relazione sul "caso Cordopatri"*, Parliamentary Acts, doc. XXIII, n° 5, Rome, 1995; *Relazione sullo stato della criminalità organizzata in Calabria*, Parliamentary Acts, doc. XXIII, n° 42, Rome, 2000; *Relazione annuale sulla 'Ndrangheta*, Parliamentary Acts, doc. XXIII, n° 5, Rome, 2008.

38. Sciarrone. *Mafie vecchie, mafie nuove. Radicamento ed espansione*. Also Mario Centorrino. *Economia assistita da mafia* (Soveria Mannelli: Rubbettino, 1995).
39. Arlacchi. *Mafia Business*. Mafia groups drained 8 percent of profits from non-mafia businesses operating in these markets.
40. Reggio Calabria Tribunal, *Ordinanza di rinvio a giudizio contre De Stefano P. + 59*, 1978.
41. Palermo Tribunal, Office of the magistrate for preliminary hearings, *Ordinanza di applicazione di misure cautelari contro Buscemi A. + 9*, 1997; Palermo Tribunal, *Sentenza di primo grado nel procedimento penale a carico di Adamo Andrea più 55*, 2008.
42. Fabrizio Barca, "Criminalità organizzata e effetti sull'economia legale," in Chamber of Deputies (ed.). *Economia e criminalità. Come difendere l'economia della criminalità organizzata* (Rome: Chamber of Deputies, 1993).
43. Rocco Sciarrone, "Mafia e potere: processi di legittimazione e costruzione del consenso," *Stato e mercato* 3 (2006): 369–401.
44. To use the expression of the magistrates in the antimafia section of the tribunal of Palermo during an important mafia trial that took place in the latter half of the 1990s. Corrado Stajano (ed.). *Mafia. L'atto d'accusa dei giudici di Palermo* (Rome: Editori riuniti, 1986), 83.
45. Diego Gambetta, "Can We Can Trust Trust?" in Diego Gambetta (ed.). *Trust. Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell, 1988), 213–237.
46. Rocco Sciarrone, "I sentieri dello sviluppo all'incrocio delle reti mafiose," *Stato e mercato* 2 (2000): 271–302.

CHAPTER 8

“Drift into Mafiadom”? Political Violence and Criminality in the Corsican Nationalist Movement

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Although the problem of violence has been central to the Corsican question since the appearance of nationalist movements in the 1970s, the focus of the public debate surrounding it shifted significantly during the 1990s. Prior to this, the violence had been almost exclusively associated with political motives; afterward, it became increasingly understood in terms of common crime. It was no longer seen as simply the radicalized form of an identity claim seeking recognition by the French State of the social and cultural specificity of the island, and demanding an institutional status that guaranteed autonomy (or even independence) to territorial powers—a claim expressed through not only legal means (collective action, electoral participation) but also illegal means (attacks and other acts of violence). An increasing number of political leaders and commentators on the Corsican problem also represented this violence as being a pernicious illustration of the island society’s “drift into mafiadom.” They saw indications of this in the rise in organized crime, the conversion of militants from clandestine activism to criminal activities (especially racketeering), and their illegal appropriation of a substantial proportion of local economic resources (through extortion, intimidation, or corruption).

The context of the evolution of the political debate surrounding Corsica explains this new focus on the criminal aspects of the

clandestine movement. This debate was fueled during the 1980s and 1990s by the resurgence of violent episodes and repeated controversies regarding the measures taken to resolve the “Corsican problem.” The “criminalized Corsica” thesis was specifically used to explain the failure of the political authorities to ensure a durable civil peace, in spite of the numerous reforms adopted by successive governments (specific institutional status, increased decentralization, programs for the development of the regional economy, and the promotion of local culture).¹ This thesis was put forward to challenge the need for such reforms, which were accused of reinforcing nationalist movements (as well as the social groups and associations linked to them). By succumbing to some of their demands, these reforms were believed to sustain illicit and corrupt practices within these groups and encourage an escalation of their claims. The “criminalized Corsica” thesis was also used to discredit members of the contestation movement (or at least some of its components), who were excluded from negotiations between the state and representatives of the underground struggle because of their alleged implication in “ordinary criminality” (*criminalité de droit commun*). Thus the increasing condemnation of Corsica’s “criminal tendency” largely served political purposes. Using this argument to call for an urgent “restoration of the rule of law” was a means of justifying an approach to the Corsican question based on the “firmness” of the state in the face of the degradation of security on the island and the “remobilization” of administrative services and local deputies to end the inefficiency and the misappropriation of funds. This was also an attempt to discredit any “temptation” to change the institutional status of Corsica, which might make matters worse by allowing greater autonomy to local political and socio-professional actors.²

Whatever the motivations were, the criminal reformulation of the Corsican question provoked a series of initiatives: police investigations, parliamentary enquiries, scandalous revelations in the media, the publication of personal testimonies by various protagonists in “Corsican affairs,” etc. These measures shed light on the consolidation of power networks that depended, in part, on the ability of their members to use violence for facilitating their insertion in the regional economy, their social power, and their political influence. After an initial explanation of how the “mafia-interpretation” of the island situation was constructed, I will examine some of the mechanisms of the formation and functioning of these networks. It will then be possible to look more closely at the specific forms that the processes of the “criminalization of politics,” which are visible in other very different contexts,³ have taken

in Corsica. These processes are linked to a particular historical trajectory that has led to the habitual instrumentalization of violence as a tool for regulation between local society and the central state.

"Criminalized Corsica"

When the "criminalized Corsica" thesis began to circulate, the assimilation of the activities of clandestine groups with those of ordinary criminals was not totally unusual. Senior police officials had already denounced, following Superintendent (*commissaire*) Robert Broussard (who was in charge of security in Corsica between 1983 and 1985), the "links between certain terrorists and hoodlums" as well as the confusion between the racket exacted by mobsters and the "revolutionary tax" that the National Liberation Front of Corsica (FLNC) collected to finance itself.⁴ However, the "criminal" reading of Corsican nationalism remained marginal for a long time: clandestine militants were only exceptionally associated with the Corsican underworld (well-known to the police for its role in drug-trafficking during the French Connection, and for its influence in prostitution and gambling in Paris and in some African countries), which seemed to be still essentially operating outside the island at that time.⁵ This criminal reading had only a slight influence on repressive strategies, which, based on the antiterrorist legislation, were principally concerned with the "subversive" actions of nationalist groups (attacks, activities of armed groups) to the detriment of other illegal practices that were associated with them. Moreover, this reading never presented a comprehensive interpretation of the Corsican question, comparable to that which would be imposed later in national political circles. This systematic interpretation would emerge not when the theme of the mafia was mobilized simply to condemn the gangster elements in the underground movements or to qualify the activities of professional delinquents established in Corsica, but when it becomes a warning against the instauration of a veritable politico-criminal "system."

The emergence of the mafia theme

This change in perspective was initially the result of the public authorities' increasing preoccupation with organized crime in general,⁶ which was signaled by the creation of a parliamentary inquiry commission in 1992 into the Italian mafia's influence in France. The members of

the commission concluded that this influence was “sporadic” and that the “strength of the state and the civism of the population were limits to the impact of multinational crime organizations.” However, they sounded the alarm against the “mafia-style” threats that weighed on the country. Amongst these threats, the laundering of illicit profits and investment in the legal economy (casinos, tourist facilities, real estate) by members of foreign criminal groups was decisive. Although vulnerable in the face of these outside threats, France did not appear to the members of the commission to be confronted with its own criminal entities comparable to the mafia in Italy—except for in rare “localized situations,” such as some of the *banlieues* and Corsica.⁷

In these two cases, the commission documented the presence of relatively well-structured groups specialized in the underground economy, who used the products of their violence to control the territory. Like the “dealers in the *banlieues*” who reinvest their drug money in legitimate business sectors and gain the support of large parts of their home “communities” by providing access to jobs and funding, the “Corsican underworld” appears to have managed to deeply permeate the social and economic fabric of the island. Whilst recognizing the limits of their investigations into a subject they were not directly concerned with, the commission “express[ed] its strong concerns regarding the degradation of state authority which might lead to establish similarities between Corsica and Sicily”:

For two years now, it has been common to speak of a “drift into mafiadom,” to describe the evolution of criminal movements in Corsica and the incapacity of the authorities to manage the situation. On this matter the commission received several testimonies that are unavoidably reminiscent of Sicily or Sardinia: impunity for easily identifiable perpetrators of violence, weak administrative and judicial authorities [...], decreased trustworthiness of a police force that has become too “Corsicanized” [...], links between political terrorism and organized crime.⁸

Although it was suggested only as a warning, the comparison made room for an interpretation of the Corsican problem that differed from the one dominant at the time. Reduced to strategies of fraudulent accumulation of wealth, the violence was dissociated from the political context it had previously been associated with. Its ideological justifications could be regarded as a kind of illusion that masked the profiteering interests of those who used it.

The deterioration of public order in Corsica fueled this kind of interpretation. The division of the nationalist movement in the late 1980s and early 1990s exacerbated the struggle within it for access to the various resources controlled by its leaders. In the underground sections of the movement, these conflicts were principally aimed at controlling the means of financing the armed struggle, as well as at managing the unofficial negotiations with government authorities. This led to an increase in revenge (frequently murderous) and paybacks between rival groups. Data in this area is imprecise, because it is difficult to distinguish acts that are the result of antagonism internal to the clandestine movement and those that are due to other factors or groups involved only in organized crime. Nevertheless, it is estimated that these paybacks were responsible for twenty or so assassinations between 1994 and 1996 (including a series of attacks that killed eleven nationalists in 1995 alone).⁹

The central leadership of the FLNC, which in 1982 had admitted to the existence of the revolutionary tax, was progressively stripped of its management in favor of "regional" combat units, some of which split off from the unitary movement to create distinct organizations.¹⁰ Several militants from these organizations were involved in real estate and commercial operations. This suggests that the internal clashes within the underground movement were motivated as much by the political control of armed struggle, as by the capturing of economic resources. Some of the members of clandestine movement could turn their instruments of violence to predatory economic practices and involvement in the legal economy.¹¹ This is how these confrontations were often presented, both by the security services and by the nationalists themselves, two groups who accused each other of straying from the ideals of political combats and subordinating them to profiteering and "mafia" interests.

The denunciation of a "system"

On February 6, 1998, Regional Prefect Claude Erignac was killed by a militant commando independent of the major clandestine organizations. In the wake of this assassination, which revived the national debate on Corsica with both urgency and indignation, the condemnation of the island's "drift into mafiadom" became a decisive and reoccurring argument. First used by President Jacques Chirac in the days following the crime, this expression was regularly used thereafter. Jean-Pierre Chevènement (minister of the interior in the socialist

government led by Lionel Jospin from 1997) used it to justify the “restoration of public order” that he put in place in response to this assassination. Shortly before resigning from this position (in disagreement with the prime minister on the new direction to be taken in the treatment of the Corsican question), he denounced the “links between the clandestine militants and the Italian mafia, [...] the monopolization of public funds by cliques claiming to be part of the independence movement [...], the state’s weakness in the face of blackmail by a violent minority.”¹²

His equivalent in the new right-wing government of 2002, Nicolas Sarkozy, adopted a similar rhetoric. Following the failure of the regional referendum on July 6, 2003—which put an end to the institutional reform initiated by the previous government and in part pursued by its successor¹³—he declared his desire to fight against the “mafia networks” by attacking “first and foremost the money obtained from racketeering, bomb attacks, and the underground economy.”¹⁴ The indictment in 2003 of Charles Pieri (former leader of the *Cuncolta nazionalista* and suspected of having been one of the leaders of the FLNC), for financial misconduct, suggests that this order was accompanied by a reorganization of law-enforcement mechanisms aimed at the militarized factions of the protest movement. This helped reinforce representations of the “criminalized Corsica,” especially of the nationalist movement.

The “criminalized Corsica” thesis would not have been mobilized like this without a substantial effort to conduct prior investigations on the part of the state services (not only by the police and the justice department but also by the regulatory agencies of the various ministries). The inquiry commissions set up by parliament after the assassination of Erignac gave these investigations an important resonance. The National Assembly set up the first of these commissions in March 1998, with the task of investigating the functioning of public services on the island. The commission provided in the Glavany Report a global evaluation of the state’s policies in Corsica since 1980. Faced with the documented failure of these policies (administrative inefficiency, repeated fraud and illegal activities, generalized misappropriation of public funds), the commission underlined the importance of a return to effective state authority in order to ensure the development of the island. Thus followed two commissions that looked more specifically at the problems that emerged in the security forces in Corsica in the wake of a scandal provoked by the implication of Bernard Bonnet (Erignac’s successor at the Prefecture in Ajaccio) in an illegal police operation.¹⁵

Above and beyond their differences, these reports were united in their denunciation of what the Glavany Report called the emergence of a "pre-mafia system" and the Senate report called "the hold of the spider-web network typical of mafia organizations." The Forni Report concluded with more caution that a "tendency towards profiteering" nourished a "polymorphous delinquency, bringing together political actions and 'ordinary criminality.'"¹⁶ More precisely, the first commission was alarmed by the construction of "networks of interest and influence" founded on "organized illegality," in a context of "state powerlessness," diffuse "clientelism," and the spread of violence. These networks brought together militants who have "moved into business," not only individuals linked to organized crime but also official administrators.

Tacit complacency in covert links [. . .], between socio-professional actors from nationalist movements, organized offenders, and a slim minority of elected officials from the island, are all elements in a pre-mafia system that is being put into place.¹⁷

The senators shared this opinion on the matter. Denouncing a "nationalism that mixes criminality and profiteering," they were concerned to see "in Corsica [. . .] elements of an organization that is no longer under 'common law' but which meddles in economic and political life, thus acquiring 'respectable' support"¹⁸ (without, however, giving precise details of these phenomena, nor clearly explaining their connections).

The spread of the "criminal" model

The parliamentarians consolidated this "criminalizing" approach to the protest movement that had previously had little impact on the political representation of the Corsican question. They relaunched warnings that had already been circulated in police, judicial, or political sectors and gave them greater visibility and credibility. They thus contributed to make the "mafia threat" into an object worthy of attention of the repressive structures of the state, and a legitimate public argument on the subject of Corsica. This argument was above all put forward by the adversaries of a "negotiated" solution between the government authorities and the nationalists and was intended to "de-radicalize" the latter by associating its leaders with decentralized regional institutions and by facilitating their integration into the circuits of the heavily subsidized legal economy. Their critics argued that such "speculation" had

demonstrated its inefficiency. Whatever the strategies put in place (specific administrative status, tax advantages, financial support), “the violence continue[d],” one of them said. The violence had moved “beyond its stated objectives, degenerating into a progressive confusion with ordinary criminal activities, the revolutionary tax drifting into standard racketeering, the dispersion of paramilitary organizations into armed gangs fighting over pockets of power, influence, or simply for survival.”¹⁹

The opponents of the Matignon process used this same “drift” as an argument to condemn its principles and its foreseeable consequences. In their eyes the project not only was an infringement on the unity of the republic and an unacceptable “capitulation” in the face of the demands of a “violent minority” but also ran the risk of consolidating illegal groups and profiteering networks by releasing local authorities from state guardianship in crucial areas (management of subsidies for development or territorial planning). These warnings were based on signs that these groups and networks were able to manipulate new institutions to their advantage, either through direct investment in these institutions or through collusive agreements that had been set up with regional political and administrative actors. The controversies sparked off by the policies of left-wing government contributed toward the spread of the “criminalized Corsica” thesis. This thesis was a powerful polemic device that was seized upon by those who fought these policies—that is, not only the major part of the parliamentary right but also the governing parties’ “sovereignist” factions that believed that it represented a step away from republican values.²⁰

However, this thesis was upheld in other contexts and for various reasons—which explains the relatively large consensus it provoked. Political figures engaged in a public “dialogue” with the nationalists invoked it to push the legal organizations to dissociate themselves from the illegal groups (this was notably the case during the Matignon process: the government sought, without success, to pressurize nationalist deputies to halt violence as a precondition to negotiations). The denunciation of mafia connections was also frequently used by leaders of the nationalist groups to undermine opponents and attempt to exclude them from the official channels of communication and negotiation with the public authorities. In an entirely different area, the proximity between ordinary crime and political violence was emphasized by magistrates and members of the police force, who saw it as a way of contesting the monopoly that the central services responsible for combating terrorism have long had on the “Corsican affairs.”²¹

**Uses of violence: Underground politics
and criminal reversion**

The emergence, propagation, and consolidation of a "criminal" interpretation of the Corsican question are the products of the union of disparate mobilizations that stem from complex interplays of power within national and local political spheres, from state apparatus and protest movements. During these mobilizations, specialized actors (political actors, government leaders, members of the security forces, journalists, etc.) categorized the problem of nationalist violence in a particular way: as a form of organized crime. They worked to spread this renewed evaluation of the problem in the public sphere, substantiating it and contributing—in some cases—to subordinate state measures to it.²² One of the consequences of these phenomena is that they drew attention to a particular aspect of the violence that had until then not often been emphasized: its potential applications outside of its stated goals (the "struggle for national liberation") and its possible reversion from a weapon of political combat into an instrument of accumulation of economic resources and social capital. The denunciation of "criminalized Corsica" was, in fact, based on substantial investigation and divulgation activities. These investigations testified to the implication of certain militant actors in ordinary criminality or in local networks specialized in illegal business activities.

The radicalization of contestation and the experience of violence

In order to explain the presence of individuals involved in clandestine politics amongst the criminal entrepreneurs in Corsica, it is necessary to retrace the history of the nationalist movement—especially the place it accorded to violence from the mid-1970s. In this period, regionalist leaders—who had been the first to argue for the necessity to protect the "interests of the Corsican people" and lay claim to a status of institutional autonomy appropriate to the economic and cultural specificities of the island—began to be challenged by a new generation of militants. Critical of the inefficiency of the reformist option defended by autonomist leaders, this new generation advocated violence as a legitimate means to "destroy the instruments of colonialism," "force the French state to negotiate," and accelerate the "national liberation" process that was to lead to Corsican "self-determination."²³

There are multiple reasons for such a radicalization.²⁴ First of all, the monopolization of the elective offices and the distribution channels of public resources by the traditional political system controlled by

the *notables* prevented individuals seeking participation (union leaders, representatives of cultural associations, young workers in agriculture, or small business, graduates “returning to the native country” and so forth) from accessing local politico-administrative arenas. In a situation where opportunities for access to the political sphere were closed, violence may have been seen as a workable strategy to draw attention to their claims to participation, which were principally expressed in terms of identity. These claims could not be fulfilled within the official institutional arenas because they encountered strong opposition from established political leaders. The choice of armed struggle was also a result of internal competition within the nationalist movement. In committing themselves to this path, the emerging leaders challenged the monopoly on contestation held by its instigators. Using revolutionary discourse, warrior imagery (taken from anticolonialist struggles), and buildup of violence, members of a new political generation could distinguish themselves from the regional reformers who preceded them and present themselves as legitimate spokespeople for a part of the protest movement. They contributed so as to radicalize this movement, both in terms of its means of action (the militarization of the underground movement) and in terms of its ideological formulations (the right to self-determination and Corsican independence).

In the 1980s and 1990s the clandestine groups strengthened their influence considerably. The protest was represented in local institutions (regional parliament, local agencies, etc.) by legal organizations that acquired substantial electoral success during this period. This gave them an indisputable democratic legitimacy²⁵ and meant they could act autonomously (either directly or via unions or associations linked to them) in the political sphere. However, links between these organizations and the clandestine groups have always been close, particularly for the more radicalized amongst them, the *Cuncolta nazionalista*. The *Cuncolta* was a notorious emanation of militarized groups that were thus able to influence representative powers of the legal nationalist movement. Jean-Michel Rossi and François Santoni, two former leaders of the nationalist movement, show in their account of the period that the FLNC provided financial and logistical support to nationalist candidates and that its leaders participated in decision making concerning the political orientation and tactical choices of the main unitary nationalist coalition (*Corsica nazione*) at least until the end of the 1990s.²⁶

More significantly, this influence was manifest in the fact that violence had become a central resource for nationalism, because it had

largely influenced its relations with the central power structures. As Xavier Crettiez remarked, attacks (or the threat of attacks) helped militarized groups become recognized as relevant negotiators in the eyes of government authorities. These authorities have attempted, through various concessions, to negotiate the conditions of peace-making (either temporary truces or—so far condemned to failure—permanent ceasefires) with these groups. "The whole history of the underground movement is marked by the instrumentalization of violence, which has become over the years [...] an efficient means of imposing one's claims and concerns on the local political scene. The state is not so much the enemy to shoot down as the privileged partner to overcome in unofficial negotiations beyond traditional political exchanges."²⁷ This is the reason why the violence—except for the bloody confrontations between antagonistic clandestine factions and exceptional and dramatic cases such as the assassination of the prefect Erignac—has always been moderate: theatrical and ostentatious (think of the press conferences regularly organized by the FLNC, where their weapons and guerrilla emblems are clearly visible) but never so brutal a confrontation as to disrupt dialogue between the public authorities and those who they describe as "terrorists."

These negotiations—which were conducted in secret but which the parliamentary reports subsequently described in detail—involved access to various advantages: symbolic advantages (the recognition given to the leaders of the armed resistance called to participate in negotiations), and also political (as some demands of the nationalist movement were taken into account) and material advantages. Political prisoners from the FLNC were granted partial amnesties (strongly criticized by senate reporters for encouraging the feeling of "impunity" amongst clandestine activists).²⁸ Public measures benefited socio-professional categories closest to the nationalist movement (with the cancellation of the debts of farmers and artisans) or social circles supporting it (cultural associations, the University of Corsica). Public funding was distributed for economic-financial operations involving members of the underground movement. And, probably, public authorities cover some of the illegal activities of some nationalist leaders.

With what the Glavany Report called "appeasement subsidies,"²⁹ the government attempted to push armed factions to end the violence and de-radicalize themselves, by inciting them to become a part of the official political game or become active in the legal economy. The failure of these attempts can be easily understood. By making controlled violence a means of influencing state action, and thus leading

those who control it to position themselves as mediators in decision making that affects organized professional spheres and the allocation of collective resources, these “arrangements” exacerbated the competition between armed factions. These measures encouraged these factions to persevere in the underground struggle to maintain their position as the recognized negotiator of the authorities—or when they refused this position in favor of rival groups, to use violence to challenge their opponents’ monopoly in these unofficial transactions. They maintained the conflicts between these factions to gain the support of the social and professional groups that benefited from the outcomes of the negotiations. In fact, these practices allowed the “military wing” to maintain its influence over the “political wing” within the nationalist movement. Not only did the contractual power of the “military wing” faced with local or national authorities owe much to its ability to use violence; it also played a decisive role in the formation and consolidation of political allegiances and militant loyalties toward the nationalist movement and the electorates connected to its legal representation.

Violent skills and criminal activities

The promotion of groups possessing skills in violence was due to the increasingly important role of armed combat within the Corsican nationalist movement. The underground struggle required knowledge and capability in certain techniques: the use of weapons and explosives, the operational abilities to prepare and carry out attacks, the use of intimidation in the collection of the “revolutionary tax,” and the resolution of conflicts with rival groups by force. This engagement presupposed the existence of reasonably well-structured and hierarchically organized groups able to carry out “military” actions and keep them secret, to channel the monetary resources necessary for their functioning, to protect potential fugitives, and so forth.

The FLNC succeeded for some time in coordinating the activities of these groups in the island territory. But the authority that the central “council” of this organization had over the regional combat “units” rapidly declined. In the mid-1980s “the pyramidal structure [put in place during the creation of the underground movement] [...] gave way to autonomous relations between action groups on the ground, constantly negotiating the means and objectives to be divided amongst the sectors.”³⁰ This led to the breakdown of the clandestine movement into relatively independent local units and, some years later, to

the internal scissions mentioned above. Jean-Michel Rossi and François Santoni noted that the "nice hierarchical structure" that characterized the FLNC in its early days soon existed only "on paper." "On the ground, the Front is incapable of enforcing a unified and centralized command, or ensuring the respect of internal discipline. This deficiency was to transform the Front into a coalition of chiefs, small warlords that each reigned in his sector. The break-up of the FLNC in 1990 [...] only exacerbated these inefficiencies. As early as 1993, the sectors were doing virtually as they wished."³¹

Many of these violent actors were able to reuse the skills they had acquired through armed combat in ordinary criminal activities. The parliamentary inquiries, police, and legal documents all abundantly confirm this, as do testimonies of the protagonists in this struggle. The deciding factor in this reconversion—other than the relative freedom of the "military" leaders compared to the political representatives—lies in the experience of the underground movement itself. The clandestine struggle requires substantial material means in order to meet the logistical needs of the movement (access to weapons, payment of leaders and militants, care of fugitives, assistance for incarcerated members and their families, payment of legal fees, and so forth). The "revolutionary tax" provided some of the necessary revenue, along with other sources of income and employment such as those provided by the commercial companies controlled, either directly or indirectly, by the leaders of the clandestine movement. Members were thus led to work in areas that come under ordinary criminality: extortion initially and then "criminal entrepreneurship," to quote Raimondo Catanzaro's work on the Sicilian mafia. This refers to the use of illegal methods (intimidation of suppliers and clients, violent elimination of competitors, financial embezzlement, etc.) within businesses that are otherwise legally run in terms of their business objectives and formal administrative organization.³² Thus they specialized in illegal activities and, in certain circumstances, left behind the political imperatives that they were supposed to be following and were considered the source of any ideological justification for these activities.

a) Extortion practices

Extortion was a common practice in the accumulation of wealth, as has been demonstrated by several criminal cases. For example, in May 2001 François Santoni was sentenced in appeal to four years imprisonment in an extortion case regarding a tourism complex in the Porto-Vecchio region in southern Corsica.³³ As in the case of the mafia's

extortion-protection mechanism,³⁴ the threat of retaliation against individuals (more commonly against entrepreneurs or businesspeople) makes it necessary to pay for one's protection (which is guaranteed by those who are behind the threats and to whom the money to avoid retaliation is paid).

An informative example of this is evidence given by the director of a national tourism business in a subsequent judicial procedure concerning Charles Pieri—a former national secretary of the *Cuncolta* who was elected to this post in 1998 whilst he was serving a five-year prison sentence for forming a criminal organization and who was charged with the same crime five years later as well as with abuse of public assets and extortion. One company director confirmed having been obliged to “sponsor” organizations close to the “nationalist movement” (according to the chief magistrate), specifically the Bastia football club, in order to keep operating in Corsica.

[The people I spoke to] specifically told me that I sent clients to Corsica so I was supposed to love Corsica and it was in my interests to sponsor the club [...]. I asked them about the recent attacks on my business [the FLNC had claimed responsibility for the bombing of six agencies of this company in 1993 and 1994] and they made it clear that to have peace in Corsica and to have a harmonious existence, I had to sponsor the Bastia Sporting Club. I got the message, and it was clear that if I refused to sponsor it the attacks would continue. Undeniably I bought peace. I'm not the only one in this situation.

The sponsorship brought in some 3 million francs annually (for a total of 39 million francs between 1994 and 2003), subsidizing a structure that the investigators suspected of feeding (by payment of falsified invoices and the misappropriation of part of the commissions on the transfers of players) businesses serving as a “base for the release, either direct or indirect, of covert funds.”³⁵

As is always the case in this type of business, there is an uneasy distinction between what is done to finance a political organization and what is done for personal gain. The fraud was to the benefit of Pieri and his entourage (the businesses held responsible were run by members of his family or those of his closest collaborators). But the witness cited above also declared having to “sponsor” a nationalist weekly newspaper (*U Ribombu*, of which Pieri was a regular contributor) by publishing advertising inserts for a sum of 800,000 francs a year.

Moreover, racketeering is generally accompanied by other services (to provide jobs or take on subcontractors) that enable the militants (salaries, legal cover) to pay companies belonging to the inner circles of the underworld and, in so doing, to maintain support and loyalty within the network of members and sympathizers. The case of an establishment managing a luxury tourist venue situated on the island of Cavallo between Corsica and Sardinia is a good illustration of this. Contributions to this establishment (also strongly suspected by the security services of laundering funds for the Italian mafia) were supplemented by the employment of staff "recommended" by the extortionists and by contracting to companies (gardening, maintenance, transport, etc.) either connected to clandestine activists or directly controlled by them.³⁶

b) "*Criminal entrepreneurship*"

The second area in which actors in the armed struggle are particularly active is that of criminal entrepreneurship, whereby these actors enter the legal economy by transferring their resources in violence into it. Private security is a privileged investment area, because here such a transfer of violent skills in business is done directly, as the example of the company *Bastia securita* illustrates. Specialized in surveillance and security guards, this cooperative was controlled by nationalist leaders (those from the Corsican Workers Union *Sindacatu di i travagliadori corsi* worked actively for its creation) from the time of its inception in 1986. It passed into the control of the *Cuncolta* and the FLNC "*canal historique*," dominant in the north of the island, following the division of the underground movement and its public representation.

In emphasizing the violent reputation of its leaders and agents, *Bastia securita* had acquired a position of quasi-monopoly in their area of specialization in the 1990s. The Legras report suggested that the principle clients of *Bastia securita* (banks, tourist complexes, commercial centers) might be forced to use its services (and to pay an overcharged price for that) and that the "reputation of [its] leaders [did] not encourage the banks to renegotiate their contracts." It also reported the eloquent comments of the manager of this cooperative who justified the responsibilities of François Santoni, officially the commercial director, in these terms: "the daily presence of M. Santoni in Corsica was not necessary. What mattered was that people knew he was part of *Bastia securita* [. . .]. The image of François Santoni, beyond his particular responsibilities in the business, helped gain the respect of the gangster groups holding sway in the region."³⁷ Their violent reputation was thus converted into a marketable resource, on one hand as a means of putting pressure on

the clientele, on the other as an instrument for removing competition and obtaining competitive advantages (the fear of retaliation considerably reduced the risk of stickups).³⁸

Once again, in this case it is difficult to distinguish individual accumulative strategies from those intended to finance the underground political movement and ensure its logistical functioning. Whilst procuring revenue and a social and professional status for its leaders and those close to them, *Bastia securita* was, in the words of Jean-Michel Rossi and François Santoni “the money-pump for the *Cuncolta*. The company provided jobs, some of which were totally fictitious [. . .]. But *Bastia securita* was useful for many other things: to rent cars sometimes found on the scene of attacks, or to use vans to transport all manner of things with only a very indirect link with the business objectives of the company,” or to maintain a “parallel militia” the members of which were legally authorized to carry weapons.³⁹ The parliamentary commission hearings confirm this interpretation. One magistrate explained that, “*Bastia securita* is the social agency for the *Cuncolta*, that is to say the FLNC ‘*canal historique*’ [. . .]. [The business] evidently only employs card-carrying nationalists with a high turnover rate which means the people concerned can benefit from social security at the end of their contracts.”⁴⁰ A former major in the Gendarmerie in Corsica underlined that the same company “allowed the FLNC to maintain a veritable private army,” properly paid and with a potential for action and mobility that was “difficult to control.”⁴¹ More generally, well-known leaders of the underground movement had businesses in diverse economic sectors: tourism, agriculture, services, and the like. Many of these companies were entirely legitimate; they facilitated the reinsertion into legal society of former activists who abandoned the armed struggle. Others, however, were part of the illicit economy either because their leaders had used intimidation and threats to get control of them, to win markets, or to exclude competitors, or because they were created to launder money coming from extortion or misappropriations similar to those that emerged during the investigation into Charles Pieri and his entourage.

Criminal collusion, profiteering networks, and political unlawfulness

The processes described above are not without similarities with those documented by historians and sociologists concerning the mafia in

Italy.⁴² In both cases, individuals and groups became specialized in the use of violence to gain material resources and social influence. It has been established that the formation of the Sicilian mafia in the period that followed the Italian unification in 1860 was linked to the conversion of actors specialized in the use of physical force (demobilized soldiers, private militia responsible for the surveillance of large agricultural domains) into "entrepreneurs in violence." Growing in autonomy with regards to their former employers or protectors, these men became dominant in a specific market: that of extortion and the "sale of protection." They then reinvested the resources acquired in these markets (financial resources as well as skills in using violence and the reputation for violence) in money-making ventures, both legal and illegal. They were then able to embed themselves in the region where they were active not only by imposing a brutal regulation of social interaction but also by building collusive relations with the spheres of legitimate power (political and administrative authorities, economic sectors) and obtaining the support of part of the population (by distributing jobs and services).

Looking at the formal rather than the concrete historical aspects of these processes, the genesis and the consolidation of the criminal groups in Corsica are comparable to the emergence and establishment of those in Italy. Violent entrepreneurs have managed to not only use their skills of violence in activities linked to predatory wealth accumulation and illicit entrepreneurship but also become a part of a dense fabric of collusive and cooperative relations within their social environment. Like the Sicilian mafia, the Corsican entrepreneurs of violence owe their lasting influence to their ability to maintain and profit from their "social capital," namely all the interpersonal resources they are able to mobilize to their advantage.⁴³ By supplying subsidies and creating employment for those close or loyal to them; influencing decisions concerning the allocation of public resources toward organized professional groups; and compelling their partners to cooperate by intimidation, collusion, or persuasion; these entrepreneurs of violence made links of interdependence and solidarity within broad sectors of civil society.

The ability to mobilize social capital has found expression in the participation in heterogeneous coalitions organized around the capture of public resources and the management of illegal business activities. As the parliamentary inquiries concerning Corsica have signaled, the assistance distributed in the agricultural sector or the subsidies of commercial businesses, for example, have frequently been misappropriated by

networks that form a “linked system” of reciprocal interests and obligations and bring together “politicians who distribute credit and authorizations, profiteers—members of organized crime or nationalists—who invest, recycle or speculate and some institutions which invest in order to develop an honorable façade.”⁴⁴ The irregularities (abusive loaning; embezzlement of public funds; favoritism on the part of regional agencies, local authorities, or consular chambers) appear to have equally benefited local elected officials, the administrators of regional agencies, socio-professional actors close to nationalist groups, the leaders of these groups, and professional criminals either from the traditional criminal world from the armed clandestine movement.

Links between elected officials or territorial administrators and members of organized crime groups have long been apparent in dubious commercial operations⁴⁵ or in electoral campaigns during which “criminals” have served as “electoral agents collecting proxy votes or participating in poster campaigns,” or as “bodyguards” or security agents for local politicians.⁴⁶ A certain “complicity” has been observed between nationalist leaders and elected officials on the island, in the form of either electoral support or political alliances that are suspected of serving to consolidate business interest between local politicians and economic actors. This is also the case with the “proximity” between nationalist leaders and members of the criminal world (the French “*milieu*”), resulting from family or friendship ties, solidarity from shared experiences of incarceration, or probable negotiations between clandestine militants and professional gangsters for the sharing of zones of influence in the practice of extortion. Moreover, the two worlds are far from mutually exclusive: certified nationalist militants have become engaged in exclusive criminal careers and vice versa; criminal acts have been carried out under the cover of the underground political struggle.⁴⁷

However, in light of the information currently available, nothing suggests that these networks have become “systemic” in the way that numerous informers to the parliamentary commissions describe them. This is the most significant difference between the criminal environments of Corsica and Sicily, where the perennial anchorage of mafia power stemmed from the stabilization of collusive networks between the criminal world and the institutions (administration, political parties, and elements of the state apparatus).⁴⁸ In Corsica, this kind of stabilization is far from accomplished. At the most, we are witness to sporadic localized agreements between violent entrepreneurs, economic actors, and public decision-makers, occasionally under the auspices of

compliant state authorities, which, however, haven't—at least for the moment—found expression in the formation of politico-criminal coalitions capable of intervening in a continuous and organized way in the institutional fabric of the region. Moreover, the degree of organization of these violent groups is not comparable to that of the “families” that make up the Sicilian mafia, which possess financial and military means that are incommensurable to those of their alleged “homologues” in Corsica. Finally, the differentiation of the criminal milieu is decidedly more defined in the Corsican case than in the Sicilian one. The near-total monopoly that the mafia has over illegal activities in the latter case does not exist in the former, where violent actors from the nationalist movement compete in this area with the illegal actors of other organized groups, particularly those involved in organized crime (which, from the 1990s onward, seems to have made Corsica a much favored destination for recycling funds from illegal activities carried out on the continent).

If the processes of criminalization of politics have been observed in Corsica, they do not stem solely from the transformations that have affected the nationalist movement, particularly its militarized factions. They also result from the influence of professional criminal groups. The parliamentary and judicial inquiries into these groups mention their financial “prosperity” (primarily acquired by armed robbery and extortion) and their aggressive strategies for insertion into the legal economy to launder money, or to “normalize” their activities or social status, as well as their “connections” in official institutions and their “political temptations.”⁴⁹ There is no doubt that the activities of some of the violent actors coming from the underground political movement came to overlap the actions of these professional criminal groups—to the point that the two are often confused. This is one way of reconverting knowledge, relationships, or reputation acquired through their experience in the underground movement.⁵⁰ State management of the Corsican question has paradoxically encouraged this type of reconversion, replacing the problem of political violence with the problem of criminalization of the local society. The reconversion of militant leaders into businesses and the local economy has often been promoted by public authorities on a national level, as well as by some regional leaders, as a means of encouraging the renunciation of armed resistance. In the specific Corsican context, however, this option inevitably contained the risk of seeing the violence spill out of the political sphere to which it had been confined and spread through the social and economic fabric of the Corsican society.

Notes

1. For a history of these reforms and the political contexts in which they were undertaken, see particularly Jean-Paul Pellegrinetti and Ange Rovere. *La Corse et la République* (Paris: Seuil, 2004), chapters 2 and 3 of Section 4.
2. This is what generally emerged from the conclusions of the National Assembly Report: *Rapport fait au nom de la commission d'enquête sur l'utilisation des fonds publics et la gestion des services publics en Corse*, Jean Glavany (president), Christian Paul (reporter), National Assembly, September 3, 1998, 11th legislature, n° 1077 (subsequently referenced as the "Glavany Report").
3. For example, the situation in sub-Saharan Africa, studied in detail in Jean-François Bayart, Stephen Ellis, and Béatrice Hibou. *La criminalisation de l'Etat en Afrique* (Bruxelles: Editions Complexe, 1997).
4. Robert Broussard. *Mémoires 2* (Paris: Plon, 1998), 75–76. Created in 1976, the FLNC brought together all of the underground resistance until the breakup of the nationalist movement between 1989 and 1991. For more detail on the history of this movement, see Xavier Crettiez. *La question corse* (Bruxelles: Editions Complexe, 1999). Or Thierry Dominici, "Le nationalisme dans la Corse contemporaine," *Pôle Sud* 20 (May 2004): 97–113.
5. On the history of the "Corsican underworld," cf. Jacques Follorou and Vincent Nouzille. *Les parrains corses* (Paris: Fayard, 2004).
6. As Thierry Godefroy has shown, from the beginning of the 1990s the question of organized crime became a major issue of the agenda of the French authorities: Thierry Godefroy, "The Control of Organised Crime in France: A Fuzzy Concept but a Handy Reference," in Cyrille Fijnaut and Letizia Paoli (eds.). *Organised Crime in Europe* (Dordrecht: Springer, 2004), 763–794.
7. National Assembly Report: *Rapport de la commission d'enquête sur les moyens de lutter contre les tentatives de pénétration de la mafia en France*, François d'Aubert (president), Bertrand Gallet (reporter), January 29, 1993, 9th legislature, n° 3251: 119.
8. National Assembly Report: *Rapport de la commission d'enquête sur les moyens de lutter contre les tentatives de pénétration de la mafia en France*: 42–43.
9. National Assembly Report: *Rapport fait au nom de la commission d'enquête sur le fonctionnement des forces de sécurité en Corse*, Raymond Forni (president), Christophe Caresche (reporter), November 10, 1999, 11th legislature, n° 1918, vol. 1: 21 (subsequently referenced as the "Forni Report").
10. At the level of public organizations, the most important of these scissions took place in 1990, with the creation of the Mouvement pour l'autodétermination (MPA—Movement for Self-determination), which separated itself from the main nationalist movement (*Cuncolta nazionalista*). The FLNC was then divided between the *canal habituel* (usual channel), linked to the former, and the *canal historique* (historical channel), linked to the latter. Other schisms took place in the 1990s, up until the "reconciliation" of the nationalist movement (both official and underground) that began in 1999.
11. The testimonies of several leaders of the clandestine movement come together on this point, cf. Jean-Michel Rossi and François Santoni. *Pour solde de tout compte. Les nationalistes corses parlent* (Paris: Denoël, 2000). Or Pantaleon Alessandri. *Indépendantiste corse* (Paris: Calmann-Lévy, 2002).
12. Speech on May 15, 2000, printed in Jean-Pierre Chevènement and Robert Colonna d'Istria. *La République prend le maquis* (Paris: Fayard, 2001), 31–32.
13. At the end of 1999, Lionel Jospin called for dialogue with all of the political forces of the island, in order to put forward a major reform for Corsica. The "Matignon process" led to the 2002 vote on a law that considerably enlarged the autonomous powers of the Corsican local administration (the Constitutional Court did, however, limit the application of this

text by removing measures that were to give the Corsican Assembly legislative abilities in the areas of culture and the economy). When it returned to power, the right-wing government attempted to situate its policies on Corsica within a larger reform of national decentralization. The Corsican element of this policy was to be subject to a regional referendum. The slim victory of the "no" in this election (50.9 percent of voters) signaled the end of the project (cf. Pellegrinetti and Rovere. *La Corse et la République*: 636–649).

14. Amongst the numerous declarations of this kind, this one was reprinted in "Corse: Sarkozy part en guerre contre le 'système mafieux.'" *Le Monde*, October 30, 2003.
15. This was the so-called straw-hut affair (affaire des paillottes). On April 19, 1999, a restaurant that had been illegally set up on public land was burned down. The investigation rapidly demonstrated that the attack had been carried out in secret by a commando group of the gendarmerie, under orders of the Prefect Bonnet (who would be sentenced in 2003 to three years of prison for this attack). This scandal contributed to the weakening of the foundations of the "tough" policy in Corsica and opened the way for the Matignon process. It led to the creation of two investigatory commissions: one that has already been mentioned, presided over by Raymond Forni at the National Assembly, and the other was a senatorial commission, Senate Report: *Rapport de la commission d'enquête sur la conduite de la politique menée par l'Etat en Corse*, Jean-Patrick Courtois (president), René Garrec (reporter), November 10 1999, 1999–2000 session, n° 69—subsequently referenced as the "Courtois Report").
16. "Forni Report," 1: 24.
17. "Glavany Report": 449.
18. "Courtois Report": 36.
19. National Assembly Report: *Rapport déposé par la mission d'information commune sur la Corse*, Henri Cuq (president), Xavier Leroux (reporter), April 21, 1997, 10th legislature, n° 3511, deposition by Emile Zuccarelli, deputy Mayor of Bastia, on the extreme-left, 1: 30.
20. For a detailed analysis of the Matignon process, the debates it provoked, and the complex political divisions it caused, see Jean-Vitus Albertini. Paul-François Torre. *Jospin: le pari corse. Histoire du processus de Matignon* (Ajaccio: Albania, 2002). See also the testimony of one of the principal protagonists, cabinet advisor to Lionel Jospin and Alain Chistnacht. *L'œil de Matignon. Les affaires corses de Lionel Jospin* (Paris: Seuil, 2003).
21. In the framework of the antiterrorist legislation adopted in 1986, affairs in this area come under the jurisdiction of a special section of the County Court in Paris and an office of the central direction of the Criminal Investigation Department (the national antiterrorist division). The competition between these organisms and the regional actors (as well as between the multiple security actors in Corsica) has provoked much tension, which is documented in the Forni (vol. 2, 4–94) and the Courtois (126–199) reports. The description of the illegal activities of members of the nationalist movement as "criminal" served to take antiterrorist magistrates off certain cases and send them to other courts (local tribunals or the magistrates for financial or economic affairs).
22. Regarding the social processes of the construction of public problems, cf. Pierre Lascoumes. *Elites irrégulières. Essai sur la délinquance d'affaires* (Paris: Gallimard, 1997), particularly 85–87.
23. The terms are those of the first press release by the FLNC in which they announced their formation by claiming responsibility for a series of attacks in May 1976 against "symbols of the French state" (administration, tourist facilities, agricultural holdings), *Le Monde*, July 16, 1976.
24. I have examined the dynamics of the radicalization of Corsican nationalism in detail elsewhere. Jean-Louis Briquet, "Les fondements d'une 'utopie.' La contestation nationalitaire en Corse," in Christian Bidégary (ed.). *Europe occidentale. Le mirage séparatiste* (Paris: Economica, 1997), 139–152. See also Jean-Louis Briquet, "Le nationalisme corse," *Regards sur l'actualité*, 279 (2002): 27–36.

25. The creation of a proportionally elected territorial assembly, following the attribution of a special status to Corsica in 1982 and then the decentralization reform, has allowed the nationalist organization to access elected positions and to participate in the local administrations. The moderate autonomists, who ran alone at the regional elections in 1982 obtained 10.6 percent of the vote and seven seats (out of a total of 51). This score has since decreased (5.2 percent and 3 seats in 1984) in the face of competition by radicalized militants of the Corsican Movement for Self-determination (6.2 percent and 3 seats). United in the *Corsica nazione* alliance, the principal elements of Corsican nationalism attracted 9–10 percent of the vote (in the regional elections of 1986 and 1998) and then around 17 percent (in the regional elections of 1992, 1999, and 2004). It should be noted that in 1992 the MPA also presented candidates who won 8 percent of the vote, taking the total score for the nationalists to nearly 25 percent (13 seats in total).
26. Rossi and Santoni. *Pour solde de tout compte*: 48–56.
27. Crettiez. *La question corse*: 233.
28. “Courtois Report”: 93–95.
29. “Glavany Report”: 366.
30. Crettiez. *La question corse*: 125 (especially 119–129 on the organization of the FLNC).
31. Rossi and Santoni. *Pour solde de tout compte*: 30.
32. Raimondo Catanzaro. *Il delitto come impresa. Storia sociale della mafia* (Milan: Rizzoli, 1988), especially 250–258. For an overall analysis of criminal entrepreneurship, cf. Vincenzo Ruggiero. *Organized and Corporate Crime in Europe* (Dartmouth: Aldeshot, 1996).
33. The tourist establishment had been bombed in 1996, after its director had refused to pay a contribution of 4 million francs to an intermediary. The FLNC claimed responsibility for the attack. François Santoni, the then national secretary of the *Cuncolta*, always denied these events. On the practice of extortion within the nationalist movement, see Marianne Lefèvre. *Géopolitique de la Corse* (Paris: L’Harmattan, 2000).
34. This mechanism has notably been analyzed in the case of the Sicilian mafia by Diego Gambetta. *The Sicilian Mafia. The Business of Private Protection* (Cambridge: Harvard University Press, 1993). See also the case of Russian criminal groups analyzed by Federico Varese. *The Russian Mafia. Private Protection in a New Market Economy* (Oxford: Oxford University Press, 2001).
35. Statement made by Jacques Maillot, director of *Nouvelles frontières*, quoted in *L’Express* of November 29, 2004. This article used extracts of the indictment act against Charles Pieri and his 21 co-accused, before the correctional court. Pieri had been sentenced in the first instance of this trial, on May 20, 2005, to 10 years imprisonment (reduced to eight years by the court of appeal in Paris, in its judgment of February 16, 2006).
36. On business linked to the Cavallo tourist facilities, see the July 2000 report addressed to the Ministry of Justice by the public prosecutor of the Bastia Court of Appeal, Bernard Legras: *La criminalité organisée en Corse* (section 1-B) (subsequently referenced as the “Legras Report”). Although it wasn’t made public, this report is available in its entirety on the website of the *L’investigateur* newspaper (www.investigateur.info, heading “Corsica”). Also see Rossi, and Santoni. *Pour solde de tout compte*: 195–201.
37. “Legras Report”: (section II-B-3).
38. A magistrate remarked on this matter: “they held up nearly all the other money transporters to the point where they pulled out [of the market].” He then remarked that *Bastia securita*’s monopoly on money transporting led to a “zero attack rate” that suggests the existence of collusive agreements between this company and professional criminals—whether the agreements were the result of explicit exchanges or not (“Glavany Report”: 368).
39. Rossi and Santoni. *Pour solde de tout compte*, 137–139. In 1999, *Bastia securita* was subject to the revocation of its license by the Prefecture of Corsica and was put into judicial liquidation.
40. “Glavany Repot,” 368.
41. “Forni Report,” 1: 28.

42. Amongst the numerous works on the history of the Sicilian mafia see, Catanzaro. *Il delitto come impresa*; or, Salvatore Lupo. *Histoire de la mafia des origines à nos jours* (Paris: Flammarion, 1999); or Paolo Pezzino, "Mafia, Etat et société dans la Sicile contemporaine (XIXe–XXe siècles)," *Politix* 13(49) (2000): 13–33.
43. For an application of the notion of "social capital" to the analysis of the implantation and expansion of criminal groups, see the work of Rocco Sciarrone on the Italian mafia. Rocco Sciarrone. *Mafie vecchie, mafie nuove. Radicamento ed espansione* (Rome: Donzelli, 1998). Also, Rocco Sciarrone, "Réseaux mafieux et capital social," *Politix* 13(49) (2000): 35–56.
44. "Glavany Report": 452.
45. This was the case, for example, in the 1989 buy-back of a hotel in the south of the island, by the wife of Jean Jé Colonna, a drug trafficker sentenced in 1975, who evaded prison and returned to Corsica when his sentence had lapsed in 1985. This buy-back, financed by a loan (that remains largely unpaid) by a general local development company, was suspected of being a lucrative illicit operation benefiting a group that brought together, in a "troubling" way, this "notorious Corsican underworld figure," the head of the company (also Corsican regional advisor) and local elected officials (including some businesspeople who had made their fortunes in Africa in import/export and gaming), "Rapport Glavany": 181–189 and 448.
46. Bastia public prosecutor Christian Raysséguier's report on "Le milieu organisé en Corse" (April 21, 1993). Quoted by Follorou and Nouzille. *Les parrains corses*: 444.
47. On the relations between the professional criminal "underworld" and the nationalist movement, see Follorou and Nouzille. *Les parrains corses*, especially 462–489. According to these authors, nothing allows us to conclude that the relations led to shared criminal activities, beyond mutual "non-aggression agreements" See also the "Forni Report," 1: 23–33.
48. For an analysis of these collusive networks as they appeared during the mafia trials in Italy in the 1990s, see Jean-Louis Briquet. *Mafia, justice et politique en Italie. L'affaire Andreotti dans la crise de la République (1992–2004)* (Paris: Karthala, 2007).
49. Cf., for example, the "Glavany Report": 442–453 or the "Legras Report," section II-B.
50. This was by no means the only path available. For many of these leaders, militants, and sympathizers of the clandestine movement, integration into the island society was one of participation in official political life and in legal economic enterprises.

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CHAPTER 9

Monetary Illegalism and Civil War: The Case of Somalia

ROLAND MARCHAL

A few weeks after September 11, 2001, the prestigious *Washington Post* carried a headline tying al-Qaeda to Liberia's President Charles Taylor,¹ mentor of the Revolutionary United Front (RUF), a Sierra Leone rebel movement that in the Anglo-Saxon imagination was viewed as the worst possible guerrilla, almost relegating the Khmers Rouges to the rank of mere predators. The journalist Douglas Farah alleged that Charles Taylor sold blood diamonds to Osama bin Laden's terrorist organization right after the August 1998 attacks perpetrated in East Africa. A few months later, the same journalist explained on the basis of equally indisputable proof that al-Qaeda actually also bought gold.² What a sudden and astonishing coincidence: the various forms of Evil had merged and had to be dealt with on two fronts: Afghanistan and Africa. Never mind that the claims in the articles providing material for such arguments had never been borne out by other investigations.³ The very official congressional commission on September 11 explicitly stated that it had never managed to verify these allegations ("We have seen no persuasive evidence that al-Qaeda funded itself by trading in African conflict diamonds"⁴), but Douglas Farah refuted this rather undiplomatic denial by claiming to be a victim of CIA and FBI machinations.⁵

This chapter sets out to explore unconventional currency usages in a wartime situation—the 1990s conflict in Somalia—where legality no longer has any hold and criminality is not easily discernable either.

Charles Taylor's diamond (mis)adventures described above are recalled to serve as a dual methodological caveat about the possible understandings of such a subject. First, observers have a tendency to place in the same metanarrative actions of actors operating in different arenas and not sharing the same ambitions.⁶ As we shall see, for some, necessity knows no law (*sic*) whereas for others, the criminal dimension provides structure. This is typically the sort of situation one is confronted with in the debate over blood diamonds where there is an apparent desire to include in a single overreaching narrative ("bloody" diamonds, i.e., absolute predation) the trajectories of violent (probably even ultraviolent) movements rooted in vastly different political and historic rationales, whatever the analysis one may have of these various movements. One expert on the UN panel on blood diamonds in Sierra Leone who had published his report at the time explained the great frustration of NGOs that would have liked the UN experts to confirm the collusion theory in order to give these blood diamonds the full media and political resonance they believed this question warranted.⁷

Second, the publicity and characterization that international legal actors (that wonderful peace-seeking international community) give these economic practices is obviously determined not just by their criminal and illegal dimensions. The surge of legalism occurred in Somalia over 10 years after the onset of civil war, as we shall see, and would have remained in limbo had the events of September 11 not so tragically recalled the threat posed by certain jihadist groups. There again, the analogy with the trade in blood diamonds is striking in that the commerce spotlighted had been known and perceived to pose little problem for many years. The actors in this international (shadow) economy are not involved in politics but in trade. The trade is a global one, thus enabling actors in very different territories to interact in the same sector.⁸ The criminal economy is embedded in the official, legal economy.⁹

Civil war, criminality, and illegality

If any situation mobilizes the notion of organized crime, it is certainly that of civil war. Disputed regimes immediately construct discourses on the criminalization of insurgents who themselves, of course, break the law by taking up arms and acquiring the financial means needed to continue their struggle. This is nothing new, even if over the past ten years or so this aspect has been quite remarkably pinpointed in certain

studies or in fresh readings of a number of essays.¹⁰ Rebel movements are thus criminal by essence and the aims of war boil down to predation and its own propagation since by virtue of rational choice, combatants cannot conceivably risk their lives except to gain easy access to lucre.¹¹ Without undertaking a critique here of the theoretical assumptions behind such a posture,¹² mere confrontation with concrete situations shows that illegality is a far more complex issue that can in no way be limited to insurgents and their epigones, that it involves entire swaths of society, and that all things considered it is often experienced as a mere fact of life more necessary to survival than criminal accumulation; it is more an external characterization than the internal appreciation. Moreover, even if an activity can be described in a relatively consensual fashion (according to international norms) as criminal, it can take on specific forms indicating that legality is in a certain way taken into account. This chapter attempts to illustrate this rather elliptical and enigmatic assertion via one case in particular.

Even when the criminal nature of an activity conducted in wartime is not disputed, the exact definition of its contours raises major questions regarding several of its aspects. The first has to do with pre-civil war conditions that played an essential role in the social definition of what was legal and illegal at the time of the war. In particular, it seems inadequate to postulate without prior analysis that a clear dichotomy can be identified between preexisting forms of predation and those that take shape during the conflict. These repertoires moreover often serve as structuring elements of rebel group practices. Two issues that comes to mind here are misappropriation of humanitarian aid—an argument so hackneyed in times of conflict that the issue is no longer even raised in times of civil peace—and roadblocks, which are undoubtedly one of the basic forms of socialization for combatants in modern civil wars.¹³ Second, overly hasty comparisons or similarities should be nuanced. Succinctly put, the question is not so much *who* does crime benefit as *how* does crime benefit? The politically convenient vision of a population—that magnificent civil society that preoccupies UN and donor discourses—taken hostage by militia groups and mobsters contributes nothing but confusion. Rather than espouse a simplistic Manichaean view, criminal practices must be deconstructed to bring to light the extent to which violence reshuffles interest groups and their integration into the market as well as their capacity to challenge or produce new regulations. A third question arises when these so-called criminal practices are perpetrated more by networks than by institutions: the question of their relative stability and conditions of reproduction. A

whole body of literature describes several phases in the development of criminal movements: first, the most basic predatory and profitable stage (kidnapping, holdups, various forms of extortion); then a parasitic phase where they supply illegal goods and services by maintaining a less tenuous relationship with the formal economy; and last, a symbiotic phase where the supply of services covers absolutely legal segments even if their methods remain criminal.¹⁴ If war refers to a dynamic process, then armed actors themselves evolve socially and change the way they define their interests. Is it, therefore, plausible that their evolution is homeomorphic to that of criminal groups as outlined above or should any attempt at model-building simply be discarded?

Such are the questions that will be considered in an examination of the issuing of national currency in Somalia during the civil war. This little-studied aspect of the Somali conflict points up some of its singularities with respect to other conflicts that have received greater international attention. The most important of them is probably that it is particularly difficult to define legality, for lack of a state to enforce it. This in particular means that the utmost arbitrariness has also ruled for many years in determining the rights of the Somali population. The example that particularly comes to mind is the problem of Somali passports. Valid for three years prior to 1991, they should no longer have been accepted since 1994. They were, however, accepted, at least until 2004,¹⁵ even if this attitude fluctuated considerably with no real justification other than a regulatory one. Extension of the validity of Somali passports gave rise to trafficking in stamps (and forgeries) that could be qualified as criminal but in which the international community can also be equally qualified as “criminal” since it allowed the system to endure without attempting to put it in order.

Somalia does not have exportable natural resources such as diamonds or oil, even if in recent years the export of charcoal has enabled those who sell it in the Arab Emirates as well as the militias controlling export ports to reap comfortable profits.¹⁶ Political fragmentation has varied since 1991 and remains one of the country’s major problems still today. Yet Somalia has kept its national currency, the Somali shilling (SoSh), which has remained in use over most of the national territory (despite the creation of a new currency in Somaliland¹⁷ in 1994 to materialize a secession already claimed in 1991) and even beyond, in the Somali region of Ethiopia and the far northeast of Kenya. This chapter seeks to understand how this currency—alongside others such as the dollar—has remained the principal means of monetary exchange and how civil war actors have attempted with varying success to make

criminal usages of it (counterfeit), while the population at large sometimes endorsed them, sometimes protested against them. The attitude of the armed protagonists with regard to the national currency in conflict situations probably elicits questions that are less simple than they might appear as regards the conditions in which armed movements exist, their dependence on the national and regional economy, their hypothetical capacity to lay the groundwork for a counter-society and regulate its economic relations, and other such factors. That may also underscore the paradox of proximity that can exist in conflict zones between barter and the monetization of exchanges that until then belonged to another sphere.

The entire formal economy and financial sector, or what was left of it in 1990, were completely annihilated in the space of a few weeks between December 1990 and January 1991, when the capital rose up against Mahamed Siyaad Barre's dictatorship after increasing number of incidents in rural areas during the preceding 24 months. Since then, all economic exchanges have been conducted either by barter or by cash payments: there are no longer any financial instruments or banking services. This is a feature very specific to the Somali conflict when compared to others on the African continent¹⁸ or elsewhere. This is also why it is especially important to examine the behavior of political and economic operators with respect to the national currency. Four periods in the civil war will be considered in the remainder of this chapter: (1) the first Ali Mahdi Mahamed government ever recognized (January 1991–December 1992); (2) the period of "international intervention," with the United Nations International Task Force (UNITAF) and then the United Nations Operation for Somalia (UNOSOM) (December 1992–March 1995); (3) the Malaysian connection established by General Aydiid (1996–1999); and (4) the Indonesian connection that developed at the time of the Arta Conference in Djibouti in the summer of 2000 when the Transitional National Government (TNG) was formed. The evolution in currency exchange rates in each of these four periods will be described. The conclusion will question the international indifference and its consequences by looking back on other cases of conflict.

Remarks on the Somali economy prior to the civil war

Practically since its independence in 1960, the state of Somalia had subsisted by taking maximum advantage of the geopolitical rent, which its leaders used less to develop the country than to achieve the ambition

of Somali irredentism to annex territory belonging to three bordering countries: Ethiopia, Kenya, and Djibouti, considered as Somali.¹⁹ Several international incidents occurred in 1964 and 1965, but it was the Ogaden War (1977–1978) that is undeniably the most significant episode in this regard. This is probably the case because the war marked a moment of convergence among various national and international dynamics. It is thus perceived as a real turning point, a moment of state involution that would come to an end in 1991.²⁰ The Soviet Union, a long-standing ally, then decided to back the new Ethiopian regime that emerged out of the chaotic and bloody upheaval of the 1974 revolution. The United States, forced to pull out of Addis Ababa, put their chips on Mogadishu. But for a whole range of reasons (technological and particular) irrelevant to the topic at hand,²¹ Washington did not get as involved as the Somali leaders had wished: the rent diminished because the geopolitical advantages were downgraded and certain facts of accounting gradually but ever so slowly had to be accepted. The realignment of geopolitical alliances in the Horn of Africa and the expulsion of technical workers from the East Bloc had a disastrous effect on the Somali economy. The recession was amplified by a resounding defeat at the hands of the Ethiopian army, boosted by Cuban and Soviet aid and a latent political crisis (attempted coup d'état) that hailed the beginning of armed opposition in the country (first in the northeast, today known as Puntland, then in the northwest, today called Somaliland). In the mid-1970s, manufactured goods still amounted to 20 percent of Somali exports; in 1979, they no longer even figured in the official statistics. In 1969, Somalia refined 47,000 MT of sugar, in 1980 hardly 39,100 tons.

Somalia thus has the dubious privilege of being the first African country (in 1979) where the IMF intervened, recommending reforms that formed the core of its structural adjustment policies: liberalization of foreign trade, privatization, and other such changes. Starting that same year, Somalia became a textbook case, an excellent illustration of the state's ability to resist IMF injunctions and subvert the spirit of reforms imposed from the outside. Erratic debt management, privatizations carried out only in appearance, and, as regards the topic at hand, considerable subversion of monetary and credit policies gave rise to bureaucratic battles in which the international financial institutions had to accept compromises imposed by the major donors. These institutions—probably due to a lack of experience—displayed great naïveté in mistaking the game of musical chairs affecting those who held economic portfolios during the following decade for a sign that

the dictatorship had made real changes in economic orientation, when in reality these changes never materialized. In 1981, a dual exchange rate regime was set up, but the successive devaluations of the Somali shilling were unable to offset the imbalances. The official exchange rate went from 6.3 SoSh to the US dollar in 1983 to 30.49 SoSh in 1985 and then 1,050 SoSh in 1990 (the exchange rate on the black market on that date was 3,000 SoSh). These economic measures unsurprisingly precipitated a drastic fall in the standard of living of a plethoric civil service whose members, as a consequence, indulged in increasingly widespread embezzlement and corruption.²² This rampant crisis is not unrelated to the popular uprising against the dictatorship at the end of the 1980s. In analyses of motivations behind the popular uprising, the crisis in a command economy too often goes unmentioned in favor of an overemphasis on clan competition.

Unsurprisingly, in the 1980s, the banking system—still little developed due to its nationalization in October 1969—no longer played the role it had in the first decade of independence before the military coup. But in this context one should also bear in mind the totally personal management of deposits and the non-reimbursement of loans granted to regime kinsmen and its president (loans that were supposed to finance agricultural investments but were more certainly used to buy real estate in the capital or to stimulate the import of consumer goods that the regime's clientele could still afford) as well as those who received money from relatives working abroad. Due to repeated devaluations, the use of paper money in major urban centers was limited to 500-SoSh and especially 1000-SoSh bills (*Balwayns*). Smaller denominations remained in use in the countryside, but inflation made them obsolete in the main urban areas.

If the formal economy was gradually confined to the fringe of activities financed by international aid (which remained considerable thanks to American, Italian, and Arab contributions), the informal economy developed quickly during the 1980s. This is especially true of the financial sector, which, although rather primitive, benefited from the various avenues of external money transfer into the country's main cities. Some forms involved the diversion of legal systems from their primary function (such as *franco-valuta*),²³ while others right from the start took root in classic illegal practices (non-observance of exchange rates and transfer rules, use of informal operators such as the *hawaalad* who gained notoriety after 9/11). Even if the macroeconomic indicators were disastrous, they did not provoke hunger riots as they did elsewhere on the continent (Egypt, Algeria, etc.). The economic system in

which the population lived was thus profoundly reconfigured by these informal flows; people became largely dependent on self-sufficiency. Money transfers at the time were evaluated at about \$300 million per year, a particularly significant amount given the small number of economic migrants during that period. Nevertheless, the economic crisis did not at all abate. The uprising in the central south of Somalia beginning in 1989 can also be viewed as a reaction of the people against these stabilization policies.

Economic illegalism was already highly present in people's everyday lives and was not the monopoly of any particular group, even if there were, of course, strong differences between the "cream of the crop" and the "bottom of the barrel." Theories such as William Reno's take little account of this social complexity.²⁴ The weakening of the formal economy or the shadow economy is due not only to direct clients of the regime. These undeniably had a considerable share of responsibility but others—ordinary bank employees and traders, each mobilizing his kinsmen or relational networks, and the like—were also actively involved in dismantling the state and the regulated economy. Moreover, even if the expansion of an informal economy did indeed correspond with the rise in illegalism, it was not criminal or belligerent from the start in that it basically corresponded to the mobilization of funds from the diaspora to purchase real estate or to indulge in more ostentatious consumerism than the average standard of living in the country did not permit. It probably contributed more toward stabilization (never achieved) than it was a vehicle of revolt.

Currency as an expression of sovereignty

In the first phase of the civil war, all the state infrastructures were looted and the Central Bank was no exception. In the space of a few days, the entire financial sector was reduced to its fiduciary component alone: no more checks, no more loans. All financial instruments were reduced to naught. Ali Mahdi Mahamed was appointed president by his close associates on January 28, 1991, but his authority was challenged on all sides, including in the capital. Following long months of chaos, he was finally nominated again by the Djibouti Conference to the position of head of state. But the consensus was a rickety one and a few months after Ali Mahdi took oath on August 18, 1991, war again devastated the capital, reducing the city center and historic areas of the

city's coast to ruins. This war, which lasted practically from November 1991 to March 1992, ended with a UN-guaranteed cease-fire with no winner or loser. But the capital was permanently divided: the North and its hinterland went over to Ali Mahdi; the south of the capital and the adjacent territory to General Aydiid and his supporters. A severe drought in late 1991 and 1992 affected the eastern and southern flanks of Africa; paired with the war that resumed in the countryside south of Mogadishu, this catastrophe created the conditions for the international military intervention of December 1992.

During that entire period, despite his disputed status, Ali Mahdi did not lack international support and recovered part of the state of Somalia's holdings deposited in foreign banks. Probably close to 15 billion SoSh came from Djibouti in March 1991 and some \$17 million came out of accounts in banks located in Arab countries and Citibank in Geneva. But this was the "old" national currency or hard currency quickly spent/sent abroad again. In June 1992, Ali Mahdi received 200 billion Na (new SoSh) that had been printed following an agreement between the Somali government and the IMF in 1989. Various denominations were printed to reflect the new price rates: the N-20 was supposed be worth 2,000 SoSh, the N-50, 5,000 SoSh. An agreement had been reached to print currency worth N-800 billion, but Ali Mahdi's Central Bank was unable to pay the Stockholm branch of Thomas Delarue for the full batch. Finally about one-quarter of it was handed over to the disputed president who probably had benefited from the benevolence of Italian diplomats convinced he was the right man for the situation or at least an acceptable alternative to General Aydiid whose remarks against Rome could not inspire confidence.²⁵ Ali Mahdi's freedom to dispose of these new bills was one of the reasons that pushed General Aydiid in September 1991 toward a strategy of confrontation that led to the clashes of November 1991. Thus it should have come as no surprise when this further embittered rival announced that when the Na arrived in Mogadishu, anyone using these bills in areas of the country under his control would be shot on site and their property confiscated. The exchange rate between the new and old shillings immediately plummeted by nearly 70 percent. This situation lasted until 2001, when the banknotes practically fell out of use.²⁶

Several remarks can be made at this stage. First, to what extent were these operations legal? Their legality is debatable: no state recognized Ali Mahdi, even if several countries, starting with Djibouti and Italy, for a while maintained friendly relations with his government. Yet no international organization recommended caution or raised the problem

during these various acquisitions, even when it was obvious that they would have negative effects on the internal situation in Somalia. Moreover, the introduction of Na turned out to be more problematic than what Ali Mahdi and his mentors first believed. Although his supporters used this currency as if to attest the legitimacy of his position, his allies in other areas of the country—especially in the northeast and the border region with Kenya—had no intention of having their hands tied by taking risks, even only commercial ones, because these banknotes no longer had universal value and could not be used in transactions with all economic actors, especially those in favor of General Aydiid or simply residing in areas controlled by him where he was against their circulation. Thus very quickly, the Na was really in use only in the part of Mogadishu controlled by Ali Mahdi and its hinterland. Such devaluation also provides notions about the country's political and economic geography: with no real access to the sea and with no airport having a tarmac strip, Ali Mahdi's territory ended up being subordinate to the territory controlled by Aydiid, through which the major trade flows with Ethiopia and Kenya transited.

One might have thought that the situation would be altered by the international intervention between December 1992 and March 1995 or the death of General Aydiid in August 1996 after his faction had already been weakened considerably. But no such thing happened. Never was this currency to circulate beyond the confines of the zone described above. Why not? Interviews with economic operators highlight one major reason: legitimacy. The new currency never appeared legitimate because it was not issued by a "state worthy of the name." Using it was tantamount to showing allegiance to the presumed chief of state, and few outside the territory dominated by his faction were prepared to go that far in alliance and recognition. Traders who wanted to open new markets for their commodities as the civil war diminished in intensity had no advantage in doing so either. The year 1992 was moreover a difficult year for Ali Mahdi. In 1991 he was the undisputed leader, but the following year he was confronted with severe internal opposition as he was held responsible for the defeat or at least for the fact that his camp had been incapable of winning the war, possibly on account of his great indecisiveness at several strategic junctures. Another reason certainly helps explain this reluctance: it was, in fact, easy to tell Na apart from the old *Balweyn*—no need to know how to read and be able to decipher the microscopic writing on them, as would later be the case later.

The introduction of new bank notes can be compared to what happened a little later in 1994 in Somaliland in fairly similar economic

conditions, that is, with the concomitant enrichment of private operators who had invested funds in the printing of banknotes (and, of course, those members of the government and the president's office who handled this operation). The Somaliland shilling (SlSh) was introduced during a period of extreme tension where combats also drained part of the capital, Hargeysa, and where the president elected in 1993, Mahamed Ibraahim Egaal, was disputed. Moreover, Somaliland's re-export economy to the center-south of Somalia and Ethiopia was experiencing its heyday at the time and underscored the importance of the Somali shilling throughout the entire eastern Somaliland.²⁷ The circulation of SlSh cannot be qualified as an immediate success. For years its use was limited to the areas that backed the legal government and especially to operations involving payments to the new administration. It became widespread in 1999 following a complex rationale tied not only to the political and economic situation of Somaliland and the former Italian colony, but also to an Ethiopian policy of partial control of informal imports. Yet the success can be considered today as real, even if certain areas in eastern Somaliland (especially the Las Anod region) still make little use of SlSh. The claim to independence—whatever one's analysis of it may be—has given the new currency (and the authorities who have promoted it) greater legitimacy than what the consensus of the various political factions might have supposed. In this regard, the process is no different (relatively speaking) from the one that took place in Eritrea (an internationally recognized state, however) when it introduced its national currency, the Nakfa, in 1997.²⁸

Leaving the regional context studied so far—yet which offers a fairly varied array of trajectories—we can return to Zaire and the monetary dissidence that took place in Kasai, which refused to accept the use of a new currency put into circulation against the wishes of Etienne Tschisekedi, who they believed to be the only rightful prime minister. This situation lasted until the monetary reform mentioned in the introduction. It indicates once again that currency has functions that are not restricted to the financial sphere and to a universal equivalent.²⁹

International intervention and discovery of the market

As the international intervention—UNITAF and UNOSOM—was taking shape, economic exchanges between territories controlled more or less effectively by faction chiefs remained fairly insignificant. Security problems made protection costs prohibitive. Lack of security

slowed trade because money stayed put and remittances from the diaspora could reach only those relatives of migrants who were living in large urban centers—the others bided their time and had to face famine on their own. The international intervention, *volens nolens*, was to have very ambivalent effects. The strictly political aspects will not be discussed here (a history of this operation taking into account all its dimensions remains to be written, although the overall assessment of it—failure—is very unlikely to be called into question). Any assessment from a strictly economic standpoint is bound to be far more mixed. For months, the United States and the United Nations poured massive amounts into an economy that, due to clashes and the reduction in agricultural activities as well as the drought, functioned at a slower pace. At the time, at least in the area where international forces intervened directly, real economic change as well as social reclassification occurred, the extent of which can be measured only in retrospect.

One indicator of this rapid transformation is the exchange rate. In the space of a few weeks, the shilling made a remarkable comeback: the exchange rate rose from 7,600 SoSh to the US dollar to 3,000 before reaching 4,500 a few months later. This rate, despite slight variations, remained practically constant until late 1994. The shilling exchange rate then deteriorated because economic operators anticipated the end of the international operation and the return of major political tensions. Nevertheless the Somali currency did not collapse despite the near immediate closing of the port and Mogadishu International Airport as soon as the UN Blue Helmets left—proof that the Somali economy was never limited to aid and possible misappropriation of it. Starting with March 1995, depreciation was about 1,000 SoSh per year until large injections of new banknotes were made, as will be seen further on. Thanks to the international intervention, in the space of a few weeks Somalia once again became a unified economic zone where goods and persons could once again circulate with a semblance of security. This is the conclusion that can also be drawn from the homogenization of exchange rates in the various regions of the country, whereas a few months previously they were notoriously different. Certainly they did not match exactly, but their differences were marginal and they remained “hitched” to one another almost instantaneously.³⁰ This was not yet the case in December 1992: the shilling exchange rate in Hargeysa was far less favorable (by nearly 50 percent) than its value in Mogadishu. This moreover provided the opportunity for some to embark on a most peculiar suitcase trade: it involved flying from Mogadishu to Hargeysa, exchanging dollars and bringing back Somali banknotes in the plane’s cargo hold.

Very soon, the international operation leadership grew concerned about the financial implications of the shilling's revaluation in what could be viewed as a nonexistent economy, and especially about the rising costs of reconstruction it had planned to organize. It began to suspect that a cartel had formed to control the exchange market; it was all the more inclined to think so since the most important actors on this market were related (politically and especially through ties of kinship) to General Aydiid, who was a staunch opponent of the international intervention right from the start. When the general and his supporters shifted into outright opposition in June 1993, the international forces blacklisted a few major operators in this market that it accused of helping the war effort—an accusation it was, however, never able to prove. The facts available today as well as a less impassioned view on this period, although they do not enable this question to be settled entirely, nevertheless indicate that international officials overwhelmingly underestimated the Somali economy's absorption capacity and disregarded the large increase in remittances from abroad that helped improve security and reconstruction perspectives. The shilling's behavior was perfectly logical in this context.³¹ The fact that the currency exchange market became basically national also argues against the cartel theory, according to which the main beneficiaries would have been in Mogadishu, especially among the economic operators who backed General Aydiid. No operator in Mogadishu could have controlled the exchange rate over a significant period of time without a reaction from competitors living in other major urban centers who were indifferent (or hostile) to the political situation in Mogadishu.

The currency supply also probably changed due to the issuance of counterfeit. This author met small entrepreneurs in Nairobi in 1996 who claimed to have printed fake *Balweyn*, owing to expertise gained in Zaire (or Sierra Leone depending on the case). Rumors in Mogadishu had it that during the two years of international intervention, banknotes that were "a little too new" had been stonewashed to cause artificial wear and tear (yet another Americanization of popular Somali culture after prewashed jeans!). This is, of course, not impossible but the quantities were obviously minimal because they hardly affected the exchange rate and did not cause any "mysterious decouplings" of certain regional markets. Aside from technical difficulties (color printing and paper are expensive), it is conceivable, without being naïvely optimistic, that it was possible to make a lot of money at the time simply by taking advantage of the numerous opportunities created by the disastrous financial management of the UN operation.

The Malaysian connection

The problem that arose as a result of the lack of a resolution to the Somali crisis was how to manage the national currency in the absence of any existing or recognized government. In the case of Somaliland, as we have seen, the administration created a new currency and was able to introduce it on the basis of shared national spirit. Even if much can be said about these conditions and the reasons for the rapid collapse of the Somaliland shilling's value, the fact nevertheless remains that Mahamed Ibraahim Egaal also managed to reconstruct a state fiscal policy and that the diaspora once again played a strategic role in consolidating the new economic organization. As for the former Italian colony, it underwent two fairly different trajectories. Both involve the privatization of national currency issuance. Given the absence of any legitimate authority, should this be viewed as counterfeit? Or, on the contrary, should historic analogies be drawn? For instance, in the United States, the Federal Reserve was not created until 1923. Prior to that, private banks (under certain conditions) were authorized to issue their own banknotes, the value of which was determined by the market. This author leans very clearly in favor of an affirmative answer to the first question, but that does not preclude the need for a detailed analysis.

When the United Nations put an end to their operation in Somalia on March 1, 1995, the political situation in Mogadishu was in a perfect deadlock, illustrated by the inability to set up a joint management of the international port, the occupation of the airport by several militias, and the return of serious skirmishes in the city. The Malaysian government, which had taken part in the UN operation, offered to mediate between the two leaders in Mogadishu. If mediation was successful, Kuala Lumpur would guarantee significant aid to rebuild the port (its facilities had also been looted) and set up a bank, a telecommunications company, and even a resort! Unsurprisingly, political mediation failed, but the Malaysians nevertheless decided to pursue the business side. How should such a decision be interpreted? The contact for the Somalis in Mogadishu was a colonel in the Malaysian Army, former commander of the Malaysian contingent of the UN force; the main economic operator was a Chinese businessman known for his close relationship to the Malaysian prime minister at the time, Dr. Mahathir. The Somali opponents to General Aydiid, ever the rumormongers, spoke of money laundering and drug trafficking. Perhaps influence-peddling was a strong enough argument?

In June 1995, General Aydiid proclaimed himself president and appointed his cabinet, probably in the hope of immediate recognition from Uganda (his close associates swear even today that President Museveni had promised him just that) and Libya (a reward for its “victory” against the Americans). But the state’s coffers, hanging on an international acceptance that would never come, were dramatically empty, and the alliances needed to enlist prominent figures from all regions to lend the government a “national” character were costly. An agreement was finally reached between General Aydiid and the Malaysian firm based in Penang, Adorna,³² which issued a letter of credit to print 165 billion *Balweyn*. It contracted the Canadian firm the *British American Bank Note* to print 135 billion SoSh in 1,000 SoSh bills and 30 billion in 500 SoSh bills.³³ The terms of the agreement stipulated that Adorna would receive 10 percent of the face value of the banknotes in order to commence its banking operations in Mogadishu.

General Aydiid died before the agreement materialized. His son Huseen³⁴ became the recipient of this windfall and the problems it very soon generated. An initial delivery of 35 billion SoSh took place in June 1997 in a situation of high tension. First, the militias controlling the airport where the consignment was to be unloaded, on learning its nature, demanded a cut—which naturally required on-the-spot negotiations. Second, Huseen Aydiid had to honor the agreement with Adorna, a commitment that was not without its share of serious problems because he was not in a position to pay (or more realistically did not want to pay) the agreed fraction in hard currency. The situation deteriorated to such an extent that the young “president” tried to sideline the Malaysian company and impose his brother as the sole broker for the Canadian printer. Adorna then later made it known that it would no longer deal with Huseen but instead with the two Somalis who had been the initial middlemen for the operation.³⁵ A second shipment should have taken place a year later for nearly the same quantity: 30 billion SoSh. But this consignment seems to have gotten “lost” owing to a string of events: the murder of the Malaysian colonel in Mogadishu by his bodyguards, the closing of the airport due to large-scale military operations in Baydhabo, and the bankruptcy of Adorna (this was in the midst of the Asian crisis). Adorna canceled the letter of credit, claiming that the Canadian supplier had not fulfilled the stipulated conditions. But the latter firm was foolish enough to have printed most of the order, and so a third shipment of 15 billion SoSh (at a cost of US\$500,000 for the printing and US\$100,000 for the various commissions) was organized and financed in March 1999 by two wealthy

traders in Mogadishu connected with one of the middlemen approved by Adorna. In June of the same year, a much larger delivery (about 45 billion SoSh) again reached Mogadishu, thanks to the involvement of a larger group of traders who had joined the two initial traders.

According to a UN official—the only economist then employed in all the UN agencies—printed notes worth nearly 15 billion SoSh were still warehoused in Canada. But the Canadian firm had been subject to several weeks of press and Internet campaign by a segment of the Somali diaspora criticizing its negligence. In an attempt to quash the negative publicity about this unfortunate episode, Quebecor (the largest printing company in the world at the time) decided to sell off its Canadian subsidiary to a German company. The exchange rate, which prior to the first consignment had been about 7,800 SoSh to the dollar, reached 8,800 SoSh in late July 1997. But in the space of a few weeks, the rate recovered its average price of less than 8,000 SoSh. In 1998, the market reacted similarly, exceeding 8,500 SoSh to the dollar before dropping back to about 8,200 SoSh. In 1999, the situation was different and the exchange rate stabilized at above 10,000 SoSh to the dollar after two shipments of banknotes.

For anyone observing the scene in Somalia, there was little doubt that the worst was yet to come, as we shall see further on. The estimated printing costs were such that an operation remained profitable up to an exchange rate of 25,000 SoSh to the dollar. That left a margin for maneuver that many intended to take advantage of. This situation, if considered from a criminal standpoint, raises several questions. First, how should the attitude of the Malaysian operators be characterized? They were probably private entities but whose connections with the State officials (at the highest level) were hidden from no one. No public protest seems to have come from any international agency or chancellery. Yet General Aydiid's government—and hence his son's—had never been recognized. Similarly, no legal action was ever undertaken against the Canadian firm that had agreed to deliver Somalia's national currency to private persons who had no official representation or status.

When the impassive international community began (very sluggishly) to show concern about the situation in 1999, it focused (like the Somalis, who thus fought their own battles) on the traders and ever so diplomatically neglected to examine the problem from an assuredly legal angle by questioning the Canadian or Malaysian behavior. As for the traders, without giving names here, it is interesting to note several other characteristics. For one, they were not only those who one would

without hesitation call war “profiteers.” The two most important operators, who were thus the instigators of the first “purely” private transaction, were small businessmen in 1993; they did not take part in the most violent episodes of the civil war anymore than in the looting of state property in 1991 and 1992. There was nothing specifically criminal or secret about their wealth. They had managed to import and distribute throughout all of southern Somalia large quantities of (low-quality) Brazilian sugar, initially thanks to the financial guarantee of a well-known Djibouti businessman, and thus began to build their fortune. They added to it by acting as service providers for a large UN agency, an addition made possible due to the real competence they had gained in the carriage of large quantities of provisions from one point to another in Somalia. The fact that they were members of al-Islaah, the Somali branch of the Muslim Brotherhood, had no relevance at this stage; in such a context, it rather showed their moderation in the lure of profit. As for the second group of traders, it was certainly much more composite and thus less typified. Noteworthy, however, is the clear ambition of the two dealers to bring together businessmen belonging to the main armed clans in Mogadishu, sometimes their associates, often economic operators who enjoy a real reputation on the market. Without discussing here the macroeconomic implications of what has just been described (these will be mentioned in conclusion), it is significant to note that these practices were already part of a world where alliances are required not only to share investment costs but also, in a way, to discredit criticism by showing that all those who matter (at least in clan terms) benefited from the operation—an aptitude to share the profits (even unequally) that Ali Mahdi, perhaps too gullible or too full of self-importance, had believed he could do without.

The Indonesian connection:
How businessmen rule currency

Substantial profits and the relative indifference of the international community meant that such an operation could be repeated—of course, as long as a printing house could be found that was not very particular about the legality of the operation. Although the conditions in which an Indonesian company, *Pt Pura Baru Kudus Company*, was found to fit the bill remain fairly obscure, the intermediaries can be identified with greater probability. Their identity highlights several interesting

transformations that help understand both the conflict and the Somali economy. The first of these transformations resides in a shift toward Asia, based on long-standing relations with India and Pakistan (due to trade opportunities, of course, as well as to the education of adolescents of modest means—and not only in madrasahs!). The Asian financial crisis from that standpoint was an extraordinary opportunity to purchase the stocks of ruined companies at rock-bottom prices. It was in this context that talks were held in Jakarta. However, the initiatives did not come from Mogadishu, in spite of its being perceived as the hub of all criminal trafficking in Somalia, but from virtuous Puntland, which had just been founded (Summer 1998) at the instigation of Ethiopia and its allies in northeast Somalia, especially Colonel Abdullaahi Yuusuf Ahmed, who had become president of the new entity.³⁶ Like his former colleague General Aydiid, the new president was fairly penniless; he thus undertook to raise funds³⁷ and put in the initial orders with this Indonesian company. Although Somalia is too often perceived as a country fragmented into different hostile strongholds, this example on the contrary underscores the cooperation between business circles, as the link with wealthy Mogadishu traders was initiated by a stockholder in an airline company based in Dubai and serving Somaliland, Puntland, and Mogadishu.

In January and March 2000, two deliveries of new *Balweyn* were made in Puntland, estimated by the local press at 13 and 22 billion SoSh respectively. These banknotes were of a lesser quality than those printed in Canada: the colors were much more contrasted than on the original bills; they were also dated 1989, not 1996.³⁸ It would appear that a small quantity of these notes was also put into circulation in Baidoa, capital of the region then controlled by allies of Abdullaahi Yuusuf, the president of Puntland. The sharp reaction of the market cannot be perceived in the average monthly rates, which absorbed strong discrepancies, but the shilling exchange rate reached one of its historic lows: 10,500 SoSh to the US dollar.

In Mogadishu, the year 2000 was entirely devoted to the reconciliation conference organized by Djibouti, a conference that began in the town of Arta in late April and ended in early September with the creation of the Transitional National Government presided by Abdiqaasem Salaad Hasan. Without going into the precise political conditions at this gathering, it should be noted that beyond the conventional remarks about “civil society banding together against the warlords” and the peaceful and democratic aspirations of the Somali diaspora, a small group of wealthy Djiboutian and Somali traders and

politicians conducted real negotiations in the wings and made real decisions. Among them were the first businessmen who imported banknotes in 1999 and who also put their financial backing behind Abdiqaasem Salaad Hasan, the man elected president in late August 2000. This highly important group, which spent lavishly in Arta to convince the hesitant, imported between 20 and 25 billion SoSh in *Balweyn* to Mogadishu on August 16. This arrival triggered a market crisis and opponents, including Huseen Aydiid who didn't go to Arta like many other faction chiefs, virtuously denounced this import that led to a rapid deterioration of the shilling, which was very quickly exchanged at over 13,200 SoSh to the dollar before coming back down to a rate of over 10,000 SoSh.

In November, with a government installed in Mogadishu, a new shipment arrived, and then another in February 2001. This time, the exchange rate exceeded 15,000 shillings and in late spring 2001 would even jump over 20,000 shillings to the dollar. As Somali journalists wrote at the time, "these traders see banknotes as any other commodities."³⁹ All transactions ceased for several days on Mogadishu's main market—Bakaaraha—a shutdown that even the US intervention was not able to cause. Commodity and transport prices doubled or tripled overnight. The population demonstrated its anger near the house of the president, whose powerlessness was all the more criticized since the main protagonists of the crisis among the traders were fairly close kinsmen to the new president or people who worked wholeheartedly toward his election. The only way to solve the problem was to buy most of the traders' holdings back from them in new bills, but these purchases were not made, as one might think, on the basis of the printing cost and a small commission, but instead at their face value at the current exchange rate. Under pressure, the prime minister decided to travel to Indonesia, but the size of the delegation stirred rumors in the streets of Mogadishu. There were reports that rather than having convinced the firm to destroy the banknotes, the delegation divvied them up according to the percentage of their clan's representation in the TNG.⁴⁰ In April, a new crisis broke out with the arrival of nearly 110 billion SoSh (an unconfirmed figure). In a way, the situation was settled "Zaire-style": the exchange rate collapsed and the value of a 1,000-shilling note dropped to below its printing cost. After a few weeks, during which it went over 25,000 SoSh to the dollar, the exchange rate stabilized at about 22,500 SoSh.

Unlike the Na, the population could not easily distinguish the new bills from the old. Moreover, the traders put them in circulation when

they paid their employees or settled small invoices. The fact that they were in a position of power made it difficult or even unthinkable to oppose them, since they were not mere traders: they were clan notables, often known as good Muslims who generously paid their *zakat* (Islamic tax) and enjoyed a good reputation on the market. Of course, in time, the circle of those who had a stake in the currency business rose considerably. It is likely that a very large majority of Somali businessmen living in Dubai were at one time or another involved in this counterfeit operation. But socially, the fact that no clan or faction had the monopoly made criticism very difficult because the responsible parties had to be named. That meant all had to be named and only the closest to the key entrepreneurs or those who had been pinpointed by public rumor were known. Pointing the finger at someone without pointing it at others would have been viewed as a way of stigmatizing one clan or subclan and would have inevitably provoked reactions of solidarity. Thus, the question of legitimacy did not vanish, but the businessmen settled it in a very clever manner: by taking advantage of a social status that faction leaders could have only among their accomplices and by making alliances from the start that lent a “national” character to their scam.

Certainly, the population reacted, as did the government, however powerless and likely involved in the deal. But it was also able to argue that it had been the victim of a conspiracy concocted elsewhere, in Puntland. Skeptics could always line up in front of the homes of officials involved and demand a small handout. Three years later, in 2004, the exchange rate again dropped below 18,000 SoSh to the dollar. All those openly involved in these operations in Mogadishu suffered a severe decline in their prestige. Politicians and businessmen remained mute about how they had managed to take best advantage of these little deals. But in October 2004, the emergence of a new government, undermined by the same problems and with little inclination to accept restrictions, augured for new attempts and new alliances, all the more so since this government, sired by the IGAD (Intergovernmental Authority for Development, the regional organization for the Horn of Africa), enjoyed a certain international legitimacy. Rumors mentioned the Bank of France, then an English or German company, to finally refocus on Asia and the Malaysian or Indonesian connection. However, the central problem remains to know whether it will be private operators or the state (basically owning nothing more than its acquiescence) that will benefit from the real privilege linked to currency issuance.

Concluding remarks

To conclude this survey of the situation, we can review the questions initially raised and show the complexity of the answers and/or the need for further fact-finding to make headway. The effects of this shambolic creation of currency must also be examined to avoid confusing legality, morals, and economic dynamics. To answer first the question raised in the introduction and without repeating what has just been said, it is important to emphasize that those who took part in this undertaking are not the most closely connected to the war economy, as is too easily heard today. Certainly some well-known figures are present, but there are many more operators whose activities have always been transparent and rooted in usual trading activities. If causticity were not out of place in a situation that has such dramatic implications for the population, the creation of currency could be said to represent a nearly successful attempt to bring the private sector in as a real collective actor. In spite of it all, a certain number of businesspeople refused to get involved in these operations, but given the consensus among their counterparts, they chose to remain silent. The way this shareholding was approved is also indicative of a social mechanism of confidence-building. It was the wealthiest businessmen who served as pillars and in whose companies shares were invested, as they were presumed to be “honest” since they were rich. They also function without having recourse to factional mechanisms, which points out—well before the paltry results of the reconciliation conferences held in Arta from April to September 2000 and in Kenya from October 2002 to October 2004—that factions are no longer as strong players as they still had been in the mid-1990s and that the international community once again was several years behind in its understanding of the Somali crisis. To some extent, the case of Somalia shows how mobilizing social behavior patterns (related to kinship and trust) enable the resolution of problems that are handled elsewhere in more pacified contexts by institutions.

Were these dealings a disaster for the Somali economy? There is no absolute and definite answer to this question. There are reasons to believe that until 1999 the issuance of new banknotes played a rather positive role. Indeed, there had been no new bills issued since 1989 or 1990. It is generally believed that nearly 5 percent of the bills in circulation are destroyed yearly by normal wear and tear.⁴¹ Moreover, certain incidents—battles, burning of homes or markets, such as the fuel market at Bakaaraha in December 1996⁴²—destroyed additional quantities of currency. Today the Somali currency is used in a wider territory

than it was in the 1980s. With the overturn of regimes in place during the cold war in Ethiopia and in Somalia, the Somali currency came into use in the Somali region of Ethiopia as well as in refugee camps in northern Kenya and certain areas of Nairobi (Eastleigh market) with a particularly large Somali population. Price surveys conducted in 1998, in fact, indicated deflationary pressure due to a money shortage. And for this initial period, despite a brief period of extreme market reaction, stability prevailed because the wealthy traders involved put the new banknotes into circulation slowly (basically to pay the guards and petty employee wages). This was no longer at all the case in 2000 and 2001, when the point was to exchange these bills as quickly as possible to obtain hard currency. The relationship between business circles and political class was such that businessmen benefited from the “seigneurage” and not the new government, which certainly could have used it. Notwithstanding the likely corruption of some, the government did nothing because the said criminals were also those who paid its hotel and entertainment bills. As for its institutional capacity to react, the less said here the better.

The impact of this inflation on the population should also be investigated. Once again, there is no definite answer. Families who received remittances or those who managed their business in a dollarized economy (telecommunications and importers) probably did not encounter great difficulties. Ironically, it may have even reduced some of their expenses (local foodstuffs, for example). Those who lived entirely in the local economy suffered considerably, however, in that their income did not rise as fast as inflation (with extremely rare exceptions). This segment of the population—the majority in Mogadishu and a huge fraction of the rural population—experienced further impoverishment. The blindness of the United Nations and the European Commission, which constantly emphasize the fight against poverty but are reluctant to discuss such down-to-earth material problems with a government that it does its best to support, will not be described again here.

One last point concerns the debates over reconstruction. It is that of currency reform. The question is whether such traffic in Somalia can be stopped? There is a condition imposed by the market: the face value should be greater than the printing cost. Basically, the exchange rate can never exceed 30,000 SoSh to the dollar (but at this rate it would still leave a certain margin to reap profits). Setting up reform—as is recommended today—is a costly decision that implies political conditions that were not met in Somalia before and are still not today. Moreover, it is not simply a matter of printing new banknotes but of having the

basic instruments to be able to implement a decent monetary policy. That is a long way from being achieved, even in calmer regions of the country such as Somaliland and Puntland. An alternative would be the total dollarization of the economy. The dollar is already used in many transactions for practical reasons. Wages are fairly often fixed in dollars and paid according to the shilling rate at the moment. But the problem again arises that any economy as poor as Somalia faces: the indivisibility of the dollar. It is a problem that was posed even with the Somali shilling when traders decided to refuse 500-SoSh bills. Under such conditions how does one pay for a glass of tea or a dish of noodles or a few bananas? A dollar is a lot of money in rural areas and is often more than what a worker earns in a day, contrary to the conventional discourse on defining poverty and the Millennium Goals.⁴³ Coins would then have to be imported, which cost even more than banknotes.

Lastly, there is an extraordinary discrepancy between the general discourse on war economies and the implementation of these ideas by donors on the ground. And Somalia once again is only a case in point, probably deemed exotic by many but finally rather exemplary. For years, the interest in the economic dimensions of the conflict showed by the international community (chancelleries and international agencies, the European Commission) has remained minimal. It unsurprisingly remained focused on the political scene and factional disputes or humanitarian needs. It was not until November 2001 and the freezing of operations of the main money transfer company used by the diaspora to send remittances to Somalia, al-Barakat, accused of cooperating with al-Qaeda, that this posture began to change. Neither the United Nations Program for Development (UNPD) (supposedly concerned with development and, therefore, economic issues but, in fact, obsessed with the humanitarian aspect alone) nor a European Commission completely absorbed in its own bureaucratization has paid any attention to them.

Notes

1. Douglas Farah, "Al-Qaida Cash Tied to Diamond Trade. Sale of Gems from Sierra Leone Rebels Raised Millions, Sources Say," *Washington Post*, November 2, 2001.
2. Douglas Farah, "Al Qaeda's Gold: Following Trail to Dubai," *Washington Post*, February 18, 2002.
3. The *Global Witness* 2003 report is based on secondary and not independent sources. Should the American prosecutor of the Sierra Leone Special Court be believed without questioning his ulterior motives on this point as well as others?
4. Commission 9/11, *Report on the 9/11*: 171.

5. "Debate over Al Qaeda's Connection to West Africa's Diamond Trade Takes New Turns." *allAfrica.com*. August 5, 2004.
6. As soon as one goes beyond a generic and superficial analysis, the problem appears in all its complexity. Christian Dietrich, a Belgian expert on the diamond trade in the Democratic Republic of Congo, Angola, and Central African Republic, describes it as follows:

This brings me to the question of how this trade is organized. Diamond seekers in Congo, the diggers (*creuseurs*), sell their gems to middlemen (*négociants*), who then sell them to licensed exporters (*comptoirs*). In Angola, the miners are called *garimpeiros*. They sell their diamonds to illicit operators or licensed companies. It is interesting to note that if an 'informal' miner sells diamonds to a licensed buyer, his production becomes lawful. If he sells his diamonds to exporters who don't have a license, then it is an illicit diamond trade. If he sells to rebels, the diamonds become conflict diamonds. It is extremely difficult to distinguish between the trade in illicit diamonds and legal diamonds.

Christian Dietrich, IPIS researcher, testimony at the Belgian Senate commission on resource exploitation in the Great Lakes, January 11, 2002
7. Interview with John Peleman. *De Standaard*. January 5, 2002.
8. Not to mention the strange propinquities that Irangate revealed in the mid-1980s.
9. Thierry Godefroy and Pierre Lascoumes. *Le capitalisme clandestin. L'illusoire régulation des places offshore* (Paris: La Découverte, 2004).
10. Among sundry texts, one could usefully consult the research conducted by Paul Collier and his team at the World Bank (accessible on its website), the once iconoclastic reflections of Charles Tilly, and a whole body of literature of varying quality on new conflicts and war economies. For an introductory bibliography and a good example of certain misconceptions, cf. David Keen. *The Economic Functions of Violence* (London: IISS, Adelphi Papers, 1998), 320.
11. For a very interesting analysis of the case of Colombia, see cf. Francisco Gutierrez, "Ten Reasons for Doubting," accessible at the following URL: http://www.ssrc.org/programs/gsc/gsc_activities/globalization_conflict/conflictagenda/.
12. Roland Marchal, Christine Messiant, "De l'avidité des rebelles. L'analyse économique de la guerre civile selon Paul Collier," *Critique internationale* 16 (2002): 58–69 and "Les guerres civiles à l'heure de la globalisation. Nouvelles réalités et nouveaux paradigmes," *Critique internationale* 18 (2002): 91–112.
13. Janet Roitman. *Fiscal Disobedience. An Anthropology of Economic Regulation in Central Africa* (Princeton: Princeton University Press, 2005); Saibu Issa, "L'embuscade sur les routes aux abords du lac Tchad," *Politique africaine* 94 (2004): 82–103.
14. For a critical discussion, cf. Robert Naylor, "From Cold War to Crime War: The Search for a New 'National Security' Threat," *Transnational Organized Crime* 1(4) (1995): 37–56. The description appears on page 46.
15. In April 2004, probably to put pressure on reluctant faction chiefs during the talks in Kenya or to restrict access to Kenyan territory for people suspected of terrorist activity using Somali passports, Kenya and the United Arab Emirates decided to no longer recognize the validity of these documents. A tardy reaction indeed, whereas during the UN Operation in Somalia (1993–1995), Blue Helmets were able to get a Somali passport (ordinary or diplomatic) made up with their own picture and the name of their choice for less than \$50.
16. Report by the expert panel on Somalia from March 2005 accessible at the following URL: <http://daccessdds.un.org/doc/UNDOC/GEN/N03/259/25/IMG/N0325925.pdf?OpenElement>.
17. It should be remembered that Somaliland is the former British colony, that civil war broke out there in 1981 led by the Somali National Movement (SNM), and that as soon as the dictatorship was overthrown in Winter 1991, the SNM proclaimed an independence that no state had yet recognized in Autumn 2005.

18. Banks continued to operate in Côte d'Ivoire and Kivu.
19. In all three cases, this indicates disregard for the other ethnic groups living in the disputed areas and who had little sympathy for Somali nationalism.
20. We will not discuss here the limits of such an analysis, which Daniel Compagnon does very well in his dissertation: *Ressources politiques, régulation autoritaire et domination personnelle en Somalie, le régime Siyaad Barre: 1969–1991* (France: University of Pau, 1995).
21. Cf. particularly on these points, Jeffrey Lefebvre, *Arms for the Horn. U.S. Security Policy in Ethiopia and Somalia 1953–1991* (Pittsburgh: University of Pittsburgh Press, 1991); Robert Patman, *The Soviet Union in the Horn of Africa. The Diplomacy of Intervention and Disengagement* (Cambridge: Cambridge University Press, 1990).
22. A civil servant's salary was at most 14,500 SoSh, whereas it took at least 3,000 SoSh per day to feed an average household. If this salary had been corrected for inflation since the Ogaden War, it would have been 287,700 SoSh. That could only encourage absenteeism and corruption. There is a term for this practice: *haul fududayn* (what helps to work).
23. Imports were unrestricted as long as the traders could find hard currency to pay for the goods. Somali economic migrants in the Gulf states are thus a considerable resource pool for these traders.
24. William S.K. Reno. *Warlord Politics and African States* (Boulder: Lynne Rienner, 1998).
25. General Aydiid tried to sue Ministry of Foreign Affairs officials in Italian courts for failure to pay bribes linked with certain projects, a sign that surrealism apparently has its followers in Mogadishu!
26. The exchange rate had dropped so low that the value of the banknote no longer covered printing costs, a situation that counterfeiters in Zaire had to face in the first half of the 1990s. Explanation for such deterioration is found later in this chapter.
27. Although this practice/usage is more limited today, it has not disappeared. Likewise, the influence of the central-south Somalia economy on that of Somaliland remains considerable in this area, as indicated, for instance, in the FSAU (*Food Security Assessment Unit*) monthly newsletter in its January 2002 issue.
28. Tony Addison, Alemayu Geda, Philippe Le Billon, Syed Mansoob Murshed, "Financial Reconstruction in Conflict and 'Post-Conflict' Economies," *United Nations University World Institute for Development Economic Research*, Discussion Paper no. 2001/90, September 2001.
29. Jane Guyer. *Marginal Gains. Monetary Transactions in Atlantic Africa* (Chicago-London: University of Chicago Press, 2004).
30. This moreover highlights the density of information flows among the various markets in Somalia. This is made possible by the widespread use of military radios looted from garrisons in 1991. There is no longer a single village or market in Somalia that doesn't have one or more operators that can communicate with others and provide information on the price of goods, the exchange rate, and shortages as well, and this well before telecommunications networks were developed between Mogadishu and Hargeysa in 1994.
31. The best discussion on this point is Satish C. Mishra, "Finance, Banking and Economic Generation in Somalia." REDSO/ESA/APD, February 22, 1993.
32. This company moreover has no acknowledged expertise in any of the projects mentioned in the agreement with General Aydiid. Should that be taken as proof that it was a front or on the contrary the product of a fairly common way of doing business among Malaysian companies operating in Africa, which, once winning the bid, subcontracted out to other more competent firms to carry out the work?
33. Michel del Buono, "Printing and Shipping of Somali Shilling Notes." Note UNDOS, August 10, 1999.
34. He was appointed president instead of the then vice president because "his father had not done his time."
35. *Africa Confidential* 38(13) (June 1997).

36. Unlike Somaliland, Puntland did not claim secession and demanded an existence/status within Somalia in a federal type organization. Abdullaahi Yuusuf was elected president of the transitional federal government in October 2004 in Nairobi.
37. Without going into the details of Somali politics here, it should be noted that Abdullaahi Yuusuf operated partly on his own capital (probably from fishing licenses sold to foreign companies) and partly on loans from a few wealthy businessmen who later became large landowners, especially in Boosaaso.
38. Which nevertheless demonstrates a genuine compliance with the constitution: it is the governor of Aydiid's Central Bank who signed the "Malaysian" bills whereas Abdullaahi Yuusuf recognized only the former regime.
39. *Integrated Regional Information Networks* (IRIN), June 12, 2000.
40. An obviously unverifiable rumor. Another version holds that an agreement was finally reached to pool the money rather than divide it up according to clan size. In short, the market won over kinship. What a relief!
41. This estimate was made by two economists: Jamil Mubarak and Michel del Buono. *The Macroeconomy of Somalia. A Conceptual View* (Nairobi: UNDOS, 1999).
42. Probably over 7 billion SoSh were destroyed in this incident alone.
43. François Egil, "Les éléphants de papier. Réflexions impies pour le cinquième anniversaire des Objectifs de développement du Millénaire," *Politique africaine* 99 (2005): 97–115.

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