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## **Mafia: the Price of Distrust**

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There is a number of places around the world where three unfortunate sets of circumstances coexist: where people do not cooperate when it would be mutually beneficial to do so; where they compete in harmful ways; and, finally, where they refrain from competing in those instances when they could all gain considerably from competition. There are probably not many, though, where such a powerful combination has lasted for centuries. Southern Italy - especially the Tyrrhenian regions of Campania, Calabria, and Sicily - is conspicuous among them, in spite of the fact that Italy as a whole is now one of the most successful of industrial countries.<sup>1</sup>

It is tempting to conclude, therefore, that people in the south are either stubbornly irrational or entertain masochistic preferences. While the possibility cannot be excluded that they may have evolved such preferences as a means of reducing the cognitive dissonance caused by prolonged exposure to such an environment, the overall aim of this paper is to reconcile individual rationality with protracted collective disaster. If anything, in this case, the latter results from an excess of individual rationality. This paper is an account of the remarkable responses to a generalized absence of trust and of the mechanisms by which such responses, while reinforcing distrust, have none the less brought about a relatively stable social structure. Its major underlying assumption is that the *mafia* - although by no means its only element - represents the quintessence of this structure, in which all the crucial behavioural patterns converge to form an indissoluble but explosive mixture. In addition, the mafia is exemplary of those cases where the public interest <<159>> lies in collapsing rather than building *internal* trust and cooperation (Schelling 1984).

In the first section I shall consider the historical background by looking at the effects of Spanish domination in southern Italy and by following Alexis de Tocqueville in his journey to Sicily. In the second, drawing on the classic study by Leopoldo Franchetti ([1876]1974), I shall outline the causes and long-lasting features of the Sicilian mafia. In the final section I shall consider some of the intended and unintended mechanisms whereby the mafia, while exploiting and reinforcing distrust, has been able to maintain itself for over a century.

### **I**

Anthony Pagden (this volume), standing on the shoulders of two Neapolitan thinkers, Paolo Mattia Doria and Antonio Genovesi, articulates a plausible and enticing account of how a generalized sense of distrust might first have spread under the Habsburg Spanish domination. Most of the component strategies of *divide et impera* were adopted by the Spaniards: a bewildering and sophisticated array ranging from discouraging commerce and the production of wealth to the manipulation of information; from fostering religious superstition to establishing vertical bonds of submission and exploitation at the expense of solidarity between equals; from destroying equality before the law to overturning the relationship between the sexes. As Pagden

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<sup>1</sup> <<158>> I wish to thank Keith Hart, Geoffrey Hawthorn, and Anthony Pagden for their helpful and penetrating comments on an earlier version of this paper.

argues, much of what they did can be seen as the promotion and selective exploitation of distrust.

We do not know whether the accounts of Doria and Genovesi were set against a trust-based society which existed under an allegedly less disagreeable rule - that of the Aragonese - or against the virtues of an ideal society with which southern Italy had never been blessed.<sup>2</sup> We do know, however, that there is something very striking in Pagden's account, something analogous to discovering the first steps in the childhood of an adult we know and whose behaviour has remained something of a mystery to us. We discover that that behaviour has a *genesis*, that the seemingly intractable backwardness of southern Italy emerges from a plausible history. But knowing something of the causes which generate a state of affairs is quite different from understanding how such a state can outlast those causes. The mechanisms of reproduction or - to switch to the language of game theory - the enduring convergence of expectations, constraints, and individual interest on a particular *equilibrium*, must <<160>> have a force of their own, and must lie more in the *adaptive responses* selected by the subjects of the Spanish domination and by their successors than in the strategies of domination themselves. The type of behaviour of which the mafia represents the most radical, aggressive, and perfected expression has been subject to a wide range of mutations and instability, but at a certain level of abstraction it has never been transformed into something radically different; if anything, its essential peculiarities have been strengthened. The use of the term *equilibrium*, therefore, is not just an analogy but is adopted here in the sense of a state of affairs in which all or most agents, in spite of what they may think of the collective outcome, have not found adequate incentives to behave differently and to change that outcome in any significant way. How was it, then, that a social system centred around such notions as *fede privata* and public distrust maintained its equilibrium?

In 1827, approximately 100 years after Doria and 50 after Genovesi, Alexis de Tocqueville, then a young man, undertook the first of his renowned travels and went to Naples and Sicily. Let us leave Naples then, and follow him further south. Most of *Voyage en Sicile*, the first long essay he ever wrote, is lost, and only 30 pages survive.<sup>3</sup> There is an imaginary dialogue, in these few pages, between two fictional characters: one a Sicilian, Don Ambrosio, and the other a Neapolitan, Don Carlo. In spite of their differences, Tocqueville writes, 'tout deux semblaient avoir fait de *la duplicité* une longue habitude; mais chez le premier, c'était plutôt encore un fruit amer de la nécessité et de la servitude; on pouvait croire que le second ne trompait que parce que *la fourberie* était le moyen le plus court d'arriver au but' (1864-67: 154; my italics).

Don Ambrosio blames Don Carlo and his fellow citizens for doing to the Sicilians pretty much the same things that Doria and Genovesi blamed the Spaniards for having done to the Neapolitans: 'Notre noblesse ... elle n'est plus sicilienne. Vous lui avez ôté tout *intérêt dans les affaires publiques*. ... Vous l'avez attiré tout entière à Naples ... vous avez abâtardi son coeur en substituant *l'ambition de cour* au désir de l'illustration, et le pouvoir de *la faveur* à celui du mérite et du courage' (pp.157-8; my italics). Don Carlo, embittered by the violence of the attack, returns the challenge by asking the Sicilian why it is then that the Sicilians have adapted to rather than rebelled against such an unbearable yoke. To this Don Ambrosio replies that 'dénaturée par l'oppression, [l'énergie] cachée [de notre caractère national] ne se révèle plus que par des *crimes*; pour vous, vous n'avez que des vices. En nous refusant la <<161>> justice, en faisant mieux, en nous la vendant, vous nous avez appris à considérer l'*assassinat comme un droit*' (p. 59, my italics).

Through this fictional account, by which Tocqueville manages to convey his reflections on the journey, we begin to grasp some of the elements of the peculiar process of adjustment to - rather than rebellion against - domination which to different degrees involves both Naples and Sicily:

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<sup>2</sup> <<159>> If Thucydides is right, we should certainly consider going back quite some time. He said of Sicilians that they were 'sui commodi quam publici amantiores' (quoted by Fazello 1558: 28).

<sup>3</sup> <<160>> Its loss is reported by J. P. Mayer, the editor of the 1957 edition of Tocqueville's complete works. A search I conducted at the Bibliothèque Nationale in Paris was equally unfruitful.

the absenteeism of an aristocracy lured by the pleasures and servility of the court; the predominance of private over public concerns, of duplicity, cunning, and favour over merit; and the fashion for crime and murder, which have become habitual and are even felt to be legitimate rights.

Moreover, not only did the Spaniards exploit distrust for the purpose of domination, but they taught some of their subjects to do so too and to pass it on to others. The Bourbon Spanish domination, which replaced the Habsburgs in 1724 and, except for a brief interval, lasted until the Italian unification in 1861, continued to pursue the policy of *divide et impera* and took particular care to foster the hatred between Neapolitans and Sicilians: so much so that, as the Tocqueville dialogue shows, 'in the minds of Sicilians the Bourbon and the Neapolitan domination became the same thing' (Franchetti [1876] 1974: 79).

Yet the diffusion throughout southern Italy of the characteristics of the Spanish rule and of the peculiar responses it received do not tell us how and why some features of this system, *mutatis mutandis*, have endured until the present day. It is probably not a coincidence, though, that only 11 years (1838) after Tocqueville wrote his account, we read for the first time in an official report of the existence of a thing called *the mafia* (Hess 1986: 114); and, what is more, we read of it as an already established social force. The sketchy historical account given thus far does not amount to an analytical exposition of the causes that generated the mafia or its less renowned but equally fierce twin entities, the *camorra* (Naples) and the *'ndrangheta* (Calabria).<sup>4</sup> But on intuitive grounds, it makes a criminal response plausible. Most of the ingredients were there. How they merged into a coherent structure is something we shall consider below.

## II

In 1876 Leopoldo Franchetti - a Tuscan landowner who travelled in Sicily and was animated by a strong degree of civil passion - wrote what, still today, remains one of the most coherent and comprehensive accounts of the Sicilian mafia and its surroundings. His study - *Condizioni <<162>> politiche ed amministrative della Sicilia* - has much the same quality as some of the best nineteenth-century classics in the social sciences.<sup>5</sup> What is striking is not only the freshness of style and the bold disregard of disciplinary boundaries - typical of those (in this respect) happy days - but the fact that he was in a position to come up *then* with remarks which make considerable sense *now*. In other words, Franchetti's book constitutes indirect evidence that the mafia in the nineteenth century has characteristics which are still present today, and makes it possible to think of this phenomenon as something arching over no less than 100 years.<sup>6</sup> Virtually everything Franchetti wrote is supported by the evidence which has since emerged, and what we know about the way the mafia has evolved is largely consistent with his analysis.

Franchetti essentially identifies two related sets of causes for the emergence of the mafia. The first is eminently political and has to do with the absence of credible or effective systems of justice and law enforcement. From at least the time of the sixteenth century (Cancila 1984), Sicilians were able to trust neither the fairness nor the protection of the law.<sup>7</sup> This pre-existing state of affairs caused considerable difficulties to the newly formed Italian state, which, in spite of its weakness and its mistakes, might otherwise have claimed the right to a far higher degree of legitimation than any of the previous regimes (I shall return to the role of the democratic state below).

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<sup>4</sup> <<161>> On the *camorra* see Walston (1986); on the *'ndrangheta* see Gambino (1975).

<sup>5</sup> <<162>> Unfortunately it has only been translated into German, and is semi-forgotten or superficially understood in Italy. An exception is provided by Pezzino (1985), who takes Franchetti's arguments seriously, especially those about the role of the then newly formed Italian state.

<sup>6</sup> <<162>> See Cancila (1984) for interesting evidence suggesting that some elements of mafioso behaviour were already present in the sixteenth century.

<sup>7</sup> <<162>> There were not just deliberate intentions on the part of the rulers behind the un predictability and unfairness of the law, but also objective conditions, such as the isolation of Sicily and the scarcity of internal roads, which made other than local law enforcement far from easy (see Pezzino 1985).

The second set of causes concerns economic rather than political trust. As Gellner shows (this volume), the lack of a central agency is not in itself an explanation of social disorder: on the contrary, social cohesion and acceptable rules of collective conduct may emerge across a multiplicity of local clusters. Even the presence of an *untrustworthy* central agency - although of course different from the complete lack of one - is not quite sufficient to explain the emergence of the mafia. The untrustworthiness of the state, by interacting with economic relations, sets another process in motion: as Dasgupta and Pagden both argue (this volume), distrust percolates through the social ladder, and the unpredictability of sanctions generates uncertainty in agreements, stagnation in commerce and industry, and a general reluctance towards impersonal and extensive forms of cooperation. Sicilians - as everyone knows - do <<163>> not trust the state: beyond the boundaries of limited clusters, they often end up distrusting each other as well.

In turn, economic backwardness 'closes off a multiplicity of channels which could give vent to the activity of private citizens. ... In such a state of affairs, the only goal one can set for one's activity or ambition [is] to prevail over one's peers' (Franchetti 1974: 71): 'your enemy is the man in your own trade', claims a Sicilian proverb (Gower Chapman 1971: 65). The desire to prevail over one's peers, combined with the lack of a credible central agency, does not lead to ordinary market competition: instead of outdoing rivals the most common practice becomes that of doing them in. Individual improvements are seen as desirable and possible, but social mobility is and is believed to be a zero-sum game.

The opportunities for social mobility should be considered as a third concomitant cause. Franchetti does not do so explicitly, yet evidence suggests that the areas in southern Italy where organized crime has traditionally evolved are those where for different reasons social mobility was feasible. As well as in the large urban concentrations such as Naples and Palermo, it emerged in the *latifondo* of western Sicily where landowners were absenteeists (Blok 1974), but not in other parts of Sicily (Franchetti 1974: 53-6), or in Calabria (Crotonese) and Puglia, areas where the presence of landowners left no opportunity open to the rural middle class (Arlacchi 1980; Cosentino 1983). It also developed in those small farming areas which manifested a thriving agriculture, but not in those based on a subsistence economy (Arrighi and Piselli 1986). Lack of trust, matched by heavy constraints on social mobility - such as in the case of the depressing village studied by Banfield (1958) - does not offer sufficient incentive to 'specialize' in prevailing over one's peers, but simply leads to a deeply fragmented social world and to the reproduction of wretchedly poor economic conditions.

By contrast, in a politically and economically untrustworthy world which is not lacking in scope for social mobility, and where *le pouvoir de la faveur* prevails over justice and merit, the sole remaining merit is in fact that of seeking *la faveur* from those above, extorting it out of one's equals, and distributing part of its fruits - the smallest possible part (Franchetti 1974: 27) - to a select group of those below. Here, people cluster in groups, take shelter behind the men who make themselves respected (p. 38). Associations and clusters involve persons of all classes and occupations (p. 38), and only personal relations - where distrust is less threatening - count and are believed to count as means of social mobility (p. 36; see also Pezzino 1985: 49-50).

In this context, we may begin to understand why mafiosi do not emerge as ordinary criminals, acting in isolation as individuals (Franchetti 1974: 101). Or, at least, why they are not perceived as such: the *pubblica* <<164>> *opinione* in Sicily sees them more as men capable of enforcing privately that public justice the Spaniards had eroded (p. 93) and that nobody could trust. And this is still the way they see themselves today (Arlacchi 1983: 151). To Don Ambrosio, 50 years earlier, recourse to *l'assassinat* still seemed appalling. At the time when Franchetti is writing, it is taken as sign of the capacity to protect (p. 108), as the foremost sign of reputation (pp. 9, 33).<sup>8</sup>

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<sup>8</sup> <<164>> For a bitter satire of the 'right' to murder in Sicily see Anonimo del XX secolo (1985).

The mafia at any one time can thus be seen as a successful cluster or coalition of clusters. It is successful not just at coping defensively with lack of trust - as in the case of weaker and non-violent forms of association such as clientele and patron-client relations - but at turning distrust into a profitable business by a relentless, and if necessary violent, search for *exclusivity*. Its single most important activity is the enforcement of monopolies over the largest possible number of resources in any given territory.<sup>9</sup> Each mafioso is either a monopolist or the acolyte of a monopolist. 'Cosa nostra' - as members apparently call it (Staiano 1986) - means that the thing is ours, *not* yours; it stresses inclusion, and inclusion can only subsist by simultaneously postulating exclusion. The long-lasting specificity of the mafia is that it tolerates no competition, and it probably tends to engage precisely in those types of activity and transaction which most lend themselves to monopolization (Schelling 1984: 184): land, cattle, sources of water in a dry land, markets, auctions, ports, building, transport, and public works are all areas which, for different reasons, can be easily controlled, where exclusivity is relatively easy to enforce.

Historically, the *crime* most characteristic of the mafia is the use of violence to enforce the monopoly of otherwise legal goods. As we shall see in the next section, even the profitable practice of extortion in exchange for protection does not always take on the features of an entirely criminal exercise: it is not just applied to recalcitrant victims, and a clear demarcation line between protection against true and protection against deliberately generated threats is often very hard to draw.

The mafia, moreover, is not - as has recently been claimed (see Blok 1974) - something which originates only in the countryside. Since its inception (Franchetti informs us) it has been an urban as well as a rural phenomenon. Prominent mafiosi often belong to *la classe media*, to what elsewhere has managed to become the bourgeoisie (p. 97). The difference is this: that whereas in other places this class has succeeded in guaranteeing a 'legislazione uguale per tutti', in this area, where private <<165>> power dominates and even 'the mind cannot tell the difference between the public interest and immediate personal interest' (p. 35), it is inevitable, wrote Franchetti, that villains and *classe media* should find themselves in close connection and that they should exchange services (p. 108). But the middle class can sustain the search for exclusivity with the same personal gifts which in other circumstances it invests in peaceful business: order, foresight, caution, and cunning (p. 97). They go so far as to practise understatement about their real power, a style they ostensibly share more with the British than the Italian mentality. This style, moreover, has won them reputation and trust. ('It is strange', wrote Alongi in 1887, 'that in that hot and colourful country where ordinary speech is so honey-sweet, hyperbolic and picturesque, that of the mafiosi is curt, restrained and decisive'; quoted by Hess 1973: 52).

In more recent periods the mafia may have approximated the status of a formal organization,<sup>10</sup> but initially it was probably an uncertain and erratic coalition of local monopolies which cooperated at some times and ignored each other or fought bloody wars at others. The only limit to the expansion of monopoly, wrote Franchetti, is the challenge of 'another coalition, not less strong, bold and fierce' (p. 10). Indeed, one of the theoretical reasons which most strongly suggests that the mafia of any one period is likely to be more or better organized than previously is that competition for monopoly is likely to weed out the less organized clusters. But even if the mafia has evolved into a more organized entity, it has not managed to reach a stage at which stable cooperation can be sustained for any length of time. The reasons, both theoretical and

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<sup>9</sup> <<164>> Some of the literature on the subject has confused a change in the field of undertaking with a change in the specific ubiquitous component of mafioso behaviour (see Gambetta 1986).

<sup>10</sup> <<165>> Here I shall not address the question - which I have addressed elsewhere (Gambetta 1986) - of whether the mafia has been able to develop as a proper organization. However, I believe that there is enough evidence (Staiano 1986: 55-61), as well as sufficient theoretical grounds, to think that such an organization - somewhat like a confederation of local governments not always at peace with each other - has indeed existed. What is more difficult is to say whether such a confederation is still capable of operating now, after several years of internal conflict and state repression.

historical, have yet to be properly understood, but the evidence suggests that neither has the mafia evolved towards a single monopoly successful in submitting all others, nor has it dissolved. The characteristics of its persistence suggest those of a turbulent equilibrium.<sup>11</sup>

To the extent to which one cluster does not triumph over all others, and all clusters do not melt peacefully into the fabric of the democratic state, the solution to the problem of trust that mafioso behaviour offers will remain at once individually rational and collectively disastrous. Trust - as we shall see in the next section - here displays the features of a positional good (see Pagano 1986), for one can trust others and be <<166>> trusted by them only to the extent that trust is subtracted from somewhere else: more trust on one side means less on another. This is a kind of trust that is in endemically short supply and that, unlike the trust which Hirschman (1984), Dasgupta and I myself explore (elsewhere in this volume), does not increase with use. After all, it is perhaps no trust at all, but rather the segmentary and patchily organized exploitation of distrust. The corollaries of distrust - and indeed its self-reinforcing behavioural expressions of secrecy, duplicity, information intelligence (Franchetti 1974: 30), and betrayal - all feature prominently in the lives and careers of mafiosi. Today, as much as 100 years ago, the minds of mafiosi are constantly occupied by thoughts of risks and traps, populated by a threatening array of 'traitors, spies and torturers' (Arlacchi 1983: 151). As an old *capo-mafia* wrote to a young member: 'I beg you to be careful, for the world is all infamous.' Indeed, there is no one we can trust in this world.

### III

We have described the causes that may explain the emergence of the mafia. We still have to consider the mechanisms by which it has managed to maintain itself over such a long period.<sup>12</sup> These mechanisms are a combination of intended and unintended consequences. Let us begin with the latter.

Franchetti says that in Sicily those who are clever, energetic, and ambitious can only find a way to improve their social position by dedicating themselves to the 'industria della violenza' (p.97). If one does not want to have anything to do with the mafia, then, in the absence of a legitimate authority in which to take refuge, the only alternatives are those of migrating and lying low ('se ne stanno neghittosi', p.109). Both have been widely pursued, thereby - indirectly and unintentionally - enhancing the sense of distrust on which the force of the mafia thrives: as a result of migration and withdrawal into private life, the proportion of 'well-adjusted' or complacent people increases and the system is reinforced. A wide range of evidence (Arlacchi 1983) suggests that, on the margin, people who migrate do so also because of the mafia. Given that 'mafia-averse' people tend to migrate more frequently, the degree of opposition is likely to decrease and the power of the mafia to increase. The effects of migration are clearly unintended, because those who migrate do not do so *in order to* enhance the force of the mafia (although they may of course recognize those effects).

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The second, partially unintentional, mechanism which explains the successful survival of the mafia has to do with the democratic state, which while hostile to such an alternative power as the mafia has also to depend on its capacity to mobilize votes. Geoffrey Hawthorn, elsewhere in this volume, argues that there might be two ways to undermine or override 'vicious circles' such as the mafia: one consists in the emergence of a predictable environment, the other in 'a power which is *independent* of the interests that maintain them'. The former, through the example Hawthorn gives of changing relationships on the land in the western Gangetic plain, consists essentially in the emergence of a reliable market for credit and produce, and is largely

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<sup>11</sup> <<165>> The notion of equilibrium does not, that is, apply to any one cluster or coalition of clusters in particular, but to the fact that, in spite of its internal wars and those intermittently waged against it by the state, a mafia has so far always managed to re-emerge.

<sup>12</sup> <<166>> For an account of the continuity of the mafia see also Catanzaro (1985).

unintentional. As I shall argue below, in the world of the mafia monopoly a reliable market is a contradiction in terms and is not likely to come about, or at least to spread, 'naturally'. The latter, through the example Hawthorn gives of South Korea, consists of an authoritarian and military rule which, in itself monopolistic, would not tolerate local monopolies. In a sense, this implies that in order to get rid of the mafia, what we need is simply another - bigger and better - mafia.

Italy did once have a power which was largely independent of the mafia, or at least of the social strata supporting it, and which did contribute to a partial undoing of the mafia (Dugga 1985): this was of course the Fascist regime. In contrast, democracy, by its very nature, has to rely for consensus on larger parts of the population. Thus the temptation to come to terms with those who hold a monopoly of people's votes, regulate the dispensation of political trust, and somehow guarantee local 'law and order', has been strong, and in several instances has proved irresistible. This, of course, has not enhanced the already fragile trust in central authority in Sicily or the country as a whole. Here, it is not possible to go into details. Suffice it to say that it is unlikely that democracy's complicity with the mafia, at least at the national level, has been consistently intentional and conspiratorial, even though there are clearly cases in which this has been so. And as the majority of Italians would certainly agree: 'better the mafia than fascism!' Still today, any attempt to eradicate the mafia is caught between two extremes: that of using too little force and thereby remaining ineffective, and that of using too much, putting civil liberties at risk.

The aggregate and unintended effects of migration go some way towards explaining the lack of opposition to the mafia and its consequent capacity to survive. So does the intrinsic, and otherwise beneficial, weakness of democracy. But the weakness of the state - which has never fully succeeded in acquiring legitimation in the south - can only be measured in comparison with the strength of the local social structure (Franchetti 1974: 101) and its capacity to foster cooperation through intentional action.

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The mechanisms which motivate cooperation in any form of human endeavour, as Bernard Williams explains elsewhere in this volume, comprise four basic elements: coercion, interests, values, and personal bonds. People, that is, may decide to cooperate (1) for fear of sanctions; (2) because cooperation enhances their mutual economic interests; (3) because they have general reasons, whether cultural, moral or religious, to believe that cooperation is good irrespective of sanctions and rewards; and finally (4) because they are related to one another by bonds of kin or friendship.<sup>13</sup>

Even without having read Williams's essay, the mafia learnt this lesson well, and relies on *all four* mechanisms simultaneously.<sup>14</sup> Owing to constraints of space, I shall limit myself to detailed consideration of only the first two: coercion, and especially economic interests.<sup>15</sup> Their

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<sup>13</sup> <<168>> Although the four basic mechanisms can be usefully distinguished for analytical purposes they are unlikely to represent four distinct motivational sets in people's minds all the time: we cannot always be sure whether our cooperation is motivated by fear of retaliation, economic advantage, or faith in the code of silence, or, finally, because it is our 'friend' who is asking us to cooperate. Within each cluster all possible reasons operate simultaneously to discourage the temptation to defect.

<sup>14</sup> <<168>> To draw a map of the extent to which organizations of whatever sort rely on the four motivational sets would be well beyond the scope of this paper. Intuitively, however, there do not seem to be many which rely on all four at the same time. This may go some way towards explaining the relative success of organized crime of Italian origin in the United States with respect to other ethnic groups. While all rely on coercion and interest, the Italians probably have a more perfected tradition of suitable values and well-oiled codes of friendship and kinship.

<sup>15</sup> <<168>> Several other authors have devoted a great deal of attention to the other mechanisms: for the code of honour and instrumental friendship see, for instance, Catanzaro (1985); for the importance of kinship and its manipulation see Arlacchi (1983: 154-64).

combination, within a world of deep distrust, is itself a robust pillar of mafia business for, irrespective of values and cultural codes, the force of constraints and opportunities can bring about rational adaptation on the part of people living in proximity with mafioso networks, even if they are not related by kin or do not entertain strong beliefs about the social importance of adhering to the code of honour or that of silence.

It so happens that a person who would be prepared to make very great sacrifices in order to stop the domination of violence, is compelled to support it, strengthen it and associate with it . . . He cannot think to resort to the law, because the probability of being shot for those who do so is far too high for him to expose himself lightly . . . External circumstances impose themselves on everyone, irrespective of the inclinations of his mind (Franchetti 1974: 106-7).

The ability to use violence, whether direct or in the form of a credible threat, is a generalized ingredient of mafioso behaviour. It is the feature which most radically distinguishes the mafia from other forms of southern Italian cluster (see Gribaudo 1980: 69-75). Having recourse to <<169>> private violence is valuable outside as well as inside the cluster: outside, against unyielding victims, rival mafiosi groups, recalcitrant cooperators, and officials loyal to the state; inside, to punish defectors, discourage internal competitors for the leading positions, or, conversely, to challenge the leaders. Many mafiosi have begun their careers with violent acts (Hess 1973; Arlacchi 1983), but have subsequently relied on the reputation with which such acts provided them: ‘basta la fama’ wrote Franchetti (p.104), in line with some of the most advanced game theory (see Milgrom and Roberts 1982, who show that, contrary to the standard economic claim, ‘predatory practices’ to maintain a monopoly are not irrational if reputation and future challengers are taken into account). They become persons with a reputation and are trusted, and, if interests diverge, they are trusted, in a limited but effective sense, to resort to violence without a second thought.

The relationship between violence and the other mechanisms suitable for inducing cooperation is threefold. First of all there is the relationship of *substitution*: violence substitutes for and can be substituted by (1) values - larger doses of *omertà* ensure lesser ones of violence; (2) interests, which can encourage cooperation and dispense with the need for violence; (3) personal bonds - relatives and friends are by definition more likely to cooperate, and hence there is a lower demand on violence to keep them under control. Next, there is the relationship of *mutual reinforcement*: greater quantities of *omertà* diminish the risks attached to the use of violence; at the same time, the higher the expectation that violence will be used, the higher the likelihood that silence will be scrupulously observed, to the point that it becomes impossible to say whether *omertà* is maintained out of faith or fear (Franchetti 1974: 31). Similarly, a greater capacity to satisfy mutual economic interests within the network, while offering a greater incentive to aggression from rival groups, may call for a more widespread use of violence in protection and at the same time act as an insurance against the undesirable consequences of its use. Conversely, a greater capacity for violence increases the capacity to satisfy mutual economic interests, thereby reinforcing the bonds of economic cooperation.

As I explain in the conclusion to this volume, there are also instances of a third, *contradictory* relationship between coercion and cooperation. An exaggerated use of violence - besides engendering paranoia in the users - can lead to revenge and the breach of *omertà*, as in the case of Tommaso Buscetta who, in 1983, decided to confess all he knew after half of his family was murdered. His confession brought to trial in Palermo nearly 500 persons suspected of a large number and variety of crimes (Staiano 1986).<sup>16</sup>

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Violence by itself, however, will not do. It is risky, costly, and generates instability and conflict: explaining the persistence of the mafia simply by its capacity for coercion would be

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<sup>16</sup> <<169>> Most cases of defection to the police involve the widows of mafiosi killed by other mafiosi.



nearly as limited as explaining the persistence of capitalism on, the same basis (see Przeworski 1985). The promotion of cooperation must also rely on a more powerful weapon: the satisfaction of economic interests. Mutual interests are served in a variety of ways, both within and without the immediate mafioso networks. Within the network, solidarity in case of arrest or death 'in the field' acts as insurance against the risks attached to illegal activities (Schneider and Schneider 1976: 189). Outside it, a wide range of economic bonds are formed: they can involve the corruption of civil servants, the exchange of favours for electoral support, or the handling of labour disputes for the benefit of landowners and entrepreneurs. But they may also be remote and aseptically insulated from the violent core of mafia activity: when private citizens, for instances, are offered extremely high interest rates to invest their money in informal banking systems without needing to know, like most investors, whether that money will be spent in financing philanthropic enterprises or drug trafficking. Thus the network of interests that mafiosi form around themselves can be widely ramified, ranging from active criminality, through corruption, to rational adaptation on the part of ordinary citizens (Franchetti 1974: 101).

Even the fundamental and time-honoured practice of extortion can be so deeply entrenched that it becomes difficult to distinguish between victims and accomplices, for the extortion bonds may take on rather ambiguous connotations. Franchetti's account is striking:<sup>17</sup>

The distinction between a damage avoided and a benefit gained is up to a point artificial. [In most cases] the line that separates them is impossible to determine, or rather it does not exist in human feeling. When evildoers intrude on and dominate most social relationships, ... the very act that saves one from their hostility can also bring their friendship with all its associated advantages (p. 129).

The violence of extortion and the self-interest of the 'victim' tend to merge and to provide an inextricable set of reasons for cooperation: the advantage of being a 'friend' of those who extort one's money or goods is not therefore simply that of avoiding the likely damages that would otherwise ensue, but can extend to assistance in disposing of competitors, or protection against the threats of isolated bandits, and against the risk of being cheated in the course of business transactions.

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The latter risk is particularly interesting with respect to the problem of trust, and worth pursuing in more detail, for it allows us to explore more analytically, if as yet tentatively, the economic heart of mafioso behaviour. We know that the absence of trust in business has a devastating effect: a high expected probability of being cheated (of being saddled with a 'lemon') may lead to the non-emergence or even to the collapse of market exchange, especially in those cases where asymmetric information - concerning the quality of the goods exchanged - is relevant (Akerlof 1970; Dasgupta, this volume). Within the cluster of people they protect, mafiosi offer a peculiar solution to the problem raised by the market of 'lemons'. On this issue, a Neapolitan coachman in 1863 had the following to say (consider that bad used horses were then the counterpart of the bad used cars of today):

I am a murdered man. I bought a *dead* horse who does not know his way around, wants to follow only the roads he likes, slips and falls on slopes, fears squibs and bells, and yesterday he fledged and crashed into a flock of sheep that was barring the way. A *camorrista* [the Neapolitan version of a mafioso] who protects me and used to control the horse market, would have spared me from this theft. He used to check on the sales and get his tip from both buyers and sellers. Last year I wanted to get rid of a blind horse and he helped me to sell it as a good one, for he protected me. Now he is in jail and I was forced to buy this bad horse without him. He was a great gentleman! (quoted by Monnier [1863] 1965: 73-4)

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<sup>17</sup> <<170>> Over a century after Franchetti wrote his account exactly the same notions are being expressed by the prosecutors in the current trial in Palermo (see Staiano 1986: 82-3).

There are several illuminating points in this amusing yet perfectly realistic account, the substance of which is confirmed by evidence from several other sources referring to more recent times (Arrighi and Piselli 1986: 399-404; Galante 1986: 97). The coachman willingly pays the protection money in compensation for an actual defensive task performed by the mafioso, and he bitterly regrets the latter's forced absence. The mafioso, by means which are left unclear but which presumably involve his reputation for toughness, seems capable of deterring the seller from handing over a 'lemon'. Without that protection the coachman is truly at risk, for he is indeed, as it were, saddled with a bad horse.

More difficult to interpret is the fact that the seller too gives the mafioso a tip. This could suggest, in line with Dasgupta's argument (this volume), that with respect to that particular transaction the protection the mafioso offers is really a public good which benefits both sides. If he did not act as guarantor the exchange would not take place at all, for the potential buyer would be deterred from entering the transaction for fear of getting a bad deal. The seller's tip, in other words, might reflect the price he is prepared to pay to be trusted. If the world were made up of <<172>> only three agents - seller, coachman, and mafioso - the transaction would leave everyone better off: transaction costs would be higher than in a trustworthy world, but returns too would be higher than those yielded by no transaction at all.

If there is not just one seller on the market, however, the seller may also pay the mafioso for a service that has nothing to do with trust: for directing the customer to *him* rather than to another seller, for helping him to fend off the competition.<sup>18</sup> If all sellers look equally untrustworthy, and the mafioso can enforce honest behaviour from and signal *any one* of them to the buyer, then he must find some additional incentive to choose *one* in particular for whom to act as guarantor. Thus the seller's tip to the mafioso might reflect both the price of being considered trustworthy *and* the extra price of being *chosen* from among other potential sellers.

One might ask why the mafioso should not offer his 'mark of guarantee' to all sellers on the market and then let customers choose on the basis of taste, price, and the detectable quality of the goods. He would thus effectively offer trust as a public good: all sellers could chip in to pay him his due for making them appear trustworthy, and transactions would then take place in an 'ordinary' market. The available evidence suggests that this is not the case and that the mafioso tends to guarantee, *and* therefore to select, only a limited number of sellers *at the expense* of others.

One reason the mafioso might prefer to offer trust *in conjunction with* discouraging competition is that if that trust were *too* public he would then be unable to enforce the collection of his fee from all sellers, who would find free-riding particularly easy. He might also find it difficult to check on all transactions carried out by those sellers he guarantees, with the risk of losing his reputation if a 'lemon' were to be sold behind his back. A further reason why his intervention as guarantor must always be identifiable - linked, that is, to specific transactions - is to make sure that the buyer knows that if he gets a good deal this is due to the mafioso's protection and not to the independent honesty of the seller, which could foster the growth of trust directly between buyer and seller and put the mafioso out of business.

This is a crucial point, for it is by acting in such a way that the mafioso ends up selling trust as a positional good - a good, that is, that one seller can 'consume' only if other potential sellers do not (Pagano 1986). And this is presumably why competition develops in harmful ways, for in <<173>> order to stay in - or enter into - business, other potential sellers are forced to rely less on improving the quality of their goods and the competitiveness of their prices, than on developing those (ultimately 'military') skills which might subtract monopolistic power from the

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<sup>18</sup> <<172>> Here I do not discuss the problem of whether the mafioso is paid in actual cash or, as often happens, in other forms: presents in kind, credit for future transactions, or the exchange of favours. Although scholars have repeatedly stressed its importance, this problem is analytically irrelevant to my purpose.

mafioso and his cluster. In other words, they have either to become mafiosi themselves or to ask for the protection of other mafiosi.

From what the coachman says we also learn that, on another occasion, the mafioso succeeded in helping him to sell a blind horse as a good one. This indicates that the mafioso is not offering his protection to *all* buyers on the horse market: he is not really, in other words, dispensing a public good to the buyers either. We are not told, however, why the mafioso on one occasion satisfies the interests of both buyer and seller, while on this occasion he takes care only of those of the latter, at the expense of those of the former. It could be that the victim is an occasional buyer to whom it is not worth offering protection for just a single transaction, whereas on the other hand it would be advantageous to promote the (in this case dishonest) interests of his coachman friend.

A more subtle interpretation might be that the mafioso, by 'guaranteeing' the sale of a blind horse to a victim who for whatever reason is not under his protection (or indeed under that of any more powerful mafioso),<sup>19</sup> is performing a demonstrative action: reminding everyone that without his protection it is not just likely but 'guaranteed' that cheating will occur. The mafioso himself has an interest in *regulated injections of distrust* into the market to increase the demand for the product he sells - that is, protection. If agents could trust each other independently of his intervention he would, on this score at least, be idle. The income he receives and the power he enjoys are the benefits to him of distrust.

Thus coping with, and at the same time re-creating, distrust would seem to be the means by which the power of the mafiosi has endured so long. No matter how distrust is generated, once it has been generated the important thing from the point of view of the individual buyer is to find a way of riding away from the market with a good horse rather than a bad one. From the point of view of the seller, the first priority is to be able to sell a horse; better still, a bad one. To choose to obtain the mafioso's protection can hardly be considered irrational. The collective disaster that is likely to follow from these individually rational premises - sky-high murder rates, higher transaction costs, lower incentives for technological innovation other than 'military' innovation, migration of the best human capital, higher cheating rates, poorer quality of goods and services - is the sad and largely unwanted result which has kept southern Italy the way it is.

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<sup>19</sup> <<173>> If the victim has been under more powerful protection this would be another typical case for the emergence of violent retaliation. It is clear that, in order to prevent tragic mistakes, it is essential to know who is who.

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