Federico Varese, *Mafias on the Move: How Organized Crime Conquers New Territories*. Princeton, NJ: Princeton University Press, 2011. x + 278 Pages. USD 35.00 (cloth).

What factors make it possible for mafia groups to move successfully to new geographic regions? In his fascinating new book, *Mafias on the Move: How Organized Crime Conquers New Territories*, Federico Varese develops a theory of mafia migration and uses it to explain numerous cases around the world. This lively book expands our knowledge of the nature of mafia groups, the potential impacts of a more globalized world, and the importance of informal, non-state based institutions in both developed and developing economies.

Beginning with landmark work by Diego Gambetta (1993) on the Sicilian Mafia, a growing literature by economists, criminologists, and sociologists on mafias has argued that their defining characteristic is to provide protection when the state cannot or will not do so. Mafias supply extra-legal governance institutions. This includes private protection to both legal and illegal businesses, enforcement of agreements among people who cannot rely on state-based institutions, such as courts of law, and the organization of illegal markets. Most of this literature is empirical, describing the origin of these groups, their organization, and assessing the effects of their operations. Varese begins the book from an analytical perspective by outlining a theory to explain the phenomena of mafia transplantation: when a mafia group can "operate an outpost over a sustained period outside its region of origin and routine operation."

Varese identifies both supply and demand conditions that facilitate mafia transplantation. On the supply side, mafia members must migrate to new regions, which often results as members flee law enforcement or when excommunicated members seek safer surroundings. Laborers willing to engage in violence must exist in the region and desire to work for mafias. The existence or absence of other mafia groups in the region determines whether market conditions are suitable for an additional mafia group. Mafias will be less likely to transplant if the region has an established and effective mafia group already in operation.

A genuine, long-term demand for mafia services is the most important explanation for successful mafia migration, and Varese identifies three main determinants. First, the less trustworthy people are in a region, the more they will need a third party to enforce exchanges. This suggests that mafias will transplant more easily to regions with low levels of trust. Second, firms that wish to sell legal products illegally or participate in illegal markets will often demand the private protection services of a mafia. Private protection is useful for the sale of illicit goods and for enforcing cartel agreements among producers. Construction firms that desire to organize a cartel, for example, often have significant demand for mafia groups because their market is local in scope and has low barriers to entry. Collusion requires a credible enforcement mechanism to punish cheating by cartel members and new entrants. When mafias prevent new firms from competing, collusion among local construction firms is effective. In industries that face substantial international competition, limiting local entrants to a market is ineffective at securing cartel agreements. As a result, export industries that sell on the world market will have little demand for mafia services. Third, mafias will transplant more easily to locales of smaller size. It is easier to facilitate collusion amongst fewer people and to gain and wield influence over politics in small regions.

The covert nature of these groups provides a challenge to researchers, as relatively little quantitative data exists. However, Varese has successfully blended a diversity of sources, including archival and government documents from several countries, interviews, journalism, and personal accounts, to establish a convincing and rich set of case studies examining both successful and failed mafia transplantations. Among the groups studied, include the 'Ndrangheta, the Russian Mafia, the Sicilian Mafia in Italy and the United States, and the Triads. The variation in region, success, and market characteristics allows Varese to make a compelling argument in support of his theory.

This book is important for several reasons. Obviously, the presence of mafia groups is an important public policy issue. Some of their activities may be socially harmful, and some of these groups are simply serving voluntary (though illicit) market demand. Either way, this book provides a useful analytical framework for understanding their operations and potential for migration. Recent research has suggested that globalization leads to the widespread franchise of "McMafia" groups around the world. Varese's analysis shows, however, that industries serving international markets benefit less from local collusion, so they have less demand for private protection. As such, globalization can actually place an important limit on mafia activity.

In addition to offering a better understanding of these particular groups, Varese's work should be of broader interest to anyone working in political economy. Mafias share a surprisingly large number of commonalities with modern day governments. They extract resources from individuals with varying degrees of coercion, and they provide some valuable services in return, especially protection. As William Baumol (1995, 83) remarked about the similarities between the two groups, "there is also much to be learned from a reversal of the comparison, this time not thinking of gangs as quasi-governments, but rather by interpreting most governments in human history as gangster associations." The theory of mafia transplantation may be useful for understanding the spread of revenue-maximizing autocrats or the growth of early, elite-dominated governments in history.

Arguably, a majority of the world's current population lives under governments that do not provide secure property rights and consistent enforcement of contracts. In the absence of effective, formal institutions that perform these roles, it is likely that alternative institutions will arise to do so. Economists have increasingly realized that informal institutions play an important role in development, and studying mafia groups provides lessons about the character and robustness of self-enforcing informal institutions. If economists ignore these institutions, they will be unable to explain fully how markets operate in much of the world.

The book concludes by discussing two paradoxes of democracy and mafias. First, democracies fight mafias effectively, but transition to democratic institutions provides a new market for mafia groups – the market for votes. History provides a few examples where changes in political institutions actually help to secure mafia power within government. Second, Varese makes a similar observation as James Buchanan (1973) made long ago: cartels limit output, so governments might actually desire markets controlled by mafias instead of competitive markets. Mafias often make illicit markets less volatile and violent, which potentially benefits third parties. He discusses these provocative paradoxes only briefly, so the reader is left without a clear understanding of the nature and magnitude of these challenges.

Through colorful and exciting case studies, this book contributes to the study of political economy by explaining the nature and mobility of mafia groups, identifying the importance of informal institutions, and showing how globalization can limit organized crime.

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