

# THE MAFIA BANK

In his book, *McMafia*, Misha Glenny describes how mobsters filled the vacuum left by communism in Eastern Europe and Russia.

The new circumstances bewildered old international institutions. All had to improvise and no party quite understood the implications of its actions or their unintended consequences.

One group of people, however, saw real opportunity in this dazzling mixture of upheaval, hope, and uncertainty. These men, and occasionally women, understood instinctively that rising living standards in the West, increased trade and migration flows, and the greatly reduced ability of many governments to police their countries combined to form a gold mine. They were criminals, organized and disorganized, but they were also good capitalists and entrepreneurs, intent on obeying the laws of supply and demand.

Which appears to be what's happening in Italy, too, where the mafia now constitutes the country's largest "bank."

Organized crime has tightened its grip on the Italian economy during the economic crisis, making the Mafia the country's biggest "bank" and squeezing the life out of thousands of small firms, according to a report on Tuesday.

Extortionate lending by criminal groups had become a "national emergency," said the report by anti-crime group SOS Impresa.

Organized crime now generated annual turnover of about 140 billion euros (\$178.89 billion) and profits of more than 100 billion euros, it added.

“With 65 billion euros in liquidity, the Mafia is Italy’s number one bank,” said a statement from the group, which was set up in Palermo a decade ago to oppose extortion rackets against small business.

Now, obviously, the strength of the Italian mafia is nothing new. Nor is its role in loan-sharking.

Nevertheless, it appears that the chaos caused by the financial crisis—and the oligarchs’ refusal to pursue a sane approach that puts the interest of society ahead of bond-holders—has created another vacuum the mob can fill.

Of course, that just makes Italy like many other countries in the world, where the mob has similarly accrued more power in recent years.

The refusal to inconvenience the oligarchs is really going to increasingly empower a more obviously brutal form of oligarchs. Something to look forward to!