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Choice and Consequence

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8 | What Is the Business of Organized Crime?

IT IS BECOMING widely accepted that the business of organized crime is to provide the public with illicit goods and services like bets, narcotics, sex out of wedlock, and unregulated loans. Federal law even *defines* organized crime as those unlawful activities in which a highly organized, disciplined association supplies illegal goods and services. The appendix on organized crime in the Staff Report to the Commission on Violence states, “It is well known that organized crime exists and thrives because it provides services the public demands,” and “Organized crime depends not on victims, but on customers.”¹

And the Task Force on Organized Crime of the 1967 President’s Commission opened its report with the assertion, “The core of organized crime activity is the supplying of illegal goods and services—gambling, loansharking, narcotics, and other forms of vice—to countless numbers of citizen customers.”²

This conception of organized crime corresponds to part of the image, although only a part, of the gangs that thrived when liquor was nationally prohibited in the 1920s and early 1930s. (Supplying liquor was the quieter part; suppressing rival supply was the part that made Chicago famous.)

This is in contrast to what may appear, at first glance, as a quite different line of business that, at different times and particularly in the later 1930s, appeared to characterize the organized

racketeers. This was extortion, based on the threat of damage, together with occasional efforts to monopolize “legitimate” lines of business by physically destroying or intimidating competition.

The Task Force Report gave lesser emphasis—nevertheless some emphasis—to the use by organized crime of “illegitimate methods” in connection with legitimate business and labor unions. These illegitimate methods were identified as “monopolization, terrorism, extortion, tax evasion.” The contrast seems to be that in the “core” activities the racketeers are busy providing illicit goods and services, whereas, when they turn to legitimate business, they terrorize, blackmail, and monopolize.

In his appendix to that report, Donald Cressey, one of the outstanding investigators of this subject, draws a “basic distinction” between ordinary criminals and “organized criminals”: the former are wholly predatory, and the latter offer “a return to the respectable members of society.” Nobody will miss the burglars if they suddenly disappear. “But if the confederation of men employed in illicit businesses were suddenly abolished, it would be sorely missed because it performs services for which there is a great public demand.”

And all are agreed that, as the Task Force stated, “To carry on its many activities secure from governmental interference, organized crime corrupts public officials.” Further, some investigators, like the Kefauver committee, found that corruption procured not only immunity from the law but also employment of the police to enforce the mob’s authority.

My purpose is to dissent from this widespread interpretation of what “organized crime” is engaged in. Mine will not be a disagreement with the facts, fragmentary as they are, from which most of the authors and commissions and lawmakers and law enforcers start. The difference will be one of analysis, of interpretation of what is going on. But, before dissenting, let me try to state in a purely descriptive, not analytical, way, what it is we all seem to be talking about when we speak of “organized crime.”

Evidently we do not mean simply “crime that is organized.” The term *organized crime* is not composed merely of two words in the English language that have their ordinary meanings when coupled in this fashion. Donald Cressey does not mean, I am sure, that burglars are never organized. If it should suit their purpose to work in small gangs, to share the take as a partnership, to vote

new members into the club, to insure each other against accident or arrest and to maintain a common retirement fund, to have exclusive contracts with merchants who dispose of their goods and to regularize their relations with the police, to have a research staff, a retained lawyer, and a technological consultant, and to divide the labor among scouts, lookouts, breakers and enterers, and disposers of merchandise, they deserve to be called “organized” in the ordinary English-language sense of the word. But theirs would be a different kind of “organized crime” from what I am discussing, which is *organized crime*.

Exactly what is the difference? It can be described not only in the definitional language of the law, as being highly organized and disciplined—there may be highly organized and well-disciplined groups of burglars, or counterfeiters, or bank robbers, or embezzlers, or charlatans, or agitators—but as “a society that seeks to operate outside the control of the American people and their governments.” Burglars may be *in* the underworld, but they do not apparently seek to govern it; they are not captains of underworld industry; they are not robber barons or monopolists; and they are not associated with ideas of power, control, and underworld “society.”

Still, while it may be easy to say what we do not mean by *organized crime*, it is not easy to tell from the professional literature exactly what we should mean. There is no problem of course if we can simply point to a unique organization. There is no problem in defining what we mean by a “religious organization” if there is only one church, or by a “political party” if there is only one party. If there is a single “Mafia” that either governs and operates everywhere or has no counterpart in those places where it has no operations, we can give *organized crime* a proper name and call it “Mafia” with a capital M, “La Cosa Nostra” with capital letters, or “The Organization”—just as some people refer to “The Establishment” in relation to overworld society—and need not define the species because it has but a single member. But if we take that route we are committed to a particular hypothesis, one that is limited to a particular time and place, and one that precludes comparative analysis because the definition precludes comparison.

There is, I believe, a characteristic of *organized crime* that is consistent with all of these definitions and characterizations, even the one that treats “organized crime” as a proper noun, and that is

consistent with most of the prevailing images of racketeers, whether based on stories of Chicago in the 1920s, New York in the 1930s, Miami in the 1940s, or any of these places in the 1960s. This key characteristic is suggested by the term, “society.” But “society” is too broad and too loose for my purpose. “Government” would come closer to what I have in mind. The characteristic is *exclusivity*, or, to use a more focused term, *monopoly*. From all accounts, organized crime does not just extend itself broadly, but brooks no competition. It seeks not only influence, but exclusive influence. In the underworld its counterpart would be not just organized business, but monopoly. And we can apply to it some of the adjectives that are often associated with monopoly—ruthless, unscrupulous, greedy, exploitative, unprincipled.

Now it is clear that governments have to have an element of monopoly. We cannot all be obeying two conflicting sets of laws, two competing sets of traffic lights, or two contradictory building codes, and paying taxes to maintain duplicate street systems or armies. If there are several governments, they must work out jurisdictional or territorial arrangements, the way towns and counties and states and port authorities and the federal government do. So if an organization seeks governing authority in the underworld, we should expect it to seek exclusive authority, or at least to seek stable jurisdictional sharing with other authorities so that, all together, they constitute a hierarchy without competition.

That is what we should expect them to seek. We should not be surprised when civil war breaks out.

We now have a hint of what to look for when we ask about the business of organized crime. Part of my argument will be that organized crime is usually monopolized crime. What distinguishes the burglars from the loan sharks or the gambling syndicate is not only that one steals what we have and the other sells what we want. It is also that burglars are never reported to be fighting each other in gangs for exclusive control over their hunting grounds. Burglars are busy about their burglary, not staking claims and fighting off other burglars. It is when a gang of burglars begins to police its territory against the invasion of other gangs of burglars, and makes interloping burglars join up and share their loot or get out of town, collectively negotiating with the police not only for its own security but to enlist the police in the war against rival burglar gangs or nonjoining mavericks, that

we should, I believe, begin to identify the burglary gang as “organized crime.” Until then we should use a different term, like “organized burglary.”

We can ask at this point why burglars are not “organized” in the more ambitious way I just described. More generally, why are some kinds of crime apparently “organized” in exclusivist monopoly fashion, and characterized by occasional gang wars and truces and market-sharing arrangements, while other kinds of crime are more like competitive business, the individual criminal or the criminal organization going about its business without a major effort to destroy or intimidate competition and obtain exclusive control?

There is probably no single or simple answer. The same question can be asked about business enterprise in the underworld. And there we find that some businesses lend themselves more than others to monopolization. And if we examine the businesses that seem rarely to be monopolized, or rarely to stay monopolized, and those that show a universal tendency to become monopolized, we may discover characteristics of the technology, the market, the consumer demand, the personnel requirements, or the financial and legal requirements that determine whether a business is ineluctably monopolized, sometimes monopolized, or hardly susceptible to monopolization. We can then turn to the underworld and see whether some corresponding principles apply.

In a purely descriptive sense this tendency toward monopolization surely seems to characterize organized crime. We have to keep in mind that rival claimants to monopoly position sometimes find it cheaper to merge than to make war, or cheaper to stabilize their boundaries than to fight over them, and that even war may lead to surrender and empire rather than to total destruction or massive retaliation. Where there is no governmental authority that can exert itself, or where a government is sympathetic or subservient to business, broad cartel arrangements may provide a framework for comparatively nonviolent resolution of competitive conflict.

It is worthwhile remembering that the Chicago gangster deaths of the 1920s, like the alleged Boston gangster deaths of the 1960s, were usually characterized, if not identified, as arising out of gang rivalry. Pickpockets and burglars and car thieves, embezzlers and people who cheat on their income taxes, shoplifters and muggers and bank robbers, usually don’t go around killing each other.

There's nothing in it for them. Two bank robbers who pick the same day for the same bank may have to fight for the privilege if they arrive at the same time, and two purse-snatchers who grab the same purse may fight for possession; but these are rare instances, and the man who embezzles from the bank he works for has neither the knowledge nor the interest that would motivate him to make war on other embezzlers at other banks. But evidently the people in what the Crime Commission Task Force called "the core of organized crime"—the people in illegal gambling and loansharking—like the people who delivered illegal beer and gin in the days of the Untouchables, fought like the devil for the market, and patched up truces and imposed hierarchical empires that were continually susceptible to breakdown, defection and challenge.

One could of course give a particularist explanation of this. The big gangs have power and are greedy for more; the urge to exclusivity is natural, and when they get around to taking over burglary as they may have taken over the protection rackets and loansharking, we'll find burglary displaying these monopolistic tendencies. But I think that would be wrong. An alternative hypothesis is that we find "organized crime" in the lines of business that lend themselves to monopoly. The reason we don't find it in burglary may be that burglary is hard to monopolize.

It may be useful to remind ourselves of how many illegal goods and services are provided competitively rather than by monopoly organizations of the underworld. An ideal example for my purpose is the sale of cigarettes to those below the legal age. Why is this market not monopolized? If it could be, there might be several hundred million dollars of monopoly profits in it. But obviously it can't be. Nobody can keep a nineteen-year-old from buying a pack of cigarettes for a seventeen-year-old; the competition is everywhere. There is just no room for a black-market differential, because the law itself is virtually impossible to enforce. If you can't control the market and police it against competition, excluding competitors or making them pay for the franchise, you cannot do any more than sell cigarettes to minors, and that's not an occupation in which a criminal, organized or not, could make a living.

Monopolize shoplifting? Try it: if you succeed, department stores may hire you as a security guard, because you can presumably spot your competition better than the store detectives, and

you may have a competitive advantage on the side of law and order.

At this point it might appear that we've reached the question Why does illegal gambling so readily lend itself to monopolization? Why is it that it not only occurs, as burglary and shoplifting occur, but is the object of monopolistic enterprise as those other criminal trades are not? But I'm going to ask a different question. What is the relation of organized crime to illegal gambling, at least as it shows up in investigations such as those of Senator Kefauver's committee?

Organized Crime as Extortion

The interpretation I suggest is that *organized crime* does have a victim. The victim is the bookmaker—the man who sells illicit services to the public. And the crime of which he is the victim is the crime of extortion. He pays to stay in business. Nominally he may seem to procure a "wire service" or occasionally to borrow money or to use the clearinghouse facilities of the extortionate monopoly organization. But basically he is in a very simple business, one that needs no such organization; and he could do without The Organization. He might find organization useful, as many small businessmen find trade associations and lobbies and even public relations offices useful. But he does not need The Organization. It needs him. It lives off him. It lives off him the way it lives off anyone else, in the underworld or the overworld, who buys "protection."

And it is easier to see why extortion has to be monopolized than to see why gambling itself would have to be monopolized. Large-scale systematic extortion cannot really stand competition any more than can a local taxing authority; I cannot take half the bookie's earnings if you took it before I got there. We can divide the bookies between us, territorially or otherwise, but if nine different mobs are demanding half his earnings, all ten of them are in trouble. "Protection" is primarily against the one who offers it, but it has to include protection against rival taxing authorities.

And if the nominal basis for the extortion is the sale of a wire service or something of the sort, then evidently there will be an apparent monopoly of wire service in the underworld, but as a by-product of the monopolization of the protection racket.

We come now to the central question in this whole line of investigation. If the business of organized crime is extortion, in the

underworld as well as in the overworld, why is the “core” of organized crime activity in the underworld itself? That is, why is the biggest victim of organized crime an illegal business rather than some legal business? (It may not be, but the traditional estimates as published, say, by the President’s Commission in 1967 use figures between five and ten billion dollars as the gross earnings of the illegal gambling business, and impute the larger part of it to the profits of “organized crime.”)

It is worthwhile to pause a moment and notice a certain anomaly. Making book may be a “crime without a victim,” to use the name that Edwin Schur gave these activities,³ but is itself victimized by organized crime. The victims of most crimes are not in the underworld. A department store may violate some laws and regulations, cheat its customers or the taxing authorities, or otherwise commit occasional crimes, but basically a department store is a “legitimate activity,” and is the target of shoplifters. Shoplifters and pickpockets and burglars and embezzlers do not typically pick their victims in the underworld. Even if their victims are not altogether pure, they nevertheless do not usually have underworld careers. But what is generally referred to as the primary target of organized crime is itself an underworld activity. It is criminals who are victimized, if we accept my interpretation of the business of organized crime as that of extortion.

Should we be surprised? Can we identify characteristics of illegal bookmaking that make it a prime target for organized extortion? Can we possibly then look at other activities, legitimate activities and underworld activities, and infer which among them may be easy targets for organized extortion?

A first criterion for target selection by organized extortionists is that the victims should be poor at protecting themselves. In particular, one would like victims who have no ready access to the law. Criminals would therefore usually be ideal victims. The attractiveness of underworld victims is even greater if the police can actually be used as an instrument; if harassment can take the form of vigorous law enforcement by the police, the extortionists may not even need to engage in illegal violence to keep their victims in line.

Second, the extortionist wants a victim who cannot hide from him. Burglary is a very private affair, and the burglar has no need to advertise himself and his business and his location. Bookmakers and prostitutes who were as hard to locate and to identify as a

burglar might well escape the racketeer, but they would lose their customers. If a customer can find a bookie when he wants to place a bet, the racketeer can find him. Those who sell illicit services to the public are therefore more visible, more easily located and identified, than embezzlers, pickpockets, shoplifters, car thieves, and people who cheat on their income tax. All criminals may be susceptible to blackmail, but those who cannot hide without losing their businesses are especially vulnerable.

Third, it is probably important to be able to monitor the victim’s activity and his earnings. Those who operate in the open, dealing with a standard commodity, one that has a face value in money and few complicated costs, are probably those with whom an extortionist can reach an enforceable contract. Even if one can find and recognize an embezzler or jewel thief, one would have a hard time going shares with him, because the embezzler can fool the extortionist if he can fool the firm he embezzles from, and the jewel thief needn’t put his best prizes on display. A bookmaker may get away with some business on the side, and avoid taxation by the extortionist organization, but his business is basically simpler and more public than most criminal activities.

Fourth, it helps if the victim has a regular business that he cannot carry away in an attempt to escape extortion. A bookmaker or prostitute or loan shark has to have a place of business; his chief business assets are goodwill, personal acquaintance, knowledge of the customers and their credit ratings, trust, access to a grapevine communication system, and perhaps personal relations with the police. A bookmaker or prostitute can probably always escape, but cannot then continue to do business within the jurisdiction of The Organization.

Fifth, all of this may work best if it works smoothly and regularly. The victim has to be treated “fairly.” He has to know that he is treated like other victims. The business has to be depersonalized. Rules of the game are needed so that the victim knows where he stands. He has to compare his situation with that of others in the same business. There probably has to be a set of simple and fairly uniform arrangements. The bookmaker has the choice of paying or not paying; it might burden the system too much if each had to negotiate his own unique arrangement with The Organization, and renegotiate it month by month.

Consider, for example, the sharing arrangement that Senator Kefauver’s committee turned up in Miami. The “syndicate” took

50 percent of the bookmaker's proceeds. This was a standardized percentage. Furthermore, it was not 40 percent or 55 percent or 29 percent or 83 percent. It was a nice round number, the nicest and roundest there is, an even 50-50. Oil-producing countries in the Middle East tend to converge on standard royalty arrangements with the Western companies they deal with. A king or a shah or a sultan or a sheik cannot explain to himself or to his constituents a lesser percentage share than the country next door receives, and he cannot persuasively hold out for a much more favorable share. So it may be that the very standardized nature and visibility of bookmaking lends itself to standardized, visible and institutionalized arrangements, known to all and applied without much discrimination.

Bookmakers probably can compare notes and tell whether they are receiving equal treatment far more readily than my neighbor and I can compare assessed valuations on our houses.

Perhaps another characteristic is that bookmaking, like prostitution, is a fairly petty activity, especially when it is illegal. That is, it can be a one-person job, or at least the retail organizations can be pretty small and decentralized. The bookmaker is probably his own bookkeeper, and he cannot readily plead inability when asked to pay. An officer of a bank would have to be a first-rate embezzler to pay large and regular amounts of blackmail out of the bank's resources without its becoming known to anybody else in the bank. In large organizations too many people have to sign the checks, initial the vouchers, audit the books, scrutinize budgets, take inventory, and otherwise tangle things up in red tape. The small independent entrepreneur, whether in the underworld or the overworld, may be more able to meet the demands than a complex organization would be.

These are only suggestions. There may be other characteristics of illegal bookmaking that I have missed, that are even more important in determining why it is such an attractive target for extortion. If we knew more about these activities in cities of different sizes, on the insides of large organizations as well as on the streets, and in different parts of the country, and particularly if we compared them with such activities in other countries, we could learn more. My conjectures may at least help to alert investigators to what they should be looking for; unless one raises the right questions, no amount of hearings and in-

quiries and investigations will turn up the pertinent answers.

It may be equally useful to look at the many black markets that are immune to organized crime. There have been elaborate black markets in foreign currency and gold, but while those engaged may occasionally have been subject to blackmail, there is no sign that it has been at the hands of large extortionate organizations. There is apparently an enormous black market in drugs, if one is willing to construe all the abuses of prescription procedures as part of the black market, and apparently organized crime gets its hands on at most a small portion of it. If firearms should ever be banned in the United States, there will probably be an extensive black market, but the chances are overwhelmingly against its ever being monopolized by a criminal organization. I leave it to the reader to make his own list of the reasons why.

Extortion in the Overworld

When we turn to the overworld we can similarly ask, What characteristics of a business would tend to make it an attractive target for organized extortion? An equally interesting and important question may be, What forms should we expect the tribute to take? It is of some interest that even in dealing with the petty bookmaker, The Organization sometimes goes through the motion of providing a wire service, or otherwise pretending that it offers something more than sheer brutal "protection." That may explain why organized crime is so widely alleged to have been engaged in businesses like the provision of laundry service. The reason for selecting laundry may not lie so much with the laundry business as with the nature of the customer. Restaurants may be comparatively easy targets for racketeers. They are so easily harassed, because their business is really rather fragile. Noises and bad odors and startling events can spoil the clientele, and even physical damage cannot be guarded against. Furthermore, restaurants do a great deal of business in cash, are often small proprietorships or partnerships, and are therefore financially capable of meeting the demands for tribute. But why not demand cash, then, rather than take it as a monopoly profit on a high-priced laundry service?

Or, to take another familiar example, why is it so often alleged that vending machines as well as pinball machines and slot machines are often "organized" by organized crime? Maybe orga-

nized crime likes gambling, and pinball machines are a little like slot machines, and then once you're in the machine business you may as well deal in cigarettes, too. Or maybe the machines are attractive for some other reason.

My conjecture is that the machines, like the laundry service, meet certain criteria that make them attractive means both of exacting tribute and of paying it. Again, if we were attempting organized extortion against restaurateurs in a city, planning to hit them all and to protect them all from rival extortionists, in what medium would we want them to pay us?

One criterion is that it should be tax deductible. There is no sense imposing a cost that is greater than what we get, when we could find a form in which we get everything that the victim loses. The high-priced laundry service is a deductible expense; profits from the cigarette machine are excludable income, as long as the concessionaire receives them, not the restaurateur.

Second, the victim wants to be able to keep books without showing that he pays tribute. He does not want creditors, revenue agents, or grand juries to be able to identify the tribute he pays, especially if it is illegal.

Third, the victim may want a manner of payment that minimizes embarrassment and the loss of self-respect. He may prefer to feel himself the victim of a monopoly linen service, and to complain to his wife and his employees about how the linen industry has been victimized and he is indirectly suffering, rather than to remind himself periodically that he is simply paying cash for protection. He may even be able to feel that the vending machines are monopolized, not that he is providing rent-free space for somebody else's vending machine in return for "protection."

Indeed, from most accounts, gambling machines were used for this purpose in the 1930s and perhaps were still so used in the 1960s. A gambling machine in a neighborhood store may represent two kinds of criminal activity. One is illicit gambling; the other is extortion. It tends to get listed under the heading of gambling; but the more brutal crime is that some poor store owner is being shaken down by a protection racketeer. And his tribute takes the form of having machines put in his store. He may despise the machines and make nothing off them; but that's the price he pays. If the laws against gambling were properly enforced, the "crime without a victim" might disappear, but the ex-

tortion might continue with payment taking another guise. It may hurt the extortionist somewhat to be denied his favorite medium of tribute; but we miss the point if we suppose that the only crime we're dealing with is gambling.

The machines and the laundry services and the other ostensible businesses that are used by the racketeers may also meet another need. That is the need for institutionalized practices, uniform arrangements, nondiscrimination, et cetera. If each victim privately pays cash, he has no way of knowing how his treatment compares with that of other victims; but if they all get their linen or beer or meat from the same monopolistic provider, or all provide their vestibules for similar kinds of machinery concessions, they know that they're getting standard treatment.

Incidentally, if news vendors, neighborhood store owners, or barbershops became universal victims of organized extortion, perhaps sharing their earnings and nominally receiving some services in return, perhaps paying extortionate prices for supplies or rent on their buildings, we would probably not describe haircuts and magazines and chewing gum as the businesses that organized crime was engaged in. We'd describe them as the victimized trades. We would distinguish the barbers and the news vendors from the personnel of organized crime. Even if The Organization helped to enforce union membership, uniform prices, and uniform closing days; lobbied for legislation favorable to barbers, occasionally intervened on their behalf with their landlords, lent them money, and occasionally got them barbershop space in new hotels, we still wouldn't consider the barber a criminal or consider organized crime to be in the business of providing haircuts. We would not be afraid that a successful crackdown on organized crime would close up the barbershops and leave us no place to get our hair trimmed. We'd expect instead that prices might fall, just as if a heavy tax on haircuts had just been repealed.

This thought may put illegal gambling back into better perspective. It is undoubtedly true that, as Donald Cressey said in the passage quoted earlier, "if the confederation of men employed in illicit businesses were suddenly abolished, it would be sorely missed because it performs services for which there is a great public demand." But it is only true if we take the "confederation" to include the bookmakers as well as the racketeers who prey on them. Even then it is true only if we permit no newcomers to enter

the business in replacement of the abolished "confederation." Even if the customer wants his bookie, he has no use for the organization that restricts competition in the betting industry.

Some Organization Theory

I must at this point offer two qualifications, one substantive and the other a point of view. The substantive one is this. Maybe bookmakers, prostitutes, loan sharks, and drug peddlers, if left alone by the racketeers, would be unable to come to proper terms with the police and unable to engage in their businesses. Maybe corruption is best handled collectively, and an illicit trade consisting only of individualist competitors could not buy off the public officials. Perhaps they would be unable to form their own organization: nobody likes to pay dues, people may drift in and out of the business, some may have satisfactory arrangements and no need for the union. In that case it might be worth a fairly high price to have discipline and organization imposed from outside. The Organization may levy a high tax once it imposes its own governance on the gambling business, but a high tax may be better than no governance at all.

Conceivably, then, bookmakers gain by being victims of a predatory organization; without it they would have no organization. Furthermore, much of the tax, perhaps most of it, may be passed along to the customer. Gasoline stations do not suffer enormously when gasoline taxes go up a nickel; they suffer only to the extent that motorists reduce their driving because of the higher price of gasoline, and on the whole the tax gets passed along to the buyer. Thus the direct victim of extortion is the bookmaker or prostitute, or the barber or the restaurateur; but if the tax is uniformly levied on all bookmakers or restaurateurs, and if it is a tax on transactions and not on residual profits, it probably is passed along so that the one who "pays" the tribute is the customer, not the nominal taxpayer. Just as the tenants in apartment houses "pay" the property tax, although the landlord forwards the check to the tax collector, the person who places the bet receives less favorable odds than if bookmaking were a purely competitive and "untaxed" consumer service.

The second qualification is that any organization can be viewed in different ways. It is possible to say with some truth that General Motors does not produce automobiles; the Chevrolet and

Pontiac divisions do. Many businesses, small and large, are decentralized; General Motors may deliberately allow the Chevrolet division a good deal of autonomy, just as Chevrolet grants its sales agents so much autonomy that they are considered to be "authorized dealers," dealing in their own names, rather than branches of Chevrolet. Many firms let their salesmen work on commission; farm owners often prefer going shares with a tenant rather than hiring him for a wage. Many hotel and restaurant chains lay down architectural and other standards, but do not directly manage the individual establishments that bear their names.

By analogy, one could say that organized crime is in the gambling business but finds it expedient to run that business by licensing individual bookmakers rather than by hiring them as employees. It may even do it on an "open shop" basis, according to which anybody can get into the business so long as he pays the franchise tax. A specific test might be whether The Organization could move into a locale where there was no offtrack betting and establish a bookmaking business, and if so whether it would own and operate the business or instead set it up in the familiar pattern, inviting independent operators to operate under the "protection" of the racketeering organization, which would protect them from molestation either by police or by rival organizations. If it did the latter, we'd have to admit that, although the arrangement has all the characteristics of extortion, and may often arise directly out of extortion, it can also be construed as a monopolized business in which independent operators are allowed on condition that they pay standardized tribute to the licensing organization.

All of this has some bearing on the question, If gambling were made legal, would it continue to attract racketeers? It is often alleged that organized crime is so skilled and experienced in the gambling business that it would have an edge over "legitimate" entrepreneurs and would not only entrench itself in legitimized gambling but enjoy the greater profits that would go with enlarged business. My argument suggests that The Organization is not really skilled and experienced in the provision of gambling services. It is skilled and experienced in the *suppression* of rival gambling services, especially in suppressing rival *illegal* gambling by collusion with the police. Its success, with or without the police, is appreciably dependent on the inability of the bookmaker

to seek the protection of the law. It is also a result of the inability of the bookmaker to protect himself through corporate organization, trade association, and all the other ways that modern business protects itself from crude and petty interlopers, chiselers, and even racketeers.

Thus, the important question is not whether the *bookmakers* would show up as the sellers of legal bets if offtrack betting were made legal. The question is whether The Organization could get a monopolized extortionist grip on the industry. That may not be an easy question to answer, but it is at least clear that some of the characteristics of offtrack betting that presently make it an ideal target for monopolized extortion would not be present if it were made as legal to bet in front of a television screen as it is to bet in the presence of the horses themselves. The history of Prohibition and its aftermath in the liquor business strongly suggests that *organized crime* may not thrive or survive in the face of legal competition.

In any event, those among us who are so hypocritical as to want offtrack betting illegal, prostitution abolished, and the credit laws enforced, but still want to place their bets, visit the bawdy houses, and borrow on the side to preserve their credit ratings, needn't be afraid of a crackdown on organized crime. They may suffer, as Donald Cressey suggests they will, from a crackdown on gambling, prostitution and loansharking; they can benefit, though, from a crackdown on organized crime, just as the consumer always hopes to benefit from trust-busting.

The purpose of monopoly has always been to suppress, not to enlarge, supply. People who like monopoly prices and punitive taxes on the naughty activities may be pleased that the long arm of organized crime reaches out and levies a tax on the retailer that is passed on to the consumer.

The consumers will prefer to see the activities become more freely competitive, whether by being released from illegality, or released from the grip of organized crime. So will those who dislike corruption, especially when it is centralized and regularized by large monopoly organizations that can build corruption directly into our institutions, rather than leave it to gnaw away at the edges.