
Chapter 1:

A Brief History of Organized Crime in Canada



Chapter Outline



- **Pre-19th c.:** Pirates & Privateers off the Atlantic Coast
- **19th c.:** Land Pirates, Thieves, Smugglers, & Counterfeiters
- **Late 19th & Early 20th c.:** Genesis of Modern Organized Crime
- **1920 to 1933:** Prohibition
- **1930s to 1980s:** The Ascendance of the Italian Mafia
- **1980s to Present:** The Proliferation, Diversification, & Internationalization of Organized Crime
- **Conclusion:** What Does History Tell Us about Canadian Organized Crime?

Learning Outcomes

After reading this chapter, you should have an understanding of:

- The history of organized crime (OC), broadly defined, in Canada
- The different epochs in the history of OC in this country
- How OC has evolved over the centuries & how it has stayed the same
- How modern OC in the 20th & 21st centuries finds its precedence in the criminal activities & groups of previous centuries
- How smuggling represents a historical mainstay in organized criminality affecting Canada
- How dominant institutions & characteristics that have shaped Canada have also contributed to & shaped OC in this country
- The extent to which this history sheds light on a distinctively Canadian organized crime



Pirates and Privateers

Great age of piracy in the Atlantic coincided with the colonization of the New World between the 15th & 18th centuries

Targets: theft of gold & silver from Spanish ships, French barrels of wine, English cargoes of cured fish, & valuable Canadian fur pelts

Early coastal colonies were also raided by pirates

Pirates (worked independently) vs. **Privateers** (worked for the sovereign or government)

Newfoundland: epicentre for early piracy (16th & 17th centuries)

Nova Scotia: epicentre for privateering (late 18th/early 19th centuries)



Pirates and Privateers

Pirate ships required a high level of organization & reflect many modern OC traits:

- ✓ Multiple offenders (large crews & recruitment of sailors)
- ✓ Division of labour: captain, officers, navigator, prize master, etc.
- ✓ Continuity/continuing enterprise
- ✓ Serious illegal acts (theft, extortion, kidnapping)
- ✓ Use of violence & intimidation
- ✓ Rules & regulations
- ✓ Ties to elites for protection



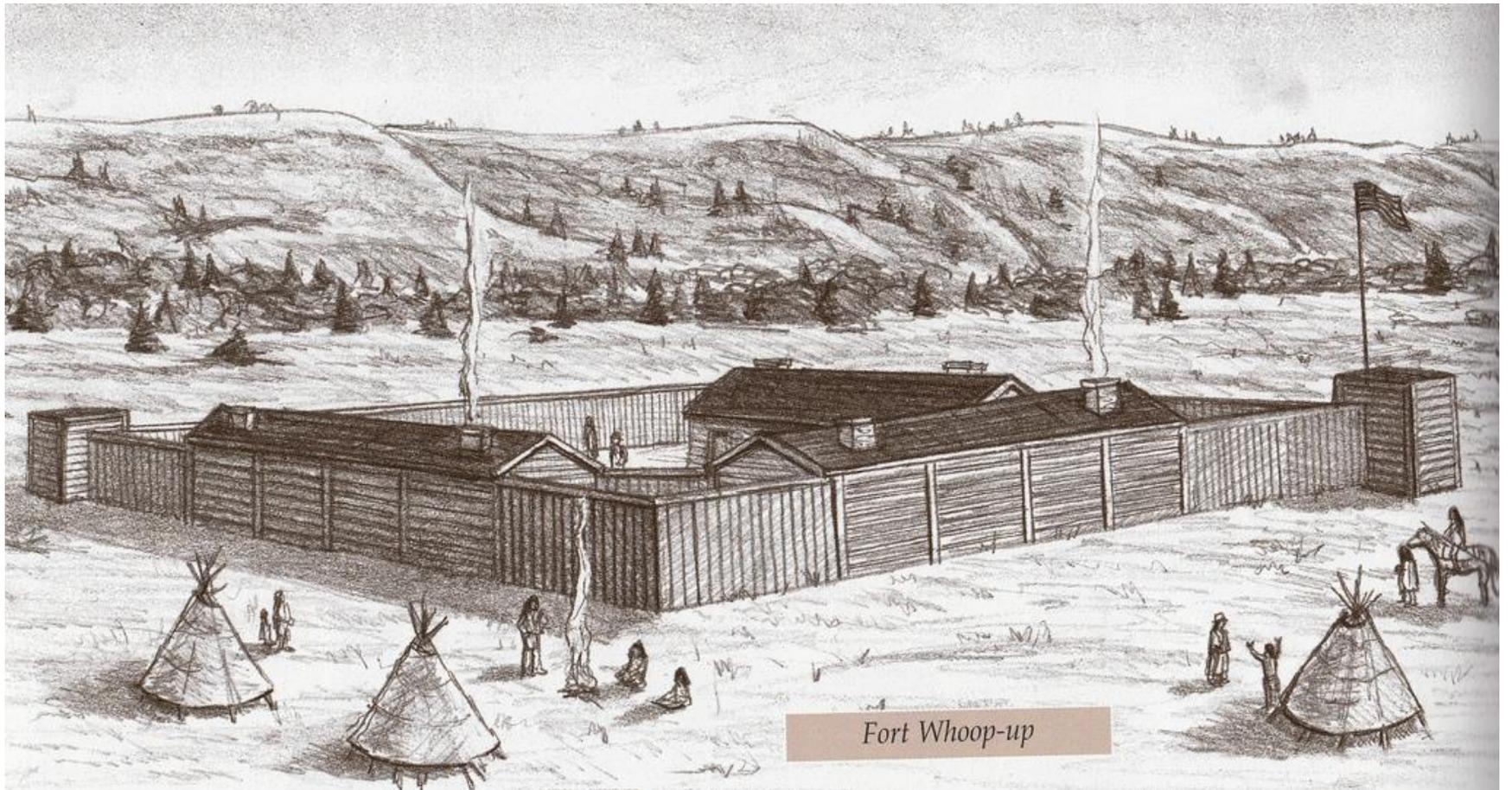


19th Century: Land Pirates, Thieves, Smugglers, and Counterfeiters

Organized crimes included:

- Theft (banks, trains, households, cattle)
- Smuggling (cattle, consumer goods, people, opium)
- Counterfeiting (currency)
- Whiskey trade (e.g., Fort Whoop-Up)
- Gambling & sex trade (esp. during construction of national railways)
- Drug trade (tariffs on opium led to smuggling & illegal trafficking)





Fort Whoop-up



Mid to Late 19th Century: Economic Crime in Canada



- ◆ Railroad construction was a magnet for the unscrupulous: stock manipulation, land speculation, appropriation of government funds, price inflation, fraudulent contracts
- ◆ Politicians benefited from bribes, gift of stock, & blatant conflict of interest
- ◆ 1883: price-fixing agreements involving fire insurance companies, cotton manufacturers, & wholesale grocers were uncovered.
- ◆ Gold-mining companies involved in stock manipulation, avoidance of royalty payments, smuggling, & “salting” finds



Late 19th / Early 20th Century: The Genesis of Modern OC



Increased organization of sex trade
("white slave trade")

Illegal drug trade caused by
criminalization of heroin in 1908 &
increased demand due to morphine-
addicted soldiers returning from WWI



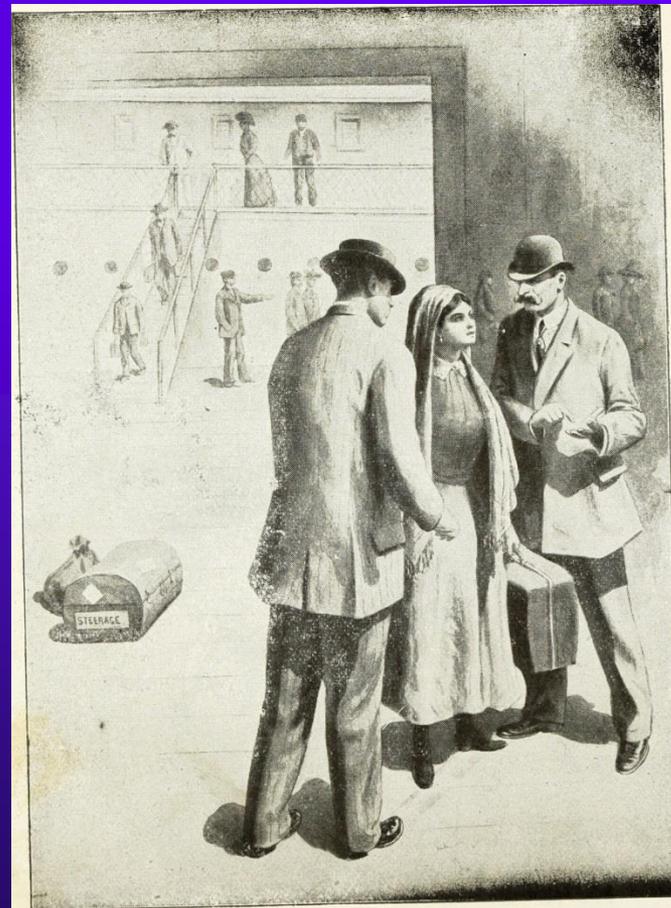
Gambling & bookmaking now
continental (due to wire service)

- Canada part of continental
gambling syndicates



First signs of Italian OC in Canada

- Secret societies
- Black Hand extortion





Late 19th / Early 20th Century: The Genesis of Modern OC



Unprecedented growth of urban centres in North America

Massive influx of immigrants

Conditions to promote criminality: poverty, racism/discrimination, corruption, numerous vices to satisfy, existing black markets

Early gangs were ethnically homogeneous; membership restricted to similar ethnic origin





Late 19th / Early 20th Century: The Genesis of Modern OC



What Italian, Jewish, Irish, & Chinese immigrants had in common:

- ◆ All came from countries where there was a suspicion, mistrust, & antipathy for the state, police, & law enforcement
- ◆ “Ethnic” immigrants were the poorest of the poor
- ◆ Lured to North America with promises of riches, & instead were subjected to intense racism & discrimination (no jobs, & relegated to slums)



Prohibition: 1920 to 1933

- ◆ Single most important impetus for modern-day OC in North America
- ◆ Launched crime towards an unprecedented level of organization, power, wealth, corruption, violence, & sophistication
- ◆ Local neighbourhood gangs blossomed into citywide groups & then into regional organizations, with international ties
- ◆ Showed that consensual crimes (supplying the public with outlawed goods & services) was preferable over predatory crimes
- ◆ Proved the state cannot outlaw people's vices (instead they are satisfied through black markets)
- ◆ American Prohibition a catalyst to Canadian OC
 - ◆ Canada was the main supplier of booze to dry America (& helped cement future ties with American OC)





The 1930s to the 1980s: The Ascendance of the Italian Mafia

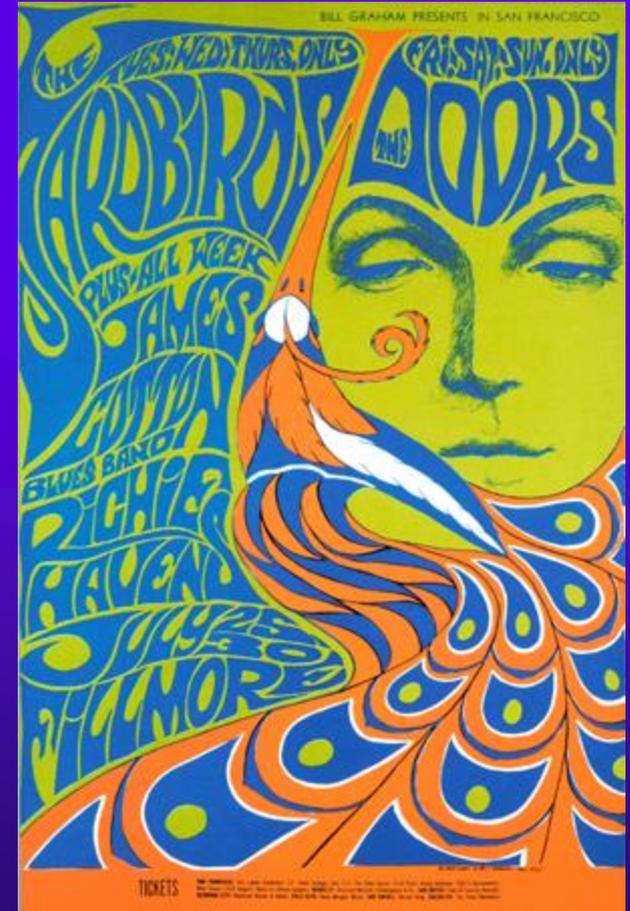


- ◆ Period following the repeal of Prohibition witnessed a meteoric expansion of Italian-American OC in North America
- ◆ Great Depression: racketeers were the dispensers of dreams & escapism in the form of gambling, drugs, & sex
- ◆ Charles (Lucky) Luciano: Different parts of New York City & North America parceled out to different Italian crime families
- ◆ Over the next 40 years, mafia families in New York & Michigan would dominate OC in Ontario & Quebec
- ◆ Criminal activities: smuggling, heroin trafficking, gambling, bookmaking, extortion, theft, telemarketing fraud, counterfeiting, business & labour racketeering

1960s



- ◆ **“Psychedelic era”** promotes illegal drug sales: drug trafficking surpasses gambling as the biggest money-maker in the criminal underworld
- ◆ Most popular drugs: marijuana, LSD, & heroin
- ◆ Escalation of the drug trade heralded new lucrative era for criminal entrepreneurs & gangs

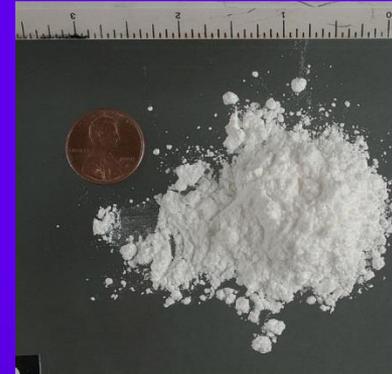


1970s & 1980s



Colombian Cocaine “Cartels”

- Cocaine becomes drug of choice
- Colombia emerges as global centre for cocaine trafficking
- Medellin & Cali cartels revolutionize drug trafficking:
 - Sophisticated, transnational, corporate structure
 - Vertical integration of the cocaine business
 - Fluid network, made up of semi-autonomous cells, each of which handled a particular function within the cartel
- Canada: cocaine makes billions for mafia, outlaw motorcycle gangs, West End Gang, & other domestic wholesalers



1990s & Beyond

Emerging trends in OC in North America

1. Proliferation of criminal groups that rival Italian OC
 - ✓ Outlaw biker gangs & Chinese criminal networks
2. Mafia-style criminal groups became transnational
3. Criminal groups become more sophisticated in criminal activities & use of technology
4. Re-emergence of predatory crimes (theft, fraud, racketeering, human trafficking, cyber-crimes)
5. Canada emerges as source country for drugs (synthetic & marijuana), mass marketing fraud, counterfeiting



Conclusion: What Does History Tell Us About Canadian Organized Crime?



- OC in Canada spans more than 500 years & is a part of some of this country's historical developments & institutions
- OC is not foreign to Canadian culture, but a part of it
- OC is historically resilient because it is rooted in the institutions & cultures of the societies it inhabits
- OC has a symbiotic relationship with Canada & Canadians:
 - there is significant demand for outlawed goods & services
 - governments create policies that help OC endure
 - long-standing social forces—poverty, racism, & inequality—help create the preconditions for (organized) criminality