

I Congresso Ibérico/XV Congresso Espanhol de Criminologia

Faculdade de Direito da Universidade da Corunha, Espanha, 10-12 junho 2026

From monopoly to rivalry: Policing the strategic interaction between organised crime groups in urban protection markets

Pedro Sousa

University of Porto, Faculty of Law – School of Criminology & CIJ

Abstract

In many urban settings, organised crime groups act as monopolistic providers of a range of services, extorting payments from businesses and residents. While much of the existing literature focuses on the internal organisation of criminal groups or their relationship with the state, less attention has been paid to the strategic dynamics that emerge when a challenger group seeks to disrupt an incumbent's market dominance. This paper addresses that gap by developing a game-theoretic framework to analyse the strategic interaction between an incumbent organised crime group and a challenger group seeking to enter and compete in the same illicit market.

Embedding this rivalry within a law enforcement environment of variable intensity, we examine how different levels of policing effort shape the incentives and behaviour of both groups, namely their choice of extortion levels, and identify the conditions under which coordination or competition emerges as the prevailing mode of interaction. In particular, we explore how the threat of entry affects the incumbent's extortion strategies and how the challenger's decision to enter the market is influenced by both the incumbent's response and the intensity of law enforcement pressure.

We further characterise the socially optimal level of law enforcement effort, deriving the conditions under which authorities should intensify or restrain their intervention to minimise the social costs of criminal activity. Our results contribute to informing the design of more effective anti-racketeering and public security policies.

Keywords:

Organised crime, Criminal networks, Extortion

This work was funded by Fundação para a Ciência e a Tecnologia – UIDB/00443/2025-2029, Centro de Investigação Interdisciplinar em Justiça

From monopoly to rivalry: Policing the strategic interaction between organised crime groups

Pedro Sousa

School of Criminology, Faculty of Law, University of Porto

Centre for Interdisciplinary Research on Justice

I Congresso Ibérico de Criminologia
XV Congresso Español de Criminología

Horizontes Compartidos en Criminología
Horizontes Partilhados em Criminologia



A CORUÑA
10, 11, 12 de junho
2026



This work was funded by Fundação para a Ciência e a Tecnologia – UIDB/00443/2025-2029, Centro de Investigação Interdisciplinar em Justiça

Criminology = interdisciplinary – looking for contributions by...

- ☐ Criminology – organised crime
- ☐ Economics – microeconomics and markets
- ☐ Game theory
- ☐ Mathematics
- ☐ Optimisation



Context

When organised crime groups are involved in providing illegal services or products

Organised crime groups

Choices over two instruments of criminal market power

- **Extortion** – extraction of money from their clients
 - High extortion payments / high prices
 - Benefit the group → high revenues
 - Push clients towards rival providers → lower revenues
- **Inter-group violence**
 - Stronger violence made by a group against the other
 - Displaces rivals from the territory → high revenues and power
 - Attracts enforcement attention → higher exposition and neutralisation by law enforcement agencies
 - Likely destruction of the market / territory

Challenges for law enforcement agencies and policing

Anti-extortion enforcement

- Control threats
- Protect victims and witnesses
- Financial investigations

Anti-violence enforcement

- Incapacitate violent members
- Interrupt retaliation cycles
- Surveillance and intelligence policing to detect planned violence

O restante conteúdo desta apresentação está em reserva para publicação em revista científica internacional de Q1.

From monopoly to rivalry: Policing the strategic interaction between organised crime groups

Pedro Sousa

School of Criminology, Faculty of Law, University of Porto
Centre for Interdisciplinary Research on Justice

THANK YOU

pasousa@direito.up.pt