

# Organised Crime, Criminal Violence, and State Capacity

*Evidence from Paraguay's Frontier with Brazil*

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# Abstract

This dissertation investigates how transnational organised crime affects lethal violence under different institutional capacity settings, focusing on the dry border between Paraguay and Brazil. Despite their geographic and demographic similarities, the two countries experience markedly different criminal outcomes along this shared frontier. Using a Difference-in-Differences design, the study finds that the presence of criminal groups like Primeiro Comando da Capital (PCC) and Comando Vermelho (CV) significantly increases homicide rates in Paraguayan border regions, while it decreases violence in comparable Brazilian zones highlighting the role of state capacity in shaping criminal behaviour.

The study makes both causal and substantive contributions. Empirically, it applies a rigorous identification strategy to one of the most violent yet underexplored zones in South America, providing causal evidence on organised crime dynamics in regions with similar geography but contrasting levels of institutional strength. Substantively, the findings reveal the mechanism through which institutional asymmetries shape the strategic behaviour of criminal groups, demonstrating that the issue is not merely one of resource allocation but of the state apparatus's very capacity.

**Keywords:** Organised Crime, Paraguay, Brazil, Criminal Violence, State Capacity