

Organized Crime and Society

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Organized crime is an international phenomenon which has evolved differently throughout the world. Its evolution depends, in part, on specific economic, political, and cultural circumstances. For example, the Sicilian mafia, which came into existence in the first half of the 19th century; American organized crime which emerged after Prohibition; the notorious Medellín Cartel of the Colombian narcomafia; and the Japanese Yakuza are classic examples of organized crime emerging from ethno-cultural origin. In modern-day Russia, organized crime is rapidly developing, and information regarding its activities is being rapidly disseminated. At its current rate of development at home and abroad, it is highly probable that Russian organized crime will be recognized as yet another ethno-cultural manifestation.

The Notion of Organized Crime

Defining organized crime in Russia is problematic. On the one hand, Russian legislation does not provide a specific definition of organized crime. More importantly, the phenomenon of organized crime is itself complex and multi-dimensional. An analysis of criminological sources enables one to single out the basic traits of the notion of "organized crime."¹ First, organized crime is a stable association of people engaging in some concerted activity. Second, this activity qualifies as criminal under legislation of the given state. Other traits include maximizing profits through criminal activity, a strong hierarchical character of the organization, and the monopolization of certain activities. However, the above-mentioned criteria are secondary to two fundamental considerations: (1) organization; and (2) penal-legal characteristics which define particular kinds of organized crime. Thus, it is the organized nature, in combination with criminality, that distinguishes the phenomenon of organized crime from other criminal activities. Although individual crimes may vary with respect to their levels of organizational complexity, organized crime is distinguished by a definite, recognizable organizational structure.

The organizational characteristics inherent in organized crime are evident in their non-criminal activity, such as party and political structures, and the activities of some family clans. Economic and political crime can be distinguished by their goals and nature of their activities. Within economic crimes, intended primarily to earn large profits, one can distinguish between white collar crime—which does not employ either terror or violence, but resorts to deception and bribery—and crime which combines both deception and

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violence. The mafias dominate the latter form, for which extra-economic coercion becomes a decisive factor in contending with economic and criminal rivals.

Criminological literature singles out three levels of organized crime by the complexity of their organizational structures. The first and lowest level of organization is an organized criminal group. The second level consists of criminal organizations and criminal unions in which the intellectual functions of leadership and organization are separate from the performance of the crime itself. Not infrequently, the persons committing a certain crime are unaware of the complex criminal activity in which they are involved. The third level of organized crime is one of criminal associations involved in establishing the norms and values of the criminal world. This includes rendering aid to professional criminals and, unlike criminal groups, is not limited to any particular criminal activity.² The inner structure of criminal organizations embraces such elements as centralized guidance, network structure (division of labor based on the function of roles), independent financial resources, material and technical supplies, and a security system (including intelligence and counter-intelligence, conspiracies, etc.). This necessarily includes recruiting representatives of state power and management, diversification of economic activity, and penetration into legal businesses.

Legal Regulation

In Russia, an evaluation of the legality of economic activity, and whether organizations engaging in such activity are themselves criminal, requires an analysis of the Russian and Soviet legal systems. The political and economic transformation in the USSR, which began in the middle of 1985, required parallel legal reforms. Although real change has been irregular and contradictory, several stages can be identified in this process. The first stage involves the reforms controlled by the Communist Party from 1985-89. Two economically relevant laws were adopted: Law on Cooperatives in the USSR (1986), and the Law on Individual Labor Activity in the USSR (1987). Both cleared the way for new economic relations. The Soviet government passed other normative acts which legalized and, to some extent, stimulated small business (1989). However, the state-run sector still enjoyed total domination in practice and by law. The first free election of the USSR Supreme Soviet in 1989 changed the overall situation, and resulted in the defeat of the state and Party machine in Moscow, Leningrad, and other politically advanced regions.

The second stage in the transformation of the legal system began in 1990 and lasted approximately until August 1991, the month of the attempted coup. In 1990 the USSR Supreme Soviet adopted key laws on property and enterprise. These laws provided legal equality for state-owned and private property, and permitted state-owned enterprises considerable autonomy from government management. Led by Chairman Boris N. Yeltsin, the new Supreme Soviet of the RSFSR embarked upon a course of independence

from Union authority and, since 1 January 1991, enacted a series of important and revolutionary acts. The Law on Property in the RSFSR, for example, provided legal equality for four forms of ownership: private, state, municipal, and the property of public organizations. The Law also lifted most restrictions on private property purchased by a citizen, and provided an opportunity for privatization of state-owned and municipal property. Finally, the Law gave foreign firms the right to operate their own enterprises and joint ventures on RSFSR territory. In addition, the Law of the RSFSR on Enterprises and Entrepreneurial Activity legalized private entrepreneurship and provided legal equality with state-owned and municipal enterprises. This included individual or family owned private enterprise, general partnerships, mixed and limited partnerships (closed joint-stock societies), and open joint-stock societies. In addition, the Council of Ministers of the RSFSR enacted the Regulations on Joint-Stock Societies directive, which noticeably complemented the Law on Enterprises. The Law on Privatization of State-owned and Municipal Enterprises in the RSFSR was also passed in July of 1991, clearing the way for large-scale privatization.

This period marked the mounting disagreement between the Union (federal) and the Russian administrations, personified by the contentious relationship between Mikhail Gorbachev and Yeltsin. New Russian legislation had already been at considerable variance with the Union, which complicated the work of law enforcement agencies, uncertain of which laws to follow. This situation ended in August 1991 due to the attempted coup and the eventual disintegration of the USSR. Consequently, a new stage in the development of Russian society and its legal system emerged. The Supreme Soviet of the Russian Federation acknowledged as valid only those legal acts of the USSR which were consistent with those adopted by itself.

With respect to the development of Russian society and its legal system, intensive reform of the Civil Code, combined with the legal manifestations of a market economy, did not occur simultaneously with changes in other fields of law, particularly in criminal law. The Criminal Law that had emerged from perestroika contained a considerable number of criminal and legal prohibitions in the economic sphere. These prohibitions can be divided into laws intended to:

- 1) protect the socialist property (primarily to combat diverse forms of theft of such property);
- 2) safeguard the socialist economy at large and its fields (first and foremost, through bans imposed on private entrepreneurship, illegal black market transactions, and commercial negotiations); and
- 3) protect customs and the credit and monetary systems (against contraband, counterfeiting and violation of currency transactions regulations).³

The norms dealing with malfeasance—abuse of one's position, bribery and forgery—are closely related to the criminal-legal prohibitions already indicated.

According to many experts, the optimal way to reform the Criminal Code (CC) would be through the adoption of a new CC for Russia. Although variations on the new draft CC have already been debated, to date nothing has been adopted. Amendments attached to the existing CC have failed to compensate for the considerable inconsistencies within the Civil Code and the changed socio-economic conditions. In particular, Article 153, designating private entrepreneurship and commercial mediation as criminal activities, was only repealed on 5 December 1991.⁴ Until that time, it had existed simultaneously with the reforms. The above-mentioned articles provided for criminal liability only “for private entrepreneurship involving the use of state cooperatives and other public forms,” and applied only to the directors and those functionaries of state-owned enterprises who had put private production into operation within the state-run framework. However, the basic philosophy of the law was in conflict with the new spirit of legalized private business.

Article 154 has undergone a more complex transformation. This article allowed for criminal liability of black market trade transactions, construed as “the buying up and reselling of goods or other items for profit-making.” In February 1990, criminal liability for certain kinds of elaborate illegal transactions was toughened considerably,⁵ calling for imprisonment from five to ten years and the confiscation of property. In October 1990, it was ruled that this article only covered trade in commodities normally sold at fixed state prices. This change was obviously inconsistent with the price liberalization policy. In February 1991, Article 154 was repealed.

“ . . . existing Russian legislation does not provide for criminal liability for involvement in organized crime . . . ”

The economic reform currently under way in Russia has necessitated additional changes in criminal legislation, some of which were enacted by the Supreme Soviet in 1992 and 1993. In particular, article 162.1 of the CC, which addresses evasion of the personal revenue declaration, was amended to include criminal liability for concealing profits and other tax-related violations (Art. 162.2). This article covered liability for resisting and defying the requirements of the taxation service for the purpose of concealing revenues or avoiding payment of taxes (Art. 162.3). Criminal liability was also outlined for violation of anti-monopoly legislation (Art. 175.1), the illegal increase or maintaining of prices (Art. 162.3), trade violations (Art. 156.5), breach of state discipline in the formulation of prices (Art. 156.6), and for illegal entrepreneurship (Arts. 162.4, 162.5). Articles were amended to address criminal liability for deceiving consumers (Art. 156) and the

output of goods and services with respect to safety requirements (Art. 157).

Despite numerous amendments to the criminal legislation of Russia, various topical problems have not yet been addressed. As a result, the CC still maintains the norms of protecting socialist property (Chapter 2) and limited personal possessions (Chapter 5). However, it is not yet understood to what extent legalized private property is protected. In other words, these chapters of the existing CC are not consistent with the Law on Property in the Russian Federation. Chapter 6 of the CC, specifying the penal liability of crimes, is also not fully consistent with the valid civil legislation. The same holds true for the chapter on malfeasance (Chapter 7), in which a functionary is only defined in relation to state and public institutions. As a result, directors and other functionaries of private enterprises and organizations are not criminally liable under the articles of Chapter 7 for malfeasance, such as abusing their power or position (Art. 170), exceeding their authority (Art. 171), negligence (Art. 172), or taking bribes or committing forgery (Arts. 173, 175).

With respect to organized crime, complex criminal and legal problems exist. In the opinion of many experts, criminal legislation regulating complicity does not allow for the efficient arrest and trial of representatives of organized crime.⁷ With regard to this weakness, experts suggest the introduction of the notions of "organized criminal activity" and "organized criminal group"⁸ into criminal legislation.

Official Statistics on Organized Crime

It is evident that existing Russian legislation does not provide for criminal liability for involvement in organized crime, or for operating within entities which are not independently criminally liable. However, criminal legislation does contain the notion of an "organized group" (Art. 39). For this reason, official criminal statistics provide data on such activity. Data from the Ministry of Internal Affairs states that 775 organized criminal groups were in existence in 1990, 952 in 1991, and 4,352 in 1992.⁹ In 1992, 18,457 crimes committed by the criminal groups in the preceding statistics were solved. This number includes 188 murders, 309 grave corporal injuries, 686 extortions, and 2,954 large scale thefts. Approximately 174 groups established international ties, and 995 groups established inter-regional connections. Out of 18,878 leaders and participants in organized groups, 994 belonged to the state administration, 2,386 to commercial structures, 996 to the "shadow economy," and 3,509 were extortionists. More than 4,518 firearms, 1,145 of other weapons, 3,297 kilograms of drugs, 3.1 billion rubles, 9.7 million U.S. dollars, 648 vehicles, 194 radio devices, and 531 items for self-protection were confiscated from criminals.

In addition, according to data from the Regional Administration for Combatting Organized Crime in St. Petersburg, for eleven months in 1993, 238 criminal groups were liquidated, including 28 with international ties, 48 with regional ties, and 33 with ties to the power structure. Approximately

1,035 offenders were found criminally liable. Almost 3,000 arms—including 2,715 firearms, consisting of 21 machine guns, 17 grenade cup dischargers, 15 artillery shells, 23 grenades, and 2 mines—were confiscated. In addition, 1,601 units of gas arms, 107 cartridges, and 70 detonators were found. Vehicles, radio devices, 9,528 million rubles, 528,310 U.S. dollars, and other material goods were taken. Forty hostages were freed by the authorities.

Table 1: Illustration of crime in the economic sphere

	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>
All registered crimes	146,215	150,972	1,141,271	127,085
<u>From this number</u>				
Embezzlement	47,623	44,359	40,364	39,851
-on a large scale	3,680	4,771	5,402	5,989
Bribery	2,195	2,691	2,534	3,331
Violation of hard currency laws	744	977	1,039	2,220
Counterfeiting	61	93	129	317
<u>Confiscated goods</u>				
Russian currency (millions of rubles)	16.6	35.9	19.1	90.6
Hard currency (thousands of rubles)	58.3	1549.6	1199.6	11853
Gold, platinum (kgs.)	41.2	213.9	20.6	381.4
Silver (kgs.)	24.9	50.9	36.5	225.7

In looking at the figures, it is necessary to keep in mind the high degree of latency in this category of crimes. It is not quite clear how well the official data reflects the impact of the crimes and the influence of the law enforcement bodies. However, it does appear that the recent activities of both the criminal groups and the efficiency of law enforcement bodies combatting crime has increased: official statistics reflect a rise in both the number of crimes and arrests. However, the direct correlation between these components is still unknown.

Official criminal statistics on economic crime suggest a different tendency. As shown in Table 1, the number of crimes registered as economic has decreased in the 1990s. The same tendency is apparent with respect to state and public property, theft through misappropriation,

embezzlement, or abuse of power. In 1993, still fewer state and public property thefts (minus 7%) and thefts through appropriations (minus 6%) were registered. Although, the decrease seems more attributable to the inattentiveness of law enforcement personnel to this particular type of crime, rather than a decrease in crime committed. However, one should not overlook the fact that the on-going process of privatization has decreased the existence of state property. Statistics concerning bribery also indicate the increased attentiveness of law enforcement officials to this crime. In 1993, 4,497 cases of bribery were recorded, exceeding the 1992 rate by 35%, which was already a 31% increase from the previous year. Even without additional research, it seems obvious that the actual number of cases of bribery is far greater.

Table 2: What do you think your chances are of being victimized? (by percentage of respondents)

<i>Types of offenses</i>	<i>Degrees of likelihood</i>			
	<i>Very likely</i>	<i>Possible</i>	<i>Unlikely</i>	<i>Hard to say</i>
1) Hooliganism (assault, pestering, vandalism, etc.)	36	52	7	5
2) Criminal acts (theft, robbery, car-jacking, etc.)	32	51	13	4
3) Organized crime (extortion, racketeering, etc.)	13	31	47	9
4) Arbitrary acts by authorities (unlawful detention, arrest, dis-possession, etc.)	10	22	54	14

The statistics suggest that an analysis in this sphere is severely limited in application, and that specific factual scenarios would be necessary to interpret the official statistics in a meaningful way.

Society and Organized Crime

As polling conducted by the All-Russian Center for the Study of Social Opinion (VTsIOM) indicates, over a three-year period "the rise in organized crime" has become one of the most severe problems facing

Russian society. In 1991, concern for this issue placed third on a list of the six most important problems, and respondents perceived an even greater increase in the seriousness of the problem by the end of the year. The statistics rose from 28-30% to 59% by the end of 1991, dropped slightly in 1992 to 41-46%, and rose again to 52% in February, and to 64% in March, 1993. It remained at this level through May and June, 1993.¹⁰ The sheer quantity of this type of crime concerned 73% of the respondents of the June survey. Presently, the acuteness of the "rise in organized crime" is second only to the public's concern with inflation.

Table 3: Who do you think is the real leader in your town/district? (in percentages of respondents)

<i>Possible Answers</i>	<i>January 1993</i>	<i>June 1993</i>
1. Local government (city hall, municipality, mayor, etc.)	19	19
2. Former Party leaders	16	12
3. Heads of large enterprises	13	8
4. New commercial structures	12	10
5. Illegal dealers, mafia	33	25
6. There is no real boss	33	28
7. Hard to answer.	18	21

Surveys of the Russian population also illustrate the growth in the victimization of citizens. In October 1992, the percentage of victims of crime for the preceding ten months consisted of 17% of the respondents. This number had risen to 22% by June, 1993. The most victimized group are men under the age of 25 with high incomes: practically one third had been victimized by crime. Eighteen percent of the respondents "frequently feel in danger of an assault," and only nine percent believe themselves to be in complete safety. Data illustrates that people fall victim to the traditional forms of crime—encroachments on personal property and bodily integrity—far more often than to organized crime.

Table 2 illustrates that the respondents fear ordinary criminals and ruffians three times more than organized crime. This fact is not surprising considering organized crime operates within legal and legitimate businesses, and for the purpose of increasing long-term profit. Consequently, it is the legal entities possessing considerable monetary resources which fall prey to organized crime. The opinion polls bears witness that businessmen and

heads of enterprises estimate their chances of becoming victims of organized crime to be twice as high as those of the general population. In addition, this category of respondents is almost twice as fearful of arbitrary acts of the authorities as the general population. In other words, businessmen are almost equally afraid of encroachment by organized crime and of illegal actions committed by the official authorities.

Both businessmen and the population at large characterize the current political situation as one in which legitimate power is either completely absent, or wielded equally by legal bodies and criminal structures. This sentiment is indicated by the responses in Table 3.

Table 4: Anxiety of St. Petersburg residents over certain problems (in percentage of respondents)

	<i>Does Not Concern</i>	<i>Concerns a Little</i>	<i>Concerns Quite a Bit</i>	<i>Greatly Concerns</i>
1) Organized Crime linked to car-jacking, arms and drug trafficking, racketeering	6	23	28	42
2) Swindling, illegal financial transactions	10	29	29	31
3) Misappropriation of the property of society during privatization	11	33	30	27
4) Illegally receiving and using credits and subsidies in the economy	15	37	26	22

“The infirmity and weakness of state power” is seen by Russians as an alarming problem, exceeding that of government corruption. The all-Russia opinion polls of March, May, and June, 1993, illustrate that every third respondent singled out the former problem as the most significant, as opposed to one-fifth indicating the latter. Undoubtedly, these two problems are related: corruption certainly does not strengthen state power. The lack of concern for bribery can be explained by the fact that people have become accustomed to “paying extra for services rendered.” It is quite interesting to note the significant difference of opinion between the “experts” and the general population on the question of the most alarming problems in Russia. In the opinion of 200 experts (politicians, economists, lawyers,

businessmen, and heads of state bodies), as determined by VTsIOM in April and May 1993, the problem of bribery and corruption ranked as the third most alarming problem out of twelve. In June 1993, the general population considered this problem to be ninth.

With respect to the issue of organized crime, the polling of experts indicates two other important points. First, the experts claimed that the trade reforms introduced in 1992 resulted in, first and foremost, the strengthening of mafia groups (57% considered this manifestation to be "very significant"). In decreasing order, the other social consequences are: meeting consumer demand (52% said "very significant"), stimulation of economic enterprise (40%), and development of competition in trade (20%). Second, of the groups that exert the greatest influence on economic reform, the experts placed directors of state enterprises in first place (74% said "very significant influence"), dealers in the "shadow economy" second (54%), local authorities third (49%), executive employees of ministries and departments fourth (44%), businessmen linked to the state sector in fifth (43%), people's deputies and political party leaders in sixth (39%), and significant private property owners in seventh (38%). Commercial middlemen (22%), staff of large collective enterprises (16%), owners of small- and medium-sized enterprises (14%), and foreign businessmen (7%) followed respectively.

Table 5: Evaluation of the source of personal problems

	<i>Not a problem</i>	<i>Insigni- ficant problem</i>	<i>Large problem but solvable</i>	<i>Large problem and not solvable</i>
1) Organized crime (car-jacking, arms and drug trafficking, racketeering)	38	17	13	27
2) Misappropriation of the former property of society during privatization	46	15	12	16

An opinion poll taken among residents of St. Petersburg in the autumn of 1993 revealed a high degree of concern about the existence of organized crime. Of 22 problems, the problem of organized crime ranked fifth after

inflation (61% were “veryworried”), unemployment (61%), harassment and violence (56%), and the environmental situation (49%). Table 4 illustrates various concrete concerns linked to organized crime. The St. Petersburg poll, as well as the all-Russia poll, show that the abstract concern for these problems does not coincide with one’s personal concern. Citizens were asked to answer the question: “To which sphere do you believe your personal problems are linked?” The data on this question is presented in Table 5.

Thus, the data illustrates a relative disparity between general and personal concerns of the problem: 60% of the respondents treat the problem of organized crime as social (as illustrated in Table 4), and 40% consider it to be personal (as illustrated in Table 5).

Economics and Organized Crime Since 1985

The so-called “shadow economy” is considered to be the economic medium of organized crime. This second economy has always existed as an illegal arena, especially for the illegal production and distribution of goods. Its post-War zenith dates back to the “thaw” initiated by Khrushchev in the late 1950s and early 1960s, where fear of Stalin’s strong hand had subsided and a significant opportunity for personal enterprise appeared. However, the socialist economy remained dominant and shortages of goods and services persisted. Thus, efforts to compensate for these shortages created a significant shadow economy.

The economic reform begun under Gorbachev, and then pursued by Yeltsin and Yegor Gaidar, has resulted in essential changes in the structure and functions of the shadow economy. A considerable part of the shadow economy has been legitimized, with “shadow dealers” becoming businessmen encouraged by the advocates of reform. This evaluation holds true primarily for “white collar” representatives of the shadow economy: the literal and figurative heirs of the illegal dealers in the 50s and 60s.

The transformation of the shadow economy began after the Law on Cooperatives was adopted in 1986. This law permitted the establishment of cooperatives attached to state-owned enterprises, which essentially privatized the property of these enterprises. It is at this time that business-like relations between the enterprises and local authorities emerged. A second set of relations was forming between the cooperatives and banks. Banks were still state-owned and, according to the Law on Cooperatives, were to provide low-interest credit to the cooperatives. Finally, illegal capital poured into the cooperative movement to take advantage of money-laundering opportunities. Thus, cooperatives found themselves back in the sphere of the state-run economy and, at the same time, resorting to illegal activities to combat worsening conditions.

The next stage in the evolution of the shadow economy stemmed from the activities of small businesses. In 1989, the Soviet government adopted normative acts legalizing and encouraging the establishment of small

state-owned enterprises. Given the discrediting of the cooperative movement, the small enterprise became a good organizational structure for both the legal and illegal economy. Thus, the relationship between small state-owned enterprises, banks, organs of executive power, and organized crime evolved into a scheme similar to the relationship between the cooperatives and these entities.

The transition to legal status of the illegal shadow economy is problematic. Although the illegal economy had, with the exception of arms and drug trafficking, been fully legalized

within the legal economy, illegal activity is pervasive. The situation is such that most managers of private as well as state-owned enterprises cannot run their

“. . . managers of . . . enterprises cannot run their businesses without committing crimes.”

businesses without committing crimes. Thus, it seems that the shadow economy, as both a sum of illegal activities and as a system of relations, has faced numerous structural changes.

This is true for two reasons. First, most of the activities of the shadow economy designed to compensate for shortages of goods and services have been legalized. This change concerns, for the most part, private enterprises, commercial relations, and trade transactions. At the same time, private entrepreneurship has found itself in a curious position: it has become the object of the selfish interests of both the government and organized crime. A second reason is that changes have occurred in the shadow activities of the state-owned enterprises. As a result, these enterprises have become free of state regulations on planning and administration, devising their own plans, establishing pricing, and thereby influencing the activities of suppliers and purchasers. It is only through economic measures like taxes and credits that their activities are subjected to state regulation. In the past, government control resulted in illegal activities, such as the upward distortion of production, payment of unearned wages, and other means of economic deception. Moreover, bribery of individuals on planning bodies to receive a less strenuous plan, and bribing functionaries in charge of resource distribution for the necessary materials, was a well established practice. Today, the illegal activities consist of tax evasion, receiving abnormally low-interest credits, and securing subsidies. In addition, directors of state-owned enterprises must bribe persons in charge of providing credit and reducing taxes in order to obtain desired results.

A significant feature of the Russian economy is the degree to which the state-owned sector monopolizes the economy. The liberalization of prices in 1992 resulted in the growth of the state-owned sector. The rise in prices was the simplest way to ensure the profit-making ability of these enterprises. Without competition, there is no incentive to reduce production costs, and anti-monopoly legislation in Russia has thus far failed to yield the expected results. A second feature of the economy is the on-going mass privatization

of state-owned enterprises. This process is accompanied by a tough struggle between the government structures in charge of privatization, administrations of state enterprises, collectives of workers, representatives of new free enterprises, and organized crime.

The Evolution of Organized Crime After 1985

The birth and evolution of organized crime in Russia proceeded differently than it did in Italy, the United States, and Japan. After the 1917 Russian Revolution, organized crime manifested itself in banditism: "armed gangs established to assault state or public organizations, enterprises or individuals" (Art. 77 of CC). However, in the 1930s a well-organized criminal association of "thieves-in-law" began to take shape, which resulted in complete submission to the laws of criminal life, including obligations to support the criminal ideal, and rejection of labor and political activities.¹¹ A "thief-in-law" is a professional criminal and a repeat offender who is not engaged in any legal activity. In principal, he has no right to work either in prison or at large, serve in the army, or collaborate with state institutions or functionaries.

The "thieves-in-law" are organized into "communities" when at large, and in "families" in prison. "Gatherings" are "supreme bodies of power," both local and regional, which also serve as locations for trials and the punishment of the guilty. The elite are called "authorities," and the common monetary resources are known as "obshchak." The association adheres to the law of criminals and imposes tough sanctions on violators, which can include death. The associations are also often at war with each other. An association of "thieves-in-law" has no territory or dwelling place of its own, and is remarkable for its loose structure and low differentiation among members, with the elite being just "the first among equals."

By 1990, the number of "thieves-in-law" in the USSR was estimated at 500, with 2,000 persons adhering to the law of criminals.¹² In 1993, there were about 200 persons belonging this class in Russia. On the territory of the former USSR, more than 600 such individuals remain.¹³ A Moscow "politburo" of the criminals allegedly exists and consists of 10-15 "thieves-in-law" members who govern the criminal world through their representatives. Today, they control most of the 228 Moscow criminal groups through which, in principal, they conduct their criminal activities. Since the late 1950s and early 1960s, specialized criminal organizations have assumed more and more characteristics of traditional mafia structure. At present, "thieves-in-law" and mafia type groups exist side by side. The latter are beginning to dominate, penetrating rapidly into the social, economic, and political life in Russian society. In prison, however, "thieves-in-law" still retain their power.

As criminological research has shown, by the 1970s a new criminal situation had taken shape in the USSR, characterized by the emergence of criminal associations embracing thieves of socialist property on a large scale,

corrupt state and Party functionaries, and the most dangerous penal criminals. This development was preceded by both a general separation between white-collar and penal crime, and antagonism between certain members of these groups. This antagonism was based, in part, on the ability of the leaders of the penal criminals to develop successful racketeering schemes against the more significant white collar criminals. The war ended in a compromise and the emergence of new criminal associations committing murders, robberies, assaults, extortion, and the misappropriation of socialist property.¹⁴

In St. Petersburg, there presently exist both crowned “thieves-in-law”—such as Dado, Metla, and Yakutenok—and large mafia groups headed by Malyshev and Kumarin. Similar situations exist in Moscow, Kazan, and other regions throughout Russia.¹⁵ The Kazan, Chechen and Azeri mafias are well-known: their names, first and foremost, represent geographic origin, not necessarily the nationality of the persons involved.

In contemporary Russia, organized crime is represented in two main forms, not including political, extremist, and neo-fascist groups: associations of “thieves-in-law,” and criminal associations. The latter group can be divided into penal crime (racketeering, narcobusinesses, gambling, and car-jacking), and white-collar crime encompassing the economic sphere. This division is merely a convenience, since the difference between the two groups is often indistinct due to the merging of white-collar and ordinary crimes. As V. Yerin, Russia’s minister of Internal Affairs, stated at a press conference in July 1993, roughly 3,000 organized criminal groups, in subordination to 150 criminal organizations, have carved out their territory in Russia. In St. Petersburg, the business sphere is divided among the criminal groups. The flow of information is swift and detailed, and criminals can closely monitor business activities from the exterior. Their interest increases at the first sign that a new commercial structure has earned a profit.

With respect to racketeering, there are two primary levels: taxes imposed on kiosks and criminal interest in larger commercial organizations. In the latter case, in addition to direct extortion (“black market”), a number of covert methods of racketeering exist—i.e., for “guarding” and “marketing services rendered.” A racketeering pyramid emerges when the racketeers are themselves taxed by large criminal organizations. Mafia groups exerting influence in commercial racketeering structures place their representatives into the managerial hierarchy. At present, a large number of lawyers are involved in the activities of criminal associations, partially because of the development of “arbitration” in Russia in both the non-criminal and criminal worlds. In organized racketeering, hostage-taking (including children) is widespread. It is especially prominent in St. Petersburg, where a special department focused on kidnapping has been established within the Regional Administration for Combatting Organized Crime. Despite its pervasiveness in St. Petersburg, racketeering is not the primary source of

revenue for criminal organizations. Banking crimes—including false letters of advice, check bouncing, and fraudulent real estate deals—ranks as the number one crime. The theft and resale of automobiles is the second most significant source of revenue for criminal organizations in St. Petersburg.¹⁶ In November, 1993, an average of 40 cars a day were stolen in St. Petersburg.

In addition, according to the opinion of experts working in the Regional Administration for Combatting Organized Crime, the export of non-ferrous metals is an important sphere of criminal activity, especially in northwestern Russia. The contraband of non-ferrous metals is made under the cover of legal judicial persons and licenses generally acquired through bribery. The mechanism of such an operation is simple. For example, “businessmen” approach the director of the Severonikel plant and propose the sale of a railroad car of nickel. If the request is declined, such an honest director and his family might be threatened. If not, the carriage with the nickel is transported to Estonia, for example, under the cover of a legal license and then to a Scandinavian country. The huge profits of the operation are ensured by the disparity between Russian and world prices of non-ferrous metals.

Another sphere yielding profits to organized criminals is the black-market sale of goods intended as humanitarian aid, which generally sell at low fixed prices. Criminal structures buy these goods at wholesale prices, albeit after bribing the necessary functionaries, and then resell them at a profit. Other forms of criminal activity include the widespread sale of false alcoholic drinks, counterfeiting banknotes, arms trafficking, and fraudulent currency transactions. Organized crime is also gaining control over gambling and prostitution operations as well. Police data estimate that about 200 prostitution agencies linked to organized crime exist in St. Petersburg alone. Some criminals organize sex tours abroad, or simply “trade” women by tricking them into travelling abroad.

Narcobusiness also constitutes a significant level of activity, although there is controversy regarding the degree that it exists in St. Petersburg specifically, and Russia in general. Although such activity clearly exists, its scope still lags behind similar activities in Europe and the United States. As early as the late 1970s, studies were conducted with respect to the structure mechanisms of organized criminal activity in this field.¹⁷ However, as long as the ruble is a non-convertible currency, Russia will remain an insignificant market for narcobusiness.

Organized crime in Russia has reached an organizational level which has resulted in the exercise of control over numerous criminal enterprises and activities. As discussed above, these operations encompass a wide variety of criminal activity: processes occurring against the backdrop of the criminalization of commercial structures, state machinery, and law enforcement bodies.

Notes

¹ See Edwin Sutherland, *White Collar Crime: The Uncut Version* (New Haven: Yale University Press, 1983); Alan Block and William J. Chambliss, *Organized Crime* (New York: Elsevier, 1991); Joseph Albin, *The American Mafia: Genesis of a Legend* (New York: 1971) Donald Cressey and Peter Yeager, *Corporate Crime* (New York: Free Press, 1980); David Simon and D. Stanley Eitzen, *Elite Deviance* (Boston: Allan and Bacon, 1986).

² Information Bulletin of the Russian Ministry of Internal Affairs, 1993.

³ A.V. Naumov, "Criminal Law Under Conditions of Transition to a Market Economy," *Soviet State and Law*, No. 2 (1991).

⁴ Official Record of the Supreme Soviet of the Russian Federation, No. 52 (1991).

⁵ *Ibid*, No. 10 (1990).

⁶ Official Record of the Supreme Soviet of the USSR, No. 45 (1990).

⁷ N.G. Ivanov, "Organized Crime and Criminal Law," *Soviet State and Law*, No. 7 (1990).

⁸ V.A. Alexeev, I.N. Borisov, A.S. Emelyanov, "Organized Crime," *Soviet State and Law*, No. 10 (1991).

⁹ Information Bulletin of the Ministry of Internal Affairs, Moscow, 1993.

¹⁰ "Economic and Social Changes: Monitoring of Public Opinion," information bulletin (Moscow: VTsIOM, 1993).

¹¹ A.I. Gurov, *Professional Crime: Past and Present* (Moscow, 1990), pp. 108-122.

¹² *Ibid*, p. 200.

¹³ *Moscow News*, No. 19 (1993).

¹⁴ Yu.M. Antonyan and V.D. Pakhomov, "Organized Crime and the Fight Against It," *Soviet State and Law*, No. 7 (1989).

¹⁵ *Izvestiya*, 6 August 1993.

¹⁶ St. Petersburg Evening News, 9 September 1993.

¹⁷ A.A. Gabiani, *Narkotism* (Tbilisi, 1977).