

# Proposed Solutions to the Organized Crime Problem in Russia

## Lessons Learned from Social and Legal Approaches Employed in the United States, Great Britain, and Sicily

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**O**rganized crime has become one of the major problems facing the modern world. It no longer exists within the boundaries of individual countries; today, primarily because of advances in communication and transportation technology, the organized criminal has become a citizen of the world, unwelcome, but nonetheless there.

It is naive to view the phenomenon of organized crime in provincial terms as has become the fashion of those who point to Russia as experiencing a volatile and unique epidemic of this form of criminality.<sup>1</sup> Every major country—the United States, Germany, Great Britain, Columbia, China, and Japan, to mention only a few—is engaged in its own war on organized crime.

In responding to the specific and rapidly increasing threat of organized crime currently facing Russia and the Russian people, we believe it to be a challenge and obligation of social scientists, along with specialists from other disciplines, to offer solutions. In that spirit and framework, we seek to offer solutions to the problem of Russian organized crime by drawing comparisons with the results of measures that have been attempted in the United States.

Although we respect the conclusion drawn by scholars at the conference “The Black Market as a Political System,” as reported in the *Moscow News*,<sup>2</sup> that there is no sociological solution to the mafia problem in Russia, we believe that there is a solution. However, that solution depends solely on the sincere involvement of the Russian government and the individual Russian citizen. In opposition to the conclusion that there is no possible solution to the mafia problem is a statement made by Russian sociologist Tatyana Zaslavskaya in 1989:

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Perestroika is like a spring bursting from the rocks in this mountainside of ours. . . . It comes from an underground stream flowing somewhere beneath the surface of the soil.<sup>3</sup>

Despite the brutal depredations from black market and other criminal enterprises in Russia today, we outside observers cannot help believing that there is indeed “a stream flowing,” starting with perestroika, in the direction of increased privatization and the growth of individual rights and enterprises. That force, once it begins to manifest itself, as history has shown us, can generate its own irresistible power. It was that force that generated democracy and capitalism in the United States.

We in America, like the Russians, have had our own robber barons and problems with outbreaks of rampant criminality. It is not an outside enemy that Russia is fighting in the fight against organized crime; rather, the criminal is a Russian. As individuals, Russians must learn that successful economic and individual competition is based on self-interest. But, to be effective as a social process, that self-interest must show respect and concern for the ultimate welfare of others and of society as a whole. Only then can competition exist in the spirit of free enterprise rather than an oligarchy of terror, power, and force employed and enjoyed only by certain individuals and groups.

Russia is in a stage of transition. The average Russian has not considered the fact that a form of commercial enterprise in the exchange of goods and services was taking place during the Communist era, and its current presence in Russian society is nothing new. The process was and is called the black market, and the institution to be feared and deceived in this process was and is the government. Ironically, as numerous students of the subject such as Rosner<sup>4</sup> and Simis<sup>5</sup> have shown, many aspects and agencies of the government itself were involved in the process. So who, in fact, was being cheated and deceived? Today, Russians must learn and adjust to the fact that in every case of black market enterprising it is ultimately the individual Russian citizen who is paying the price. The enemy no longer is the state; instead, it is Russian society as a whole and the whole is made up of individuals. It is to the individual that the challenge and responsibility of resolving this crime problem must fall.

Indeed, Russian society is facing a critical moment in its history. As mentioned above, there are those who argue that there are no solutions. We respect their position. However, we must note, along with Michael McFaul that in 1994 there were those who painted a dismal portrait of the coming collapse of the Russian economy.<sup>6</sup> Yet, one year later, as McFaul observes, “this nightmarish scenario has yet to unfold.”<sup>7</sup> Instead, he notes that privatization has flourished dramatically with no less than 100,000 enterprises having been transferred into private hands by 1994, and inflation has not become rampant as predicted. McFaul admits that Russia continues to face economic problems, but concludes that “the performance of the Russian economy in 1994 has exceeded almost everyone’s expectations.”<sup>8</sup>

In approaching solutions, we do so by first employing a distinction among the four types of organized crimes developed in Albin’s *The American Mafia*.<sup>9</sup> These distinctions among structures and functions that characterize the formation and operation of the criminal groups differ from one another. Therefore, the methods

of combating them both socially and legally will differ. The four types of organized crime are as follows:

1. Political-social organized crime—where the goal is not direct financial profit, but rather to have an impact on the existing political-social structure. Examples of this would be terrorism, rebellion, or the activities of the Ku Klux Klan.
2. Mercenary organized crime—where the goal is the attainment of direct financial profit. Here would be included racketeering, extortion, organized theft, confidence games, and other forms of profit-oriented crimes.
3. In-group organized crime—where financial gain is not the direct goal; instead, the purpose lies in the individual's psychological and social gratification from belonging to a group that engages in deviant and criminal activity. Here would be included the hedonistic or violent gangs that engage in thrills or violence but do so for the adventure itself, such as the adolescent and street-corner gangs found in most cities that frequently engage in street fights or "rumbles" over territory.
4. Syndicated organized crime—where the goal of the criminal group is to attain direct financial gain by providing illicit goods and/or services through the use of threat, the use of violence, and by attaining forms of police or political protection to safeguard the criminal from legal interference. Examples of this would be gambling, prostitution, and drug syndicates.

Because mercenary and syndicated crime have some common attributes, we need to make clear, for the purposes of our argument, that there are differences between them. We should emphasize, as Albin argued in his original discussion of these four types of organized crime, that these are not meant to be rigid, mutually exclusive types; instead the categories should be viewed as a continuum of types that often overlap.<sup>10</sup> Thus, extortion groups, such as the Italian Black Hand that operated in cities such as Chicago and New York during the early 1900s employed violence to intimidate their victims. These groups would send extortion letters to newly arrived Italian immigrants who were known to have financial resources. The letters stipulated an amount of money to be placed at a specific location (typically a grave marker at a specified cemetery). If the money was not delivered as requested, violence such as bombing a person's house or injuring or killing the person or members of his family ensued. In this operation, violence, one of the three characteristics of organized crime, was employed; however, the gangs operated in stealth, keeping their identity unknown. Also they did not offer illicit goods or services and had no political protection; hence these groups would not be considered a form of syndicated crime.

In the case of in-group organized crime, gangs such as the "Crips" and the "Bloods" originally engaged in gang fights or turf battles with one another.<sup>11</sup> They provided no illicit goods or services and had no political protection. When they discovered that they could make large sums of money by dealing drugs, they stopped fighting, joined forces, and have now become major drug dealers. They continue to use violence and have obtained the political protection necessary for

their continued operation. Therefore, they have changed from the in-group type to the syndicate type. The same revolution took place with the biker gang the Hell's Angels, whose early days in the mid-1940s were characterized by the in-group practice of "raising hell," terrorizing citizens by riding their bikes, in mass groups, through peaceful, small towns in America. In twenty years, as Lyman observed, the Hell's Angels changed from a rowdy group of troublemakers to a modern, organized crime organization.<sup>12</sup> Like the Crips and the Bloods, this motorcycle gang moved from an in-group type to a syndicated type of organized crime group now dealing drugs.

Each of these forms of criminal activity has a different goal, and the structure

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and size of the group vary based on the structure and personnel needed to achieve each goal. It is here that confusion so often occurs in the literature because many authors employ the term "mafia" to describe organized criminal activity that is mercenary or political-social in nature. Therefore, it is necessary

to make another important distinction before proceeding to our discussion of solutions. And that is in reference to the term mafia.

As we read the literature on organized crime in Russia, some writers argue that Russian organized crime is not like the mafia in the United States.<sup>13</sup> What such a comparison means precisely is hard to discern, particularly when some authors refer to organized criminals in Russia as "the Russian Mafia"<sup>14</sup> or "the Old Mafia" of Russia.<sup>15</sup> Stephan Handelman adds to the title of his work on Russian crime, *Comrade Criminal*, the subtitle "Russia's New Mafiya."<sup>16</sup> But this usage is at the core of our discussion; that is, the term mafia has become a synonym for organized crime. As Lyman and Potter note, in Russia today, "virtually everything that has the appearance of criminality is labeled 'Mafia.'"<sup>17</sup>

This confusion originally emerged as a result of the indiscriminate use of the term "Mafia" among American scholars and journalists. In *The American Mafia*, Albin argued that there neither was nor is a secret criminal society called Mafia either in Sicily (its supposed country of origin) or in the United States. If we correctly understand its origin in Sicily, Mafia was not and is not one organization, but is a method or modus operandi of a criminal endeavor that has the following components: the use of force, intimidation, or threats of such; the structure of a group whose purpose is that of providing illicit services through the use of secrecy on the part of its associates; and the assurance of protection from the legal structure, which is necessary for its continued operation.<sup>18</sup>

If these three components are present in any organized criminal venture, then we can say that there is present a method of criminal operation; the term "mafia" can be used to describe this method, not an organization.

As a method, mafia can exist anywhere. As for its being exported or import-

ed, we should understand that it is organized criminals who migrate; the method or system and the criminal's ability to employ it in any given country, by contrast, depends on the social conditions and social system of that country, which may either foster its use or stifle its development.

Contrary to popular mafia lore, it is not specific ethnic groups that create or determine if mafia will exist; rather, it is the existence of social, economic, and historical factors in each society that set the stage for its emergence and success. In the history of the United States, virtually every ethnic group has had members who participated in organized crime. Their method has always been the same. "Mafia" is a synonym not for a secret criminal organization but for a method of organized criminal activity.

The term "mafia," if it is used to describe a method, is correctly used only when it refers to syndicated crime. But, even here, because "mafia" has become so indiscriminately, erroneously, and randomly used, we are advocating that it not be employed because of the misunderstanding its use creates. We prefer and will use the term "syndicated crime."

Our discussion of solutions to Russian political-social organized crime takes us into a very sensitive realm, sensitive because the issues involve contrasting political and economic components of government intermingled with the emotions associated with the ethnic, regional, religious, and other personal and group affiliations of those who employ force in their opposition to the government. We here bring back the memory of the heart-rending news reports of the conflict in Chechnya.

Nationalist movements, ethnic tension, and violence were fermenting in many of the Soviet republics prior to glasnost, but as Wayne Limberg observes, under Gorbachev, various individuals and groups found it easier to organize and publicize their arguments. Much of the anger of these individuals and groups was directed at the Russians who, historically, had been the dominant group.<sup>19</sup> Along with the rise of nationalism in the former republics of the USSR there is the rise of a new nationalism in Russia itself. As Dunlop observed, much attention has been given to nationalist movements of minority groups in Russia, but little to the largest and most significant ethnic group—the Russians themselves.<sup>20</sup>

One of the complex issues of nationalism in Russia and in the former republics is political-social organized crime. The legal debate on this form of criminality is the most complex because it oscillates between legal, social, and ethical questions. Is the Chechen who is fighting for independence a criminal or a traitor? Are the Russian government and its officials who want to keep Chechnya part of the Russian state, the oppressors? Unfortunately, or fortunately, such questions are ultimately decided only when one side wins. The legal definition rests with the side that wins, which acts to define, at least from the legal perspective, right from wrong.

We hesitate to offer direct solutions regarding these politically/socially sensitive encounters, for we feel that each past, present, and future conflict between Russia and its former republics has had and will have its own unique historical development and unique issues for debate. As to solutions to in-group organized crime, we feel this does not need addressing because this form of criminality, to the best of our knowledge, does not constitute a major menace in contemporary Russia. It

seems that “hooliganism” made its brief appearance during the Stalinist era and manifested itself in the form of vandalism and other acts of protest on the part of youth. Although such acts continue to surface at times in various places in Russia, they do not seem to be a major concern in the current Russian crime scene.

By contrast, however, mercenary and syndicated crime have become major enterprises on the streets of Russia and in its federated republics. Therefore, it is these two major forms of criminality on which we focus our attention. The problem of mercenary crime, we feel, is of the greatest concern to Russian society, to the police, and to the individual Russian citizen. It is threatening because of its cost in property and money, as well as the loss of life. It can take many forms—robbery, burglary, counterfeiting, and a variety of others.

Counterfeiting constitutes a threat not only to the individual citizen and business person but also to the economy of countries. The threat of counterfeiting has increased because of the recent development of new color photocopiers with high resolution features and two-sided printing.<sup>21</sup> We believe that these machines, developed and manufactured primarily in America, will soon be delivered to European markets. No doubt they will be used for illegitimate purposes by the counterfeiters in Europe. There is no reason why we should not expect to see this form of criminal venture soon make its appearance in Russia.

Add to this the high-tech manufacturing of fraudulent checks, money orders, and credit cards, and the threat looms into a potential nightmare. In America it has already become that. According to Ronald Dick, director of the FBI Financial Institution Fraud Unit, bogus checks and money orders today constitute the number-one crime problem facing American financial institutions.<sup>22</sup>

Even though America produces the color copiers, about 77 percent of counterfeit bills come to America from overseas.<sup>23</sup> The U.S. Department of the Treasury, under the leadership of Ron Noble, undersecretary for enforcement, has begun to expand cooperative efforts between U.S. Secret Service agents and foreign police agencies in the fight against counterfeiters.<sup>24</sup> We feel assured that the Russian Ministry of the Interior and police agencies throughout Russia will give their cooperation to this international effort.

Many countries are changing their currencies to include counterfeit-resistant innovations.<sup>25</sup> For example, France has placed a watermark on its fifty franc note that cannot be reproduced on color copiers. Canada has added a shiny square to its twenty dollar bill; the square changes color when there is an attempt to replicate it on copiers. Australia has begun printing plastic notes, within which are placed clear windows that simply will not copy. Japan employs a special ink in its one thousand and ten thousand yen notes that makes them impossible to photocopy.

Perhaps as a preventive measure Russian authorities should consider making such changes to high-denomination Russian currency. However, if such changes are made, we offer a word of caution: The Russian government must not repeat the nightmare that occurred among the Russian populace in 1991 when the government issued new currency but gave citizens only three days in which to exchange their old currency for the new. By declaring the old rubles worthless, but giving citizens only three days to make the exchange, the government caused millions of Russians

to lose their life savings.<sup>26</sup> Any new Russian currency issued to fight counterfeiting must allow an adequate period for the old currency to be exchanged for the new.

A related threat to financial institutions are those mercenary forms of crime whose primary target is the banking and stock and currency exchange system.<sup>27</sup> Increased monitoring of business transactions on the part of international government agencies and the international banking community must take place if this form of criminality is to be curbed.

Many big banks today are flush with equity.<sup>28</sup> But that equity, even when it is in excess of one billion dollars, can be lost in a matter of weeks, as happened to the British Barings Bank through one of its traders, Nicholas Leeson, who was trading in derivatives.<sup>29</sup> Add to the recent losses suffered by banks the coming use of cyberspace for financial transactions and we need not emphasize further that banking and large business transactions between companies demand careful observation, evaluation, and monitoring. From the smallest practice of "salami slicing" (in which a thief makes regular electronic transfers of small amounts from other people's bank accounts into his own), to stealing long distance calling codes, to the use of Internet-linked computers to steal company research material, the space behind the computer screen has become a new territory for criminality.<sup>30</sup>

These crimes demand the development of a new awareness and monitoring system. As yet, governments as well as banks and business establishments themselves, it seems, have not accepted the reality of this necessity. In his summary of the recent Russian seminar *Organized Crime and Business*, V. Shabalin noted the vast network of commercial banks and stock and currency exchanges that, through illegal investment of funds and the use of lobbying practices, have influenced the very legislation that could protect against and curb such actions.<sup>31</sup> It has become mandatory that we take a serious look at lobbying in both the United States and Russia.

Careful monitoring of banking practices probably could have prevented the fraud that Claire Sterling described in which a straw bank created in the republic of Chechnya, through its creation of phony "credit advisories," was able to steal 200 million dollars from several Russian banks.<sup>32</sup> Banks, business establishments, and particularly the stock exchange demand freedom to increase profits in new forms of investment. We respect this. But, with cyberspace looming larger and larger and the modern networking system in which criminals and legitimate members of the business and political community can interact in a medley of investment scenarios, we feel that care and monitoring are necessities.

In Russia, this task of monitoring would logically seem to fall within the regulatory sphere of the Central Bank. The new constitution clarifies the Central Bank's role and transfers to it enterprises now controlled by government ministries.<sup>33</sup> Needless to say, all banks need to be involved in a system that would seek out and monitor anomalies or cases of suspicious financial transactions. The anomalies can then be evaluated to determine whether they fall within the limits of speculative but legitimate practice or if they appear to be purposefully fraudulent.

Protection and extortion as forms of organized crime, typically referred to as "rackets," serve as a bridge to our discussion of syndicated crime in Russia. We

do this because these forms of rackets, depending on the format they take, can be of the mercenary or the syndicated type. There are some in which the organized perpetrators have no political or police protection. In Russia, there are criminal gangs who, simply because they are adept at using intimidation and force, work protection and extortion schemes without police or political protection.<sup>34</sup>

The protection operation, both in Russia and other countries where it is practiced, often originates as a symbiotic need created by social conditions themselves. Often, it is not the criminal who forces protection on the businessman, but the businessman who, recognizing the need for protection in an environment where theft is rampant, seeks to be protected for a price.<sup>35</sup> In some cases reported recently in

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Russia, businessmen have hired gangsters to settle disputes with their partners.<sup>36</sup> In Russia today, however, the reality is that many of these rackets seem to have the backing and protection of political and/or police alliances.<sup>37</sup>

As in Chicago in the 1920s, when we observe the extortion rackets in Russia today, we see rapid social change and the emergence of individuals energized by a determination to “get rich at any price.” Their attitude emerges from a past in which necessities were obtained through a system governed by the state. When the doors of privatization were opened a jam of supply and demand occurred that has created the contemporary scene of despair. In this environment of necessity, those who have goods to sell or businesses to operate will seek protection.

In research, Albin encountered numerous cases in Detroit where legitimate business operators, to make certain that their places of business and their customers would not be harmed by other criminal groups, would request protection from a syndicate group.<sup>38</sup> Once again, we see the overlapping of the four types of organized crime; the syndicates had previously procured political protection for their enterprises and were now providing an illicit service for businessmen. In Las Vegas during the 1950s, although gambling casinos were legal and therefore political protection was unnecessary, members of syndicate groups from various parts of the country were brought to the city to act as “enforcers” whose responsibility it was to protect casino property and customers from being harassed or harmed on the casino premises. As casinos grew in number, quite often the services of such enforcers would be requested by the management of new casinos. At times, the enforcers would increase the sums they demanded for their services. Although this would appear to be extortion, we must remember that it was the casino management who requested the service in the first place.

Finally, on the issue of extortion of Chinese businessmen in New York City, Chin, Kelly, and Fagen found that some businesses viewed the extortion demands of Chinese gangs not as criminal acts per se but as behavior consistent with Chinese custom and social traditions; thus, in many cases, by giving the gang mem-



bers the money they demanded, these businessmen “gave face” or showed respect to those who deserve respect because they are in a position to demand it.<sup>39</sup> In this case, refusing to “give face” or show respect would result in the businessman himself being humiliated.

In the final analysis, protection emerges as a symbiotic relationship and agreement that takes its power within an environment of rapid social change that produces feelings of uncertainty and fear.

We believe that privatization in Russia is progressing at a rate more rapid than ever expected. As businesses begin and continue to succeed, the experience and spirit of growth will, we believe, slowly generate a value system that seeks, like that of Chicago in the 1930s, to move toward a more legitimate way of conducting business where the need for protection simply no longer exists.

We agree with Richard Palmer that perhaps the improvement in the economy and the drastic changes in government structures that we hope for may not take place for the next five to ten years.<sup>40</sup> But we can argue only that if solutions are to be generated, the Russian citizen and the government must become the initiators of such changes.

We hope that the government will become a means of serving as a regulating force whose main goal is fostering the growth and success of individual and corporate enterprises in the spirit of privatization. For this reason, we emphasize, along with Michael McFaul, that if Russia is to succeed in resolving its present problems, economic and political reform must occur simultaneously because the success of one is dependent upon the other.<sup>41</sup>

The hope and success of individuals who seek to start their own businesses, such as a Russian truck driver described in a recent article, must be fostered rather than dampened.<sup>42</sup> This driver, in his attempt to make a profit from the use of his trucks to transfer goods through Russia and the federation, has been plagued by the continuing possibility that the bank might take his trucks if he cannot make the payments. Yet his trucks are forced to sit idle because they have not passed the automobile inspection required to obtain a license, which can be granted only by the notoriously corrupt highway police.<sup>43</sup>

In the ocean port of Vladivostok, a region that is ripe for economic development, not only do the threat of government and other obstacles threaten the success of the individual Russian’s development of business enterprises, but foreign investors have also met with serious deterrents.<sup>44</sup> Exorbitant taxes, both local and federal, lack of adequate police services, and various forms of corrupt practices meet foreign investors in their challenge to develop this area.

If such conditions are to change, the state, as McFaul argues, must institutionalize a legal system that protects property rights, governs bankruptcy procedures, enforces contracts, protects consumers, and above all, ensures competition.<sup>45</sup>

In his thought-provoking essay “How to Convert the Soviet Economy into a Free Market,” Vassily Selyunin states, “free enterprise must be proclaimed.”<sup>46</sup> We believe that it has been. He goes on to add that, “any individual has the right to start a business on his own or in a company at his own risk.”<sup>47</sup> We agree. But, we must add to his argument the observation that the Russian government itself must

set the stage. It must make certain that financial risk is subject only to the laws of economics and not to the menace of existing illegal and corrupt practices that present obstacles to the free enterprise system.

Let us move now to offering solutions to the specific problems created by syndicated crime. The complete evolution of syndicated crime in Russia and the former republics is evidenced in the development of those criminal ventures where the three elements of syndicated crime are fully established—rendering of illegal goods and services, use of violence or the threat of it, and assurance of protection from legal interference.

Here we see the establishment and functioning of syndicates in Russia that involve and evolve from a variety of ethnic, social class, and other social backgrounds. Their major enterprises are smuggling drugs and other goods and prostitution. Since both of these enterprises necessitate that the public seeking the illicit service and the criminals who deliver them interact with one another, political protection is necessary for their continued operation.

One may ask why political protection is a necessary requirement. Why is it not possible for those enterprises to be conducted by the criminal and client merely by keeping a low profile? Put another way, Why can those enterprises not be accomplished simply through stealth? The answer is simple. If the client can find the criminal to obtain the illicit goods or services, so can the police. This is a major reality in the operations of syndicated crime; hence the need for political or police protection. By paying protection money, the syndicate criminal is in fact paying the personnel of the legal mechanism and agencies that have been established to enforce the law, not to enforce the law. It is the latter aspect of this form of criminality—the political protection—that makes it so difficult to fight.

It is indeed problematic to offer recommendations for solutions to Russian forms of syndicated crime when we in America still find this form of criminality an ongoing problem. We still have prostitution openly taking place on the streets of our cities. The avid and persistent enforcement by the FBI of the Mann Act (1920), which made it illegal to transport women across state lines for immoral purposes, made the large-scale slavery and transporting of prostitutes far too risky to be profitable. We mention this act because we are aware that there are large-scale enterprises involving the slavery and transport of women within Russia and within and between the other regions of its federation.<sup>48</sup> Certainly, if law enforcement in Russia were to approach this problem by applying pressure to make these ventures unprofitable for the criminal groups, we would expect that this form of criminality would become less attractive.

As Russian society moves toward urbanization and privatization, we feel that social forces and changes similar to those in America will cause criminal involvement in prostitution to change. There is no question that the Mann Act had a very profound effect on curbing organized crime in the United States. This act, coupled with the end of prohibition and the decline of the influence of political machines, removed the types of political and social environments that made the red-light districts of the 1920s and 1930s a viable enterprise for syndicated crime. With the large-scale use of telephones in the 1940s and afterward call girls could

operate their own enterprises. Today, as Peter Huston notes, syndicates consisting of Japanese, Korean, and other Asian groups operate prostitution by transporting and controlling groups of women working in prostitution rings.<sup>49</sup> However, we find that much prostitution consists of women working primarily outside the realm of organized crime. Those who work as streetwalkers may have pimps who protect their safety on the street, a service for which the pimp is financially rewarded. Call girls operating their own services are typically freelancers with no ties to organized criminals.

As Lyman and Potter noted, today the role of organized crime seems to be associated with ownership of bars and nightclubs, which become outlets for prostitution, and the financial backing and operating of many escort services providing prostitutes are under the control and influence of organized criminals.<sup>50</sup> It is difficult to offer solutions to Russia's prostitution problem because today in Russia most of this enterprise, it appears, is in the hands of organized criminals.

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In the United States prostitution is legal in certain counties in only one state, Nevada. Therefore, it is difficult to make comparisons. However, legalization seems to have eliminated the involvement of organized criminals in the legal brothels of Nevada. This does not mean, however, that the influence of organized crime in prostitution has disappeared in cities and counties in Nevada where prostitution is illegal.

It is difficult for American sociologists to give advice to the Russians when the United States has not made a dent in the eradication of the drug trafficking that is one of our major criminal enterprises. Rather, let us discuss those approaches that seem to give evidence of being the more effective ones in our attempts to deal with this problem. The illicit drug problem exemplifies all of the aspects of syndicated crime. It manifests all of the elements that allowed syndicated crime to come into existence and that make eliminating it so difficult.

We urge that government committees and agencies not be given the task of studying or scientifically investigating the structure and function of syndicated crime in Russia. It has been our experience in the United States that the government commissions that purported to study the phenomenon had political, not scientific, motives and agendas. For example, the Kefauver committee, without producing one shred of evidence, gave us the nebulous term “mafia” in 1950, and the McClelland committee gave us, with outright contradictory evidence, the equally nebulous term “Cosa Nostra” in 1963.

We do not wish to imply that these commissions did not find evidence that syndicated crime existed; what we are saying is that serious methodological and research problems were present in their investigations.<sup>51</sup> Thus the Meese Commission on Pornography rejected the findings of a very respected researcher in

the field of sexuality because, as he was told, his findings did not fit with what the commission had been “mandated” to find. We argue that government commissions are not the best avenues for collecting data that are intended to be used for scientific study and evaluation.

When Russians are told that American syndicated crime is much more organized than the Russian groups, this organization exists only in the imagination of those who believe in the myth, not in the structure of the American syndicates themselves. Research has demonstrated that syndicates are not structured as large, centrally organized bureaucracies; instead, they consist of small networks of patron-client relationships where power in the networks is based on the continually changing requirements of each enterprise.<sup>52</sup> Contrary to those who would have us believe that international syndicates are increasingly forming conglomerates and treaties to better effect efficiency and cooperation, we find that syndicates are better described as entities that experience conflict just as readily as cooperation.<sup>53</sup>

Looking at experience with drug syndicates in America, we find that a law that allows the arrest and conviction of groups rather than individuals is mandatory in the fight against syndicated crime. We have found that the Racketeer Influenced and Corrupt Organizations Act (RICO) enacted in 1970 has been a very powerful instrument of the law and has resulted in numerous convictions of organized criminals and groups in the United States. The intent of the act was to give the federal government legal powers with which to fight both illegitimate enterprises and legitimate enterprises that had been infiltrated by organized criminals. It also allowed federal authorities to escape the statute of limitations that had typically frustrated enforcement efforts in such cases. Its mechanism of enforcement provides for imprisonment, fines, and criminal forfeiture. Its intent and use were to fight corruption, and it has been employed to prosecute corrupt police officers and public officials at all levels of government, including mayors, members of city councils, and a state representative.<sup>54</sup>

Given the past Communist era in Russia when police, particularly the former KGB, have been accused of stealing the property of those arrested, and because RICO as it exists in U.S. law has a civil component to its jurisdiction, we feel that, at the present time, care should be taken regarding its potential use as a solution to Russia’s contemporary organized crime problem.

The laundering of money by drug traffickers presents serious challenges not only to Russia but to the United States and other countries as well. The problem is further complicated by the fact that several nations, such as the Netherlands Antilles, have passed laws that resist any attempt to persuade their banks to disclose information to our countries.<sup>55</sup> Money laundering, as David Andelman describes the process, consists of several steps, starting with the launderer depositing money in a bank in a country where he will not be arrested within twenty-four hours. This is the most crucial stage because here the money is the dirtiest, being tied to an illegal source and thus subject to seizure. If step one is successful, step two involves transferring the money to a bank controlled by another company in another country, for example, one in Spain. Next the money is transferred to an account of a company in yet another country, such as Japan, or into an account of a company in

Western Europe. Then, the money can be put into a savings or investment account in the United States or another country.<sup>56</sup>

Finally we should mention the Federal Witness Security Program. This program has served to help government agencies offer protection for criminals who become witnesses for the government and offer evidence to convict fellow criminals.<sup>57</sup> In return for this service, the government provides those individuals with new identities, residences, and occupations, which will protect them from possible retaliation from those against whom they testified. Although there are some problems with the program, since its inception in the 1960s it has served the purpose of making it feasible and safe for witnesses to come forward and testify in cases against organized criminals.<sup>58</sup> This constitutes a significant contrast to the past, when witnesses were reluctant to do so for fear of retaliation. We think this is a program that would be useful in Russia's fight against organized crime.

The fight against organized crime is indeed a challenging one. But let us remember that the major force and agent of action in this fight is the individual. We learned this from the experience in Sicily, where it took the assassination of two prominent Sicilian magistrates to shake the Sicilians from their apathy.<sup>59</sup> The people of Sicily finally came to the realization that it was their value system of "omerta" (the unwillingness to offer testimony or otherwise help the police and courts) that had allowed "mafia" as a method and process to become such a major part of Sicilian life.

If Russia is to come to grips with its problem then, like the Sicilians, the average Russian, along with the legal agencies, must pave the way. In doing so each must understand that time is important. Russia is young in its fight. It must give itself time to allow the underlying positive forces in its society to override the contemporary negative ones.

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