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**Cross-Border Crime in the
Former Soviet Union**

Mark Galeotti

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Cross-Border Crime and the Former Soviet Union

by

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The opinions contained herein are those of the author and are not to be construed as those of IBRU

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Glossary

BAK	<i>Bundeskriminalamt</i> , State Criminal Agency (German police agency).
CIS	Commonwealth of Independent States.
FSK	<i>Federal'naya sluzhba kontr-razvedky</i> , Federal Counter-Intelligence Service. Russian internal security agency, established (as successor to the Ministry of Security) in 1994.
fSU	Former Soviet Union.
IMF	International Monetary Fund
KGB	<i>Komitet gosudarstvennoi bezopasnosti</i> , Committee of State Security. Security agency of the USSR and still the title of some of its successors.
<i>mafiya</i>	Russian form of 'mafia', used as a generic term for organised crime (plural: <i>mafii</i>).
MVD	<i>Ministerstvo vnutrennykh del'</i> , Ministry of Internal Affairs.
PV	<i>Pogranichnye voiska</i> , Border Troops.
SNBU	Ukrainian National Security Service.
Tax Police	Investigations and enforcement arm of the Russian State Tax Agency.
UNDCP	United Nations Drug Control Programme.

Currencies:

Rs.	Russian rubles
\$	US dollars

Cross-Border Crime and the Former Soviet Union

Mark Galeotti

1. Introduction

“For you [Westerners], borders represent barriers and termini; for us, they represent opportunities.”

Chechen gangster, 1993.

1.1 An Introduction to the Problem

Crime is endemic to all the successor states of the former Soviet Union (fSU), both the organised plunder of the *mafii* (the plural of the Russian word *mafia*, used to denote all organised crime) and the random and small-scale expressions of the stresses and frustrations of life in states and societies in collapse and disarray. To give a few examples, the first year of post-Soviet ‘freedom’ brought a 15% increase in the reported crime rates in Kazakhstan, 25.9% in Lithuania and fully 27% in Russia. The murder rate in Russia has doubled since 1991. A majority of citizens polled in Moldova believed their home-grown *mafia* the dominant force in national politics, while crime and corruption proved to be at the heart of the Belarussian and Ukrainian elections of 1994. There are four main reasons why criminality is so prevalent a feature of the post-Soviet polities:

- **The political culture of the fSU is rooted in a culture of corruption and ‘doublethink’.** Tsarist Russia and the USSR alike were Russian-dominated empires where a small and deeply corrupt oligarchy exploited the bulk of the population, while openly flouting their own laws. The resulting political culture emphasises personal loyalties over any abstract concepts of legality and ‘fair play’; to (mis)use public office for private gain is not just usual, it is almost expected, creating an environment of institutionalised illegality.
- **The economies of the decaying USSR and its successor states encouraged and encourage the shadow economy** and organised - criminal - manipulation of inherent monopolies and imbalances of supply and demand. The black economy may have accounted for up to 10% of Soviet GNP and citizens routinely turned to it to meet not just their wants but also their needs. As Robert Sharlet put it:

“In [a] hidden world beneath a planned environment of acute and persistent scarcity, nearly everyone steals goods from the state, sells one’s services on the side or, if neither is possible, at least ‘steals time’ on the job.” (Sharlet, 1984).

The transition to market relations has encouraged aspirations while destroying the old mechanisms for the distribution of goods and provision of basic staples. Criminal groupings have moved to fill this vacuum, such that it is now almost impossible to survive day-to-day, much less engage in meaningful economic or political activity, without dealing with these groups, whether overtly or through one of their fronts (which range from banks to security firms).

- **Criminality is a social response to a generalised identity crisis in the fSU.** In other words, crime reflects the moral and psychological crises of the late Soviet era and the its legacy to new states which often lack any geographic, historical or practical legitimacy. It is worth noting that in early 1991, a majority voted for the preservation of some sort of union rather than the outright balkanisation of the Soviet state. Born, raised and socialised in the shadow of Soviet power, its symbols and customs, the present generations of rulers and ruled alike are in the grip of an identity crisis which has taken its toll on the stability of the post-Soviet order, marked by a whole range of negative social phenomena, from suicide to crime.
- **The chaos associated with the transition from Soviet power also carries with it legal and practical problems** in fighting crime. New law codes are having to be drawn up by governments in permanent crisis, administered by courts made up of jurists trained under the old order and enforced by police services which are under-funded, -motivated and -equipped. The Kazakh police force was 42% under-strength in 1992, for example, while its Tajik counterpart all but disintegrated in the midst of the civil war which tore at the country.

It is thus important to emphasise the extent to which criminality in the states of the fSU does not merely reflect *disorder* - the legal governments' inability to maintain their authority - but also an *alternative order*. As of writing, in summer 1994, there are 2,600 gangs within the Russian Federation (although only around 40 or so are large, organised and stable enough to be classed as 'mafias'). According to the Russian MVD (Ministry of Internal Affairs), perhaps 80% of all businesses pay tribute to organised crime, and 40,000 firms are wholly under its control. In Georgia, two *mafiya* clans stand accused of making \$36 million from their operations in the west of the country, a sum roughly three times the central government's annual budget. As one observer has noted, in the post-Soviet world, the *mafiya* is becoming the state:

*"While there was no infrastructure in place capable of coping with the rapidity of change, especially economic change, in Central and Eastern Europe, ironically organised crime, by virtue of its very **organisation**, seems best suited to fill that void during the transition period. And if organised crime can infiltrate, establish a strongly emplaced foundation, and weaken stability at the local level, the effects, radiating centrifugally, may well be far-reaching."* (Orenstein, 1993).

1.2 Soft Borders and Other Dilemmas

Crime within the fSU is thus not merely a domestic issue. Much crosses the internal borders of the region. One of the foremost godfathers in the Lithuanian capital, Vilnius, is a Georgian; Armenian, Chechen and Azeri gangs fight it out for supremacy in Moscow; 40% of crime in the Ukrainian capital, Kiev, is perpetrated by criminals from Transcaucasia. Post-Soviet crime also splashes out into East/Central Europe. To an extent, this reflects the presence of Soviet troops there, but it also betrays imperial presumptions, in that Russian criminals have sought to replace the old Party hegemony in East/Central Europe, using their street muscle and political contacts to build themselves a new 'empire'. Post-Soviet crime has thus become a global problem. Organised criminal gangs have begun forging alliances with their more established counterparts, from the Italian *Mafia* to Colombian drugs cartels. The so-called 'Vilnius Brigade' boasts

connections in Poland, Finland, Holland and the USA. When a Russian mafioso nicknamed *Yaponchik* found life at home a little too hot to handle, he moved to New York's Brighton Beach. Thus, it is also an issue of international security:

"...organised crime is the chief enemy of international security."

Former head of BKA (German criminal intelligence agency)

(Robertson, 1994).

This strong transnational component to post-Soviet crime should hardly come as a surprise, given the extent to which many of the borders of the fSU are either artificial or unclear. The borders of Soviet Central Asia, for example, were drawn by the state during the Stalinist era purely in the interests of administration. Not only do they bear little relationship to the ethnic topography of the region, they reflected an active desire to foster inter-ethnic tensions as a means to 'divide and rule'. Tatars were resettled from the Crimea to Siberia, and their place taken by ethnic Russians; Russians and Kazakhs lumped together in 'Kazakhstan'; and the Armenian enclave of Nagorno-Karabakh left surrounded by Azeris. Thus, it is inevitable that routine cross-border contact between peoples also leads to criminality ranging from petty theft to drugs smuggling. Consider, for example, the two extremes of the problem as reported in the Russian press:

"The inhabitants of the border regions of Tyva and Mongolia have the same attitude toward the striped border posts as to a telegraph pole. They simply cross the border at any time to steal each other's cows, horses and sheep... Recently, this area was visited by Major General A. Kochetov, deputy commander of the Transbaikal Border District. He order the homeland's sentries to develop their combat training. As soon as he had left, a herd of cows was rustled from beside the Shara-Suorata border post." (Rossiiskaya gazeta, 22 April 1994).

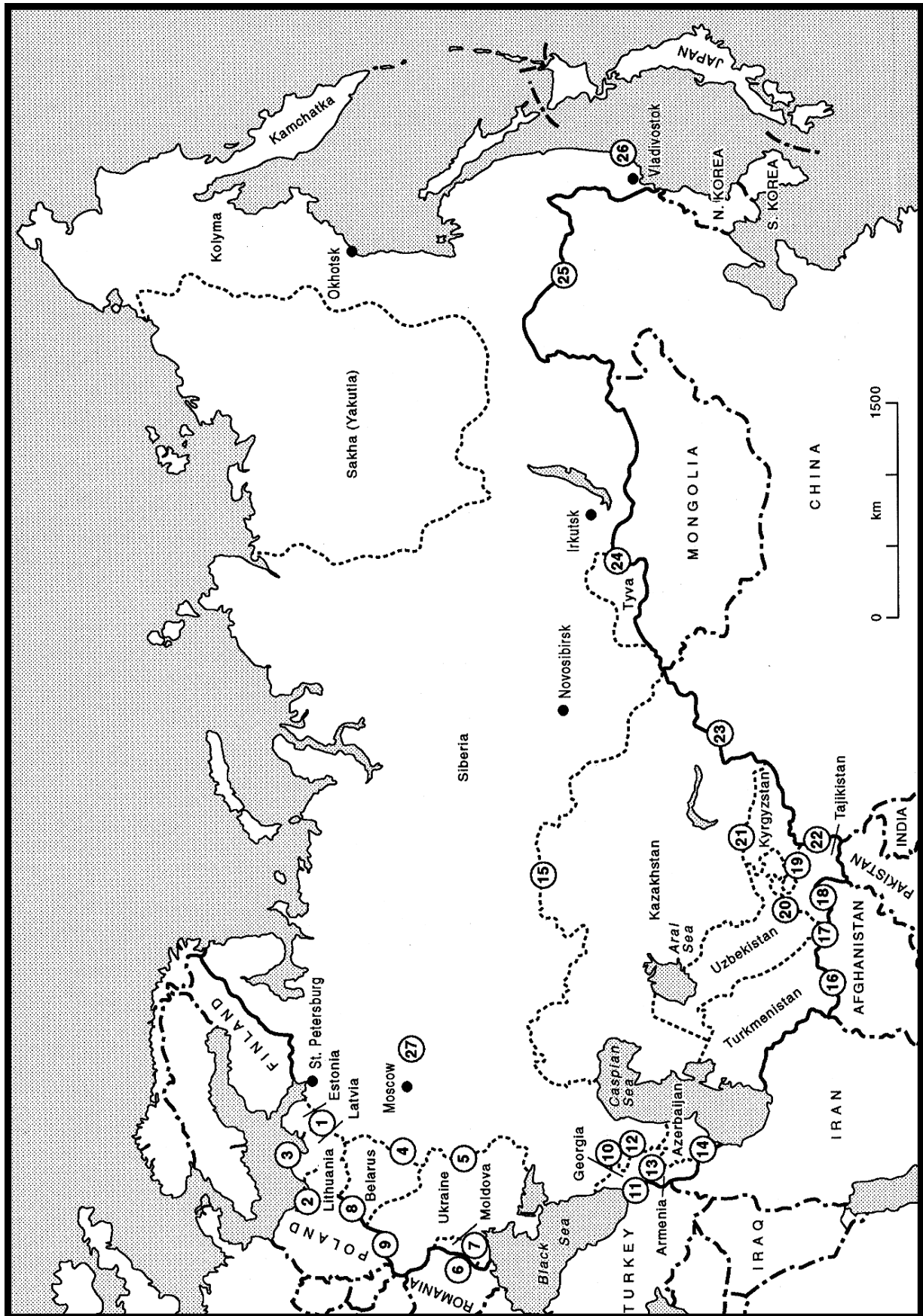
"[Tajik First Deputy Interior Minister] Blinov said that Tajikistan was now a major base for supplying drugs to other former Soviet republics and Western Europe. Nearly half the crimes committed in the republic were connected with the drugs trade... He said, however, that most of the drugs came into the country from Afghanistan, especially through the eastern Tajik region of Gornyi Badakhshan..". (ITAR-TASS news agency, 15 May 1994).

One case was essentially trivial, the other relates to a multi-million drugs conduit, yet both cases share three key features which lie at the heart of the 'soft border' phenomenon and the high levels of cross-border crime in the fSU:

- **National borders are essentially illegitimate**, recognised by neither ethnic allegiance nor practical interest. The Tajiks of Gornyi Badakhshan find more common interest with their fellow Tajiks of northern Afghanistan than their notional government in Dushanbe, while Moldova is torn between ethnic Romanians looking west to Bucharest and ethnic Russians looking north to Moscow. This also applies to the USSR's borders. Just as tsarist Russians were taught that their realm was wherever there were slaves and Russian Orthodox (and hence Russia's disastrous meddling in the Balkans in the run-up to World War One), so too were Soviet citizens raised with the rhetoric of 'internationalism' and the dominance of class over national identities. Post-Soviet citizens are thus already used to seeing national borders as far from sacrosanct.

	Where?	Ethnic overlap	Problems in policing		Breakdown of government authority		
			Geography	Profits too great	Secessionism	Civil War	War
1	Russian/Baltic states						
2	Kaliningrad	* (Russians)		*			
3	Baltic coast	* (Russians)		*			
4	Belarus/Russia	* (Russians)		*			
5	Ukraine/Russia	* (Russians)				*	
6	Moldova/Romania	* (Romanians)			*	*	
7	Moldova/Ukraine	* (Slavs)					
8	Belarus/Poland			*			
9	Ukraine/Poland			*			
10	Georgia/Russia	* (Abkhaz)			*		
11	Georgia/Turkey					*	
12	Russia's Transcaucasian border	* (many)	*		* (Chechnia)		*
13	Armenia/Georgia			*			*
14	Azerbaijan/Iran	*	*				*
15	Kazakhstan/Russia	* (Russians)		*			
16	Turkmenistan/Afghanistan	*	*	*			
17	Uzbekistan/Afghanistan	*	*	*		*	
18	Tajikistan/Afghanistan	*	*	*		*	
19	Kyrgyzstan/Tajikistan	*	*	*		*	
20	Uzbekistan/Tajikistan	*	*	*		*	
21	Kyrgyzstan/ Kazakhstan	*	*	*		*	
22	Tajikistan/China	*					
23	Kazakhstan/China	*					
24	Russia/Mongolia	*	*				
25	Russia/China	*	*				
26	Far Eastern ports			*			
27	Airports			*			

Figure 1: 'Soft Borders' in the Former Soviet Union



- **There are huge regional imbalances in supply and demand**, opening up the prospects for equally huge profits for those prepared to cross boundaries and satisfy the consequent needs, from drugs to iron ore. This is something which organised criminal groups recognised from the first; of Russia's gangs, half are inter-regional, and perhaps 250 international in terms of operating across borders or having foreign alliances and contacts.
- **The authorities lack the will and the resources to police borders adequately.** The collapse of the USSR created a vast array of new borders. Russia's new border, for example, became 60,000km long; 46,000km of old Soviet frontiers, still with the old network of surveillance and control stations, but 14,000km all new and lacking in any sort of border control infrastructure. When simple interdiction fails, then it becomes a job for investigators and jurists. Prosecuting cross-border crime is always a complex and politically fraught issue. Even during the days of Soviet power, problems of coordination and demarcation disputes between republican KGBs and Interior Ministries hindered many an investigation. In summer 1991, for example, a Latvian-based firm called *Avicenna* began a lucrative fraud through chain letters selling 'Chernobyl Union' stock in Turkmenistan, making around ten million rubles in the process. Until the All-Union agencies were brought onto the case - largely as a result of a critical article in the government newspaper *Izvestiya* - the Turkmen authorities could do little but catch individual couriers leaving their republic. In post-Soviet Eurasia, this problem has been compounded by the jealousies and suspicions between these new nations, the relative inexperience of many of their senior law-enforcement officers and the dilemmas of protocol raised by cross-border investigations.

2. The Threats

All sorts of crime can cross borders, and it is probably fair to say that the former Soviet Union has suffered and is the source of the full range. One quantitatively small but qualitatively significant variety is terrorism, which has proven to be one of the products of the ethnic and social crises of the region. In some cases, states have provided havens for disaffected citizens to plot against other fSU governments. When Georgian president Zviad Gamsakhurdia was ousted, for example, it was by Russian-backed insurgents, and he promptly fled to the then-rebellious Russian region of Chechnia. Sometimes, the terrorists come from without, such as the Afghan fundamentalists who have been fanning the flames of civil war in Tajikistan. There are also cases of 'third party' terrorism. In April 1994, for example, agents from the SNBU, Ukraine's internal security service, arrested a group of terrorists intent on smuggling a bomb to Moscow to plant at the embassy of an unnamed country, possibly a Transcaucasian or African state.

Yet most cross-border crime is driven or dominated by mercenary concerns, and largely controlled by organised crime. Criminals from the fSU have become international and entrepreneurial in outlook. As Western firms operating in the fSU become targets for extortion, so too do their parent companies and subsidiaries elsewhere. More to the point, they look abroad, for markets, ideas, supplies, allies, havens and even advice.

2.1 Drugs and Vice

It is a depressing inevitability that poor farmers would, given the opportunity, prefer to grow crops fetching high prices than low, and that nothing pushes up prices so much as illegalisation. The fSU boasts more than two million acres of marijuana-producing farmland, and perhaps one million given over the opium-producing poppy plantations. What is more, the disintegration of Soviet society has opened up a huge market for them; by 1992, there were 5-7 million addicts in the fSU, perhaps three times as many as in early 1991. Even before the fall of the USSR, areas of Soviet Central Asia were beginning to challenge the traditional 'market leaders' of Colombia and the Golden Triangle (Iran/Afghanistan/Pakistan) as drugs producers.

Not all drugs come from the south-east, though. Cannabis and poppy is grown even within Russia, while the misused solvents, prescription medicines and synthetic drugs which account for a significant proportion of market share are produced in Russia, as well as Poland (Europe's largest producer of methamphetamines). With their customs services all too corruptible, the countries of the fSU have also become major waystations on the transit routes of drugs from elsewhere. Central Asian drugs flow towards Europe, while the Colombian drugs cartels are also making increasing use of Russian ports, lorries and airports to smuggle their cocaine to Europe.

This is thus big business. As it is, over 70% of crime in Kyrgyzstan is thought to be linked to the use or trade of drugs, while the drugs trade in Russia has been estimated as being worth more than Rs. 40 billion in 1992, Rs. 50-60 billion in 1993 and possibly as high as Rs. 100 billion by 1994. Organised criminal groupings from the fSU have capitalised on this trade to establish strong positions abroad, to spearhead and bankroll their penetration of East/Central Europe as well as to broach the lucrative markets of Western Europe.

Figure 2: Penetration of fSU Criminal Groupings into East/Central Europe Through Drugs Trafficking

Host Country	Russians	Ukrainians	Belarussians	Transcaucasians	Central Asians
Bulgaria	Yes	Yes		Yes (Georgians)	
Czech		Yes			
Hungary	Yes			Yes (Georgian, Armenian)	Yes (Tajik)
Poland	Yes	Yes	Yes	Yes (Azeris)	
Romania	Yes				
Slovakia	Yes	Yes	Yes		

Prostitution is another area of criminal activity which is crossing borders within and in particular beyond the fSU. The German authorities have identified around 10,000 women from East/Central Europe and the fSU working as prostitutes there, many under duress. Thousands of women from the European regions of the fSU also make their pilgrimage south to Turkey, where the "Natashas" (Russian, Ukrainian, Belarussian prostitutes) ply their trade along the Black Sea coast, especially in Trabzon, where their arrival has doubled the number of 'hotels' in the town.

2.2 Guns and Death

“When I came out of the paratroopers, I received a discharge bonus worth next to nothing. What I took with me, though, in terms of my skills, is all I have to sell. Why should I not use the only thing the army has given me?”

Afghan war veteran turned criminal ‘enforcer’, 1991.

With the morale of the former Soviet army at breaking point, and wages shrinking in real terms under the relentless onslaught of inflation, it is perhaps no wonder that there has been a haemorrhage of weapons and military materiel. In 1992, the Russian army alone ‘lost’ 27,000 weapons. While much has been for domestic criminal consumption, this has created a supply of cheap weapons to meet a variety of international needs. The result is not only that weapons are freely available within the fSU, but they have flowed across the globe, and armed a wide range of criminals, terrorists, guerrillas and even collectors. In February 1992, Estonian customs seized a shipment of 15,000 PM Makarov pistols bound for the UK, while smuggled Kalashnikov AK-47 assault rifles have turned up in the hands of drugs dealers in Manchester. The civil war in Yugoslavia provided an unexpected but lucrative opportunity for Ukrainian gangs, who have armed most sides with avaricious even-handedness. Xinjiang separatists in China, Colombian drugs barons and the Islamic guerrillas of North Africa have all found their suppliers (in Kazakhstan, Russia and both Tajikistan and Uzbekistan, respectively).

It is the danger of the *mafii* of the fSU involving themselves in the trade of nuclear weapons and fissile materials which has aroused particular journalistic hyperbole. The criminals certainly have the capability to supply fissile materials and possibly even warheads. Russia’s stockpiles of nuclear weapons have been swollen by the transfer to Russia of warheads from other CIS nations, leading to a 60-70% overloading of facilities and thus of the systems monitoring their transfer and status. Persistent reports suggest that 23 warheads went missing from a depot in Komsomolsk-na-Amure in March 1992, although the Russian Defence Ministry at the time issued a (rather ambiguous) denial. Nuclear materials may also be stolen or scavenged from the navy’s ailing fleet of nuclear submarines and surface vessels, as well as the weapons manufacturers and civil atomic power industries.

This largely applies to Russia, although there is a former nuclear warhead plant (Kurchatov) and a plutonium and uranium enrichment centre (Krasnoyarsk-45) in Kazakhstan. While there are 37 nuclear power reactors in Russia, there are also 14 in Ukraine, 2 in Lithuania and 2 in Armenia. None of these are subject to acceptable levels of supervision. The recently established Russian atomic energy inspectorate, *Gosatombnadzor*, has, for example, checked no more than a third of the 14,500 organisations licensed to work with radioactive materials. Besides which, its powers are still limited by its dependence upon Soviet-era laws and a maximum fine fixed in earlier days which, at current exchange rates, is worth less than 5 US cents.

There has been an increase in reported cases of smuggling, especially via Germany. BKA statistics show reported cases rising from 4 in 1990 to 158 in 1992. Of these, though, only 18 actually involved radioactive material and 59 were pure scams. In summer 1994, several attempts to smuggle weapons grade material came to light, yet even here it is hard to see where there is a credible and reliable market. Most ‘rogue states’ apparently intent upon acquiring a nuclear capability already have their own supplies (such as Pakistan and North Korea) or are actively seeking to improve their international standing and legitimacy (such as Iraq and Libya).

Terrorists are also more likely to think twice before choosing an option which would alienate local and world opinion and lead to unparalleled and unstinting efforts to find and neutralise them from the security forces. US security agencies, for example, have drawn up contingency plans to deal with any danger of nuclear terrorism, with options ranging from huge cash inducements to informants to direct military action.

Perhaps most importantly, the *mafii* of the FSU are comparatively reluctant to involve themselves in the trade. While the potential profits would be great, the dangers would be greater. They have an interest in the maintenance of a *status quo* in which they have largely bought themselves protection from their own governments. Were they to supply, for example, terrorists with nuclear devices, then the pressure from outside governments upon their home politicians could become too strong to resist. Other governments would also be far more likely to take a hand themselves; Israel's Mossad, for example, has shown itself prepared to act directly against perceived threats.

Most trade is thus down to journalists, hoaxers and police officers setting up 'sting' operations to catch would-be smugglers or individual entrepreneurs and small-time criminals. This also helps explain why they seem so drawn to Germany. Since Germany and north-central Europe has effectively been 'franchised' to the Russian gangs by the Sicilian Mafia, this is one of the relatively few areas open to individual Russian criminal activity, supported by the network of contacts which is a legacy of Soviet control over East Germany.

The corollary, contract killing, is also a growing problem within the countries of the FSU. In 1992, the Russian police recorded around 100 instances; in 1993 this rose to around 250. This has also become a cross-border phenomenon. In terms of the international market in contract killing, assassins from the FSU are cheap (the usual starting price is around \$2,000), skilled and relatively anonymous. Many were trained by the Soviet special forces - *Spetsnaz* - or within the more shadowy branches of the KGB, and they can be back within the safety of the FSU within hours of an execution. What is more, prices as low as \$2,000 have been quoted as a benchmark fee. In Britain, for example, such an assassin killed Karen Reed, herself the sister of an Armenian who had been involved in the execution of two Chechens in London a year previously.

2.3 Smuggling

"Everything is being smuggled... Whatever there is to smuggle is smuggled - cheap things, expensive things, everything."

Andrei Chernenko, of the Russian Security Ministry.
(NY Times News Agency, 1993).

The component regional economies of the USSR were developed with an eye to interdependence for both political reasons (notably, to discourage separatism) and with the hope of creating a rational, planned system capable of maximising yield. This experiment in total planning proved a gargantuan mistake and a central factor behind the decay and collapse of the Soviet state, but it has ensured that none of its successors has anything like an independent economy. Attempts to regulate such imbalances within the legal economy have largely foundered as a result of the lack of a stable common currency, political disputes between states

and the general collapse of the state communications network. The result has been a bonanza for the smugglers, who can find markets for anything from electronic components to beetroot.

This is essentially transfer within the fSU, whereby the shadow economy effectively substitutes for a free, working market and could thus even be characterised as virtuous or necessary. In January 1993, for example, Armenia's deputy Minister of the Economy was arrested under suspicion of involvement in an attempt to smuggle large quantities of copper and metal scrap to Georgia where an economy being torn by civil war was desperate for such materials.

There is, however, also the transfer of goods outside the fSU, not least given the unparalleled opportunities to find buyers for Russian art objects and historical treasures, an outflow which one observer has likened to the "*looting of a defeated nation by a conquering army*". Smugglers can also take advantage of the lax quality and customs controls to smuggle cheap imitation goods abroad or undermine tariff systems. Sweden, for example, levies high taxes upon cigarettes, driving prices up commensurably. As a result, Russian and Baltic criminals have developed a thriving black market in cigarettes smuggled from the fSU.

Comparing the first quarter of 1994 with that of 1993, the value of smuggled goods seized by the Russian police grew more than five-fold, from 545 million to three billion rubles; in real terms (after allowing for inflation), this was around a four-fold rise. In the second quarter of 1992, Russia lost more than half a million tonnes of oil exported abroad illegally from its Tyumen oil fields. Indeed, the illegal export of strategic minerals such as nickel, aluminium and copper has reached such a level that it has artificially depressed world prices. Stocks of nickel on the London Metals Exchange, for example, rose from 3,462 tonnes to 78,804 tonnes in the period 1991-93. In their operation codenamed "*Trawl*" in 1992, the Russian authorities seized 650,000 tonnes of oil and 17,000 tonnes of metals, yet had to accept that they had probably accounted for no more than 15% of the total outflow. This plunder of the resources of the fSU is all too easy:

"The export of raw materials out of Russia is theoretically regulated by a system of quotas and licenses and a requirement that 50% of hard-currency earnings be sold back to the central bank. But in reality, the system is easily corrupted at every stage, from the factory to the central Ministry for Foreign Economic Relations to the border posts." (NY Times News Service, 1993).

Smuggling is also part of the general flight of capital from the fSU economies to other countries where the post-Soviet rich (whether mafiosi or licit businessmen) feel their wealth will be more secure, less vulnerable to inflation, seizure or the implications of any political upheaval. With only some 3-5% intercepted or retrieved by the authorities, the scale of capital flight from Russia since 1991 has been estimated at between \$12 billion and \$20 billion, annually. While much of this has been in the form of simple currency, the export of oil, metals and other primary resources either illegally or at unrealistic prices has also been used as a way of transferring wealth to safer havens. Money is also kept abroad to avoid paying relatively higher taxes at home. Ukraine's Minister of Finance, for example, alleged in 1993 that Ukrainian firms were concealing \$500 million in foreign bank accounts (equivalent to one quarter of all export earnings) to avoid taxes, while in overall terms of pure money transfers - whether through the banking system or physically in the form of banknotes - Russia alone has probably 'lost' \$25 billion - analogous to the entire package of financial aid promised by the IMF in 1992.

2.4 Fraud

Of course, part of the transfer of money to and from the nations of the fSU is the product of fraud. The most infamous case remains a huge fraud perpetrated upon the Soviet and then Russian Central Banks by a sophisticated ring operating out of Chechnia. Indeed, it is quite probably that this gang was part of the clan/*mafia* alliance which runs this rebellious region of southern Russia (see section 3.3). Through the Chechen -Ingush State Bank (the Chechen State Bank from November 1991) and over the five year period 1987-92, they embezzled Rs. 140-160 billion (comparable to \$600-700 million), through the falsification of *avisos*, documents confirming the existence of funds in accounts.

This sort of fraud is particularly widely practised within Russia where a federal structure and the presence of strong local authorities and banking systems almost encourage such embezzlement. All the small southern Caucasian states have taken their turn milking the Central Bank. Dagestan was involved in a fraud based upon falsified transfer documents in 1993, which netted Rs. 30 billion, while Ingushetia's banking system stole some Rs. 17.6 billion between 1 February and 16 March 1993 alone.

Yet given that the interconnected nature of the economies of the post-Soviet states has necessitated a high level of currency and commodity exchange - more, in fact, than their still-embryonic financial control services can adequately monitor - then all infra-fSU transactions are open to fraudulent misuse. In 1992, for example, the ruble was stronger against the US dollar in the Baltic markets, which led to a flood of illegal transfers of rubles from the rest of the fSU and, more to the point, extensive 'under the counter' bank-to-bank transfer of rubles at preferential rates. To an extent, this practice continued into 1993: between 22-28 July, for example, three firms transferred Rs. 870 million into Latvia, by train, plane and inter-bank transfer.

2.5 Counterfeit and Dirty Money

It is thus a bitter irony of the collapse of the economies of the fSU that there are so many people so desperate to export so much money out of the region. 'Dirty' money from criminal activity needs to be laundered - converted into licit and freely usable funds and introduced into economies where it can buy the goods, services and security the criminal entrepreneurs of the region seek. To a large extent, this takes place through the medium of the notionally legitimate financial sector, which in almost all successor states is heavily penetrated and controlled by the *mafia*. Viktor Ilyukhin, chair of Russia's parliamentary Security Committee, has reported that organised crime controls 55% of capital in the country and 80% of all voting stock, while another estimate has it controlling 15-25% of the nation's banks. This last is a particular problem. Given that until 1994, banks could be established by anyone showing a minimum capital requirement of 100 million rubles - around \$65,000 - the country experienced a massive explosion of financial institutions. Yet of the more than 2,000 banks thus established, the World Bank believes only 20-30 are developing into recognisable, reputable institutions. With both great wealth and, when they need it, the veneer of respectability provided by 'mafia'-dominated financial and commercial institutions, criminals from the fSU are investing heavily abroad, notably in Europe and the USA. More money is spent annually by fSU criminals

buying property in the UK, for example, than the UK gives in aid and credits to the nations of the region.

For the source economy, the flight of capital fuels inflation, skews the money supply and yet further undermines confidence in the local currency. Capital flight may seem a boon to the destination economy, providing investment in a time of global recession, but also carries its own problems. Cross-border criminals use their money not just to ensure their privileged life style, but also to buy economic and thus social and political power. Besides which, alongside the flow of dirty money is the flow of counterfeit. In the first half of 1993 alone, some 20 million rubles of forged bank notes were seized by the Russian authorities, along with almost as much in counterfeit *voucheri* (privatisation coupons) and \$500,000 forged foreign currency. This represented an 800% increase since 1992, a trend which shows no sign of ending. Ukraine's attempt to establish its new currency, the *karbovanets*, has been hamstrung by the flow of counterfeit produced above all by Azeri criminals operating out of Poland; in 1992 alone, more than 200 million *karbovantsi* were forged in Warsaw.

2.6 Havens

The dissolution of the USSR and the ensuing end of the Cold War was heralded by many as the start of a 'New World Order'. In practice, this has meant war, disorder, misery and hardship for many within and without the fSU. Within the post-Soviet states, the fall of communism has led to a resurgence of nationalism and xenophobia, leading to a major refugee problem, to add to the flow of uprooted economic migrants, driven from their home areas by the collapse of the Soviet economy. In 1993, Russia admitted about two million refugees from the rest of the fSU, while over a quarter of a million left the Russian Federation for other fSU nations.

Most of these displaced persons are prepared to cross borders in search of a new life, and have become the prey of criminals prepared to arrange their emigration for a price. They have also acquired a lucrative business smuggling refugees and economic migrants from developing world nations - chiefly China, Vietnam, Afghanistan, Iraq and Iran - into Russia and thence to the West, for around \$2,000-\$3,000. Russia's Federal Migration Service estimates that no more than 5-10% of the 'refugees' with which it must deal actually wish to stay there.

To a large extent, they travel by the northern routes, towards Germany and Scandinavia, most notably the 600 Kurds who landed on the Swedish island of Gotland in December 1992 and January 1993. In February 1994, for example, four Ukrainian military pilots who had used their craft to ferry Indian, Pakistani and Afghan immigrants into Poland (at \$200-400 apiece) were imprisoned, while Border Guards at a single checkpoint - at Chop - apprehended in one month (March 1993) no fewer than 500 Sri Lankans, Indians, Pakistanis, Vietnamese, Mongolians and Kurds attempting to cross into Hungary and Slovakia. Belarus has become another important waystation; by February 1994 there were perhaps 200,000 illegal aliens in the country (largely from the Middle East, Africa and the fSU), mostly looking to cross into Poland and thence Western Europe.

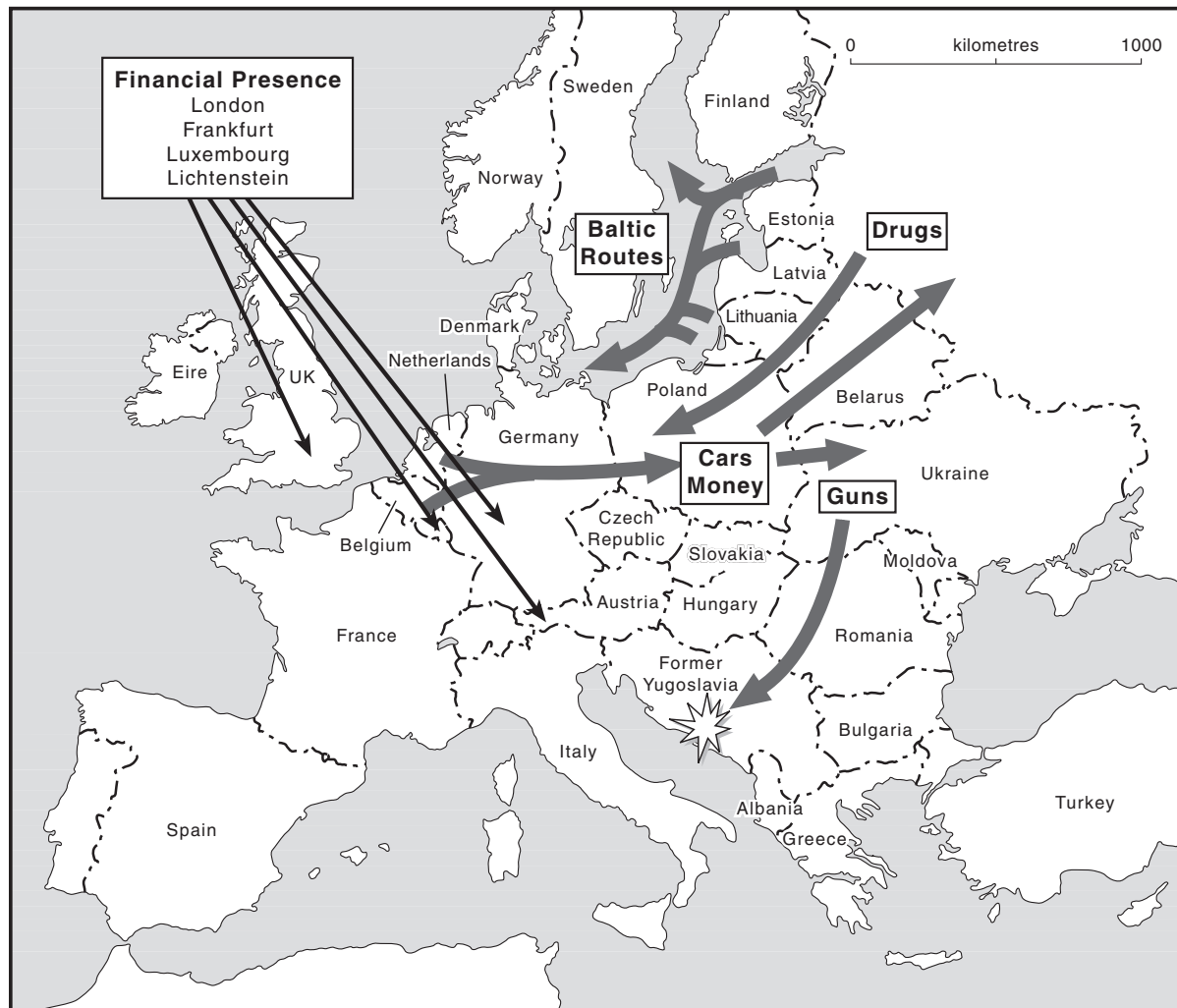
3. The Geography of Insecurity

3.1 The Northern European Routes

The Baltic region has proven especially vulnerable to cross-border criminality. To quote an analysis by Christopher Ulrich:

“The Baltic and Nordic region is of value to organised crime in the East mainly because of its geographical proximity and the fact that it offers a new market. It also has modern communications networks; liberal consumer markets; rapid access to global financial markets via Nordic banks; easy accessibility for the transshipment of goods or people to Western Europe via its customs-free and open borders; and the potential for establishing service or business companies as potential fronts for conducting illegal activity.” (Ulrich, 1994).

Figure 3: The Northern Routes



What is more, these promised lands are also distinguished by their own problems in dealing with this threat. The Scandinavian nations have little experience in dealing with this new wave of criminality, while Estonia, Latvia and Lithuania are not only having to create modern legal systems and law enforcement agencies, but must cope with sizeable ethnic Russian populations (who represent natural constituencies for the Russian gangs) and common borders with Russia and Belarus. Counterfeit Swedish, Finnish, German, Estonian, Latvian and Lithuanian bank notes have all begun circulating within the Baltic/Nordic economies, along with refugees, drugs, stolen guns and Russian oil (in the first three months of 1992 alone, security forces intercepted 51,000 tonnes of stolen oil and other resources on the Baltic border). The Baltic states have further become important waystations for the illegal export of metals and minerals, largely from Russia: its ranking as sixth largest exporter of metals in the world has earned Tallinn the nickname 'Metallinn', while the Chechens (see section 3.3) are reportedly moving in on the copper trade through Vilnius.

If to a large extent goods and people are flowing out of Eurasia via the Baltic routes, they are flowing in across Poland. Germany has emerged as a key area of opportunity for criminals from the fSU and Poland represents a logical bridge. This is especially the case for stolen Western cars from Germany, Belgium and the Netherlands (characteristically brought by sea to the Baltic ports or overland via Warsaw or Gdansk) or the proceeds of drugs smuggling, prostitution and racketeering. As of early 1994, some 47 separate Russian 'mafia' groups were operating within Germany, and figures released by the German authorities suggest that by the year 2000, up to 4% of all crime in Germany will be controlled by Russian 'mafias' alone.

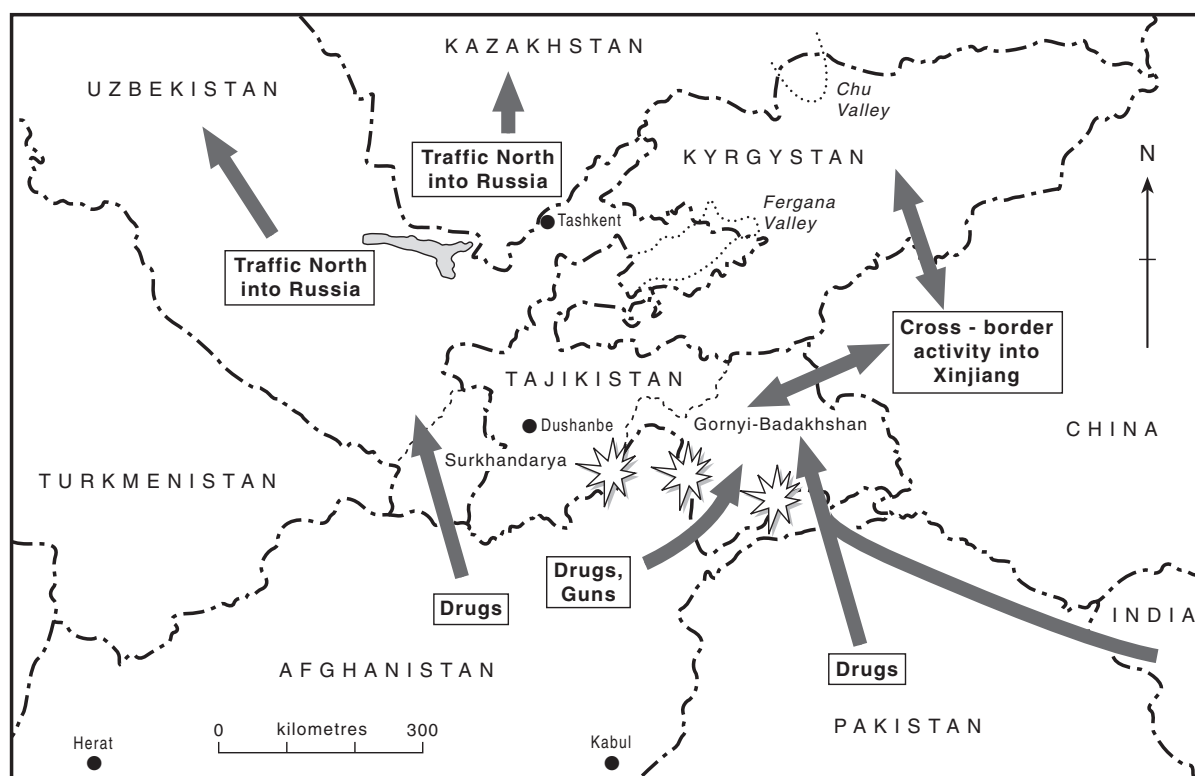
3.2 The Central Asian Routes

First and foremost, criminal traffic along the Central Asian routes is driven by the drugs trade. To a large extent, this dates back to the mid-1980s, when rising domestic demand and a collapse in the Soviet government's support for cotton and other agricultural programmes in Central Asia encouraged the increased cultivation of poppies, cannabis and hemp. In 1986, the Soviet authorities instituted a rolling programme called *Mak* ('Poppy') which became something of a twice-yearly ritual. By 1991, though, the operation was almost a continual struggle, and Soviet law enforcement officers, while prepared to trumpet their success, were having to admit that the tide was against them. A Soviet MVD report in October 1991 suggested that the area given over to the illegal cultivation of narcotics in Central Asia had tripled since 1990, while only 10-15% of drugs plantations were being identified and destroyed. The collapse of the USSR has only increased the opportunities for Central Asian narcotics trafficking, while hindering attempts to control it. Kyrgyzstan even briefly legalised the production of opium poppies, although world opinion forced a hurried rethink. Nevertheless, it is easy to see how a poor country may be tempted to tap into this source of wealth: the annual turn-over of the Uzbek *narkomafia* alone was estimated at Rs. 1bn in 1991.

Figure 4: Main Drugs Producing Regions in the Central Asian fSU

Country	Main drugs producing region(s)
Kazakhstan	Chu Valley (poppy, marijuana)
Kyrgyzstan	
Tajikistan	Gornyi Badakhshan (poppy), Penzhikenskii district (poppy)
Turkmenistan	
Uzbekistan	Fergana Valley (poppy), Surkhandarya district (poppy)

Figure 5: The Central Asian Routes



Drugs - largely raw opium, hashish and heroin - also flow into and through the fSU from the 'Golden Triangle' (Thailand, Burma, Laos) and, above all, 'Golden Crescent' (Afghanistan, Iran, Pakistan). Synthetic drugs from India have also begun to reach the fSU: in an operation in August 1993, eight people were arrested by the Russian Security Ministry with 40,000 ampoules of such a narcotic, which they were trading for weapons, currency and antiques from Russia. Russia's largest drugs seizure to date, though - in June 1994 - involved \$2,500,000 of factory-produced heroin from Taiwan being smuggled by North Koreans into Russia's Maritime District. *Narkobiznes* certainly makes for unusual alliances.

Borders with China have proven especially porous. China's fractious northern province of Xinjiang contains a sizeable minority of ethnic Kazakhs who have connections with their cousins across the border. This works both ways. Chinese gangs have begun 'colonising' Vladivostok, Khabarovsk and other Russian regions just over their common border. Grodekovo railway station and Pogranichnyi township (where the ethnic Chinese population is a near-majority) have become centres of such activity.

3.3 The Southern Routes and Chechnia

Armenian, Azeri and Georgian gangs have a lamentably strong reputation as middlemen, not least in the drugs trade. In 1992, for example, Azeri gangs cornered the drugs trade in Moscow, with three main *mafii*, each operating from a different market square in the city, and each from a different part of Azerbaijan: Lenkoran for the Cheremushkiy market gang, Mngachaur for the Sever market and Baku for Tsaritsinskiy market. As it is, 80-90% of the

city's drug trade is controlled by these 'southerners'. With Azerbaijan and Armenia locked in a state of war, though, drugs from Central Asia to Turkey have been flowing through Georgia.

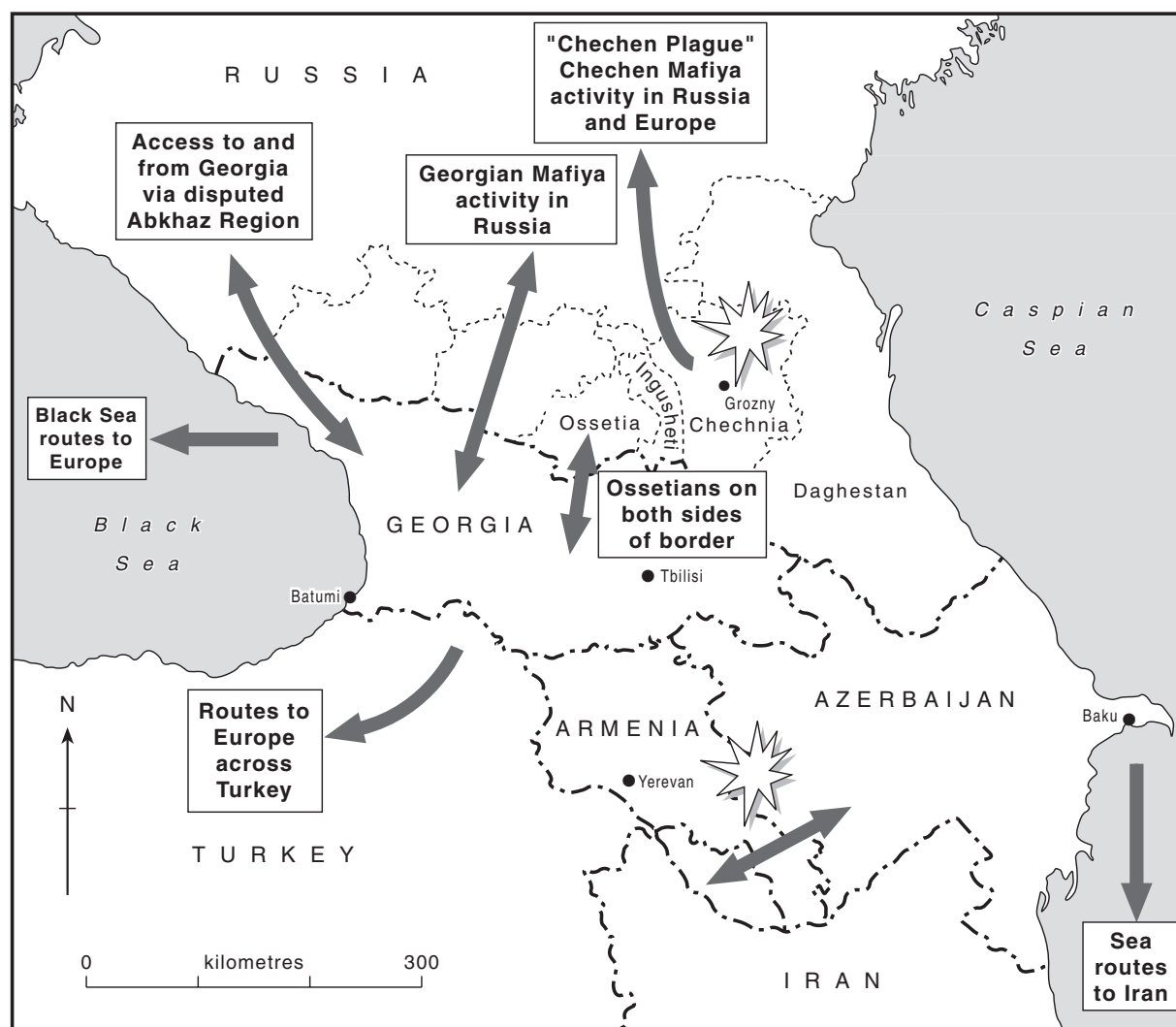
Yet the most striking 'southerners' are the Chechens, whose criminal activity embraces drugs wars in Moscow, an assassination in a leafy English suburb and a financial empire headquartered in Frankfurt.

"Chechnia is a small, mountainous region in Russia's North Caucasian southern borderlands which would be of little note were it not for its two main assets: oil and organised crime... A clannish mountain people, the Chechens have a history of stubborn independence, a tradition of free-wheeling banditry and a new reputation as the Moslem mafiosi of post-Soviet Eurasia. Society is still defined by the teip, the clan." (Galeotti, 1994a).

The 128 clans and families of Chechnia even managed to dominate local politics even during the Soviet era, having been incorporated into the Russian empire by conquest in the course of the Caucasian Wars of the nineteenth century. Following Stalin's arbitrary decision to merge the Chechen and Ingush peoples into one region in 1934, the Chechens launched an abortive rebellion. Stalin never forgave a slight. In 1944, the entire Chechen nation was deported, resettled and scattered in Central Asia, Siberia and Kazakhstan, some 200,000 dying on the journey. When the Chechens were at last allowed to return to their homeland in 1956, they did so en masse and at once. The freedoms of the era of *perestroika* allowed them to campaign for the autonomy they had so long been denied, and they proved vigorous in their use of the 'new politics' introduced by Gorbachev. When the 1991 August Coup finally shattered the Union, Chechen nationalist leader retired Major General of Aviation Dzhokar Dudaev used the opportunity to overthrow the existing (Soviet) administration, declare *de facto* independence and call for elections in October, which he duly won.

As soon as Dudaev began advocating secession from his new Russian Federation, Boris Yeltsin looked for ways to silence him, declaring the election null and void and issuing a warrant for his arrest. This proved the true catalyst of Chechen nationhood, as Dudaev became canonised at home as a hero of national independence and Islamic rectitude. In reality, though, he was little more than a figurehead for an alliance of *teips*, the same clans which also form the backbone of Chechen organised crime. To put it very crudely, it is very useful for criminals to have the trappings and respectability of a state. It opens up an entire economy to their plunder - notably its oil revenue - yet also goes beyond such internal parasitism. It was their control of the Chechnian State Bank, which permitted the massive *avisos* fraud to be perpetrated against the Soviet and Russian Central Banks. In 1991-1994 the Chechen police claimed to be powerless to stop the routine 'train-jacking' which bedevilled the North Caucasus railway system and which cost freight hauliers Rs. 500 million in the second half of 1993 alone, yet were widely seen as colluding with the criminals. Similarly, the execution of two Chechens in London in February 1993, travelling on Chechen diplomatic passports, brought to light attempts by this nation of counterfeiters to use the good offices of the British Royal Mint to acquire the latest in currency and documentation printing technology. It was also connected with their bid to buy 2,000 Russian-built Stinger surface-to-air missiles for resale to Azerbaijan for its war with Armenia (significantly, they were assassinated by two alleged agents of the Armenian KGB).

Figure 6: Transcaucasia and Chechnia



As a result, in late 1994 the Russian government launched a heavy-handed invasion of the republic, with an avowed intention of toppling Dudaev and returning the region to strong central control. To a large extent this operation was prompted by political developments in Moscow and in particular a struggle between the internal security agencies and the military. It was an alliance of the former which engineered the war and sought at first to control the war effort. The Chechens resisted fiercely, and the ensuing war saw three separate Russian assaults, the deployment of their largest military force since the Afghan war and the indiscriminate shelling and bombing of Chechen civilian targets. By the end of January 1995, the major urban centres had fallen to the 40,000 federal troops, yet prospects for peace, let alone a restoration of law and order, seemed slim. Dudaev's forces, now legitimised as defenders of both Chechen and Islamic values, took to the hills and the Russian forces had been widely seen to be divided, demoralised, brutal and incompetent.

Chechnia thus plays a role on a global stage. The Chechens are a powerful (if by no means dominant) force in Moscow's world of organised crime. As of 1992, estimates suggested the Chechen mafia groups were together 1,500-3,000 strong, including the powerful *Avtomobilnaya*, *Tsentrlnaya* and *Ostankinskaya* gangs. Their trade of drugs and weapons

(Stinger missiles have also been found in the arsenals of the Italian *Mafia*) and racketeering, combined with the proceeds of clandestine oil sales, has generated vast wealth, part of which has been re-invested in the 'internationalisation' of Chechen *mafija* operations, part in legitimate front companies, largely in Moscow, St Petersburg and Western Europe.

The war will have the effect of loosening the ties of the Chechen criminal diaspora with the homeland but will do little to undermine international organised crime. For a start, any new order in Chechnia, even a martial law regime under a Russian prefect, will certainly have to incorporate many of the existing clans, all of whom have their criminal activities to protect. More importantly, their physical dispersion, across Russia, the CIS and, increasingly, the world, not only ensures that the fate of the Chechen *mafija* has become largely independent of events in Chechnia, but it is also a sophisticated criminal network, through which money can be laundered, goods acquired and sold, favours and information exchanged. That dispersion, and their huge wealth, has allowed the Chechens to move away from direct involvement in the cruder forms of organised crime. Instead, they bankroll local gangs who in effect operate as their 'franchisees', while providing a whole array of financial services to such smaller, local groups, such as money laundering and counterfeiting. Their wealth also means that they have become increasingly involved in 'clean' economic crimes as well as paralegal business. As is discussed below, the war thus has a significant international dimension.

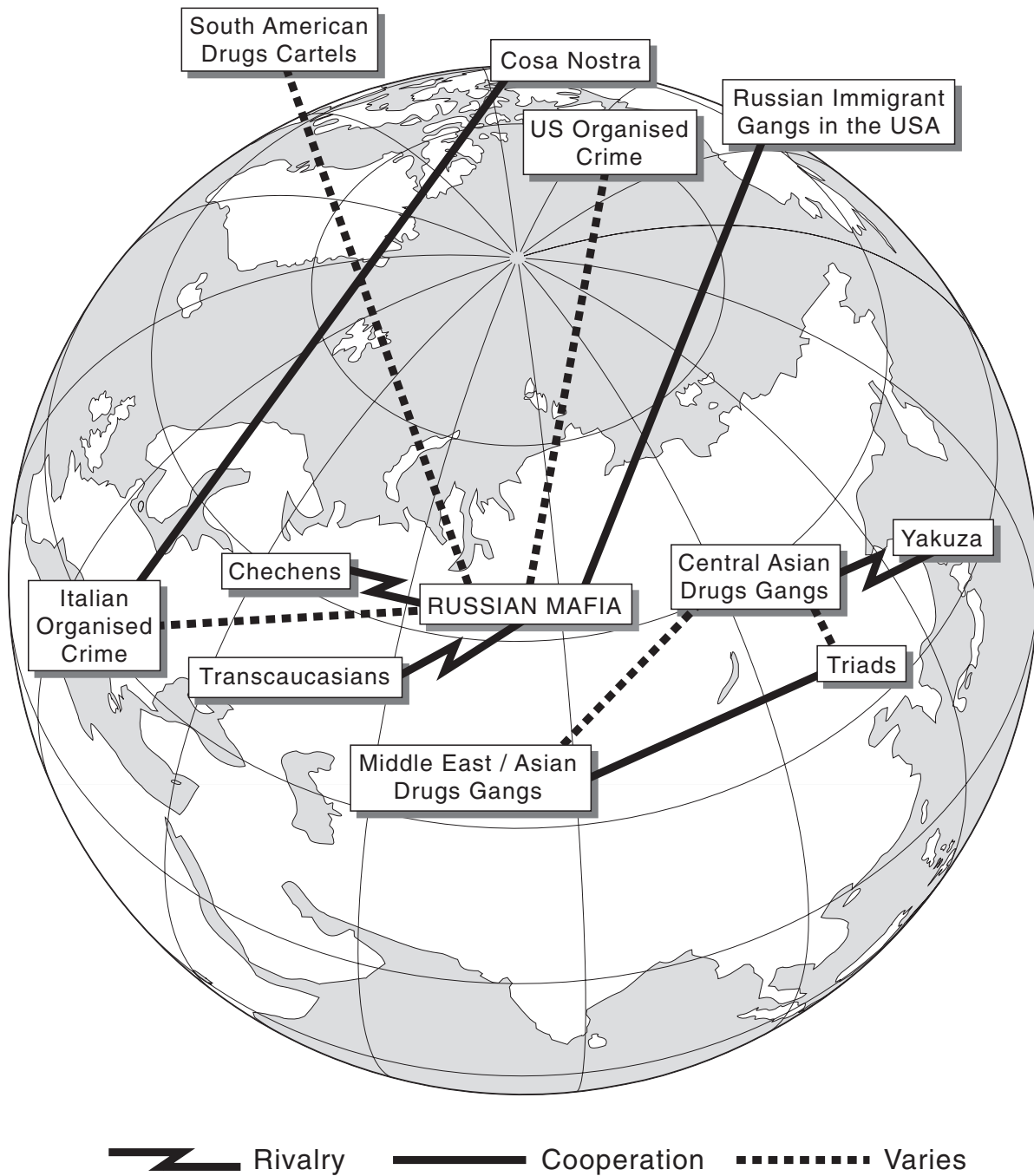
3.4 Global Criminal Systems

The *mafii* of the fSU are thus already making a strong push for membership of the global criminal world, alongside the established 'market-leaders': the Italian *Mafia* and other criminal groupings (Neapolitan *Camorra*, Calabrian *Ndrangheta* and Puglian *La Rosa/Sacra Corona Unita* combine), the Hong Kong-based *Triads*, Central American drugs cartels, Caribbean posses and Japanese *Yakuza*.

In November 1992, senior Italian and Russian godfathers met in Prague to discuss common operations. In effect, this would represent a 'franchising' deal: the Italians, concerned that a glut in world drugs markets was depressing profits, would provide the organisation, as well as the support infrastructure (money laundering and the like), while the Russians would take over day to day enforcement and management of operations within their 'franchise', while doing all they could to promote new demand. The question is, where would its boundaries be? As of writing, in summer 1994, it would appear to be the entire fSU plus Poland, Hungary, the Czech Republic, Slovakia and perhaps even Germany, where the Italians have been making a determined effort to establish their 'market position'.

Russian and other fSU gangsters are also looking further afield. The USA is a prime source of new markets, new allies and, inevitably, new rivals. To an extent, this process dates back to the early 1970s when the Soviet authorities began dumping jailed criminals onto the USA in the guise of Jewish dissidents. Since the collapse of the USSR, though, the numbers and nature of immigrants to the United States has changed markedly. In 1994 alone, around 130,000 Russians are expected to come to the USA. Meanwhile, the US authorities are having to contend with an upsurge of ethnic Russian, Ukrainian and Georgian crime, both rooted in the immigrant community and connected back to the mother countries. As mentioned above (see section 1.2), the notorious Russian godfather, Vyacheslav Ivankov (nicknamed *Yaponchik*, 'Little Japanese') has moved to New York's Brighton Beach where he lives off the

Figure 7: Transnational Crime and the fSU



proceeds of his crimes, while in all there are around 24 gangs run by ex-Soviet citizens operating in New York, Chicago, Los Angeles, San Francisco and Miami.

The Chechens have their own global network. They have, for example, begun to acquire a presence in London. To some extent, this is as a convenient and convivial way station. There has been a spate of property purchases in and around the city, characteristically of expensive and opulent real estate, paid for in hard cash, no questions asked or answered. Nevertheless, in the Chechen global system, London is first and foremost a financial centre. According to the British National Criminal Intelligence Service, last year money laundering and illegal fund transfers through London's financial institutions amounted to \$27 billion.

Their main base in Europe, though, remains Germany, thanks to enlightened laws limiting police powers, the limited penetration of the Italian mafias and the presence of so many Russian and east Europeans who provide a ready pool of agents and prey. Frankfurt, in particular, has emerged as a key base for Chechen financial operations. Not only are the Chechens establishing their own businesses - some purely as front operations, but many also as legal opportunities in which to invest their burgeoning fortunes - but they are also looking to spreading their money as widely as possible within the global financial system. It would be impossible now to 'cleanse' it of the dirty money of the Chechens (and other Russian *mafii*).

The power of the Chechens is now no longer dependent upon the corruption of the government in Chechnia, nor their brutal 'street muscle', any more than the Mafia is any more simply a Sicilian phenomenon. The Chechens are an economic power, as well as an effective 'brand name' in criminal circles. For every street-level gang forced to accept Chechen hegemony, another actively seeks their 'franchise' for the fear and respect it provides or because it needs the services the Chechens can provide, from financing through money laundering to intelligence.

In one respect, though, the Chechens are distinctive. Unlike the ethnic Russian *mafii*, the Chechens have shown little inclination to cooperate with established criminal associations, such as the Sicilian Mafia, Chinese Triads or Japanese *Yakuza*. Instead, they either impose their authority upon weaker gangs or leave stronger groups alone. They thus buck the trend towards the global integration of international crime which has seen alliance between the US and European Mafias and the Colombian gangs, and which is increasingly incorporating Russian groups into a trans-national cartel. If, as seems most likely, the war in Chechnia leads to the establishment of a new regime, the subsequent purges and realignments within the Chechen underworld will halt its expansion and may open new opportunities for its Russian counterparts. As they develop their international alliances, this may enable them to roll back Chechen expansion, but only to replace it with operations of their own, favouring the closer integration of global organised crime.

4. Conclusions

4.1 Government Responses

Government response have been tardy, limited and to date of very limited effectiveness. For Russia, Boris Yeltsin chose to label 1994 a year of struggle against the *mafii*, but it is clear that the authorities have not even managed to stem the advance of national and transnational crime, let alone reverse it. While the legal systems of the nations of the fSU are being revised (if not created from scratch), there is still a debilitating lag between the identification of legal needs and their provision. The new Russian law on corruption, for example, introduced in May 1994, proved largely a response to the perceived needs of 1989, and failed to draw upon the experience of anti-racketeering legislation in Northern Ireland and, especially, Italy's new anti-corruption laws.

Even with the laws in place, though, the real problem is enforcing them. Police efforts have been hampered by inter-service rivalries, chronic under-funding as well as the ability of the criminals to corrupt many of the law's hard-pressed defenders. Even when offenders are caught, the court systems of the nations of the fSU are equally corrupt and over-burdened. Of the 50,000 cases of corruption in Russia exposed in 1993, for example, only a relative handful were successfully prosecuted and 700 offenders convicted.

As it is, though, there have been signs of genuine progress within the fSU from around 1993. Most of the successor states have begun to address the six main priorities in attempts to control cross-border crime:

- **Resources.** While national budgets are tight, and currencies flabby, most governments have begun to try to find some of the resources to keep police forces suitably manned and equipped. The Russian government, for example, trimmed a third of its defence budget while allocating its police and security force budgets in full.
- **International cooperation.** As well as joining *Interpol*, most of the states of the fSU have joined in a flurry of bilateral treaties and memoranda of understanding intended to create frameworks for cooperation in the fight against cross-border crime.
- **Intelligence.** Most of the security services of the fSU have taken an increasingly firm stand upon organised and transnational crime. While to a large extent this is a self-serving attempt to establish for themselves a new role to justify their budgets, the effect is to turn a new range of resources, legacies of the Soviet KGB, into the fray. Russia's Federal Counter-Intelligence Service (FSK) and its Ukrainian counterpart, the SNBU, have both established departments specifically concerned with cross-border crime, and the smaller services of the other successor states have largely followed suit.
- **Demarcation.** The collapse of the fSU led to a process of fragmentation within most of the successor states' police forces, in part out of a desire to create a closer relationship between the police and the communities they served. Whatever its potential advantages, this has hindered efforts to control inter-regional and international crime, and as a result, the Russian MVD has established 11 inter-regional directorates for organised crime, the first stage in a reconcentration of resources to deal with the problem at a strategic level.

- **Border control.** The successor states inherited the USSR's PV, its militarised Border Troops, but for the past couple of years they have merited little attention, contributing to the 'softening' of the borders of the fSU. There has, however, been something of a minor renaissance of these services, spearheaded by the Russian PV (which also mounts operations in Tajikistan to stem incursions from Afghanistan) and supported by new laws. On 1 January 1994, for example, the Russian government introduced new 'export passports' to control the outflow of raw materials and manufactures, which for the first time provides some usable 'paper trail' to check the provenance and destination of goods in transit.
- **Financial services regulation.** The shoddy venality which characterises so many of the region's banks and other financial institutions is a tremendous asset to the criminals. Sometimes this is seen in terms of policing. Russia's paramilitary Tax Police, for example, has acquired an increasingly aggressive role in the maintenance of government oversight upon the financial services industry. Encouragingly, though, there are also signs that an awareness is spreading that this must also be a cultural process, encouraging in the industry a willingness to police itself and appreciate the long-term advantages in fair and legal dealing.

4.2 Foreign Responses

The world community has appreciated from the first that it is in its interests to fight the cross-border crime of the fSU at its source. To an extent, attempts to help have been limited by a lack of resources, suspicion at outsiders' intentions and a lack of structures through which to work. In time, though, most of these obstacles are being overcome or at least eroded. *Interpol* has provided useful fora for the exchange of information and expertise, while many Western police agencies have launched their own initiatives to assist their fSU counterparts. The United Nations Drug Control Programme (UNDCP) and the World Health Organisation have moved to assist the Baltic states, providing \$1.3 million to fight drugs use and trafficking. A regional drug control bureau is to be established at Riga, while the European Union is providing a further \$2.2 million. At long last there have even been contacts between the Kazakh Border Troops and their Chinese counterparts, with direct, service-to-service exchanges in 1994 intended to foster cooperation at the level of checkpoints and the sharing of intelligence.

Of course, cross-border crime within, from and through the fSU poses Western Europe, in particular, a real danger. It may provide new allies and opportunities to strengthen domestic criminal groupings; it is certainly leading to an introduction of new players; it is also something of a soft underbelly. This last issue points to the indirectly political threat it also poses Western Europe, in that it might encourage a 'Fortress West Europe' mentality, and a scapegoating of the 'New Europeans' which would both alienate the latter and introduce a dark strain of xenophobia to the still forming 'European identity':

“Crime which can be attributed to directly ‘foreign’ groups, nationalities and individuals not only indirectly contributes to a general climate of insecurity but must also inevitably engender a popular response, based upon a xenophobic perspective. Therein lies the very real danger that this will be translated into a parallel political program which will divisive and problematic in a democratic [European Union] based upon constitutional order.” (Robertson, 1994).

4.3 Prospects for the Future

The real problem, after all, is that Russia has for the past few years been in the throes of a root and branch redefinition of its identity and culture. At this formative moment, attitudes have become reinforced or entrenched which ensure the continued survival and prosperity of organised crime:

- **Capitalism = buying, selling, prospering.** The survivors of the USSR still have the limited and dog-eat-dog understanding of ‘capitalism’ fostered by Soviet propaganda, seeing it as rapacious economic competition. There is little awareness of the extent to which capitalism actually depends upon underpinnings of trust (in each other, in the legal system, in the currency, in the political system) and long-termism. To many Russians, then, the mafia economy of monopolism, racketeering and pseudo-economics *is* capitalism. In the words of a Moscow-based observer:

“Everything is seen as saleable. That is the underlying ideology, and it is an ideology.” (Blundy, 1994).

- **Loyalty is not to the state or to any abstract concept of legality but to family, friends, clan, neighbours, gang or group.** This has deep roots in Russian political culture, and has only been strengthened in the present economic and political climate. Organised criminal groupings thus also become self-help groups for anyone who feels that otherwise they are being excluded from the system. The answer to being victimised by crime is not, therefore, the law but to join the same *vorovskoi mir*, ‘thieves’ world’.

Thus, the political cultures of the successor states are being formed upon a basis of criminality, just as are their economies. Perhaps 40% of all money circulating in Russia has been generated by illegal activity, a process Prefect Piero Soggiu, director of the anti-drugs branch of Italy’s *Criminalpol* has called “*a pollution of the legal economy*” (Vulliamy, 1992). The nations of the fSU are thus underpinned by organised criminality. This is itself entering a new phase, visible in the changing nature of open manifestations of organised crime. There has been a shift away from indiscriminate, ‘street level’ murder and intimidation and towards less frequent, if often more spectacular attacks on rival gang leaders and senior members of the business and political community.

This reflects the beginning of a process of consolidation. The years 1990-93 were marked by two connected struggles, free-for-all ‘mafia wars’ between rising gangs and also a battle fought between organised crime and the new concepts of legality and free-market capitalism. By 1994, the second war has been won, and instead the ‘*mafija* wars’ have acquired two distinct dimensions, as gangs which have managed to establish themselves seek to destroy or take over

their smaller rivals and hungry 'new bloods', with no stake in the status quo, seek to break the monopolies of these groups and kill and terrorise their way into the big time.

The established gangs, though, are also redoubling their efforts to 'launder' themselves, turning the proceeds of racketeering and drug dealing into 'respectable' economic power, setting up or buying into legitimate businesses, mafia enforcers becoming 'private security guards'. Like it or not, it is this generation of mafiosi and their puppets and protégés which will become the next generation of Russian political figures, big businessmen, charitable benefactors and dynastic patriarchs. It is perhaps instructive to consider Pino Arlacchi's assessment of the way the Italian *mafiosi* redefined themselves in the 1970s:

"The mafioso-entrepreneur is the outcome of an astonishing cultural mutation, in which many old-established individual qualities are put to fresh use. A taste for risky undertakings, lack of scruple, the ability to close his eyes to the immediate consequences of his actions - all these typical characteristics of the old man of honour are found once again, appropriately modified, in this new figure." (Arlacchi, 1986).

So too with the criminals of the fSU. With a strong political power base, huge economic resources, an internationalist perspective that sees borders as sources of opportunity and not impediment, they are sure to drive a new wave of cross-border crime, one which will mould the successor states of Eurasia and which could hold great dangers for the established orders of Europe, Asia and the Americas.

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