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# Organized Crime in the USSR: Its Growth and Impact

*A Research Paper*

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# **Organized Crime in the USSR: Its Growth and Impact**

*A Research Paper*

This paper was prepared by \_\_\_\_\_, Office  
of Soviet Analysis. Comments and queries are  
welcome and may be directed to the Chief,  
SOVA, c-

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February 1991

## Organized Crime in the USSR: Its Growth and Impact

### Summary

*Information available  
as of 1 February 1991  
was used in this report.*

Organized crime has flourished in the Gorbachev era as a result of relaxed social controls and deteriorating economic conditions. The last two years have witnessed sharp increases in crimes such as embezzlement and extortion against state enterprises and private cooperatives. Soviet gangsters are also moving aggressively into gambling, prostitution, and drug trafficking.<sup>1</sup>

The growth in organized crime is having a corrosive effect on the Soviet system, the regime, and popular attitudes. Large-scale bribery and extortion have also increased corruption significantly in the middle and lower ranks of the government bureaucracy, particularly among economic and police officials. Gangs, moving quickly to take advantage of rampant shortages and other problems stemming from the collapse of the centrally planned economy, have established extensive corrupt links to party and government leaders. Despite numerous public accusations that criminal leaders have corrupted the highest ranks of the political system to gain protection, investigators have not been able to offer convincing proof

Widespread public anger over the rise of organized crime has also undermined support for Gorbachev, government institutions, and continued reform. The growth of organized crime, moreover, has fostered antireform political forces. Pointing to what they call the "mafia," many traditionalists demand an end to cooperatives and marketization and use the specter of criminal infestation of the economy to argue that economic reform should be slowed

Soviet gangs have begun to establish links to organized crime forces outside the USSR, particularly to facilitate smuggling and foreign currency operations. In response to these international criminal links and the upsurge in domestic organized crime, Soviet officials are actively lobbying to arrange technological and other forms of cooperation with Western law enforcement agencies. Moscow has also joined Interpol, the international police organization, and is seeking formal ties to the US Intelligence

<sup>1</sup> The [ ]  
[ ] The MVD reports, however, that about 2.5 million crimes in all categories were committed in the first 11 months of 1990, a 12-percent increase over the same period in 1989

Community to combat drug trafficking and organized crime. [ ]

While Soviet leaders' anxiety about the rise of organized crime has steadily increased over the past two years, officials readily admit that the results of the fight against organized crime, begun in earnest in 1989, have been paltry. Efforts to beef up and centralize law enforcement have failed to put a dent in the problem, in part because of corruption in the MVD. The KGB's entry into the battle—highlighted by the reorganization of a directorate that includes anti-organized-crime units—has set off a fight between the KGB and the MVD over budgetary resources and over who has authority to fight organized crime. The question of how to cope with the rise of organized crime has triggered sharp debate between police officials, who are demanding more forceful measures to deal with offenders—such as stiffer penalties and the legal authority to wiretap—and reform-minded legal scholars and legislators, who are concerned that new police powers will undermine efforts to create a law-based state

The devolution of power from the center to the republics, if it continues, will probably have a mixed impact on the fight against organized crime. On the one hand, this trend could lead to a weakening of law enforcement capabilities. As republic MVD organizations have declared themselves independent from the center, they have already refused to obey orders from the center and have become factionalized along ethnic lines. Looser ties between republic police agencies and the center could also cut them off from resources, such as investigators and anticrime "hardware," that are more plentiful on an all-union basis. On the other hand, local authorities are probably more familiar with the causes and types of crime in their areas and may be better at infiltrating criminal groups. Thus, the splintering of the various republic MVD organizations from the center could help make local and regional law enforcement units more professional and effective

Whatever deal the independence-minded republics can strike with the Kremlin, the fundamental problems feeding organized crime will grow:

- Organized crime is fueled by shortages and black markets, and the economic slide that is creating those conditions will continue for some time.
- Chronic problems in Soviet law enforcement—particularly corruption and the MVD's serious personnel shortage—will take years to remedy at best.

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- Because thousands of corrupt officials throughout the middle and lower levels of government and the Communist Party abet or participate in organized crime, it will be difficult to eliminate the problem by simply putting more criminals behind bars.
- A diminution of social controls and respect for authority as well as such social ills as youth alienation, alcoholism, and drug abuse also will encourage the growth of organized crime

The most optimistic scenario for the next few years would probably put organized crime out of business only in a small, vibrant republic like Lithuania or perhaps the entire Baltic region—but only if these areas recover enough to eliminate the economic and social problems that created organized crime in the first place. In the Russian Republic and other Slavic republics, a breakup of the Soviet state would probably make little difference. If the republics in Central Asia and the Caucasus became independent, they would probably be unable to muster as many law enforcement resources against organized gangs as they receive now with the help of central Soviet authorities. Clan-based corruption and crime in these areas could very well escalate.

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## Organized Crime in the USSR: Its Growth and Impact

### The Origins of Soviet Organized Crime

Organized crime has flourished in the Gorbachev era, undergoing an alarming growth that rivals the levels reached in other turbulent periods of Soviet history. In the 1920s, during the freewheeling era of the New Economic Plan, extortionists and other criminals victimized many owners of newly legalized businesses. Large-scale criminal activities were virtually wiped out under Stalin as a result of the pervasive sense of fear and the general level of poverty, and gangsterism thrived only in labor camps. Mafia-type networks did not surface again until Khrushchev.

Corruption increased markedly under Brezhnev and even reached into his family. Throughout the 1970s widespread scarcities of consumer goods gave rise to a "second economy" in which large amounts of raw materials were diverted from state enterprises into underground workshops and even factories. The many entrepreneurs who made vast fortunes often fell prey to gangsters who resorted to violence to enforce their payoff demands. Throughout the 1970s and 1980s, underground businessmen worked out truces, splitting the profits and bribing government officials to ensure protection and receive inputs for their factories. Soviet press accounts during Andropov's and Gorbachev's early anticorruption campaigns exposed several huge mafia-style networks and "thousands" of "underground millionaires."

### Organized Crime Under Gorbachev

The rise of organized crime under Gorbachev has been spurred by relaxed social controls and deteriorating economic conditions. [ ] estimated that organized crime had risen at a rate of 60 to 75 percent in 1989—almost

twice the rate for Soviet crime in general.<sup>3</sup> Criminal gangs have also grown considerably in number and strength over the last two years:

[ ] 1,600 criminal groups were brought to justice in 1989—600 more than during the previous year—but that this was only a small part of the total. "The mushrooms are being cut down," he complained, "but the mushroom spawn remains."

• The almost 1,000 criminal groups that [ ] were uncovered in the first half of 1990 committed almost 3,500 crimes, including dozens of murders and hundreds of robberies, thefts, and extortions

The fairly unstructured nature of Soviet organized crime has made for an unsettled and violent situation. According to news accounts, criminal gangs have become much more brazen and violent than in the past, often resorting to contract murders against citizens and government officials who stand in their way. Although some criminal groups divide their turf among neighborhoods or *rayons* (urban districts) through negotiations,<sup>4</sup> turf wars occur frequently.

[ ] admitted, however, that the Interior Ministry (MVD) does not have a true fix on the overall situation; this is due to police corruption and difficulties in determining whether crimes are committed by individuals or organized groups, which hamper the collection of accurate statistics. According to the MVD, about 2.5 million crimes in all categories were committed in the first 11 months of 1990, a 12-percent increase over the same period in 1989. Although differences in definition make it impossible to precisely compare the crime situations in the United States and the USSR, raw figures for overall crimes are several times lower in the Soviet Union.

<sup>3</sup> In a speech to the Soviet parliament in December 1989, [ ] said that six gangs in the Moscow region with over 1,000 members in all had carved out spheres of influence over the control of cooperatives, foreign currency speculation, prostitution, crooked car sales, robberies, extortion, and apartment burglaries.



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### Organized Crime Defined

Western and Soviet observers have labeled various aspects of Soviet life "organized crime." During the Brezhnev years, Western analysts and Soviet citizens, noting how thoroughly corrupt the top leadership had become, considered Brezhnev's family and entourage to be tantamount to one large "mafia" organization. Similarly, opponents of the Soviet regime often refer to the party's hold onto power—the "partocracy"—as a form of organized crime as well. Even in recent years, Soviet citizens damn the CPSU as an extension of the mafia—or as the mafia itself. During the Brezhnev era and since, corruption has spread to society and the economy in general, creating what some consider another category of organized crime—the underground economy. Western observers sometimes liken the underground factories, begun in the 1970s and 1980s, to organized crime because they were established by a class of crooked entrepreneurs who depend on extra-legal relationships with suppliers. Finally, a set of organized criminals exists in the USSR that mirrors in many ways the mafia organizations pursued by Western law enforcement agencies. This category—the subject of this paper—consists of "true" criminals rather than political bosses or underground factory managers

Although the USSR criminal code does not give a legal definition of organized crime, Soviet scholars generally define it as the widespread functioning of stable, controlled associations of criminals who engage in crime as a business and use corruption or bribery to ensure their safety or the success of their criminal operations. It is distinguishable from ordinary street crime because organized gangs usually operate under informal "regulations" and have access to greater financial assets and more sophisticated equipment and weapons with which to plan and carry out their crimes.

At the same time, organized crime is more unstructured in the USSR than in most Western countries. An Interior Ministry official has argued that almost all organized crime in the USSR is composed of interconnected but fundamentally independent groups. Many gangs do not actively try to suborn political or law enforcement officials, and some small ones that do try to do so may not be part of organized crime because they eschew links to other gangs

[ 13 shootouts took place between rival gangs in Moscow in 1989. The loose links among gangs make it hard for law enforcement authorities to penetrate the entire network.

The depictions of Soviet organized crime in Western and Soviet media, as well as a myriad of anecdotal evidence, suggest a situation that in many respects resembles Chicago in the 1920s—from the outward appearance of crime bosses to their use of violence to enforce gang discipline. While gang violence against individual victims is probably lower in the USSR than in the United States, organized economic crimes such as embezzlement and extortion are probably more

numerous than in the West. At the same time, there appears to be a very high level of violence to enforce extortion threats in the USSR

Unlike the "mafia" in some other countries, most gangs in the USSR do not appear to consist primarily of biological families,\* although some, especially in Central Asia, are composed of clans. Soviet gangs typically consist of fewer than 10 members, but their loose financial connections with criminals in other areas of the country may make for an entire network consisting of hundreds

\* Nonetheless, the Soviet public freely—and incorrectly—uses the term "mafia" when referring to organized crime.

Most new gang members appear to be recruited from five sources: youths, former athletes, released prisoners, Afghanistan veterans, and—to a lesser extent—active members of the armed forces:

- Many alienated youths have banded together in gangs that later develop links to the organized crime network. [ ] adult gangs have close links to youth gangs, often providing them with equipment and training. Youth gang members frequently become members of criminal gangs when they are old enough.
- Former athletes also account for some of the gangs' membership. [ ] gangs often recruit former top athletes because they have access to modern weapons and cars, unlimited funds, and good connections abroad. Athletes, in turn, may join gangs to continue living the "good life" they lose when their government stipends end. Organized crime allows some athletes to translate their physical strength and prowess into quick money.
- Gangs have recruited some of the roughly 14,000 prisoners released in the last two years who, according to the Soviet media, could not find work after their release. [ ] 30 percent of the country's crimes are committed by people who have previously been imprisoned.
- Afghanistan war veterans have also joined the ranks of organized crime, according to the Soviet press. *Krasnaya zvezda* has described a gang consisting of well-armed Afghanistan veterans who, upon their return from the war, faced an unsympathetic bureaucracy and a lack of apartments, money, and jobs; criminal gangs, on the other hand, were quick to attend to their needs. Gang leaders no doubt prize former servicemen's military experience and familiarity with weapons.
- Some active and retired police officials apparently have joined criminal gangs [ ] " " ]

#### Weapons and Other Resources

Gangs in recent months have had access to more and better weapons than ever before. According to the Soviet media, police officers have confiscated the following types of weapons from criminal groups: handguns, automatic pistols, pistols with silencers, rifles, ammunition, explosives (including TNT), tear gas, howitzers, antitank grenades, grenade launchers, and light machineguns (see figure 1 on page 5). Gangs reportedly have little difficulty obtaining these and other sophisticated equipment they need for their criminal operations, such as helicopters, Western limousines, car phones, scrambler phones, portable army radio sets, Japanese VCRs, and military flak jackets.

In many instances, gangs steal this equipment. The Soviet press has reported numerous thefts from private individuals and cooperatives, heists from military armories, and violent attacks on militia or military troopers [ ] most of the weapons available to gangsters come from the military. Interior Ministry officials in several republics have warned about the need to beef up security around armories to prevent assaults [ ] reported a 50-percent increase in the theft of weapons and munitions in 1989 over 1988. Gangs also resort to less violent ways to obtain weapons—for example, smuggling from Afghanistan, bribing military personnel, and making purchases on the thriving black market with funds extorted from cooperatives

#### Types of Activities

Organized groups engage in a wide range of criminal activities, but concentrate on economic crimes like extortion and embezzlement. Most crimes are directed against cooperatives or enterprises in the state economy, but there are also many burglaries and violent crimes against individuals. Drug trafficking, gambling, and prostitution appear to be less prevalent

*Crimes Against Cooperatives.* Cooperatives—the small private businesses legalized under Gorbachev—have become a favorite target of organized criminals, especially extortionists. Gangsters view cooperatives

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**Geographic Distribution of Organized Crime**

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Criminall groups operate in virtually every republic and oblast capital. Soviet statistics and anecdotal information suggest that organized crime has spread to every region of the USSR:

- In the Russian heartland, population centers ranging from small towns to major cities are being terrorized by criminal gangs. The Soviets claim that criminal groups involved in theft or extortion have been broken up in Moscow, Kallnin, Ul'yanovsk, Tula, Tambov, Khabarovsk, and elsewhere.

- The non-Russian Slavic republics represent another hotbed of organized crime. A massive scheme involving the suborning of hundreds of Ukrainian officials—many of them high ranking—to support an underground textile operation was uncovered in 1989 in Khar'kov. Crime has jumped markedly in Vitebsk, Minsk, and other cities and is "assuming an increasingly organized and professional character."

- Organized crime has a long history in the Caucasus. During the Brezhnev era, according to press claims, major clan-based criminal associations in Armenia and Azerbaijan allowed criminals to take over narcotics operations as well as many legitimate sectors of the economy. Soviet officials have claimed that operations by corrupt clans and "smooth black-economy operators" account for 40 percent of Azerbaijan's income. Officials make similar statements about the Central Asian republics as well, particularly Uzbekistan.

- Organized crime has also made inroads in the Baltic states. It said in December 1989, "There have probably never been as many crimes, particularly organized, committed in Lithuania as now." The reported a "peasant mafia" that had been caught terrorizing the heads of farm enterprises. Other reports suggest that organized gangs are also active in Estonia and Latvia

as vulnerable because they often have difficulty obtaining supplies and raw materials, yet they generate large amounts of cash. The MVD claims that mobsters extort millions of rubles in cash and goods from co-ops and has intimated that criminals attacked cooperatives or their workers four times more frequently in 1989 than in the previous year

Organized gangs have concentrated on cooperative restaurants and cafes

all co-op restaurants operating without any visible harassment are making payoffs to criminals. shakedowns render from 2,000 to 50,000 rubles, probably on an annual basis. Criminals who have not gotten what they want have destroyed property; inflicted bodily harm; threatened to kill, maim, or kidnap the relatives of their targets; and blown up resisting enterprises

Antipathy toward cooperatives on the part of many officials and much of the public increases the vulnerability of co-ops. Many police and local government authorities are already ambivalent about the cooperative movement or are in cahoots with local crime bosses. According to the Western press, only one-fifth of the perpetrators of crimes against co-ops are caught. Cooperative owners cannot count on support from the public, much of which objects to their high (in the public's view, exorbitant) prices. (At the same time, attacks by criminals have not slowed the growth of the cooperative sector. According to Soviet figures, the number of co-ops grew from roughly 14,000 in January 1988 to 210,500 in January 1990.

Legitimate cooperatives have also become popular investments for underworld figures, helping them to launder the cash they get from other activities such as

taxi drivers to attack and rob vulnerable Western visitors and Soviet and Western diplomats.

Ordinary Soviet citizens, particularly tourists in popular resorts such as Yalta, also number among the many mugging victims. One paper claims that some gangs engage in murder with robbery as their sole motive. Gangs have also reportedly intercepted busloads of departing ethnic German emigres to rob them—with the local militia taking no action against the perpetrators.

**Crimes Against State Property.** The severe and growing shortages of consumer goods in the state sector offer plentiful opportunities for profiteers. According to the Soviet press, goods are increasingly being stolen, misappropriated, or bought up at low state prices and resold to the public at a tremendous profit. Soviet officials call these activities the shadow economy. From 1987 to 1989 law enforcement officials uncovered more than 1 million economic crimes, including large-scale thefts, bribe taking, and speculation. Moreover, up to 95 percent of bribery and embezzlement cases go undetected. Such crimes have become particularly widespread in the food-processing sector.

The illegal sale of government property is one of the hardest organized crimes to root out because it is based on widespread and serious shortages and is committed by factory personnel and government officials who have an intimate knowledge of the trading network. The MVD claims that gangs can easily commit large-scale embezzlement of state property because many gang members and bosses are actually employed as factory directors, managers, or auditors. Embezzlement of state property—including raw materials such as copper and iron ore, raw leather, and textiles—is a good source of income for criminal gangs. These products are in high demand by cooperatives, which readily purchase the materials from the gangs.

*Figure 1. Weapons confiscated from organized crime gangs in Togliatti reflect a growing willingness by Soviet gangsters nationwide to resort to violence*

drug trafficking and prostitution. Government officials have claimed that up to 75 percent of all cooperatives are involved in racketeering. Some co-ops have, in effect, become fronts for crime groups

**Robberies, Thefts, and Burglaries.** The MVD claims to have confiscated 350 million rubles' worth of valuables and cash from crime bosses between 1986 and 1988. Foreigners visiting the USSR have become a prime target of crimes threatening personal injury. For example, a large gang in Kiev headed by a former boxer reportedly specializes in mugging foreigners for their cash, jewelry, and cameras

Gangs have made arrangements with Moscow

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**Drugs and Other Activities.** Organized crime groups are involved to some degree in drug trafficking, and, while they appear to be somewhat less interested in gambling and prostitution, they are making inroads in these areas as well.

The Soviet drug-using population—though a fraction of that in many Western countries—is an already significant and developing market that Soviet organized crime has moved to supply.<sup>5</sup> There is no single nationwide drug syndicate, but a large number of gangs, often consisting of some 20 to 40 members (rather large by Soviet standards), are engaged in drug trafficking. The groups handle all phases of the operation, from production through street-level distribution, and cover a broad geographic area. For example, drugs procured by gangs in Tashkent may be shipped out through distribution networks extending to Moscow, Leningrad, and other cities in the western part of the country. In early 1990 *Krasnaya zvezda* described an elaborate drug-smuggling operation involving wholesale dealers and fences, an opium-processing factory, accomplices in various Soviet cities, and servicemen who crossed the border with Afghanistan on official business and acted as drug couriers.

Soviet law enforcement officials claim to have made some progress against drug trafficking with several much-publicized raids, but their efforts have hardly put a dent in the problem. The MVD and local militias are hampered by a lack of sufficient training, equipment, and manpower—and by rampant corruption. □

□ drug dealers in Soviet Central Asia sometimes offer bribes of more than 300,000 rubles to local officials to keep policemen looking the other way when drug shipments arrive.

Organized criminal groups have also become involved with bootlegging. Gorbachev's 1985 antialcohol campaign shifted the alcohol industry to largely private hands and generated large amounts of cash, which, in

<sup>5</sup> Although Soviet officials publicly admit to between 120,000 and 140,000 drug users, a reputable Western scholar claims that the real number is closer to 900,000.

turn, attracted the interest of criminal gangs. While moonshiners in the early 1980s were primarily rural women who relied on a few regular customers to supplement their meager pensions, they have now been largely displaced by organized criminals in their late 20s and early 30s who have adopted a more commercial approach. The Soviet press claims that bootleggers arrested in recent months have dealt in sales of alcohol worth hundreds of thousands of rubles.

Judging from the level of attention the Soviet press devotes to various kinds of organized crime, while gambling, smuggling, counterfeiting, and prostitution are becoming more important, they are still relatively minor as compared with extortion, embezzlement, and other economic crimes. The press confirms, however, that crime bosses have made a strong push into these areas, levying tribute on gamblers, prostitutes, drug pushers, and common pickpockets.

#### International Links

Most observers believe that criminal groups in the USSR have rather modest links to criminal groups outside the country—at least as compared with the international links maintained by Western criminals. Nonetheless, Soviet criminals are increasingly establishing ties to foreign groups or individuals, either to obtain goods (for example, Western computers) to supply their domestic customers or as a sales outlet for their contraband (for example, Soviet icons) □

□  
Criminals can maintain links to the outside more easily than before because the Gorbachev regime has loosened the barriers that previous regimes erected to

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separate Soviet society from the West. Soviet criminals, like those in the West, now use the telephone and the postal system for contacting their suppliers abroad. The greater freedom of Soviet citizens and firms to establish overseas commercial links has given additional impetus to organized crime as well as legitimate business concerns. Gangs have started to penetrate joint business ventures established by Western firms, according to Bakatin

Smuggling and foreign currency operations are apparently the major international activities in which Soviet criminal groups engage. KGB chief Vladimir Kryuchkov has cited a rapid expansion of such schemes, claiming that customs inspectors detained tens of thousands of smugglers in 1990, a large share of whom were presumably members of gangs.

Soviet criminal groups also look to foreign countries as a source of illegal drugs. Kryuchkov has publicly complained about a sharp increase in drug smuggling into the USSR, and the KGB chief in Turkmeniya has referred to a "green triangle" on the border of Afghanistan, the USSR, and Iran. On the other hand, only 4 percent of Soviet drugs come from foreign sources—with the rest coming primarily from the southern Soviet republics.

#### Political Impact of Organized Crime

Organized crime has had a generally corrosive effect on the Soviet system, population, and regime. Most directly, it has increased corruption significantly in the middle and lower ranks of the government bureaucracy, particularly among economic and police officials

Popular frustration over crime in general and gang violence in particular has fostered a souring of the public mood, adding to frustration and cynicism about economic change. This frustration has helped heighten public doubts about the efficacy of government

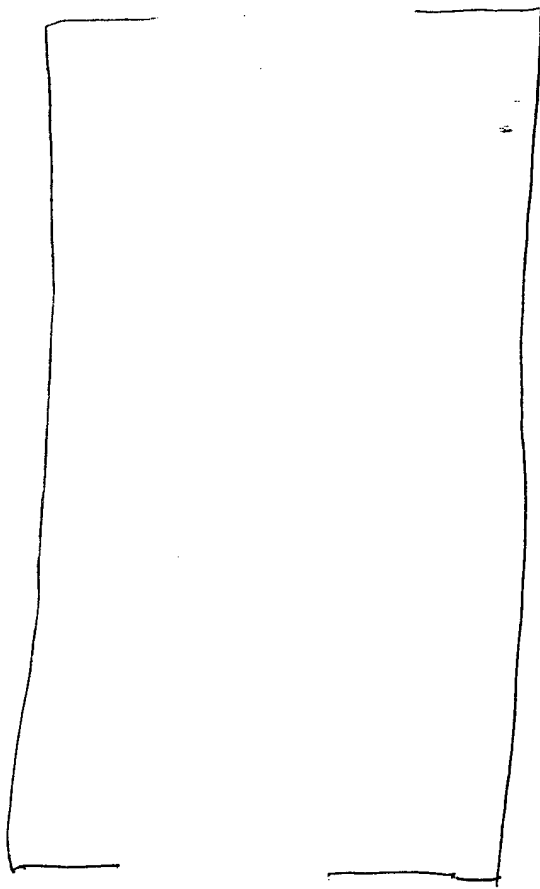


Figure 2. Among the items gangsters smuggle across the Soviet border are arms, jewelry, and foreign currency—including US dollars and German deutsche marks.

institutions; top leaders are widely blamed for their inability to stem organized crime. Finally, to the extent that criminal gangs have fomented ethnic unrest (a point over which Soviet experts disagree), the issue of organized crime adds to the fissiparous forces already rampant in the USSR

#### Midlevel Corruption

Soviet gangs have moved in quickly to take advantage of rampant shortages and other problems stemming from the collapse of the centrally planned economy.

Organized crime has been able to establish much more extensive links to state and party leaders and law enforcement personnel since early 1989. [redacted] up to half of all gangs caught by the police have tried to corrupt—or have succeeded in corrupting—a public official, at least at some level, and [redacted] some groups have special funds to bribe high-ranking MVD officials. The procurator's office estimates that two-thirds of the underworld's loot goes to bribe officials, and a Soviet press article claims that crime bosses can offer bribes ranging from 300,000 to 1 million rubles.

In most cases, the officials involved are midlevel or low level. In fact, gangs seem to concentrate on suborning factory managers who can provide the goods they require and municipal government and party officials who can protect their criminal operations from law enforcement. One scheme broken up in early 1989 in the western Ukraine involved the secret manufacture of massive amounts of high-quality clothing by a network of underground workshops. The gang gave large bribes to about 250 sales, auditing, and other officials in the Ukrainian government—including more than a dozen law enforcement officials and a senior MVD investigator—to buy long-term protection for itself

[redacted]

[redacted]

Increased underworld activity also discredits other government institutions. The MVD's open admissions that many police officers receive bribes to protect crime bosses no doubt worsen its already poor reputation in the public eye. Long speeches by legislators

**Comparing the Level of Fear**

*The Soviet public probably has a greater fear of organized crime than do citizens of most other countries. Although the chances of falling victim to crime may be less in the USSR than elsewhere (for example, [ ] claims that the Soviet murder rate is one-third the American rate), the drumbeat of publicity about the Soviet "mafia" has raised the level of public concern and fear considerably. Recent Soviet articles stress that witnesses and victims of organized crime are often petrified and refuse to testify. [ ] late 1988 [ ] 371*

*percent of Soviet youths and 67 percent of workers said they would not intervene if they witnessed a crime. One paper noted, "Nothing will induce a customer or restaurant worker to act as a witness. . . . The militiaman spends a long time trying to persuade some customer [to testify]. . . . Even the victims will just shrug." Official assurances that citizens being pressured by extortionists should seek KGB or MVD protection have apparently done nothing to alleviate public fears. In early 1990 the MVD proposed steeper penalties for the use of intimidation tactics.*

against escalating organized crime—and their inability to reverse the problem—have undoubtedly contributed to the public's low esteem for the Supreme Soviet and Congress of People's Deputies as well. In late 1989, upon hearing a lengthy report by then Interior Minister Bakatin, the Congress of People's Deputies passed a law that did little more than make exhortatory declarations urging the MVD and other agencies to take harsher measures

**Stimulating Opposition to Political Reform**

Antireform political forces—particularly traditionalist leaders in the Russian and Soviet Communist Parties—have latched onto the issue of organized crime to help them attack reform proponents. Activists representing blue-collar workers, some at the instigation of embattled party stalwarts who oppose Gorbachev's reforms and the general course of the country, charge that Gorbachev has sold out to the mafia. They use the emergence of organized crime to underscore the breakdown of authority and decline in

law and order that they blame on the reforms. For tactical reasons, traditionalist groups make little distinction between organized crime and the rise of crime generally; they do not, for example, distinguish between organized crime, on the one hand, and petty criminals, black-marketeers, corrupt party officials, and the shadow economy, on the other

Organizations such as the United Workers' Front and some Russian nationalist groups stridently attack "mafia bigwigs." These groups claim that corrupt officials, black-marketeers, and cooperatives are diverting goods from the cheap state sector, enriching themselves, spreading crime, and trying to reinstate capitalism. Such groups demand an end to cooperatives and economic marketization and the expropriation of billions of rubles from "shadow-economy operators." Traditionalists have also accused Westernizing reformers in the parliament of allying themselves with the mafia and the shadow economy

**Contributing to Ethnic Violence**

Organized criminal gangs have not been the primary force behind ethnic unrest, but they have played some role and are widely seen by Soviet citizens as major players in the increase in violence. Organized crime's hand seems to have been limited primarily to selling weapons and profiting from shortages of goods during outbreaks of ethnic strife. Some Soviet citizens believe organized crime actually sparked the violence because they confuse organized gangs with the small, unorganized ones engaged in profiteering

Soviet and Western academics agree that ethnic unrest in the Caucasus and Central Asia is due to a complex interplay of factors—social, historical, religious, economic, and demographic. Beginning in 1989, Gorbachev and other senior officials added the mafia factor to the equation, charging that organized crime helped stir up the wave of ethnic violence in the southern Soviet republics. Officials and journalists have laid out two hypotheses:

- *Corrupt political leaders with links to organized crime sparked the violence when they realized they were about to be investigated and sacked. Under*



this scenario, republic officials and nationalist forces were the main instigators, and local criminal gangs with a parallel interest in ethnic unrest played a subsidiary role.

- *Organized crime figures* heavily involved with the shadow economy stirred up ethnic tension on their own as a diversion to protect themselves and safeguard their ill-gotten mercenary gains from the police and any political leaders trying to end their criminal activities.

Despite Soviet claims emphasizing both possibilities, criminal gangs almost certainly played only a subsidiary role in the various outbreaks of violence. Soviet officials emphasized the first hypothesis in the aftermath of the Fergana Valley and Osh disturbances of 1989-90, stressing that corrupt, mafia-linked leaders provoked violence to avoid being sacked [ ]

[ ] MVD and other officials, on the other hand, claim that gangs have instigated unrest on their own. The editor of *Pravda* has claimed that organized criminals and shadow economy operators carefully planned and organized interethnic discord in Baku in January 1989 and in Fergana, Uzbekistan, in June 1989 because they knew they would be identified and attacked under peaceful conditions. [ ] has also claimed that "black-economy dealers" have financed acts of violence in the Caucasus and supplied "pogrom makers" with drugs and weapons. The KGB has even made arrests, apparently to demonstrate organized crime's involvement in ethnic violence; for example, it arrested "a well-known godfather" in late 1989 for allegedly helping to organize mobs in Fergana

Despite self-serving claims from law enforcement authorities, organized crime figures almost certainly do not see their interests as coinciding exactly with the nationalists'. Criminal gangs usually seem to take advantage of conflicts that already exist, rather than causing or even promoting them

#### Impact on Economic Debate

In the course of the debate over how fast to introduce market reforms, orthodox political activists and party leaders have shifted the public debate on privatization by denouncing alleged criminal "infestation" of co-operatives and other parts of the shadow economy. Having latched onto the mafia issue with gusto, traditionalists have put advocates of privatization on the defensive and caused some in the leadership to argue for a slowing down of economic reform

Although cooperatives are often victims of organized crime, rightwing groups accuse co-ops of using bribery and extortion to get municipal licenses, raw materials, and access to marketplaces. Criminally controlled co-ops are also said to engineer artificial shortages of goods and to engage in price gouging in order to maximize criminals' profits—for example, the tobacco and bread shortages in Moscow during the late summer of 1990

The perception (and, to some degree, reality) of organized gangs' growing influence among cooperatives has also encouraged the official government trade union and the United Workers' Front to take the offensive against economic reform. These groups, publicly blaming Gorbachev for creating a class of multimillionaires, have advanced some proposals to control organized crime's involvement with retail trade—including imposing high rates of income taxation and introducing a steeply progressive inheritance tax. Another one of their proposals calls for the compulsory (and confiscatory) exchange of currency for new ruble notes—beyond the exchange of 50- and 100-ruble notes mandated in January 1991. Those trying to exchange more than a certain limit (10,000 or 15,000 rubles) would be forced to show that the excess was obtained legally

#### The Regime's Sputtering Attempts To Cope

As members of the leadership began to acknowledge the problem of organized crime more openly in 1989 and 1990, their ability to marshal the Communist

Party's and government's resources against criminals declined dramatically. Until the creation of the Presidential Council and the weakening of the Politburo, former KGB chief Viktor Chebrikov apparently supervised the anticrime fight. The party's authority in this area apparently ended when Article 6, which legitimized the CPSU's leading role in Soviet society, was excised from the Soviet Constitution in early 1990, and [ ] has publicly stated that the CPSU Central Committee no longer supervises the nation's law enforcement organs



Senior officials seem better at handwringing, however, than at finding effective solutions. The official response to organized crime has relied as much on symbolism as it has on substance. Efforts to beef up and centralize law enforcement have failed to put a dent in the problem, and bureaucratic rivalry has seriously undermined regime countermeasures

#### The MVD's Inadequate Response

The MVD has undertaken a major effort to try to cope with increased organized crime activity. In October 1989 the MVD announced the creation of a new section in the MVD—the Sixth Directorate—to battle the Soviet underworld. Analogous units were established on the local level to conduct joint operations with the KGB. MVD officials told [ ] that 2,400 ministry personnel work in some capacity against organized crime.

The MVD has been lobbying for even more resources for almost two years. In late 1989 the MVD announced that 5,000 more investigators would be added to fight street and organized crime, including embezzlement and the extortion of cooperatives, and in 1990 it received an unprecedented 14-percent increase in funding to fight crime. The MVD has also begun a 500-million-ruble program to provide the police with automobiles, helicopters, and other crime-fighting equipment.

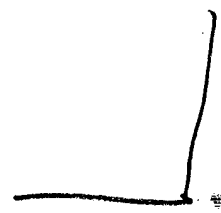
Despite generous funding and organizational changes, the MVD has not been able to stem organized crime because of its own rampant corruption—the result of abysmally low pay that makes police officers highly susceptible to bribes from criminals. [ ] has admitted the “total collapse” of the struggle against corruption in the MVD. He has said that 3,050 MVD employees were punished for “official misdemeanors” in the first half of 1990 and that 1989 saw a 21-percent increase over 1988 in the number of MVD staffers taking bribes. [ ]

[ ] 15 percent of all policemen have been fired for corruption since Brezhnev's death in 1982. [ ]

[ ] that, until the problem of MVD corruption is solved, it will be hard to even assess how the fight against organized crime is proceeding. [ ]



Among other problems that hinder the police, understaffing and outdated equipment rank high. Even in Moscow and Leningrad, the police drive underpowered Soviet-made Ladas and receive rations of only 80 gallons of gas a month, while gangs drive large imported cars, sometimes equipped with police-band radios (see figure 3). Oftentimes, gangsters can simply outgun the police. Dwindling recruitment of new officers, an exodus of experienced personnel, and the stress of dealing with escalating social unrest have lowered morale as well



*Figure 3. Soviet criminals often are better armed and equipped than local police.*

**The KGB Enters the Fray**

Until fairly recently, the on-the-ground battle against organized crime—to the extent one existed—was centralized in the MVD. The regime authorized the KGB's entry into the picture in the fall of 1989 because of its greater professionalism (as compared

with the corruption-ridden MVD) and its superior technical resources to fight sophisticated gangs. The leadership also wanted to bolster the KGB's public image, which has plunged in the face of withering media attacks allowed under *glasnost*

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Soviet parliamentarians initially reacted angrily to the bill when it was proposed by the MVD in 1989. According to one of the early drafts, wiretap approval could be granted automatically upon a prosecutor's request. Despite MVD complaints that the inadmissibility of wiretap evidence hobbled investigators and prosecutors, reformers argued that only courts—not prosecutors—should have the right to approve wiretaps. One law reformer argued that Bakatin's proposed bill failed to define the "grave crimes" that could trigger MVD wiretaps and was replete with vague and subjective phrases like "when sufficient grounds exist for assuming" a crime would be committed. The deteriorating crime situation, however, apparently encouraged legislators to pass the MVD bill over reformist objections.

#### The Debate Over Legal Rights

Rapidly growing organized crime has triggered a sharp debate between police officials, who are demanding more forceful measures to deal with offenders, and reform-minded legal scholars and legislators, who are concerned that new police powers not undermine efforts to create a law-based state. Police authorities have denounced courtroom indulgence toward criminals, implying it is one of the main reasons organized crime is flourishing, and proposed tougher sanctions on gangsters. Soviet legislators, however, have been wary of MVD proposals that they think are likely to encroach on the presumption of innocence during trials.

MVD officials have proposed stiffer penalties for gang leaders—ranging from capital punishment to long terms in penal colonies in remote areas of the country. Frustrated that "mafiosos" can elude prosecution because they plan rather than execute criminal acts, the MVD has also proposed criminalizing the acts of creating, leading, and belonging to a criminal band. These proposals remain under debate. In June 1990 the Supreme Soviet—after a yearlong debate—passed a law proposed by the MVD allowing wiretaps, video and sound tapes, and photographs into court evidence. According to the law, telephones can be tapped with the approval of the prosecutor or under a court ruling.

Legal reformers have also criticized two other innovations proposed by Bakatin to fight organized crime. The first, "workers' public order detachments" (abbreviated ROSM in Russian), received official blessing in an August 1989 Supreme Soviet decree. ROSMs enlist factory workers, who continue on the factory payroll, to act as deputized police officers; they apparently have the primary goal of fighting organized crime. By mid-1989, ROSMs were in operation in the Ukraine, Kazakhstan, Moldova,<sup>7</sup> Krasnodar Kray, and 15 oblasts. The detachments have come under attack by liberal Soviet legal scholars because their members lack true police experience or legal education; ROSMs also have the potential for being misused against peaceful demonstrators.

The second disputed innovation is provisional committees to fight crime, which were created in 1989 at the national, republic, kray, and oblast levels. At the local level, they consist of each region's chief prosecutor, judge, and militia official, and they are headed by the chairman of the local executive committee (*ispolkom*). In the fall of 1989 the chief of the MVD Administration for Fighting Organized Crime called on these committees to coordinate the activities of local law

<sup>7</sup> In June 1990 the Moldavian SSR changed its name to SSR Moldova.

enforcement agencies. Legal reformers argue that the committees violate the separation-of-powers principle because they unite the prosecutor, judge, and militia chief in a single body. They also point out that the committee's most aggressive members (usually the MVD representatives) have free rein to come up with crime-fighting measures because the *ispolkom* chairmen are generally too busy to keep tabs on and delegate authority to these members. They argue that the committees, in effect, subordinate judges to MVD officials and subvert judicial independence

emphasized the organization's technical expertise, particularly its computer data base on international criminals

Soviet officials periodically propose establishing formal ties to the US Intelligence Community to combat drug trafficking and organized crime.

#### Enlisting Western Support

Soviet officials have embarked on a flurry of activity to enlist Western help against organized crime, openly admitting that they need Western technology and crime-fighting models to cope with Soviet gangs:

- MVD leaders have told [ ] that they leaned heavily on US examples while drafting their own bills against organized crime. They said they particularly admire the US witness protection program and the Racketeer-Influenced and Corrupt Organizations Act (RICO), a US statute that makes it easier for the federal government to seize mob property.
- The MVD has talked with police, internal affairs, or justice officials from the United States, Great Britain, Italy, the Netherlands, Belgium, France, Canada, Germany, Austria, and Switzerland. Last April, Italy was the first Western country to agree to cooperate with the MVD specifically on organized crime.
- Soviet customs officials have received training in intercepting contraband from the US Customs Service, and Moscow signed an agreement with the US Justice Department on exchanging information on organized crime and drug trafficking. Soviet customs officials have cooperated with several other Western countries in joint drug-interception operations.
- In September 1990 the USSR joined Interpol, the international police organization, after many months of discussions. In interviews about the benefits to Moscow of Interpol membership [ ] has

In 1990, the USSR also signed cooperation agreements with Czechoslovakia, the former East Germany, and probably other East European states on fighting organized crime. Even with the fall of Communism in Eastern Europe, some of these agreements may continue in force because the new governments put considerable stock in fighting transnational problems that transcend ideology, and thus would probably be willing to help Moscow combat organized crime. Continued cooperation with the East Europeans, however, could allow Moscow to reestablish any relationships with intelligence assets that have ceased. The KGB would probably use Soviet membership in Interpol to seek out new intelligence assets in that organization as well

#### Prospects

As Soviet officials themselves readily admit, the results of the fight against organized crime, begun in earnest in 1989, have been paltry. An MVD official has said, "So far we are losing our fight against organized crime. We are lagging behind by some 15 to 20 years." In late 1989, Bakatin acknowledged the militia's "unsatisfactory" performance in the struggle.

It is virtually certain that the fundamental problems feeding organized crime will grow. For example, the economic slide that will probably continue over the

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near term will be strongly conducive to a worsening of organized crime. Although some Soviet citizens may be going too far in suggesting that criminal groups caused food, tobacco, and alcohol shortages in the summer of 1990, criminals will continue to take advantage of the growing shortages. Furthermore, national and municipal leaders unsympathetic to cooperatives will not protect those threatened by racketeers.

Chronic problems in Soviet law enforcement—particularly corruption and the MVD's serious personnel shortage—will take years to remedy, at best. [

] criminals have even infiltrated the MVD's relatively new Sixth Directorate. The Procuracy has been hit by corruption as well, according to press reports. [

The penetration by organized crime of the middle and lower levels of the Soviet party and Government also bodes ill for the success of the campaign against organized crime. Because scores of corrupt Communist Party officials protect organized criminals, it will be difficult to eliminate the problem by simply putting more criminals behind bars. New gangs will take their place and continue to suborn party and government officials. In 1989 [

] lamented that he had encountered "strong opposition" when he told several regional leaders that they had a problem with organized crime.

Social trends of recent years also seem likely to encourage the growth of organized crime. Criminals have become more brazen—a reflection of the diminution of social controls and respect for authority that have accelerated under democratization and the greater freedom of expression allowed in Soviet society. Other ingrained social problems—such as youth alienation, alcoholism, and drug abuse—will also indirectly contribute to the growth of criminal gangs.

The large number of youthful offenders suggests there will be a plentiful recruiting pool for crime leaders to tap in the future.

On the other hand, some trends that have emerged under Gorbachev could encourage more effective law enforcement against organized crime, even if it does grow. As the forces of law and order devote less time to the repressive functions they emphasized under Brezhnev, crime prevention could benefit. For example, local police and KGB forces seem to be spending less time openly harassing dissidents and peaceful demonstrators (although some groups still seem to be targeted). A new law on the press could encourage authorities to spend less time policing unofficial journalists and unlicensed printing presses. The abolition of the internal passport system—an increasingly likely prospect—could also allow a shift of resources from "unproductive" activities toward the fight against organized gangs. MVD officials have complained to the Soviet press that they could spend more time fighting crime if they were not burdened with tasks unrelated to crime fighting. Furthermore, even with rampant corruption, the MVD could become more effective against organized crime when it starts using the hundreds of millions of rubles' worth of new equipment now on order.

The devolution of power from the center to the republics will probably have a dramatic but mixed impact on the fight against organized crime. In August 1990, Bakatin gave regional and local internal affairs units considerable autonomy, including the right to set up their own militias.<sup>4</sup> This decision set off a process of splintering by the various republic MVD organizations from the center:

- Bakatin signed an agreement with Estonia, giving it complete administrative authority over its own law enforcement organizations and replacing the Moscow-associated Estonian MVD, KGB, and militia units with three locally controlled bodies.

<sup>4</sup> Kryuchkov, in contrast, has done little to allow a decentralization of KGB authority to the republics, although many of the republics are trying on their own initiative to assert control over their own KGBs.

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- Similar agreements are being negotiated in Lithuania and Latvia, and Yel'tsin's forces in the RSFSR show every sign of following Estonia's lead.
- Gorbachev issued a decree in September 1990 that ordered the armed forces, the KGB, and the MVD to come up with plans to reform their internal political structures within 90 days.

Given the MVD's key role in fighting organized crime, Bakatin's devolution of power to the periphery is likely to be felt quickly. On the one hand, it suggests a weakening of law enforcement capabilities because it would cut off republic police agencies from resources (investigators, computers, and so on) that are more plentiful on an all-union basis. KGB and MVD officials have publicly argued that severing the connections between their respective headquarters and the republic organizations will gut the fight against organized crime. Immediately after replacing Bakatin as Interior Minister, Pugo indicated in public interviews that he would not let the fragmentation of the USSR impede the MVD's ability to counter organized crime on a national basis.

On the other hand, a devolution of power could make the KGB and MVD republic units more professional and effective as crime-fighting organizations. Authorities on the local level are presumably more familiar with the causes and types of crime in their areas and better able to infiltrate criminal groups. Moreover, the splintering of the various republic MVD organizations and the decision to remove party control organs from the MVD will not necessarily weaken interregional cooperation among law enforcement agencies. In Lithuania, for example, the Sajudis parliamentarian who heads the republic's new intelligence service told a German paper that the one area in which his agency will continue to cooperate with the national-level KGB will be organized crime.

The underworld is likely to grow in the USSR over the next few years under almost every imaginable scenario—regardless of whether Gorbachev remains in power or is replaced or whether the republics achieve full independence or are tied to each other in a confederation. The growth of the Soviet underworld

is occurring at the same time the country is undergoing revolutions in its economy, political system, and society. More rapid movement toward a market economy would eventually help to reduce the level of organized crime, but shortages of goods will surely persist, even if Gorbachev is able to achieve his most optimistic economic plans. The more likely prospect is that the economy will continue a long process of painful transition and mismanagement. Given Gorbachev's emphasis on stability and reluctance to move as fast on economic reform as some of his advisers would like, we assume the trauma of economic decline will continue to provide criminal gangs with countless opportunities in the future.

Regardless of whether the USSR splinters apart rapidly or the center manages to retard the rate at which it loses power to the periphery, the prospects for eliminating organized crime in the various republics appear dim. At the same time, regional differences will strongly affect the struggle against the underworld.

The most optimistic scenario would probably put organized crime out of business only in small, vibrant republics like Lithuania and its Baltic neighbors, which enjoy greater social and economic cohesion than other parts of the USSR. But even these areas could succeed only if they recovered enough to eliminate the economic and social problems that spawned organized crime in the first place.

In the RSFSR and other Slavic republics, substantial levels of underworld activity will probably continue, regardless of the shape of the future Soviet state. If the republics in Central Asia and the Caucasus were to gain independence, they would probably be unable to muster as many law enforcement resources against organized gangs as they receive now with the help of central Soviet authorities. The persistence of clan-based corruption and violent crime in these areas suggests that the problem could very well escalate. In the event that social unrest deteriorates into civil war—either nationwide or over large parts of the country—criminals in organized gangs will have a propitious climate in which to expand their activities.