

# The Russian 'Mafiya': Consolidation and Globalisation

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*Organised crime emerged from the collapse of the Soviet Union unexpectedly quickly and forcefully, rapidly 'colonising' the new economic and political structures. Hyperbole notwithstanding, the 'mafiya' does not 'own' the new Russia, but it is undoubtedly a powerful force, and one which has eagerly exploited new opportunities to cultivate strategic alliances in the global underworld and also to spread across the world. It is presently at an important crossroads at home. It is maturing, as larger, more professional networks eliminate or incorporate the myriad gangs that emerged in the freewheeling days of the early Russian state, and under President Putin it faces a regime embarked upon a state-building programme intolerant of the kind of open anarchy that characterised the early 1990s. However, Russian organised crime remains strikingly disorganised, characterised by loose and highly entrepreneurial networks rather than disciplined hierarchies, and there are still pressures, including the impact of foreign criminal penetration and the growing profits from drug smuggling, which threaten the present status quo.*

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In 1985, any suggestions that there was a widespread criminal subculture in Soviet Russia were generally treated as implausible and exaggerated; in discussions with a senior Soviet police officer who wrote a report on organised crime in the USSR that year, I was told that it was a 'waning and scattered negative social phenomenon'. By 1995, the Russian '*mafiya*' [2] was considered one of the dominant powers within not just Russia (even the Kremlin accepted the apocryphal estimates that it controlled 40 percent of the economy) but the global underworld, and it had become a staple of

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the post-Cold War thriller. At this time, it still seemed to be able to operate with virtual impunity within Russia, and protection racketeering, contract killing and turf wars were both rife and overt. By 2005, though, this is likely to have changed considerably, even if this change will represent less of an improvement than might be hoped. Two forces are changing the Russian underworld. First of all, it is maturing, as larger, more professional networks eliminate or incorporate the myriad gangs that emerged in the freewheeling days of the early Russian state. Secondly, President Putin is a rather different figure to his predecessor, and he is embarked upon a state-building programme intolerant of the kind of open anarchy that characterised the early 1990s.

Even so, one of the most distinctive things about Russian organised crime is precisely how disorganised it is. It ranges from swaggering Chechen gangsters to seemingly-legitimate Russian entrepreneurs whose business empires have been built on the back of money laundering and rigged privatisation auctions. Along with overtly criminal activities such as protection racketeering, drug smuggling and prostitution, most are also involved in much legal business. Indeed, the most important criminal godfathers now work mainly within the legal or largely-legal sectors. They may secretly transfer their funds to offshore havens, fiddle their taxes, pay off local officials or establish illegal cartels, but they have long since hived off their protection rackets and narcotics rings to hungry protégés. Further, if one looks at the so-called 'oligarchs' and the business empires currently dominating Russia, few do not have skeletons in their cupboards, and in some cases still sitting in their boardrooms. Although there is a tendency on the part of some of the larger and more settled corporations to begin to adopt Western standards of corporate governance, in the main there is still frighteningly little to distinguish the criminal from his legitimate counterparts. Both tend to be flexible, able and entrepreneurial. The criminals simply see crime often simply as the quickest and fastest route to money, power and security, but have no objection to working licitly if the balance of danger against opportunity is right.

### **The Shape of the Beast**

As befits a criminal culture which, for all its deep roots, has really come to age in the past two decades, Russian organised crime is a distinctive, even post-modernist phenomenon, characterised by loose and flexible networks of semi-autonomous criminal entrepreneurs and with an especially keen awareness of the political environment in which it operates. The Soviet underworld built on a criminal culture which dated back over a century, that of the so-called *vorovskoi mir*, or 'thieves' world', which had its own language (known as *fenya*) and code [3], but this was reshaped by the experiences of Stalinism and shortage. Under Stalin, as the Gulag prison camps swelled with the millions of political prisoners, criminals were in effect co-opted as auxiliaries of the State, to keep the 'politicals' in line. This ran counter to the traditional code of the *vorovskoi mir*, but the opportunities in collaboration were too tempting, and a bloody hidden war fought in the camps led to victory for the 'scabs', who thus learned the invaluable lesson that power, profit and protection could all be

obtained through corrupted minions of the State. This lesson was put to good use when the camps were opened after Stalin's death and the 'scabs' colonised the rest of the Soviet underworld and reshaped the *vorovskoi mir* in their image. From the 1960s onwards, organised crime would flourish thanks to the growing corruption of the Communist Party élite and the extent to which the underground economy became tacitly accepted by the State as a way of bypassing the bottlenecks of the official, planned economy and pacifying the hungry masses by providing limited access to scarce goods and services.

The criminals thus at once were able to prey on black-market entrepreneurs, but also to act as their middlemen with corrupt elements within the national and local élites. However, they were in many ways the weakest element of this unholy trinity, depending on the black-marketeers for income and the Party bosses for security. As the Party collapsed in the 1980s, though, they were able to emerge from the shadows and assert their dominance over both their erstwhile partners. Mikhail Gorbachev's ill-advised anti-alcohol campaign was every bit as helpful for organised crime as Prohibition had been in the United States, as ordinary citizens turned to the criminals to supply them with drink. Meanwhile, Gorbachev's early steps towards economic liberalisation created thousands of small businesses which were perfect targets for protection racketeering (not least because most Soviets, police included, resented the new breed of entrepreneur) and also legitimate front organisations. Gorbachev's later attempts at more comprehensive political reform fragmented the Party and triggered the attempted conservative coup which led to the collapse of the Soviet state in 1991.

The new Russia was born bankrupt and in crisis, overshadowed by the fear of a Communist resurgence, which helps explain the heedless privatisation campaigns which transferred so many public assets into the hands of the corrupt and the criminal—it seemed more important to transfer resources from the State's hands than ask to many questions about their new owners. Organised crime was able to capitalise on the new opportunities and, freed from the fear of the State or the need to pander to Party bosses who put a premium on the semblance of public order, could do so openly. This was the era of '*mafia chic*' in which mobsters and their molls and hangers-on revelled in their new wealth and freedom, while turf wars were fought out with car bombs and firefights, with the police unable or unwilling to intervene. Meanwhile, in Chechnya, a tradition of freewheeling banditry, the opportunities provided by organised crime and the promise of freedom from bitterly resented Russian rule served to turn it into a veritable 'free criminal zone'. The subsequent Russian invasions of 1994 and 1999 were essentially products of politics and imperialism rather than police actions, and did little to quell a criminal phenomenon that, by then, had largely outgrown the Chechen highlands [4].

Meanwhile, the structure and culture of the *vorovskoi mir* also changed to reflect its new environment. Attempts at drawing up formal structures for *mafia* groups have tended to represent them as classic pyramidal hierarchies, with godfathers at the top, a larger number of lieutenants below and then street operatives, but these do not match

the realities on the ground. For a start, there is no rigid chain of command. There are certainly key figures within the *mafiya*, including the *vory v zakone* ('thieves-within-code'), who are figures of authority within the *vorovskoi mir*, who may have little direct power but are held in respect and often act as mediators and arbitrators, and the *avtoritet* ('authorities'), who are more conventional criminal leaders. However, even an *avtoritet* is unlikely to have much of a personal gang of his own. Instead, he is merely a powerful, wealthy and influential member of a criminal network. After all, Russian organised crime is best understood as a series of loose and flexible networks of semi-independent criminal entrepreneurs and gangs. Despite official reports which talk of over 4,000 organised crime gangs in Russia, most of these operate within larger networks. Instead, Russia has 12–15 major *mafiya* structures, each of which brings together myriad small crews, local gangs and even individuals. None of these larger networks has a single leader as such, though they may be associated with a few specific figures of particular authority and power. Even so, there is a great resistance to the very concept of a single 'boss'. This was, for example, one of the contributing factors behind the assassination of Georgian kingpin Otari Kvantrishvili in 1994. He was briefly considered the most powerful criminal in Moscow, but as he tried to assert his personal control throughout and beyond his network, he ran up against this centrifugal tendency, and his murder appears to have been carried out with the blessing of most of the other senior criminals in the city, including his own lieutenants.

Secondly, most *mafiya* figures and crews have very broad criminal and even legal interests. There are specialists, ranging from assassins and computer crackers to money launderers and counterfeiters, but they tend to operate largely on the peripheries of the networks, as freelance service providers. The mainstream criminals will seek to establish a wide range of functions within the network and businesses. For a relatively new or unsophisticated criminal, this may be essentially simple, such as collecting protection money from market traders, selling counterfeit goods and running errands for a more established criminal. However, as the criminal becomes more successful, he will probably develop a 'portfolio' of business stretching from the entirely criminal through to the essentially legitimate. Of course, organised crime does not 'own' Russia [5] but what it does not control outright, it can influence. A concept pioneered by Russian scholar Vadim Volkov is that of 'violent entrepreneurship', the process of translating coercive muscle into economic power [6]. Thus today's *mafiya* is also a much-prized service provider. Central to this is the notion of a *krysha*, a 'roof' or 'protection', which is a very important, but also complex and sometimes ambiguous concept. The term is used for a whole range of separate activities, from the simple—and parasitic—extortion of protection money, to rather more positive services. A 'good' *krysha* provided by the more entrepreneurial gangs will not only protect you from other criminals, it will also provide a range of other services, from debt recovery (handled far more quickly and efficiently than Russia's corrupt and inefficient courts) to an inside track on whom to bribe within the local authorities to get things done. This helps explain why an estimated 70–80 percent of firms pay an average of 10–20 percent of their profits for this 'roof'.

Even the old organising principles of ethnic ties or place of origin are breaking down. Many gang or network names relate to the place where they first formed or where their original leaders came from, but these often have little bearing on their present location or operation. St Petersburg's dominant Tambov group is named after the city where its first members used to live, just as few members of the *Solntsevo* grouping, the main gang in Moscow and the most internationally-spread of all the Russian networks [7], still live or work in the suburb the gang was named after. As for ethnic ties, even the so-called 'Chechen mafiya' now includes Georgians, Dagestanis, Kazakhs and even Slavs. As a result, many of these networks have lost the personal or regional loyalties that held smaller gangs together, and never acquired the sort of traditions and mythology which plays an important role in criminal cultures such as the yakuza or mafia. With little holding them together beyond self-interest and fear of reprisals in case of disloyalty, they are also prone to division and redefinition, as components choose to move into another network as the balance of opportunities seems to shift. This helps explain the relative instability of the *mafiya* and its tendency towards internal bloodletting.

### **Globalisation: Import–export**

The Russian *mafiya* moved quickly to establish itself as an international phenomenon. As well as the realities of the modern global economy, to an extent this reflected the degree to which they were actively sought out as partners and consumers by other transnational criminal networks (especially the Italians), and the uncertainties facing Russia itself. In the early 1990s, the fear of some communist or ultra-nationalist coup leading to purges and renationalisation did not seem implausible, and so it was important for the criminals to acquire foreign property and bank accounts to permit a rapid and comfortable escape if need be.

The entrepreneurialism of Russian organised crime groups certainly extends to their international operations. It is fair to say that there is not a criminal activity with which they are not in some way involved. They are also involved in a wide range of legal businesses or the 'mainly-legal' (such as factories producing legal goods, but with illegal immigrant labour). Today Russian-based groupings are reckoned to operate directly in almost 70 countries. However, in an age of cyberbanking, telecommunications and globalised economies, there are few parts of the world in which their influence is not felt.

*Mafiya* groupings continue illegally to export money, natural resources and weapons. With thousands of guns going missing from Russian military arsenals annually, and at least twice as many from factories, it is hardly surprising that the country's own underground weapons market has become saturated. Russian guns, from ageing AK-47s intended for military reservists to the latest assault carbines, are finding their way onto the international market. This has clear implications for international security. According to US Congressman Benjamin Gilman, 'Russian organised crime elements have become virtual arms bazaars for the Colombian narco-guerrillas' [8].

On the whole, export quantities of most licit and illegal goods handled by the criminals have fallen since the 'free-for-all' years of the early 1990s, although capital flight remains a serious problem. This is, it is important to stress, a two-way process: there is also a thriving illegal import trade into Russia of a wide variety of goods, from stolen cars to computers. But the main expansion has been in Russia's export and through-trade in narcotics. Russia's role is especially important as a route for opiates from Afghanistan, especially now that traditional routes via the Middle East and Turkey are coming under pressure. Up to three-quarters of the heroin in Russia comes from Afghanistan, which also accounts for a similar proportion of the world's opium. To a considerable extent, this reflects the growing scale of the domestic market for narcotics. Russia may have as many as 6.5 million drug users (4.5 percent of the total population), of whom 2 million are addicts, and not only is the number of users growing, the proportions both using serious drugs such as heroin and also who are considered addicts are both rising [9]. Heroin consumption is estimated as having grown fully 2300 percent in a four year period, 1998–2002. The average number of crimes connected with drug trafficking have topped 200,000 per year, while two-thirds of all thefts and robberies are connected with drugs. Official alarm is such that in 2003, Putin decreed the creation of a new State Committee for Combating the Illegal Trade in Narcotics and Psychotropic Substances (GKBNONPV—*Gosudarstvenny komitet po borbe s nezakonnym oborotom narkotikov i psikhotropicheskikh veshchest*, generally rendered simply as GKN, 'State Narcotics Committee') under Viktor Cherkesov, one of his most trusted security officers.

This is not just a national but an international problem, as the trade routes do not simply supply Russia's own gangs and addicts but continue on into Europe and the rest of the world. The key hubs remain Moscow, St Petersburg, the Siberian city of Yekaterinburg and the Baltic exclave of Kaliningrad, but others are less predictable. The town of Kimry in Tver region, for example, has emerged as a central transportation point, through which flows more than half of all heroin reaching Moscow. The town itself has a population of only 57,000 but an estimated 7,000 drug addicts, 13 percent of the total and the highest proportion in all Russia. To a large extent this reflects its position as the closest city to the capital beyond the Moscow district, a two-hour journey by commuter train. Not only has it been used for decades as a 'dumping ground' during the regular campaigns by the Moscow authorities to purge the city of so-called 'undesirables' such as petty criminals, vagrants and travellers, creating a thriving semi-criminal subculture, but it also means that police investigations are complicated by jurisdictional disputes between Moscow and Tver. Whether as cause or effect, the buoyant trade in narcotics (not just heroin, but also marijuana, MDMA and stolen medical drugs) has also corrupted the local police force, which has become infamous for its close links with the traffickers, even to the extent of impeding attempts by regional police to mount raids against them. The reason why it is worth dwelling for a moment upon the unfortunate town of Kimry is that while it may be an extreme case, there are similar towns and cities throughout Russia. Many other towns around the Moscow region have a similar pedigree and function,

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and the main overland routes westwards include several settlements infamous as waystations, such as Chelyabinsk, Kazan and Samara.

This has now become a settled and diversified criminal business. The presence of relatively efficient and secure trafficking routes via Russia has tempted other groupings. An increasing proportion of Latin American cocaine is reaching Russia by sea and, especially, by air, either for local distribution or, more often, subsequent transfer to European markets. Russian criminals are, for example, especially significant in Mexico, and their contacts in the Tijuana/Baja California/San Diego area allow them to carry out much direct smuggling into the USA. However, as an offshoot of this they have begun also sending cocaine which they acquire as payment for their services back to Russia to be sold on by members of their criminal networks, especially in Moscow and Yekaterinburg.

As will be discussed later, the scale of narcotic trafficking risks upsetting the present uneasy but useful status quo between state and underworld and between the key criminal groupings. The increasing wealth and power of the drug traffickers, and their ability to infiltrate, subvert and dominate local police and political establishments, also raises the spectre of 'criminal secession'—a further weakening of central control over the regions and even the rise of safe havens for criminals and terrorists within Russia, as Chechnya had become. President Putin noted in 2003, for example, that not a single drug-related crime had apparently been prevented in the Karachay–Cherkessia, Altay, Kalmykia and Karelia regions in 2002. This is given a particular significance by the fact that, far from being narcotics-free, some of these regions are instead falling ever more closely into the hands of criminal groupings. The Republic of Karachay–Cherkessia, for example, has reportedly become something of a criminal haven. Likewise, not all narcotics in Russia have been imported. Marijuana is widely grown, with total crop areas of perhaps 1 million hectares, especially in regions such as Buriyatiya and Tyva [10].

### **Globalisation: Money and Movement**

As a result of their operations, as well as their control of or influence over many of Russia's notoriously under-regulated banks, *mafia* gangs are also major users and also providers of money-laundering services. They account for a growing share of the approximately \$500 billion laundered globally every year: estimates from the G7 group of industrialised nations are that more than \$20 billion are laundered in Russia annually. In part, this is the laundering of funds generated by both licit and criminal activity. But the *mafia* also acts increasingly as a third-party laundry for other criminal groups, thanks to its ability to work through the Russian state and private banking systems, up to a quarter of which are reckoned to be under its control. The scale of this industry is best illustrated by the case of the Bank of New York, which became public in 1999 and is currently under intensive investigation. Between 1996 and 1999, it is alleged that it illegally handled moneys from Russia which were the proceeds of organised crime, tax-dodging capital flight and, especially, embezzled

government funds. Estimates of the sums involved range from \$7 billion to as much as \$15 billion, and around ten Russian banks and up to 50 major companies are involved, from the UK to China, Germany to Australia.

Much of this money inevitably goes through or into seemingly entirely legitimate businesses and investments. While often much less sophisticated in its methods than the Italian Mafia, the Russian gangs are often keen to acquire stakes in or control of overseas firms and, in particular, real estate. In part, this is because they may represent valuable investments in their own right. But they are also security, so that if Russia ever goes through a serious campaign against the *mafiya* or a catastrophic economic collapse, the criminals will have nest eggs abroad. Thus, their economic security is guaranteed, and these assets may even help them win foreign citizenship or the protection of governments prepared to close a blind eye to much-needed foreign investment. In early the 1990s, for example, many former Warsaw Pact states, desperate to rebuild their economies, made little secret of the willingness to excuse much in the name of inward investment.

The flexible and entrepreneurial nature of these criminal organisations is strongly visible in the way they have spread. The first wave of expansion was largely to areas with sizeable Russian communities or, as in the case with many former Warsaw Pact or Soviet states, where they had existing contacts with local criminals and corrupt officials. The Baltic states, Poland and Hungary were all early targets, soon to be followed by a drift into Austria and Germany (where they were able to capitalise on existing contacts in the east). Today, they are active throughout the states of the former Eastern bloc and also in northern Europe, although in many instances they have lost the early dominance they acquired in the 1990s. A combination of tough law enforcement, the rise of even more hungry and violent rivals (especially Albanians and other Balkan gangs [11]) and a deliberate policy of franchising out street operations to local and immigrant gangs to lower the Russians' profile have all contributed to limiting this threat.

While extending their operations and contacts across northern Europe and into Scandinavia, post-Soviet gangs have also begun to drift southwards. Italy has experienced some penetration, although a combination of a powerful domestic underworld and a police force well-prepared to combat organised crime poses some formidable challenges. Thirteen members of the *Solntsevo* network, including middle-ranking leader Viktor Yesin, were arrested in Italy in 1997. France, Spain, Portugal and Greece, though, have all experienced the slow rise of *mafiya* activity and investment (again, especially in the form of acquiring property). Indeed, *mafiya* involvement is visible all around the Mediterranean. Cyprus has become a key money-laundering centre, as well as a congenial haven for many Russian businesses, expatriates and holidaymakers. Israel, thanks to its Law of Return, allowing Jews (or those able to claim to be Jews) immigration rights, as well as the lack of effective laws against racketeering and money laundering, has also experienced a serious influx of Russian crime.

In the United States, the *vor v zakone* Vyacheslav Ivankov, known as 'Yaponchik' ('Little Japanese') arrived in New York's Brighton Beach in 1992 and began suborning or eliminating local émigré godfathers until his arrest in 1995. The Brighton Beach

*Organizatsiya* ('Organisation') was soon brought back into the fold of the global Russian *mafija*. However, it is important to stress that this did not mean in any meaningful way that it suddenly became any more organised or else 'run from Moscow'. Instead, it means that the existing networks of Brighton Beach crime simply became integrated into the wider, transnational networks of such organisations as *Solntsevo*. New York remains a focus for *mafija* operations, and the cradle of cooperation with the Cosa Nostra, especially over fuel excise tax scams, defrauding the government of tax due on the sale of gasoline and diesel fuels. However, criminals from Russia and other post-Soviet states have not confined themselves to taking a bite out of the Big Apple. Ten alleged members of the so-called 'Tatarin Brigade', charged with kidnapping, armed robbery and other crimes in December 1999, also operated in Pennsylvania and Florida. Overall, at least a dozen major networks are now operating across the United States, in up to 20 cities, especially New York, Boston, Los Angeles, San Francisco, Cleveland, Miami and Denver. Indeed, they also operate north of the border: Canada is suffering a steady growth in *mafija* activity, again largely in cooperation (or at least a state of non-competition) with the Cosa Nostra.

Elsewhere in the world, Russian criminals have penetrated in a more piecemeal fashion, generally exploiting a particular contact or opportunity. While the *mafija* buys and swaps cocaine from the drug cartels, there have been only limited inroads made into Latin America, although individual groups are ensconced in cities ranging from Buenos Aires to Havana. In Africa, though, there is a little more direct opportunity for the Russians. Gangs have begun operating in South Africa and neighbouring countries, making use of the chaos in the region to establish casinos for money laundering, to sell weapons and narcotics and to muscle into the diamond trade. Some *mafija* groupings, especially those closely linked to serving and former military personnel, also appear to have played a role in supplying military weapons and mercenaries in several conflicts.

Asia, though, offers both greater opportunities and also challenges. On the whole, the Russians prefer to cooperate with rather than challenge major existing organisations. Given the domination of the Japanese Yakuza, Chinese Triads, Golden Triangle drugs trafficking networks and like over the Asian underworld, this has limited their opportunities. Nevertheless, there have been attempts to penetrate various markets. In Macao, the *mafija* proved unsuccessful when it took on well-connected local triads, but elsewhere they have generally picked their targets with more care. Several Australian cities now have small-scale *mafija* operations, while even in Japan, Russian groups have moved from simply supplying prostitutes for yakuza-run brothels to running their own rings.

Yet it is important to put the *mafija* in context. In overall terms, Russia and post-Soviet organised crime is still definitely less powerful than such established counterparts as the Mafia, the yakuza and the triads. However, the flexible and diffuse structure of the *mafija* makes it very responsive to new threats and opportunities and impossible to 'decapitate'. While this does mean that they are prone to internecine conflict and simple disorganisation, they also have great flexibility and survivability. Nor is there any great prospect either that their foundations in Russia will be seriously

undermined in the near future nor, indeed, that this would kill off organisations which by now are truly multinational. They will continue to spread wherever they see opportunities, consolidate their power where they can, coexisting with indigenous criminal groups where they must. Indeed, it is the question of their relations with other criminals which will prove a key issue in the next stage of their evolution.

### **Consolidation**

Like any competent predator, the *mafiya* is very sensitive to changes in its environment. Two changes in this environment have had a particular impact: the August 1998 economic crash (which led to a unilateral devaluation of the ruble and widespread imiseration throughout the country) and the rise of Vladimir Putin (who became acting president at the end of 1999, followed by his victory in the presidential elections of 2000).

The crash and the ensuing economic crisis acted as a significant spur to the consolidation of organised crime in Russia. The early 1990s had been marked by overt gang wars, which tapered off in most parts of the country by 1994 as pecking orders were established, turf boundaries agreed and new 'rules of play' developed. The immediate aftermath of the 1998 crash allowed a (relatively) bloodless new round of consolidations. After all, the larger groupings, whose resources can be counted in dollars and property, in political patronage and overseas connections, weathered the crisis without undue difficulty. They were thus able to use it as a useful opportunity, snapping up bankrupted businesses and offering loans in return for influence. The same was true of their expansion within the underworld: smaller gangs who relied instead on the rubles they could earn from smaller-scale protection racketeering and street sales of drugs and other illicit goods and services experienced the same problems as their legitimate counterparts. Some voluntarily joined larger networks to survive; others were forced to do so. Either way, the result was to consolidate the networking of Russian organised crime, such that while gangs in lesser cities and regions remain largely autonomous, they are now generally linked with one of the larger networks, gaining protection, access to higher-order criminal services and new commodities (such as a wider range of drugs), in return for a proportion of proceeds and a willingness to engage in reciprocal assistance.

Moscow's complex criminal mosaic is still dominated by the *Solntsevo* grouping, although it and its allies and clients are balanced by the power of Chechen and other North Caucasian gangs and other ethnic Russian groups, forming a (currently) stable triangular balance of terror. Of course, there is considerable marginal change, not least because of the relatively loose and unstructured nature of these networks. Small groups may rise and fall, shift their allegiances, gain or lose turf, but this has no real impact on the overall picture. There is a similar equilibrium in St Petersburg between the *Tambov* gang, which is especially dominant in the city's fuel industries and protection rackets, and gangs concentrating on smuggling and narcotics, respectively. Further east, the capital of Siberian crime is undoubtedly the city of Yekaterinburg, while the Russian

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Far East remains dominated by the loose network known grandly as the Far Eastern Association of Thieves, overseen until his death in 2001 by the senior *vor v zakone* Yevgeny Vasin ('Dzhem'). Nevertheless, this region is characterised by the very number and variety of its gangs, including increasing numbers of ethnic Chinese groupings within the legal and illegal immigrant community. In Southern Russia, an uneasy mix of Slav and North Caucasian gangs periodically explodes into local conflict. The Slavs are largely dominated by gangs based in individual towns and cities and others within the Cossack community. The North Caucasians include a wide range of nationalities, including, above all, the Chechens, but also with powerful Ingushetian, Dagestani, Ossetian and Azeri gangs. In the face of Slav hostility, though, these gangs often cooperate, despite their numerous practical and historical differences.

### **The Return of the State**

The other factor helping shape the environment in which Russian organised crime must operate is the rise of President Putin, a man with a rather sharper vision of what kind of a state he feels Russia needs. When he was elected in 2000, in part on a law-and-order platform, the underworld feared a crackdown—there was a sudden flurry of activity as funds were transferred to off-shore havens and properties abroad bought up to provide bolt-holes for future escape. This proved unnecessary as it soon became clear that while Putin would not countenance open challenges to state authority—including overt gang violence—he did not at the time plan any direct campaign against organised crime. Thus, the first few years of his presidency saw police budgets continue to fall in real terms, their resources instead being diverted to fight the war in Chechnya [12]. However, Putin has increasingly begun to come to terms with the fact that crime—both organised and disorganised—is a national security issue in terms of its debilitating effects on the state and its authority.

It contributes to what Prosecutor-General Vladimir Ustinov called Russia's culture of 'rampant corruption,' which he estimates costs the country \$15 billion each year [13]. It has helped to arm the Chechen rebels who look set to continue their campaign against Russian occupation forces for the foreseeable future. It has made Russia a hub for the global narcotics trade, a money laundry and a haven for intellectual property piracy, with goods, software and recordings counterfeited for both domestic and export markets. More broadly, he has come to appreciate that crime—both organised and disorganised—is, after all, a national security issue on many levels, from the way it usurps or weakens the powers of the formal government through to the direct impact it has on border security and state budgets. Putin has thus begun to realise that beneath this more orderly façade, the battle is not being won but lost.

### **The Future: Order but not Yet Law**

Russian organised crime has adapted to its circumstances, as much in today's free market as under Stalin. As a new generation of criminal leaders rises—generally

younger, better-educated and more business-minded than their predecessors—this has led to speculation that these *avtoritety* are replacing the old godfather class of the *vory v zakone*, who were, after all, very much products of the Gulag prison system, guardians of the traditional rules of the underworld. In many ways the *vory* are out of place in today's Russia. The *avtoritety*, for example, shun the tattoos which were such a mark of the *vory*, make less use of *fenya*, their distinctive argot, and are comfortable moving between the overtly criminal and seemingly legitimate worlds. However, the evidence suggests that, for the moment at least, the *vory* still fulfil an important role, as arbiters, co-ordinators and respected elders. Thus, when *avtoritety* have a dispute that they cannot resolve between them, rather than resort to violence (which can, after all, be bad for business), they can instead refer to an impartial *vor* for resolution. Similarly, *vory* can and do hold gatherings, known as *skhodky*, at which *avtoritety* or their representatives can meet in a neutral setting to resolve issues of wider policy or respond to new challenges. Such *skhodky* were, for example, instrumental in avoiding a turf war in St Petersburg in 2002 over sales in counterfeit goods. In this way, the seemingly fragmentary and conflict-prone *mafiya* has been able to use these traditional leaders in a new way to avoid unnecessary and potential dangerous internal disputes.

However, this is an equilibrium under constant threat, and as of the end of 2003, Russian police officers are warning that there is a real danger that the next few years could see the status quo shattered, bringing a new era of open mob warfare. After all, not only are *mafiya*-related crimes again on the rise, there are a number of very specific factors at work to undermine the current order.

First of all, it is in many ways threatened by its own success. The status quo has been kindest to groupings based in Moscow and St Petersburg. However, with the underworlds of the main cities now essentially divided between clearly-marked and strongly-defended turfs, it is difficult to find new areas for expansion, not least to reward and distract up-and-coming gangsters who might otherwise pose a threat to the established leaders. These networks have already incorporated many provincial groupings into themselves, but this is a loose affiliation more than anything else. There is a temptation instead to turn affiliation into subordination and 'conquer' poorer regions. Many of these local gangs are happy being large fish in small pools and thus resist closer integration into the major networks (sometimes called 'metropolitans' by the regional criminals, although in the Far East the term 'Varangian' is still used for gangs from the European west of the country). Furthermore, in some cases 'metropolitans' have set out to take over or supplant provincial gangs which are either independent or, more dangerous still, linked to other networks. The former risks triggering a 'scramble for Russia' reminiscent of the colonial 'scramble for Africa' in which imperial powers sought to snap up territories, often with little regard for more than simply denying it to their rivals. The latter carries with it the danger of 'proxy wars' between networks fought out in the provinces, which could yet spread back to the major cities.

A second threat to the status quo comes from the growing trade in and profits from narcotics. According to Cherkesov, 'the number of organized criminal groupings

specialising in selling and transporting drugs has grown by 85% recently' [14]. By creating new opportunities for second-rank criminal gangs and networks to enrich themselves (the annual turnover of the domestic narcotics market is estimated by most sources to have reached \$5 billion, although the GKN puts it at \$8–10 billion [15]), it could form a new generation of outsiders with no stake in the current order and yet too powerful to suppress or ignore. Indeed, for many such gangs drug revenue is the only counter-weight at their disposal to prevent their conquest by the 'metropolitans'. In the Russian Far East, for example, Afghan, Pakistani and Iranian drugs gangs are beginning to take on and drive out existing Chinese and North Korean groups in an often violent struggle for regional criminal power. The indigenous Russian gangs, while secure in their own strongholds, have proven surprisingly unwilling to jeopardise their supplies of narcotics by intervening in these conflicts. By remaining neutral and dealing with all sides, they have avoided direct confrontations but also lost considerable face. Many of these drugs gangs are therefore now looking to find and support new local gangs as their contacts and representatives. This risks provoking a new round of turf wars as these hungry new gangs take on the established gangs. The latter will have political contacts and arrays of existing alliances, but the former will be likely to be more violent and unpredictable. If the drug smugglers are prepared to back them wholeheartedly, they may also have formidable resources. There is also the danger that existing first-rank groups might be prepared to abandon the current truce in order to expand their narcotics operations.

However, the omens are not all gloomy. The Russian state is not powerless. Its problems in fighting organised crime in the 1990s were largely threefold: corruption within the élite, a lack of resources, a lack of political will. Corruption is still a very serious problem, but it is one which is beginning to be addressed. Cabinet chief of staff Dmitri Kozak launched in 2004 a reform programme for the bureaucracy, which for the first time explicitly addresses the need to combat an entrenched culture of *kormlenie* ('feeding'—supplementing inadequate salaries with habitual bribe-taking). The Russian police and judiciary are still under-funded and thus under-trained and vulnerable to corruption, but this too is beginning to be addressed. In many ways, the opening salvo of this campaign was fired in June 2003, when almost the entire staff of MUR, the Moscow police Criminal Investigations Directorate, were suspended following allegations of widespread bribe-taking [16]. Finally, there is little reason to doubt Putin's political will. After the resounding success of his supporters in the December 2003 parliamentary elections, he is unassailable, and whereas he began his first term in office seemingly not regarding organised crime to be a threat to his vision of a strong Russian state, he will start his new term in 2004 having shed that delusion. Instead, he has come to realise that the spread and seeming invulnerability of the *mafia* is weakening central authority in Russia, diluting the state's monopoly of coercion, discrediting the market economy and in the final analysis, usurping and distorting the very functions of the state. Especially if organised crime once again explodes into open internal warfare, Putin is likely to deploy the resources of the State to control it. Furthermore, judging by his campaigns against Chechen

rebels and unruly big business 'oligarchs' alike, he is unlikely to be too fastidious in the methods employed.

Ultimately, though, coercion is more likely to drive organised crime underground than actually break it. Genuine victory against the *mafiya* will be a long-term process based as much as anything else as winning back the ground surrendered to organised crime. Businesses do not pay protection money or hire criminals as debt collectors, for example, because they want to, but because they regard it as their least-worst option when the police and the courts are inefficient, corrupt and powerless. Slowly, Russia's contradictory and loophole-ridden legal system is being reformed, and a new generation of police officers, magistrates and judges rising. One of the strengths of Russian organised crime has been its close, incestuous relationship with Russian business, but there are also signs that many successful Russian firms and entrepreneurs are beginning to consider abandoning their old 'robber baron' ways (or at least put those aspects of their businesses at arm's length), either because they appreciate the long-term dangers or, more likely, because they wish to be accepted fully into the international business community.

The same drift towards respectability is to be found amongst some (though by no means all) of the successful criminals who, after all, are generally also businessmen. Leoluca Orlando, mayor of Palermo and one who well understands the Sicilian mafia, has drawn parallels between the Italian and Russian experiences. In his view, 'Russian gangsters will allow the state to combat organised crime only once they are very, very rich' [17]. This generation of criminal is, indeed, 'very, very rich' and their tendency to seek a degree of security and stability for themselves and their heirs means that they themselves also have much to lose from a new era of *bespredel*, 'disorder'.

## Notes

- [1] Parts of this article are drawn from columns published in *Jane's Intelligence Review*, specifically the March 2000, June 2001, October 2002 and March 2003 issues.
- [2] 'Russian mafia', '*mafiya*', 'Russian-speaking organised crime', 'East European organised crime'—it is more than just a matter of choice what to call this phenomenon. 'East European organised crime' is blandly uncontroversial, but unhelpful in describing a phenomenon rooted as much in Vladivostok as Moscow. 'Russian-speaking organised crime' is similarly clumsy, not least as many of these gangs actually speak Ukrainian, Georgian or any one of a whole range of other tongues. While the criminal phenomenon shares some features with its Sicilian counterpart, it is also different in many key ways, so while 'Russian Mafia' is punchy, it is also misleading. Hence the transliteration of the Russian loan-word *mafiya* has real advantages, underlining both the similarities and also the distinctiveness of this form of organised crime. After all, it is defined primarily by origin, style and mode of organisation.
- [3] See Glazov, Y. (1976), "'Thieves" in the USSR', *Survey* 22; Serio, J. and Razinkin, V. (1995), 'Thieves professing the code', *Low Intensity Conflict & Law Enforcement* 4—these last two articles are also reprinted in Galeotti, M. (2002) (ed.), *Russian and Post-Soviet Organized Crime* (Ashgate)—and Varese, F. (2001), *The Russian Mafia* (Oxford University Press).
- [4] See Galeotti, M. (2000), 'Chechen crime alive and well', *Jane's Intelligence Review*, March.

- [5] The Interior Ministry's claims that organised crime controls 40% of the Russian economy must be treated with considerable caution. Not only has it remained suspiciously static since 1993, but the 40% figure also seems interchangeably applied to proportion of firms under criminal control, proportion of GDP and proportion of the economy operating in the 'shadow sector'.
- [6] Volkov, V. (2002), *Violent Entrepreneurs* (Cornell University Press).
- [7] *Solntsevo or Solntsevskaya* is Russia's more powerful and most international organised criminal grouping. It first emerged during the 1980s, in the Moscow suburb whose name it bears, out of the remnants of the gang of a powerful criminal known as 'the Great Mongol'. It has since spread to over 30 countries, from the USA to China. It is a perfect example of the network-based nature of Russian crime, with powerful figures within it, but no clear hierarchy or chain of command. While never giving up the protection racketeering and black-marketeering of its early days, it has also moved into increasingly sophisticated operations, from financial crime on Wall Street to cybercrime. It is obviously a major client of the global money-laundering economy. One Swiss investigation has suggested it had placed up to \$5 billion in that country's banks alone. At home, it has been linked with major politicians, banks and businesses in Russia. As far back as 1995, the Menatep bank was named in a CIA report as a possible Solntsevo front, and this bank—which failed in 1999—proved a major player in the multi-billion Bank of New York case.
- [8] US Congressional Hearings, 'The Threat from International Organized Crime and Global Terrorism', *Committee on International Relations of the House of Representatives*, 1 October 1997.
- [9] *Pravda.ru*, 22 May 2003.
- [10] Although the US State Department's latest estimate is that 'Wild cannabis is estimated to cover some 1.5 million hectares in the eastern part of the country'. US State Department, *International Narcotics Control Strategy Report 2003* (released 2004).
- [11] See Xhudo, G. (1996), 'Men of Purpose: the growth of Albanian criminal activity', *Transnational Organized Crime* 2; Galeotti, M. (1999), 'Albanian organised crime', *Cross Border Control International* 12.
- [12] The majority of forces operating in Chechnya are actually from the Ministry of Internal Affairs, both paramilitary Interior Troops and also SWAT-type special police units drawn from across the Russian Federation. This has not only drained local police commands of many of the specialist officers they would need to combat organised crime, it has also further paramilitarised the Russian police, something which has done little to improve its links with, and legitimacy in the eyes of, the wider public.
- [13] *St Petersburg Times*, 27 March 2001.
- [14] *Mosnews*, 27 July 2003.
- [15] *Pravda.ru*, 17 April 2003; *Pravda.ru*, 26 June 2003; *Mosnews*, 24 June 2004.
- [16] See Galeotti, M. (2003), 'Russia tackles corrupt police', *Jane's Intelligence Review* August.
- [17] *Izvestiya*, 1 March 1997.

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