TITLE: FOREIGN POLICY IMPLICATIONS OF POST-SOVET ORGANIZED CRIME

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FOREIGN POLICY IMPLICATIONS
OF POST-SOVIET ORGANIZED CRIME


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Organized crime, of course, is not new to Russia and other former Communist states -- the phenomenon is rooted essentially in the irrationalities of a planned economy and in the vast black and gray markets that took shape in the last two decades of Communist rule. However, with the sudden demise of the Soviet empire, the ongoing transition to a market economy and the opening of borders to the West, organized crime in the East has acquired increased prominence and influence and a new malevolent face. Several characteristics of post-Soviet organized crime can be noted here.

First, criminal organizations now engage in a much wider range of illegal activities than they did during most of the Soviet period. These include, among other things, drug dealing, extortion, kidnapping, bank fraud, counterfeiting, contraband exports, contract murder, and trafficking in dangerous weapons and components. In Russia, the collapse of Soviet-era controls has been associated with a phenomenal expansion of extortion/protection rackets and the growth of almost unrestricted markets for weapons, munitions and narcotics.

Second, Russian crime syndicates are technically proficient and comprise an array of trained manpower. In the current unsettled environment, such groups can now acquire sophisticated weaponry, as well as state-of-the-art computers, automobiles and communication equipment. Furthermore, reduced employment opportunities in Russia's military-industrial complex allow criminal gangs to recruit and exploit extraordinary combinations of talent, including university-trained chemists and economists, former KGB and police operatives, ex-military specialists, behavioral scientists and other professionals.

Third, criminal organizations are legalizing their illicit fortunes by buying up a substantial proportion of the fledgling private economic sector, especially in the real estate commercial banking and retail trade spheres. Unfortunately, the process of privatization seems disproportionately to benefit the criminal world and the former nomenklatura which control ample amounts of start-up capital -- in contrast to most ordinary citizens whose savings have been eaten by ruble inflation and who have little access to bank credits.

Fourth, post-Soviet criminal organizations -- like their counterparts in Colombia, Italy and other countries -- are successfully converting their economic wealth to political influence at local and even national levels. De-facto representatives of the Russian mafia prowled the halls of the recently disbanded Russian parliament; also, recent corruption scandals in Russia suggest that the tentacles of organized crime have reached the topmost echelons of the government bureaucracy and the military establishment in that country.

Fifth, post-Soviet organized crime is moving westward. This westward march or drift is reflected not only in smuggling of armaments, strategic metals or narcotics or in the growing trade in radioactive substances -- Russian criminal organizations themselves are establishing affiliates and franchises in Western countries and collaborating in new ways with major international crime syndicates.
The widening influence of organized crime represents a significant burden to the former Soviet republics which are staggering under the multiple challenges of creating a functioning private economy, nurturing a young democracy and developing a new political system. The damage to the Russian economy -- calculated in terms of capital flight, extortion payments, illegal outflows of valuable and frequently irreplaceable assets, and increasingly circumscribed opportunities for legitimate private business (including foreign investment) -- is, of course, enormous. Politically, the spreading power and reach of criminal gangs could derail reform, especially if significant sectors of the population in Russia and other states come to equate privatization and democratization with government by criminals. Already the issues of crime and corruption have figured prominently in the contest between Boris Yeltsin and his conservative parliamentary opponents and in the debate over Russia's political and economic future generally. Former Vice President Aleksandr Rutskoi commented in 1992 that "if reformers continue in the same direction they are moving now, the Italian mafia will be coming to Russia for training." But Rutskoi himself now stands accused of embezzling government funds and transferring the money to a Swiss bank account.

Neither Yeltsin nor his rivals can legitimately claim the high ground on the crime issue. To be sure, the state of emergency that followed Yeltsin's successful confrontation with the parliament coincided with an apparent crackdown on crime in Moscow and Central Russia. Some petty criminals and traders, mostly from the Caucasus, Azerbaidjan and Central Asia were deported from Moscow. A draft decree of the Yeltsin administration would establish tighter registration procedures and would expand powers of law enforcement agencies to conduct searches and to detain suspects. Such measures, though, seem unlikely to dislodge the powerful and well-entrenched criminal networks that operate in Moscow, Yekaterinburg, St. Petersburg and other important Russian cities. Concentrating police raids and sweeps on non-Russian nationalities ignores the ethnic Russian component of important forms of organized crime -- such as extortion and illegal arms trading. Perhaps more to the point, Yeltsin's government lacks a coherent crime-fighting strategy: Official corruption remains rampant, effective laws against corruption, racketeering and embezzlement have not been introduced; witness protection programs do not exist and law enforcement and security organs are underfunded, underequipped and in some bizarre respects mentally unprepared to deal with the challenge of modern, professional criminal organizations.

But if organized crime in Russia and other successor states threatens stability and reforms in these states, it also has important implications for the international system. Consider, for example, the growing international reach of criminal organizations headquartered in Russia and other former Soviet republics. According to MVD sources, some $7 billion in organized crime funds were transferred from the Soviet Union to Germany between 1988 and 1992. Mafia groups comprising ethnic Russians, Chechens, Azerbaidjanis, Georgians and other nationalities from the former Soviet Union have entrenched themselves in Helsinki, Prague, Warsaw, Berlin, Frankfurt and other European cities. Such mafias have established roots in Tel Aviv and Haifa and are active in such...
U.S. cities as Philadelphia, New York and Los Angeles. The export of "Russian" crime is producing predictable increases in homicides, racketeering, prostitution, drug abuse and official corruption in the affected countries. In Germany, some 30 "Russian" organized crime groups now operate, some of them comprising more than 300 members. German police officials estimate that almost one-third of all crimes in Germany are committed by emigrants from the former Soviet Union.3

Russian crime groups and their international criminal partners are striking increasingly sophisticated deals. The unprecedented seizure of a ton of cocaine earlier this year near the Russian-Finnish border suggested a maturing relationship between Russian syndicates and Colombian cocaine cartels. Russian criminal enterprises have begun shipping high-quality Asian heroin to U.S. distribution networks -- possibly portending explosive exports of drugs produced in the former USSR, such as hashish, marijuana, opium, methamphetamines and synthetic opiates. Some press reports suggest that Russian and international crime syndicates have bargained to exchange stolen cars, computers and computer parts for Russian drugs, prostitutes, strategic metals, rockets, missiles and nuclear materials. Foreign drug operators are said to be laundering money by buying oil, metals and other commodities in Russia for export to the West. There are reports of recent "crime summit" meetings in Warsaw and Prague between Russian underworld groups and those of the three main Italian organized crime groups (the Sicilian Cosa Nostra, the Calabrian Ndrangheta and the Neapolitan Camorra). At the Prague meeting in November 1992, according to a Russian Academy of Sciences report, the criminals reportedly discussed ways of expanding European trade networks for narcotics, weapons and atomic bomb components as well as the possibility of creating teams of ex-KGB officials to monitor and protect illicit shipments.4

The startling appearance in Western Europe of substances such as plutonium, enriched uranium, strontium and cesium -- to date in admittedly small quantities -- highlight organized crime's successful infiltration of military and defense industrial institutions in Russia and perhaps other nuclear NIS countries. In 1992 police reportedly confiscated 18 shipments of nuclear bomb materials in Germany smuggled from the former USSR.5 The nuclear trade apparently is exceedingly profitable -- a kilogram of enriched uranium 235 sells in European markets for $1 million, 20 times the European price of a kilogram of cocaine and 50 times the purchase price of the material in the Urals.6 There is some evidence that Russian emigres are brokering the nuclear and arms businesses. One example is the "Kuzin International" group based in Vienna. According to the Italian newspaper Corriere della Sera, this group is run by a reputed former KGB colonel named Aleksandr Victorovich Kuzin in cooperation with other former KGB types; it markets a variety of strategic products such as uranium, plutonium, explosives, missiles and helicopters, peddling these items to clients in Pakistan, India, Argentina and in the Middle East.7 Now, it is difficult to assess the military significance of this traffic -- perhaps the significance is comparatively minor to date. But what does the leakage of nuclear materials say about the state of controls in post-Soviet defense establishments over the estimated
30,000 warheads in the territory of the former USSR or over stockpiles of lethal conventional, biological or chemical weapons?

Policy makers in the United States and other Western countries have not yet recognized the growing power and reach of organized crime in the former USSR as a significant foreign policy issue; yet this development seems likely to jeopardize international stability and aggravate East-West relations on a number of fronts. On the most general level, flourishing organized crime in Russia and other newly-independent states threatens Western interests in the emergence of a stable, legitimate political-economic order in post-Communist Eurasia. Yet certain specific consequences can also be noted. For example, export of Russian crime to neighboring Europe could set the stage for retaliatory customs and immigration barriers that would set back the cause of European integration. Some Western European police officials that I interviewed recently are openly nostalgic about the Cold War era, when the NATO-Warsaw Pact confrontation effectively insulated Western societies against the criminal underworld in the East. A flood of narcotics sweeping in from the post-Soviet republics could also provoke protectionist reactions from European governments. The violent protection gangs operating in Russian cities could slow foreign investment, complicate the implementation of foreign assistance programs, and in general generate anti-Russian sentiment in the West. The illegal trade in weapons and nuclear materials will prevent normalization of East-West technology exchanges and also obstruct meaningful arms control agreements by casting doubts on states’ ability to monitor and control stockpiles. Similarly, organized crime’s penetration of defense establishments increases the likelihood that sophisticated weapons and technologies will become available to aspiring nuclear nations or even to malevolent free agents such as the Sicilian Cosa Nostra or the Medellin Cartel.

U.S. and Western diplomatic priorities, foreign aid programs and intelligence objectives vis a vis the NIS must be reconfigured to address these disturbing scenarios. Priority should be given to crafting new relationships with NIS law enforcement and security institutions, and generally to helping NIS states resist the criminalization of their political and economic structures. Also, the United States and other Western nations should pressure NIS states to introduce effective nuclear regulations and export controls and to restore the integrity of their financial systems. Extrapolating more broadly, the disintegration (or collapse) of state authority in NIS states and the emergence of powerful transnational criminal syndicates should be viewed as a warning. Our global agendas and security doctrines continue to be wedded to the idea that the only important international transactions are those occurring among nation-states. The United States must begin to redesign its arsenal of foreign policy tools to counter the complex challenges posed by non-state actors to Western security and democratic values. The alternative is ineffectual responses to the increasingly unstable patterns of change that characterize the international system in the post-Cold War era.
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