TITLE: ORGANIZED CRIME IN THE FORMER USSR: CHALLENGES FOR U.S. POLICY
(Talk at the Congressional Round Table)

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ORGANIZED CRIME IN THE FORMER USSR: CHALLENGES FOR U.S. POLICY

Luncheon Talk at the Congressional Roundtable

Nancy Lubin

With all of the recent publicity surrounding Russian organized crime, one of the most serious challenges to U.S. policy is getting lost.

As we focus on the gangs and rackets, the car bombs and shootouts, the extortion and murder, we have ignored how much deeper, more pervasive, more sinister and more dangerous the problem of organized crime in fact is. While the law enforcement dimension is important, the challenge to the U.S. is not so much the individual "Mafia" organizations, as the extent to which organized crime and corruption are so deeply interwoven into the very fabric of Soviet, and now post-Soviet society. Treating "organized crime" as something new, as analogous to what we have seen in the U.S., and as primarily a law enforcement issue -- as we seem to be doing -- not only misses the point, but could well make the problem worse.

Organized crime in the former USSR is not new. It has not "infiltrated" the governments of these new states as much as it has always been an integral part of these governments. In the highly centralized Soviet system -- where there was little in the way of oversight and accountability, and a lot in the way of shortages of basic goods and services -- a highly organized, criminal, economic system emerged that was just as central and powerful as the official system. It was not perpetuated by rackets and mafias (although there were plenty in the early 1980s). It was driven by the millions of normal bureaucrats and professionals who were part of an elaborate system of bribes and payoffs. Its scale was far greater than anything we can imagine in this country, largely because the opportunities were so enormous and any oversight was so brutally repressed.

In the aftermath of the S&L crisis and allegations of corruption in the U.S. government, some Western observers have shrugged off corruption in Russia as little more than what we

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have confronted here. But especially in light of abuses in this country, imagine a system that for over seven decades had virtually none of the oversight, accountability and controls that we have here. Imagine a system where virtually all decision making power was concentrated in the hands of a small group at the top, accountable to no one; where there were no independent courts or an independent press to expose wrong-doing; where your constituency would not be the voters, but this same small group of leaders upon whom your job and livelihood depended; and where economic hardship was widespread. My hunch is that corruption and abuse would become far more pervasive and far more systematized than anything we have seen in this country -- or perhaps something along the lines of what it was in the USSR.

Other Western observers have likened Russia and the other newly independent states of today to Prohibition era Chicago of the 1920s. But even during the worst days in Chicago, the U.S. still maintained a free press to snoop and expose, there were alternative sources of economic livelihood, and government corruption was still limited to certain sectors and activities. The situation throughout the former USSR is far more extreme, and the challenge much different. Press coverage is still extremely limited. There is no federal entity to step in when local law enforcement is corrupt. And corruption and organized crime extend into virtually every aspect of life. Neither Elliott Ness nor Walter Winchell are anywhere to be found in today's Russia.

The pervasiveness of crime and corruption in the former USSR was underscored by a recent survey conducted by this author while a Fellow at the U.S. Institute of Peace in 1993. The survey was conducted among 2000 respondents in Kazakhstan and Uzbekistan -- two areas that have attracted more Western business interest because they are viewed as less crime ridden than Russia. Close to three fourths of our respondents said that even here, it is virtually impossible to get anything done in a timely way without paying a bribe. Bribes run as high as the equivalent of an entire year's average salary just to get a son or daughter into a good college, and over one month's full salary to get surgery in a good clinic (both technically free).

Corruption and "organized crime" are viewed as especially serious among high government officials and law enforcement personnel. Close to two thirds of respondents in our survey said that as a rule, high government officials are either themselves members of the
"mafia" or closely tied to the mafia. Almost thirty percent of the police in our expert survey said that, as a rule, their fellow cops are closely tied to organized crime!

And the higher ups in law enforcement may be worse than their troops. Law enforcement Ministers have a long history of being involved in "organized crime". The "cotton scandal" -- perhaps the major criminal network of the 1980s -- was headed by Yuri Churbanov, Brezhnev's son-in-law, while he was USSR Deputy Minister of Internal Affairs. The current Minister of Internal Affairs of Tajikistan is widely reputed to be in charge of the country's main drug smuggling operations. Allegations abound throughout the NIS concerning high law enforcement officials and Ministers involved in a range of illegal money-making ventures, with still little, if any oversight of their operations.

About half of all survey respondents suggested that bribery occurs as a matter of course in the courts and procuracy as well. Some report that the going rate is currently about $10,000 in bribes to a Moscow prosecutor or judge to have someone released from trial for a low level organized crime offense. Indeed, the recent report on organized crime prepared internally for President Yeltsin recommends creating a new anti crime unit, but excluding anyone who has ever worked in the old Interior and Security Ministries.

U.S. Policy

It is against this background that U.S. cooperation with Russian law enforcement -- and indeed, U.S. programs broadly -- are viewed with such concern. In many parts of the former USSR, locals have criticized Western programs for supporting and empowering the very government, and some say "mafia", structures we are trying to reform. We have been criticized for having little capability to distinguish between legitimate and "mafia" entities in our reform efforts. We have been criticized for emphasizing the drafting of new laws to combat these ills, while ignoring the lack of any mechanisms to enforce them. In general, the West is criticized for attempting to push crime and corruption to the side and reform the rest of society -- as if the "rest" had any significance on its own.

The visit of FBI Director Louis Freeh to Russia, and the opening of an FBI office there, is a much needed first step to begin to address this problem. This trip to Moscow is likely to
send a powerful message to the Russian public that we are serious about combatting a deep societal ill that threatens us all.

But this is only a first step. Given the corrupt nature of law enforcement in the former USSR, the agents and investigators who follow Director Freeh must acquire the capability to sort out how the law enforcement system works in reality, who is who, what motivations drive what policies, and how to structure our own efforts so that we do not inadvertently strengthen the very criminal and corrupt elements of society that we are hoping to eradicate.

This is especially important given the decision in Russia to widen the role of law enforcement in fighting corruption and crime. Cracking down on "organized crime" has already been used as an excuse by NIS governments to crack down on individuals for purely political reasons. We must ensure that we do not lose sight of our own goals by inadvertently reviving and strengthening the politically repressive role that these organs played before.

Most importantly, we can no longer view "organized crime" as something separate from all of our other technical assistance programs. Knowledge of how these societies actually operate, and the role of corruption and crime, must be an equally important component in designing and implementing our projects as the technical knowledge is.

Currently, this expertise is not required. Solicitations for proposals from AID often require upwards of twenty to thirty different kinds of technical experts; yet rarely, if ever, do they require that anyone have any expertise or on-the-ground experience in the region itself. If we are to be effective in helping to transform these countries, we must have some understanding of what it is we are transforming. It is critical to have an intricate knowledge of how these societies currently operate -- informally as well as officially -- so that we can shape all of our programs, and evaluate their progress, accordingly.

Reforming the new states of the former USSR is perhaps the single most important challenge facing the world today. The commitment we have made in money and manpower is laudable. We must now focus more on how all of our programs are implemented on the ground. Organized crime and corruption are key parts of this. The nightmare of the former USSR becoming a criminal state with nuclear weapons would be all the more frightening if we were viewed as unwitting accomplices.