# What is the Russian Mafia?[1]

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What is the Russian Mafia? 'Russian Mafia' has been commonly used as a loose term to label criminal activity in post-Soviet Russia. For this reason, many scholars have grown suspicious of the term and prefer now to refer to Russian 'organized crime'. However, the term 'organized crime' does not capture fully the Russian situation. A specific criminal institution, the Russian Mafia, exists: it is independent of the State and supplies 'protection' to various segments of society. This article analyses the nature of Mafia protection in Russia and the Mafia search for legitimacy. It concludes by evaluating the willingness of the major political players to embark on a fight against the Mafia.[2]

## THE MAFIA AS A SUPPLIER OF PRIVATE PROTECTION

Some Russian authors have made an effort to differentiate among various kinds of criminal activity. One is V.O. Ovchinskii in his book *Strategiya bor'by s mafiei*. He points to the existence of a peculiar group of criminals whom he calls 'co-ordinators': 'The *Co-ordinators* are the élite of the Criminal world. As a rule, they are *thieves-in-law* or criminal leaders who ensure the stability of the system of organized criminality, co-ordinating the various elements of the criminal world.'[3]

Thieves-in-law (*vory-v-zakone*) are a peculiar type of criminal that emerged in the Soviet labour camps in the late 1920s. In the camps, the *vory* developed an ideology of supposedly monastic purity and an initiation ritual. They spent most of their life behind bars and were treated with respect by camp authorities. Most camps were (and still are) production units. In order to keep order within the camps and to maintain discipline in the work place, camp authorities often made use of these criminals. In return, they received preferential treatment, had more contacts with the outside and could get access to goods forbidden to other convicts. Many dissidents encountered the *vory* in the camps and gave detailed descriptions

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of their behaviour.[4] Referring to them, Sinyavskii writes: 'We have here the visible outcrops of a code of behaviour: order, caste, etiquette, hierarchy have arisen where previously nothing had reigned but arbitrariness and a lack of any sense of limit.'[5] The old *vory* have acquired a quasi-mythological dimension in the Russian collective consciousness. They were compared to Robin Hoods with a code of honour. The Russian Mafia has fostered such myth and used it for its own purposes. Many contemporary criminals claim to be the legitimate heirs of the old *vory* and utilize the *vory*'s jargon and rituals. However, the activities of the *vory-v-zakone* of the 1990s bear little resemblance to those of Robin Hood. While heading criminal groups in their own right, co-ordinators provide services to the four elements of the criminal world identified by Ovchinskii: gangsters, pseudo-businessmen, 'embezzlers of state property' and corrupt officials.

1. Co-ordinators ensure protection to *pseudo-businessmen* from gangsters and provide a 'shield' of corrupt officials to them.
2. They help *gangsters* to divide spheres of influence among themselves, find new targets for criminal activities, and ensure protection from the authorities through their contacts with corrupt officials who operate in institutions of law enforcement.
3. They ensure *those that steal State properties* (embezzlers of state property) with opportunities to dispose of their loot protection from gangsters and again provide them with a 'shield' against corrupt officials.
4. They supply *corrupt officials* with new clients to be 'sheltered' and provide them with opportunities to arrest criminals who have disobeyed criminal rules. Corrupt public officials thus can maintain the impression of fighting crime actively.[6]

Roughly 700 *vory* operate in the former Soviet Union as 'co-ordinators'.

Ovchinskii offers a sufficiently accurate description of the businesses that co-ordinators are engaged in. They provide protection to individuals who operate outside the framework of the law. The co-ordinators Ovchinskii describes seem familiar. Indeed, they resemble the Mafia which has emerged and thrived in Sicily for more than a century. Diego Gambetta defines the Mafiosi as follows: 'Mafiosi are first and foremost entrepreneurs in one particular commodity – protection – and this is what distinguishes them from simple criminals, simple entrepreneurs, or criminal entrepreneurs.'[7] There are many variants of this basic characterization. 'A Mafia may be a single person or a network of more or less organized agents. The Mafioso may supervise every transaction in a given market, or he may be called upon to resolve a transaction in which co-operation and agreement have failed. He may protect either buyers or sellers, or both at the same

time.'[8] Yet, this activity of supplying protection is the core business of the Mafia.

## ORGANIZED CRIME AND THE MAFIA: A QUALIFICATION

It is often the case that the concepts of Mafia and Organized Crime are conflated.[9] According to the statistics of the Russian Interior Ministry (MVD), 5,000 organized criminal groups were active as of November 1995 in the territory of the Federation, with a total membership of 20,000–25,000. Only a small fraction (possibly less than one- fifth) would qualify as Mafia organizations. We should be clear on their difference.

Evidently, by organized crime we do not mean simply 'crime that is organized'. Three burglars who get together and plan a robbery do not qualify as an organized criminal group (OCG). An OCG seeks 'to govern' the underworld. Burglars may be in the underworld but they do not seek to govern it. T.C. Schelling has shown that an OCG aspires to obtain a monopoly over the traffic of a certain commodity in the underworld. 'In the overworld, its counterpart would not be just organized business, but monopoly.' Some kinds of crime are organized in monopolistic fashion and characterized by occasional gang wars and truces and market-sharing arrangements. For instance, loan-sharking, gambling and drug dealing are criminal businesses that lend themselves more than others to monopolization. We should expect to find OCGs in these specific sectors of the underworld. On the contrary, some illegal markets are difficult to monopolize and police. For instance, the sale of cigarettes to those below the legal age does not lend itself to monopoly. 'Nobody can keep a nineteen-year-old from buying a packet of cigarettes for a seventeen-year-old; the competition is everywhere.'[10]

The Mafia, like drug syndicates, are OCGs, but deal in different commodities: the Mafia seeks to monopolize the supply of *protection* rather than drugs. A drug syndicate *buys* protection from the Mafia. Even the most powerful drug syndicates deal with negligent partners. The Mafia is the institution which assures both parties that neither of them will be cheated.

## THE MAFIA AND THE STATE

The Mafia differs from other OCGs in its relation to the State. The Mafia and the State are both agencies that deal in protection. While the Mafia *directly* impinges on the State's jurisdiction, OCGs do not.[11]

The Mafia is willing to offer protection both to *legal* (but poorly protected by the State) and *illegal* transactions. The Mafia banks on the inefficiency of the State in supplying efficient protection to legal

transactions: the more confused the legal framework of a country, the more incompetent the police, the more inefficient the Courts, the more the Mafia will thrive.

Demand for protection is also rampant in the underworld. The greatest fear a criminal has is to be cheated by another criminal. Since he cannot rely upon the State for protection, he will search for alternative agencies. A general theorem holds for the underworld: first, protection of illegal transactions is highly demanded in the underworld; second, the more such protection is efficiently supplied, the more illegal markets will thrive. Furthermore, the greater the realm of activities *defined as* illegal by the State, the greater the demand will be for Mafia services. If the State decides to prohibit not only the sale and consumption of drugs, but also alcohol and cigarettes, we should expect a higher demand for Mafia services in the underworld. Gorbachev's ill-fated anti-alcohol campaign of 1985–90 gave rise to a huge new trade in moonshine, as did Prohibition for the United States. The by-product of both policies was to increase the demand for dispute resolution services in the underworld.

## DEMAND AND SUPPLY OF PROTECTION IN POST-SOVIET RUSSIA

In Russian slang, the word for protection is *krysha* meaning 'roof'. 'Roof' has been used during the Soviet period to refer to front activities for KGB, GRU (Main Intelligence Directorate) and MVD (Interior Ministry) agents both in the country and abroad. Cultural institutions, publishing houses, embassies and ministries all supplied a 'roof' to people who were engaged in some aspect of intelligence gathering. Once the Soviet Union had collapsed, *krysha* began to refer to something quite different, namely protection against ordinary criminals and 'unprofessional' racketeers. *Kriminalnaya Khronika* has described the development of this 'roof' as follows:

> Perestroika was marked by the appearance of an embryonic form of free enterprise and ruthless and unregulated criminal racketeering. Everyone was involved in this racketeering: low-level gangs, students, sportsmen, former as well as current militiamen. As a result, it was necessary to have protection against such 'arbitrariness'. The State could not provide it, moreover it did not want to. ... Only serious criminal structures could supply real help to businessmen. To pay them was expensive, but businessmen saw it as the lesser of two evils. As a result, the 'roof' began to shelter normal, legitimate economic activities. But the roof itself is illegal and operates according to the laws of underworld.[12]

An unprecedented demand for protection arose at the time of the transition to the market. Business-people were faced with disputes over delayed payments, failure to deliver goods and fraud, as one would expect in any market economy. In functioning market economies a complexity of legal institutions exists to deal with such problems. The Russian State was unable to define property rights clearly and, although they existed, legal institutions were far from functioning effectively. For instance, the Court of Arbitration is a body set up during the Soviet period in order to adjudicate disputes among enterprises, within the framework of the five-year economic plan. With the end of the Soviet Union, the Court started to deal with contentions over the privatization process and business disputes in general. However, its efficacy is highly questionable. The number of people who have applied to the Court in order to settle business disputes has been constantly decreasing since 1989 in the Russian city where this author did fieldwork. Delays and inability to enforce sentences make the Court an inefficient means to seek justice.[13]

Given the inefficiency of the Court, it should come as no surprise if rational business-persons look for alternative sources of protection. However, demand for alternative sources of protection alone is not sufficient to explain the emergence of the Mafia. A supply of people trained in the use of violence must also be present on the market. The ability to make credible threats is crucial to the role of Mafioso. A Mafioso must be able to inflict punishment. The violent resources available to him to inflict punishment must be greater than the combined violent resources of those parties he protects. Both parties must know that in case of 'misbehaviour', punishment is feasible and, for the Mafioso, not too costly.[14]

The supply of private protection usually derives from certain specific sources. Vigilantes, ex-soldiers, private guards, bandits, prison inmates, as well as some individuals with spontaneous aptitude, provide a pool of potential suppliers already trained in the use of violence. A supply of such people was present in Russia at the time of the transition and was willing to sell its violent skill.[15] Poorly paid militia members, discharged army officers and soldiers, and sportsmen who found themselves suddenly unemployed were ready to take up the new opportunities offered by the market. At this point, supply and demand could meet, and the Mafia emerge.

## THE NATURE OF MAFIA PROTECTION

What sort of 'protection' do these Mafia groups offer? This is an eminently empirical question which can be solved only by reference to specific case studies. During seven months of fieldwork in a Russian city, this author came across three different types of criminal agency which claimed to offer protection.

TABLE 1
CRIMINAL PROTECTION AGENCIES

| Criminal protection agencies | Nature of the payment | Consequences for businesses |
|---|---|---|
| Predatory | Tax | Fatal |
| Extortionary | Tax | Negligible |
| Protective | Price | Vertical Integration |

*Predatory* criminal groups extracted a 'tax' from the businesses they 'protected'. The level of this 'tax' was constantly changing, as well as the frequency of the request: one month the gang might come once, the next month, twice or may be even three times. The consequences for these businesses were usually fatal: in a matter of few months they went bankrupt. *Extortionary* groups also extracted taxes from the businesses they 'protected', but the amount was generally small and the consequences for the businesses negligible. The 'protection' supplied, however, was bogus. It amounted to 'protection against a danger that the group itself might cause'. Interestingly, *protective* groups also did exist: *real* protection – against competitors, tax inspectors, street hooligans, and the like – was offered by these groups and actively sought. This goes counter to the commonly held view that the Mafia provides protection *only* against itself. I interviewed business-persons (including bankers) and ordinary citizens who have resorted to the use of such groups in order to settle business litigation or to recover assets of which they have been defrauded. According to these sources, these groups charged a price of 50–60 per cent of the unpaid debt that was to be recovered. The price depended on whether the Mafia services were used on a one-off basis (as in the case of private individuals) or on a regular basis (as in the case of businesses).

Increasingly vertical integration between protective groups and legitimate businesses was occurring. Vertical integration is often taken to mean that the Mafia 'buys' the firm. Most often it is the case, however, that the Mafia has a 'stake' in a legal and well-functioning firm. Why this is occurring is not yet fully understood. We may speculate that both structures gain from the partnership: the legitimate business is less likely to be the victim of predatory practices and the criminal group can better monitor costs and profits of the protected business. Vertical integration appears a solution to the absence of mutual trust and symmetric information.

Is it possible to refuse Mafia protection? The qualified answer is, no.[16] All groups were territorially based. If an entrepreneur wished to open an activity in, say, the Lenin district of the city, he or she would receive 'an offer she could not refuse' from the Lenin-district based Mafia. A limited scope for choice, however, existed: the new entrepreneur usually gathered information in advance on the effectiveness of the group that was likely to

protect him or her and tried to avoid predatory and extortionary groups. Rational business-people tried to locate their activity in areas controlled by groups that offered genuine protection.

The pattern described above allows us some predictions on the survival of Mafia groups. Over time, protective groups will attract more businesses and be able to choose the most lucrative among them. These businesses are likely to prosper economically, since they are not charged predatory fees. The protective groups are then more likely to survive over time and prosper. By the same token, predatory groups are likely to weaken over time and disappear.

The above remarks should not in any way be mistaken for praise of the role of the Mafia. Perverse consequences emerge in a society governed by the Mafia.[17] To mention only an economic one: in a world protected by the Mafia, sellers compete, not by improving quality or reducing prices but by buying more efficient violent skills in order to enlarge their share of the market. Even if the individual entrepreneur can eventually reap the benefits from the existence of an efficient Mafia group, society at large will suffer.

A policy implication follows directly from these findings. The Mafia becomes increasingly redundant when business-people stop cheating one another, when the State does not levy unjustified taxes and Courts prove to be effective in settling business disputes. Only then can the fight against the Mafia become truly legitimate and will the public be willing to incur greater costs in order to eradicate predatory racketeers.

## THE MAFIA QUEST FOR LEGITIMACY

Despite the perverse effects of their existence, the Mafiosi themselves believe that they are upholding order and morality. The Sicilian and the American Mafiosi have been portraying the *Onorata Società* as an institution that promotes a more desirable order of things in the criminal world, a world of order and respect as opposed to one of lawlessness. Not surprisingly, the same is happening in Russia. The Russian Mafiosi maintain that they bring order to these changeable and uncertain times. They also believe that the State should recognize their authority. One person who has emerged as a prominent speaker for the Mafia is the singer Iosif Kobzon. Allegedly, he has been an associate of various shady figures, including Otari Kvantrishvili, the chairperson of the Sportsmen's Social Protection Fund 'Lev Yashin', who was assassinated on 5 April 1994. He has been the subject of many journalistic investigations, especially by Larisa Kislinskaya, who has also written extensively on Kvantrishvili and has been openly threatened, first by Kvantrishvili and then by Kobzon.[18] In an interview Kobzon granted to *Komsomolskaya Pravda* on 17 May 1994, he

called for a truce between the State and the criminal structures: 'Maybe, it is necessary to have a dialogue. It is necessary to sit down at the table, so to speak, and negotiate through mediators, public councils, or the press.'[19]

Kobzon was speaking in the capacity of a Mafia diplomat, representing the Mafia's interests. He was attempting to convince State officials and the public at large that a war would not benefit either side. Some were, in fact, convinced. Yurii Shchekochikhin, a prominent journalist of *Literaturnaya Gazeta*, suggested that a secret agreement should be reached with the more sensible sectors of organized criminality. Such an agreement would keep the more ruthless gangs under control. Shchekochikhin's voice is not an isolated one in Russia.[20] The State and the Mafia impinge on each other's jurisdiction because they are both protection agencies, although they work according to different criteria.

Military confrontation between the Mafia and the State is only one possible outcome. As shown by Schelling, if two protection agencies were of comparable force, and neither could prevail, there would be an incentive to avoid confrontation. Further, as pointed out by Gambetta, even in the case of disparity, as long as the weakest of the two has sufficient means to inflict a costly retaliation, the strongest may be deterred from waging a war.[21]

How likely is it that a truce between the Mafia and the State will occur in Russia, as it already occurred in post-war Italy and Japan? In order to answer this question, we shall briefly review the attitudes of the main political parties towards the fight against the Mafia. The party which has shown the least concern is the Liberal-Democratic Party of Vladimir Zhirinovskii (LDPR). In the party programme for the 1991 presidential elections, law and order ('to defend citizens from the criminal element') was priority no.8 in a list of 10. Point no.9 promised to lower the price of vodka. In the campaign for the 1995 Duma elections, Zhirinovskii's party was extremely popular among the prison population. According to data released by the Interior Ministry, 30–40 per cent of prisoners in pre-trial detention centres voted for Zhirinovskii. (Women of Russia, the Beer Lovers' Party, and the Communists all got about 6–10 per cent. *Interfax*, 18 Dec. 1995.) Evidence for LDPR's penetration by criminals is mixed.[22] Nevertheless, the severe defeat of Zhirinovskii in the 1996 Presidential elections has reduced the likelihood of an open truce between 'dark powers' and the State in the name of 'national reconciliation'.

At the other end of the spectrum lies the Communist Party (KPRF). The party led by Zyuganov appears to be the least penetrated by criminal elements at the time of elections.[23] It had shown the greatest concern for law and order and promised an increase in the State's efforts to fight organized crime. The dislike between Communists and criminals is indeed mutual: the Russian criminal world is passionately anti-Communist. Such anti-

Communist feelings resemble very much the anti-fascism of the Sicilian Mafia. Both Fascism in Italy and Communism in Russia waged a war against criminality, at the cost of human rights, and were to a great extent successful.

The government led by Viktor Chernomyrdin has devoted a reasonable amount of resources to the fight against criminality and passed some measures intended to strengthen institutions of law enforcement. Interior Minister Anatolii Kulikov in particular has shown great dedication in the fight against organized crime. The presence of Aleksandr Lebed in the new administration had promised, at least on paper, to further promote the fight against criminality. A decree suggested by Lebed and signed by President Yeltsin on 10 July 1996 was intended to tackle crime in Moscow. The measures included an increase in the number of police officers and Interior Ministry troops, and a protection scheme for witnesses. Rewards for 'supergrasses' – a measure that has proved to be extremely effective in the US and Italy – were also announced (*Segodnya*, 11 July 1996; *OMRI Daily Digest*, 12 July 1996 and *The Sunday Times*, 14 July 1996). Despite Lebed's subsequent dismissal and continuing personnel turmoil, let us hope that such commendable measures will be implemented, though the constant political struggles among the Kremlin key political actors are not at all conducive to an effective anti-crime policy.

## NOTES

1. I am grateful to Diego Gambetta, Laurence Whitehead and Ingrid Yngstrom for their comments on an earlier version of this paper.
2. This article does not touch upon non-Russian ethnic criminal groups. See M. Galeotti, 'Chechenia – Russia's Sicily?', *Jane's Intelligence Review*, VI, 4 (1994) and idem, 'Central Asian Crime: a regional problem with global implications', *Boundary & Security Bulletin*, III, 4 (1996). The novel by John Le Carré, *Our Game*, is a splendid reminder that nationalistic aspirations may motivate illegal activities.
3. V.C. Ovchinskii, *Strategiya bor'by s Mafiei* (Moscow: SIMS, 1993), p.53 [my translation].
4. Among the best accounts, see V. Shalamov, *Kolymskie Rasskazy,* esp. vol. two (Moscow: Sovetskaya Rossiya, 1992); E. Ginzburg, *Krutoi Marshrut* (Milan: Mondadori, 1967, English trans. *Into the Whirlwind*, London, 1967); General A.V. Gorbatov, *Years Off My Life* (London, 1964).
5. A. Tertz [A. Sinyavskii], *A Voice from the Chorus* [1973] (London: Collins & Harvill Press, 1976), p.148.
6. V.C. Ovchinskii, *Strategiya bor'by s Mafiei,* p.53 [my translation].
7. D. Gambetta, *The Sicilian Mafia* (London: Harvard University Press, 1993), p.19. Gambetta continues: 'An entrepreneur who trades in second-hand horses or smuggled cigarettes may purchase the protection of a Mafioso. Alternatively, the Mafioso may deal in drugs or used cars, but this not what makes him a Mafioso. What makes him a Mafioso is the fact that he is capable of protecting himself as well as others against cheats and competitors.'
8. Idem.
9. Mafiosi have also been confused with an array of other categories, including corrupted

officials, business-people and politicians. For a discussion of the various misconceptions concerning the Russian Mafia see F. Varese, 'Some Misconceptions Regarding the Russian Mafia', paper submitted to the Committee on Foreign Relations, United States Senate, Washington, 15 May 1995.

10. T.C. Schelling, 'What is the Business of Organised Crime?' [1971], in idem, *Choice and Consequence* (Cambridge, Mass. and London: Harvard University Press, 1984), p.180–3.
11. Ibid., p.182.
12. Andrei Ladyzhenskii, 'Krysha', *Kriminal'naya Khronika*, no.7 (July 1994), p.4 [my translation].
13. See F. Varese, 'The Emergence of the Russian Mafia' (D.Phil. Dissertation, Faculty of Social Studies, Oxford University, in progress) for a full analysis of the data on court disputes in Perm' between 1989 to 1994.
14. On violence as a resource for the Mafia, see D. Gambetta, *The Sicilian Mafia*, pp.40–1.
15. F. Varese, 'Is Sicily the Future of Russia? Private Protection and the Rise of the Russian Mafia', *Archives Européennes de sociologie* XXXV (1994), pp.224–58.
16. I do not have space to elaborate on a crucial aspect: some entrepreneurs, who belong to the former Soviet nomenklatura, have been successful in avoiding Mafia interference. For further details, see F. Varese, 'The Emergence of the Russian Mafia'.
17. Scholars who have worked both on Sicily and the US have already addressed this question: See P. Reuter, *Racketeering in Legitimate Industries: A Study in the Economics of Intimidation* (Santa Monica: The RAND Corporation, 1987); and D. Gambetta, *The Sicilian Mafia*.
18. Kobzon has responded accusing Kislinskaya of being a woman of dubious morality. She has filed a suit against him for moral damages. See *Zvezda*, 7 Oct. 1994; *Kommersant-Daily*, 26 Oct. 1994; *Komsomolskaya Pravda*, 5 Jan. 1995. A Moscow court ruled on 6 March 1996 that the newspaper *Sovetskaya Rossiya* and Larisa Kislinskaya should pay damages to Kobzon for claiming that he had ties with organized crime (ITAR-TASS).
19. He granted a similar interview to *Novoye Russkoye Slovo*, 4-5-6 May 1994. Kobzon was no.3 on Col. Gen. Boris Gromov's My Fatherland party list in the December 1995 Duma elections. Only Gen. Gromov was elected.
20. Igor Gamayunov – also on the staff of *Literaturnaya Gazeta* – witnessed a similar appeal broadcast on television: 'I saw a programme on Russian Television a couple of months ago devoted to a discussion of the crime problem. One of the panellists seriously proposed that we gather up all "thieves-in-law" and try to come to an agreement with them. He suggested that they might be persuaded somehow to end their bloody conflicts.' Igor Gamayunov, '*Thieves-in-Law*: Devils dressed as Robin Hood', *Moscow Times*, 11 Jan. 1995, p.9. Shchekochikhin's position is reported in *Permiskie Novosti*, 22 Dec. 1995.
21. See T.C. Schelling, 'What is the Business of Organised Crime?', p.182; D. Gambetta, *The Sicilian Mafia*, p.227.
22. A list of 87 candidates running for the 1995 Duma elections who were under investigation or had been formerly convicted was released by Central Electoral Commission (TsIK) Chairman Nikolai Ryabov on 23 October 1995. The LDPR led with 12 candidates who had served criminal sentences (*Interfax*, 23 Oct. 1995). The list quickly came under severe criticism for its many inaccuracies. Nevertheless, Vladimir Zhirinovskii dropped 11 out of the 12 candidates from his party who appeared on the TsIK's list, according to an AFP report (*OMRI Daily Digest*, 25 Oct. 1995).
23. Four candidates of the KPRF were included in the Ryabov list. It later emerged that they had been charged for their role in the 1991 and 1993 coup attempts (*OMRI Daily Digest*, 27 Oct. 1995).