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Organized Crime in the Former Soviet Union: The Distinctiveness of Georgia

The organized crime problems in the Newly Independent States at the end of the Soviet period resembled each other significantly. Shaped by the Soviet past, the institutions of the Soviet State and the large former convict population, post-Soviet organized crime had similar attributes among different cultures and regions of the country.

The countries of the former USSR emerged from the Soviet period with the same legacy of a lack of respect for the rule of law, absence of civil society, a large criminal underworld and shadow economy, endemic corruption and a demoralized law enforcement and legal apparatus. This legacy established the necessary preconditions for the development of a serious and sophisticated organized crime problem. Not one of the fifteen countries to emerge from the USSR has escaped a serious organized crime problems.

In the 1990s since the Soviet Union's collapse, organized crime has differentiated significantly among the Soviet successor states. These changes are a consequence of the political, legal and economic policies followed by each country. The collapse of borders and the opening of these countries to the outside world has contributed not only to the ease of movement of the criminals but also the commodities they trade. Also contributing to the differentiation are the principal trading partners of each country. Just as countries have traditionally been influenced by their legitimate trading partners, they are also influenced by their partners in illicit trade. Post-Soviet organized crime has learned from the criminal groups it interacts with, in particular the drug traffickers of Central Asia. Crime groups such as those in Tadzikistan have become sophisticated traders and not just subordinates to their seasoned Afghan neighbors.

In some post-Soviet states, particularly in the Asian countries, the crime problem is concentrated in drug trafficking. In the Slavic states, drug trade represents only a small share of the organized crime problem and a much more diverse organized crime problem exists. In the Slavic countries, the crime is based on financial crimes and is strongly linked to the process of privatization, the export of natural materials, the criminalization of the banking sector and money laundering. The Caucasus lies in between the Slavic and Central Asian cases, the crime is not as diversified as in Russia or Ukraine nor is it as focused on the drug trade as in Central Asia.

Factors Differentiating Organized Crime

The significant differentiation in the organized crime problem is explained by a variety of factors. Foreign and domestic political policies are major determinants of the crime situation. The extent to which the political elite has been compromised by its links with organized crime are an important determinant of the criminal situation in the country. The extent to which organized crime has influenced the selection of members of parliament, regional officials and the presidential process through campaign financing and the purchase of votes determines the extent to which the government is pass needed legislation. In the most compromised countries, the criminalization of the electoral system impedes the transition away from a communist past and the development of a democratic and free market economy. In some countries where some of the necessary legislation has been passed, the criminalization of the political and justice system prevents the enforcement of legislation. A new legislative basis for the countries has not proved the panacea expected by domestic reformers or western advisors. Legislation alone cannot reform the societies and rid them of corruption and organized crime without the institutional and political framework needed to make them function.

The economic transformation of each country has influenced the development of organized crime. In particularly impoverished regions, the trafficking of women has become a particular problem as the economic crisis of the post-Soviet states has disproportionately affected women and children. Women become susceptible to false advertising or the trickery of sophisticated traffickers.

In Russia, where rapid privatization occurred, organized crime and corruption facilitated the concentration of wealth in the hands of a limited share of the population. In other countries where privatization occurred more slowly, there has been more spontaneous privatization to the old nomenklatura or distribution of domestic resources to clans. Therefore, the concentration of wealth is not in the hands of an oligarchy. But no matter the organizational structure for concentrated wealth, the groups which have acquired significant assets in their new societies often use organized crime groups to defend their financial interests. Regional and national political leaders often have commercial dealings with foreign criminal investors, often émigrés from the USSR, who will exploit natural resources and productive capacity by criminal means and share the proceeds with the politicians. The proceeds of this criminal activity are deposited abroad and the large scale of these operations accounts for a significant share of post-Soviet capital which has gone abroad.

The strategic location of different countries also affects the evolution of organized crime. The crime groups of the Russian Far East have evolved through their contact with the prominent crime groups of Japan, Korea and China. The countries around the Black Sea which have maritime links to Turkey and Europe are exploited by both domestic and foreign crime groups. The ancient silk route is now an effective trade route for the movement of drugs from Asia to the lucrative markets of Western Europe. The Baltic states have proved effective in moving valuable natural commodities from Russia to their destinations in Western Europe.

Ethnic conflicts in successor states have had a significant impact on organized crime. The need for arms for these conflicts has led to a lucrative trade in weapons in

the Caucasus and in Central Asia. Often drugs are traded along with the guns. In many regions, the ethnic conflict masks organized crime activity on a significant scale.

The Central Asian countries which were kept as one-crop economies in the Soviet period have not managed to diversify their economies in the post-Soviet period. They have moved beyond their over dependence on cotton production to instead be one crop illicit economies with a concentration of their illicit activity in the drug trade. A significant difference exists between Russia which is a diversified illicit economy and therefore more flexible than the ones in Central Asia which have limited illicit trade outside of drugs and arms.

Points of Convergence

In all the states of the former Soviet Union, the crime is transnational. The transnational crime is associated not only with the other countries of the former USSR but is linked with many international crime groups. Furthermore, the sophisticated money laundering activities of the criminals of the former USSR have left no region of the world too remote to receive capital from the successor states.

The links among the criminals that existed during the Soviet period have been perpetuated in the post-Soviet period. While the political, economic and law enforcement links among these countries have broken down, much international organized crime is facilitated by the links which were established in the Soviet labor camps and among corrupt security and Party officials.

The critical geo-political importance of the region, the absence of effective law enforcement and the limited regulation of the banking industry has made it a magnet for organized crime from many regions of the world. The possibility of laundering money in the region has made criminal capital from many countries gravitate to the region. Italian organized crime groups, in particular, the 'ndrangheta have invested in the Urals and Chinese organized crime groups are plainly evident in the Far East where they are active in trade.

The high level of corruption among the political elites, the law enforcement and the banking sectors in all the countries in the former Soviet Union facilitates the growth of organized crime. Research conducted by the World Bank, Transparency International and other polling organizations finds the countries of the former Soviet Union among the most corrupt of any in the world. This corruption facilitates the growth of organized crime because there is no institutional capacity or political will to address the problem.

The absence of civil society has been a major impediment to the ability to counter the problem. There has been little independent media to expose the problems of organized crime and corruption because the press has been bought up by the new economic elite or remains under control of local, regional or national political leaders. Journalists have been among the most frequent targets of organized crime as they have sought to expose the program. Poorly financed civil organizations in region with little tradition of civic participation have meant that there has been no counter force in the society to counter the rise of organized crime. Perhaps the most visible groups have been the women's organizations which have mobilized to combat trafficking of women but having little protection or ability to affect law enforcement, they have had little success in stemming the trade.

The organized crime represents a new form of authoritarianism in the societies of the former Soviet Union. While the old communist system has collapsed, the

authoritarianism with it has not disappeared from most of the successor states. The security apparatus that once worked for the state often freelances or its former members work directly for organized crime. Law enforcement no longer serves state ideology but often works for or in conjunction with organized crime. The principles of rule of law, accountability have not been institutionalized but instead organized crime has become a predominant economic and political force precluding the development of democratic political institutions.

Major Changes in the 1990s

Changes in organized crime in one region have an impact on the crime patterns in other parts of the former USSR. For example, thieves-in-law, the highest members of the organized criminal underworld departed their regions for Russia and abroad during the 1990s. While the trend can be dated back to the mid-1980s in Georgia, many thieves-in-law left Kazakhstan and other newly independent states for Russia after the Soviet Union's collapse because the possibilities of enrichment were greater with large scale Russian privatization. While the criminals maintain links to their home regions, many have chosen to concentrate on more lucrative global activities.

The consequence of the concentration of the elite of the criminal world in Russia may have deprived some of the successor states of their more violent and gangster like criminal elements. But it has not reduced the overall seriousness of the traditional organized crime problem originating from the former USSR. Thieves-in-law have been prosecuted in the United States and Italy where they have internationalized their operations.

The extensive penetration of organized crime into the food sector in many parts of the former Soviet Union has had a particular impact on Georgia. Recent research on the food sector in Russia reveals that there is money laundering into the food production industry. This is not an entirely expected investment target for dirty money. Instead, one expects money to be shipped overseas or used to finance restaurants, hotels and the construction business. But this finding becomes more comprehensible when one realizes that Italian organized crime has laundered its money into the food production business in Italy. The existing economic relations between Russian and Italian organized crime has contributed to the purchase of Italian food.

The criminalization and corruption of Russian food markets means that there has been less demand from the traditional supplier-Georgia. The laundering of large amounts of money into Cyprus from Russia has resulted in the importation of large quantities of fruit from Cyprus to cover up the exodus of so much Russian capital. The import of Cypriot fruit, driven not by normal market conditions but by the distortions caused by money laundering, has meant that Georgian products cannot compete even though they have a price advantage.

In the Soviet period there was limited drug trafficking within the country. While some drugs were marketed from Central Asia to Russia and Ukraine, the quantity of the trade was limited. The proximity of the newly independent states to the great drug production center of Afghanistan has contributed to a significant flow of drugs that runs through Tadjikistan, Turkmenistan, on to Azerbaidzhan and Georgia, through Turkey and across the Black Sea. The countries of the former Soviet Union are not just transshipment points for drugs trafficked from Afghanistan but have learned to be active participants in the drug trade and not just couriers for the Afghans. According to

analysts at Interpol, in the 1990s the southern route for the drug trade now carries 10% of the drugs trafficked from Afghanistan to European markets, a non-existent share before the end of the USSR. This ten percent share is already a significant amount of drugs and represents the rise of many new post-Soviet drug organizations in the 1990s..

Conclusion

The Republic of Georgia has had many positive developments which have limited the rise of post-Soviet organized crime. The departure of the thieves-in-law has eliminated the visible gangster element from the republic. The democratic parliament has passed good laws and an effective civic education program has been initiated through the mass media. A relatively open press allows for many exposes of organized crime and corruption. The security services which have been so prominent in the organized crime activities of many successor states are not as much a factor in Georgia. Georgia in many respects has a different situation from other successor states. There are other factors which, however, contribute to a significant organized crime problem. The widespread corruption including the purchase of high level ministerial posts contributes to organized crime. The low levels of pay for law enforcement personnel contribute to a culture where personnel need to be on the take. The ethnic conflicts in Abkhazia and Ossetia have been supported by organized criminal activity especially trade in weapons. The proximity of Georgia to other countries heavily involved in organized crime and drug trade makes it difficult for Georgia to isolate itself from the problem. Moreover, Georgia's strategic location on the Black Sea and its visa less regime to Turkey make its territory a natural conduit for illicit trade.

The circumstances within and around Georgia make it difficult to separate itself from the larger problems of organized crime that so affect the development of all the successor states from the former Soviet Union. The most visible signs of organized crime are absent outside the regions of ethnic conflict, but Georgia has not been spared post-Soviet organized crime.

The present impoverishment of the population, the large scale economic differentiation and the widespread and institutionalized corruption provide fertile ground for the development of new forms of organized crime. While present day Georgia is far from the colorful thieves-in-law and famous Soviet era shadow economy of illegal production and trade, it may be facing an era of less visible but possibly more pernicious organized crime.