

S. Cheloukhine 

John Jay College of Criminal Justice, USA, New York
e-mail: S_scheloukhine@mail.ru

POLICE, BUSINESSPERSON, AND THEIR ROLE IN CORRUPT NETWORK IN RUSSIA

This study examines crime and corruption in the Russian civil service and in law enforcement agencies after legislative and police reforms. It demonstrates the transformation of organized crime in Russia into a new corrupt network of organized crime, law enforcement agencies and government officials, in stark contrast to the original political intentions.

The purpose of this study was to assess the scale and threat of crime and corruption in Russian law enforcement agencies. The paper also classifies the nature, structure, scale and method of operation of windows. The results of this project will be submitted for publication in scientific journals for the implementation of crime prevention in this area. Moreover, these studies tended to examine the phenomenon of OPS, demonstrate its post-Soviet roots and legacy, and later applied to countries such as Kazakhstan, Kyrgyzstan, Belarus, and China. The Russian corruption network, especially in the last few years, has radically changed the trajectory of the transition period in newly democratized countries. This research has a huge scientific contribution and significance for the disciplines of crime, corruption, criminal networks, organized crime, and politics of countries with economies in transition.

Key words: crime, corruption, organized crime, police reforms, law enforcement, Criminal Networks, transit crime, economic crimes.

С.И. Шелухин

Джон Джей қылмыстық сот төрелігі колледжі, АҚШ, Нью-Йорк қ.
e-mail: S_scheloukhine@mail.ru

Полиция, іскер тұлға және олардың Ресейдегі сыбайлас жемқорлық жүйесіндегі рөлі

Бұл зерттеу заңнама мен полиция реформаларынан кейін Ресей мемлекеттік қызметіндегі және құқық қорғау органдарындағы қылмыс пен сыбайлас жемқорлықты қарастырады. Бұл Ресейдегі ұйымдасқан қылмыстың ұйымдасқан қылмыстың, құқық қорғау органдарының және мемлекеттік қызметкерлердің, шенеуніктердің жаңа сыбайлас жемқорлық желісіне айналуын көрсетеді бұл бастапқы саяси ниеттерден күрт айырмашылығы.

Бұл зерттеудің мақсаты Ресейдің құқық қорғау органдарындағы қылмыс пен сыбайлас жемқорлықтың ауқымы мен қаупін бағалау болды. Жұмыс сонымен қатар терезелердің табиғатын, құрылымын, масштабын және жұмыс әдісін жіктейді. Осы жобаның нәтижелері осы саладағы құқық бұзушылықтың алдын алу бойынша іске асыру үшін ғылыми журналдарға жариялау үшін ұсынылатын болады. Сонымен қатар, бұл зерттеулер әдетте ҰҚЖ құбылысын қарастырды, оның посткеңестік тамыры мен мұрасын көрсетті және кейінірек Қазақстан, Қырғызстан, Беларусь және Қытай сияқты елдерге қолданылды. Ресейдің сыбайлас жемқорлық желісі, әсіресе соңғы бірнеше жылда, жаңадан демократияланған елдердегі өтпелі кезеңнің траекториясын түбегейлі өзгертті. Бұл зерттеу қылмысқа, сыбайлас жемқорлыққа, қылмыстық желілерге, ұйымдасқан қылмысқа және өтпелі экономикасы бар елдердің саясатына қатысты пәндер үшін үлкен ғылыми үлес пен маңызға ие.

Түйін сөздер: қылмыс, сыбайлас жемқорлық, ұйымдасқан қылмыс, полиция реформалары, құқық қорғау органдары, қылмыстық желілер, транзиттік қылмыс, экономикалық қылмыстар.

С.И. Шелухин

Колледж уголовного правосудия имени Джона Джея, США, г. Нью-Йорк
e-mail: S_scheloukhine@mail.ru

Полиция, деловая личность и их роль в коррумпированной системе России

В данном исследовании рассматривается преступность и коррупция на российской государственной службе и в правоохранительных органах после реформ законодательства и полиции. Он демонстрирует трансформацию организованной преступности в России в новую коррумпированную сеть организованной преступности, правоохранительных органов и государственных чиновников, должностных лиц что резко контрастирует с первоначальными политическими намерениями.

Целью данного исследования было оценить масштабы и угрозу преступности и коррупции в российских правоохранительных органах. В работе также классифицированы природа, структура, масштаб и метод работы ОКН. Результаты этого проекта будут представлены для публикации в научные журналы для реализации по профилактике правонарушении в данной сфере. Более того, эти исследования, как правило, рассматривали феномен ОПС, демонстрировали его постсоветские корни и наследие и позже применялись к таким странам, как Казахстан, Кыргызстан, Белоруссия и Китай. Российская коррупционная сеть, особенно в последние несколько лет, кардинально изменила траекторию переходного периода в недавно демократизированных странах. Это исследование имеет огромный научный вклад и значение для дисциплин, посвященных преступности, коррупции, преступным сетям, организованной преступности и политике стран с переходной экономикой.

Ключевые слова: преступность, коррупция, организованная преступность, реформы полиции, правоохранительные органы, криминальные сети, транзитная преступность, экономические преступления.

Introduction

In the past decade, many transitional countries, especially post-Soviet Russia, have experienced the merging of criminals, state officials, businesspersons, and law enforcement into criminal networks for mutual financial and economic benefits. A close examination of crime in Russia reveals two interdependent tendencies: the economization of organized crime and rising levels of crime itself. At the turn of the 21st century, the illegal distribution of state property had been completed. Many criminal authority (*vory v zakone*) figures were killed in the turf war of the mid-1990s between rival groups, while others ended up in prison; the remaining criminal *avtoritety* (authorities) – a substantial number – have either successfully legalized their businesses and become law-abiding citizens or have joined a criminal network.

This study was aimed at the investigation of crime in the post-transitional Russia and pursued to demonstrate that the phenomena of crime and corruption in Russia occur on a much larger scale of criminal networks, – as an expansion of organized crime into all social, legal, and economic spheres of Russia.

Methods and materials

During the research process, general and specific methods of scientific knowledge were used. The use of logical methods of cognition (deduction, induction, analogy, etc.) made it possible to study the assigned tasks through the prism of achieving the final goal of the study.

Results and discussion

The *hypothesis* of this investigation is that their operations led to a fundamentally new phenomenon: the Organized Corrupt Network (OCN), a symbiosis of existing forms of corruption with organized crime. This study was also intended to support the hypothesis that crimes increase relative to economic growth, compared with other countries, (such as the USA). Moreover, these investigations tended to look at OCN phenomena and demonstrate its post-Soviet roots and legacy, as well as, at the later stage, apply to countries such as Kazakhstan, Kyrgyzstan, Belorussia and China. Russian Corrupt Network, particularly in the past few years, dramatically changed the path of transition in newly democratized countries. This study has vast scholarly contribution

and significance to the disciplines focused on Crime, Corruption, Criminal Networks, Organized Crime and Politics of countries in transition. The result of this study is to be useful to be applied to countries such as Belorussia, North Korea, China and others, which are still closed to many scholars.

Background

A central aspect of this study was on describing and understanding the fundamental changes that have taken place in Russia in the last five to seven years that have resulted in consistently increasing crime in Russian social and legal spheres. In essence, the dynamic is the following: crimes in the Soviet economy have evolved into white collar crime committed by businesspersons in the sphere of economic activity; moreover, financial crime has evolved into organized crime, and then it has further evolved into the organized corrupt networks controlled by Law Enforcement (King, Cheloukhine 2007).

While much has been written about various aspects of organized crime, no research has examined these causes and their part in the development of the Organized Crime and Corrupt Network (OC&CN), and specifically its present situation in Russia.

There are very few published studies focusing on corruption and crime in Russia. There are two or three articles published (King, Haberfeld, Cheloukhine 2007, 2011, Orttung, Latta 2008) that specifically focused on Corrupt Network in Russia. There is still a gap in defining the Corrupt Network origin, structure, operation, and effect on the social and economic environment. This work has filled this void.

There is a general assumption that the distinctive feature of Russian organized crime, compared to European *transit crime*, is the control of economic sectors or regions (Finckenauer & Voronin, 2001; Varese, 2001; Galeotti, 2002; Friedman, 2002, Hellman J. S., Geraint J., Kaufmann D. 2003). Moreover, as distinct from *pyramidal structures* (Kleemans, 2007), the overall system of criminal groups can best be described in terms of corrupt networks.

It is also problematic to look at economic crime from a Western perspective because the conceptions of economic crime are so different between the West and Russia. When Western scholars discuss economic crime, they tend to focus on three aspects: the offender's motivations, economic outcomes, and economic processes. The offender's motivation

refers to economic crimes as illegal acts in which the offender's principal motivation appears to be economic gain (Freeman, 1996). In this sense, an economic crime is considered any offence in which individuals or groups *purposely* act in an illegal manner to gain financial returns. This includes such diverse crimes as robbery, drug dealing, tax evasion, computer crime and subsidy fraud. The economic-outcome analysis defines economic crime as offences from which victims incur economic costs (Savelsberg, 1987; Reuvid, 1995). The third approach (Baker, 1974), economic process, contends that the processes that lead to criminal behavior are the same as those that guide consumer behavior in the marketplace, supply and demand.

Discussion

Russian experts began to study this problem toward the end of the 1980s (Gurov, 1988, 1990, 1992; Dolgova, Dyakova 1989; Vaksberg, 1991). Early on, a distinction was made between organized crime and traditional or economic crime in the so-called shadow economy. It was assumed (Krusmann, 2004) that economic crime in general is an economic phenomenon, and that organized crime manifests itself as a component of economic corruption. In the Russian context, economic corruption comes in the form of an unstable and inefficient Russian government and a relatively high level of corruption among its leadership, the use of authority to achieve private and personal profits, as well as in high and middle rank of law enforcement.

Many experts have approached economic crime without stigmatizing it *a priori* as part of the general criminalization of the economy. Rather, they view it as a "generic response to a part of the post-Soviet transition," and analyze economic crime within the context of the functioning of state, law enforcement, privatization, and market institutions in post-Soviet Russia (Shelley, 1995; Larichev, 1998, 2002; Ledeneva, 2000; Boldyreva, 2001; Gilinskiy, 2002; Volkov, 2002; Molokoedov, 2005, Lambsdorff J. G. 2007). There are few studies that focused on explaining patterns of corruption in the Russian regions and former Soviet states (Cheloukhine, King 2007; Dininio P., Orttung R. W. 2005), however, these works did not examine this process or dynamic and did not apply it to civil service and police.

In Russia, a discussion of economic (and financial) crime does not make sense without also discussing organized crime. Depending on the

character and forms of activity, at present time there are two main types of crime: violent crime, committed by members of long-established crime organizations, and economic crimes, committed by government officials and law enforcement. The methods of the first one is theft, racketeering, forgery, and murder, as gangsters go about satisfying people's certain desires for narcotics, weapons, and prostitution. Economic crime, by contrast, has a completely bureaucratic nature. People in the financial, legal, business and especially oil and gas sectors working with state bureaucrats to conduct illegal operations involving funds, property, and securities of the state and commercial institutions.

The new crime introduces appear to be typical responses to white-collar crime, but in the Russian context they are mostly relevant in organized crime (Gerber 2000). An intriguing element here is the notion of organized crime as truly organized, a "business providing services, such as debt collection, conflict resolution etc., in response to respective market demand" (Rosser 2002; Osipian 2010, Dininio 2005; Cheloukhine 2007).

There are also scholars that examine corruption micro & macro-economic models, and their interactions by using statistical and econometric analysis. Their research focused on the corruption economic aspects and its association to political regimes and social status in different countries (Abed 2002; Kotkin 2004; Rose-Ackerman 2006). Others focus on the processes after the collapse of the USSR and on the corruption opportunity (Shleifer 1993, 1998; Acemoglu 2000). There are studies that examined corruption as exploiting political power, or those "using administrative resource" for personal gain (Allina-Pisano 2010; Ledeneva 2011). And only a few investigated corrupt networks (Jiang, 2006; Cheloukhine 2007; Stefes, 2007). On the empirical level, scholarship on corruption is relatively small, mostly focused on sectors of economy, such as banking, education, judicial system (Galitsky, Levin, 2007; Osipian 2010, 2012; Yakovlev, 2001) and not on the systemic level.

Conclusions

So far, all comparable studies can be broken down into three types. The first one is about the history of corruption in Russia, Soviet Union, and

post-Soviet period. The second is focused on the economic and political contexts of corruption unique to the USSR and the famous "*blat*" (scratch my back and I will scratch yours). The third is concentrated on post-Soviet corruption in 1990s, transitional period and criminal privatization schemes. However, there is no study that fully explores the process of FSB-zation of all economic and political levels and development of the Corrupt Network. As Director of the Ural's Institute of Society Development and Modernization Dr. Potapov stated "...corruption became the system's foundation factor of whole Russian society" (Remizov, 2014).

It can be argued that there is nothing new in all this, and that the old patterns, which existed in the Soviet Union, are simply being revised to fit the new circumstances.

There was a perception that organized crime and corruption has been on the decline in Russia. Moreover, decline in Organized Crime (OC) group numbers, turf wars, murder for hire and improving small business function conditions created an image that OC, *avtoritety*, and corruption are defeated. On the conceptual and empirical levels, the existing literature does not capture and the new realities shaping the evolving OCN, – the state and the economy.

Perhaps, there is another, objective factor. Since the war in Ukraine, and within existing US-EU sanctions, many western scholars were forced out of Russia or not allowed to visit under pretext of "counter-espionage and Russia-Ukraine conflict"; consequently, it is a phase without impartial data collection. Therefore, except for inaccessible research in Russia and isolated media reports, no independent information on OCN has been published. Therefore, this study is bringing a new perspective to the study of corruption in Russia.

It is increasingly the case that the criminal organizations determine the rules of the game. In the new system, much Organized Corrupt Network is designed not to overcome the inefficiencies of state control of economic life, but to protect criminal organizations from prosecution. Indeed, systemic corruption as an instrument of organized crime has helped to maintain a safe home base within which criminal organizations can function unhindered and from which they can increasingly engage in transnational activities.

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