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Coronavirus a Mixed Blessing for Russia's Underworld

The more serious the economic slowdown, the more likely that this will lead to a redistribution of underworld power.

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Andrei Nikerichev / Moskva News Agency

Yesterday, erstwhile prime minister Dmitry Medvedev, in his new role as deputy chair of the Security Council, took part in a discussion about the new draft Concept of Public Safety until 2030, a document meant to provide a basis for coordinated all-of-government efforts to address threats from crime to, topically enough, pandemics.

Mixed data

He noted that the past five months had seen reported figures for most crimes fall. In part, this was inevitable. Pity the poor house burglar when most people are staying home, or the car

thief risking being pulled over and asked for his QR code. According to the Ministry of Internal Affairs (MVD), the first quarter of 2020 saw murders and attempted murders down by 4.9%, robberies down 8.4% and rapes and attempted rapes down 31.1%.

There may be some deliberate under-reporting as police find themselves enforcing lockdowns, and this fails to capture the tragic epidemic of domestic violence taking place behind locked doors in Russia as elsewhere in the world. There is also considerable local variation; Tatarstan, for example, reported an almost 20% rise in the same period, for reasons which are still both unclear and hotly debated.

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However, when we look to organized crime, the situation is more complex. In the first five months, for example, cybercrime grew by 85%, not least as more work and financial transactions migrated to the internet. Over 180,000 cybercrimes were reported, and according to the MVD, they now represent around a fifth of all registered offenses, and this increase was responsible for an overall 0.8% rise in the crime rate for the first quarter, even while other offenses were declining.

This is simply an acceleration of a long-term trend. Whereas once its hackers and internet fraudsters concentrated on the West, not least because there were more opportunities there, a more affluent and connected Russia has meant that the Motherland also offers increased opportunities.

There are also whole new worlds of fraud emerging, from sales of bogus coronavirus tests and medicines, to embezzlement of government support schemes. One Finance Ministry official speculated that perhaps one in four of all claims on public funds were wholly fake or at least partially inflated.

Migrant mafiosi?

There is also likely to be a second-wave impact as the economic dislocation caused by the lockdown truly hits. Medvedev drew attention to the plight of migrant workers who might have lost their jobs in Russia yet, because of continued travel restrictions, be unable to return home. He suggested that they might turn to street crime as a result.

This is, of course, entirely possible, although at present they are actually proving less prone to breaking the law. In St. Petersburg, for example, comparing the first four months of 2020 with 2019, crimes committed by migrants fell by 16.5%.

That said, these migrants are themselves often preyed upon by organized crime gangs. They may have been trafficked by gangs, and are also targets for extortion. If their way home is blocked and their usual sources of employment shrinking, then the concern is that they will be easy prey for loansharking or recruitment into criminal activities.

Gangster economics

But this applies more widely. If the impact of both oil price falls and the pandemic is a lasting

economic slowdown, then this risks not only driving more people into the shadow economy or debt – and organized crime is used to leveraging indebtedness into control of enterprises – but also will bring new pressures to bear on the underworld status quo.

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During the 2008 crisis, for example, gangs which were essentially dependent on the ruble – if their activities especially focused on domestic extortion and trafficking – suddenly found themselves much poorer than those able to earn euros or other foreign currencies, especially by smuggling drugs into Europe. The result was a flurry of local conflicts as gangs tried to muscle into those businesses, but above all a process of consolidation. Smaller, more impecunious gangs were often simply absorbed into larger, more transnational networks.

Given existing tensions in the underworld status quo, the more serious the economic slowdown and the sharper the differential experiences between regions and between Russia and its neighbors, then the more likely that this will lead to a redistribution of underworld power.

Drug markets

A particular source of rivalry will the control over drug smuggling routes. Individuals may be in lockdown, the demand for drugs is undiminished. Street prices have so far remained relatively stable, suggesting that the border controls imposed as a result of the pandemic have not proved an obstacle to the traffickers.

After all, freight still moves by air, land and sea, and this continues to provide the routes for drug trafficking. Russian gangs are involved in the smuggling of heroin from Afghanistan, as well as cocaine from Latin America (some swapped for opiates) and both synthetic drugs and marijuana. While a substantial amount is for domestic consumption (Russia has the highest per-capita rate of heroin use in the world), more is exported, primarily to Europe, where the demand is still buoyant.

With scope for smaller-scale smuggling by individual couriers limited, they instead have moved to larger shipments. At the beginning of this week, for example, the authorities in Moscow arrested three criminals with 35 kg of cocaine. This has a street value of almost 40 million rubles (500,000 euros), but nonetheless represents the lower end of the current smuggling load.

Overall, then, the gangsters will continue to be the arch-capitalists, entrepreneurs quick to capitalize on emerging challenges and opportunities. The general crime rate is unlikely to be changed much in the long-term. As lockdown eases, the usual patterns will presumably re-emerge. However, the likelihood is that there will be a moderate but significant redistribution of power in the underworld, with another round of consolidations and a further rise of those groups and networks able to operate across national borders.

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