When Does Business Get Violent?

Galina Belokurova

PhD Candidate

Department of Political Science

University of Wisconsin-Madison

To be presented at the 16th Annual Conference of The International Society of New Institutional Economics

My research focuses on political economy of violence. In my dissertation project entitled "When Does Business Get Violent?" I look at why in postcommunist countries competition in business so often degenerates into physical violence. Violent competition is inimical to the development of true market economies as well as liberal societies as it leads to cultivation of force and coercion, not fair competition in both economy and politics.

Under what conditions do economic elites actively engage in, or become a target of, violent competition? Economic theory assumes that competition is a positive force in economic development. Yet, positive competitive strategies such as improving the quality of products and services are not the only possible ways to compete in a marketplace. Firms can resort to alternative strategies aimed at increasing the costs of production and distribution for other firms in the same market, artificially raising the barriers for new entrants, foreclosing competitor's access to resources, and forcefully removing existing competitors. Political economists (Bates 2006; Bates, Greif, and Singh 2002; Dixit 2004, Weingast 1997), have identified the conditions under which a single specialist in violence would abstain from predation while citizens engage in productive economic activities and pay taxes, but they did it under two assumptions: that there exists only one potential specialist in violence that does not have to compete with any other violent entrepreneurs, and that producers (businessmen) do not use violence to compete with each other. Because Russia does not fit either of these assumptions, this project examines the role that violent practices may play in commercial activities using Russia as a case study.

Commerce-motivated violence is not unique to Russia, so one can apply the results of this analysis to other contexts as well. The literature on organized crime (Armao 2010; Paoli 2003, 2007; Skaperdas 2001; Volkov 2004; Varese 2001; Abadinsky 1990; Cheloukhine 2008; Dolgova 2004; Galeotti 2000; Gilinskiy and Kostjukovsky 2004; Shelley 1995; Shelley 1995) has accumulated studies showing that organized criminal groups use selective violence in order to

pursue economic goals (Gambetta 1993), but also, and sometimes predominantly, they are interested in attaining political goals as well (Paoli 2003). Tables 8-10 in the appendix show some available statistics on the scale of violence associated with the activities of organized criminal brotherhoods in Italy. The numbers are comparable to what one observes in major metropolitan areas in Russia, especially in mid-1990s and early 2000s.

In many ways organized criminal groups function as underdeveloped state substitutes. These private enforcers are described and analyzed in literature on the role of violence in state formation (Tilly 2003; Laitin 2007; Cohen, Brown, and Organski 1981), challenged and failed states (Bates, Greif, and Singh 2002; Kalyvas, Shapiro, and Masoud 2008; Volkov 2002) as well as in the context of civil war (Reno 1998; Kalyvas 2006). I share the view that various private enforcers may substitute a weakened state characterized by collapsing institutions by providing informal institutions for contract enforcement and protection of property rights. Yet, I also investigate why businessmen themselves, with the help of their private enforcers, are sometimes more than willing to use force against their competitors, as well as why the strengthening of state's institutional capacity may not always lead to the emergence of the rule of law.

Volkov (2002) predicts that the series of violent contests among private power wielders inevitably leads to two potential outcomes: either the emergence of a monopoly on the legitimate use of force when economic actors abrogate as sovereign power wielders, or the emergence of several equally strong groups engaging in power balance with each other. Volkov claims that the latter is costlier and not likely to last.

Charts 4, 5a, and 5b in the Appendix show that business-related violence involving members of organized criminal groups did diminish substantially after 1997. Yet, violence against businessmen was generally increasing until 2003 and then started falling while never reaching pre-1994 levels (Chart 6). These patterns in the data suggest that the mechanisms responsible for

violent contests among specialists in violence on the one hand, and violent conflicts between violent entrepreneurs and businessmen as well as among businessmen, on the other, may differ.

Analyzing my data I have also found that the emergence of equally strong groups of violent entrepreneurs may in fact last at the provincial level if two conditions are met: if the state is federal, and if the federal government has extensive power to remove provincial leaders from office. Under these circumstances, none of the power groups at the provincial level can be certain to attain permanent domination as such strengthening will be perceived as threatening by the federal center.[1]

Russia's political model is federal with an exceptionally strong center but weak local institutional penetration. The latter condition means that the federal center depends on local bureaucracies and cannot completely change them at its own will. Yet, the federal center is capable of tipping the balance of power among local elites in disruptive ways that may lead to a rise in commerce-motivated violence, especially when elite rotation is extensive and unexpected.

Even though criminologists and sociologists (Akers 2003, Colvin 2000, Tittle 2004, Tilly 2003, Curry and Spergel 1988, Smith 2002) do pay considerable attention to predatory interpersonal violence, in political science it has received much less attention. For instance, it has never found its way into any of the existing conceptualizations or typologies of violence (Bufacchi 2005; Galtung 1969). Violence as a means of business competition, reallocation and defense of property rights, and dispute resolution has never been central in the literature on the rule of law, but would clearly contribute to this body of research. (Hendley 2004)

Many scholars interested in this topic seem to believe that in recent years violent practices (especially homicide) are no longer relevant for Russian businessmen and that the rise of such

[1] Some theorists like Sam Greene (New Economic School, Moscow) suggest that Moscow deliberately created a system with constantly changing rules of the game. In such a situation, establishing monopoly of violence on the ground may turn out to be

practices to prominence in the past was conditioned by the extreme weakness of the state institutions after the collapse of the Soviet Union (Volkov 2002, Shelly 2010, Firestone 2010).

Charts 1, 2, and 3 in the Appendix show that Russia lived through at least one more period of high-level violence against business elites in 2001-2004. At this time, the number of attacks against representatives of business elites that resulted in fatalities diminished, yet non-lethal violence was more common (Chart 3). Moreover, Chart 2[2] shows a spike in the number of passive participants of violent acts, who did not incur any bodily harm in an incident, but were, nevertheless, targeted in it.

Thus, it appears that the role of commerce-motivated violence in after-2000 Russia is underestimated, while the spread of non-lethal tactics can be seen as a perpetrators' rational response to the pressure from the police. Cases that did not result in deaths receive less police priority, because they are often not reflected in the official statistics used to measure police performance. Therefore, the reduction in the number of killings is not surprising.

In my dissertation I am mapping out the patterns of commerce-motivated violence as rigorously as possible using such open sources as newspaper articles, documentaries, monographs, and books. In formulating my hypotheses I rely on interviews with academics, journalists, leaders of non-profit organizations interested in patterns of organized criminal behavior, as well as practicing lawyers, acting law enforcement officers, public officeholders, and businessmen. I enrolled interviewees from provinces with different levels of commerce-motivated violence in order to elicit the fullest possible set of hypotheses for further testing.

The incidents of commerce-motivated violence can be broadly divided into two groups: attacks resulting in physical violence against entrepreneurs including deliberate destruction of their

[2] *participants* (NP) = total number of people who were subjected to violent incidents including those who escaped any bodily harm and were not the primary targets (according to estimates provided in police records and press reports)

property and exposure to explicit threat of physical harm, and commissioned legal attacks that result in weakened organizations. I define physical violence as murders, attempted murders, deliberate destruction of property, and kidnappings of firms' executives, their relatives, employees, and subcontractors. Attacks aimed at damaging property include storming into office buildings, and bombings of offices, shops, and marketplaces are also considered as a part of the relevant pool of cases.

Not only businessmen may become targets in commerce-motivated violence. The widespread use of unfair and violent methods of competition forces businesses to seek closer association with powerful government officeholders, to hire security firms, police officers, or various gangs for protection, and journalists for collecting information about their competitors. All these people become *de facto* employees or subcontractors in firms that use their services. So, this paper adopts a broad view of business-related violence that includes as possible targets not only businessmen but also people not usually officially classified this way.

Unlawful prosecution may include commissioned criminal cases and corporate raiding that explicitly uses forceful means including commissioned searches and arrests. These and more benign variants of corporate raiding like fraudulent bankruptcies and intellectual property squatting are left outside of the scope of this study as they require a different methodological approach (Firestone 2010). It is remarkable that violence against business elites has not disappeared as a way to resolve differences even when the Russian legal system adapted to the new environment after 2000. It is important to understand why this is the case.

Methods and Design

I have collected a database of over 6,000 cases of violence against businessmen, public officeholders, journalists, and law enforcement officers in 75 regions of Russia for a period of 20 years (1991-2010). The preliminary descriptive statistics of the data show that the intensity of business-related violence in Russia varied over time (Charts 1, 2, and 3). Taking into consideration that the data on crime reported in the press especially in early 1990s may be biased I can still see interesting patterns in the data. Chart 1 presents temporal variation in commerce-motivated violence as four different graph lines, respectively showing the changes in the number of cases reported in the press, the total number of victims each year accounting for multiple homicides, as well as the counts of confirmed fatalities and incidents of bodily harm. All these lines are shaped similarly with maximums in 1996 and between 2001 and 2004.

In the early 1990s the violence against economic elites increased from 37 cases (47 victims) in 1991 to 336 cases (445 victims) in 1995. In 1996 there were 595 incidents of violence (842 victims) and in 2001, 2002, and 2003 there were 528 (792), 583 (765), and 471 (573) such cases respectively. In 1997-2000 the intensity of violence subsided, reaching 246 cases (344 victims) in 1999. The second minimum happened in 2008 with 200 cases (280 victims) that year. It seems that since 2009 violence is again on the rise with 273 cases (389 victims) in 2010.

Media reports and court rulings were the predominant source of the data that I included in the database. In comparison to official crime statistics the media, daily police press releases, and published court rulings provide more detailed accounts of commerce-motivated violence. These publications vary in terms of how much information they provide, but the majority gives at least a brief account of an incident, the number of people involved, and the articles of the Criminal Code that the police used to file the case.

Additionally, the Russian police are mandated to destroy those parts of victims' records that are not used in official statistical reports. This means that no record of victim's occupation is left in the police database after the three-year retention period is over (Interviews, May 2012). Thus, media reports and court rulings that are in public domain are the only sources of information on incidents of business-related violence that are available for researchers.

Newspaper, online publications, and especially court rulings provide additional information including the names of victims, their occupation, and accounts of hypotheses in the police investigations. If the incident involved a high-ranking person, the media usually covers that story repeatedly. As a result, I tend to know more details about high profile cases as well as incidents that made their way to the courts.

The Articles of the Criminal Code that the Russian police use to classify the incidents of elite violence differ depending on whether such violence was lethal or not, whether there was any clear proof that violent act was intended to cause death, and whether it can be proved that any property damage was deliberate. The way local police officers classify these crimes may also depend on their qualification and experience as well as on how they estimate the chances of solving the crime within the timeframe afforded by the law, which ranges from 3 months to 1 year.

Police officers are evaluated on the basis of the percentage of crimes solved within this prescribed period. The higher the share of crimes solved the better the officer's performance evaluations. Moreover, investigations of murders and attempted murders committed with firearms usually attract more scrutiny from the higher-ranking police officers in both regional police directorates and in the Ministry of Interior in Moscow as these statistics are often a factor in decisions to promote or dismiss the heads of regional directorates (McCarthy 2011).

Many police officers in Russia make a conscious decision to classify assaults as attempted robberies or hooliganism as these crimes are considered relatively minor offences and normally are not included into the list of indicators that affect the careers of mid-level police bureaucracy (interviews, October 2011). As a result, studying commerce-motivated violence is possible only through systematic collection of data on all cases of violence against businessmen, public office holders, and journalists that were reported in the press and mentioned in court rulings. If murders are relatively easy to see as a subset of the relevant universe of cases, incidents of harassment classified as hooliganism or robbery may require closer investigation.

I supplement my quantitative findings with qualitative data. In the fall of 2011 and the spring of 2012 I conducted a series of interviews with the criminological community, law enforcement officers, and representatives of the business community in two test regions in the Far East of Russia (Primorskii krai and Khabarovskii krai) as well as four regions in the European part of Russia (Moscow, Saratov, Tatarstan, and St. Petersburg). I participated in several criminological conferences and seminars that took place in Moscow, St. Petersburg, and Naberezhnye Chelny (Tatarstan). These events provided me with an opportunity to interview experts from other regions as well, including Krasnodar krai, Krasnoyarsk krai, Buryatia, Irkutsk oblast, Udmurtia, Kaluga oblast, and Belgorod oblast.

The choice of regions was dictated by the need to collect as many relevant hypotheses as possible from experts and market participants that come from a range of environments. Such an approach is necessary because the most knowledgeable experts tend to come from the provinces with the highest intensity of business-related violence. Yet, in this context selecting participants on the basis of their expertise also means selecting on the dependent variable as hypotheses come from people from very few regions. To eliminate this bias, I tried to connect with as many

experts from low-economic violence regions as possible. Overall, they did not offer more insights into the causes of commerce-motivated violence.

I also interviewed several Russian businessmen who currently work in the Russian market, but have their operation facilities abroad. The results suggest that the periods of rising business-related violence may precede or follow the times characterized by increased turnover in the government.

Hypotheses

I intend to test three groups of hypotheses: the first concerns the influence of economic factors and public infrastructure on commerce-motivated violence, the second tests whether violence rises in times of increased government turnover, and the third looks at whether business-related violence increases (or grows after a certain time lag) in times of political turnover in neighboring states including, but not limited to Georgia, Ukraine, Moldova, Kazakhstan, Azerbaijan, and Armenia.

My fieldwork generally confirmed that in regions with higher levels of economic growth the intensity of business-related violence is higher. In terms of theory, it means that the possession of an exclusive or shared right to exploit a certain scarce resource brings much higher rents in regions with growing economies, access to cheap transportation and foreign markets (Lee, Harris, and Mueller 2009; Dye and Croix 2010; Weaver 2003). Those actors who managed to create commons agreements in such lucrative sectors are likely to have established strong political clout with the local and regional governments. Such lucrative markets attract other aspirants, so there is always a potential for violent conflict. Violence is the most likely to break out when the newcomers are organized and possess military and political advantage over the incumbents.

In order to test this hypothesis statistically I will use the levels and growth rates of gross regional product as my independent variable. The panel data on gross regional product is available in Russia's Statistical Yearbooks.

I will also test two more elaborate versions of this hypothesis that take into consideration the intensity of commerce-motivated violence, which may vary differently in regions that are similar in terms of gross regional product, but differ with respect to the structural characteristics of regional economies.

For instance, if a region exports oil, gas, timber, grain, or other commodities, the fluctuations of prices of these goods on world markets may affect the intensity of commerce-motivated violence there. At the same time, the intensity of business violence may differ between exporting regions that have direct access to export markets and those provinces that do not.

For example, Irkutsk oblast and Buriatia export large quantities of timber, but the only customs gate that they have leads to the relatively small market of Mongolia. Also, Mongolia does not have much to offer in terms of import. Primorie, another major exporter of timber and other natural resources, has easy access to the large and growing markets of East Asia. Additionally, Primorie is ideally positioned to import high value-added commodities such as cars and consumer electronics from East Asia. Such imports generate large profit margins that attract more competition to this industry. As expected, Primorie has a higher frequency of commerce-motivated violence.

Cities and regions with easy access to export markets are home for numerous business

intermediaries making money on facilitating transactions between producers (primary importers) and buyers. These intermediaries often treat their market as a scarce resource and form commons in order to protect it from the dissipation of rents. Regions with numerous sectors and intermediaries may witness spikes in business-related violence driven by growing export as larger rents attract better armed and politically connected newcomers.

I will examine whether regions that have developed industries of firms-intermediaries (financial, transport, and logistical) and active exporters are more likely to be violent and whether regions where exporters do not have direct access to foreign markets are less likely to be violent.

Looking at the sign of an interaction term (region-exporter)*(access to export markets)*(price of the commodity) on the right-hand-side of the regression can serve as a test of these hypotheses.

The second group of hypotheses traces the spread of business-related violence to the underlying political instability (fragile balance of power) and lack of legitimacy understood as the existence of disconnection between *de jure* and *de facto* property rights. As Russian laws do not have direct effect and need to be interpreted by the bureaucracy, the allocation of property rights and/or various preferences is likely to change when regional administrations go through personnel changes.

Such reshuffling happens regularly during elections as well as around the time of governors' reappointments. Personnel changes may also happen unexpectedly, when big political scandals occur. I will test whether the likelihood of business-related violence increases in times preceding or following major shifts in personnel composition at the regional and/or federal level. It seems that the likelihood of violence should be significantly higher when political shifts at the

provincial and federal levels coincide as, in such times, many actors start discounting the future more aggressively. Additionally, concurrent shifts in the composition of regional and federal bureaucracies are likely to deeply upset existing commons arrangements in various markets, as they can exist only if the government *de facto* enforces their claims of "ownership" of that market.

The shifts in the balance of power of local elites and their rotation rise during elections, both scheduled and early, around times when regional governors are reappointed, and as a result of political scandals often caused by external events. I will first test this hypothesis by investigating whether there is any statistical association between the monthly rates of violence per province and the occurrence of elections at both the regional and federal level during those months.

I will also investigate whether there are significant spikes in commerce-motivated violence in the months immediately preceding and/or following regional and/or federal elections, scheduled governor reappointments, or any unplanned political scandals that led to significant personnel changes.

The third group of hypotheses connects the spikes of business-related violence in Russia with major political and policy changes in neighboring postcommunist countries. For instance, one of the first policies instituted by the President of Georgia Mikhail Saakashvili was to make the membership in the *thieves by law*[3] society a criminal offence. The Georgian police enforced the new law very actively. As a result, a lot of powerful and authoritative "thieves" left Georgia and joined their "brothers" mostly in Russia and Ukraine.

[3] *Thieves by Law* is a criminal society that has its origin in Stalin's prison camps. Unlike many newer criminals gangs that formed in the late Soviet Union and immediately after its collapse in 1991, *Thieves by Law* have well formulated norms of in-group and out-of-group interaction, mechanisms of leadership transfer, and rules that govern the allocations of rents.

As the newcomers were trying to find their niches in Russia, they often used violence to displace those criminal leaders who were not "thieves" as well as other "thieves" who had questionable reputations and were not accepted as "brothers" by their communities within the "thieves" society. This influx of criminal leaders from the outside may be responsible for the more prolonged character of the second wave of business-related violence in Russia during 2000-2005.

Definitions of the Dependent Variable, Comments on the Structure of the Dataset, and Examples of Coding

There are several alternative specifications of the dependent variable that my dataset allows to utilize. The first one (*vicnum*) counts the total number of victims, regardless of whether the incident resulted in any fatalities, who were directly impacted in an episode. The variables (*dead*) and (*wounded*) reflect the number of fatalities and near fatalities in each incident. One more variable - (*part*) – reflects the fact that not all the participants of a violent episode were physically affected. Some of them did not suffer injuries but were present (or likely present) at the crime scene. For instance, a report says that a mass fight happened at a market in which the director of that market as well as two of his close associates was killed. More than 80 people participated in the riot. I assign 3 to (vicnum), 3 to (dead), 0 to (wounded) and 80 to (part). The latter variable characterizes the upper estimate of the number of victims/participants. I feel that such estimate is necessary in order to approximate the effect that a violent act is likely to have.

I plan to use each of these specifications as my dependent variable to verify whether the results of my tests are going to be robust to definition. I expect them to differ to some extent as I noticed that lethal attacks were becoming less frequent after 2000 as the police were more willing to look aside when no fatalities were involved. At the same time, conflicts between a violent entrepreneur specializing in professional private enforcement and a businessmen relying on self-

enforcement or official government protection is not likely to lead to a lethal outcome, while the latter is very likely if violent outbreaks happened between the two professionals. Since this trend of decreasing number of fatalities seems to be common in all regions, I expect that the fixed effects should absorb it. Yet, additional verification is still necessary.

My database also includes three corrective variables: (*full_info*), (*target*), and (*intention*).
(*Full_info*) indicates those cases in which the larger part of the information was missing. For example, a car explosion was reported, but no other details were available.
(*Target*) marks cases when the report was clear on whether the intended target was hit. If the report indicated that the investigation proved the actual victim was not the intended target, I assign 0 to (target). There are not that many cases of this sort.
(*Intention*) separates cases in which the act of violence does not seem premeditated. Among common cases of this kind are meetings of criminal leaders that ended in violence. Most of the time such conferences are quite peaceful. Yet, from time to time some random factors (influence of alcohol) may push parties to violence. If an outbreak of violence was not intentional I assign 0 to this variable.

I plan to correct each of the versions of my dependent variable using these three corrective variables and see whether the test results are robust to such corrections.

Preliminary version of the regression equation

$$n_{it} = \theta P_{it} + \beta C_{it} + \gamma E_{it} + \alpha_i + \eta_t + u_{it}$$

n_{it} is the number of episodes of business-related violence in province i in year (month) t.

P_{it} is a vector of dummy variables characterizing whether any events increasing political or career uncertainty for regional bureaucracy (s. a. elections, reappointments, scandals, etc.) happened in province i in year (month) t. I may also need to add a vector of dummy variables for years (months) preceding or following the time period when the event in question happened a well as interaction terms with other time-varying variables.

βC_{it} is a vector of variables characterizing exogenous time-varying characteristics (commodity prices on world markets interacted with the major export commodity in province i)

γE_{it} is a vector of endogenous time-varying province characteristics (GRP, levels of general criminality, ethnic migration)

α_i, η_t, u_{it} are province fixed effects, year (months) fixed effects, and the idiosyncratic error.

Field Work Design and Protection of Subjects

Inclusion Criteria and Known Biases in the Sample

For the qualitative part of my project, I traveled to Russia to conduct field research, and all the participants were Russian language speakers. The first part of my field research took place in June – August of 2010, the second in September – November of 2011, and the last one in May of 2012.

For the first and second parts of the field research, the participants were selected on the basis of their potential knowledge about the use of unfair and forceful practices in business competition, protection of property rights, and dispute resolution. In addition to this I considered their perspective on the problem, namely, whether they are potential targets, active participants of

such practices, regulators, or academics studying this problem. After analyzing my experiences I decided to increase regional representation and enroll participants from regions with relatively low levels of business-related violence.

About ten of the interviewees were identified before going to the field. Six of them are criminologists working in the Transnational Crime and Corruption Centers (*TRACCC*) in Saratov and Vladivostok as well as at the Public Attorney's Research Institute in Moscow. All of them specialize in studying criminology in general, and the patterns of organized criminal behavior, in particular. The rest of the pre-scheduled interviews (3 people) included journalists, Ministry of Justice officials, and a deputy of the State Duma (national parliament) responsible for anti-corruption policies. These initial interviews gave me a chance to identify other participants. About 20 contacts were established during the conference on the "Development of national legislation in the context of globalization," in which I participated on October 4-5 in Vladivostok.

I primarily targeted businessmen, public office holders, policy makers, and academics potentially informed about the spread and significance of violent practices in business competition in Russia. I was open to interviewing both men and women, but due to the nature of the subject most of my participants (72%) were male. Still, I was able to enroll 25 women from different walks of life including academics (criminologists and sociologists), small business owners, and police officers responsible for crime statistics.

The total number of interviewees enrolled in this study equals 88. About half of the interviews (42 participants) that I had were with people in the younger age group (22-40 years old) and the other half (46 interviewees) belonged to the older age group (45- 60 years old). The participants in the younger group systematically differed from the older group, especially in terms of their

political views, as they came of age and started building their careers after the collapse of the Soviet Union and the formation of new government of the Russian Federation.

I tried to include at least 25% of participants whose ethnic background is not Russian, but managed to talk to only 10 people who self-identified as non-Russian. Those 10 interviews, nevertheless, provided good empirical and theoretical insights, which point towards unexpected directions of future research. According to the most recent census, the current share of non-Russian minorities in Russia stands at approximately 25%, thus the views of ethnic minorities might be underrepresented in this study.

The non-Russian participants tended to be more pessimistic in their evaluation of the current level and future dynamics of business-related violence, but overall the explanations they suggested were not different from those offered by Russian experts. The more pessimistic tone of non-Russian participants can, at least partly, be explained by their inclusion in tightly knit ethnic communities, within which any information about commerce-motivated violence against members is transmitted faster than within the general population. Overall, I think that lower than 25% representation of non-Russian experts in the sample is not a significant problem.

General Characteristics of the Study Participants

During all three parts of my field research I conducted 88 interviews. My current list of enrolled participants is skewed towards academics (40 criminologists out of 88 participants), because it was a relatively easy group to establish connections with. They were the most responsive to contacts through social media and at conferences. Among these academics, however, 25 participants had only limited experience outside of academia, mostly as outside consultants for

the regional governments and law enforcement. The rest of them previously had careers in law enforcement (14 participants) or business (one participant).

Out of 88 participants, 22 work in business, 40 in academia, eight are current office holders, 14 are employed by law enforcement, and four work in three different NGOs. Among fourteen participants who work in law enforcement, 3 are judges, two respondents work for two different regional departments of Procuracy (a version of the District Attorney Office), and the rest are police officers. Among forty participants who currently work in academia, there are two former judges, one former criminal psychologist, and 12 former criminal investigators. There are also two practicing lawyers.

Among four participants employed by NGOs, two people work at Saratov and Vladivostok Transnational Crime and Corruption Centers (*TRACCC*), one is a researcher at the center supporting business called Opora Rossii, and one is the director of an organization promoting the rights of small businesses in Vladivostok.

The most invaluable insights were drawn from several long conversations with journalists in Moscow (three participants) and in Vladivostok (two participants). I managed to interview eight acting public office holders (three mid-level employees at the Vladivostok mayor's office, one member of the State Duma, and a mayor, and three of his employees).

The participants' regional affiliation is the follows:
Moscow = 27; Moscow region = 2, St. Petersburg = 7, Saratov = 5 (one conducted at the conference in St. Petersburg), Vladivostok = 13, Khabarovsk = 8 (three conducted at the conference in Vladivostok), Kazan (Tatarstan) = 4 (three conducted at the conference in Naberezhnye Chelny), Naberezhnye Chelny (Tatarstan) = 4, Krasnodar krai = 3 (all conducted at the conference in St. Petersburg), Minsk = 1 (conducted at the conference in St. Petersburg),

Krasnoyarsk krai = 2 (conducted in Vladivostok and St. Petersburg), Seoul = 4, Buriatia = 2 (conducted in St. Petersburg), Irkutsk =1 (conducted in Moscow), Udmurtia =2 (conducted in Moscow), Kaluga =1 (conducted in Moscow), and Belgorod =2 (conducted in Moscow).

The regions I have selected for my study differ in terms of the frequency and social acceptability of use of unfair business practices, on the one hand, and the level of urbanization, ethnic composition, per-capita GDP, and industrial structure, on the other. For instance, Primorskii krai and Khabarovskii krai are characterized by similar levels of urbanization, ethnic composition, and very different levels of acute conflict targeting economic elites, industrial structure, and per capita GDP. Other regions differ in terms of other parameters. Saratov oblast and Tatarstan are similar in terms everything but their level of business-related conflict and ethnic composition.

Role of Participants

The participants of this study are asked to answer the series of questions about their opinion on whether they perceive that unfair and violent practices in Russian business has become more or less common over the last 20 years. In particular, the participants were asked whether they ever heard that their acquaintances used private (legal or illegal) services to protect their business, to deal with disputes, or to enhance their position in the market. If the information obtained is identified with the participants, it may lead to the increase of risk for them.

The purpose of the interviews is to generate hypotheses about the factors that lead to the increased spread of such practices in mid-1990s and first half of 2000s. The total length of each interview was approximately one hour per session. Twenty participants were re-interviewed in

the spring of 2012. During their second interviews many participants predicted that it is more likely that business-related violence will rise in the near future.

Regional Comparisons

In developing my theory of business violence I partly rely on comparing two provinces in the Far East of Russia – Primorskii krai and Khabarovskii krai. The bulk of my qualitative fieldwork in the fall of 2012 was done in Russia's Far East (Vladivostok and Khabarovsk).

I chose these two regions as my case studies because they share similar political and economic history as well as current economic fundamentals. Yet, the dynamics of business violence in these two provinces in the postcommunist period are very different. Levels of violence are 3 times higher in Primorskii krai than in Khabarovskii krai (Charts 12a and 12b).

Comparing two jurisdictions always requires making assumptions. Despite the vast difference in territories and population densities in these two provinces I argue that they still can be compared.

Primorskii krai has a relatively high population density of 12 people per square km while Khabarovskii krai – only 1.8 person per square km. In practical terms, however, the difference is much less significant given that 75% of Primorskii krai and 80% of Khabarovskii krai population is urban and lives in 6 major cities. Business violence is almost exclusively an urban phenomenon. Thus, the difference in urban population between the two provinces, which approximately equals 350-400 thousand people, and does not seem to be overwhelming.

Tables 14-15 in the Appendix shows that per capita crime statistics for the two regions are remarkably similar. The official MOJ statistics indicate that the per capita level of general crime

in Khabarovskii krai is actually higher than in Primorskii krai. In Khabarovskii krai crimes under the influence of alcohol, registered economic crimes, and crimes committed by repeat offenders are relatively more widespread. Even official statistics show that crimes committed in groups are much more common in Primorskii krai. The data I've collected from press publications concur that business violence is significantly and consistently higher in Vladivostok and Nahodka than in Khabarovsk and Komsomolsk-on-Amur. I hope that I will have a chance to fully exploit my case studies in developing more precise and subtle hypotheses for further quantitative testing.

In 2012-2013, I will continue working on testing alternative hypotheses that may explain the changes in commerce-motivated violence in Russia, including the influence of general criminality (narcotization and alcoholism) as well as ethnic migration and nationalism. I will test three hypotheses related to the impact on business violence of wealth distribution, levels of narcotization, and levels of alcoholism in different provinces.

Businessmen and other people involved in entrepreneurship are on average better off from a material point of view than the rest of the population. I cannot rule out that businessmen can become targets of predatory violence by the poor and the disadvantaged. I expect that as the income gap between the rich and the poor becomes wider, the likelihood of violence against businessmen may grow. In provinces with higher and growing levels of alcoholism and narcotization of the population violence against the rich may be more likely to happen too.

In the course of my field research, many interviewees mentioned that business-related violence is more likely in areas with higher rates of ethnic immigration. Ethnic migrants tend to form tightly knit communities that are easy to mobilize. Such communities often form ethnic organized criminal groups as a way of self-protection that have good connections in local administrations and are able to "import" large numbers of field soldiers (enforcers) from their home

regions/countries. Given the higher ability of ethnic communities to mobilize, violent outcomes may follow even if the proportion of ethnic migrants in local population is relatively small.

The influx of ethnic migrants in predominantly Russian areas is likely to lead to more commerce-motivated violence than in areas where ethnic composition was diverse to begin with. Mass riots in Primorie (1991-1996, 2011) and Karelia (2006) were arguably a consequence of organized invasion of non-Russian businessmen into local economies and communities. Local authorities may choose not to investigate and counteract violence against non-Russian entrepreneurs (if they support Russians) or Russian businessmen (if they side with certain ethnic diasporas), and such behavior leads to more violence. Ethnic migrants are also likely to select different strategies depending on whether they come from the newly independent countries (Georgia, Azerbaijan, and Armenia) or from the national republics within the Russian Federation (Chechnya, Dagestan, or others).

Project Significance

Understanding the root causes of economic conflicts common in the countries of the Former Soviet Union is crucial for overcoming the difficulties in building peaceful and cooperative relations between Russia and other countries, especially the USA. At this point in time mutual trade, investments, and active cultural exchanges between the United States and the Russian Federation are strikingly underdeveloped. In large part, this situation persists because the business climate in Russia has not improved over the last 20 years as much was originally expected. The use of various coercive methods in Russian business is still widespread. Even though the content of these practices changes, their coercive nature persists and always has the

potential to worsen over time, undermining the prospects of more sustainable and productive relations between Russia and other countries (Firestone 2010).

Commerce-motivated violence in Russia is a manifestation of deep-rooted problems within Russian society that emerged out of the multitude of unresolved intergenerational, ethnical, and ideological schisms, many of which emerged as a result of the country's transition from a planned economy to the market. Legalization of commercial activities itself puts an enormous strain on the system of values adopted by the majority of those raised in Soviet times.

Previously vilified "speculators" who earned their money by selling goods at higher prices than the state, suddenly became respected entrepreneurs and a beacon of personal success. Yet, if a person wanted to replicate that success she could quickly find herself in a life-threatening situation. The new Russian state proclaimed the emergence of competitive markets, but did nothing to protect fair competition. Even 20 years later this situation has not changed much.

Business violence in Russia is a relatively subtle manifestation of conflict in comparison to, for instance, drug violence in Mexico, guerrilla warfare in Colombia, or ethnic riots in India, in which thousands of people die every year. Based on the data that I have collected from the media and court records, the total number of incidents of business-related violence that occurred in 75 regions of Russia in 20 years from 1991 to 2010 is at least 6,000, which means that on average at least 300 such attacks happened annually with the minimum of 37 in 1991 and the maximum of 595 in 1996.

In the mid 1990s, when the economic reforms in Russia were in their infancy, business violence was seen as a temporary phenomenon caused by the institutional collapse of the state, widespread poverty, and slow progress of economic reforms. It seemed that by the end of that

decade the situation stabilized when the number of business killings decreased in 1997 – 1999 (Volkov 2002; Chart 3). It was expected that this downward trend would continue.

Yet, with the emergence of Putin on the political arena in the early 2000s, Russia went through another wave of commerce-motivated violence indicating that the underlying problems that caused the violence were not resolved. In 2001, 2002, and 2003 the number of violent incidents hovered over 400 per year, much higher than the average. A recent upturn in violence starting in 2010 when 273 violent incidents happened suggests that economic life in Russia is still rife with conflict, and there are few adequate mechanisms that can prevent it from degenerating further into violence.

Periodic resettlement of Russia's entrepreneurs' access to credit, subsidies, trade preferences, and property assets as well as their ability to insulate themselves from competition have created a profound sense of insecurity in the Russian business community. Short-term modes of planning including the overuse of infrastructure and exploitation of underpaid or slave labor to maximize current profits, amassing liquidity in foreign banks, and buying property abroad predominate over such long-term needs as investments in fixed capital and the development of human capital.

The short-term mode of economic activity that predominates in Russia also creates immediate risks for international security as many Russian entrepreneurs participate in illegal activities or even become the leaders of organized criminal groups to protect their property rights, access to resources and capital, and maximize current profits at the expense of future earnings. Some choose to leave the country when they find that their lives and the lives of their family members are in danger. This outflow of capital and entrepreneurial talent led to the emergence of the groups of absentee owners, that are often criminal leaders as well, who mostly live abroad, but have to protect their economic interests in Russia.

Absentee owners face a special set of incentives and constraints. As long as they stay abroad (or just in a location different from the one where their economic interests are) their risk of losing life diminishes. At the same time, the longer they are absent the more likely they are to face challenges to their property, rents, and authority at home. Some owners solve this problem by frequent trips to their home regions. Such returns are often marked with violence as absentee owners may have very little time to restore their position in the eyes of their competitors. Once started, the chain reaction of violence between competitors can continue for years.[4]

Other absentee owners choose to make their stay abroad useful for the members of their team in Russia by establishing ties with legal business and criminal communities abroad, creating safe havens for money laundering and legal investments, coordinating import and export of goods from Russia, and helping businessmen in avoiding state import and export regulations. It is also quite possible that absentee owners mix these two strategies in various ways depending on whether they face any immediate challenges to their position and whether they are able to secure long-term cooperation with their representatives at home.

The Russian expatriate community of entrepreneurs is constantly growing, because each time their home regions go through a bureaucratic reshuffling, a few businesspeople still operating in Russia find themselves in a vulnerable and threatening situation. Former politicians and high ranking bureaucrats who fell out of favor with the Russian authorities are also now a part of the Russian expatriate communities.

Such dynamics present a clear problem for the recipient countries. The inflow of entrepreneurs from Russia accustomed to using coercive means to protect their interests increases the likelihood of violence both within the Russian communities themselves and in public spaces. The influx of unidentified financial capital illegally transferred from Russia sets the groundwork

[4] This situation occurred repeatedly in Kemerovo oblast, Irkutsk oblast, in St. Petersburg, and Tatarstan (analysis of the database)

for financial bubbles in the real estate market of countries-recipients, creates preconditions for spatial segregation of local communities, and may weaken the police enforcement in those areas where the Russian criminal leaders - turned large business owners settle. Well-respected legal businesses of countries-recipients may also unknowingly become front operations for money laundering.

This constant outflow of entrepreneurs and capital from Russia cannot be reversed unless a fundamental solution to the use of coercion in economic activities can be found.

Bibliography

Acemoglu, Daron , and James Robinson. 2006. Economic Backwardness in Political Perspective. *The American Political Science Review* 100 (1):115-131.

Allison, Paul D. 1984. *Event History Analysis: Regression for Longitudinal Event Data*. Beverly Hills: CA: Sage.

Armao, Fabio. 2010. From Palermo to Ciudad Juarez: Organized Crime in Italy and Mexico in Comparative Perspective In *2010 Annual Meeting of the American Political Science Association*. Washington D.C.

Balch-Lindsay, Dylan, and Andrew Enterline. 2000. Killing Time: The World Politics of Civil War Duration *International Studies Quaterly* 4 ((December)):615-42.

Bates, Robert. 2004. *State Failure in Africa*. Cambridge, Mass.: Center for International Development, Harvard University.

———. 2006. The Role of the State in Development. In *The Oxford Handbook of Political Economy*, edited by B. Weingast and D. Wittman. Oxford: Oxford University Press.

Bates, Robert, Avner Greif, and Smita Singh. 2002. Organizing Violence. *Journal of Conflict Resolution* 46:599-628.

Bennett, Scott. 1996. Security, Bargaining, and the End of Interstate Rivalry. *International Studies Quaterly* 40 ((June)):157-184.

———. 1997. Testing Alternative Models of Alliance Duration, 1816-1984. *American Journal of Political Science* 41 ((July)):846-78.

———. 1998. Integrating and Testing Models of Rilvalry Termination. *American Journal of Political Science* 42 ((October)):1200-32.

Boix, Charles, ed. 2003. *Democracy and Redistribution*. Cambridge: Cambridge University Press.

Box-Steffensmeier, Janet, Dan Reiter, and Christopher Zorn. 2003. Nonproportional Hazards and Event History Analysis in International Relations. *Journal of Conflict Resolution* 47:33.

Brown, David, John Earle, and A. Teledgy. 2010. Employment and Wage Effects of Privatization. *Economic Journal* 120 (545):683-708.

Brown, David, Scott Gehlbach, and John Earle. 2009. Helping Hand ot Grabbing Hand? State Bureaucracy and Privatization Effectiveness. *American Political Science Review* 103 (2):264-283.

Bufacchi, Vittorio. 2005. Two Concepts of Violence. *Political Science Review* 3 (2):193-204.

Cohen, Youssef, Brian Brown, and A.F.K. Organski. 1981. The Paradoxical Nature of State Making: The Violent Creation of Order. *American Political Science Review* 75 (4):901-910.

Colaresi, Michael, and Sabine C. Carey. 2008. To Kill or to Protect: Security Forces, Domestic Institutions, and Genocide. *Journal of Conflict Resolution* 52 (1):39.

DFID. 2005. Why We Need to Work More Effectively in Fragile States. London: UK Department for International Development.

Diaz Cayeros, Alberto, and Beatriz Magaloni. July 2001. From Authoritarianism to Democracy: The Gradual Transition in Mexico. *Journal of Theoretical Politics* 13 (3):271-94.

Earle, John, David Brown, and et al. 2006. Nonstandard Forms and Measures of Emplyment and Unemployment in Transition: A Comparative Study of Estonia, Romania, and Russia. *Comparative Economic Studies* 48 (3):435-457.

Earle, John, and A. Teledgy. 2008. Ownership and Wages: Estimating Public-Private and Foreign-Domestic Differentials with LEED from Hungary, 1986-2003. *NBER Working Paper No. 12997*.

Englehart, Neil A. 2005 Aug. Is Regime Change Enough for Burma? The Problem of State Capacity. *Asian Survey* 45 (4):622-644.

FFP. 2006. The Fund for Peace Annual Report.

Firestone, Thomas. 2010. Armed Injustice: Abuse Of The Law And Complex Crime In Post-Soviet Russia. *Denver Journal of International Law and Policy* Fall, 2010.

Fortna, Virginia Page. 1998. A Peace That Lasts: Agreements and Durability of Peace. *PhD Dissertation, Harvard University*.

Gallagher, Mary. April 2002. Reform and Openness: Why China's Economic Reforms Have Delayed Democracy? . *World Politics* 54:338-72.

Galtung, Johan. 1969. Violence, Peace, and Peace Research. *Journal of Peace Research* 6 (3):167-191.

Gambetta, Diego. 1993. *The Sicilian Mafia*. Cambridge, Massachusetts

London, England: Harvard University Press.

Goldstone, Jack A. 2008. Pathways to State Failure. *Conflict Management and Peace Science* 25:285-296.

Handelman, Stephen. 1995. *Comrade Criminal: Russia's New Mafiya*. New Haven: Yale University Press.

Hendley, Kathryn. 2004. Business Litigation in Russia: A Portrait of Debt Collection in Russia. *Law and Society Review* 31 (1):305-47.

———. 2004. The Rule of Law and Economic Development in a Global Era. In *Blackwell Companion to Law and Society*, edited by A. Sarat.

Inglehart, Ronald, and Wayne Baker. February 2000. Modernization, Globalization, and the Persistence of Tradition: Empirical Evidence from 65 Societies. *American Sociological Review* 65:19-51.

Iqbal, Zaryab, and Harvey Starr. 2008. Bad Neighbors: Failed States and Their Consequences. *Conflict Management and Peace Science* 25 (3):315-331.

Kalyvas, Stathis. 2006. *The Logic of Violence in Civil War*. Cambridge: Cambridge University Press.

Kalyvas, Stathis, Ian Shapiro, and Tarek Masoud, eds. 2008. *Order, Conflict, and Violence*. Cambridge: Cambridge University Press.

King, Gary, and Langche Zeng. 2001 July. Improving Forcasts of State Failure. *World Politics* 53:623-58.

Lai, Brian, and Ruth Melkonian-Hoover. 2005. Democratic Progress and Regress: The Effect of Parties on the Transitions of States to and Away from Democracy. *Political Research Quaterly* 58:551.

Laitin, David. 2007. Nations, States, and Violence Oxford: Oxford University Press.

Mvondo, Samuel Assembe. 2009. State Failure and Governance in Vulnarable States: An Assessment of Forest Law Compliance and Enforcement in Cameroon *Africa Today* 55 (3):85.

O'Donnell, Guillermo. 1979. *Modernization and Bureaucratic Authoritarianism*: University of California.

Paoli, Letizia. 2003. *Mafia Brotherhoods: Organized Crime Italian Style*. Oxford: Oxford University Press.

———. 2007. Contemporary Views of the Mafia: Peculiarities and Decline. Amsterdam.

Przeworski, Adam. 1991. *Democracy and Market: Political and Economic Reforms in Eastern Europe and Latin America (Studies in Rationality and Social Change)*. Cambridge: Cambridge University Press.

Przeworski, Adam, and Fernando Limongi. January 1997. Modernization: Theories and Facts. *World Politics* 49:155-183.

Reno, William. 1998. *Worlord Politics and African States*. London: Lynne Rienner Publishers.

Rudolph, Lloyd, and Susanne Rudolph. 1967. *The Modernity of Tradition: Political Development in India*. Chicago: Chicago University Press.

Serio, Joseph. 2008. *Investigating Russian Mafia*. Durham: Carolina Academic Press.

Skaperdas, Stergios. 2001. The Political Economy of Organized Crime: Providing Protection When the State Does not. *Economics of Governance* 2:173-202.

Stepan, Alfred. 2000. Religion, Democracy and the Twin Tolerations. *Journal of Democracy* 11 (4):37-57.

Sung, Hung-En. 2004. State Failure, Economic Failure, and Predatory Organized Crime: A Comparative Analysis. *Journal of Research in Crime and Delinquency* 41:111.

Tilly, Charles. 2003. *The Politics of Collective Violence*. Cambridge: Cambridge University Press.

Ulfelder, Jay. 2005. Contentious Collective Action and the Breakdown of Authoritarian Regimes. *International Political Science Review* 26:311.

UNODC. 2007. Crime, Violence, and Development: Trends, Costs, and Policy Options in the Carribbean In *Report No. 37820*: A Joint Report by the United Nations Office on Drugs and Crime and the Latin America and the Carribean Region of the World Bank.

———. 2008. Crime and Its Impact on the Balkans and Affected Countries. United Nations Office on Drugs and Crime.

Varese, Federico. 2001. *The Russian Mafia: Private Protection in the New Market Economy*. Oxford: Oxford Univesity Press.

Volkov, Vadim. 2002. *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*. Ithaca and London: Cornell University Press.

———. 2004. Contract Killings in Russia. Amsterdam: Centre for Information and Research on Organized Crime.

WB. 2002. World Bank Group Work in Low-income Countries Under Stress. Washington D.C.: World Bank.

Weingast, Barry. June 1997. The Political Foundations of Democracy and the Rule of Law. *American Political Science Review* 91 (2):245-263.

Werner, Suzanne. 1999. The Precarious Nature of Peace: Resolving the Issues, Enforcing the Settlement, and Renegotiating the Terms. *American Journal of Political Science* 43 ((July)):912-34.

Yamaguchi, Kazuo. 1991. *Event History Analysis*. Newbury Park: CA: Sage.

Состояние преступности в России. 2000 - 2010. ГИАЦ МВД РФ.

APPENDIX

Dataset General Information:

Y (number of years) = 20
R (number of regions) = 75 + incidents that occurred abroad but are related to domestic conflicts
NI (total number of incidents) = 6,011
NV (total number of victims) = 8,421
NP (total number of participants) = 11,875
ND (total number of confirmed fatalities) = 5,455
NW (total number of incidents of non-lethal bodily harm) = 1,433
QL (total number of provinces where author conducted field research) = 6 (Moscow, St. Petersburg, Tatarstan, Saratov, Primorskii krai, Khabarovskii krai). Four interviews with Russian businessmen were conducted in Seoul (South Korea).
QE (total number of provinces where author conducted interviews remotely) = 6 (Krasnodar krai, Krasnoyarsk krai, Irkutsk oblast, Buriatia, Udmurtia, Kaluga oblast, and Belgorod oblast). One interview with a former law enforcement officer from Belarus (Minsk) was conducted in St. Petersburg.

Field Work General Information:

Total number of participants enrolled in all regions = 88 (25 participants or 28% were women, 46 participants or 50.5% were older than 45). 20 participants were interviewed twice: once in the fall of 2011 and once in the spring of 2012.

Out of 88 participants, 22 work in business, 40 in academia, eight are current office holders, 14 are employed by law enforcement, and four work in three different NGOs. Among fourteen participants who work in law enforcement, 3 are judges, two respondents work for two different regional departments of Procuracy, and the rest are police officers. Among forty participants who currently work in academia, there are two former judges, one former criminal psychologist, and 12 former criminal investigators.
Among four participants employed by NGOs, two people work at Saratov and Vladivostok Transnational Crime and Corruption Centers (*TRACCC*), one is a researcher at the center supporting business called *Opora Rossii,* and one is the director of an organization promoting the rights of small businesses in Vladivostok.

Participants by regional affiliation:

Moscow = 27; Moscow region = 2, St. Petersburg = 7, Saratov = 5 (one conducted at the conference in St. Petersburg), Vladivostok = 13, Khabarovsk = 8 (three conducted at the conference in Vladivostok), Kazan (Tatarstan) = 4 (three conducted at the conference in Naberezhnye Chelny), Naberezhnye Chelny (Tatarstan) = 4, Krasnodar krai = 3 (all conducted at the conference in St. Petersburg), Minsk = 1 (conducted at the conference in St. Petersburg), Krasnoyarsk krai = 2 (conducted in Vladivostok and St. Petersburg), Seoul = 4, Buriatia = 2 (conducted in St. Petersburg), Irkutsk =1 (conducted in Moscow), Udmurtia =2 (conducted in Moscow), Kaluga =1 (conducted in Moscow), and Belgorod =2 (conducted in Moscow).

Legend for the dataset and charts:

incidents (NI) = total number of incidents of business-related violence as reported in the press and other sources (news portals, scholarly monographs, documentaries)

vic (NV) = total number of victims accounting for incidents involving multiple victims

dead (ND) = total number of confirmed fatalities (according to police records and press reports)

wounded (NW) = total number of incidents of bodily harm (according to police records and press reports)

part (NP) = total number of people who were subjected to violent incidents including those who escaped any bodily harm and were not the primary targets (according to estimates provided in police records and press reports)

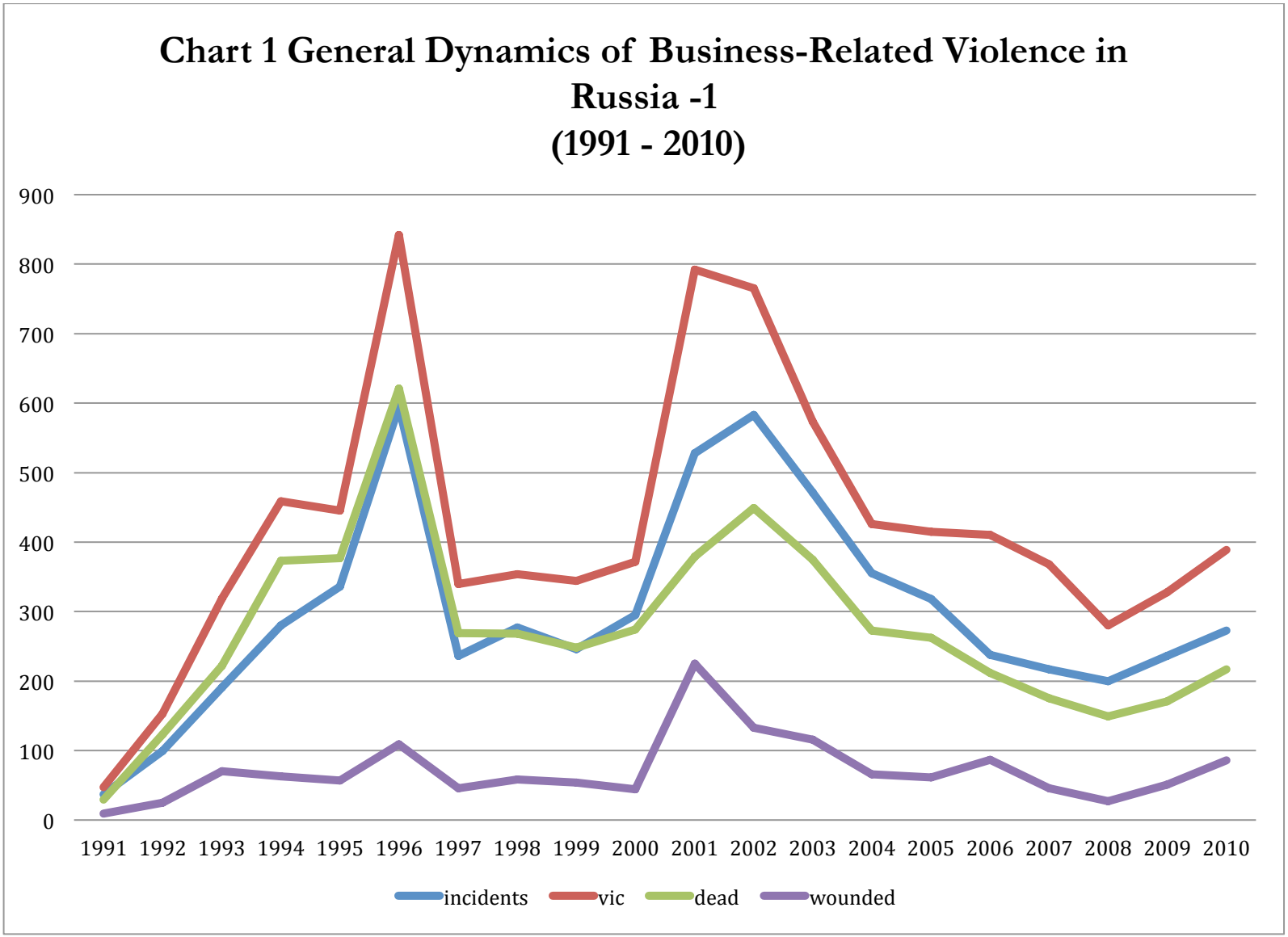


Chart 1 General Dynamics of Business-Related Violence in Russia -1
(1991 - 2010)
900
800
700
600
500
400
300
200
100
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
incidents
vic
dead
wounded

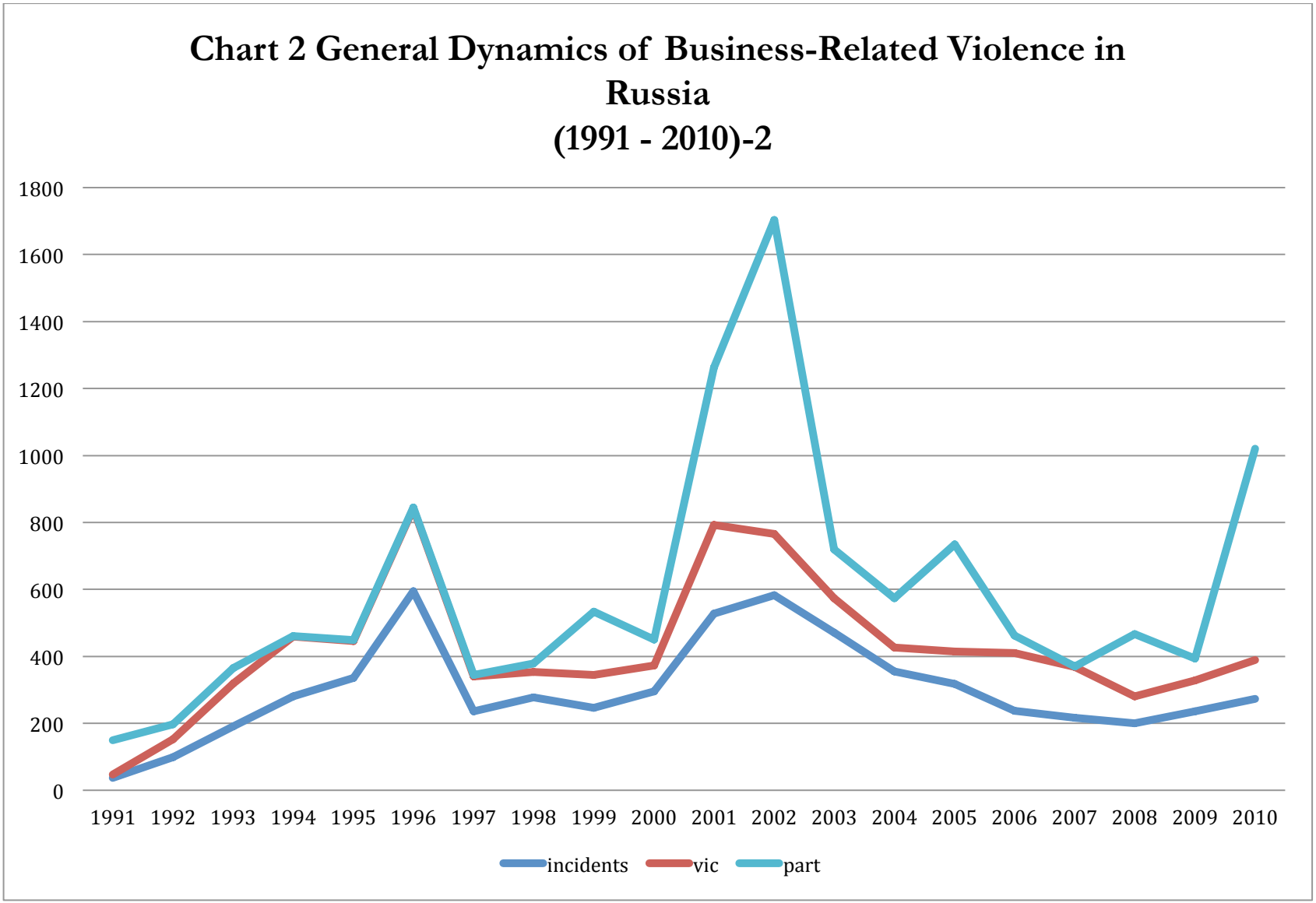
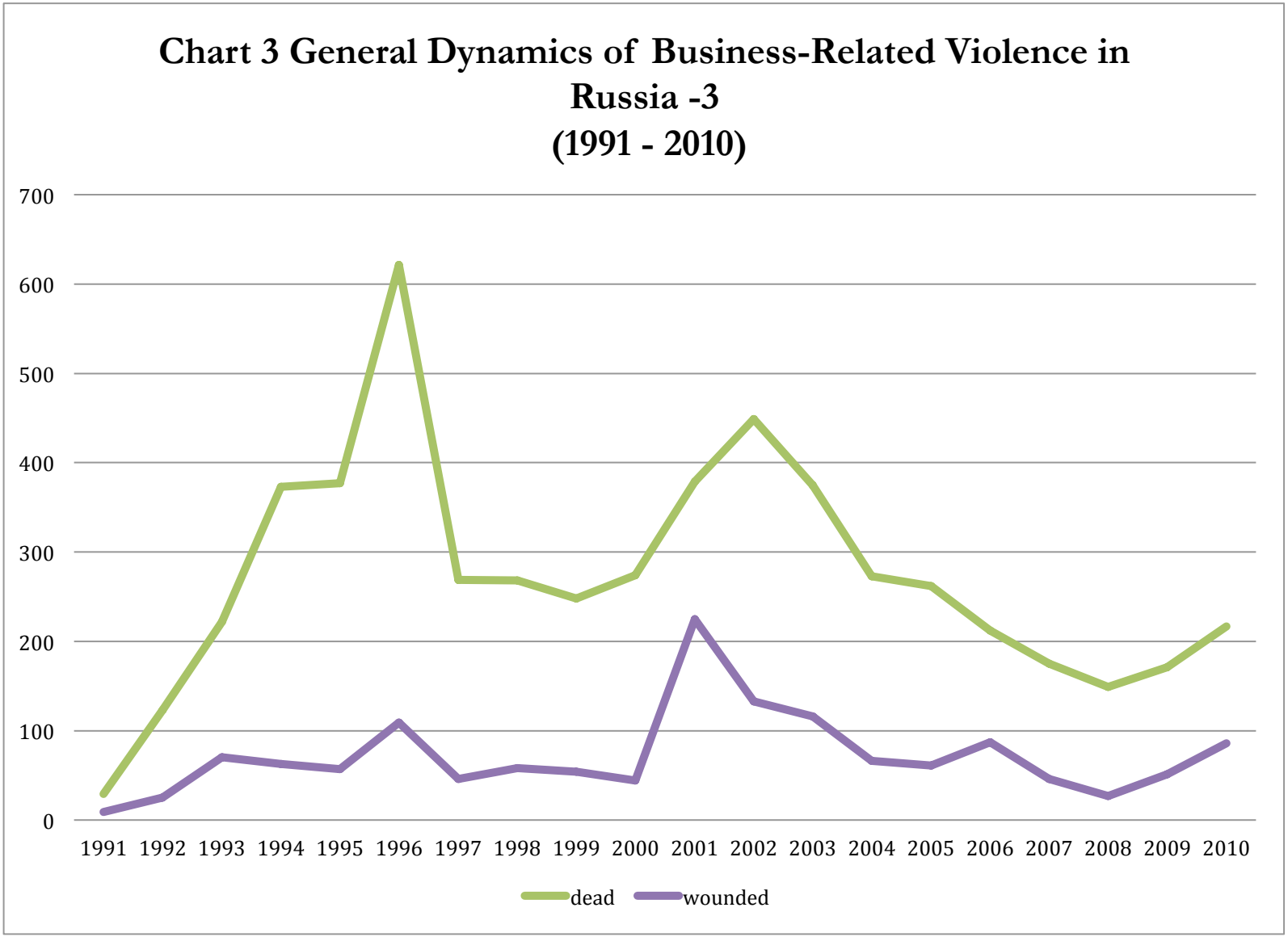


Chart 2 General Dynamics of Business-Related Violence in Russia
(1991 - 2010)-2
1800
1600
1400
1200
1000
800
600
400
200
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
incidents
vic
part

Chart 3 General Dynamics of Business-Related Violence in Russia -3 (1991 - 2010)



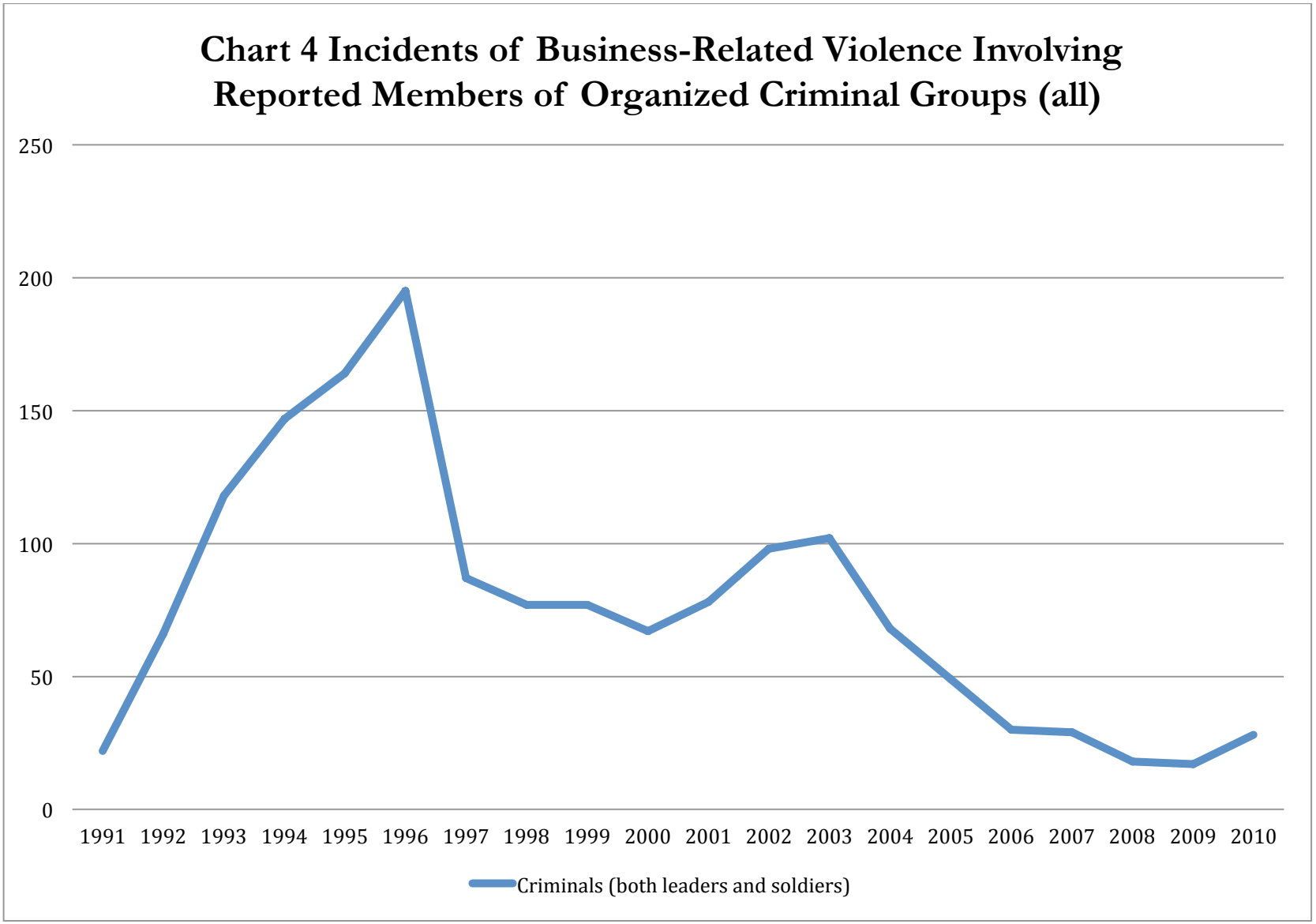


Chart 4 Incidents of Business-Related Violence Involving Reported Members of Organized Criminal Groups (all)
250
200
150
100
50
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Criminals (both leaders and soldiers)

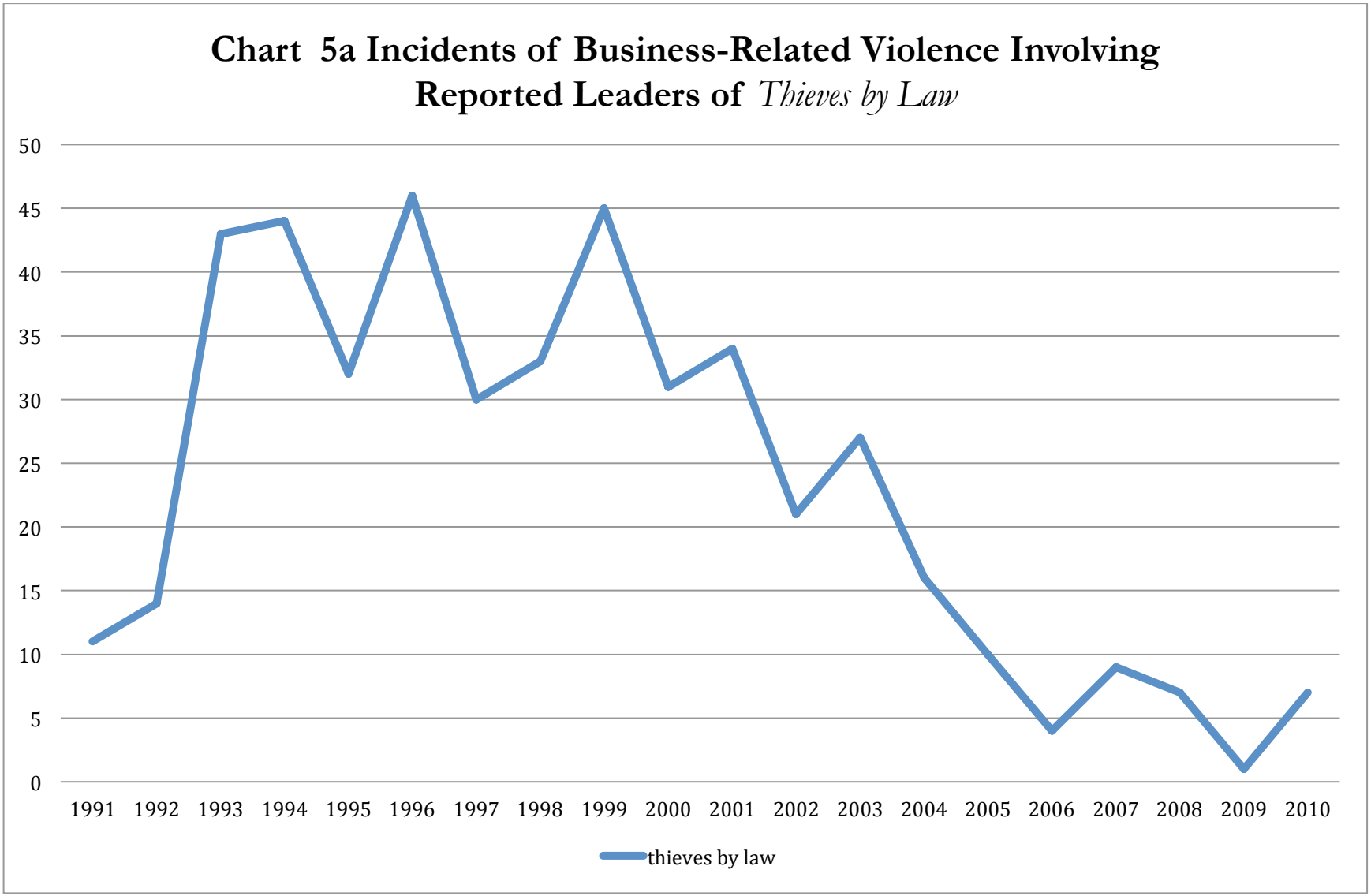


Chart 5a Incidents of Business-Related Violence Involving Reported Leaders of Thieves by Law
50
45
40
35
30
25
20
15
10
5
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
thieves by law

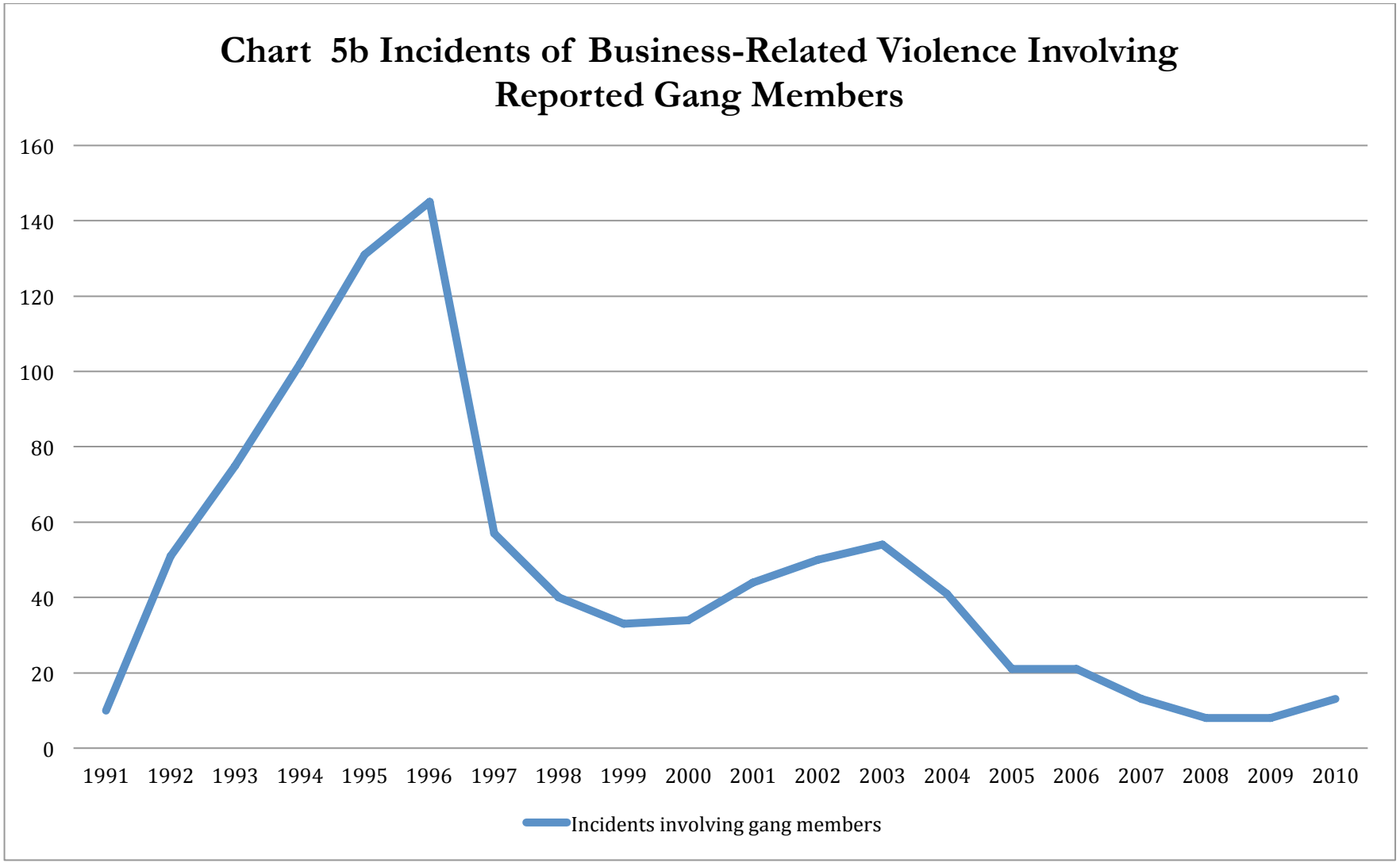


Chart 5b Incidents of Business-Related Violence Involving Reported Gang Members
160
140
120
100
80
60
40
20
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Incidents involving gang members

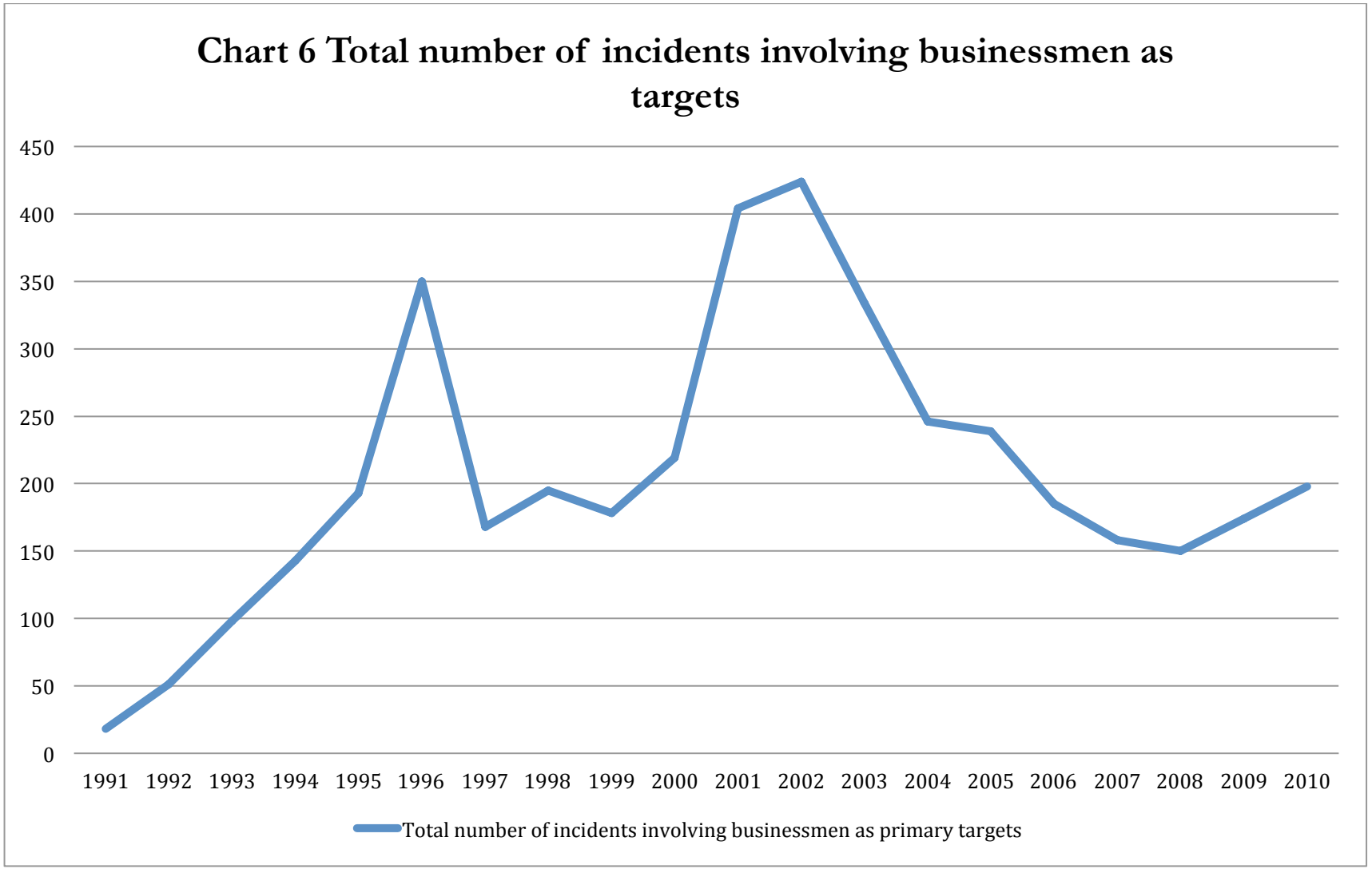
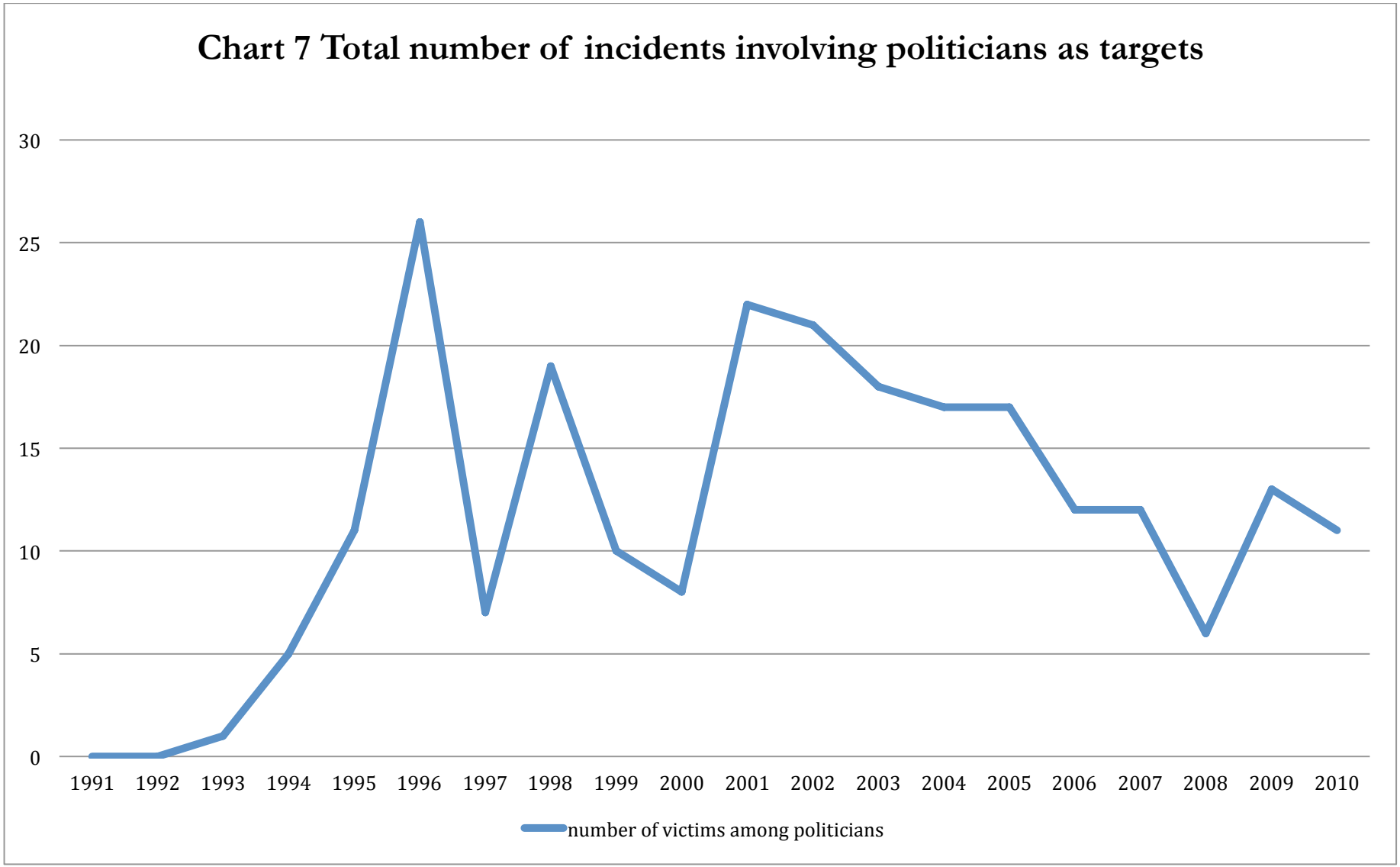


Chart 6 Total number of incidents involving businessmen as targets
450
400
350
300
250
200
150
100
50
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Total number of incidents involving businessmen as primary targets

Chart 7 Total number of incidents involving politicians as targets



Regional Differences in the Dynamics of Business-Related Violence

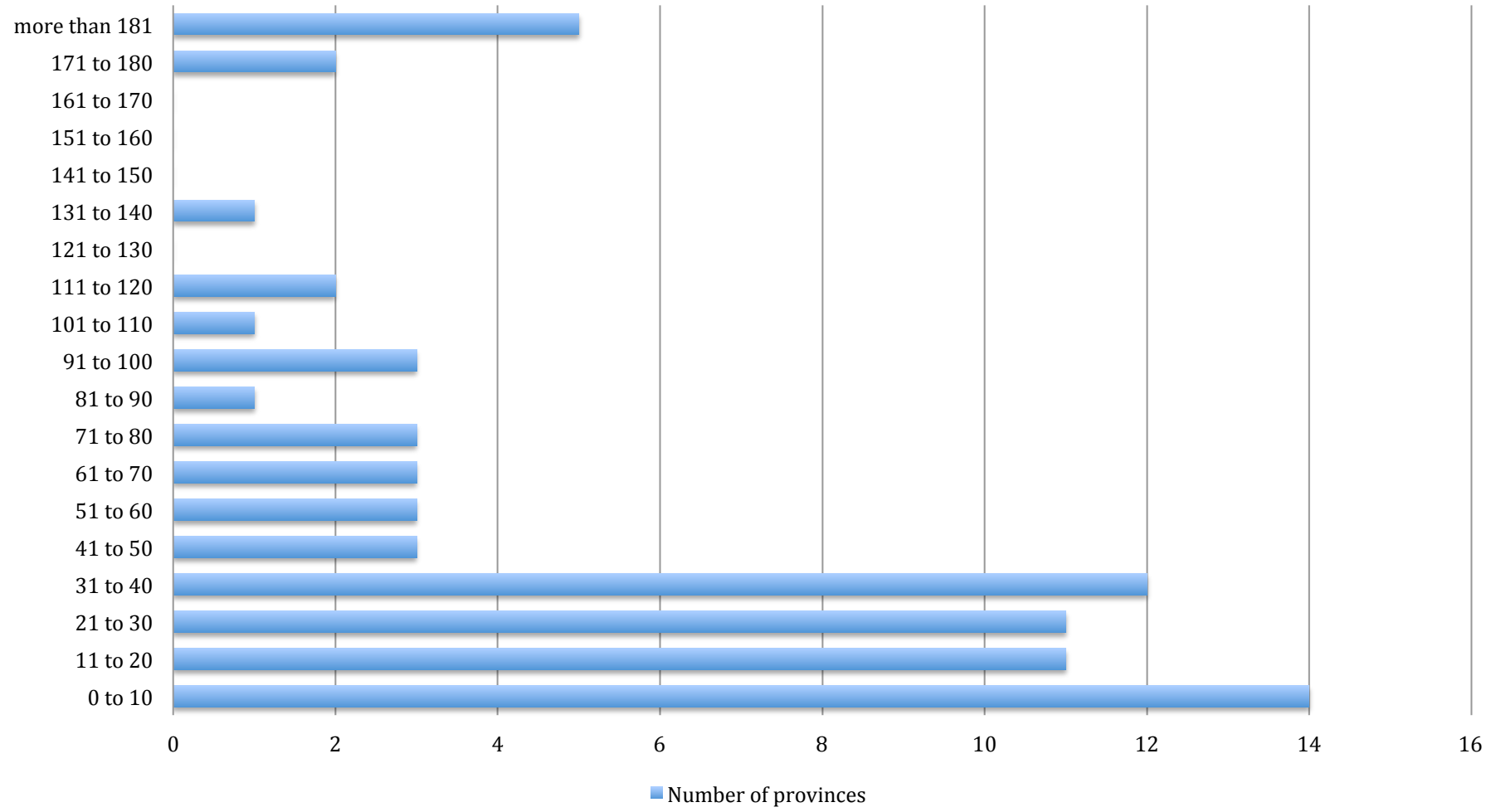
Tables 1 and 2

Frequency Distribution of Russia's Provinces According to the Number of Reported Incidents of Business-Related Violence

Total number of incidents per region	Number of regions	Cumulative number	Cumulative percent
0 to 10	14	14	0.19
11 to 20	11	25	0.33
21 to 30	11	36	0.48
31 to 40	12	48	0.64
41 to 50	3	51	0.68
51 to 60	3	54	0.72
61 to 70	3	57	0.76
71 to 80	3	60	0.80
81 to 90	1	61	0.81
91 to 100	3	64	0.85
101 to 110	1	65	0.87
111 to 120	2	67	0.89
121 to 130	0	67	0.89
131 to 140	1	68	0.91
141 to 150	0	68	0.91
151 to 160	0	68	0.91
161 to 170	0	68	0.91
171 to 180	2	70	0.93
More than 181	5	75	1.00
Total number of regions	75	75	

Seven most violent regions		
Province name	Province ID	Number of incidents
Sverdlov oblast	1165	176
Tatarstan	1192	177
Samara oblast	1136	246
Primorie	1105	300
St. Petersburg	1140	413
Moscow oblast	1146	514
Moscow City	1145	1598
Total number of regions	7	3424
% of all reported incidents of violence		57

Chart 8 Frequency Distribution of Russia's Provinces According to the Total Number of Incidents of Business-Related Violence



Tables 3 and 4

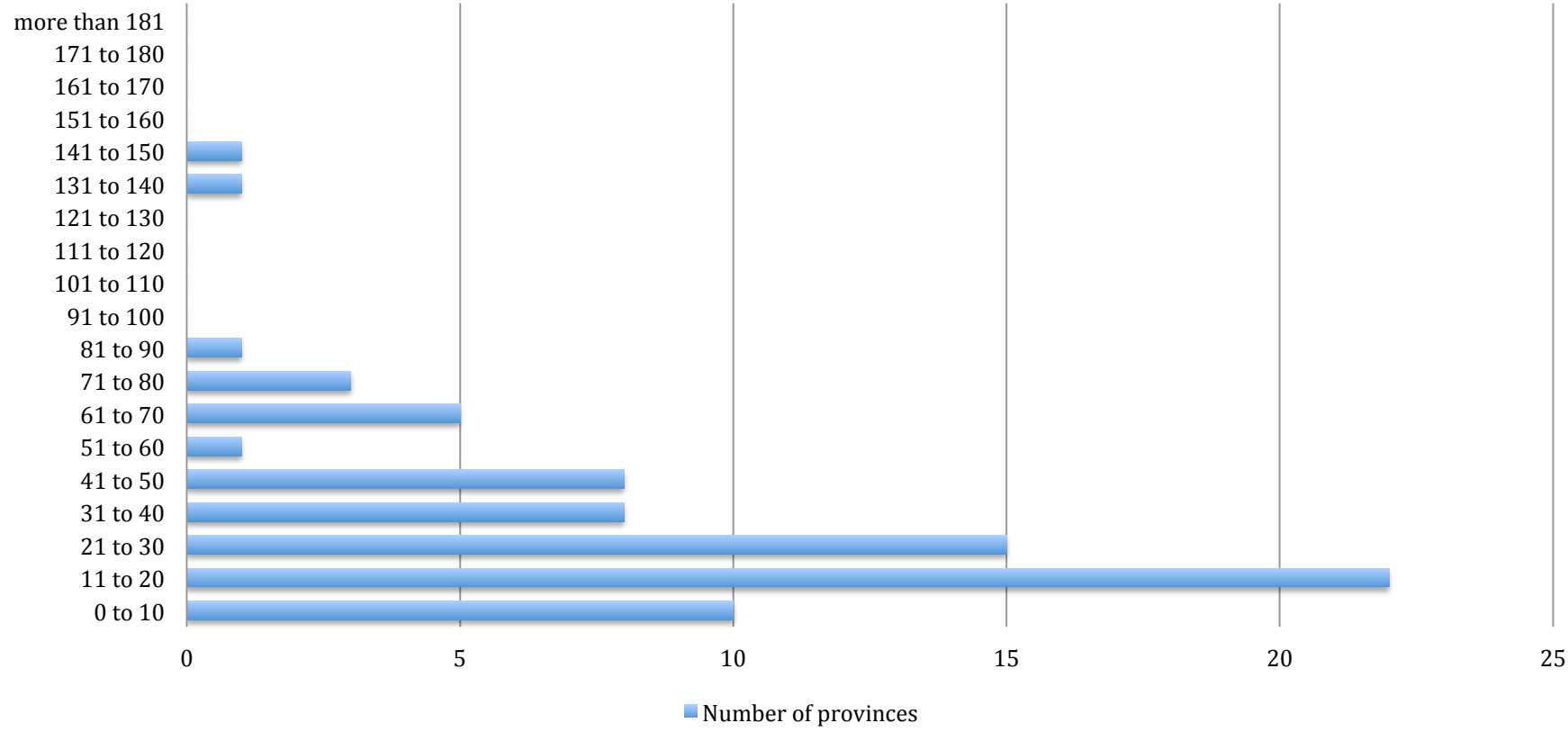
Frequency Distribution of Russia's Provinces According to the Number of Incidents of Business-Related Violence Estimated per 1 mil of general population

Total number of incidents per region	Total number of regions with given number of incidents	Cumulative number	Cumulative percent
0 to 10	10	10	0.13
11 to 20	22	32	0.43
21 to 30	15	47	0.63
31 to 40	8	55	0.73
41 to 50	8	63	0.84
51 to 60	1	64	0.85
61 to 70	5	69	0.92
71 to 80	3	72	0.96
81 to 90	1	73	0.97
91 to 100	0	73	0.97
101 to 110	0	73	0.97
111 to 120	0	73	0.97
121 to 130	0	73	0.97
131 to 140	1	74	0.99
141 to 150	1	75	1.00
151 to 160	0	75	1.00
161 to 170	0	75	1.00
171 to 180	0	75	1.00
More than 181	0	75	1.00
Total number of regions	75		1.00

Seven most violent regions (incidents per 1 mil people of general population)

Province name	*Province ID*	*Number of incidents per 1 mil of population*
Komi Republic	1187	70
Moskovskaya oblast	1146	72
Samarskaya oblast	1136	76
Chukotka	1177	79
St. Petersburg	1140	85
Moscow	1145	138
Primorskii krai	1105	153
Total number of regions \ Average estimated number of incidents per 1 mil people	7	

Chart 9 Frequency Distribution of Russia's Provinces According to the Number of Incidents of Business-Related Violence (per 1 mil of general population)



Tables 5 and 6

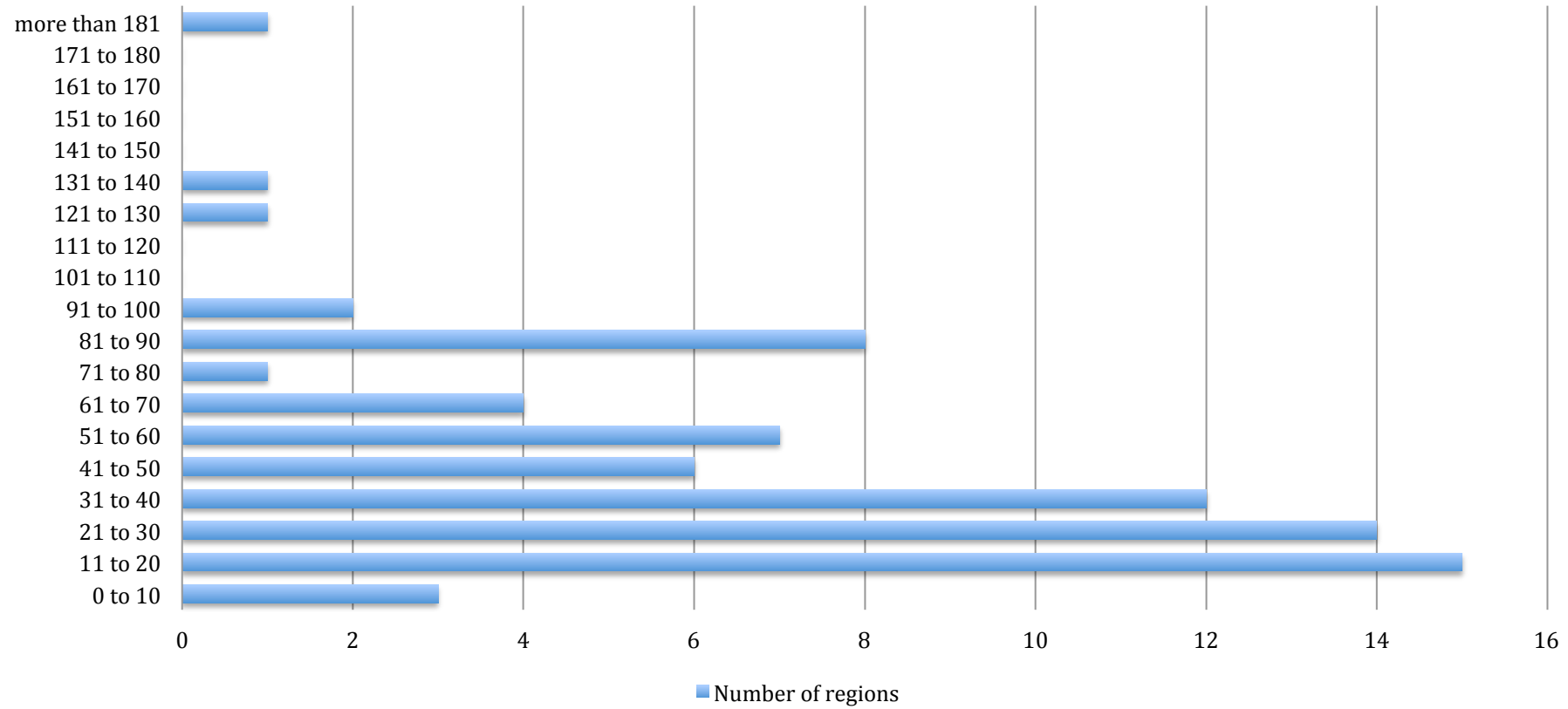
Frequency Distribution of Russia's Provinces According to the Number of Incidents of Business-Related Violence Estimated per 1 mil of urban population

Total number of incidents per region	Number of regions	Cumulative Number	Cumulative percent
0 to 10	3	3	0.04
11 to 20	15	18	0.24
21 to 30	14	32	0.43
31 to 40	12	44	0.59
41 to 50	6	50	0.67
51 to 60	7	57	0.76
61 to 70	4	61	0.81
71 to 80	1	62	0.83
81 to 90	8	70	0.93
91 to 100	2	72	0.96
101 to 110	0	0	0.00
111 to 120	0	0	0.00
121 to 130	1	73	0.97
131 to 140	1	74	0.99
141 to 150	0	0	0.00
151 to 160	0	0	0.00
161 to 170	0	0	0.00
171 to 180	0	0	0.00
More than 181	1	75	1.00
Total number of regions	75		

Seven most violent regions (incidents per 1 mil people of urban population)

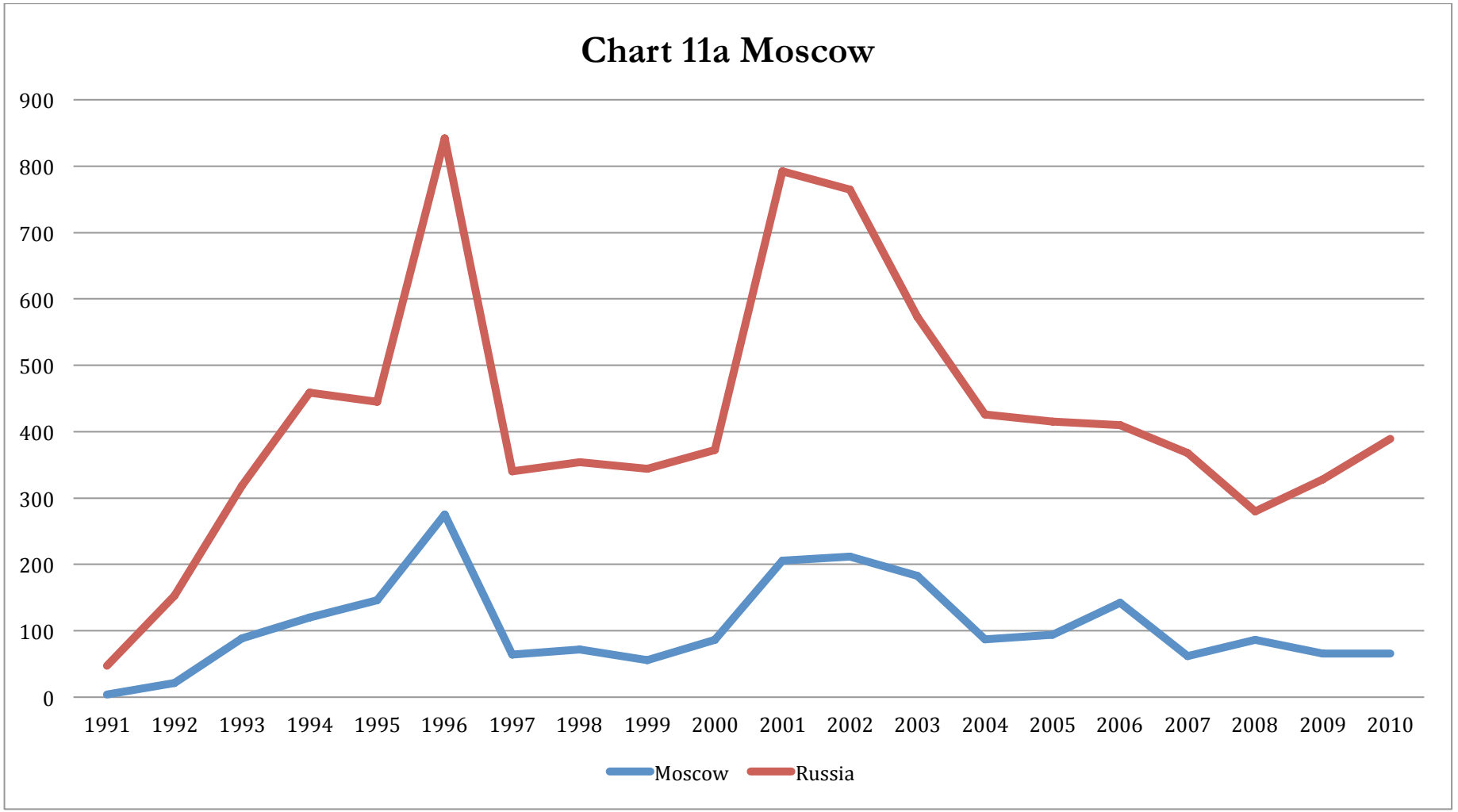
Province name	Province ID	Number of incidents per 1 mil of urban population
Sahalinskaia oblast	1164	88
Moscovskaya oblast	1146	90
Komi Republic	1187	92
Samarskaya oblast	1136	95
Chukotskii a.o.	1177	122
Moscow g.	1145	138
Primorskii krai	1105	201
Total number of regions	7	

Chart 10 Frequency Distribution of Russia's Provinces According to the Number of Incidents of Business-Related Violence (per 1 mil of urban population)



Temporal Distribution of Incidents of Business-Related Violence in Selected Regions

Charts 11 and 12 Regions with Extremely High Cumulative Levels of Business-Related Violence



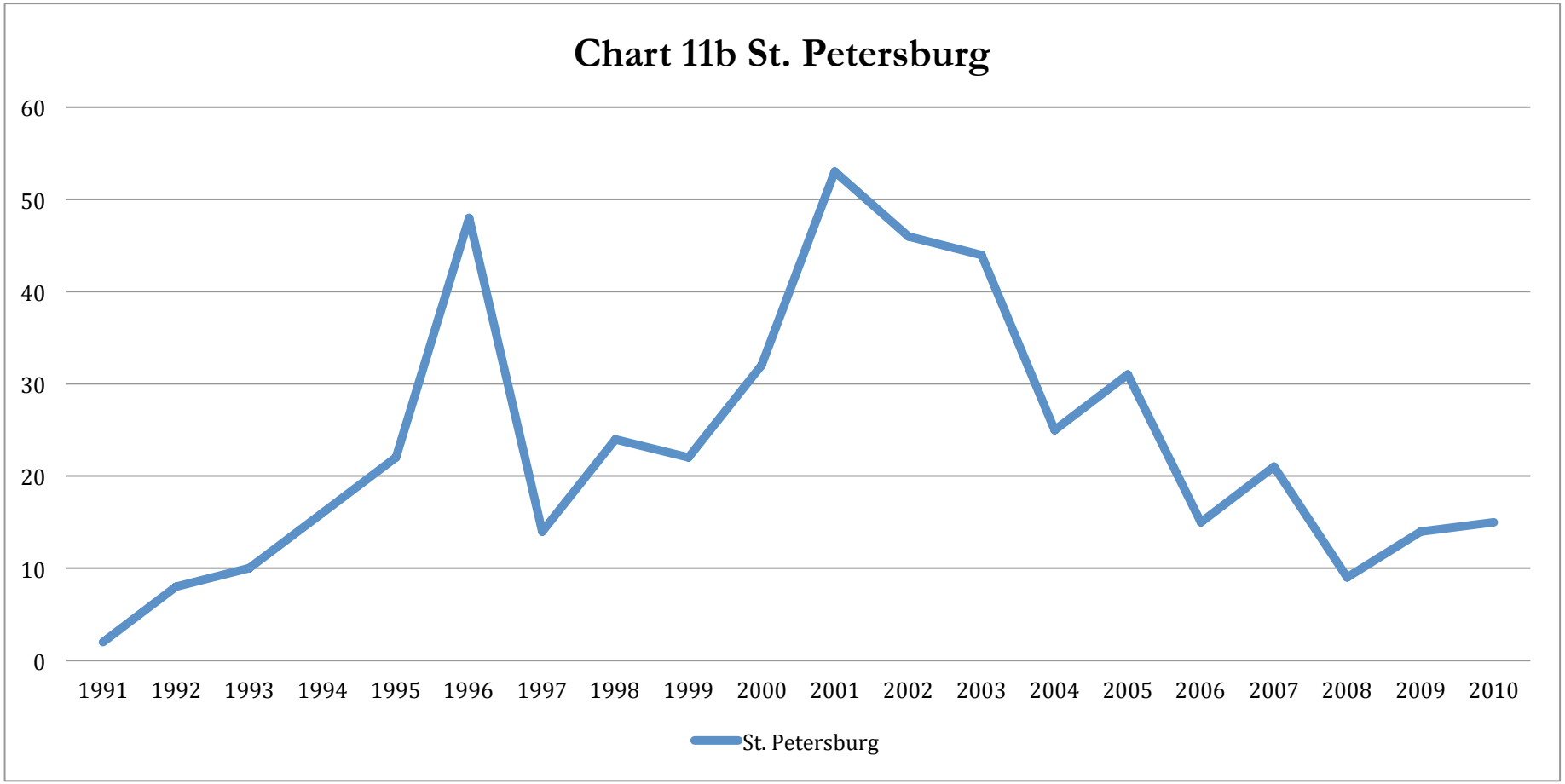


Chart 11b St. Petersburg
60
50
40
30
20
10
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
St. Petersburg

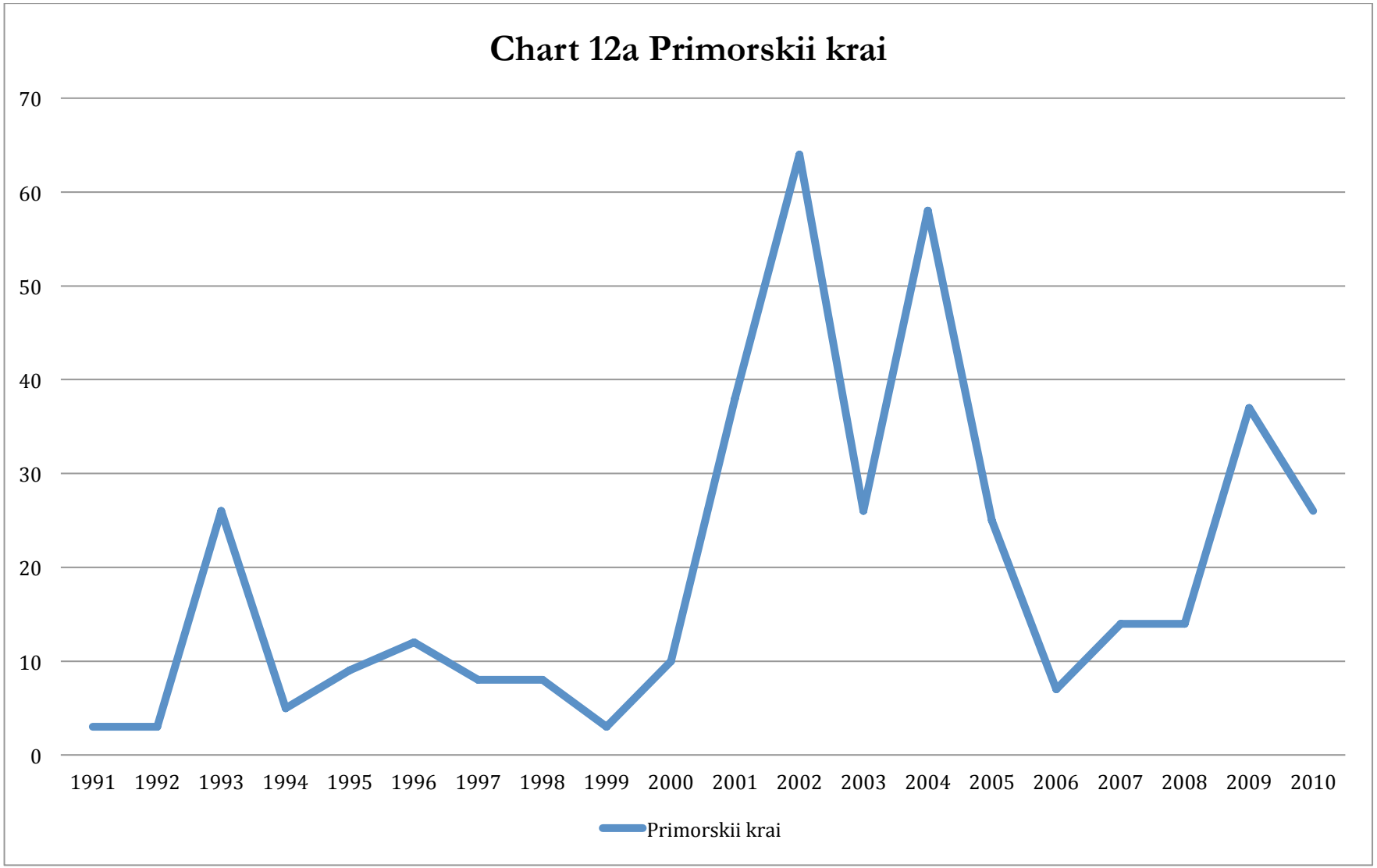


Chart 12a Primorskii krai
70
60
50
40
30
20
10
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Primorskii krai

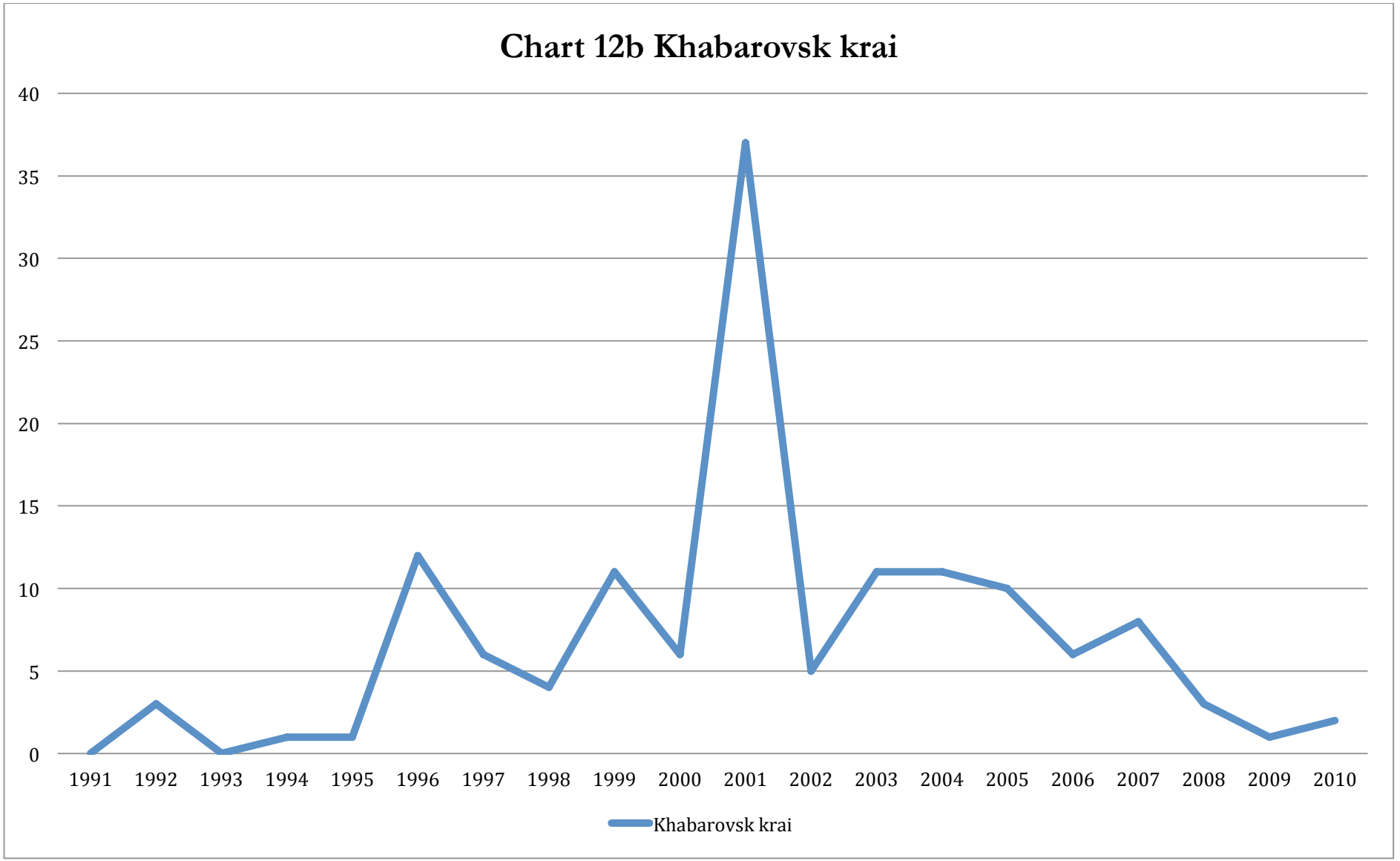


Chart 12b Khabarovsk krai
40
35
30
25
20
15
10
5
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Khabarovsk krai

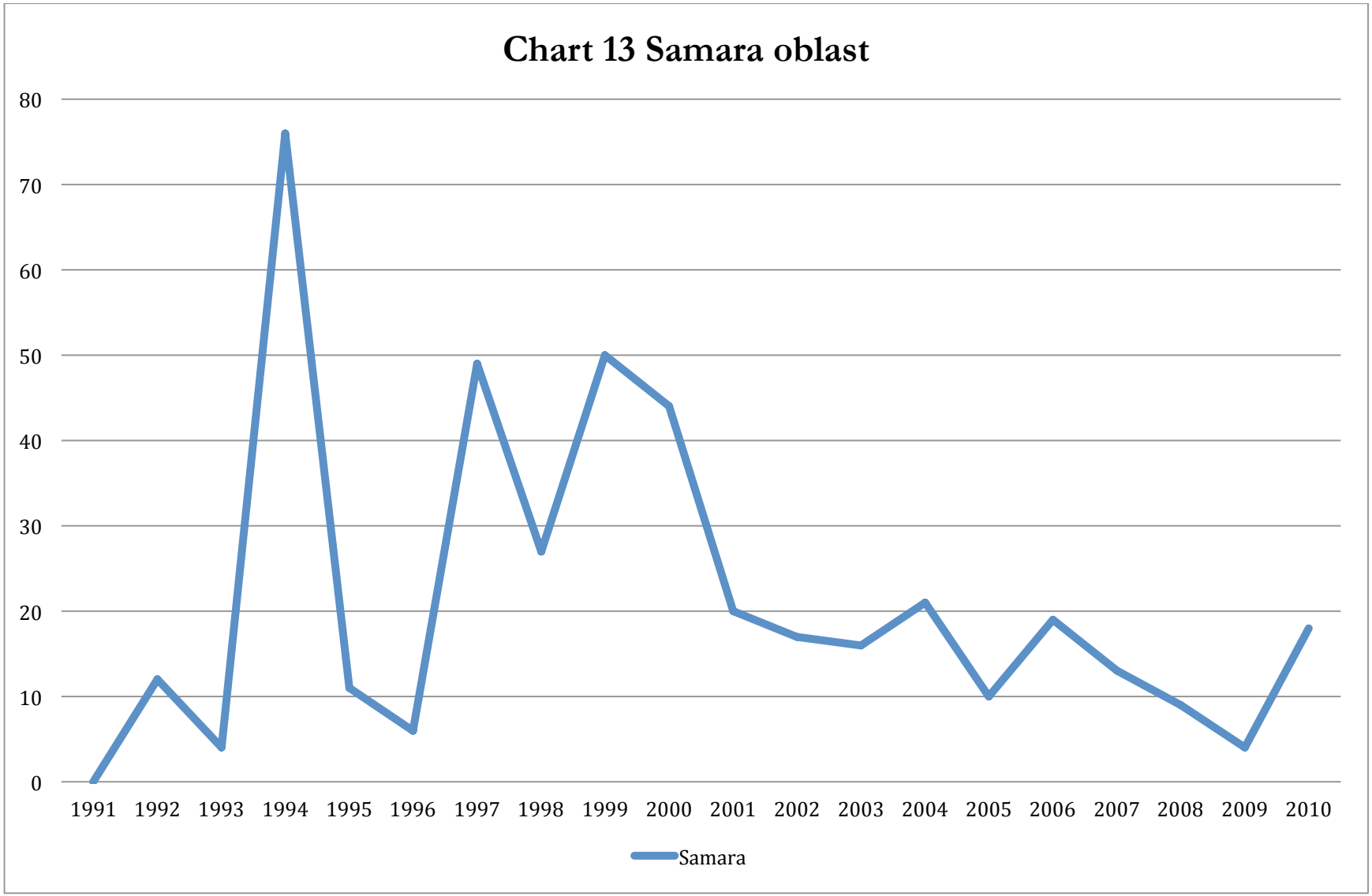
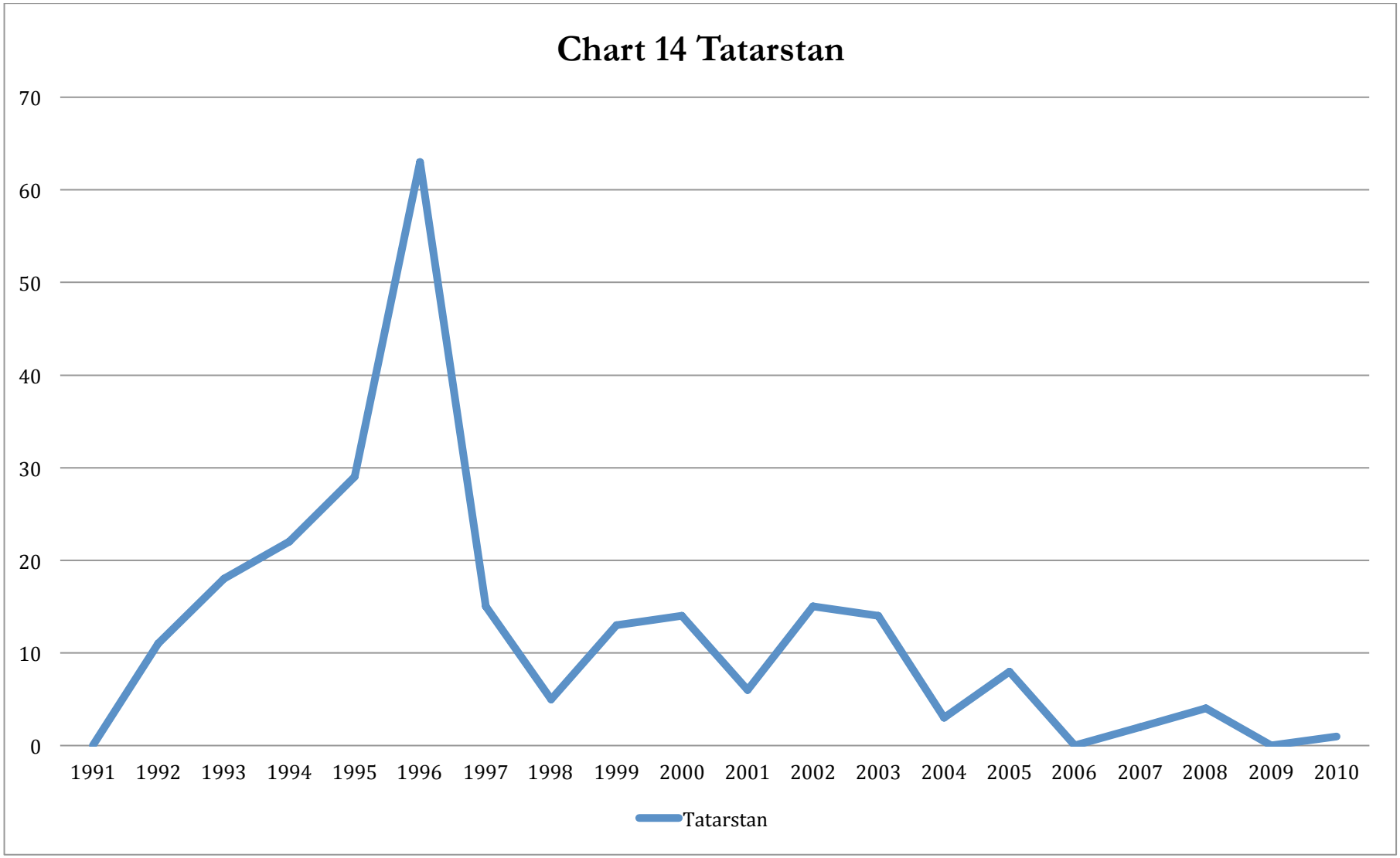


Chart 13 Samara oblast
80
70
60
50
40
30
20
10
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Samara

Charts 14 and 15 Regions with High Cumulative Levels of Business-Related Violence



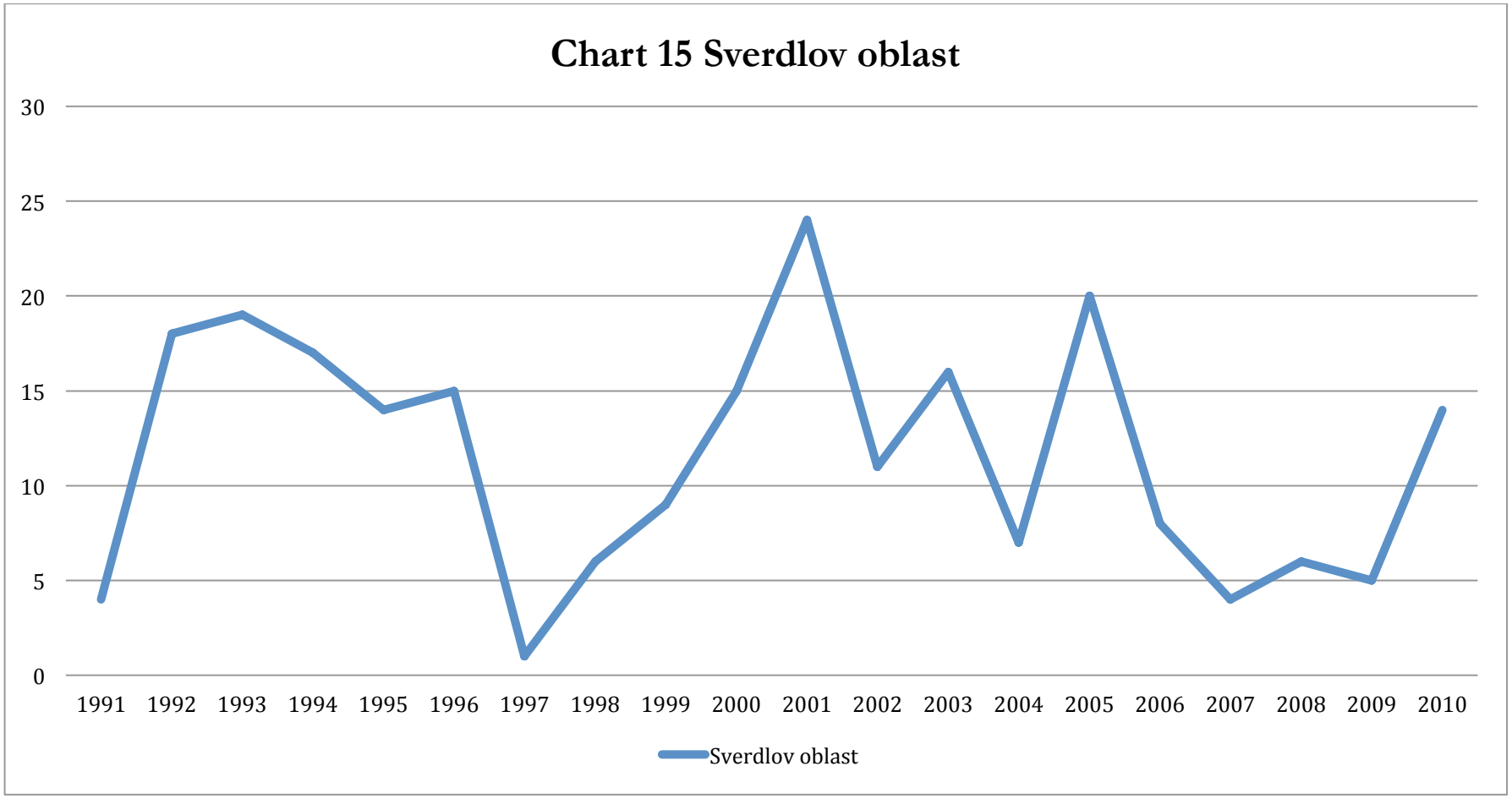
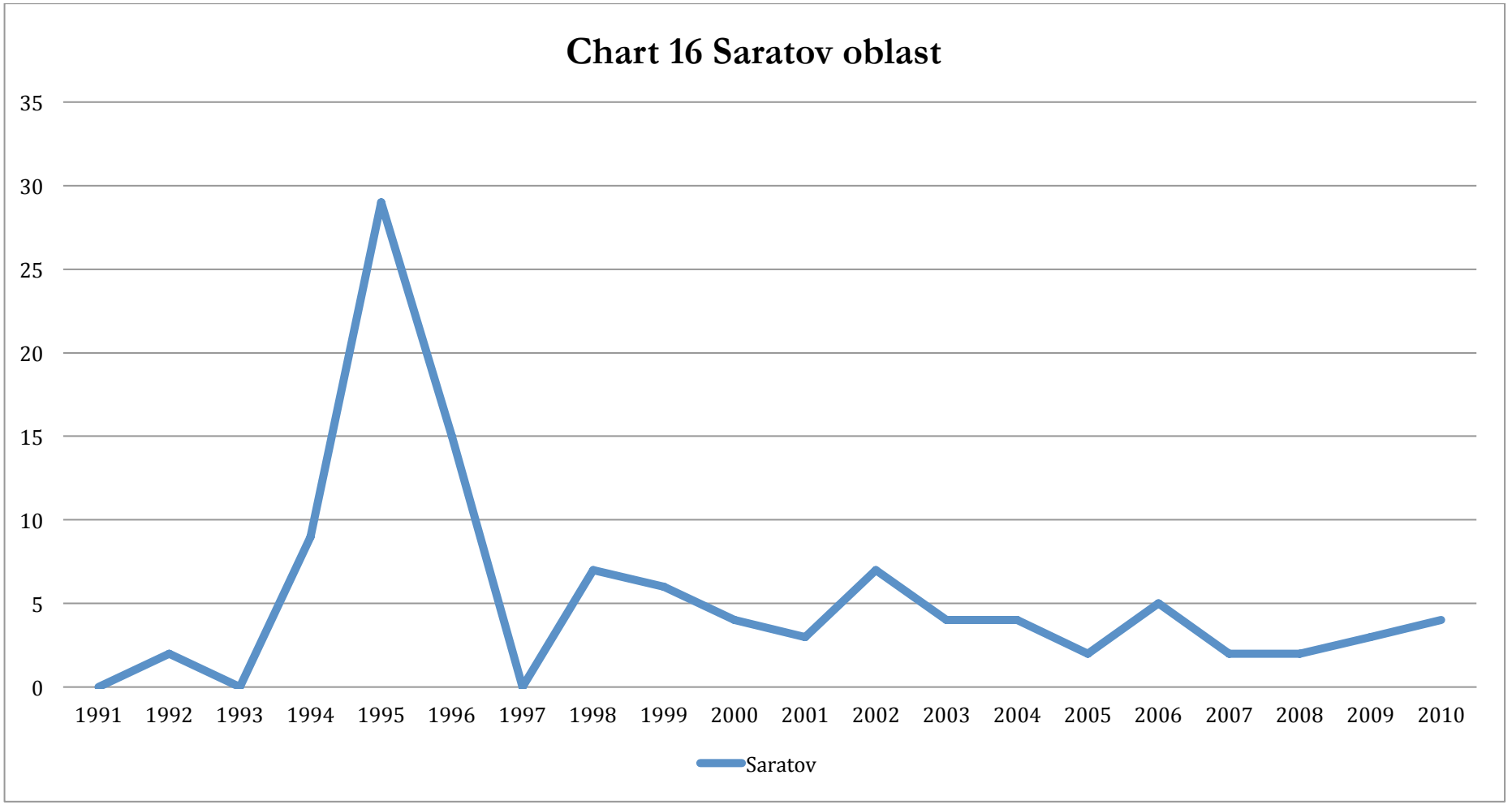


Chart 15 Sverdlov oblast
30
25
20
15
10
5
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Sverdlov oblast

Charts 16, 17, and 18 Regions with Medium and Low Cumulative Levels of Business-Related Violence



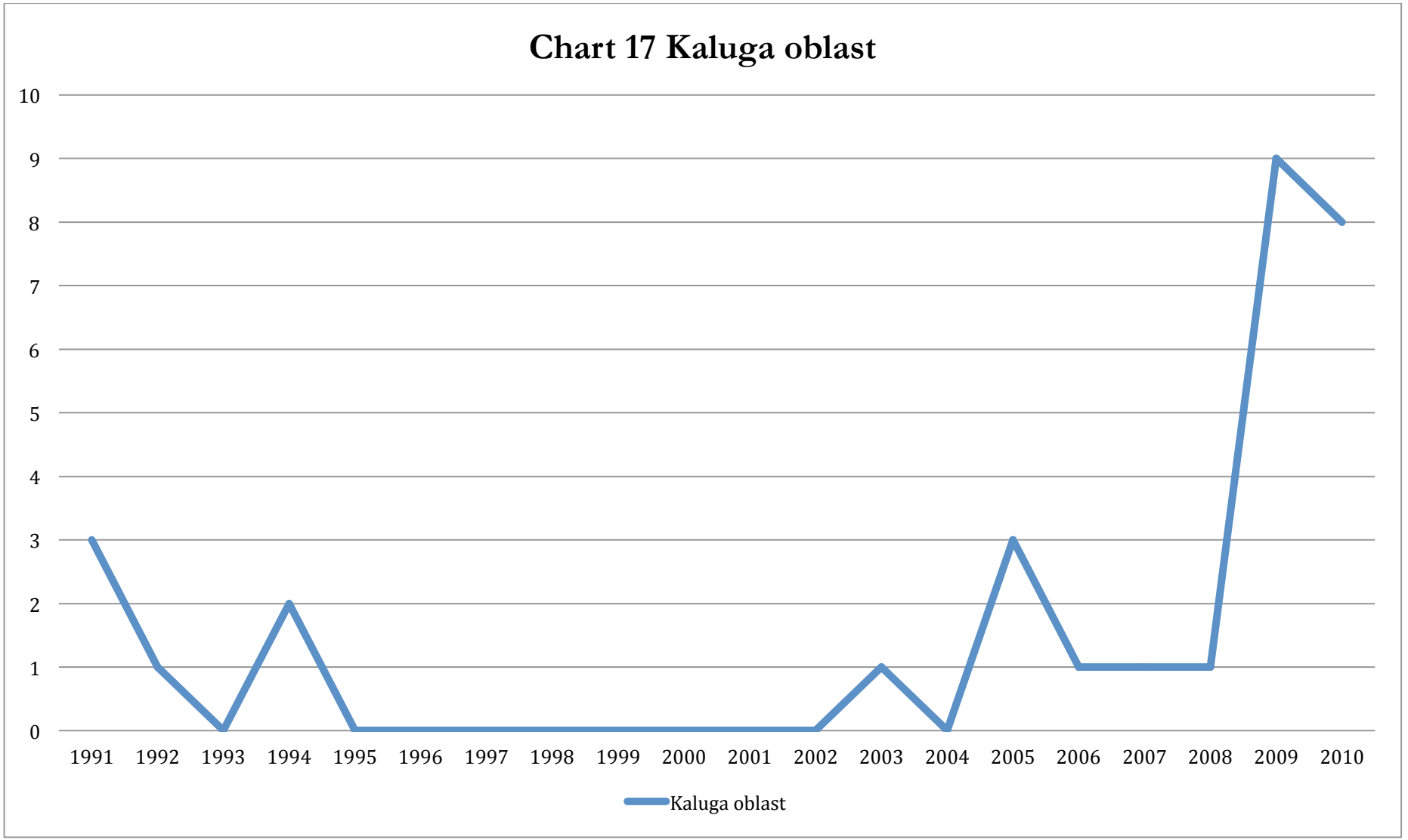


Chart 17 Kaluga oblast
10
9
8
7
6
5
4
3
2
1
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Kaluga oblast

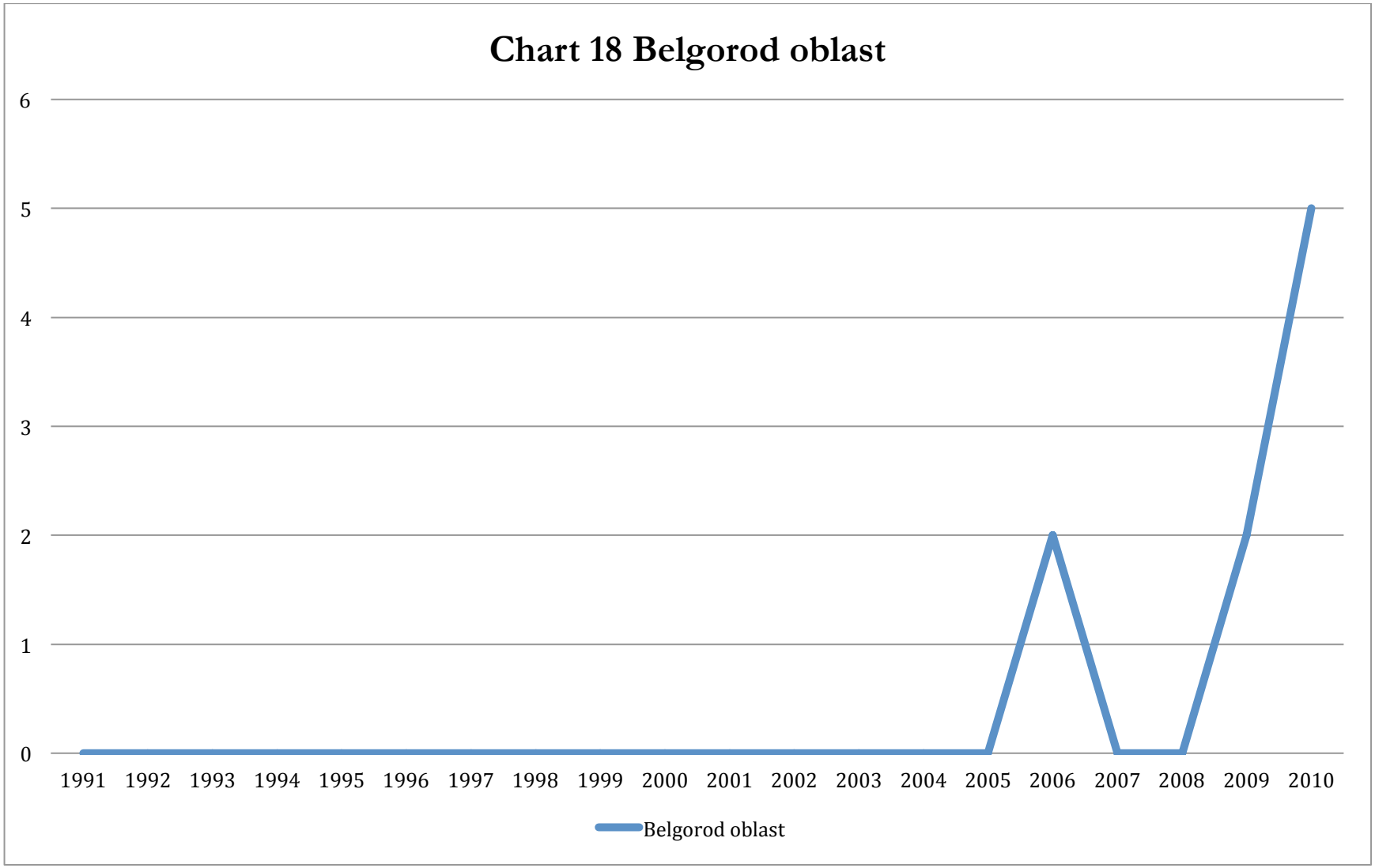


Chart 18 Belgorod oblast
6
5
4
3
2
1
0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Belgorod oblast

APPENDIX-3

Table 7 Data From (Volkov 2004)

Year	Homicide	Contract Killings	% of Contract Killings in Homicides
1998	800	79	10%
1999	750	46	6%
2001	770	23	3%

Table 8 Mafia Murders in Italy (Paoli 2007)

	1991	2003
Sicily	250	10
Calabria	156	26

Table 9 Murders and Mafia Murders Reported in Reggio Calabria Province, 1985-1991 (Paoli 2003)

	1985	1986	1987	1988	1989	1990	1991
Murders	82	107	126	161	158	213	191
Rate per 100,000 inhabitants	13.9	18.1	21.3	27.2	26.7	36	33.9
Mafia Murders	15	48	50	88	111	110	142
Rate per 100,000 inhabitants	2.5	8.1	8.5	14.9	18.8	18.6	25.2

Table 10 Rate of Mafia Murders Reported in the Palermo Province Out of the Regional Total, 1983-1997 (Paoli 2003)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Palermo	36	17	14	12	14	34	45	13	32	28	5	17	22	10	5
Sicily	61	34	28	59	63	93	160	150	253	200	85	90	88	66	32
Palermo's rate, %	59	50	50	20.3	22.2	36.6	28.1	8.7	12.6	14	5.9	18.9	25	15.2	15.6

Table 11 Public Health Rates of Murder per 100, 000 Citizens in 2002, WHO 2002 (UNODC 2008)

Colombia	72	Macedonia	3
Russian Federation	33	Bulgaria	3
Ukraine	15	Hungary	2
Estonia	15	Bosnia and Herzegovina	2
Belarus	13	Croatia	2
Latvia	13	Serbia and Montenegro	2
Moldova	12	Greece	1
Lithuania	11	Italy	1
Albania	6	Austria	1
USA	5	Germany	1
Romania	4	UK	1
Turkey	3	Slovenia	1

Table 12 Intentional Homicide Rates in Selected Countries of the World per 100,000 population (UNODC 2003-2008)

	2003	**2004**	**2005**	**2006**	**2007**	**2008**
Argentina (MOJ)	7.6	5.9	5.5	5.2	5.2	n/a
Argentina (CTS)	n/a	n/a	5.5	5.2	5.2	n/a
Argentina (PAHO)	7.3	5.8	5.2	5	n/a	n/a
Brazil (WHO)	n/a	**21.5**	n/a	n/a	n/a	n/a
Brazil (MOJ)	n/a	n/a	n/a	n/a	20.4	22
Brazil (PAHO)	n/a	33.1	31.1	29.2	n/a	n/a
Colombia (National Police)	56.3	47.6	42	40	38	n/a
Colombia (PAHO)	72.8	65.6	52.5		n/a	n/a
Mexico (CTS)	n/a	n/a	10.8	10.9	n/a	n/a
Mexico (NGO)	12.4	11.2	10.7	10.9	9.6	11.6
Mexico (PAHO)	11.3	10.6	10.5	11.2	n/a	n/a
Russian Federation (CTS)	21.9	**21.9**	21.5	19.3	15.7	14.2
Russian Federation (WHO-HFA)	28.9	27.3	24.9	20.2	n/a	n/a

Table 13 Firearm Murders per 100,000 in 2004 (UNODC 2008)

Albania	4.4	Sweden	0.4
Macedonia	1.3	Germany	0.3
Croatia	1	Denmark (2000)	0.3
Cyprus	0.9	Ukraine	0.2
Switzerland	0.8	England and Wales	0.1
Bulgaria	0.6	Romania	0
Moldova	0.4	Russia*	7

Table 14 Territory, Population and Population Density in Primorskii Province (Krai) and Khabarovskii Province (Krai) (2010)

	Territory	**Population (total)**	**Population (urban)**	**Population Density**
Primorskii krai	164.7	1982.0	1494.0	12.0
Khabarovskii krai	787.6	1400.0	1126.0	1.8

Source: Regiony Rossii (2010)

Table 15 Crime and Law Enforcement in Primorskii krai and Khabarovskii Krai in 2000

	Murders and Attempted Murders	**Murders and Attempted Murders per capita**	**Violent Attacks**	**Violent Attacks per capita**
Primorskii krai	621.00	0.37	938.00	0.57
Khabarovskii krai	484.00	0.41	907.00	0.76
	Robberies	**Robberies per capita**	**Economic crimes**	**Economic crimes per capita**
Primorskii krai	799.00	0.48	5645.00	3.40
Khabarovskii krai	396.00	0.33	5581.00	4.70
	Illegal arms trade	**Illegal arms trade per capita**	**Crimes committed by repeat offenders**	**Crimes committed by repeat offenders per capita**
Primorskii krai	1815.00	1.09	12793.00	7.73
Khabarovskii krai	1406.00	1.18	11202.00	9.40
	Crimes committed in groups	**Crimes committed in groups per capita**	**Crimes under alcoholic influence**	**Crimes under alcoholic influence per capita**
Primorskii krai	7031.00	4.25	6781.00	4.09
Khabarovskii krai	4266.00	3.60	6851.00	5.79

Paoli, Letizia. 2003. *Mafia Brotherhoods: Organized Crime Italian Style*. Oxford: Oxford University Press.
———. 2007. Contemporary Views of the Mafia: Peculiarities and Decline. Amsterdam.
UNODC. 2003-2008. Homicide Statistics, Criminal Justice and Public Health Sources - Trends (2003-2008). edited by U. N. O. o. D. a. Crime.

———. 2008. Crime and Its Impact on the Balkans and Affected Countries. United Nations Office on Drugs and Crime.
Volkov, Vadim. 2004. Contract Killings in Russia. Amsterdam: Centre for Information and Research on Organized Crime.
Состояние преступности в России. 2000 - 2010. ГИАЦ МВД РФ.