

INTRODUCTION

After the end of the Cold War, the trans-border crime in Southeast Europe rose to an unprecedented in the past extent. This has not been the case in the other East European post-Communist states. The Central European and Baltic states managed to establish effective control over their borders in a relatively short period. This was in part due to their proximity to the Western Europe and in part due to the smooth and accelerated reform process in the political and economic sphere. The most important distinction in the way the transition process was initiated in Central European and Baltic states on one hand, and Southeast European ones on the other, was that in the former, transition was peaceful, while in the latter, **the post-Communist transformation was marked by the conflicts in the Western Balkans**. The dissolution of Tito's Yugoslavia not only led to a succession of armed conflicts and ethnic cleansing campaigns, but also to the creation of quasi-states (Kosovo is the most obvious example of such an entity) and to the weakening of the existing states, virtually unable to control their borders.

The primary goal of this monograph is to analyze and review **the connection between the conflicts in the former Yugoslavia and the growth of the trans-border crime in the region**, and look at the related issue of corruption. In this sense, the paper also contributes to the study of conflicts in the Western Balkans. The majority of existing interpretations of causes, course and consequences of the Yugoslav wars try to provide the answers through ethno-political explanations. In our opinion, they unjustly ignore the importance that interweaving of interests of political elites, the organized crime groups, which appeared in this period, and the "mediating class" of corrupt state officials had in this process.

Due to the character of the appearance of post-Yugoslav states and establishment of their national-state sovereignty, there was a high probability that an armed conflict between the central government in Belgrade and the authorities in the seceding republics could erupt. In the name of the higher goals like protection of national independence and sovereignty, the leaderships of the seceding republics had to set up and arm the newly created republican armies in the only way possible – illegally, by using existing as well as newly established smuggling channels. The party leaders and the high-ranking officers in the Yugoslav army and the secret service largely tolerated these activities and in their turn contributed to the development of a stable smuggling system. This system was built both vertically (from political leaders to smugglers) and horizontally (including the entire chain of smuggling channels, passing through the new state borders and unifying by means of a common interests the political elites in all post-Yugoslav republics).

This paper analyses **the schemes the elites in the Yugoslav republics used to develop and stimulate smuggling operations**, and to protect and assist those who were directly involved in their realization. This prosperous "business" was controlled in **close cooperation of politicians, their security forces lobbies and organized**

crime structures. The Yugoslav experience shows that the temporary symbiosis between authorities and organized crime during the process of creation of new states leads to a permanent transformation of state/national interests into private ones and fosters the development of corrupt, non-transparent and crime-permeated societies.

The virtually unchecked growth of organized crime in the war-ridden Western Balkans had its impact also on other countries in the peninsula. The connection between events in the former Yugoslavia and trans-border crime in the Balkans was most clearly visible during the trade and arms embargos, imposed by the UN on post-Yugoslav states. The **embargo-violating trade** in states like Croatia and Bosnia-Herzegovina was to a great extent directed towards illegal import of weapons, while for Belgrade, the crucial illegal import was oil. In both cases, these needs have fostered the development of the regional net of smuggling channels, with the organized crime structures in countries like Bulgaria, Romania and Albania playing a crucial role in the process.¹ Furthermore, smuggling of goods under the embargo to post-Yugoslav countries became an important source of income for people of all social groups, ranging from political leaders to ordinary citizens, living in the border areas.

Understandably, the Yugoslav conflicts and the interconnectedness of political-ethnic and criminal interests in the Western Balkans are not the only reasons for the creation and growth of regional criminal infrastructures, appearing as a result of the smuggling channels. There are at least two more important factors, which contributed to the criminalization of trans-border traffic.

The first one is the **liberalization of movement of goods and people** and the lifting of visa and other restrictions in the regional post-Communist countries. Combined with the weakening of the state control, this has created favorable conditions for trans-border crime. In particular, the withdrawal of the state from strict control over the movement of people and goods across borders encouraged the processes of privatization of both old and newly-created smuggling channels. These channels were thus taken over by the criminal and semi-criminal groups in close cooperation with former agents of security services. State administrators, employed in key institutions like customs, police and other border control services, were also part of the schemes. To a great extent, **the border control in the observed period became an unlawfully acquired private domain of illegitimate actors.**

The second factor contributing to the dynamic development of trans-border crime during the last 12 years was the impact of one of the main features of Balkan economies: the fact that the **national borders in this period became the largest redistributing mechanism of national wealth.** Due to the small capacity of regional economies, the value of goods transported to and from the Balkan countries in some cases reached up to 85% of GDP. If we calculate the losses the countries have suffered due to illegal import and export over the last 12 years, they will most likely exceed the value of revenues from privatization, including the countries where privatization is almost completed (Bulgaria and Croatia).

The illegal transactions, however, are not limited only to trans-border business (import and export). Their destructive impact is also felt in the deformed structure of national economies, since the enormous revenues from the illicit import and export

¹ One of the factors, which have contributed to the rapid expansion of organized crime in Bulgaria and which could be observed in the first half of the 1990s, was the active involvement of the protection racket groups in illegal export of raw materials and goods to Western Balkans.

can be possible only if the large enough "gray sector" exists. After the collapse of the total state control over the economy, the illegal transactions performed in **the gray sector constituted between 30 and 50 percent of the Balkan national economies.** A common practice is that those who are actively involved in trans-border crime are also directly or indirectly involved in trade operations within unofficial economy.

Although the economic consequences of trans-border crime exceed the scope of problems, analyzed in this research, they represent the final link in the long chain of illegal activities, which constitute the regional dimensions of organized crime. In order to effectively deal with this crucial issue, a different approach is required. Now, the regional approach in counteracting trans-border crime and corruption is still overshadowed by individual national efforts. These are further fragmented by the artificial division on challenges to internal security on one side, and external security of a particular country on the other. The proposed analysis offers an argument in support of regional and trans-national programs and efforts, which would realistically approach the trans-national challenges, facing both Southeast Europe and the European Union.