
ANNEX 11: ORGANISED CRIME AND CORRUPTION IN THE WESTERN BALKANS – REVIEW OF LITERATURE

While there has been a significant amount of academic and NGO literature on corruption, there is relatively less analysis of organised crime in the Western Balkans. Some attention has nevertheless been devoted to the links between corruption and organised crime in the area. The survey of some of the publications that analyse the inter-linkages between the two phenomena has revealed some common themes.

First of all, some authors discuss the role of the **security sector and its links to organised crime, especially during the Yugoslav wars**. The fact that smuggling of various essential goods, such as oil, was necessary for surviving the UN-imposed embargo, and that money from illegal trade was also necessary for financing the waging of war and other state functions, facilitated the **involvement of the security services in forging links with organised criminals who could supply the badly needed goods and/or funds** (CSD 2004). After the wars these links have endured and are still causing great harm to the quality of governance in the region.

Secondly, and related to this is **the role of customs corruption in the process of smuggling of various goods** during the Yugoslav wars as well as during the international embargo against Serbia and Montenegro, and the role of corruption among border guards in facilitating human smuggling.

Thirdly, the authors surveyed have discussed **the post-communist heritage** (shared by the rest of Eastern Europe), and the role of **informal networks (such as those inherited from the Communist-time *nomenklatura***. In this regard, the links between high-level political leaders and oligarchs throughout the region, who in many cases amassed their wealth during the wars as a result of illegal activities, and often still engage in illegal business practices, are emphasized as one of the most alarming issues facing Western Balkan societies.

This troubling heritage and the current socio-political context in which nation-building and democratic transition processes occur in the Western Balkans are an important explanatory factor for the specific ways in which corruption and organised crime have been interrelated in the region. The common ex-Yugoslav or post-communist legacy accounts for a lot of the similarities, while the historical experiences of the Yugoslav wars – when, how, and whether the countries participated in, or how they were affected by them – accounts for many of the differences, at least between certain *groups* of countries.

In this regard, two of the states most directly affected by the wars and the ensuing international economic embargo on what had at that stage remained of Yugoslavia – Serbia and Montenegro – show important similarities. Thus, the security services of the Milosevic regime maintained

links to organised criminals “initially established during the communist era when organised crime was inextricably enmeshed in the system of power” and were heavily involved in co-opting organised criminals for the procurement of goods which were necessary for the very survival of the state – especially in the conditions of economic blockade (Giatzidis 2007).

Yet it was not only goods (such as oil) that were directly essential to the functioning of the state or the war-time or post-war economy that were of interest to the political leadership and the security services. The Milosevic regime was also interested in the funds that could be supplied from the smuggling of non-essential and even illegal goods (such as drugs) as well. Anything that could bring in extra income was welcome: “as long as the crime groups in Yugoslavia gave the security services their cut of the money, the authorities were willing to turn a blind eye to what they did elsewhere” (Giatzidis 2007). Indeed, cigarette smuggling was an activity in which even Mira and Marko Milosevic (the dictator’s wife and son) had engaged in through an international trading company they controlled (Reuters 2007; Stojanovic 2007). Cigarette smuggling was also widespread in Montenegro, where former Prime Minister Djukanovic himself has been implicated in alleged cigarette smuggling. In fact, Italian prosecutors issued an order for his arrest in 2005 which was dropped when Montenegro became independent and Italian courts granted Djukanovic diplomatic immunity. Prosecutors in Bari have described him as “the head of an international mafia group” (OCCRP 2008).

Even after the end of the Milosevic regime, however, problems have persisted. In Serbia and Montenegro, individuals who made fortunes in the shadow economy during the Milosevic era have used their enormous financial resources to shield their illegally acquired gains, aided “by the fact that the competitiveness of the new political parties depends on securing financing and there are few alternatives to turn to for funding” (Andreas 2004). Moreover, the collusion between the security sector and the political elite on the one hand, and organised criminals on the other, led to the criminalization of state structures as well and created a socio-economic environment that was conducive to corruption in other sectors as well (Andreas 2004). In particular, Velkova and Georgievski find that “customs departments in SEE are more vulnerable to corruption than other law enforcement agencies, because customs officers have direct discretionary access to tangible wealth, while being substantially underpaid” (Velkova and Georgievski 2004). The authors also discuss the embargo (in the case of Serbia and Montenegro) and the resulting economic isolation (in the case of Macedonia and Albania), as well as the discretionary nature of the duties of customs officers inherited from communist times, as contributory factors for the high levels of customs corruption (Velkova and Georgievski 2004).

The Yugoslav wars had their impact on the interaction between the security sector and organised criminals in other countries from the region as well, yet for different reasons. The fact that Serbia inherited most of the weaponry from the JNA (the Yugoslav People’s Army) meant that

the countries it waged war on (in particular Croatia and Bosnia)¹⁷² were at a severe disadvantage, and had to rely on arms smugglers to obtain ammunition in order to defend themselves. The humanitarian crises, in particular in Bosnia, and the economic devastation brought about by the years of fighting and also felt in neighbouring countries, led to large movements of migrants away from countries such as Bosnia, Kosovo, Albania, and Macedonia towards the West. This was facilitated not only by the porous and poorly guarded borders in the region but also by the collusion of border guards and human traffickers. Nevertheless, in other countries besides Serbia and Montenegro, “clearly the serious links between corruption and organised crime are to be found in higher places than the offices of customs and border officials” (Athanasopoulou 2003). In Giatzidis’ words

“In Croatia and Bosnia-Herzegovina, smuggling (predominantly of weapons) was organised by the republican governments in order to secure their independence and sovereignty. Similar patterns can be observed later also in Kosovo in the organization of Kosovo Albanian political leaders.” (Giatzidis 2007)

In Croatia, arms smuggling channels “were developed and controlled by numerous former members of YPA [the Yugoslav People’s Army] and the Yugoslav secret services, who were of Croat origin and who decided to side with Croatia when it took the pro-independence course... among them was Martin Spegelj” (CSD Report 10). General Spegelj (the then Croatian Minister of Defence) organised the illegal transportation of huge amounts of arms in preparation for war with Serbia in 1990;¹⁷³ he had the “daunting task of turning a civilian police force into a battle-ready army” (Hockenos 2003). The majority of weapons smuggled into Croatia originated in Hungary and Romania. Most of them entered Croatia through Hungary as well as Slovenia (CSD Report 10).

Here it is pertinent to mention the fact that arms dealers in Slovenia were also more than willing to facilitate the illegal trade in arms in the Western Balkans by supplying the arms that the country inherited or misappropriated from YPA to the highest bidder. While Slovenia is not the focus of this specific section, it is important to note that interview sources on Slovenia have emphasized that oligarchs in the country have been implicated in arms trafficking, while at the same time pointing to the links of oligarchs to the political elite. Indeed, one high-ranking Slovenian politician who until recently served as Prime Minister – Janez Jansa – has himself been implicated in arms trafficking scandals.¹⁷⁴ According to Sabrina Ramet, a leading expert on Yugoslav and post-Yugoslav politics, in 1993 and 1994 Jansa, at the time the country’s Defence

¹⁷² Slovenia fared significantly better than other SEE states or regions in that its leadership managed early on to divert a lot of the weapons from the JNA barracks stationed on its territory.

¹⁷³ Arms smuggling was soon diverted from its original national security purpose and was transformed into a series of highly profitable business transactions by the new Defence Minister Gojko Susak (CSD Report 10). As Stojarova asserts, the habits of facilitating arms trafficking naturally led to Croatia becoming a transit and origin country in subsequent years.

¹⁷⁴ Both Jansa and former Interior Minister Bavcar were charged with arms smuggling in 1995 (Brown 1995).

Minister, was “using his position...to engage in arms trafficking... [and thus] strengthen his position and that of his party” (1999).

Nevertheless, the situation with respect to corruption and organised crime in Croatia has somewhat improved since the death of Franjo Tudjman, and the war on organised criminal gangs launched by PM Djindjic culminating in Operation “Sword” in response to his assassination has led to some improvements in Serbia. Bosnia has however seen little improvement since the end of hostilities. There, war-time underground networks have been transformed into political criminal networks involved in massive smuggling, tax evasion, and human trafficking, while war profiteers, protected by amnesty laws, have engaged in shady privatisation deals (Andreas 2004).

In other countries – such as Macedonia and Albania – “smuggling and cross-border crime were not a part of the hidden agenda of the governments, but were organised and conducted by individuals and groups within or closely connected to the ruling elites” (Giatzidis 2007). Thus, Albania – once an extremely isolated state and economy – found itself under a totally different environment with the collapse of the Stalinist regime and the opening of its borders, which, combined with the wars in neighbouring countries “allowed Albania to become a primary alternative to traditional Balkan smuggling routes” (Giatzidis 2007). As for Macedonia, Stojarova compares the overall levels of organised criminal activity to those in Croatia, though it is necessary to make a distinction between the majority Macedonian and Albanian areas. Namely, “unlike in the other states in the region, on the Macedonian side there were no (para) military forces with a majority membership from the criminal population... However, the same may not be said about the Albanian side, where the National Liberation Army (NLA, Albanian acronym U K) was living off the profits of OC activities” (Stojarova). There, as well as in Albania itself or in Kosovo, the clan-based culture is particularly conducive to corruption, and organised criminals with the right connections can easily avoid prosecution, so that organised criminality “lives symbiotically with society” (Stojarova).

While there are differences – there are also similarities in that in all countries criminal elements have used the opportunities created by war and privatisation to amass enormous wealth. Another similarity – the communist heritage and the spread of informal networks designed to overcome blockages in the planned economies of the communist era stimulated habits of social interaction which have continued to this day (Karklins 2005). In the context of planned economies it was necessary to know who to call in order to obtain specific goods which were in short supply – and those were usually high-ranking managers in state-owned and directed companies and members of the nomenklatura class. Dobovsek in this context emphasises the common social origin of this group of people and the leaders of the former communist as well as other political parties, who in the process of transition to market economy retained and utilized their informal and corrupt networks in order to privatize these same state companies in an illegal fashion. He explains:

“Economic liberalisation and political decentralisation in countries in emerging democracies have had disappointing results. The process needs years, even decades, to cause significant reductions in crime and corruption. Economic liberalisation is only effective if accompanied by a strong state, which is able to implement reforms. Instead, informal rules and norms have guided the illicit behaviour of both of officials and citizens, these rules and norms being stimulated by networks that also link criminals to these groups” (Dobovsek 2008).

At the same time, whereas during the transition period high-level political corruption facilitated organised criminality in the sense of illegal privatisation and/or turning a blind eye to illegal trade, tax evasion, etc, in the context of greater stability and fully developed market economy and at least superficially functioning democracy with regular election cycles, the same political class needs the support of oligarchs in order to retain their power – so politicians make use of the same informal links forged in communist times to solicit campaign funds. Thus, the capturing of government through systemic corruption in most SEE countries endangers the functioning of democratic institutions (CSD 2003).

In conclusion, it is in these three sectors – the security services, the customs, and high-level politics – that the biggest problems in terms of the organised crime – corruption nexus are encountered in SEE. Nevertheless, the culture of cynicism created by the collusion particularly of high-ranking officials and the security services with oligarchs and other criminals have allowed and to some extent have led to a permeation of all state structures by organised criminality. To varying degrees, in most Western Balkan countries “the state was ‘captured’ with the aim of distorting its functions in order to serve the interests of criminal groups...[while] weak states in combination with strong oligarchs and organised crime meant that the main prize of political competition was control over state-owned resources” (Giatzidis 2007).