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## **From Thieves to Nation-builders: The Nexus of Banditry, Insurgency and State- Making in the Balkans, 1804-2006**

**Bobby Anderson**

**September 2007**



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## **Abstract**

The Yugoslav wars of the 1990s - namely Croatia/ Bosnia (1991-1995) and Kosovo (1998-1999) - were the focus of unprecedented, and uninformed, international attention. This attention accepted at face value an ethnic rationale for the conflict that was often peddled by the combatants themselves; such rationales served to mask the economic and political aspirations of engaged state- and non-state actors.

The wars allowed organised crime to take root and proliferate exponentially across geographical, political, and economic spheres. It became a tool of states, militaries and militias; states co-opted criminals, and vice-versa. The Serbian state became a criminal entity (as did, to a lesser extent, surrounding states) in partial control of a thoroughly criminalised regional combat economy, often in collusion with supposed ethnic 'enemies.'

Reconstruction, development, and governance interventions conducted by international actors in the successor states of the former Yugoslavia remain stifled by an absence of understanding of both the systematic infrastructural presence of organised crime, and a lack of acknowledgement of the economic rationales underlying the wars themselves.

### **Keywords:**

Yugoslavia; Balkan/ Balkans; Kosovo; Bosnia; Organised Crime; Banditry/ Brigandage; Black Market; Informal Economy; State Failure; Drug trafficking; Globalisation; New Wars.

## **Biographical Note**

Bobby Anderson worked for various NGOs in the Balkans for three years, primarily in peacebuilding, youth, media and returns activities. He has also worked on peacebuilding, community-driven development, and infrastructural programmes in Afghanistan and Indonesia. He currently works as a Field Coordinator for the International Rescue Committee in Aceh, Indonesia, implementing livelihoods, governance, and reintegration programmes, among others. He holds a BA in Russian and Eastern European Area Studies from the University of North Carolina at Chapel Hill and an MA in International Politics and Security Studies from the University of Bradford's Department of Peace Studies.

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## Introduction

"A bloody phenomenon cannot be explained by a bloodless theory."

- Horowitz 1985:140

The varied chapters of the 1991-1999 Balkan wars were less about ethnicity than they were about economic redistribution and coercive accumulation - thinly veiled organised criminal activities with the sheltering veneer of primitivism, further concealed by the intentional encouragement of war's view through a myopic prism of race, religion, and blood. This prism allowed western elites to distance themselves from the war by acknowledging what Serb and Croat leaders had, from the earliest stages, repeated like commercial jingles which became lodged in the heads of diplomats and journalists- that ancient ethnic hatreds were, indeed, the sole factor at play.

Widely understood economic rationales and cynical political calculations may be used to explain all manner of things, but not a war in Europe. To understand the war's causes would have made the intervention question unavoidable in 1992. To go to war for fiscal reasons or simple political manoeuvres would be too craven a reason for the West to ignore. But people being killed by virtue of their last names? Whether they say *Izvinite* or *Oprostite*, *Mleko* or *Mlijeko*<sup>1</sup>? Here was something the politicians of the day could puzzle over.

To those who subscribe to the rationales underlying ethnic conflict, and the classification of such war as representative of breakdown and irrationality, the question can be posed: would there have been a war if there were nothing to steal? No aspiration for the betterment of one's lot, through capital accumulation and redistribution?

Due to the former Yugoslavia's current status as peripheral to the EU, but one day a part of it, international focus now falls upon reforming and strengthening the judiciary, customs and immigration, and the rule of law; they really seek to undo the systematic damage resulting from nearly two decades of war and state erosion.

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<sup>1</sup> *Izvinite* and *Oprostite*- excuse me- can supposedly define a speaker as either a Serb, or a Croat. *Mlijeko* is the Croat pronunciation of Serbian *Mleko*- milk. These linguistic markers are, however, reflective of regional, and not ethnic, dialectical differences. For more information, please see Greenberg (2004).

This paper seeks to outline what reformers are up against. It will shine a light on the regional tradition of banditry from the early modern era onwards; indeed, it will show that the initial founders of such states were generally bandits whose deeds were re-cast in the context of national liberation. This paper will demonstrate that the wars in Bosnia and Kosovo were, in part, motivated by economic redistribution; at the top, such operations were run by varied criminal enterprises whose trades benefited from the 'ethnic conflict' label which concealed base motivations<sup>2</sup>, while at the bottom, such activities were the coping mechanisms of a desperate population. Further, this paper will delineate the history, forms and dynamics underpinning organised crime in the region. The organised criminal structures which proliferated during the war are now entrenched in the region's politico-economic topography: And some are having their histories re-written.

The Balkan wars were a crime wave. The region contains no classical resources; no black gold, no blood diamonds. In Bosnia, 'nothing grows except rocks and snakes'; eastern Bosnia and Northern Montenegro are known as the *Vuk Jebina*<sup>3</sup>, while Kosovo's primary export may be economic migrants. Serb actions in Croatia, Bosnia and Kosovo were not waged to control any significant and extractable commodity: however, certain low-value resources such as soft coal and timber were up for grabs; cooperatives were ripe for asset-stripping, and humanitarian aid was found to be taxable in cash, kind or both. The regional combat economy that encompassed southeastern Europe served as an ongoing Serbian election campaign and assertion of power by dominant elites in Belgrade, led by Slobodan Milošević. Their discourse became the national discourse<sup>4</sup>.

The modern state in southeastern Europe is a relatively new phenomenon. To build it, nations constructed states while either crushing, or integrating with, social bandit elements in a central authority to use the popularity<sup>5</sup> of those bandits whilst mitigating their unruly behaviour. Some became inlaws; some outlaws. The state only became stronger than the nation in the decades after WWII - when it achieved legitimacy,

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<sup>2</sup> For the purposes of this paper, *crime* is simply defined as a violation of the public good, which affects the community as a whole. *Organised* crime is defined as a conspiracy of three or more persons in an extra-legal act for monetary or other gain. And despite the Robin Hood imagery ascribed to some of the persons mentioned in this paper, *all* references herein to banditry and organised crime refer to crimes committed for private, rather than public, ends.

<sup>3</sup> 'The land where the wolves fornicate.'

<sup>4</sup> It became unquestioned common sense that Serbs were protecting Europe from Mujahideen, Croats were Ustasha, Kosovo was Serbia's Jerusalem, and Serbs there- the salt of the *Srpski Narod*- were subject to the depredations of tribal Albanians, recent and ungrateful new arrivals.

<sup>5</sup> Which legitimised the government in the eyes of its citizenry (Xenakis 2001:15).

provided opportunity and offered the possibility of economic betterment. The Balkans are again afflicted by the seeming contradiction of strong nations and weak states; ethnicity conveniently emerged from the economic morass of the late 1980s as a primary marker of identity; the self's earlier interaction with a class-based society ended with that society. New interactions occurred with the fragmented sections of that earlier society whereby the notion of a *Yugoslav* was extinct. In its place sat the ethnic marker<sup>6</sup>, hammered on the forge of apparatchik ambitions and shaped into a politico-economic tool which lent itself to both *asset* and *population* transfer.

While not discounting ethnic grievances - they were there to be misused, and the idea of victimisation utilised by elites to manipulate their constituencies fell on receptive ears - the Yugoslav wars were motivated by political expediency and economic gain. They were the subject of massive international attention<sup>7</sup> which focused on bridging the ethnic divide while discounting the political and economic rationales of those who sought to profit, and those who engaged in the illicit and informal only to cope, on all 'sides', be they ethnic or otherwise.

The Balkans are exactly that - mountains<sup>8</sup>, hungry and hardscrabble, a frontier region where the law shrivels in relation to poverty; when people have a choice between stealing and starving, they steal; where lean years are the norm, activities initially driven by desperation become vocations, and war, disrupting to most, offers market opportunities to others. While banditry was the modus operandi of many paramilitaries and soldiers in the 1990s, in Serbia, the state became the biggest bandit of all. Zoran Djindjic's attempt to break apart the pervasive organised criminal structures which took root under Milošević were answered by his death. Most shocking to the perpetrators (namely the Zemun clan - an organised crime 'family' which essentially became an arm of the Serbian state during the 1990s, and was closely integrated with state security bodies), it hastened their fall - but Serbia still retains elements of the bandit state, and those bandits within it under Milošević remain under the current leadership. In Kosovo banditry resurfaced during the 1996-1999 Kosovo Liberation Army rebellion, the 1999 NATO war and its conclusion. There, masked men erect roadblocks in the borderlands and assert their own

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<sup>6</sup> This paper does not claim, as others have, that Yugoslavia was not a fragmented society. The traumatic elimination of the Yugoslav identity affected active communists, city-dwellers, and other bourgeoisie. But in the countryside, especially in Herzegovina and rural Kosovo, such ethnic divisions never faded in place of the Yugoslav identity.

<sup>7</sup> Between 1991 and 2000 the United States spent \$15 billion on military intervention in the Balkans (Mallaby 2002).

<sup>8</sup> The very name *Balkans*—Turkish for mountains—reflects how outsiders regarded it.

authority, as they have always done. The same is true in areas of Montenegro, Southern Serbia, and Macedonia. Albania slipped into anarchy in 1997: the North remains under its own law. And both internal and external organised criminal groups utilise the region to both traffic drugs, arms, stolen goods and people, as well as launder earnings.

## Historical Background

The entity which ultimately became Yugoslavia only took authoritative and coercive shape after the treaty of Versailles, ruled by the bandit Kara Djordje's descendants. The Albanians sporadically revolted until the mid-1920s; they were mercilessly put down<sup>9</sup>. Ethnicity remained as a discourse, especially among Croat politicians. After WWII, Tito's Yugoslavia, strengthened by a state-wide partisan identity, initially prospered as a paradoxical and convenient 'independent' communist country. Yugoslavia was flooded with foreign aid and loans given at extremely favorable rates, which supported the façade of a successful centrally-planned economy. Yugoslav communism's economic 'Third Way' - *Worker's Self-Management* - was diligently studied by foreign economists who remained unaware that the economic boom was not a result of internal policies, but rather, external funds.

Yugoslavia's criminal class began to take cohesive shape and establish minor cooperative relationships with external criminal elements when Yugoslavia's role in organised crime was as a minor transshipment point for heroin bound for the West<sup>10</sup>; then Iran banned opium in the 1950s (McAllister 2000:198), and Yugoslavia's location became paramount. This local criminal underclass grew in stature and strength. They would ultimately evolve into the criminal militias of the 1990s wars.

In the 1970s foreign aid declined, as part of a worldwide economic slowdown; for Yugoslavia, this downturn would ultimately unleash the conditions - 'unregulated self-help, predation, and the untrammled exploitation of resources and markets' (Pugh & Cooper 2004:146) - which would fuel the wars of the 1990s. The state recognised that painful economic reforms were needed. It took out commercial loans (at much less favorable rates than those secured during the 1950s and 1960s) to postpone the

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<sup>9</sup> The Kaçaks at this time operated from the frontier zone between Albania and Kosovo, like the KLA later would, along with the Liberation Army of Presevo, Medved, and Bujanovac (in the Presevo Valley exclusion zone) in 1999-2001.

<sup>10</sup> Drug use correspondingly increased in 1950s Yugoslavia, Bulgaria and Romania (Stares 1996:43).

process (Verdery 1996) and debt grew (Duffield 1998:75). As western economies slowed, so, concurrently, did Yugoslav remittances from abroad - a major part of the economy, especially in Kosovo, Bosnia & Macedonia<sup>11</sup>. Wealthier constituent republics (namely Slovenia and Croatia), acutely aware that their economies were supporting underperforming regions, sought to prevent capital redistribution of their wealth through Belgrade by asserting their autonomy. As in other centrally-planned states in economic decline, the republics began to compete for resources - a process usually linked to the broader criminalisation of the economy as it moves away from formal, regulated channels. This competition generated illicit transborder activity in an attempt, by the republics, to circumvent Belgrade and link directly with international markets; unofficial customs controls emerged between the republics which ultimately contributed to Yugoslavia's collapse (Schierup 1992; Duffield 2000:77). Parallel trade dominated the earlier, formal state trade networks (Duffield 2001:157), assisted by Yugoslavia's integration into western markets, which exposed the state to the shocks of market transition (Kaldor 1999:85) unknown by other Eastern Bloc nations.

The republics separated before the people did. Nationalism became a political strategy to further solidify the separation of the republics. As state coherence weakened and ethnic grievances were repeated ad nauseum by republic media outlets, the economy continued to worsen. No answers were offered for this downward spiral; the problem was externalised and increasingly discussed in the language of ethno-historical wrongs, rather than economic ones. Inflation reached 2500 per cent in December of 1989 (Kaldor 1999:37). By 1989-1990, the state existed in name only. Ethnicity was the dominant discourse, and the elites who had achieved power in the constituent republics had no vested interest in Yugoslavia; quite the opposite. The central government's monopoly of violence was ultimately lost to the republics and their militias before the war began.

## **The 1990s Wars - Croatia, Bosnia, Serbia, Montenegro**

In 1986, the formerly loyal Titoist Slobodan Milošević moved from the shadow of his mentor, Ivan Stamboulić, and staked his political future on the grievances of Kosovar Serbs. He emphasised Serb grievances and the historical other; Croat, Slovene, and Albanian nationalism (and previously peripheral leaders such as Tudjmann) emerged as a counterweight. After 1990, internal stability in Serbia became dependent on the

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<sup>11</sup> By 1987, Montenegro, Macedonia and Kosovo were bankrupt (Pugh & Cooper 2004:153).

presence of continuous external threats. Far from any clash of civilizations, a clash of personalities in the rubble of a fallen economy ended the state. Ethnicity was the language in which this failure was articulated; it was accepted by both (former) Yugoslavs and outside observers. However, ethnicity has never sufficed to answer questions inherently underpinning the why of this war.

The 1991-1995 Croatian and Bosnian wars saw rump Yugoslavia<sup>12</sup> take over organised crime within its borders and use it as a policy tool. Ultimately it became a criminal state. These wars, distinguished by the political machinations of former communists who quickly moved away from the Titoist ideal of brotherhood and unity once it became devalued, were characterised by accumulation and economic redistribution throughout. The social pyramid was inverted as the former bourgeoisie were ruined by the war; but 'simple boys from the countryside and tough kids from the towns found that their guns made them the ones who could start amassing the Deutschmarks and the privileges, sexual and otherwise' (Rieff 1995:130).

Yugoslavia's death knell occurred, not in June 1991, but in December of 1990, when the Milošević government executed one of the biggest bank frauds in history. The balance sheets of Serbian banks were fraudulently increased (with the foreknowledge and collusion of Milošević's political party, the SPS) to a total of 2.6 billion Deutschmarks; this was distributed as credit to large Serb companies, who in turn purchased hard currency<sup>13</sup>. This effectively bankrupted the federation, and made Yugoslavia's physical demise inevitable (Judah 1997:260).

Enter Željko Raznatovic- Arkan. This most colourful monster was arrested in the Krajina one month before by local police with a carload of guns<sup>14</sup>. The guns were destined for ethnic Serb militias in the Krajina; Arkan was sent there as part of an operation created and executed by Jovica Stanišić, head of the SDB (Serbian Secret Police), with the assistance of the Ministarstvo Unutrasnjih Poslova (Interior Ministry)'s Frano ('Frenki') Simatović and Radovan ('Badza') Stojičić. This operation was coordinated on the ground in Knin, Croatia, by Yugoslav army General Ratko Mladić - then purportedly 'Yugoslav' in outlook and running the Knin garrison. A number of underworld figures were involved in this operation as well, and some

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<sup>12</sup> Rump Yugoslavia, also FRY, was generally used to describe the Yugoslavia which was composed of the Vojvodina, Serbia, Montenegro and Kosovo.

<sup>13</sup> The Serb government concurrently began printing off as many Dinars as it required (Dinkić 1995:63).

<sup>14</sup> He was tried and convicted in a Croat court- which then released him, pending appeal.

actually led their own militias, including the Srpska Garda, founded by the Belgrade mobster Branislav 'Beli' Matić. The state and its former nemeses were finding common ground. These militias fitted into Belgrade's strategy in the initial stages of the Croat-Serb war; Serb militias would seize towns and villages and the Yugoslav army- moving in to 'separate' the opposing sides - would essentially consolidate militia gains.

Arkan was illustrative of the criminality and ideological elusiveness of the Yugoslav wars; he served the interests of the state as well as himself, and ultimately he would attempt to reinvent himself as a politician. In previous incarnations he was a purse-snatcher, an assassin for the Yugoslav Federal Secretariat for Internal Affairs (SSUP), and a sometime bank-robber (UN Commission of Experts 1994: 207). He also bears the distinction of orchestrating the attack on the Muslim civilian population of Bijeljina in April 1992; this attack is now noted as the official beginning of the Bosnian phase of the war.

The modus operandi of the Bosnian chapter of the war demonstrated commonality with the others; violence was used to control populations rather than simply capture territory. Much of the war was subcontracted out by states to proxy militias in the interior, whereby loot (and other forms of privilege) constituted payment for services rendered. Protection and smuggling rackets abounded; taxes were levied on aid; redistributive mechanisms cropped up in cleansed, or soon-to-be cleansed, towns<sup>15</sup>; asset transfer occurred en masse between non-Serbs and Serbs<sup>16</sup>; the control of trade routes and markets was of paramount importance, so much so that the location of trade routes would dictate the nature of sieges and offensives - or the lack of them. Vareš, Bihać and other examples of this will be considered below, and will show how interests of trade dictated interests of war. Through this war, all manner of economic considerations - everything from the redistribution and seizure of both the routes propelling and the mechanisms defining trade, to petty theft - were simply not seen by external actors. The prism in which they viewed the conflict was one of ethnicity and redress and it had no room for simpler economic rationales. Such a myopic view effectively spayed peacebuilding efforts for much of the war.

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<sup>15</sup> Peter Maas recounts 'farmers atop tractors and horse-carts weighed down by rugs, sofas, and kitchen pots stolen from ransacked homes' (Maas 1996:77).

<sup>16</sup> In Prijedor the expropriated assets of 50,000 cleansed non-Serbs came to several billion DM. Serbs there robbed their own industry and agriculture, stripping equipment from the Ljubija mine and other Prijedor enterprises (Judah 1997:255).

Towns remained under Bosnian Federal control; Serbs and Croats controlled the countryside. Price differentials arose due to sieges; in Croat areas, the prices were 75 per cent less than Sarajevo (Glenny 1996:219). External to the pressurised cities, Serb and Croat OC, in conjunction with armed groups, including the BSA, supplied BSA-besieged federal towns with necessary foodstuffs and provisions (including pharmaceuticals and weaponry) at usurious mark-ups, while internally, the economies of federally-controlled cities were conquered by those same Bosnian-Muslim criminals who initially defended the cities<sup>17</sup>. In the war's beginning, when the Bosnian government had no army to speak of, notable criminals manned the barricades; they saved Sarajevo in April of 1992 and eliminated the last vestiges of the Yugoslav army from the city (Rieff 1995:131-132). When the situation grew static enough for cooperative trade to begin between organised crime groups, such as Sarajevo gangsters often purchased guns from Kiseljak Croats and BSA troops with their smuggling profits (Glenny 1996:217-218; Kaldor 1999:53)<sup>18</sup>. The role of such weaponry was primarily to both occasionally defend against untrustworthy business partners and to control a restive and exploited customer base.

Serb cigarettes entered Sarajevo via Croat HVO checkpoints; Serbs paid Muslims and Croats to escape from Sarajevo on this same overland route<sup>19</sup>. The nexus of profit and non-accountability was a breeding ground of hybrid units of uncertain and shifting allegiances<sup>20</sup>; Caco and Čelo, Sarajevo legends, commanded their own armies<sup>21</sup>. Caco's men murdered an as-yet undetermined number of Sarajevo's remaining Serbs<sup>22</sup>. The political gains sought by Zagreb and Belgrade through combat advances were nullified by the trade concerns and illicit activities of the ethnic brethren - namely the HVO, BSA, and numerous local militias - they had subcontracted this war to, in the interests of plausible deniability. War remained the

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<sup>17</sup> Glenny notes that many Bosnian criminals operating in Frankfurt, Zurich and Stockholm returned to Sarajevo to raise militias (Glenny 1996:217-218).

<sup>18</sup> It should be noted that in the areas which the Serbs were determined to take, including Srebrenica and the northern corridor, such armaments deals were not made.

<sup>19</sup> Elsewhere in Bosnia, Serbs charged 1,000 Marks to Muslims and Croats to exit the Bosanska Krajina (Rieff 1995:89). A tunnel running under the Sarajevo airport runway brought goods in and refugees out; young men had to purchase draft exemptions and then pay an 'entrance fee' to the tunnel (personal conversations with men who utilised this route and others, Sarajevo, August 1996, September 2000).

<sup>20</sup> By 1994 the UN identified eighty-three paramilitary groups in Bosnia and Croatia; fifty-six Serb, thirteen Croat and fourteen Muslim (UN Commission of Experts 1994 Annex III, A:11). The motivation of paramilitary groups remained economic (Kaldor 1999:53). According to Vasić, 80 percent of the paramilitaries were common criminals and 20 percent were fanatical nationalists. The nationalists did not last long: fanaticism, he noted, is bad for business (Vasić 1996).

<sup>21</sup> Caco—Musan Topalović—was a club musician. Čelo—Ramiz Delalić—had recently served eight years for rape. Other groups included the Wolves, Green Berets, Black Swans, Yellow Ants, Mecet's Babies, Mosque Pigeons, Knights, Serbian Falcons, etc. (Kaldor 1999:49).

<sup>22</sup> Komlenović, Uros. *Serbs in Sarajevo: the Fate of Dr. Malić*, in *Vreme News Digest*, No. 250, July 20, 1996.

concern of those without access to markets<sup>23</sup>. Once such access was gained, the motivation to risk death significantly lessened.

Bosnia's gangster militias were not incorporated into federally-controlled units until Prime Minister Haris Silajdžić did so, in the fall of 1993; while some became inlaws, others remained outlaws which the Bosnian military then destroyed. Čelo was jailed, and later pardoned. Caco was eliminated; Sarajevo Muslim Jusuf 'Juka' Prazina resented government intrusion so much that he joined the HVO and fought his own ethnic brethren in Mostar, under a Croat flag (Glenny 1996:218). Such ambiguities and a sharp difference between what is *done*, and what is *preached*, led to resignation and disillusionment among ordinary troops of all ethnicities in every significant contested area. Such disillusionment was particularly striking in Serb groups, the Krajina militias and the BSA in particular. In September of 1993 Serb soldiers in Banja Luka revolted and demanded the arrest of local Serb 'war profiteers' (Bougarel 1996B). Some BSA troops had, indeed, joined from patriotic fervour and an ill-defined sense of obligation. What they found was hardly the defence of a nation. Profiteering surrounded them - a business they were excluded from on the front lines, and one that was officially treasonous. The patriotic environment, where nationalist folk songs were once composed about the Serbian northern corridor (Silber & Little 1995:337), withered, consumed by the pervasive criminality that such ethnic sentiments once masked.

Disillusioned Serb front-line soldiers claimed they had been betrayed by their leaders, who bought property in Serbia proper and made millions (Judah 1997:255). For such troops, grievance was a false promissory note they were encouraged to invest in. They believed in the ethnic conflict label, just as the West did. The grievance which remained was the grievance against one's own.

What was left, in the end, were those once-illusory ethnic hatreds, grown through repetition and ultimately made true through war. Those who believed that such ethnic conflict truly existed, regardless of economic or political concerns, and cleansed accordingly, were the fathers of such a war. And the label ethnic conflict must remain as a psychological defense mechanism. It is hugely important to its practitioners that they were not fooled or lied to, and that those people they expelled, hurt or killed

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<sup>23</sup> The Muslim paramilitaries on Mount Igman (which the Serbs would use to shell Sarajevo, killing thousands, and obliterating the national archives, among other outrages) were willing to sell their positions to the BSA—so long as they could retain control of the black-market routes into the city (Kaldor 1999:51).

deserved it. The violence done onto them was pre-emptive and defensive. It had to be. Ethnic cleansing must always be justified by its practitioners as the irrevocable them or us - a repetitive psychological curse which extends the ethnic discourse, and continues the grounds on which grievance and redress can be articulated, for another few generations.

## ***Beograd Agrapha: the Economy and the Organised Crime-State Nexus***

*Violent modes of enterprise give a comparative advantage to sociopaths.*

- Reno 2000A:54

Serbia was once the political, economic, and agricultural heartland of southeastern Europe. In 1993 its economy collapsed<sup>24</sup>. The state had other interests to attend to. It debased its own currency by printing off the Dinars it required; this was a calculated short-term move, and the government knew what the results would be. But, being a criminal state, Belgrade had different priorities. By August of 1993 inflation climbed to 1880 percent; at an annualised rate, this totals 363 quadrillion percent. The next month, in the interests of space, six zeroes were removed from the banknotes. November's monthly inflation was 20,190 per cent. December's inflation equaled 313,563,558 percent (Judah 1997:268). In that month, 500 Billion Dinar notes were printed.

I was in Belgrade that December. I was blissfully unaware of economics. But I did note that, in bars, the prices of drinks would change between rounds.

Serbia experienced the Bosnia spillover - it became awash with drugs and guns. But in the Serbia of the time, this spillover was politically beneficial. And economically, sanctions created opportunities to fill state coffers through smuggling. The same circumstances which damaged the livelihoods of ordinary citizens became rackets to give out to loyalists; elements of the state would profit obscenely from its own censure and possible collapse. Sanctions and UN Security Council resolutions

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<sup>24</sup> With the exception of Slovenia, Yugoslavia's successors emerged from their wars economically ruined. Bosnia's GDP fell from US\$2,719 per head in early 1992 to US\$250 in 1995. Serbia & Montenegro's GDP fell to 49 percent of 1989 levels (Bojić 1997). Yugoslavia calculates not GNP but Gross Material Product (GMP); in 1989 GMP was US\$24.6 billion. By 1993 this dropped to US\$9.5 billion. Serbia & Montenegro's growth rates were -8.2 percent in 1991, -26.1 percent in 1992, and -27.7 percent in 1993. By early 1993 (and hyperinflation), industrial production was 30 percent of 1990 levels. Croatia's GDP fell to 65 percent; Macedonia's GDP fell to 55 percent. Serbia would not stop this plunge until 1996. Albania's GDP fell to 81 percent. (Bojić 1997).

became the bogey men which allowed the government in Belgrade to effectively externalise 'the enemy' to its citizens.

Organised crime was used by the state to channel funds and weapons to ethnic militias in the hinterlands; those non-state armed groups, and those third parties, allowed for plausible deniability on the part of Belgrade. When sanctions became imminent, organised crime was ultimately co-opted by FRY as a business venture to fund the Yugoslav army, the interior ministry, and other institutions (Yannis 2003:177) necessary for the state's survival. This was on top of the extralegal income and kickbacks it produced for connected elites. Milošević's survival instincts overruled classical economic concerns. Serbia generated hard currency through black-marketeering, extortion, bank fraud, kickbacks and drug-running. The state was an intermediary for money-laundering operations; it imported cigarettes as duty free and then re-exported to the West (Williams 2001:110). Belgrade University Law School Professor Dejan Popović described this as the Columbia Syndrome: 'a merging of top political leadership with different forms of the underworld and mafia.'<sup>25</sup> Interior ministry police (Ministarstvo Unutrasnjih Poslova, hereafter MUP) became the regime's Praetorian Guard, alongside the Red Berets, who served as the assassins of Ivan Stamboulić and Zoran Djindjić, and the failed assassins of then-opposition leader (and current Foreign Minister) Vuk Drusković. The Red Berets were connected to the Zemun Clan, an organised crime collective which planned the Djindjić murder. Economic benefits kept MUP loyal: the army was left to the side (Keen 2000:34). MUP's loyalty was also partly assured by the integration of a large number of Croatian- and Bosnian-Serb refugees in that body. Such men had no legal status, and their ability to provide for their families was determined by loyalty and job performance. For both politicians and organised criminal elements - increasingly inseparable - continuing conflict was desirable in regard to both continued earnings and the possibility of legal repercussions from some future peacetime government (Kaldor 1999:55). The lure of profit and threat of incarceration tied the Milošević family (especially Slobodan's son, Marko, who controlled the cigarette trade in Serbia) and hundreds of high-ranking government officials to such criminals as Arkan, Milorad Todorović, Vlada 'Tref' Kovačević, Dušan Spasojević, Milorad Luković and thousands more of the violent, young, and hungry low-level service providers who answered to them.

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<sup>25</sup> Harden, Blaine. *Fast Life, Flashy End for Belgrade Mobster; Gangs Rise to Prominence in Serbia*, in the Washington Post, November 21, 1992.

UNSCR 757 banned all imports to, and exports from, Serbia & Montenegro, allowing only for the importation of medical supplies and foodstuffs. Financial transactions were prohibited: air and sea traffic was suspended. The economy that emerged under sanctions allowed for the further legitimization of criminality within the state. Sanctions necessitated further links between organised crime and the government, and allowed for organised crime to become a patriotic endeavour; the international community became *the other*, a dangerous ethnic group in its own right. Organised criminal groups soon took over trade in imports and hard currency (Malcolm 1999:351). Sanctions also allowed for a further tightening of markets and monopolisation of the flow of key goods, allowing for the creation of artificial shortages which led to steep price increases; the state and organised crime could maximise profits while blaming sanctions.

The criminalisation of the Serbian state was reflected in government-organised crime connections in Bosnia, Macedonia and other states (Yannis 2003:175; Naylor 1999:337), while the Krajina and the Republika Srpska became a 'patchwork of mafia fiefs' (Judah 1997:255). Across the region organised criminal groups opened cafes, bars, bureaux de change, petrol stations, and boutiques to launder cash. Macedonia became a key country for sanctions-busting.

Serbia's indigenous organised crime of the 1990s was vastly different from the organised criminal groups and activities which emerged during the Cold War. Both flourished under different market conditions (Volkov 2000; Xenakis 2001:2). Earlier renditions of organised crime were cooperative in nature; the emerging organised criminal patterns of the 1990s was marked by extreme youth and extreme violence<sup>26</sup>.

The most violent section of the shadow economy involved petroleum. At its lowest and safest level, private citizens drove into Hungary, filled up their tanks, drove back and extracted the gas to sell. At the highest level, the state and OC interacted as one. Arkan took over small oilfields in Eastern Slavonia. Jetties and rowboats crisscrossed the Danube with jerrycans full of gas; Romanian and Hungarian border villages grew rich. Albania and Bulgaria illegally exported so much gasoline that they created internal shortages<sup>27</sup>.

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<sup>26</sup> De Luce, Dan. *Serbia's Cocky Young Gangsters Remove Serbian Old Guard*. Reuters, Dec. 12, 1993; Komlenović, Uros, & Jovan Dulović. *Dangerous Children*, in *Vreme News Digest* No. 162, October 31, 1994.

<sup>27</sup> The examples offered here are from my own experience, in the Vojvodina (1993), Lake Scutari, Montenegro (1994) as well as border villages in Romania/ Bulgaria (1994).

The Dayton Accords ended the Bosnian war; they de facto legitimised the Republika Srpska- a mafia statelet, founded on genocide. The Bosnian Federal Government was two parts- a semi-criminal Bosnian federal state, and a semi-criminal Croat Herceg-Bosna where the Kuna was currency and the citizens carried Croat passports. Serbia itself remained criminal: Milošević emerged as a re-legitimised power-broker whom diplomats would continue to turn to. The plausible deniability he continued to proffer was accepted as a lesser evil than the alternatives - a continued diplomatic and economic war against the Yugoslav husk. Sanctions were lifted. The State-OC structure remained intact, and the ground was leveled for the next stage of the conflict.

## **The 1990s - Albania, Macedonia, Kosovo, S. Serbia, Montenegro**

The Kosovo conflict 'could be all too easily caricatured as a struggle between drug traffickers on one hand and cigarette smugglers on the other' (Williams 2001:110). Such a claim might, if mistakenly taken at face value, seem to discount the very real ethnically-motivated violence that has been committed in the province, as well as the human cost. In the Slavic-Albanian linguistic frontier, hatred - real, palpable hatred - abounds, much more so than in Bosnia. But Williams' aside contains harsh and uncomfortable truths that partially defined both the reasons underlying the conflict and the province's post-1999 (or better, *post-Serbian*) entity. *That war* served to sustain Milošević 's control over both the state and its informal economy, and allow for the profit of his inner circle (Yannis 2003:177). The Albanians themselves may have been incidental.

From its absorption into Serbia in 1912 until the present, Kosovo was marked by underdevelopment. The industries it possessed were inefficient and insufficient; its institutions, whether Serb or Albanian, were highly corrupted (Yannis 2003:173). Direct investment in Kosovo was limited to a few select industries, namely those involving resource extraction (Trepča, Belačevac, etc). Such resources were then exported to other Yugoslav republics at state-subsidised prices. Belgrade did, in better economic climates, invest in education, creating the University of Pristina<sup>28</sup>, which served as a temporary unemployment safety valve (Magnusson 1981:6-7, 11-

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<sup>28</sup> Instead of delicately considering whether to utilise the Serbian or Albanian spelling of this city, I have opted instead to simply use Pristina, as most internationals in the province do.

16, 40-52; Malcolm 1999:336). Kosovo's unemployment rates were the highest in Yugoslavia; many young men were thereby given an extra four years at university in-between secondary school and the un- or under-employment directly linked to lack of investment and concurrent overpopulation.

In 1987 Milošević re-invented himself on the grievances of Kosovo's Serbs and the historical relevance of the province to Serbia itself. Albanian residents of the province were demonised by politicians and subservient media outlets; urban Serbs who had never visited the province, and tended to look down upon Kosovo Serbs, were subtly 'socialised' to Serb suffering and a cultural 'genocide' which, it was alleged, Albanians were committing there. Belgrade revoked Kosovo's autonomous status and instituted direct rule in 1989; ethnic Albanians were systematically rooted out of Kosovo's administration and fired from their jobs for refusing to, among other things, sign "loyalty oaths" to the new regime. Serbs (and the occasional Roma) replaced them; Kosovo's Albanians found themselves under a Serb-dominated system which exposed them to constant harassment up to and including arbitrary arrests, beatings, and the occasional extrajudicial execution.

UNSCR 757, which blanketed sanctions across rump Yugoslavia, delivered a crippling economic blow to Kosovo; it resulted in the closure of Kosovo's international land borders, and cut major trade routes from Kosovo to Albania and Macedonia which served as then economic lifelines to the province. Before 1989, Kosovo was the poorest region in Yugoslavia; but between 1989 and 1994, the province's GDP fell by an additional 50 percent, to under US\$400 per capita by 1995 (World Bank 2001:2). The informal economy became dominant. Many Kosovo Albanians fled abroad: under sanctions, the remittances they earned became increasingly difficult to send home. When sanctions were lifted, these remittances moved from income *supplements* to standalone *incomes*; by 1998 such remittances accounted for half of the province's GDP. Nearly all Kosovo Albanian families had at least one male member working abroad.

In May 1992, when UNSCR 757 took effect, Shkodër, Albania became a smuggling haven. Albanians transported petroleum products across Lake Skutari<sup>29</sup> to Montenegro, where the Albanians received payment from Serb and Montenegrin smugglers in cash and, occasionally, weapons. Roughly a year after SCR 757, the

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<sup>29</sup> 200 boats crossed Skutari per day in 1993-1994, and the trade was valued at roughly US\$1 million a day. Jung (2003:142-150) cited in Pugh and Cooper 2004:154.

Kosovo Liberation Army (Ushtria Çlirimtare e Kosovës, hereafter KLA) was formed by several extended rural families in the Drenica; its fulcrum was the Jashari Clan of Prekaz<sup>30</sup>. Those same guns the Serbs traded for gasoline on Lake Skutari would be sold to KLA middlemen in Tirane (Adem Jashari, Patriarch of the Jashari clan and one of the founders of the KLA, was a frequent visitor) and transported into Kosovo, for eventual use against Serbs there (Sullivan 2004:111). The KLA's message of violence would be received with keener ears after the 1995 Dayton Accords, which failed to even mention the status of Kosovo. Many Kosovo Albanians grew disillusioned; the parallel system and the non-violence it preached appeared hollow. And less than a year after Dayton, the KLA began to kill.

The group's first attack on Serb civilians occurred at the Cakor Café in Decani<sup>31</sup> on April 22, 1996. Small-scale attacks on isolated police outposts soon became their modus operandi. KLA attacks, and popularity, grew with the influx of cheap small arms which accompanied the Albanian government's 1997 collapse, when government-sanctioned pyramid schemes collapsed (Kaldor 1999:109) and took the savings of 1/3 of the country with them. Albanian military weapons depots were thoroughly looted in the chaos which swept the country<sup>32</sup>; this temporary eruption of mass violence led to the arming of Kosovo in general. As the KLA expanded, training camps were established in Albania by the group and their rivals, the LDK-affiliated Armed Forces of the Republic of Kosova (FERK). FERK was soon destroyed in what could be characterised as a Kosovo Albanian civil war, waged in Albania proper - a precursor to the real fight.

KLA-heroin connections are bandied about with much fanfare. If the KLA were a coherent group with a centralised command structure, then the charge would possibly stick. But the KLA was more a mass movement of men (and occasionally, women) who, whether left- or right-wing, could agree on one thing; that Serb rule in Kosovo must end. While the KLA did have a military commander (current interim Prime Minister Agim Çeku) as well as a political leader (Hasim Thaçi), both of which did coordinate some actions (the former diplomatic, the latter military), they did not have command of an entire structure which was comprised of differing factions with

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<sup>30</sup> According to postwar statistics, KLA members were, on average, 20-40 years old, with a 50 percent chance of having 6-12 dependents. 75 percent had high school educations; 30 percent were unemployed before the war (Özdemir 2003:85). Frustrated and disillusioned young men, often unemployed, now treated by the west as economic (not political) migrants, flocked to the cause.

<sup>31</sup> Again, I am opting for the internationalised spelling rather than the Serb or Albanian.

<sup>32</sup> 656,000 guns, 3.5 million hand grenades, half a million land mines and 1.5 million rounds of ammunition went missing (ICG 2001:215).

opposing regional and political allegiances. In 1998 the KLA was still regarded (but not classified) by the US State Department as a terrorist organisation (Özerdem 2003:80). KLA 'leaders' conspired against one another; an illustrative example were the political manoeuvrings of Hasim Thaçi and Adem Demaçi during the Rambouillet accords. Each epitomised the differences between the umbrella's right- and left-wing<sup>33</sup>. Regarding the common perception of the group within Kosovo, Malcolm puts it most aptly:

*Albanian villagers thought (the KLA) was a local resistance movement, aimed in theory at 'national liberation' and in practice at protecting their villages against Serb attacks; and because enough of them came to think so, that is what it turned into (Malcolm 1999: xi).*

And so: *elements* of the KLA acquired funding from drugs and prostitution in Europe. Reports by Interpol, Europol, U.S. and European governments, the Observatoire Geopolitique des Drogues, and journalist's accounts detail links between KLA members and Albanian organised crime, and claim that some KLA weapons were bought with heroin profits, laundered through European banks (Yannis 2003:176). This implicates members of the KLA, but the KLA itself remained a loose group of men with guns. Some shot soldiers; some shot civilians, and some ran heroin. A caveat must be leveled; just as there are Albanian drug traffickers, they are different from Kosovar Albanian drug traffickers, and members of the KLA who traffic drugs (Williams 2001:108). Often the groups are viewed as indistinguishable from one another, but differences and affiliations are marked. One distinction remains for the umbrella as a whole; it killed more Albanians than it did Serbs<sup>34</sup>.

In March 1998, MUP eliminated the Jashari family in a three-day gun battle in the Drenica. This violent siege predicated a MUP campaign in the Drenica which sent 30,000 Albanians fleeing from the region as Serb forces cut electricity, blocked roads

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<sup>33</sup> The left centred around the LPK- Lëvizja Popullore e Kosovës, or Popular Movement of Kosovo, an extreme Marxist group once affiliated with Enver Hoxa- *and* Adem Demaci. The right were loose groups historically affiliated with the Skanderbeg SS, Kacaks and Balli Kombetar guerillas. Many in the LDK became KLA, fought for the duration of the war, and then returned to the LDK. FERK members and KLA members killed one another until the organisations merged; after the war, FERK members were targeted again.

<sup>34</sup> These killings are usually justified in that the victims were 'collaborators.' But such collaboration was loosely defined; for example, a gym teacher in a secondary school in Pejë/ Peć, who remained employed after the 1989 revocation of autonomy. In 1999 he was kidnapped and decapitated. Those in Pejë who described this murder to me called it a KLA act, and they described the victim as a Serb pet and a traitor. But who, seven years later, can say? (This is based on my own experiences and conversations in Pejë/ Peć, January 2001).

and subjected villages to artillery and mortar barrages (Sullivan 2004:196)<sup>35</sup>. The still-contested Raçak massacre<sup>36</sup> occurred in January of 1999. The NATO war began after the Rambouillet accords failed; it lasted 78 days. Close to a million Kosovo Albanians were expelled by MUP, Yugoslav Army, local militias and paramilitaries<sup>37</sup>. Between six and 10,000 Kosovo Albanians died between 1998 and the war's end<sup>38</sup>.

## Postwar Kosovo

The Kosovo war ended with the Kumanovo Military-Technical Agreement, signed on June 9<sup>th</sup>, 1999. When Serb forces left, the law left with them, and NATO's Kosovo Force (KFOR) began their occupation of a province whose administrative and judicial structure had disappeared; departing Serb forces had apparently gone so far as to leave with Kosovo's cadastral and criminal records<sup>39</sup>. The United Nations Interim Administration-Mission in Kosovo (UNMIK) was tasked to re-establish Kosovo's legal system; KFOR found itself in an ill-defined policing role - something most of its troops had no experience with. Further complicating matters, within one month of the Serb military withdrawal, 650,000 Kosovo Albanian refugees returned. These returnees, and the Kosovo Albanian population at large, turned on the remnants of Kosovo's Serbian and Roma population, murdering scores and causing the flight of at least 220,000 into Serbia proper. The province's freedom from Belgrade oppression was marked by looting, house appropriation, asset redistribution, assaults and murders - both ethnic and opportunistic.

## Postwar KLA-KPC

After the Serb withdrawal, the KLA declared itself the Provisional Government of Kosovo (PGK), led by Hasim Thaçi. The PGK took hold at both the municipal and ministerial level; across Kosovo, KLA regional structures set about appropriating as

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<sup>35</sup> Taking a historical cue from the partisans, the KLA attacked Serbs and expected reprisals, knowing that such reprisals would draw both recruits and international attention.

<sup>36</sup> The Serbs maintain that those Albanians who died in Raçak were KLA members who were killed in combat; Albanians maintain that they were civilians which MUP simply murdered in a ditch.

<sup>37</sup> Apparently MUP's Frenki Simatovic was the fulcrum connecting these groups. See OSCE *As Seen, As Told, 2000, Part II, Chapter 3: The Military/ Security Context*; ICG 2000:55

<sup>38</sup> The number of Kosovo Albanian casualties remains a point of contention for all. Serbs maintain 3,000 dead, all 'terrorists.' This matches the Serb claim of over 3000 Serbs missing since war's end- also a faulty figure. Albanians often claim a minimum of 15,000 dead. The most appropriate figure is between 6 and 10,000 killed between early 1998 and the NATO war's conclusion: this figure is used by the EU, KFOR and others. The true figure will not likely ever be known.

<sup>39</sup> It was later established that many of the cadastral records had not been removed, but instead were seized by certain K-Albanian elements seeking to 'reinvent,' for considerable profit, property ownership in pre-UN Kosovo. See Manuel, Susan. *Cutting back the Property Jungle*, in Focus Kosovo Magazine, October 2002: <http://www.unmikonline.org/pub/focuskos/oct02/oct02.htm>.

many formerly “socially owned” businesses as possible (ICG 1999:4, 5, 12). Self-appointed KLA mayors and affiliates levied ‘taxes’ on local businesses and economic activities (Yannis 2003:181). The PGK was disenfranchised rapidly by UNMIK and KFOR, which forced it into the political arena, much to the delight of the LDK.

In the interests of provincial stability and ease of surveillance, UNMIK demobilised the KLA and created from it the *Trupat e Mbrojtjes Së Kosovës* (TMK)<sup>40</sup>, or Kosovo Protection Corps (KPC), on September 20, 1999. Numerous other demobilised KLA veterans also joined the newly-founded Kosovo Police Service (Cooper 2001).

The KPC is a ‘civil defence’ organisation loosely modeled on the US National Guard<sup>41</sup>. It engages in public relations exercises including tree-planting and joint work with NGOs on environmental campaigns, amongst others. But its command structure is essentially a replication of the KLA command structure - and, much to the chagrin of Belgrade, the KPC is an armed body. In addition to the limited and regulated small arms they possess, it is assumed by both KFOR and CIVPOL that individuals and factions who have representation in KPC have significant stocks of heavy weapons at their disposal which were not handed over during the DDR process; what was handed over tended to be broken<sup>42</sup>. CIVPOL has no authority over the KPC - nor does the KPS<sup>43</sup>.

Numerous KPC members have been indicted in criminal enterprises<sup>44</sup>, including property seizures, extortion, operating brothels, and acting as a shadow police force (the last being expressly forbidden by the TMK/ KPC charter<sup>45</sup>). KPC members have extorted funds from local businesses, as have former members of the KLA<sup>46</sup>. The Grand Hotel Pristina is owned in-part by former KLA members - as are businesses in every urban area in Kosovo. The PGK stampede to co-opt formerly public enterprises

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<sup>40</sup> Internationals joked that the Albanian initials TMK stood for Tomorrow’s Masters of Kosovo.

<sup>41</sup> The KPC’s official duties are, among other things, ‘assisting in ceremonial duties’, ‘conducting search and rescue operations’, ‘assisting NGOs and civil society development’, and so on. The KPC initially had 2,000 active-duty members and 3,000 reserves; these numbers have since been reduced by KFOR.

<sup>42</sup> These are assumptions held by nearly all internationals and locals in the province. The information here was provided during conversations with American KFOR officers in Gnjilane/ Gjilan, January 2001; Italian KFOR reps, Film City, Pristina, March 2001; etc.

<sup>43</sup> KFOR is officially tasked with policing the KPC.

<sup>44</sup> *Kosovo ‘Disaster Response Service’ Stands Accused of Murder and Torture*. The Observer (UK), March 12, 2000.

<sup>45</sup> UNMIK Regulation 1999/8: On the Establishment of the Kosovo Protection Corps. [http://www.nato.int/kfor/kfor/kpc/unmik\\_reg\\_99\\_8.htm](http://www.nato.int/kfor/kfor/kpc/unmik_reg_99_8.htm).

<sup>46</sup> The KPC ‘supplements the slender funds provided by international organisations with donations raised locally, either directly or through the organisation “Friends of the KPC.” Informal contacts suggest that sums of between DM 300 and DM 3,000 per business per month are collected by organisations connected with the former KLA’ (ICG 1999:7).

was never undone; these businesses remain unofficially privatised. And past KLA affiliations and present organised criminal activities are all too often found in tandem<sup>47</sup>.

Internationals remain extremely wary of arresting such men; when ex-KLA commander (and parliamentarian) Fatmir Limaj was arrested and extradited to the ICTY in February 2003 nearly a quarter million Kosovo Albanians protesters brought Pristina to a standstill. CIVPOL's first arrest of active-duty KPC members resulted in a police station being put under siege by chanting KPC members: CIVPOL released the men. Numerous KLA veterans, and KPC Regional Training Group (RTG) leaders, including Rrestem Mustafa and Daut Haradinaj (Ex-Kosovo PM, and current Den Haag indictee, Ramush Haradinaj's younger brother), were arrested and ultimately jailed by UNMIK courts for war crimes committed against Albanian civilians in 1998-1999<sup>48</sup>. The younger Haradinaj's July 2002 conviction was followed by grenade attacks against police stations in Podujevo and Pristina; UN vehicles were also attacked or vandalised (an occurrence now so commonplace that it hardly warrants attention; in 2002, however, it was notable), and an RPG was fired at the Pristina courthouse<sup>49</sup>. KFOR, which assumes policing responsibilities over the group, often rotates KPC RTG commanders, 'some of whom were widely suspected of turning their commands into local fiefdoms where they engaged in a variety of illegal fundraising activities' (ICG 2001:90). The US Office has blocked KFOR moves to arrest KPC members<sup>50</sup>; after the 'Niš Express' bus bombing in February of 2001 (which killed a dozen Serb civilians), KFOR paved over the blast crater before CIVPOL could canvas for evidence<sup>51</sup>. KFOR arrested several KPC members for the attack, but released them because critical information from US intelligence sources

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<sup>47</sup> Ex-KLA member Sabit Geci was arrested in Pristina in October 2000 moments before KFOR & CIVPOL raided thirteen homes, bars and brothels controlled by the Geci clan—whose family members have distinguished themselves by their KLA memberships, political connections and OC predilections. Guns and heroin were seized (GDN Oct. 2001:4). The Gecis run an extensive criminal network in Pristina. Sabit was later sentenced to 5 ½ years in prison for extortion. See *UN and NATO Move to Curb Kosovo Crime*, in the New York Times, 15 October 2000; also *Kosovo Supreme Court upholds Sabit Geci's Sentence*, in Koha Ditore, UNMIK Local Media Monitoring, January 25, 2002.

<sup>48</sup> No Albanian has been arrested and tried in a Kosovo court for war crimes committed against Serbs. Such an event would, UNMIK fears, produce an adverse reaction among the Kosovo public, which does not so much deny that such crimes took place; rather, such crimes are seen as reactions to ten years of oppression and violence wrought by Serb forces on Albanians. Implicit is the assumption that *they deserve it*. This is my own opinion.

<sup>49</sup> *Law & Order Chronicle*, Focus Kosovo Magazine, August 2003  
<http://www.unmikonline.org/pub/focuskos/aug03/focuskchron.htm>.

<sup>50</sup> *Rule of Law Is Elusive in Kosovo; UN, NATO Criticised For Inaction on Violence*, in the Washington Post, July 29, 2001.

<sup>51</sup> *Ibid.*

was not released<sup>52</sup>. KLA and KPC elements are involved in post-war ethnic cleansing (of Serbs and Roma) in Kosovo (OSCE 1999: xii).

The KPC, like the KLA, is not, on the whole, a criminal enterprise; it contains criminal elements. Frankly the KPC does not even utilise its own command and control structures to police itself. It expels its own *only* under international pressure. A segment of Kosovo society - be it a 'search and rescue organisation' or some other enterprise - is effectively beyond the reach of the province's police force. UNMIK fears that actively policing the KPC would lead to a general uprising. The exclusion of CIVPOL (and, at some future date, KPS) from policing this group damages the rule of law in Kosovo. CIVPOL should have been *the* primary actor in policing KPC - albeit with heavy KFOR backup. KPC will not go away: UNMIK and CIVPOL will, and KPS will not have the authority to police the KPC in the future because of the precedent that is set now. This is a quiet assumption, by UNMIK, that the KPC *is* the future army of Kosovo. More illustrative to this paper's purpose, the monopoly on organised violence in the Republic of Serbia does not exist: the existence of CIVPOL and KFOR (which do not coordinate with one another), the KPS and KPC (which contend with one another; one armed group cannot police the other) and the old JNA on the borders of one of its provinces, but banned from entering, allows that Serbia has not fit the minimal Weberian definition of a state since June of 1999. This was an early indication from the powers that be that Kosovo, as the events of 2007 demonstrate, is on the path to independence.

## Heroin and OC

Kosovo, for all the illegal goods which flow through it, remains *less* a trans-shipment point for illegal and illicit goods in the Balkans than other states; UNMIK does not allow goods to pass in transit<sup>53</sup>. A random sampling of heroin confiscations implicates the entire region in the traffic; heroin does not magically appear in Kosovo, and the drugs and weapons trade along the Balkan Route is very obviously multi-ethnic and cooperative in nature. On November 15, 2000, Macedonian police confiscated nearly US\$3.5 million worth of Turkish heroin from a village near Struga. This product followed the alternate route opened by Macedonian-Albanian 'godfather'

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<sup>52</sup> Ibid. One suspect escaped from America's Bondsteel Camp when, amazingly, his mother smuggled him wire cutters baked into a pastry.

<sup>53</sup> *All the Paths of Cigarette Smuggling* (Koha Ditore), in UNMIK Local Media Monitoring October 24 2002. accessed online at <http://www.unmikonline.org/press/2002/mon/Oct/lmm241002.htm> on August 13, 2004.

Daut Kadriovski, which helped to reroute the Balkan route through Macedonia and Albania and away from conflict areas (GDN April 2002:2); Struga is near Lake Ohrid, which straddles the Macedonian-Albanian border. In March 2001, Bulgarian police discovered 80 kg of heroin on a Kosovo-bound tomato truck<sup>54</sup>. In a single ten-day period in November 2001, Italian police inspecting ships en route from Durrës, Albania, to Brindisi, Italy, seized 4 tons of marijuana, 300 kg of hashish and 20 kg of heroin<sup>55</sup>. While the Marijuana's local origin was a near-certainty (southern Albania produces a bumper crop), the origin of the hashish is open to speculation. The heroin is not. If one considered only distance, this heroin likely traveled to Durrës via Macedonia (following the same route as the Struga confiscation) or via Kosovo - the Vrbnica/ Morine land crossing<sup>56</sup>. Geography is not the determining factor; ease of passage is, and it is determined by the ease of co-opting state elements including customs and immigration. Later in 2001, the chief of police of Durrës was implicated in a 35 kg heroin transaction. The next year, in Kosovo, UNMIK police arrested a 14-year-old Albanian boy in possession of 5.2 Kg of heroin<sup>57</sup>. In July of 2003, UNMIK seized 18 kg<sup>58</sup>. In this period, KFOR enacted staggered roadblocks along the main Pristina-to-Prizren route and searched every auto and person which passed<sup>59</sup>. To the immediate north of the province, in October of 2003, 10.2 kg of heroin were seized on the Serb-Montenegrin administrative border; UNMIK police later arrested three persons attempting to enter Kosovo *from* Albania with 36 kg of heroin<sup>60</sup>. Again, this is determined by ease of passage; one can speculate that these men had a better route in mind. In January 2004, a joint UNMIK-Albanian operation confiscated 55 kg of heroin<sup>61</sup>. This list is by no means thorough.

These amounts seem substantial until one considers that an estimated 100 kg of heroin enters Montenegro *every day*<sup>62</sup>. One should also consider that a distinct minority of illegal goods in transit are actually discovered. Anyone who has walked in the Prokletije Mountains, which form the Kosovo-Albanian border as well as the

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<sup>54</sup> *80 Kilos of Heroin Bound for Kosovo*. March 3 2001, B92.

<sup>55</sup> Conversely, from January to November of that year, the same police seized only 4.5 kg of heroin, 260 grams of cocaine, and seven tons of marijuana.

<sup>56</sup> I have witnessed bribes paid to Albanian customs officials on this border in the form of track suits and football jerseys. During the 1999 Kosovo war, these same border officials leveled 'entry fees' on fleeing Kosovo Albanians (interviews in the 'Slovene village' transit centre, Gjakovë/ Djakovica, Kosovo, Dec. 2001).

<sup>57</sup> *Major Heroin Haul in Kosovo*. December 13, 2002, Beta Novinska Agencija.

<sup>58</sup> *Police Seize Heroin in Kosovo Worth 800,000 Euros*. July 29, 2003, AFP.

<sup>59</sup> I spent an inordinate amount of time in these roadblocks, which lasted up to four hours.

<sup>60</sup> Daily Media Reviews, October 16-17, 2003; Weekly Media review, October 13-20, 2003. Accessed online at <http://www.seesac.org> on December 2, 2004.

<sup>61</sup> *Massive Heroin Haul on Albanian Border*. January 31, 2004, Beta Novinska Agencija.

<sup>62</sup> *Large Quantities of drugs from Kosovo Smuggled into Montenegro*, Daily Media Review, December 17, 2003, accessed online at <http://www.seesac.org> on December 2, 2004.

historical *Rrafsh*, or highlands, can see how porous that border is; one can be in Albania without realizing it<sup>63</sup>.

Seizures of acetic anhydride at Kosovo's borders indicate that the province is no longer only a transit, but also a refining station (GDN Oct. 2001:2). This change occurred in tandem with the transfer in status of Kosovo Albanian organised criminal groups; they are making the leap from Service Providers ('mules') to Controllers of Product.

In 1999, roughly 80% of heroin seized in Europe arrived there via the Balkan Route<sup>64</sup>. The wars in the former Yugoslavia may have *occasionally* slowed and/ or diverted this traffic<sup>65</sup>, but the trade will always gravitate towards areas where the rule of law is questionable. And where profits are significant enough, ethnically diverse organised criminal interests will extend hands of friendship across ethnic lines. Daut Kadriovski's opening of alternative transit routes through Macedonia and Albania served to open new routes rather than halt old ones. Fifteen percent of drug traffickers arrested in Europe in 1998 were Albanian<sup>66</sup>; but as Albanian organised crime has grown and moved beyond simple service provision<sup>67</sup>, they have begun to employ other nationalities for the couriering of product, and the arrest rate of ethnic Albanians has dropped.

Numerous regional insurrections were partly based on the control of smuggling routes; the involvement of numerous KPC representatives in these groups demonstrates region-wide patterns of cooperation and indicates the support of insurgency through illegal activities (although which came first is often open to question - the question of whether organised crime is only a tool to support the insurgency, or whether expanded control of organised criminal activities is the goal of the insurgency, is something which must be answered by the individual). After the close of the DDR process and the formation of the KPC, dissatisfied KLA veterans with pan-Albanian aspirations (which often coincided with informal economic

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<sup>63</sup> The south Serbian-Kosovo border is porous as well. Whilst in Kosovo, a number of my local colleagues would cross into the Preševo valley to visit relatives, without ever passing an administrative checkpoint.

<sup>64</sup> <http://www.interpol.int/Public/Drugs/heroin/default.asp>.

<sup>65</sup> *Albanian Drug Barons Find their way around the War*, in the Guardian (UK), November 1, 1994.

<sup>66</sup> <http://www.interpol.int/Public/Drugs/heroin/default.asp>.

<sup>67</sup> Emergent organised crime groups first find themselves on an international playing field in the role of service providers. Albanian organised crime controls prostitution in London and heroin in many areas of western Europe: but upon their first emergence they were mules and contract killers. They learned trades and took them over. In Eastern Europe, the Vietnamese are currently in this position.

interests) went on to form the separatist Liberation Army of Preševo, Medved & Bujanovac (UÇKPMB), which sought to join majority-Albanian south Serbian areas with Kosovo; the Macedonian National Liberation Army (NLA), which campaigned for human rights but sought to carve its own statelet out of Macedonia; and the region-wide Albanian National Army (ANA)<sup>68</sup>, which seeks a pan-Albania based on maps created during the time of the 1878 Treaty of Prizren<sup>69</sup>.

Behind the UÇKPMB conflict lies control of a byroad of the Balkan route. The insurgency centred on Veliki Trnovac - a heroin trafficking centre that Interpol has monitored since the 1980s (GDN Oct. 2001:3). GDN also asserts that heroin was a motivating factor behind the Macedonian insurrection of 2001: control of the Skopje-Preševo road (which runs through then-contested Arachinovo and Kumanovo, and ultimately connects them with Veliki Trnovac) was at stake. Misha Glenny simply and unequivocally states that the 2001 Macedonian conflict was about control of the counterfeit cigarette trade<sup>70</sup>.

Most of the KPC's senior leaders were removed from their positions by KFOR in 2001 after appearing on US State Department watch lists due to their support of Macedonia's National Liberation Army (NLA). General Ostreni, 2<sup>nd</sup> in command under then-KPC leader Agim Çeku, was expelled in February 2001 for his leadership role in the NLA. In 2003, all KPC members were briefly barred by UNMIK from leaving Kosovo due to significant Albanian National Army ANA<sup>71</sup> elements within the group.

## **Kosovo Today**

The EU and the World Bank took five months to develop an UNMIK strategy for Kosovar reconstruction (Yannis 2003:180). And between 1999 and 2003 alone, Kosovo received US \$1.7 billion in international aid. The service economy has expanded to cater to the international presence. UNMIK began a business registration campaign in 2000, which succeeded in formalising (and making taxable) many informal businesses. UNMIK Customs has become more efficient, thus

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<sup>68</sup> Evidence of an Albanian guerilla group in Montenegro is limited to a now-defunct website and the occasional communiqué from an anonymous internet café in Ulcinj.

<sup>69</sup> This pan-Albanian streak is prevalent in the KPC: the 1878 maps are (or at least, were, back in 2001-2002) common sights in KPC regional offices (this is based on personal experience).

<sup>70</sup> Glenny, Misha. *Criminal gangs running the Balkans*. BBC April 28, 2001.

[http://news.bbc.co.uk/1/hi/programmes/from\\_our\\_own\\_correspondent/1300684.stm](http://news.bbc.co.uk/1/hi/programmes/from_our_own_correspondent/1300684.stm).

<sup>71</sup> The Albanian National Army is a group of cigarette smugglers who have cloaked themselves in the veil of greater Albanian irredentism: they have hardly any support from the Albanian community at large. UNMIK has made membership in the group illegal: former NLA leader Ali Ahmeti has denounced the ANA as well.

increasing local government revenue. At the end of 2000 the World Bank noted a 60 percent increase from the estimated pre-conflict per capita GDP (Corker et al 2001:14). However, the tradition of Diaspora remittances still accounted for 40 percent of GDP (Yannis 2003:184), and is illustrative of a marked lack of opportunity in a province whose young feel, not just the urge, but also the necessity, to seek a living abroad.

Neither KFOR nor UNMIK possess internal security services that enable them to address or counter organised crime. Neither does the OHR or EUFOR in Bosnia. Such organisations claim the responsibility of policing the criminal elements of alien cultures with long traditions of smuggling and rejecting outside authority. In 1999 UNMIK's response to organised crime was nil. It possessed neither the will nor the capacity to target economic crimes. This situation has slowly been rectified: in January 2001, CIVPOL established an OC Intelligence Unit. Later that year the EU UNMIK pillar (reconstruction) established an Anti-Economic Crime Unit. New criminal codes were introduced in 2002. UNMIK's capacity was increased exponentially with the inclusion of the Guardia di Finanza in the Financial Investigations Unit, which conducts random financial investigations of public enterprises funded by the Kosovo budget. A Special Prosecutor for Financial Crimes was created to oversee FIU corruption cases. In November 2003 an Investigation Task Force was created to investigate corruption and fraud within UNMIK, the provisional institutions of Self-Government (PISG) and others operating with public funds<sup>72</sup>. One mobile Ukrainian canine unit was lent to UNMIK customs and CIVPOL.

In Kosovo, UNMIK and KFOR initially believed that targeting Albanian organised criminal interests was dangerous. This belief has set the province back economically. In 1999 options existed - including martial law - which might have eliminated parallel structures, reduced the exploding criminal economy, and eliminated the culture of impunity which blossomed after war's end (Yannis 2003:187). While such ideas have merit, it should be noted that the KLA was then heavily armed (Today's Kosovo still has nearly 300,000 illegal firearms); a war between the KLA and KFOR would have been particularly hazardous given that the Kosovo action had little popular support in the West, where dead peacekeepers rapidly alter public opinion - especially in the United States.

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<sup>72</sup> UNMIK Appoints Special Prosecutor for Financial Crimes. UNMIK Press Release 1277, December 2, 2004.

UNMIK should have prioritised the rule of law: however, Yannis claims, establishing a functioning judiciary was initially not a priority (Yannis 2003:189). What Yannis forgets is the exodus of 650,000 refugees returning to Kosovo within six weeks of the war's end. UNMIK struggled to coordinate with KFOR, which oftentimes seemed to scorn it, and both attempted to take power back from Thaçi's Kosovo 'government.' Hindsight allows for such condemnations. CIVPOL and KPS have since deployed specialists in economic crimes; the administration is slowly asserting the rule of law, but it still faces the arduous task of rooting out organised criminal structures which have diffused through all levels of Kosovo society. Former state-owned businesses seized after war's end could be confiscated; the potential consequences, however, are illustrated in Rexhep Luci's execution in 2000. UNMIK CIVPOL's reliance on foreign specialists ensured, for a long time, that local KPS did not learn the policing and investigatory skills they require in order to police their own; this situation is changing with training. An institutional distrust of locals, often developed by international civil servants across multiple international missions, pervades the UNMIK system<sup>73</sup>.

The Kosovo Police Service is UNMIK's success story. KPS is arguably, and relatively, the most transparent and un-corrupted police force in southeastern Europe. CIVPOL set a goal to have KPS reflect the ethnic composition of the areas it would work in<sup>74</sup>, but this is less an admirable ideology than a safety issue - I recall the grievous beating a Serb KPS officer in Gjilan/ Gnjilane received when he was assigned, by a short-sighted, or perhaps disagreeable senior officer, to direct Albanian traffic. KPS, as imagined by CIVPOL, would be police first, and Serbs or Albanians second<sup>75</sup>; their loyalty would be to the rule of law, and not to any one politician or regime. The first KPS recruits entered the Vucitrn/ Vushtrri police school in September of 1999; in addition to western investigation methods<sup>76</sup>, the recruits are taught conflict resolution, and democratic/ community policing.

Kosovo's economy remains weak. The province's industrial sector - including chemical processing and resource extraction, namely the Trepca complex, which is

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<sup>73</sup> This is my own opinion, based on time spent in Kosovo and other UN/ NGO interventions.

<sup>74</sup> As of 2003 the force was 9% Serbian and 84% Albanian. Other nationalities represented in KPS included Roma, Turks, Gorani, Cherkezi, Croats, and Bosniaks (the last being the Kosovo terminology for a Slavic Muslim).

<sup>75</sup> *KPS earns its spurs in Gracanica*, by Edward Poultney, Focus Kosovo Magazine, December 2002 <http://www.unmikonline.org/pub/focuskos/dec02/focuskmunaffair2.htm>.

<sup>76</sup> Including the novel—at least, in Kosovo—idea that police loyalty is to order and not to any politician or regime. For more on training, please refer to the Kosovo Police School website: <http://www.osce.org/kosovo/police>.

viewed as a 'golden goose' by locals - is not an asset (Yannis 2003:177). The province's economic advantage can be found in its people: Kosovo is a pool of cheap labour, and this is part of its economic future. A great fear of Kosovo Albanians is that the Serbs will 'return'; it is imagined that they will return with their blue-grey uniforms and German Shepherds. But the reality is that they will return - and when they do, they will build factories and open plants to process food and build furniture, among other things. Croat and Slovene companies already view the province as both an assembly site and a market; Croat Cigarettes and Slovene beer are ever-popular, and Gorenje assembles furniture in a factory south of Pristina.

Kosovo remains heavily armed<sup>77</sup> and poverty-stricken: its economy is effectively criminal, and dependent on subsistence farming, weapons-, people- and drug-trafficking, and Diaspora remittances (Sullivan 2004:315). And Kosovo's status, if not determined soon, may radicalise the population even further than it already is. Violence against UNMIK and other agencies is increasing; a part of this violence can be ascribed to collective aspirations and frustrations, but another, lesser part can be ascribed to groups who have a vested extralegal interest in internationals leaving, and Kosovo being left to its own devices. This was one of the multiple driving considerations behind the founding of the KLA in 1993; those families in the Drenica who founded the group would have likely fought any attempt at state control, be it Serb, Kosovo Albanian, or UN. The Jasharis fought Serbs to assert their independence - including their trade independence. The family were multigenerational smugglers.

## **Bosnia Today**

Bosnia's direct war damage cost US\$50 to 60 billion dollars and a plunge in GNP to 25% of the pre-war level. Roughly a quarter-million people perished. Although nominally an independent state, Bosnia-Herzegovina is, in reality, a protectorate (Chandler 2006), lacking 'the power to formulate and implement independent monetary, fiscal, price, and foreign-exchange-rate policies, and policies regarding privatisation, incomes, and social welfare' (Pugh & Cooper 2004:181). The Office of the High Representative, defunct as of December of 2006, was ultimately in charge

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<sup>77</sup> The United Nations Development Program estimates that there are roughly 300,000 illegal small arms in Kosovo; this is on top of roughly 25,000 registered hunting rifles. Illegal small arms are found in two out of three Kosovo households. See UNDP Kosovo Small Arms Report <http://www.kosovo.undp.org/Projects/ISAC/isac.htm>, & Poultney, Edward. *Campaign to Haul in Illegal Guns*. Focus Kosovo Magazine: August 2003 <http://www.unmikonline.org/pub/focuskos/aug03/focusklaw3.htm> .

of governance and judicial matters. The Bosnian Federal Entity and the Republika Srpska maintain separate interior ministries and intelligence apparatuses. The main political parties of Bosnia's three dominant ethnicities control significant aspects of BiH's economic sector. Such ethnic groups rule through parallel structures pre-dating the Bosnian war, which allows them to effectively bypass the interventions of the OHR and others (Pugh 2001:10). The state is ultimately defined by a *horizontal corporatism* with roots in the 1992-1995 war - an overlapping relationship between politicians, war entrepreneurs and organised criminal groups, all engaging in mutually protective practices (ibid:172).

Bosnian Deputy Police Minister Jozo Leutar launched large-scale investigations into this horizontal corporatism; for his efforts he was assassinated, in March of 1998<sup>78</sup>. Such links have not been investigated since. Bosnian organised crime cooperates across ethnic lines; it maintains political links which developed in the 1992-5 war.

The European Commission's November 2003 feasibility study on the readiness of Bosnia to negotiate a Stabilisation and Association Agreement<sup>79</sup> with the EU - a precursor to membership - noted that the 'smuggling of high-tariff goods such as cigarettes, alcohol and petroleum products is widespread.' The report estimated revenues from these trades at between 150 million and 300 million euros. This is equivalent to the Bosnian state budget. The EC further noted horizontal corporatism, which it duly described as the 'symbiotic relationship between crime, business and politics.' Known sales tax fraud (since eliminated in favor of VAT) in BiH from Jan 2001 to Dec 2002 cost 250 million euros; money laundering is worth 1.5 billion euros a year (Pugh & Cooper 2004:175). IFOR initially occupied Bosnia with little motivation to arrest war criminals, much less pursue economic ones; some IFOR policies built bridges between ethnicities, but not in a way that IFOR initially conceived<sup>80</sup>. On December 2, 2004, EUFOR took over from SFOR. Their once-vigorous mandate, to directly target organised crime, has been quietly dropped<sup>81</sup>.

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<sup>78</sup> The six Bosnian Croats arrested for the assassination were later acquitted. See Buturović, Adnan. *Who Killed Jozo Leutar?* Slobodna Bosna (Sarajevo, Bosnia), November 11, 2002.

<sup>79</sup> Pugh and Cooper (2004) note that an EU SAP, once agreed to, becomes binding and supersedes local laws; as of 2002 only Croatia and Macedonia agreed to EU SAPs. Further, they note that the EU was initially created as a mutually protective system, hardly in the spirit of current EU practices in the Balkans (Pugh & Cooper 2004:180).

<sup>80</sup> The creation of Bihać's Arizona market by IFOR brought former ethnic adversaries together to realise that they possessed mutual vested business interests, as well as someone—IFOR and the OHR—to connive against (Williams 2001:108).

<sup>81</sup> Institute for War and Peace Reporting. *Investigation: Will Europe Take on Bosnia's Mafia?* December 4, 2004, [http://iwpr.net/?p=bcr&s=f&o=154989&apc\\_state=henibcr2004](http://iwpr.net/?p=bcr&s=f&o=154989&apc_state=henibcr2004).

## Serbia & Montenegro Today

Milošević's last attempt to gerrymander an election went awry; he was ousted in November of 2000<sup>82</sup>, extradited by Djindjić to the Hague in 2001, and he died in a cage there. Montenegro's long-standing Prime Minister, Milo Djukanović, has been implicated by Italian law enforcement in the cigarette-smuggling trade; members of his government have been implicated in women-trafficking<sup>83</sup>. Serbian PM Zoran Djindjić, led an organised crime crackdown; he was assassinated in April of 2003. Serb authorities arrested around 10,000 people in the following weeks, and shot others, including Zemun Clan leader Dušan Spasojević. The crackdown was so thorough that the internal drug market was frozen by the state's coercive response, although it quickly rebounded<sup>84</sup>. Milorad 'Legija' Ulemek, a member of the Milošević - era Red Berets, and the alleged mastermind of the Djindjić killing, surrendered in 2004. He has since claimed that members of the Djindjić government assisted the Zemun Clan in the sale of hundreds of kilos of heroin<sup>85</sup>.

States in the early modern era developed police forces which were subordinate to governments - not individuals - and separate from forces that wage war, so that they may not become the 'tools of dissident magnates' (Tilly 1985:175), such as Slobodan Milošević, who disenfranchised the army and turned MUP and the Red Berets into organised criminal groups which served as his own Praetorian Guard. In Serbia today, MUP and state security remain compromised by their Milošević - era criminality. They engaged in organised criminal activities, assassinations, and wartime activities that leave them complicit in genocide (ICG 2001:42). As in Sierra Leone, effective and transparent civilian oversight is an important prerogative of change; in the meantime, MUP superficially modifies itself with both a webpage and public relations prerogatives.

## Conclusion

The end of cheap loans and loss of foreign patronage effectively ended the Yugoslav economic 'miracle' by the time of Tito's death. Its economic collapse began before the rest of the eastern bloc, due to its earlier exposure to the shock of market

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<sup>82</sup> Many in the province dreaded the outcome of the November 2000 Belgrade protests, preferring a hated figure such as Milošević whose very presence would bolster their claims of independence.

<sup>83</sup> *Montenegro Slammed in Human Trafficking Report*, AFP, November 20, 2003.

<sup>84</sup> Institute for War and Peace Reporting. Serbia's Drug Scene Thrives Despite Clampdown. December 18, 2003: [http://iwpr.net/?p=bcr&s=f&o=155033&apc\\_state=henibcr2003](http://iwpr.net/?p=bcr&s=f&o=155033&apc_state=henibcr2003).

<sup>85</sup> *Prosecution acts on Legija Claims*, RTS Beograd, June 14, 2004.

transitions; the informal economy came to dominate through market linkages which republics sought to directly forge with markets, bypassing Belgrade; class-conscious ideologies were replaced by the autarky and irredentism of blood bonds which resembled gang loyalties. In the post-Cold War era, *History*, for Yugoslavia, did not end (Fukuyama 1989). Nor did it end for certain states which only survived so long due to geopolitical strategies which became dated in 1991. The elites, peripheral and otherwise, of such states developed novel, informal coping mechanisms; governance gaps were filled by informal power structures comprised of said elites, other remnants of earlier state incarnations, insurgent bodies, criminal groups, external forces, or none at all.

Organised crime thoroughly infiltrated the federal and republican governmental structures of a fragmenting Yugoslavia before and during the wars of the 1990s. Organised crime has always existed on the peripheries of southeastern European states, and earlier empires - from the days of *Agrapha* villages through to Tito - but in the last two decades it moved to the core of that state's successors.

The reshaping of the policing and judicial systems is a post-conflict priority (Collier 2000:109). Weak Balkan states are unable to allocate additional resources to their criminal justice systems; proper pay and operating conditions for (newly restructured) security services must occur alongside the democratic transitions that should ideally ensure that said services are accountable (Keen 2000:38). In southeastern Europe, coordinated multistate enforcement is needed to eliminate the lifeblood of organised crime - the traffic in drugs, guns, stolen and counterfeit goods, and persons<sup>86</sup>. In the context of globalisation, the absence of the rule of law in one land contributes to criminality in others - and the possibility of multistate enforcement remains compromised by regional politicians who are deeply implicated in all manner of corruption and illegal activity. UNMIK's moves against drug smuggling effects conditions in Macedonia, Montenegro, Serbia and Albania, and vice-versa; the KFOR checkpoints on the road between Pristina and Prizren have a ripple effect across the entirety of southeastern Europe. A UN task force binds Croat, Serb, and Montenegrin law enforcement together in the halting of such traffic, but such initiatives must encompass the entire region to be effective. Ultimately, Albania, Macedonia, Bulgaria and Turkey must be bound in the same compact, to avoid the displacement of the

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<sup>86</sup> The Greek and Italian governments outlined measures against Balkan organised crime in June 2003: The EU-Western Balkans Summit reiterated the western Balkan countries as potential EU candidates. Preliminary talks on joint programmes to combat Balkan OC are underway between Europol and Albania, Croatia, BiH, Macedonia, Serbia, and Montenegro (Europol 2003:31).

traffic to less 'attentive' countries (Pugh & Cooper 2004:176).

### *Targeting Economic Rationales and Organised Crime*

Where is there room for peacebuilding in the criminalised war economy? In war, and in the realm of the illegal, profit is not accounted for - and when a cold peace comes, that peace 'may institutionalise all manner of exploitation and violence' (Keen 2000:39).

Grievance and fear are found among foot-soldiers and civilians. Whether the grievance is real or imagined is a moot point: the perception is more important than the facts. Efforts at peacebuilding must take into account the perception of grievance at the ground level; such efforts by well-meaning external actors will shudder and halt when the profits of key players are not included in the calculus of mediation and resolution. Sources of profit must be identified, considered, and choked off: incentives and disincentives must be streamlined (Berdal & Malone 2000:12-14). This process must occur in tandem with conflict management (Williams 2001:111). In insurgencies and revolutions, the question, *who or what funds them?* must be asked, and acted upon. Each answer will be unique, not just from insurgency to insurgency, but even from soldier to soldier.

The criminal elements present in the successor states of the former Yugoslavia make their living in a market-driven business where the demand for drugs, guns, and women are high. As long as the market persists - and that market is located in the West, where demand is derived - organised crime will exist to feed it. The implications this simple formula could have on a coherent EU policy are immense, and the West knows this; in the US and the EU, the roots of drug abuse are not dug out, and the origin of the power of organised crime - the illegality of said drugs - is not discussed. Instead, the consistent desire to personalise the struggle of state versus organised crime (or insurgency, terrorist group, etc.) leads to a false image of a bad trade existing only due to one 'kingpin'. In the current context of drug illegality, and the coercive mechanisms which must be in place to stop drugs and other illegal goods, not at their sources or in their destinations, but rather, en route, multigovernmental initiatives are imperative. In the fight against organised crime, the rackets and trades to be targeted must be triaged by involved law enforcement and governmental actors; the illegal prioritised, and the illicit left for last. Targeting bootleg DVDs sold on street corners makes for headlines but means nothing in light of drugs and arms, and punishes the persons who engage in such trades at the subsistence

level; such illicit extra-state transactions are necessary to development in war-damaged communities. Illicit and illegal economies generate supplementary trades including service provision, transport logistics, storage facilities, construction, etc. And ultimately, the informal economy is a lifeline for citizenry, providing wages in the absence of a social safety net, serving to both increase employment and lessen social inequalities.

A policy which looks coldly at market conditions (and within those conditions, the ability of citizenry to care for themselves) would excuse such informal practices, and let them proliferate, until the state is in a position to regulate the economy through business registration, VAT, and so on. The state may then act as a guarantor of fair commerce, contract enforceability, and 'protection' from extra-state actors including organised crime. Until then, any controls imposed upon the informal economy must be implemented alongside policies which address the invasive structural inequalities (Pugh & Cooper 2004:182) which often lead persons to engage in such illicit activities in the first place. Ultimately, the imposition of a Western model upon such areas would have as an end-goal the eventual existence of an honoured and understood state-citizen compact, where in addition to an environment conducive to business and the rule of law, there would be the existence of a welfare system for those who temporarily require it; free (or subsidised) education and healthcare, and so on. Underlying such policies is the notion of opportunity - and alongside such protection mechanisms would rise the notion of citizenship.

The interplay of insurgents, militias, politicians, entrepreneurs and organised crime is glimpsed, but not in detail. Partly at fault is the fluidity underlying such terms. Where one may end and the other may begin is not explored due to the secrecy inherent in criminal transactions which prevents 'points of vulnerability to be readily identified and exploited by international actors seeking to cut off such commerce' (Berdal & Malone 2000:12). Europol states that the struggle against organised crime is 'fundamentally based on a coherent and common understanding of the phenomenon' (Europol 2003:26). But this understanding is lacking. Organised crime is not considered a formidable non-state actor outside of select law enforcement agencies and select academics such as Susan Strange (1996) and Manuel Castells (1998) –

both of whom may be considered the most astute observers of organised crime on a macro level<sup>87</sup>. Organised crime is characterised by opportunity. This should be its primary definition as well. The very expression organised crime must be separated from its stereotypes. The definition of such crime, much like the Weberian definition of the state, is minimalist; according to the 1999 UN Draft Convention against Transnational Organised Crime, it as a 'structured group of (three) or more persons existing for a period of time and having the aim of committing a serious crime in order to, directly or indirectly, obtain a financial or other material benefit'.<sup>88</sup>

In many countries, while certain activities may be illegal, the handling of the proceeds derived from those activities is not. Money laundering only became a crime in America in 1986. That state countered the difficulties behind prosecuting complex organised criminal rackets by creating a new law: the Racketeer Influenced and Corrupt Organisation Act (RICO)<sup>89</sup>, which allows group 'members' to be prosecuted for crimes committed by other members of the group in question, even though they, as individuals, were not involved. Strange suggests the establishment of an International Criminal Court to judge such multistate organised criminal activities (Strange 1996:120-121) and the resulting financial malfeasance usually referred to as 'white collar crime.'

The greatest threat to organised crime in all its incarnations - be they classical mafia, economically-motivated insurgency, and so on - is the potential legalisation of drugs and the subsequent elimination of the oligopoly rent. What is now apparent is that Western Europe's heroin flows through the Balkans, and that region's gangsters and old militias profit. The rule of law in the EU is directly affected by the absence of such a concept on its periphery. One state must defend the integrity of *all* states.

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<sup>87</sup> Strange defined such criminal structures are virtual states; models of 'organised counter-government' (Strange 1996:110).

<sup>88</sup> *UN Conference on Transnational Organised Crime 2000*; Accessed online at [http://www.unodc.org/unodc/en/crime\\_cicp\\_convention.html](http://www.unodc.org/unodc/en/crime_cicp_convention.html) on Dec. 1, 2006. Interpol's Organised Crime Unit additionally defines OC as 'any group having corporate structure whose primary objective is to obtain money through illegal activities, often surviving on fear and corruption.'

<sup>89</sup> Whereby 'it is unlawful for anyone employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt.' RICO convictions allow judges to sentence offenders to 20 years in prison; assets and profits from illegal activities are forfeited. Please see the United States Department of Justice Criminal Resource Manual ([http://www.usdoj.gov/usao/eousa/foia\\_reading\\_room/usam/title9/crm00109.htm](http://www.usdoj.gov/usao/eousa/foia_reading_room/usam/title9/crm00109.htm)) for more information.

In the Balkans, the state remains a source of patronage rather than a guarantor of stability and order. It imposes itself; it demands its cut but offers little incentives other than an absence of harassment, or even violence. Citizens do not believe a state can be different; they listen to concepts such as state-citizen compact which make little sense outside of the communist context. Democracy is anarchy. For the perception to change, it falls upon the state, and its elites, to change. Until then, civics is not comprehended.

In insecure times it holds true that good people are capable of bad things if such acts give them security and allow them to care for their families. In the Balkans, insecurity and poverty are daily concerns; the last 15 years have seen a return of the once-far-off fears of hunger and violent death. When people cannot conceptualise a better future for their children, much less themselves, then things fall apart. The conditions that underlie such fears remain.

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