

International Centre for Minority Studies
and Intercultural Relations (IMIR)

The Root Cause of Instability in the Balkans: Ethnic Hatred or Trans-Border Crime?

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2004

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Introduction

The 1990s were marked by the violent dissolution of Yugoslavia and a number of wars and ethnic conflicts in its successor states. This led countless experts to try to explain how and why did this happen. Three most common theories, which appeared were the theory about "ancient hatreds" between the Yugoslav nations, the theory about the political elites, who destroyed Yugoslavia to grab power in the successor states, and the theory about the total breakdown of socialist regime, which led to the outbreak of hostilities. What all these theories have in common is that they all view nationalism as the driving force behind the conflicts and that they, consequently, describe the conflicts and wars as ethnic conflicts.

This paper will argue that the root cause of instability and violence on the territory of former Yugoslavia is neither nationalism nor ethnic hatred, but crime. Specifically, what pushed former Yugoslavia into a succession of bloody wars was the symbiosis between authorities and organized crime during the process of creation of new states, which led to a permanent transformation of state/national interests into private ones, fostering the development of corrupt, non-transparent and crime-permeated societies.

Countless episodes and events, documented by numerous authors, researchers and, most importantly, the UN Commission of Experts, which compiled thousands of pages of material about the war, demonstrate that the driving force behind the destruction of Yugoslavia was not nationalism, but greed. Nationalism *is* a powerful force, which indeed fuels many wars, but its ability to ignite a war in the first place should be seriously questioned. In the case of Yugoslavia, nationalism was rather used as a mask under which a thorough criminalization of post-Yugoslav societies was hidden. War provided the perfect smoke screen behind which the ruling elites and the criminal underworld, hand in hand, grabbed total political and economic power in Croatia, Serbia and Montenegro, and Bosnia and Herzegovina. It diverted the attention of the general public to the threat, coming from the demonised "other" (Croat, Serb, or Muslim) for as long as possible, or better said, for as long as there was something left to rob.

Despite the extreme nationalism and increased ethnic distrust, which engulfed Yugoslavia in the late 1980s, the war would not have broken out without gangs of criminals actually starting with their "kill, steal and burn" campaign. The money, made through sales of

the "war booty," sanction-breaking, arms selling, oil smuggling, extortion and racketeering in besieged cities, "taxes" and "duties" imposed on the passage of humanitarian convoys and fees collected for the evacuation of refugees were much more important to those who started and led the war than were some alleged nationalistic goals. The best proof that profit-making and not nationalism was the prime mover during the war is the fact that all warring sides extensively traded with each other throughout the war, weapons, ammunition and oil being the most common objects of trade.

The virtually unchecked growth of organized crime in the war-ridden Western Balkans had its impact also on other countries in the peninsula. The connection between events in the former Yugoslavia and trans-border crime in the Balkans was most clearly visible during the trade and arms embargoes, imposed by the UN on post-Yugoslav states. The embargo-violating trade has fostered the development of the regional net of smuggling channels, with the organized crime structures in countries like Bulgaria, Romania and Albania playing a crucial role in the process.

Theories Explaining the Dissolution of Yugoslavia

There are three main types of theories. All of them offer some valuable insight and two of them very convincingly explain what were the reasons and conditions, which made the Yugoslav break-up possible, but all of them make the same mistake by listing nationalism as *the* force behind it.

The most infamous theory is the one about "ancient hatreds," which basically claims that the nations of former Yugoslavia have hated each other since time immemorial and have always been at each other's throats. The "ancient hatreds" theory is completely defenceless if juxtaposed against any objective historic account of the peoples of former Yugoslavia. Yet, it is important to consider it since, its incompatibility with facts notwithstanding, it was widely used by Serbian and Croatian war-propaganda machinery, fuelled by respectively Serbian myth of genocidal Croats and Croatian myth of Serbs, always plotting to subjugate the Croats.

Nevertheless, its simplifying black and white lenses hardly offer any valuable insight into the complexities of the Yugoslav war. At different times during the war, Serbs fought against Croats, then Serbs against Croats *and* Muslims, then Croats assisted by Serbs fought against Muslims, and lastly, Muslims fought other Muslims (government forces fought

against the forces of Fikret Abdic, who proclaimed autonomy of "his" Cazinska Krajina). Serbs betraying other Serbs (Milosevic abandoning the Bosnian Serbs) is also irreconcilable with the picture this theory presents.

The second, much more credible theory blames the political elites for the destruction of Yugoslavia. The elites used nationalism to break up the federation in order to first grab and then consolidate their power in Yugoslavia's successor states. War rallied "their" ethnic groups -- the nations of the newly formed nation-states -- behind them. The elites spread their propaganda through the controlled media, manipulating the public and convincing them that they should sacrifice their personal welfare for the sake of their nation's survival. By provoking a conflict, the elites managed to deflect demands for a political change. The opposition was silenced since any attempt to challenge the status quo could be and was described as a threat to the national interests.

Despite being correct in principle, this theory leaves many questions unanswered. The majority of Yugoslav citizens were well educated, well travelled and rational people, with access to international media. They worked and studied with, befriended and even married members of other ethnic groups. How was it possible that so many of them really believed that Ustashe were on the loose again, or that the Islamic fundamentalists were waging a jihad in Bosnia? How could normal people have turned into vicious killers? In fact, propaganda was a necessary, but far from sufficient condition to push Yugoslavia into war. The manipulation of the elites can work only if certain preconditions exist. These preconditions are in the center of the third theory.

The third theory locates the causes for the war in the political, economic and social breakdown of the Yugoslav socialist regime. The standard of living was deteriorating, unemployment was rising, hyperinflation seemed unstoppable, the regime was corrupt and the political system exhausted. This situation made the majority of people prone to believe that "someone" was exploiting them, that they were being treated unjustly and that something radical had to be done to change this. The continuously worsening economic conditions intensified the quarrels between the republican leaderships and the federal government over the federal budget, taxation, and jurisdiction over foreign trade and investment. In democracies, such a situation would be dealt with by a normal competition between various political parties proposing various solutions. In Yugoslavia, which was highly decentralised, but ruled by only one party, the situation instead pushed the republican elites into a struggle to

save and control their own piece of economic pie from rotting away with the rest of the decaying federation. This in turn accelerated the worsening of the crises. The result was a complete breakdown of the social and political order, and the rise of nationalism.

At first glance, there seems to be hardly anything to criticise regarding this theory. What this theory forgets is that even such extreme circumstances are not enough to push a country into a war. Disliking or hating members of another ethnic group and actually killing them are still worlds apart, separated by an enormous step not too many people are generally ready, willing or able to make. Yugoslavs were not an exception. Wars, the Yugoslav one included, do not "just happen," even if all circumstances and preconditions are such to make the war seem almost inevitable.

Ethnic War or Criminal Rampage?

A popular misconception regarding the war is that a large majority of Yugoslav people was actually ready to go and fight. Serbia is probably the best example, since the Serbian side can be justifiably accused of being the one, which spilled the first blood. Especially in large cities in Serbia and in the whole of Vojvodina, unpopularity of the war among ordinary Serbs and their reluctance to participate became clear almost in the very beginning. Less than half of the Serbian reservists appeared, when they were ordered to report for duty. In Belgrade, less than 15 per cent did so.¹ The conscripts often staged mutinies, refusing to go to the front. The independent weekly *Vreme* was full of stories about Serb units being driven without a leader into Croatia and then getting lost in the cornfields of Slavonia.² General Veljko Kadijevic, the Federal Defence Minister between 1988 and 1992, complained during the Slavonian campaign in autumn 1991 that a large number of troops, which reached the front, used the first opportunity to abandon it.³ During the attack on Vukovar, officers complained that their soldiers disobeyed orders and refused to leave the safety of their armoured vehicles.

During the course of the war, more than 150,000 Serbs emigrated or went into hiding to avoid being drafted.⁴ If Milosevic and his associates wanted the war to really take off, something had to be changed immediately. Instead of unwilling and ineffective regular

¹ John Mueller, "The Banality of 'Ethnic War,'" in *International Security*, vol. 25, no. 1, summer 2000, p. 48.

² Marcus Tanner, *Croatia: A Nation Forged in War*. New Haven: Yale University Press, 1997, pp. 269-270.

³ Tim Judah, *The Serbs: History, Myth, and the Destruction of Yugoslavia*. New Haven: Yale University Press, 1997, p. 185.

⁴ Mueller, "The Banality of 'Ethnic War,'" pp. 47-48.

soldiers, paramilitary criminal gangs were sent to the front, unleashing hell, and at last, making the war possible.

According to the findings of the UN Commission, a large majority of the crimes committed in the course of the campaigns of ethnic cleansing were carried out by the most marginal elements of society, who formed numerous paramilitary units. They were influenced, encouraged and armed by their political leaders, who used aggressive nationalism, historic grievances and desire for revenge for that purpose.⁵ However, the importance of possible material gains as a motivating factor was exceptional, as it will be shown later in this paper.

Most of the fighting, especially on Serbian and to a slightly smaller extent on Croatian and Bosnian Muslim side has been done by paramilitary units. The UN Commission identified 83 paramilitary units, operating during the war. Though most of them consisted of armed local men, who grabbed arms after becoming prey to the aggressive nationalist propaganda, a very significant element in all of them represented members of the criminal underworld and convicts, released from prisons exactly for the purpose of participation in these units.⁶

Using the findings of the UN Commission, one has a reason to conclude that the conflict was far from being an uncontrollable and unstoppable ethnic war, involving four to five million people.⁷ Instead, it rather resembled a criminal rampage of no more than 66,000 thugs. When Croatian and Bosnian authorities managed to root out or at least significantly diminish the paramilitary presence on their side and build up a real, disciplined and trained army, the Serbian defences in Croatia and parts of Bosnia-Herzegovina collapsed like a house of cards, when the Croatian-Muslim counter-offensive started. A presumption that a timely, effective and determined international intervention would bring the conflict to a quick end, and that it would represent militarily a far lesser problem than the international community, for political reasons, fancied to believe, is therefore well in place.⁸

The ordinary people, regardless of their nationality unwillingly came to be controlled and victimised by small bands of armed thugs. These gangs, most often consisting of people with criminal background, were recruited by political leaders, who needed the war to preserve

⁵ United Nations Commission of Experts, *Final Report of the United Nations Commission of Experts Established Pursuant to Security Council Resolution 780 (1992)*, Part III: General Studies, Section B: Ethnic Cleansing, available at http://www.ess.uwe.ac.uk/comexpert/REPORT_TOC.HTM

⁶ Ibid.

⁷ According to the 1991 census, the combined population of Serbs, Croats and Muslims was around 15.7 million of which, men of fighting age amounted to at least four to five millions. Judah, *The Serbs*, pp. 316-317.

⁸ Laura Silber and Allan Little, *Yugoslavia: Death of a Nation*. New York: Penguin Books, 1997, p. 30.

their political positions for as long as possible. Without the gangs, roaming around and terrorising people, the outbreak of a conflict of such a scale as we witnessed could not be possible. Since the gangs were terrorising predominantly the people of different ethnic origin -- the people who did not represent the newly formed power bases of their bosses -- the war came to be seen as a war between different nations, and not as a campaign of terror performed by a limited number of criminal gangs it actually was.

The war in former Yugoslavia was therefore not really an ethnic war. "Serbs," "Croats" and "Muslims" were not engaged in a conflict where each and every member of one ethnic group was fighting against all members of another group. In fact, quite often, members of a particular ethnic group played a very significant role in fighting on the side of the "enemy" ethnic group or even committing atrocities against people of the same ethnicity. Jovan Divjak, a Serb, was a Deputy Commander of the Bosnian government army throughout the war.⁹ One of the most notorious and vicious paramilitary gangs, operating in support of the Croatian government, was lead by Jusuf "Juka" Prazina, a Muslim. His gang committed crimes against both Serbs and Muslims, and ran a concentration camp for both ethnic groups.¹⁰ Drazen Erdemovic, a Serb who participated in the massacre in Srebrenica and who surrendered to the War Crimes Tribunal in the Hague testified that his unit, which killed more than a thousand unarmed civilians in a village of Pilici included Croats, Slovenes and Muslims.¹¹

Perhaps the most illustrative example of what the Yugoslav wars were all about is a paramilitary unit called "Vikendasi" (The Weekenders). They would gather on Friday afternoons, grab their arms and make short raids from Serbian held territory into parts of Bosnia-Herzegovina under control of Sarajevo government, looting, plundering and vandalising villages and isolated farms. By Sunday evening, they would cease and return to their homes, selling the stolen goods during the "working week."¹² "Vatreni konji" (The Horses of Fire) was a Croatian gang, consisting of 58 men, who became notorious for their sexual crimes. They would rampage through unprotected Serbian villages, looting property, raping and killing. They also took numerous women as captives and held them as sex slaves,

⁹ Ibid., p. 17.

¹⁰ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part II: Major Special Forces Working in Support of the Governments of Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia (FRY), and the So-called "Bosnian Serb Republic" and "Serb Republic of Krajina," Section C: Paramilitaries Operating in Support of the Croatian Government.

¹¹ Chuck Sudetic, *Blood and Vengeance: One Family's Story of the War in Bosnia*. New York: Penguin Books, 1999, p. 340.

¹² Mueller, "The Banality of 'Ethnic War,'" p. 50.

making money from their suffering.¹³ During the ethnic cleansing of Bosanski Novi, a paramilitary gang called "Rezervna rebra" (The Spare Ribs) took control, raiding Muslim and Croat owned cafes, shops, restaurants and private homes. After two weeks of rampage in which many people were arbitrarily killed, the Spare Ribs announced that transportation would be organised to take all non-Serbs to Croatia. However, before being allowed to leave, all people had to sign over their property to the newly established Serbian authorities. When the buses for evacuation finally arrived, those allowed to leave faced the final insult, being forced to pay outrageously expensive "bus tickets."¹⁴

A unit lead by Dragan Vasiljkovic, popularly known as Captain Dragan rose to "prominence" during the war in Croatia. Vasiljkovic was a pimp in Sidney and a military instructor in Tanzania and Angola, before sensing an opportunity to make considerable money in his former homeland. When the influx of money started to dry out by January 1993, Captain Dragan packed his bags and disappeared.¹⁵ The Final Report of the UN Commission of Experts is literally packed with references to numerous other criminal groups, "fighting" on all three sides.¹⁶

A war, in which the normal civil order is completely destroyed and the only law acknowledged is the law of guns, offers exceptional opportunities to well-organised criminal gangs. Apart from looting, there is money to be made through extortion and racketeering, through "duties" and "taxes" imposed on passage of humanitarian convoys and on evacuation of refugees, through arms trade, through performance of paid military services for the official "enemy," through forced prostitution, through black market in the besieged cities and through holding prisoners for ransom. UN Commission of Experts lists looting, theft, and robbery of private property, as well as forced expropriation of real property as elements of the organised campaign of ethnic cleansing.¹⁷ But the scope, persistence and, above all, the demoralising effect of these criminal activities, which seriously undermined the alleged war objectives show that those who engaged in them followed an agenda of their own.

¹³ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part III: Other Identified Paramilitary Groups.

¹⁴ Judah, *The Serbs*, pp. 226-228.

¹⁵ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part III: Other Identified Paramilitary Groups.

¹⁶ Ibid.

¹⁷ Commission of Experts, *Final Report*, Part III: General Studies, Section B: Ethnic Cleansing.

A "military" action of a paramilitary gang usually followed a pattern, which could be, as Mueller proposes, divided into four stages. He names them take-over, carnival, revenge, and occupation and desertion.¹⁸

1.) Take-over: Backed by artillery and air force provided by the regular army, groups of well-armed thugs took control over a settlement, using force against unarmed and frightened civilians. The members of other ethnic groups were rounded up and intimidated at best, or massacred at worst. In both cases, looting and robbing took place.

2.) Carnival: Becoming the absolute masters of the area, the gangs engaged in carnivals of looting and destruction, as well as raping, torturing and murdering. Some of the local population joined in, opportunistically stealing the property of their neighbours who were either killed or chased away.

3.) Revenge: Many victims joined similar gangs, composed of their co-ethnics. Seeking revenge and compensation for the stolen and destroyed property, they attacked villages inhabited by members of the same ethnic group to which the gang that attacked them belonged to, opening a new circle in the endless spiral of violence.

4.) Occupation and desertion: With all people of other ethnic groups gone, and with little left to loot, gangs started to terrorise the people of their own ethnicity. Profiteering completely pushed away the political aims of the war and openly became a prime concern. Corruption and nepotism spread, harming the war effort. Ordinary people tried to migrate to a safer place, leaving their villages and towns under the control of fanatics, criminals, murderous drunks and revenge-seekers.

Assets of local industries and agricultural cooperatives were also stripped and sold off. For example, when Serbian forces took over the town of Prijedor, tens of electric motors, assembly lines, and other valuable objects disappeared from the Ljubija mine outside Prijedor and from other local enterprises, effectively closing them down and leaving local Serbs practically without any employment possibility. In the first months after the Serbian take-over, at least six thousand heads of cattle were stolen and sent to Serbia.¹⁹

Looting and plundering were not the only ways to make money at the expense of victims. When non-Serbs were being expelled from Bijelina, they had to pay 500 German Marks per person to phoney travel agencies, which were organising one-way "excursions" to the Serbian-Hungarian border.²⁰ In Bosanska Raca, Arkan's forces controlled the only bridge

¹⁸ Mueller, "The Banality of 'Ethnic War,'" pp. 53-57.

¹⁹ Judah, *The Serbs*, pp. 254-255.

²⁰ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part IV: Analysis of Reported Paramilitary Activity by Geographic Location, Section A: Bosnia-Herzegovina (Bijelina county).

over the river Sava. Everyone who wanted to cross the bridge into Serbia had to pay between 500 and 800 DM. Similarly, on the river Drina, which forms a larger part of the border between Bosnia-Herzegovina and Serbia, Serbs operated small boats which would take refugees across for 1,000 DM per person.²¹ Numerous gangs run facilities in which captured women were kept as sex slaves and were subject to indescribably inhuman treatment. Many women kept there were killed.²²

In many places, people who were chased from their homes had to sign documents that they "voluntarily renounce" all of their property and present it to the very people who were forcing them to leave at a gunpoint.²³ Often, people were kept as prisoners until the ransom was paid for them. In Zvornik, 174 Muslim men were kept, tortured and beaten, until a ransom of 2,000 DM was paid for each of them.²⁴ The soldiers of the Croatian army (even of the regular one) often supplemented their incomes by stealing (Croats described it as "requisition") vehicles from the Muslim refugees, entering Croatia.²⁵ Humanitarian aid was another, similarly popular "supplement." Djordje Radovic, the head of a humanitarian aid organisation, operating in Sarajevo, complained about the difficulties one had to face if trying to get humanitarian relief into the besieged city. Eight per cent of the goods were confiscated by the Croatian army in Kiseljak (Croat-held town on the western edge of Sarajevo), thirty-three by the Serbs in Ilidza (neighbouring Serb-held suburbs of Sarajevo), twenty per cent by the Bosnian army, and twenty per cent were taken for the Bosnian state reserve. Thus, less than 20% of goods reached the people they were supposed to. Radovic's explanation was that the conflict was simply "a war of criminals" in which logic was impossible to find.²⁶

Of course, as we know from history, looting is an almost regular side-effect of any war, and is inevitable when mercenaries and paramilitary units are involved in the fighting. Looting is therefore far from being a sufficient proof that Yugoslav wars were not "ethnic wars." Far more important is the fact that the enemies, allegedly defined strictly according to ethnic criteria, traded with each other, and formed and broke military alliances according to temporary needs of individual units, and not always consistent with stated military objectives

²¹ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part IV: Analysis of Reported Paramilitary Activity by Geographic Location, Section A: Bosnia-Herzegovina (Bosanska Raca).

²² Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part IV: Analysis of Reported Paramilitary Activity by Geographic Location, Section A: Bosnia-Herzegovina (Sarajevo county).

²³ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part IV: Analysis of Reported Paramilitary Activity by Geographic Location, Section A: Bosnia-Herzegovina (Zvornik county), Judah, *The Serbs*, p. 204.

²⁴ Commission of Experts, *Final Report*, Annex III. A: Special Forces, Part IV: Analysis of Reported Paramilitary Activity by Geographic Location, Section A: Bosnia-Herzegovina (Zvornik county).

²⁵ Judah, *The Serbs*, p. 209.

²⁶ *Ibid.*, pp. 251-252.

of "their" side. Numerous fighters also fought in the "enemy" units against their "own" nations. As Woodward states, individual enrichment and political aspirations were far more important than protection of national interests. The military strategy alone shows that war was not fought because of ethnic hatred or even to conquer the territory a given side claimed on account of alleged historic or ethnic rights. Most often armies fought in order to conquer towns or regions of significant strategic or economic importance, and not so much for control over territories where their co-nationals lived.²⁷ Rather than "liberating" their historic territories, warring armies often targeted oil depots, factories, warehouses, electric power plants, mines and similar. Irrational "ethnic" war most often followed a surprisingly rational pattern.

Almost from the very beginning of the war in Bosnia certain areas were marked off as zones for free trading and black-marketeering, and were thus largely spared the horrors of the war. One such area was the Muslim-populated Cazinska Krajina, ruled by Fikret Abdic, former head of the local food-producing giant *Agrokomerc*. Serb general Djordje Djukic, stationed in western Bosnia, said that for 18 months during 1993 and 1994, army units under his command were supplied exclusively with the fuel, bought in Croatia and transported through Cazinska Krajina.²⁸

A similar arrangement was made in regard to the Tuzla region. Tuzla is a town in north-east Bosnia, roughly 50 kilometres away from both Serbia and Croatia. Through the large part of the war, it was almost completely surrounded by Serb forces, which nevertheless never tried to take it. The town suffered virtually no bombardment, in sharp contrast to other besieged cities. The reason was that Tuzla was one of the most important points where all conflicting sides traded with each other.²⁹ In the summer of 1993, when the fighting between Croat and Muslim armies started, the Croat forces cut the only road connecting Tuzla with the rest of the government-held territory. In theory therefore, Tuzla was completely surrounded by enemies who wanted either to take it over, or to starve it into submission. Yet, while it was true that life for the people in Tuzla became much harder, lack of food never seemed to be a problem. Even Macedonian cigarettes never disappeared from the town's market, obviously thanks to a regular supply across the enemy lines. The only effect the complete encirclement

²⁷ Susan L. Woodward, *Balkan Tragedy: Chaos and Dissolution after the Cold War*. Washington, D.C.: Brookings Institution Press, 1995, pp. 271-272.

²⁸ Stevan L. Burg and Paul S. Shoup, *The War in Bosnia-Herzegovina: Ethnic Conflict and International Intervention*, Armonk: M. E. Sharpe, 1999, p. 138.

²⁹ Commission of Experts, *Final Report*, Annex III: The Military Structure, Strategy and Tactics of the Warring Factions, Part II: Summary and Conclusions.

had was that the prices went up, increasing the profit of alleged crazed nationalists, supposedly caring only about driving the Muslims out of Tuzla.³⁰

Vares and Ilijas are two neighbouring small towns, about 40 kilometres north of Sarajevo. Vares was held by Croats and Ilijas by Serbs. Nevertheless these two towns entered into a very comfortable business relationship early in the war, trading cigarettes, sugar, oil, flour and other products. When UNHCR officials came to Vares to inquire how much humanitarian aid needed to be delivered to the town, local officials refused the offer, saying that they had more than enough supplies of their own. The last thing they needed was humanitarian aid coming into the town, removing their monopoly and lowering the prices.³¹

In Sarajevo, business followed a similar pattern. Kiseljak is a majority Croat town on the edge of Sarajevo and at the time was a seat of the Bosnian Croat army. Throughout the war, Croats in Kiseljak traded both with people in Sarajevo and with the Serbs besieging it. Serbs would sell the goods to Croats, who would add their commission and sell them further to the Muslim mafia in Sarajevo, who were operating a cartel system which kept the prices in the city astronomical.³²

Serbs and Muslims often traded without Croats as middlemen. In the besieged Srebrenica, Naser Oric, the undisputed lord of the city, monopolised the black market, supplied exclusively by Serbian goods and confiscated humanitarian aid. Caravans of horses would track over Zlovrh mountain bringing salt, cigarettes, razor blades, oil, flour, fuel, tooth paste, soap and other goods to Srebrenica.³³ Oric, to some a hero who defended Srebrenica for three years, and a vicious and ruthless gangster to others, used to be Milosevic's personal bodyguard before the war. Oric's men terrorised civilians in the city, allegedly killing one family because one of Oric's officers fancied their house for himself. In April 1994, three teenage Muslim girls escaped from Srebrenica, passed on foot through a minefield and surrendered to the Serbs, explaining that they had been gang-raped by Oric's men.³⁴

Trade often had a decisive impact on who was to fight whom. Despite the fact that the Croatian Defence Council and the Bosnian government forces fought together in defence of Sarajevo, Serbs seldom shelled the positions defended by Croat units who were their trading partners.³⁵ When in May 1992, government forces tried to break the siege of Sarajevo by

³⁰ Judah, *The Serbs*, pp. 247-248.

³¹ *Ibid.*, pp. 248-249.

³² Silber and Little, *Yugoslavia*, pp. 295-296.

³³ Sudetic, *Blood and Vengeance*, pp. 243-244.

³⁴ *Ibid.*, p. 245.

³⁵ Commission of Experts, *Final Report*, Annex III: The Military Structure, Strategy and Tactics of the Warring Factions, Section L: The Territorial Defence Forces of the Serbian Republic of Bosnia-Herzegovina.

attacking Serb forces from behind, they were fought back and compelled to retreat not by the Serbs, but by their nominal Croatian allies from Kiseljak, who would hate to see a nice business arrangement go to waste (it should be reminded that this was five months before the first clashes between the Croat and Muslim armies, and almost a year before the outbreak of a full-scale war in April 1993).³⁶ Silber and Little trace the origin of the Croat-Muslim conflict to a mafia dispute over oil smuggling. The conflict erupted on October 25, 1992, in the town of Prozor in central Bosnia. It is true that the tensions were already running high in the region, after the territories, which Croats perceived as "theirs," started to fill up with Muslim refugees. Yet the conflict erupted only when two rival mafia gangs, one Croatian and the other Muslim, tried to eliminate each other and acquire a full monopoly over the fuel trade in central Bosnia. The mafia clash soon became viewed as an "ethnic" conflict making its origin and essence completely irrelevant and opening another bloody and entirely unnecessary chapter in the Yugoslav drama.³⁷

The trade, which most directly revealed the "non-ethnic" face of the war in Yugoslavia, was the arms trade. Since Serbs "inherited" the lion's share of the weaponry of the former Yugoslav People's Army, they were most often selling, while Croats and Muslim were lining up as their customers. The fact that these same weapons were later used by Croat and Muslim units in their attacks on Serbian positions was no obstacle whatsoever.³⁸ Business was exceptionally lively in Cazinska Krajina. A commander of one of the Croat units bought an anti-aircraft gun from a Serb. When he told him that he was going to use the gun against Serbs, his supplier answered that he could not care less.³⁹ Serbs from Kninska Krajina (Serb-occupied part of Croatia) did not sell weapons only to Fikret Abdic (their business partner in whose company *Agrokomerc* they processed their crops), but also to the Fifth Corps of the Bosnian Government Army and therefore to the enemy of their fellow Serbs in Bosnia.⁴⁰

A senior officer from the Bosnian Serb army in Ilijas sold a few pieces of heavy artillery to the nearby Muslim village. After that he packed his belongings and moved to Serbia with his family.⁴¹ Sudetic, who spent a lot of time in Bosnia during the war, described the illegal gun market in a bar of a hotel near the Mehmed Pasha bridge in Visegrad. The market was operating in the fall and winter of 1991, therefore during the war in Croatia, but before the outbreak of hostilities in Bosnia. The sellers were people from Radovan Karadzic's

³⁶ Judah, *The Serbs*, pp. 206-207.

³⁷ Silber and Little, *Yugoslavia*, pp. 293-294.

³⁸ Mueller, "The Banality of 'Ethnic War,'" pp. 57-58.

³⁹ Judah, *The Serbs*, p. 243.

⁴⁰ Burg and Shoup, *The War in Bosnia-Herzegovina*, p. 138.

Serbian Democratic Party, and the buyers "prominent" local Muslims, most often with criminal past, who would buy arms from Serbs and then sell them on to other local Muslims.⁴² It is impossible to assume that the local representatives of Karadzic's party could not imagine that the Muslims would soon be using these same weapons against their fellow-Serbs. This only shows again that for many people involved, personal gains had an absolute priority over alleged national ones.

The first weapons smuggling channels in Bosnia-Herzegovina were set up by the KOS, Counter – Intelligence Service of the Yugoslav People's Army. KOS leaders made an agreement with the Bosnian Defense Minister (a Muslim by origin) not to interfere with the shipment of weapons sent from Serbia through Bosnia to Serbian-held territories in Croatia. In return, the secret service deflected some of the weapons to Bosnian Muslim army-in-the-making. Occasionally, a police patrol not instructed to let the transports through intercepted trucks loaded with weapons (for example, on the night of 9 April 1992 three trucks, transporting 1,119 automatic rifles were stopped), but as soon as the word got to the Minister or his associates, the "misunderstanding" was cleared up.⁴³

Judah writes that several hundred million German Marks were made through arms trade. But this was not the only way inventive "businesspersons" with abundance of weapons could make money. In Herzegovina, Croat units rented tanks from the Serbs for 1,000 DM per day, when they were fighting with Muslims. In turn, during the Croat-Muslim clashes in Mostar, Muslims paid Serbian units to shell Croat positions. Serbs, however, proved to be exceptional entrepreneurs and doubled the profit by warning Croats to clear out in exchange for a certain fee, before shelling their positions with exactly the number of projectiles the Muslims had paid for.⁴⁴

Emergence of Balkan Smuggling Channels

The development of the smuggling channels in Croatia, Bosnia-Herzegovina and Kosovo was influenced by specific circumstances, non-existent in the other former Yugoslav republics and even less so in other transitional countries. The war in which the Croatian, Bosnian Muslim and Kosovo Albanian armies were fighting against a militarily superior and better armed adversary contributed to the creation of a socio-political environment where smuggling

⁴¹ Judah, *The Serbs*, p. 248.

⁴² Sudetic, *Blood and Vengeance*, pp. 89-90.

⁴³ Judah, *The Serbs*, pp. 193-194.

⁴⁴ *Ibid.*, pp. 249-250.

(especially of weapons) was not perceived as harmful to the interests of Croatia, Bosnia-Herzegovina, and Kosovo. On the contrary, smuggling came to be regarded as essential for their survival and was thus viewed by majority of people as a state-building, rather than as a criminal act. In Serbia and Montenegro, smuggling channels were similarly set up and run by state organs, especially the secret services. The only difference was that here, the primary object of illegal trade was oil. The Serbian war machine in Bosnia desperately depended on smuggled fuel, without which it would have been brought to a standstill. Three main channels for smuggling oil into Serbia and Montenegro were opened soon after the imposition of sanctions:

- One smuggling channel (across the lake Skadar between Montenegro and Albania) was run by Montenegrin mafia in close cooperation with authorities in Podgorica.
- The second channel was a result of the joint cooperation between agents of Serbian State Security Service and a few selected criminal gangs, which were given “import licenses” by corrupt state officials. It involved “imports” of oil from Macedonia, Bulgaria and Romania.⁴⁵
- By far the biggest was the Serbian state-run channel, which involved a number of high officials, including one of Serbian Prime Ministers and one of Deputy Federal Prime Ministers from Milosevic’s period. The company *Progres Trade* occupied the central place in this smuggling scheme. *Progres Trade* exported grain to Russia, bartering it directly for Russian oil. No hard currency transactions were involved to avoid the danger of funds being seized by the international financial watchdogs. According to the estimates, the values of the exchange were between \$100 and 250 million per year. The profits were used for financing the army, police, secret service, state-run media and for subsidizing state-run companies, but significant part also went in pockets of those involved in the transaction.⁴⁶

Macedonia, Albania, Romania and Bulgaria constituted the “outer ring” of the smuggling networks, which were established in the Balkans in the first half of the 1990s. Due to the specifics of the smuggling channels, these countries could not remain isolated from the illegal trade on the territory of the former Yugoslavia and they played the role of mediators in the trans-national system of smuggling and trafficking in violation of international sanctions. The proximity to the war zone and the possibilities the sanction-busting offered to the well-placed

⁴⁵ US Energy Information Administration. “Enforcement of Serbian Sanctions and Embargo.”

⁴⁶ “Serbia’s Grain Trade: Milosevic’s Hidden Cash Crop.” *International Crisis Group Balkan Report* no. 93. 5 June 2000. <http://www.crisisweb.org/projects/balkans/serbia/reports/A400047_05062000.pdf>.

individuals and groups led to the rapid development of smuggling and other illegal activities, and to the proliferation of organized crime in Macedonia, Albania, Romania and Bulgaria.

It should be noted, however, that these countries in their own turn became important centers of international smuggling schemes, stimulated both by the supranational processes of the globalization of organized crime, and by the national political and economic changes, occurring during the transition to democracy and market economy.

The smuggling channels, set up semi-officially with the knowledge, if not even active participation of the highest state officials, were soon “privatised” by certain well-placed individuals and groups within or closely connected to the ruling elites. Smuggling and illicit trade started to seriously undermine the normal functioning of the states. The channels initially established for smuggling of weapons and oil were expanded to include other goods, such as drugs, stolen vehicles, cigarettes, alcohol and other commodities. Part of the profits from the drug trade was regularly used for buying weapons, but the large part usually ended on private accounts of the people involved in the smuggling. The origins of the constantly growing Balkan “trade in human beings” can also be traced to the 1992-1995 periods and to the lucrative business of “assisting” refugees to escape from the war zones to safety.

Trans-Border Crime: The Root Cause of Instability in the Balkans

The gradual end of armed conflicts in the Western Balkans and termination of sanctions against the FR Yugoslavia have drastically reshaped the geography of the regional smuggling networks. Trade with weapons and oil, previously the most sought after commodities, diminished dramatically, and gave way to a progressively expanding illegal trade with illicit drugs, excise goods (most notably cigarettes) and human beings. The reorientation towards new “commodities” was paralleled with the conclusion of transition from “state-sponsored” to mafia-run smuggling. Apart from the increase in large-scale smuggling, there was also the rapid growth of the small-scale, or “suitcase” smuggling in all countries of the region, due to the widespread impoverishment, the high prices of legally imported commodities, and weak law enforcement.

Cigarette smuggling became one of the most profitable illegal activities in the Balkans. It involves both locally produced cigarettes and major international brands. The schemes for

smuggling locally produced cigarettes usually involve “export” to a neighbouring country, followed by illegal transport of these same cigarettes back into the country of origin. Cigarette smuggling prospered because of the existence of several borders in the region, which were ill-protected for various reasons (border between Croatia and the Croat-populated Herzegovina, border between Serbia and the Serb-populated Republika Srpska, and the border between Serbia and post-1999 Kosovo). Another popular customs fraud, used in cigarette smuggling, is to present cigarettes as being produced in a (real or fake) domestic factory, and not abroad as it is really the case.

Southeast Europe is also a natural bridge between Middle Eastern and Central Asian drug producers and West European drug consumers. The heroin produced in Afghanistan travels through Iran to Turkey, where it is refined, and then through Bulgaria to other regional countries, from where it is distributed to Western Europe. One of the consequences of the war in former Yugoslavia was that now the illegal drug trade encompasses all the countries in the region. Political instability, poverty, corruption, insufficient and poorly equipped security forces and ill-guarded, porous borders made the region ideal for drug smuggling.

The drug trade enabled the international organized crime (especially the Italian mafia, and Turkish and Middle Eastern drug smuggling networks) to establish its presence in the region, adding further incentive to the vicious circle in which corruption, organized crime and instability feed each other. According to Interpol estimates, over 80 percent of the heroin, sold in the EU, have traveled through the Balkans. Some of the regional countries, most notably Croatia and Albania, also became the most important European points of entry for the South American cocaine. Southeast Europe itself has also turned into an important drug producing region, especially of cannabis and opium poppies, and laboratories for production of synthetic drugs have also appeared.

Although drug smuggling and drug abuse sharply increased in all regional countries, Kosovo represents the most drastic case. After becoming de facto independent from Yugoslavia in 1999, Kosovo reaffirmed its role as the center of Southeast European drug smuggling networks. The International Narcotic Enforcement Officers Association estimates that the Kosovo mafia handles between four and a half and five tons of heroin monthly now, which is more than double the amount before the 1999 war.⁴⁷

⁴⁷ Juliette Terzieff et al. “Former Warlords in the Balkans are Building an International Criminal Empire.” *Newsweek*. 21 March 2001. <<http://www.balkanpeace.org/rs/archive/mar01/rs127.shtml>>.

The most obvious example of how big is the influence of drug smuggling and organized crime on instability and how quickly they can trigger a conflict, which can then be wrongly perceived as ethnic, is Macedonia. The 2001 conflict in Macedonia was triggered by a struggle over the full control of the growing Albanian-run criminal empire in western Macedonia. According to *Jane's Intelligence Review*, western Macedonia, where majority of Macedonian Albanians live, has been a drug-smuggling center since at least the 1970s. A crucial factor facilitating the proliferation of smuggling in this part of the country in recent years was the deliberate decision of the VMRO – DPA (Internal Macedonian Revolutionary Organization and Democratic Party of Albanians) government *not* to patrol the border area after the withdrawal of the UN peacekeeping force in 1999. This decision, justified as a precautionary and confidence-building policy in a sensitive area, gives ground to allegations that the two ruling parties were in the least passively involved in illegal traffic across the border. The center of Macedonian drug and arms smuggling, the village of Tanusevci, became a virtual “free territory,” together with some other villages and areas along the Macedonian border with Kosovo. Tanusevci is an Albanian-populated mountain village, located exactly at the border between Macedonia and Kosovo, in which the 2001 fighting has started. During the Kosovo conflict, Tanusevci was used as one of the most important arms depots of the KLA (Kosovo Liberation Army), and before that, it was widely believed to be one of the centers for smuggling of drugs to and from Albania and Kosovo. Not unimportantly, Tanusevci is also the home village of Xhavit Hasani, one of the founding members of the KLA and one of its commanders. Aracinovo, another hot-spot of the 2001 crisis, has also been considered for a long time to be a center for drug, cigarette and arms smuggling. The first outbreaks of violence in Macedonia were provoked by a “violation” of the “free status” of Tanusevci, when Macedonian police unit was dispatched to the village in response to the detention of a Macedonian television news crew by uniformed Albanian guerillas.⁴⁸

The stable political environment and the rule of law hinder the proliferation of smuggling and other illegal activities. In a country like Macedonia, with exceptionally high level of mistrust between various ethnic communities and in a dire economic situation, it was relatively easy for the Albanian rebels-cum-smugglers to escalate the situation marked with

Umberto Pascali. “KLA and Drugs: The ‘New Columbia of Europe’ Grows in Balkans.” *Executive Intelligence Review* vol. 28, no. 24. 22 June 2001.

<http://www.jarouchepub.com/other/2001/2824_kla_drugs.html>.

⁴⁸ “Macedonia’s Public Secret: How Corruption Drags the Country Down.” *International Crisis Group Balkan Report* no.133. 14 August 2002, pp. 24-25. <http://www.intl-crisis-group.org/projects/balkans/macedonia/reports/A400739_14082002.pdf>

tensions and distrust into an armed conflict, thus creating a perfect environment for criminal activities.⁴⁹

Illegal trafficking in people has been also growing with alarming speed in the region. It includes the transfer of illegal immigrants, women to be engaged in prostitution, labor force to work under inhuman conditions, trafficking in children, and illegal adoptions at exorbitant prices.

Southeast Europe is one of the most important transit regions for illegal immigrants from Turkey, China, Iran, Pakistan, Bangladesh, Iraq, Afghanistan and other Middle Eastern and Asian countries on their way to the EU. It is also an important source region, with Romanians, Albanians and Roma being among the most numerous groups of illegal immigrants in the EU.

One of the reasons for the exceptionally fast growth of the human trafficking business is that profits are incomparably higher than risks and costs involved. Unlike drug smuggling, human trafficking is considered in most countries as a minor offence which carries light sentences. No special equipment is needed and no organized network for distribution (like in the case of drugs) is essential. In case of danger, the immigrants (who pay in advance for the “service”) can be easily abandoned by their guides, and in practice, they often are.

Trafficking of illegal immigrants through Southeast Europe seems to be organized by the same groups who were previously engaged in the smuggling of weapons and drugs or in “assisting” refugees to reach safety for a price during the war. Similarly, the same routes are being used and the same partners from the other side of the border are involved. This seems to be especially the case in the countries of the former Yugoslavia. In Montenegro and Albania, the traffic of illegal immigrants across the Adriatic Sea to Italy is organized by the same people who are engaged in smuggling of drugs and cigarettes to Italy. According to the estimates, the organizers of trafficking of illegal immigrants to the EU earn over \$3 billion per year.⁵⁰

Trafficking in women and girls is an even more alarming and disturbing aspect of the trafficking in human beings. In most cases, it involves coercion, violence and humiliation of

⁴⁹ “Jane’s Sentinel Security Assessments: Macedonia.” *Jane’s Information Group*. 3 April 2001.
<http://www.janes.com/security/international_security/news/sentinel/sent010403_macedonia.shtml>.

U. S. Department of State. “1997 International Narcotics Control Strategy Report.”

⁵⁰ “Southern Europe: Smuggling.” *Migration News* vol. 7, no. 12. December 2000.
<http://migration.ucdavis.edu/mn/archive_mn/dec_2000-12mn.html>.

Gaby Hinsliff and Peter Beaumont. “Blair War on Trade in Migrants.” *The Observer*. 4 February 2001.
<<http://www.observer.co.uk/politics/story/0,6903,433341,00.html>>.

victims. Trafficked women and girls are often forced into prostitution, held in slave-like conditions, and repeatedly raped, brutalised, denied food, water, sleep and medical care, and sold like property by one brothel owner or trafficker to another. Many of them are girls under 18 years of age, and numerous were either tricked to leave their homes (with false promises of well-paid employment or marriage) or kidnapped. In Albania and Kosovo, cases when families sold their own daughters or sisters to traffickers were registered. By various estimates, hundreds of thousands of women and girls are trafficked across European borders every year.⁵¹ In most cases, women and girls from East Europe are trafficked to the EU, but many (especially from the former Soviet Union) are trafficked also to other Eastern European countries and “employed” in sex industry there. Often, the trafficked girls are forced into prostitution in Eastern European countries for a certain period while on their way to the EU.

Trafficking in women and girls again show how connected are organised crime and instability. Bosnia-Herzegovina, Macedonia and Kosovo are all characterised by persistent ethnic tensions, instability, weak state institutions, ineffective law-enforcement and consequently, significant number of international troops are present there to preserve peace, law and order. Unfortunately, the large international presence also has its negative side-effects and Bosnia-Herzegovina, Macedonia and Kosovo all became the most important regional destination countries for trafficked women and girls.

Conclusion

In May 2004, Antonina Zhelyazkova and her team conducted a field study in Bosnia. In the town of Kakanj, they talked with a respondent, a Bosnian Muslim by ethno-religious origin. He talked about the Bosnian Nouveaux-Riches, describing them as marauders and bloodsuckers. “They looted, plundered and became millionaires during the war. They profiteered from everything – they sold weapons to the Serbs and the Croats to kill us. Or vice versa... Fuel, foods, property... they sold our blood... we were dying from starvation and thirst, while they are now laundering money to make even greater fortunes,” he told the team.

⁵¹ The Swedish NGO Kvinna Till Kvinna estimates that 500,000 women are trafficked into EU every year. IOM estimates that roughly 200,000 are from Central and Eastern Europe, and from former Soviet Union. Between 10 and 30 percent of girls, trafficked to become sex workers, are under 18 years of age. In case of Albania, the underage girls represent alarming 80 percent. Barbara Limanowska et al. “Trafficking in Human Beings in Southeastern Europe: Current Situation and Responses to Trafficking in Human Beings.” UNICEF, UNOHCHR and OSCE – ODIHR, June 2002. <<http://www.unicef.org/sexual-exploitation/trafficking-see.pdf>>.

“They are Muslims but I hate them just as much ... one day they’ll pay for it dearly,” he concluded.⁵²

His last sentence is perhaps the best possible illustration about what were, are and will continue to be the real root causes of instability in the Balkans. It is true that ethnic tensions, mistrust among various ethnic and religious groups and intolerance towards the “other” all continue to run exceptionally high in all of the former Yugoslavia successor states. But what really keeps on fuelling the hatred and mistrust, what really makes the instability so persistent are the continuous poverty and lack of perspectives the ordinary citizens are faced with. When they compare their own situation with the obvious wealth and “above the law” status the criminals and war profiteers are enjoying, the majority of ordinary citizens in most of the former Yugoslavia cannot but continue to feel that they are threatened and exploited by someone else, just as they did before the outbreak of wars in 1990s. Today, just like 15 years ago, this is a recipe for disaster.

Smuggling and other forms of trans-border crime, as well as the corruption they generated, have been among the most important obstacles to the successful transition towards democracy and market economy, and have substantially hampered numerous political, economic and legal reforms. A vicious circle was formed where corruption generated more opportunities for smuggling and other forms of organized crime, these generated instability and created fertile ground for eruption of conflicts, and these in turn hindered efforts to stem corruption.

By the end of the year 2000, governments of all regional countries became involved in effort to counter smuggling and corruption. Apart from several important political changes in the region, one of the most important reasons for such development was the ever increasing international pressure on regional governments to do more to curb smuggling and corruption. Numerous special counter-smuggling and counter-trafficking police units were established. A number of new laws, dealing specifically with smuggling and trafficking were adopted and penalties for perpetrators of these acts increased. Work of customs officers and border police was assessed and in some countries, some of the necessary reforms and changes were undertaken. Hopefully, the rest will follow soon. In many regional countries, drug seizures, for example, sharply increased as a result. Even more important is the fact that regional and international cooperation in the fight against trans-border crime in the region is constantly

⁵² Antonina Zhelyazkova. *Bosnia: Tolerant Hostility. Field Study May 2004*. Publication forthcoming.

increasing, and that regional cooperation in countering smuggling and trafficking also improved.

Yet, this is only the beginning and given the scope and persistence of the problem, there is still an enormous task lying ahead. The lack of clear strategy and genuine commitment of the EU to integrate the countries of the Western Balkans means that the most important incentive, which for example pushed Bulgaria considerably forward in its transition, has not been employed. Apart from this, the international community, especially the international forces, present in the most critical regional hot-spots (Bosnia-Herzegovina, Macedonia and Kosovo) most often neglect or diminish the danger of the organized criminal structures in the region, preferring to tolerate their activity for the sake of preservation of uneasy and unstable balance between the peace and the conflict. In this way, stability became a hostage of those, who actually represent the root cause of instability itself.

The open partnership between the criminal structures and the authorities in the Balkan states, which characterised the bigger part of the 1990s and which pushed the region into a series of wars and conflicts today no longer exists. Its legacy, however, can still be felt. Corruption, weak state institutions, porous borders, and even the existence of several quasi-states (Republika Srpska, Kosovo) continue to threaten the stability of the whole region, and organized crime continues to represent the roots of these threats. Multi-ethnic, tolerant and prosperous Balkans will some day make a beautiful flower indeed. But before we can enjoy the blossom, we have to take care of the root.