
The Untouchables

Former Yugoslavia's Clandestine Political Economy

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Experts need new strategies for understanding and addressing the scope and power of Balkan clandestine political economies. The current course may lead to further social breakdown and a resumption of violence.

THREE high-profile events in 2003 demonstrated the character and depth of the covert space where the clandestine political economy of the former Yugoslav republics operates.¹ First, Serbia's prime minister, Zoran Djindjić, was assassinated in March. Second, in early March NATO's Stabilization Force raided the Bosnian Serb Army's General Staff Headquarters and other Bosnian Serb security organizations. Finally, the Serbian Interior Ministry arrested Bosnian Serb war profiteer Momčilo Mandić in early April only to release him in September. These events rippled through the region as symbols of and challenges to reform, and emphasized the need to more seriously address systemic problems of organized crime and corruption. Drawing from interviews during this time with a wide array of individuals who have a direct interest and expertise in addressing these issues, this article focuses on how each of these events illustrates three key aspects of the region's clandestine political economy and how the associated problems continue to shape, change, and challenge prospects for stability in the region. These events unfortunately offer yet another example of the Balkan tendency to take two steps forward, followed quickly by three backward.

Without new strategies for understanding and addressing the scope and power of the clandestine political economy in the Balkans, this negative trend is likely to take deeper root, further challenging an already frustrated international community. While the giants of official corruption, political nationalism, and organized crime were staggered by the 2003 events, it is unclear whether subsequent policies will keep them off balance or merely strengthen their dexterity.

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The Djindjić Assassination

The assassination of Zoran Djindjić came as a shock to most of the world, if not to the inhabitants of the former Yugoslav republics. As early as 1995, Djindjić had been implicated in activities linked to organized crime. These early concerns led to deeper and more direct involvement that forced Djindjić to make protection and funding deals with certain groups, most prominently the Special Operations Unit (Red Berets) led by Franko (Frenki) Simatović.² The culmination of the connections between Djindjić as both democratic reformer and organized-crime enabler were most publicly seen in the summer 2001 *Nacional* exposés that linked Djindjić and Montenegrin prime minister Milo Djukanović to a high-level cigarette smuggler. The crucial point of these articles, and also the element most puzzling to Westerners, was the demonstration of how these activities fully transcended ethnic and sovereign boundaries.

The Djindjić assassination is a sad testimony to the state of political affairs in most of the former Yugoslav republics. The murder highlighted three structural problems in the organization and conduct of profit-making and power-building. First, nationalist political parties took center stage during Yugoslavia's dissolution and subsequent conflicts. They organized the security services for sanction-busting activities, developing an illicit mechanism to reap substantial profits. Second, other political parties and social movements were either forced out of operation or made similar liaisons with security organizations and organized crime. Third, this alliance structured and disciplined a political economy that favors clandestine and illicit activities over democratic, transparent behavior because it efficiently secures monopolies on power and ensures steady profits for insiders. This shadowy economic structure forces large segments of society, both groups and individuals, to operate within the clandestine political economy if they want to affiliate with and share in the power and profits controlled through these networks.

Djindjić's post-1991 political history reads as a story of odd alliances and backroom deals through which he tried to develop the right formula for toppling Milošević.³ Djindjić was threatened and jailed several times during this period, and this persuaded him of the need to establish connections in the security services and the world of organized crime to shore up his power base and ensure he had the security and financial resources to weather the deadly Serbian political winds.⁴ Djindjić allegedly made a deal with the Red Beret leadership whereby they would ignore future

orders from Milošević aimed at undermining the democratic opposition.⁵

Djindjić apparently aligned himself with the Montenegrin faction, lead by Milo Djukanović.⁶ This alliance required Djindjić to support a looser relationship between Belgrade and Podgorica. Through his association with Djukanović, Djindjić was afforded the security and support that came from Montenegro's clandestine economy.⁷ In 2001 the suspicions surrounding Djindjić's affiliation with organized crime came to a head with the allegations that he had ties to smuggling mastermind Stanko Subotić and President Vojislav Koštunica's orchestrated smear campaign against Djindjić, which gave these issues wide public currency.

The Djindjić assassination appears to have been directly linked to the perception that he was planning to move against these old alliances of convenience. Zvezdan Jovanović, a Serb Red Beret member and confessed assassination trigger-man, reportedly told Serbian police officials that the looming investigation into a series of political murders dating back to the early 1990s was a primary motive for the assassination.⁸ The post-assassination wave of arrests culminated in the detention of several thousand suspects—including high-level security and intelligence personnel. Currently, forty-four suspects in the conspiracy remain in custody, awaiting trial. However, the primary suspect, Milorad Luković (a.k.a. Legija), remains at large.⁹ Additionally, the investigation, because of its limited scope, seems to have fallen far short of the new Serbian government's promise to use this tragic event as a catapult to seriously combat organized crime. This has led the International Crisis Group and several other analysts to wonder whether Djindjić's assassination succeeded in sending a message to reformist-minded politicians.¹⁰

SFOR Raids in Banja Luka

In early March 2003, NATO's Stabilization Force (SFOR) raided the Bosnian Serb Army (VRS) General Staff Building in the heart of downtown Banja Luka. The raid, dubbed Operation Balkan Vice, came in response to the growing body of evidence emanating from the year-old Orao investigation regarding illicit Serbian military assistance to Iraq.¹¹ A variety of reports suggested, and High Representative Paddy Ashdown confirmed, that the VRS intelligence files contained numerous documents detailing ongoing joint-collection activities between military intelligence and the Republika Srpska civil service against the Bosnian-Croat

Federation, the international community, and several regional governments.¹² (Bosnia-Herzegovina consists of two entities, the Belgrade-backed Republika Srpska and the Bosnian-Croat Federation, together overseen by a High Representative appointed by the international community.) The complicity of the security services in such illicit affairs exemplifies the larger structural problems affecting the region, where these services have a long and storied legacy of covert activities.¹³ Subsequent SFOR raids, related to the publicly announced international military effort to curb the threats presented by each entity's security services, further the case for understanding this problem as multi-ethnic and systemic.¹⁴

The raids represent only the most recent increase in international awareness and concern over security-service collusion within the clandestine political economy. Other high-profile strikes include the 1996 Implementation Force (IFOR, predecessor of SFOR) raid on an Iranian-run secret intelligence training facility near Fojnica and the 1999 Operation WESTAR-SFOR raids on Bosnian-Croat intelligence service headquarters and offices.¹⁵ Yet by failing to prosecute these well-publicized cases, the international community has actually encouraged large portions of the covert space in Bosnia-Herzegovina. International neglect has sent the populace at large the negative message that not even the powerful Office of the High Representative can quash the pervasive and damaging conspiracy theories. Many interviewees commented at length about this problem, suggesting that international failures to fully deal with these problems have left a large segment of Balkan society despondent. This sense of hopelessness has led many citizens to reconsider the utility and possible culpability of the international community in these and related issues.¹⁶

The lack of international control over the security services in Bosnia-Herzegovina demonstrates the most acute aspect of illicit complicity in the region. But if the international community cannot effectively address these problems in areas where it has mandated control, what can be achieved in places where its influence is less direct? This rhetorical question reinforces societal despondence, suggesting that a large segment of the local expertise necessary for reforming the system is resigned to accepting security-service complicity in the clandestine political economy. As one respondent suggested, "This problem is bigger than the police, politicians, and international community combined. . . . It is the black foundation of our political culture."¹⁷ The perceived lack of international will directly affects the way people understand their society, providing illicit actors and alli-

ances with a buffer zone for continued growth and reinforcement. The insider nature of the problem makes collusion less risky and more attractive to those who might have resisted the movement. The net result is a society that cannot function without the clandestine space, because it influences and conditions all other power structures and relationships.

The Arrest of Mandić

The Mandić case is a clear example of how illicit politics and business dealings were fused together, giving specific shape and notable resilience to the clandestine political economy of Southeastern Europe. Momčilo Mandić was arrested on April 13, 2003, by the Serbian Interior Ministry in Belgrade for organized-crime-related activities.¹⁸ Mandić is one of the best-known alleged profiteers from the 1992–1995 Bosnian war. Mandić served in the Bosnian Department of State Security (SDB) before the war and went on to become minister of justice and deputy minister of interior in the wartime government of the Bosnian Serb leader Radovan Karadžić. Mandić was best known for his skill at obtaining illegal arms, oil, and other goods during the war, easily circumventing the international embargo.¹⁹ According to a March 7, 2003, U.S. Department of Justice press release, Mandić is a primary part of the Bosnian Serb clandestine political economy, operating a number of legal and quasi-legitimate businesses that function as key financial institutions for illegal procurement of weapons, smuggling, and support to persons indicted for war crimes, including Karadžić.

The Office of the High Representative froze all bank accounts known to be associated with Mandić and his business dealings, concurrent with the Department of Justice report. These actions put Mandić on the public radar for the first time since 1996, when it became clear that he was beyond local reproach and international reach.²⁰ Despite the lack of interest in his business dealings and his support for the Serbian Democratic Party (SDS), Mandić is one of a handful of people often referred to as the real power-brokers in the region. These facilitators, Serbs, Croats, and Bosniaks alike, help fuel the clandestine political economy. They are the engineers of the structure, pulling together the necessary manpower and political support to ensure that a broad spectrum of citizens have a stake in protecting the corrupt system.

The Serbian Interior Ministry released Mandić on September 8, 2003, after determining that he had played no demonstrable role in the assassination of Djindjić.²¹

Table 1

The Clandestine Political Economy's Triple-Helix

Event	Character	Change	Challenge
Djindjić assassination	Cooperation (political sector)	<ul style="list-style-type: none"> • More than 1,000 arrests • Military reform • International Criminal Tribunal for the former Yugoslavia 	<ul style="list-style-type: none"> • Law-enforcement reform • Other organized-crime interests • Social trust
SFOR raid	Collusion (military sector)	<ul style="list-style-type: none"> • State-level political institutional reform • Military consolidation • Security transparency 	<ul style="list-style-type: none"> • Political leadership reform • Personal economic interests • Social trust
Mandić arrest	Complicity (economic sector)	<ul style="list-style-type: none"> • Accountability • Policy shift toward formal economy • Socio-legal EU harmonization • Social trust 	<ul style="list-style-type: none"> • Corrupt business practices (all levels) • Personal interest

He was not extradited to Bosnia-Herzegovina, because there is no recognized protocol between the two states. Instead, the Bosnian-Croat Federation and Republika Srpska ministries of the interior both issued warrants for his arrest. Despite all the interest, local and international, in Mandić, he has managed to elude capture and is believed to be traveling in the eastern RS and western Montenegro, the same region long suspected of harboring Karadžić.²² It is unclear whether the assets frozen by the Office of the High Representative constitute a significant dent in Mandić's illicit business activities.²³

The Clandestine Political Economy's Triple-Helix

These three events suggest several combinations that often work together, enabling the clandestine political economy to exist. They could be compared to the double-helix construction of DNA, in which a specific set of factors can generate a variety of potential outcomes.²⁴ One common outcome is a form of public resistance—an accountability gap between authority and society in the region. Table 1 combines the key elements to clarify the categories and discuss the relationships.

Column 1, "Character," represents the general type of relationship suggested by the event and identifies the security sector primarily affected. However, this is a deliberate simplification. Tracing each event across its row reveals that other sectors are also affected and combine to show broader relationships that should be addressed in problem-solving. The "Change" and "Challenge" columns combine to represent the dialectic relationship, for they capture positive and negative impacts, both direct and indirect, as is the case with the issue of social trust.

Political-Sector Cooperation. For many observers, the Djindjić assassination revealed that the cooperation between politicians and organized crime reaches the highest levels of society, greatly increasing the cost of working against this arrangement. A large majority of the interviewees believed that the links between organized crime and the political elite are very strong. Many of them based this assessment on the number of elites implicated in a variety of scandals throughout the region. A smaller, but still significant, number discussed this relationship in terms of informal alliances and illicit fortunes made from the regional wars.²⁵ These detailed comments, coupled with the many press reports and international studies, suggest that it is difficult to achieve any political success in the Balkans without at least some degree of collusion with illicit actors and groups.²⁶ This is further complicated by the fact that corrupt politicians often become directly involved in the clandestine political economy, either as primary owners or as decision-makers. In some cases the criminal organizations were established or significantly enhanced at the politician's initiative—challenging some of the conventional wisdom about corruption causality.²⁷ Over the past decade, the lines between the corrupt and the corrupted have significantly blurred, turning analysis of the relationship into something along the lines of chickens and eggs. However, much of this cooperation appears to have been born out of or enabled by the regional armed conflicts, especially through the institutionalization of embargo-busting activities.²⁸

The resulting arrests, military reforms, and apparent improvement of relations between the Serbian government and the Hague Tribunal suggest that important changes are underway in Serbia. In conjunction with these initial direct results, the Serbian government has

changed its attitude and action. This is best exemplified by its responses to the SFOR raids and the growing international concerns about Mandić's business dealings. However, the arrests have focused narrowly on the Zemun Gang and Red Beret complicity. There is continued concern about the structure and functioning of the Serbian Ministry of the Interior, especially the conduct of Interior Minister Dusan Mihaljović. In fact, Prime Minister Zoran Živković appears to be reining in the anti-organized-crime campaign and security-sector institutional reform after only several mild improvements.

Security-Sector Collusion. The results of the SFOR raid suggest both a direct and indirect relationship between elements of this sector and the clandestine political economy, pointing most directly to the strength of the bond between informal and formal institutions. The reported results show that the security forces, at least in the Republika Srpska, continue to function on the premise of ends justifying means. In this case, the ends appear to be a determined move toward greater autonomy from Sarajevo or unification with Serbia proper. The most damaging evidence reportedly was found during the search and seizure of the VRS General Staff Intelligence Section (S2). SFOR found convincing evidence that S2 was involved in a coordinated intelligence effort not only to collect information against international, Bosnia-Herzegovinian, and Bosnian-Croat Federation institutions, but also to procure weapons and other materials essential to Republika Srpska defense.²⁹ Some press reports suggest that there may be a link between the Orao activities and this plan, due to the closeness of the institutions involved in a range of documented illicit behavior. The results of this and several subsequent raids were a clear wake-up call to the fact that the RS government was actively seeking to undermine standing international agreements and was using clandestine means to hide these activities from detection.³⁰ Legal institutions use the clandestine political economy to procure and enhance operational security. In return, the other parts of the triple-helix benefit as the security sector turns a blind eye toward their conduct, which could be deeply damaging to wider illicit economic activities.

The raid resulted in several positive changes that might have taken much longer without this opportunity. Immediately after the results were publicized, Paddy Ashdown imposed several long-reaching changes that effectively cut the Republika Srpska's autonomy and brought the entity closer into line with the state-build-

ing mandate.³¹ With these decisions, Ashdown imposed strict military reform at the highest levels and ensured wider oversight for military and intelligence activities, creating a more transparent security environment. However, these deep and important changes will only go so far in curbing the prevalence and persistence of personal interests. Similar reforms have already been imposed in the federation's military and intelligence structures, but the problems of power abuse and illegal profit continue. Furthermore, interviewees frequently pointed to the lack of accountability at the highest levels as clear evidence that this behavior is, in some way, tolerated. For example, several stated that Ashdown's comment about the "honor" supposedly motivating RS prime minister Mirko Šarović to resign is a depressing travesty.³² As in the Djindjić case, resistance to change not only stems from clashing interests, but also from society's lack of trust in political institutions and authority in general. The current status is muddled, and potentially important opportunities to affect institutional collusion in the clandestine political economy may have been undermined and squandered.

Business-Sector Complicity. The Mandić helix resembles the Djindjić and SFOR raid strands in that they all affected one another. Mandić is one of the richest and most successful businessmen in Bosnia-Herzegovina. By some accounts his conglomerate of oil, trucking, banking, and other businesses adds up to several hundred million U.S. dollars in personal wealth. Public information about Mandić notes that these activities stemmed from his wartime role as a primary facilitator for acquiring goods and services for the Bosnian Serbs. Much of this entrepreneurial activity reportedly was done through clandestine and illegal means. Mandić's businesses were implicated in smuggling oil and other goods to Serbia during the NATO bombing of Kosovo and Operation Allied Force, and, most recently, facilitating some aspects of the Orao and Jugimport activities with Iraq.³³ Despite the public concern about Mandić's wealth and business activities, he was never held accountable for these actions. Mandić, like several others, appeared to be above the law.

A majority of the interviewees stated that most big business owners are untouchable because of their connections to the political system. Even small business owners are forced into the clandestine political economy because there is little chance otherwise to make a profit or survive. The choice is made even easier by the difficulty of establishing material evidence for indictments and the lack of strict penalties for the few who have

been successfully prosecuted. As one Bosnian police officer explained, “Here, crime really does pay. People would think you were crazy not to participate.”³⁴

Mandić’s April 2003 arrest marked a clear departure from his apparent twelve-year immunity and sent the clearest signal that Belgrade’s latest reforms might be genuine and broader than first assessed. It dealt an even stronger blow to the RS, as another sign of the distancing of Belgrade from Banja Luka. Many post-arrest interviewees, especially in the law-enforcement and judicial sectors, saw this action as the most significant yet by Belgrade. In several cases, police officers and lawyers pointed to the Belgrade reforms as the way ahead for Bosnia-Herzegovina and Croatia, suggesting a budding faith in the efforts. However, Mandić’s subsequent release marked the reversal of what might have been an important gain in stemming the region’s clandestine political economy.

Two Steps Forward, Three Steps Back

These moves toward regional reform shed light on the deeper character of the problems associated with the clandestine political economy of the former Yugoslav republics, and also highlight anticipated areas of active and passive resistance. Stagnation has returned and may be pushing toward reversing the trend discussed above—for every two steps toward progress, there are three steps back, further debilitating the socially despondent citizenry. This negative trend strengthens the hold of the clandestine political economy as the most reliable venue for personal and economic security and the space where real power cultivates and sustains itself. The boundary between legitimacy and criminality is further challenged, making local and international corrective efforts less effective as resistance from the clandestine political economy is increasingly robust. The popular lack of trust and low expectations reinforce the debilitating relationship between licit and illicit actors.³⁵

The active anticipation of resistance to change determines whether efforts can be sustained and pressed throughout the region. Active resistance primarily comes from individuals and groups that stand to lose the most from reform and are strengthened by each successive failure or stalled gain. However, this active resistance can be better addressed by ensuring that Balkan passive resistance, the pervasive lack of societal trust in authority, is sincerely and aggressively tackled. Two issues are central in dealing with this trust gap.

First, active measures need to be taken to address the systemic lack of accountability, from the international

community down to the individual citizen. Improvements will come through institutional reform, genuine oversight, and public education. Legal and institutional effectiveness is built on a foundation of public trust. Without this trust in place, the rule of law will be largely unenforceable. In the process of reinvigorating institutions and oversight, the international community can and should play a more active role by aggressively pressing for indictments, prosecution, and real penalties—including the seizure of personal and family assets—sending an important message to the local community.

The second issue, following directly from the first, is the need for deeper, sustained, and better-coordinated public education. The rights and duties of democratic citizenship are unevenly communicated and understood in the region. Ironically, this is most acutely seen in Bosnia and Kosovo, where there is the largest, most directly empowered international presence. The lack of clear, consistent international-community programs stands out as a key illustration of perceived complicity in the problems. Many interviewees also overwhelmingly believed that the international community paid too little attention to areas outside the main cities. This programmatic myopia further complicates problems, because many citizens feel alienated not only from their own corrupt governments, but also from the “internationals” that presumably are in the region to assist with the transition from conflict and authoritarianism to sustainable peace and democracy.

A Way Ahead

The three events discussed in this article created a new opportunity for everyone interested in seeing greater stability in the former Yugoslav republics. Responsibility and initiative are fundamental if all sides are to capitalize on these events. Otherwise the moment may be lost, and the clandestine political economy in the region will probably take even deeper root.

The picture painted here is bleak, unless concerted and aggressive efforts are made to sustain the momentum toward change. Three specific courses of action can assist in this effort. First, policymakers and analysts need to recognize how entrenched the clandestine political economy is in society—it provides important services and supports many citizens. This acknowledgment should lead to a radical reorientation in the way the international community interacts with the population at large, focusing more time and effort on sustained, long-term, grass-roots programs. In this way, local commu-

nities will play a more demonstrable role in change as they begin to understand the benefits and grow more trustful of the government's role.

Second, the international community must concentrate its power on enforcing accountability uniformly in the new states. The emphasis should be on full transparency and oversight, starting with the international community itself. This is the basic "lead by example" argument that appears to have eluded most of the prominent international actors in the region. The current trend seems to be based more on the *Wizard of Oz*—paying no attention to the men behind the curtain. The only way to make this change is to institute an integrated policy for addressing sustained rule-of-law issues. This policy needs to be aimed beyond upper-level institutional-capacity building and focus more on the pragmatic spectrum of legal authority throughout each state. One success story in this vein is found in the Organization for Security and Cooperation in Europe's Community Policing Project, which appears to be well implemented in Croatia. Another useful model might be the European Union Police Mission in Bosnia-Herzegovina, which is taking a less despotic approach toward police assistance and monitoring.

Finally, responsibility needs to be shared more evenly between local and international actors, aiming at a more collaborative set of solutions. This will have to include the building of solid cases against facilitators like Momčilo Mandić and the prosecution of cases to the fullest capacity. The international community must provide all necessary support for severing the fundamental ties these persons and their organizations provide to the clandestine political economy. This effort must be coupled with real economic and social relief for areas that will suffer in the short term because of the removal of these facilitators. Aggressive prosecution and punishment are crucial to the sustained success of such a strategy. Several successful high-profile and high-level prosecutions will have an exponential psychological effect that will embolden other efforts concurrent with the first two suggested courses of action. None of these paths will be cheap or easy to follow. Furthermore, they need to occur in concert. However, to simply carry on the current course is almost certainly a sure road to further social breakdown, and in the end, very probably, the resumption of organized violence.

Notes

1. On the concepts of covert space and clandestine political economy, see Peter Andreas, "Criminalized Conflict: The Clandestine Political Economy of War in Bosnia" (Woodrow Wilson International Center for

Scholars, East European Studies, Meeting Report #261, October 30, 2002), available at www.wilsoncenter.org; Robert W. Cox, "The Covert World: A Site for Political Analysis" (York University, April 1998).

2. See Melisa Babić, Senad Avdić, and Mirsad Fazlić, "Legija Djindjić evu sahranu gledao u Sarajevu; Ante Gotovina mu je 'domaćin' u Hercegovini!" (Djindjić's assassin Legija seen in Sarajevo; Ante Gotovina hosted him in Herzegovina), *Slobodna Bosna* (March 20, 2003): 5–10; Mugdim Hasanović, "Dva Senada, hiljadu laži" (The two Senads, a thousand lenses), *Ljiljan* (March 31, 2003): 28. The Red Berets, or Special Operations Unit (JSO), organized in late 1991, was the paramilitary arm of the Yugoslav State Security Department (SDB).

3. Vesna Pešić, Vuk Drašković, and Zoran Djindjić, "Serbia's Opposition Speaks," *Journal of Democracy* 8, no. 3 (1997): 3–16.

4. "Serbia: A Place Where Deadly Crime Is Part of Life," *Deutsche Welle Online* (March 13, 2003); Alen Mlatišuma, "Montenegro to Investigate President," AP (June 17, 2001).

5. Katarina Subašić, "Bloody Instructions," *World Press Review* (April 8, 2003); Damjan Krnjević–Mišković, "Djindjić and His Serbia," *National Review* (March 13, 2003), on-line edition.

6. Danijel Sunter, "Djindjić i Djukanović spremaju udar na VJ" (Djindjić and Djukanović ready a blow on the VJ) (January 21, 2003), available via PCNEN Montenegro at www.pcnen.cg.yu/novi/analize/2003/007; Milka Tadić-Mijović, "Zoran Djindjić et le Monténégro: une vielle complicité" (Zoran Djindjić and Montenegro: Old Allies), *Le Courier des Balkans* (March 15, 2003), available at www.balkans.eu.org; Jolyon Naegele, "Yugoslavia: Gulf Widens Between Košunica, Djindjić," *RFE/RL Special Report* (August 21, 2001), available at www.rferl.org/features/2001/08/21082001115802.asp. Djindjić suffered from a minor scandal in 2001 when the Croatian weekly *Nacional* reported secret payments to indicted war criminals. Borislav Jelenić, "Croatian Citizen Stanko Subotić Finances Operations to Hide Karadžić, Mladić on Orders of Former Serbian Secret Police Chief Stanišić," *Nacional* (July 3, 2001): 27–30, via World News Connection.

7. Gordana Borović, "The *Nacional* Scandal and Montenegro," AIM Podgorica (May 31, 2001), via Medienhilfe Ex-Jugoslawien (archiv.medienhilfe.ch/News/2001/AIM-0531/).

8. Subašić, "Bloody Instructions"; R. Jeffrey Smith, "Criminality, Not Ideology, Motivated Murder of Serb," *Washington Post* (November 6, 2003): A1.

9. Subašić, "Bloody Instructions"; "Bosnia Prepares to Fight Expected Influx of Serbian Criminals," *RFE/RL Newslines* (April 24, 2003).

10. International Crisis Group, "Serbia After Djindjić," *Balkan Crisis Report*, no. 141 (March 18, 2003).

11. U.S. Department of the Treasury, "Operation Balkan Vice: Crippling the Support Network of Radovan Karadžić, Balkan War Criminal," Press Release JS-91 (March 7, 2003); "SFOR Raids Bosnian Serb Army Barracks, Intelligence Center in Foca," Agence France-Presse (September 15, 2003); International Crisis Group, "Arming Saddam: The Yugoslav Connection," *Balkan Crisis Report*, no. 136 (December 3, 2002).

12. Office of the High Representative, "Order Blocking All Bank Accounts of, Held by, and/or in the Name of Momčilo Mandić" (March 7, 2003), available at www.ohr.int/decisions/archive/; Paddy Ashdown, "Korupcija i kriminal su najgore nasljedje" (Corruption and crime are of the largest legacy), *Novi Reporter* (April 9, 2003): 11.

13. This is a general tendency found in authoritarian systems, where the security services are established and organized to defend regime interests over those of the citizenry and society. See Christopher A. Corpora and Louise I. Shelley, "Tragedy, Transition, and Transformation: The Local-International Nexus of Transnational Organized Crime in the Former Yugoslav Republics," *EES News* (Washington, DC: Woodrow Wilson International Center for Scholars, September/October 2002); David B. Kanin, "Observations on Big Men, Corruption, and Organized Crime in the Balkans" (paper presented at the annual conference of the American Association for the Advancement of Slavic Studies, Pittsburgh, November 20–24, 2002).

14. "Counterintelligence Agents Spy on OHR, U.S. Embassy, and NATO," from *Nezavisne Novine*, translated in SFOR Main News Summary (April 1, 2003), available at www.nato.int/sfor/media/2003/ms030401.htm; "SFOR Confirms Bosnian Serb Spying," *RFE/RL Newslines* (April 2, 2003).

15. "Operation WESTAR preliminary results," NATO/SFOR Press Release (December 17, 1999); R. Jeffrey Smith, "Criminal Gangs Challenging West in Bosnia," *Washington Post* (June 24, 2001): A1; Ena Latin, "Sarajevo Trial May Lift Lid on Assassinations," *Balkan Crisis Report*, no. 338 (May 22, 2002), available at www.iwpr.net.

16. This is a function of the dependency relationship fostered by the international administrative oversight in Bosnia-Herzegovina. This dependence is often articulated by a blame game that pits international and domestic voices against one another without recognition of their mutual responsibility for the establishment of stability in the fledgling state. This is especially true for the case of WESTAR and the subsequent Hercegovska Banka raids in the summer of 2002. A consequence unintended, or at least not anticipated, by the international community was the way these raids galvanized a larger segment of the ethnic Croat population against international actors.

17. Confidential interview, respondent no. 118, March 14, 2003.

18. Željko Cvijanović, "Serbia: Mandić Arrest Threatens Karadžić," *Balkan Crisis Report*, no. 428 (May 9, 2003); Office of Communications, Serbian Government, "Serbian Police Arrest Momčilo Mandić" (April 14, 2003), available at www.srbia.sr.gov.yu/news/2003-04/14/328710.html.

19. Cvijanović, "Serbia: Mandić Arrest Threatens Karadžić"; Suzana Anđelić and Mirsad Fazlić, "Momčilo Mandić i Haag: Zašto štite vlasti BiH" (Momčilo Mandić and The Hague: Why is the Bosnian government hesitant?), *Slobodna Bosna* (April 24, 2003): 6–8. Most of the information alluding to Mandić's circumvention of sanctions during the Bosnian and Kosovo conflicts is anecdotal, given the nature of the allegations and the lack of legal investigation. Despite the current lack of direct evidence, many of those I interviewed—from all ethnicities—vigorously confirmed the suspicion as a "public secret."

20. Mandić often fell below the international radar, probably due to his mid-level official status. This relatively low exposure provided him and others with the necessary space for developing ties and infrastructure, thereby ensuring the secure, profitable position of the SDS and its supporters.

21. "Bosnian Serb Businessman Released from Prison," *Tanjug* (September 8, 2003).

22. "B-H Prosecutor Issues Arrest Warrant for Businessman Mandić," *BETA* (September 9, 2003).

23. Several phone and electronic conversations with colleagues in Bosnia made it clear that most informed people believe the OHR freeze affected only a small percentage of Mandić's wealth.

24. This metaphor is adapted from a September 2001 presentation by Maryann Cusimano Love at the Peacekeeping and Organized Crime Conference in Winfield, Illinois, co-sponsored by the McCormick Tribune Foundation and the Transnational Crime and Corruption Center at American University. The sectoral approach to analysis is adapted from Barry Buzan, Ole Waever, and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder: Lynne Rienner, 1998).

25. This was especially true in the case of respondents from Bosnia-Herzegovina.

26. Nearly every daily and weekly newspaper and magazine in the region carries the breaking or continuing news of some scandal implicating the corruption and complicity of a politician or political party loyalist. For international, governmental, and NGO reports, see "Corruption and Organized Crime" (summary of the South-East European Meeting, May 23, 2003), available at www.weforum.org; Ian Davis, Chrissie Hirst, and Bernardo Mariani, "Organized Crime, Corruption, and Illicit Arms Traf-

ficking in an Enlarged EU," *Saferworld Report* (December 2001); International Crisis Group, "Macedonia's Public Secret: How Corruption Drags the Country Down," *Balkan Crisis Report*, no. 133 (September 11, 2002); idem, "Serbia After Djindjić."

27. A large part of the literature on corruption treats the politician or power broker as ontologically pure but corrupted by exogenous factors. However, in many of the Balkan examples—of every ethnicity—the politicians are the original corrupting influence. Slobodan Milošević's case is only the best-known example of this reversal.

28. In my interviews, several respondents, especially those with a background in security, pointed to arms embargoes and isolation policies as a key factor in the development of the clandestine political economy in the region.

29. Apparently the captured documentation demonstrated that this effort was well established and coordinated throughout the RS government and included intelligence cooperation between the VRS Military Intelligence Service (KOS) and the supposedly reformed civilian intelligence service.

30. NATO and SFOR have done little more than confirm that the recent string of events are part of a broader anti-corruption and organized crime effort in Bosnia-Herzegovina. It is likely that more information will become available at the conclusion of the operation. See "SFOR Confirms Bosnian Serb Spying," *RFE/RL Newswire* (April 2, 2003); "SFOR Raids Bosnian Serb Army Barracks, Defense Department in Bijeljina," *BBC Monitoring* (March 7, 2003); "SFOR Raids Bosnian Serb Army Barracks, Intelligence Center in Foca," *Agence France-Presse* (September 25, 2003); "SFOR Raids Telecom Premises in Bosnian Serb-Controlled Town, Seizes Documents," *BBC Monitoring* (August 21, 2003); "SFOR Raids Telekom Srpska Trebinje Office," *ONASA* (September 12, 2003), for a summary of several recent raids in line with this operation.

31. The three primary legal changes made by Ashdown abolished the entity's national security apparatus, called for the quicker creation of a state-level military General Staff element, and reformed the state-level national security institutions just coming on line, most notably the State Intelligence and Protection Agency (SIPA).

32. One interviewee captured this sentiment well when he said, "It is clear that everything is upside-down when the worst thing that happens to a person [government official] who steals millions of dollars or illegally sells weapons to Iraq is his removal from public office." For more on the Šarović resignation, see Vildana Selimbegović and Emir Suljagić, "Mirko Šarović: Cuvar ratnih zločinaca" (Mirko Šarović: Custodian of the war criminals), *Dani* (April 1, 2003): 30–31; Željko Cvijanović, "Serbia: Bosnian Serb Leaders Face Smear Campaign," *Balkan Crisis Report*, no. 316 (February 8, 2002).

33. ICG, "Arming Saddam."

34. Confidential interview, respondent no. 56 (March 5, 2003).

35. Nikos Passas, "Global Anomie, Dysnomie, and Economic Crime: Hidden Consequences of Neoliberalism and Globalization in Russia and Around the World," *Social Justice* 27, no. 2 (2000): 19–24.

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