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# **ORGANIZED CRIME IN THE BALKANS**

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**Writer's note:**

The former Yugoslav state internationally recognized by the name 'F.Y.R.O.'M.', will be referred by the name 'Skopje', as any use of the name 'Macedonia' for this country is unhistorical, provocative and totally inappropriate.

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## **Abstract.**

Organized crime is not a new problem for international relations. It is an old, but always current subject in global security and justice issues.

The numerous activities of the 'underworld' criminality disturb the normal function of states, causing social turbulence. During the past decades governments all over the world took different kinds of measures against the expansion of the phenomenon; measures which proved to be ineffective though. Both the various local authorities and international organizations seem unable to stop its expansion, and the various illegal groups all around the world still manage to operate.

Today, in South Eastern Europe, there is an entire underground illegal network, living a parasitic life against the lawful societies of the Balkan states, putting obstacles to their further development and European integration. The Balkans is a region of violent past, intense present and uncertain future, tortured by armed conflicts and massive political transformations that led the area to misbalance and confusion. This situation was exploited by the criminal communities at its highest level.

The illegal criminal networks of South-Eastern Europe hurt and corrode a large part of legal state activities, like various investments and business opportunities, which just recently those Balkan countries have started to enjoy freely after a long period of economic depression and political instability in the region.

After the reformations of the mid 90's, the Balkan countries, tried to follow the development of the rest European states, but the already big outlaw communities, slowed down this process of political reformation and European integration. While the South Eastern societies were transforming themselves from totalitarian states to free market economies and parliamentary republics, another process, the process of expansion of criminal networks was occurring and until the present day, organized criminality is still undermining the economic prosperity of Balkan countries.

Dealing with organized crime is one of the greatest challenges for every modern society. The operations of illegal communities, is a situation that no lawful state can tolerate, but on the contrary has to confront and fight.

This study seeks the roots of the problem and focuses on the main activities of organized groups, penetrating into the complicated branches of organised crime in the area of the Balkans.

The project reveals the real definitions of organized crime, analyzes the reasons that authorities of Balkan States can not limited it, estimates what could be the future of the Balkan states in international and European relations with organized crime limited and tries to suggests possible solution for the successful combat against it.

Organized crime is a reality. It is happening under the eyes of unsuspected citizens, unable authorities and corrupted governments; a whole 'parallel' world functions underground for economic profits, damaging the actual economic development of the legal states. With the direct threat of Balkan organized crime, it is imperative that the European community shall develop a proper way to deal with this task.

**Keywords:** Organized crime, Smuggling, Trafficking, Drugs, Fire Arms, Money Laundering, Corruption, Prostitution.

## List of Abbreviations

CSIS	Center for Strategic and International Studies
EU	European Union
FBI	Federal Bureau of Investigation
FRY	Federal Republic of Yugoslavia
GDP	Gross Domestic Product
KLA	Kosovo Liberation Army
NATO	North Atlantic Treaty Organization
NCIS	National Criminal Intelligence Service
NIS	National Intelligence Service
NGO	Non Governmental Organization
OECD	Organisation for Economic Cooperation and Development
OSCE	Organization for Security and Cooperation in Europe
RIEAS	Research Institute for European and American studies
SECI	Southeast European Cooperative Initiative
SEE	South East Europe
SELDI	Southeast European Legal Development Initiative
SFRY	Socialist Federal Republic of Yugoslavia
SPAI	Stability Pact Anti-corruption Initiative
TDF	Territorial Defense Force
TWRA	Third World Relief Agency
UK	United Kingdom
UN	United Nations

USA	United States of America
USAID	United States Agency for International Development
USSR	Union of Soviet Socialist Republics
VAT	Value Added Tax
YPA	Yugoslav People's Army



# CHAPTER I: INTRODUCTION.

## 1.1 Review, Background and Problem Identification.

The threat of criminality is always present for civilized societies. Like a virus that assails a healthy body, the criminal activities of the underworld undermine the security and stability of a given state in political, social and economic level.

In all corners of the globe, organized crime has permeated societies, growing to such an extent that it's now treated as an international security threat. This can be attributed to the decline in political order, deteriorating economic conditions and expanding underground economies.<sup>1</sup>

By the term 'organized crime' we basically mean a whole category of illegally operating arrays. In antithesis with the common law violators, organized criminal groups, are continuously working in the shadows, trying to get their 'business' bigger, and more stable in the 'market'. A whole variety of serious law violations, like firearms smuggling, drug dealing and human trafficking consist the 'arsenal' of the underworld operators.

All these elements form a vicious circle, in which the highest goal is the monetary expansion of those illegal societies. The main target in 'underworld business' is the 'black' profit, which derives from all the illegal activities that form the criminal communities.

This phenomenon of 'organized crime' is allegedly a much greater threat to the moral and economic foundations of Western civilization than is random crime.<sup>2</sup>

Its motives eventually undermine the structures of a society, lead to political corruption and social disorder.

The issue is getting more complicated as law enforcements and global institutions try to reduce its power wherever it appears.

Organized crime has created an international environment that encourages people to work outside the legal framework. Further, difficulties in producing meaningful and effective state-to-state cooperation are working to the advantage of criminal organizations<sup>3</sup>.

This specific task is emerging in international and European relations as a primary component in domestic security and foreign policy making. Criminal networks and the various organized crime activities are highly elusive because most of them function in a 'professional' level and operate through a variety of high-tech means, which are extremely difficult to be traced.

The newly emerging states in political and social transition, particularly in central and Eastern Europe have provided breeding grounds for criminal activities of all kinds, where legal principles are loosely enforced.

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<sup>1</sup> Godson R., Olson W. J., 'International Organized Crime' Society, Springer New York January/February 1995, 32:2, p. 19

<sup>2</sup> Naylor R. T. 'Wages of Crime Black Markets, Illegal Finance, and the Underworld Economy' Cornell University Press Ithaca and London 2002 p.13

<sup>3</sup> Godson R., Olson W. J. 'International Organized Crime' Society, Springer New York January/February 1995, 32:2, p. 19

These factors have contributed to the rise of 'improved' and more 'sophisticated' criminal groups that function internationally, and have access to vast financial resources and co operating networks of other illegal associations.

This is the current situation in the Balkans and the problem that the region faces over the last decades. A bloom in 'professional' criminality, keeps the economic development of these states in low levels. A complicated network involving, drug dealing, oil and guns smuggling, money laundering, stolen vehicles, human trafficking among others, expands itself in the broader area of the Balkan Peninsula.

The Balkans is the geographical link between Europe and Near East. It is major 'bond', where different kinds of ethnic groups, cultures and religions live together for centuries.

Located in a neuralgic area in South Eastern Europe, it is the crossroad between Middle East, Russia and Western Europe and the connecting tie between Europe and Asia.

In the past decades, the region of the Balkans witnessed a big frame of turbulent alterations in many levels. Political crises, social instability, governmental corruption, military conflicts and other tempestuous circumstances led the Balkan states to an economic stagnation and political retrogression.

During the 1990's, the situation became more sensitive, and after the violent break up of Yugoslavia, new-born states appeared, changing the geo-strategic situation, consequently affecting neighbour non-Yugoslav states as well.

Undoubtedly, at those wild times, the whole area was a fertile ground for illegal activities to flourish, both in minor and major scale. The fall of communist regime in those states, the relaxation of social controls, and the new opening of borders in these formerly 'closed societies' have allowed both local and foreign criminal organizations to unprecedented freedom to operate in a large scale.

Up to the present day, organized crime is still a serious problem for the region, and the amount of goods, drugs and especially firearms smuggled daily is high.

At this time the Balkans is one of the most heavily armed areas in Europe and it remains one geo-strategic analysis, as far as the international balance of power is concerned.<sup>4</sup> The criminal networks took advantage of the general instability in order to establish their operations in the further area.

Organised crime is not a new issue in the region though. Unlawful activities were already in bloom before the fall of Yugoslavia, and the following years they just became even bigger and more complicated.

Assumptions that organized crime is a relatively new phenomenon, which organised crime groups are distinct anti-social movements that lack popular legitimacy, have the danger of underestimating both the scale and rooted nature of organized crime in the region.<sup>5</sup>

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<sup>4</sup> Michaletos I. 'Military briefing: Serbia and Bulgaria' RIEAS Balkan studies 2006 p.1

<sup>5</sup> Xenakis S. 'The challenge of organised crime to state sovereignty in the Balkans: A historical approach' Oxford University 2001 p.1-2

The results of these intense crises were obvious. Eventually the Balkans became one of the world's bigger illegal operating centers. The connection between organized crime and the collapse of Yugoslavia was affected even more through the financial isolation that was forced by United Nations to the new belligerent states that were created after the dissolution of the Yugoslav federal state.

Following all these facts, we ended up in today's situation, where an uncontrolled enterprise of bandits is corrupting the Balkan societies, gaining more power year by year.

## **1.2 Aim of the study.**

As mentioned before, the objective of this paper is to define the phenomenon, research the problem in the Balkans in depth and suggest ways to reduce it.

Crime in Europe has been growing since the 1960s, despite considerably increased budgets dedicated to crime repression. In fact new forms of criminality have appeared as a result of globalisation and the boom in new technologies.<sup>6</sup>

Organized crime represents a serious social problem with many political prolongations, which manages to survive despite continuous efforts by various law enforcement agencies and international organizations.

The aim of the study is:

- a) to give detailed definitions of the term 'organized crime' through official documentations of international law enforcement agencies, organizations and institutions,
- b) examine the phenomenon of criminal societies in the region of Balkans and analyze the reasons of its expansion, and finally
- c) discuss possible solutions to the problem.

The main effort is to research, penetrate and explain the structures of organized crime. Try to explore and understand its nature, identify its origins and networks, and recognize the methods of expansion. Finally the last attempt shall be the suggestion of possible measures and methods to efficiently combat the phenomenon. Of course all these will be limited for the geographical area of Balkans strictly, as it is impossible to 'dig' this subject internationally at the same time. The intention of the thesis is to use a 'historical' overview of the creation and expansion of organized crime in the Balkans, through official documents as main research tools.

This highly sophisticated criminal network has been able to control much of the drugs trade in Europe and also the trafficking of women and children from Balkans from Western Europe. Both of these activities are complementary to each other and frequently criminal groups switch from one activity to the other.<sup>7</sup>

If we want to fight it sufficiently, the focus should be made right on the root of the problem. Today organized crime is in bloom in a specific area of the European continent. This area is the Balkan Peninsula.

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<sup>6</sup> Directorate for Justice, Freedom and Security, 'Organized Crime, Balancing out repression with prevention' [http://ec.europa.eu/justice\\_home/fsj/crime/prevention/fsj\\_crime\\_prevention\\_en.htm](http://ec.europa.eu/justice_home/fsj/crime/prevention/fsj_crime_prevention_en.htm)

<sup>7</sup> Michaletos I. 'An outlook of organized crime in Southern Balkans' RIEAS Balkan studies p.1

The study of organized crime is one of the most fascinating educational endeavours, posing thematic, scholarly, and ideological questions. As we attempt to understand this area of interest, bear in mind that during the past century organized crime became the most insidious form of criminality, involving criminals, politicians, bankers, lawyers, and the all important users of illegal goods and services.<sup>8</sup> In order European Integration and co-operation to occur amongst European states, we must take a closer look to the actual problems that scourge the political equilibrium and social stability of the continent.

### **1.3 Research Question.**

Regarding the explanation about the aim of the study, we move towards the formation of the related research questions that we will seek to answer. It is of vital importance for the smooth development of the research to set clear and specific research questions. No research questions or poorly formulated research questions will lead to poor research.<sup>9</sup>

The problems that the research will try to suggest solutions for, are the continuous and increasing activities of organized crime in the Balkan Peninsula.

Dealing with organized crime has proven to be one of the greatest challenges for authorities, but for the researchers as well. Traditional arguments about the structure, attributes and characteristics of organized crime have come under even greater criticism in the twenty-first century as the economic, political and social conditions within which organized crime operates are undergoing radical changes. The globalization of the world's economy, the declining importance of nation-states and national sovereignty along with massively expanded networks of communication and media, have affected organized crime in significant ways.<sup>10</sup>

All these facts form an international field for the operations of criminal communities. Despite the 'internationality' of the phenomenon, this research is primarily concerned with the analysis of the Balkan area. How it can be defined, how and why it was developed and how it can be stopped. All these questions will be researched for the Balkans region, which suffered a lot the past decades, and still tries to find its way towards European integration.

Having clarified through definitions of international institutions the essence of organized crime, the research task would be the understanding of the evolution, development and current status of organized crime in the Balkan Peninsula.

The target is to explain to the reader its nature in a first level, present the analysis of the reasons of its expansion in the Balkans in a second level and finally make proposals for possible solutions.

So, the main research questions of this thesis can be formulated as follows:

- a) How can organized crime be defined?
- b) What are the reasons and ways of organized crime expansion in the Balkans?
- c) What are the possible solutions to the problem?

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<sup>8</sup> Lymman M. Potter G. 'Organized Crime' Pearson Prentice Hall 2007 p.xvi

<sup>9</sup> Bryman A. 'Social Research Methods' Oxford University Press 2004 p.31

<sup>10</sup> Lymman M. Potter G. 'Organized Crime' Pearson Prentice Hall 2007 p.5

The attempt will be focused on those three major questions. This paper is concerned with exploring the nature of organized crime which has dominated the political and social lives of the Balkans, and also to make an attempt to understand the nature of organized crime and possible ways of dissolve it. The purpose of this thesis is to examine from a close view the evolution, development, and current status of organized crime.

#### **1.4 Delimitations.**

Up to this point, main sections of the thesis have been pointed out, like the subject's general background identification, the aim of the study and the relevant research questions. Having in mind what has been written in the previous pages, we can set the necessary delimitations for this study.

To begin with, it should be noted here that the subject of 'organized crime' is a huge chapter for international relations. As the topic expands, more questions are generated, so, due to its vastness, the subject will be strictly limited on the general nature and operations of criminal societies, without explain further details of specific activities like drugs smuggling and human trafficking. Each of those activities can easily form a new subject for further investigation. In the present thesis, the issue examined is organized crime as a whole. The main goal is to present it through a spherical spectrum, despite the numerous criminal activities. Definitions and explanations about activities and operations will be given selectively, in order to help understand the general idea of the subject.

Secondly, since there is a need to narrow the scope of research down, the case study will focus on the geographical region of the Balkan Peninsula. As written before, this study analyzes the phenomenon strictly in the Balkans region. Since the complexity of the researched subject is high and attempts to cover the total range of questions related to it, would probably lead to a loose and general presentation, the focus will be mainly on the rise of organized crime. The effort is to give to the reader a whole understanding of the problem and possible solutions for it.

Thirdly, another task should be excluded from the research: the connection between terrorism and organized crime. It is a fact that international terrorism is highly linked with organized crime, especially after the attack at World Trade Center in New York on September 2000. The issue of terrorism is clouded because it is commonly viewed as a form of low-intensity, unconventional aggression on the lower end of the warfare spectrum. In this unrealistic view, terrorism is an act of war rather than a criminal activity, which gives it a purpose and some sense of dignity.<sup>11</sup> There are many similarities but many differences as well between organized crime and terrorism. Unlike organized crime, primal goal of terrorist groups is not the acquisition of wealth, but rather its concealing and re-distribution.

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<sup>11</sup> *ibid*

The armed groups care more about money transportation rather than money laundering; and this occurs, because the profits earned from illegal activities do not need to be in a money laundry procedure, but rather just be re-distributed into the net of cores and agents. Criminals and terrorists manipulate money in somewhat different ways. Organized criminal activity is motivated by simple profit—amassing staggering sums either legally or illegally. For terrorist groups, though, the money (however amassed) is a means to other ends.<sup>12</sup>

Terrorism is an entirely different issue. It is an enormous subject with many political and ideological extensions that could reach a debate in a philosophical level, so it should be analyzed separately.

Considering all the above, the issue of terrorism was purposely excluded from the research, because of its complexity, speciality and sensitivity.

A forth delimitation for the research will be the detailed nature of relation between organized crime and corruption. ‘Organized crime’ and ‘corruption’ are two concepts encompassing a variety of substantively diverse realities in the global world. Throughout the developed West, both concepts reflect phenomena of deviant behaviour of -primarily- marginal social groups (in the case of organized crime) and politicians, civil servants and businessmen (involved in practices of corruption).<sup>13</sup>

One of the most frequent activities of organized crime groups is the act of bribery. Huge amounts of money are spent by criminal organizations in order to suborn the authorities, government officials to achieve their illegal goals. Since they are at odds with police and other government organizations, organized crime communities will use bribery in order to corrupt the legal system and evade prosecution. Despite the undisputed relation between organized crime and corruption, we have to set a limit, as corruption can be developed as a whole new task, beyond the ‘borders’ of organized crime. Therefore considering corruption, will be mentioned whenever it is necessary to understand the mutual affection with the criminal groups.

Finally the religious matter and the connections between various religious groups with criminal activities, terrorism and conflicts will not be discussed, as it reaches again, ideological and philosophical extensions.

The people behind the criminal ‘market’ are indeed involved in political and religious cases, but having as an ultimate goal the fiscal gain and not religious or ideological motives.

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<sup>12</sup> Thachuk K.L., ‘Terrorism Financial Lifeline: Can it be severed?’ Institute for National Strategic Studies National Defense University 2002 p.3

<sup>13</sup> Ognyan M. ‘Corruption and organized crime in South Eastern Europe: A Paradigm of Social Change Revisited’ South Eastern and Black Sea studies, Vol.2 Number 1, January 2002 p.105

## **1.5 Outline/ structure of the thesis.**

As previously mentioned, the aim of this study is to:

- a) Define organized crime
- b) Examine the facts of organized crime in the further area of the Balkans and analyze the reasons of its expansion and finally
- c) Discuss and suggest possible solutions to the problem.

The present paper is divided into four main chapters: I) General Introduction of the subject, II) Theoretical framework, III) Method and Methodology, and IV) Analysis. More specifically the schedule of the thesis is formed as follows:

### **Chapter I**

In chapter one, we read the general introduction, with the description of the issue examined and explanations of its importance. The first chapter covers the subject of the thesis, identifies and defines the problem in global fields and in the relevant geographical area. It consists also of a brief explanation about the motives behind the research and the aim of the study. The motivation that geared this study and the aim behind this research are also presented analytically.

Having understood the problem, we move then to an attempt to clarify the research questions and the topic's interest and importance for political sciences and international relations. In the next paragraphs we set the 'obligatory' delimitations, and the reasons of those exclusions, framing the subject down.

Finally the first chapter ends with the presentation of the outline of the thesis, clarifying to the read the schedule of the thesis.

### **Chapter II**

The second chapter is about the theoretical structure of the thesis, the approach and selection of international relation theories and how they will be used and applied to this subject. It will be examined, what kind of theory is more appropriate to examine such a phenomenon as organized crime, and through which theoretical spectrum it will be 'filtered'. First it is explained the nature of theoretical process and the differences between the process of deduction and induction and afterwards the reasons for the selection of one of them over the other. Then the research strategy is presented and the differences between qualitative and quantitative are discussed. Closing the second chapter we move towards to a short presentation of the related theories for this study and the reason for their selection.

### **Chapter III**

The third chapter presents and examines the relevant methods and methodology. It is discussed what methodology will be used for the better understanding of the thesis. Understanding of relevant theories and methods are important before we move on to the final part of the thesis. This chapter presents the methodological ways, research design and approach which will be used in order to answer the thesis' research questions. In the following sections the focus is made on the methods that are going to be used in chapter four, and explain them further for the reader.

And next, the research design is presented and then explanation of the data collection. Moreover the use of the relevant material and the methodological frame weaknesses and problems are represented.

#### **Chapter IV**

The fourth chapter is related with the analysis of the subject, using the relevant theoretical and methodological tools. The research questions will be answered starting with the definitions of organized crime and some of its most frequent activities. Then it will be examined the expansion of organized crime and its networks. How they form, how they rise, work and co operate, and what their main activities are. We shall seek the definitions and elucidations on organized crime, the criminal networks and their expansions and finally, ways and suggestions to affront the problem.

An analysis is significant in order to conclude valid results, possible solutions and the general estimations and conclusions. Then the prevention suggestions and the efforts for the fight against the problem are explained by the writer. The fourth chapter of the thesis ends with the general conclusions about the issue of organized crime in the Balkans, and the author's personal views regarding the phenomenon.



## CHAPTER II: THEORETICAL FRAMEWORK.

Through the first chapter, we have seen the thesis' main focus and all the details about the development of the project. Emphasis was given on the comprehensive preface of the aim's significance, and the limits of the project were set.

In order to go further with this study, it is vital to present the relevant theoretical material and the appropriate research tools, and explain how they will be used. In this second chapter the relevant theories and the theoretical framework for the present subject are described.

The theory as a necessary ingredient of the research is the frame through which the project will be filtered. The term 'theory' is used in a variety of different ways, but its most common meaning is an explanation of observed regularities.<sup>14</sup>

The use of theory derives from the fact that international relations need a scientific approach in order to be analyzed and understood through an academic spectrum.

To acknowledge that the selection process always accompanies effort to develop understanding is not, however, to ensure a 'self-consciousness' about theory.<sup>15</sup>

Theory is used from researchers as a guide to find a way through political and/or social aspects of a given issue. It is an important element of research, as it helps both the writer and the reader to understand valuable key points of the analyzed assignment.

It is perfectly possible to carry out a worthwhile investigation without having detailed knowledge of the various approaches or styles of research, but a study of different approaches will give insight into different ways of planning an investigation, and, incidentally, will also enhance your understanding of the literature.<sup>16</sup>

In the area of International Relations, exist various relevant theories one may use for the development and explanation of a political subject.

In the present paper, the theoretical approach will be used as a background academic tool for the relevant findings. The main effort is to use the various theories as a supporting mechanism for the evolution of the writing thesis.

First of all we shall clarify the theoretical process for the current issue.

Prime target is to specify whether the theoretical process is deductive or inductive and what are the differences between those two theoretical approaches, and finally, why the one is selected over the other.

In the second section of this chapter we will look onto the research strategy of the thesis. What kind of elements will be used, whether qualitative or quantitative and why they are preferred for the project.

Then we move to the next and final level, which is the analytical presentation of the relevant theories to be used and with what criteria they were chosen. From a grand variety of international political relations who are more appropriate for this task and why. A short presentation and description of the theories that will be used for the analysis part is essential.

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<sup>14</sup> Bryman A. 'Social Research Methods' Oxford University Press 2004 p.5

<sup>15</sup> Rosenau J. N. & Durfee M., 'Thinking Theory Thoroughly: Coherent Approaches to an Incoherent World', Boulder, Colorado: Westview 2000 p.3

<sup>16</sup> Bell J., 'Doing your research Project: A guide for first time researchers in education, health and social science' Open University Press 2006 p.7

## 2.1 Theoretical process.

The theoretical approach of a given subject can be achieved through two main paths: through the process of deduction and the process of induction. Before write down which procedure is chosen for the thesis, the distinction between these two different approaches should be done.

The deductive approach is a theoretical process which observes the relationship between theory and research in which the latter is conducted with reference to hypotheses and ideas inferred from the former.<sup>17</sup>

The researcher through deductive approach uses the theory-or theories- in order to continue with the data collection and findings. It is the commonest approach between theory and research. The examiner, on the basis of what is known about in a particular domain and of theoretical considerations in relation to that domain, deduces a hypothesis (or hypotheses) that must then be subjected to empirical scrutiny. Embedded within the hypothesis will be concepts that will need to be translated into researchable entities. The social scientist must both skilfully deduce a hypothesis and then translate it into operational terms.

This means that the social scientist needs to specify how data can be collected in relation to the concepts that make up the hypothesis.<sup>18</sup>

In antithesis there is the inductive approach, which starts exactly from the opposite direction. The inductive approach directs the relationship between theory and research in which the former is generated out of the latter.<sup>19</sup>

By this approach, it is the various findings, data and observations that will lead to the formation of a specific theory. The relevant theoretical and empirical material is used in order to shape a theoretical definition, which will be used as a helping/supporting mechanism for the development of the study.

The researcher infers the implications of his or her findings for the theory that prompted the whole exercise. The findings are fed back into the stock of theory and the research findings associated with a certain domain of enquiry.<sup>20</sup>

For the present study the deductive approach will be used as an elementary research tool. The deductive theory is more appropriate for the nature of the examined subject, as the paper is formed through a data gathering, which shall be used for theories that will be presented and explained first.

More specifically, the presented theories will be used as a starting point in order to move onto the data collection which will help analyze the issue and confirm the selected theories. In deductive approach, it is the theory which comes first and leads the process of gathering information. The deductive approach follows simple and specific steps for the development of the research driven by the relevant literature.

In the third section of this chapter we will analyze the basic theories of international relations that shall be used for the analysis of the subject.

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<sup>17</sup> Bryman A. 'Social Research Methods' Oxford University Press 2004 p. 538

<sup>18</sup> Ibid p.8

<sup>19</sup> Ibid p.540

<sup>20</sup> Ibid p.8

## 2.2 Research Strategy.

Now we look at which kind of research strategy we will follow. What kind of data collection is more appropriate for this study and why.

The common distinction that occurs for a project's strategy is between quantitative and qualitative research. The status of the distinction is ambiguous, because it is almost simultaneously regarded by some writers as fundamental contrast and by others as no longer useful or even simply as 'false'.<sup>21</sup>

Quantitative research usually emphasises quantification in the collection and analysis of data.<sup>22</sup> This means that the focus is made upon numerical evidences and data, like statistics, numerical representations and diagrams. Such a research is more appropriate for studies like social researches, when a total sum is wanted out of a specific population.

A qualitative research on the contrary, usually emphasises words rather than quantification in the collection and analysis of data.<sup>23</sup> In this type of research documents like articles, journals and academic books are used, instead of statistics and numerical analyses.

For this study the most appropriate research strategy is a qualitative one. This thesis is based upon the theoretical literature deriving primarily from academic journals and official documents as sources of data.

To support the arguments about this subject, the utilized sources shall be the collected evidences from international law enforcement agencies, major organizations like the North Atlantic Treaty Organization (NATO) the European Union and the United Nations, as the official documents they offer to the public are of great assistance. Studies, statistics, reviews, analyses about organized crime and smuggling in the Balkans from Research Institutions across Europe will be used, as they examine from a closer view the occurrences concerning the European Continent and its general development in a political, social and economical level.

In order to penetrate into the esoteric nature of the examined issue and to have a complete understanding, it is necessary to seek the documents right from the sources, like the European Institutions and the International Organizations. We need to ensure a 'historical' and a descriptive (especially when examining the definitions of organized criminality) background rather a numerical and statistic one.

In the third chapter we will analyze more extensively the matter of proper methodology and how it is combined with theoretical framework.

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<sup>21</sup> Layder D. 'New Strategies in Social Research' Cambridge: Polity 1993 p.110

<sup>22</sup> Bryman A. 'Social Research Methods' Oxford University Press 2004 p. 542

<sup>23</sup> Ibid

## 2.3 Theoretical Approach and Relevant Theories.

In this research, the theoretical framework is structured in order to justify three main points: the detailed definition of organized crime, its roots, ways of expansion and networks in the Balkans, and finally, the possible ways suggested to confront this social threat.

For the first part, in order to support the arguments and definitions for the term of 'organized crime', the sources which will be used are major and important organizations of International relations like NATO the UN and some official documents. Such instruments have already investigated the facts concerning our study and the general development in political social and economical plane of Europe and the rest of the world as well. The attempt is to gain a spherical knowledge of what is internationally accepted for the nature of organized crime and what are the commonly accepted links from all these international organizations for its definition.

For the second part, a theory like Constructivism is more appropriate because in the enlargement and development of the criminal reticulum in the Balkans of the past decades, the political and social events and reformations played an important role.

The rise of the phenomenon has many social and political prolongations, and much of these incidents will be further discussed, so the most appropriate theory for this part would be social constructivism.

As a main social problem of our times, organized crime can be analyzed by a theory that has its roots at the end of the Cold War, where most of the political alterations in international relations occurred, and examines the facts through a more sociological spectrum.

For the third part, Realism can be used, as it is a theory that tries to explain relations between states. It is a theory based on political relations of different countries. According to Realism, the various states are the key actors in international 'chess field'. International politics are supposed to be conflict-oriented and established upon a struggle for power. 'Survival' and 'Power' are the main key terms of Realist theory. Realism is a limited yet powerful and important approach to and set of insights about international relations.<sup>24</sup> This theory will be used for the relations of states for the common battle against organized crime. Of course in organized crime actors are not states but illegal groups. Here it will be examined the relations and co-operation between the Balkan –and other- states to combat the phenomenon. Despite that, the sensitivity of the subject demands a careful selection for the theoretical approach, since we do not have states in this case, but rather illegal operating groups.

Finally, it should be added here, that the concept of Social Networks will be used for the further development of the thesis, as it is highly appropriate for a subject like 'organized crime', when we have to do with groups, societies and networks, all operating with each other.

A short presentation and introduction of these international relations theories is necessary for a complete understanding of the project's theoretical concept and the way to approach the research. By understanding the theories involved here, the reader will be able to follow the writer's scepticism for the presented issue, and the way of examination.

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<sup>24</sup> Donnelly J., 'Theory of international relations' Palgrave Macmillan 2005 p.29

### 2.3.1 Constructivist Theory.

Constructivism is the view that the manner in which the material world shapes and is shaped by human action and interaction depends on dynamic normative and epistemic interpretations of the material world”<sup>25</sup>

The theory of Constructivism derived as an alternative suggestion, through the weakness of neo-liberalism and neo-realism to understand the ways that actors were constructed in global politics.

Constructivism is an ontological position that asserts that social phenomena and their meanings are continually being accomplished by social actors. It implies that social phenomena and categories are not only produced through social interaction but that they are in a constant revision.<sup>26</sup>

Applying that theory in the present research we can easily understand that all the social phenomena in the case of organized crime-from the political reformations with social consequences and economic impact to the societies involved in the creation of illegal activities, to the illegal activities themselves as smuggling and money laundering, - are produced through the social and political mobility and further interactions, like the end of the Cold War, the fall of the Soviet Union, the break of Yugoslavia and all the outcomes resulted these facts.

The rise of Constructivism has heralded a return to a more sociological, historical and practice oriented form of International Relations scholarship. Where rationalists had reduced the social to strategic interaction, denied the historical by positing disembedded, universal forms of rationality and reduced the practical art of politics to utility maximizing calculation, constructivists have re-imagined the social as a constitutive domain, reintroduced history as realm of empirical inquiry and emphasized the variability of political practice.<sup>27</sup>

In our case the social phenomena are the various illegal pursuits of the criminal organizations, the events that led to this situation, and the social actors, the various people involved in unlawful networks and cause these activities. The social and political impact in the life of a state is examined through a look of sociology.

Constructivism suggests that the various states form more than a system, that they form a society and it has pushed the idea to new levels of theoretical and conceptual sophistication.<sup>28</sup>

If for example, the ‘X’ Balkan state for theories like Liberalism and Realism consists simple of a political formation, with a valid constitution, legal government and various applications made for the improvement of the state, for Constructivism it is more than that; it is more a social group, both of civilians and government affected by historical and political backgrounds, a living organization that responds in outer signals. Alterations in society caused not only by the governmental system, but from the common people as well, and most important to mention, also by the underworld communities that form the organized crime communities and affect the social political and economic life of a state, since through a Constructivist spectrum it is the people that create laws and form governments. The states are not autonomous units but ‘breathing’ associations.

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<sup>25</sup> Adler E. ‘Seizing the Middle Ground: Constructivism in World Politics.’ *European Journal of International Relations* 1997 p.323

<sup>26</sup> Bryman A. ‘Social Research Methods’ Oxford University Press 2004 p. 17

<sup>27</sup> Reus-Smit C. ‘Theories of International Relations’ Palgrave MacMillan 2005 p.211

<sup>28</sup> *ibid*

Constructivism is characterized by an emphasis on the importance of normative as well as material structures, on the role of identity in shaping political action and on the mutually constitutive relationship between agents and structures.<sup>29</sup>

That's the basic stand of constructivism, its deep emphasis on empirical analysis.

### **2.3.2 Realist Theory.**

Realism on the other hand, as mentioned before, is a different approach used by social researchers. It is an epistemological position that acknowledges a reality independent of the senses that is accessible to the researcher's tools and theoretical speculations. It implies that the categories created by scientists refer to real objects in the natural or social worlds.<sup>30</sup>

(Realism (as an epistemological position) is separated between two major forms: Empirical realism and Critical Realism.

Empirical realism asserts that through the use of appropriate methods, reality can be understood.

Critical Realism recognizes the reality of the natural order and the events and discourses of the social world and holds that 'we will only be able to understand –and so change- the social world if we identify the structures at work that generate those events and discourses.'<sup>31</sup>

The independent reality in our case is the phenomenon of organized crime, unaffected from various speculations and researchers' hypotheses.

In global politics Realism consists one of the most popular approaches in states connections, conflicts but also co-operations.

In international relations realism consists of a theory that can explain the approaches and relations between states. (Political) Realism is a tradition of analysis that stresses the imperatives states face to pursue a power politics of the national interest.<sup>32</sup>

In our case the Balkan states would be examined through Realism how they should put the various conflicts aside in order to confront the common enemy.

The emphasis in Realism is given in the human factor in terms of power and security, and the absence of one central international government, the lack of hierarchical rule.

This lack of one central authority is recognized as 'anarchy' by Realists, meaning strictly the absence of a super power.

In subject's analysis later on we will see that for the appropriate struggle against organized crime, a total treatment is important of the problem from all the states involved, rather by one main institution or an external state.

Realism is one of the most important theories of International relations, as it gives an explanatory overview of the subject examined. Realism examines the complicity of affairs between states and fight for survival and power. In international Relations, political realism is a tradition of analysis that stresses the imperatives states face to pursue a power politics of the national interest.<sup>33</sup>

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<sup>29</sup> Ibid p.188

<sup>30</sup> Bryman A., 'Social Research Methods' Oxford University Press 2004 p. 543

<sup>31</sup> ibid

<sup>32</sup> Donnelly J., 'Theories of International Relations' 2005 Palgrave MacMillan p.29

<sup>33</sup> Ibid p.26

According to Realism, states are the main key actors in international political ‘arena’ and that the ultimate goal of states is the struggle of power in a conflict-oriented ‘chess-field’. The co operation between states will be used as a possible solution in this menace as we will see later on, in chapter four. It has to be clear, that the problem will be confronted by a careful effort of not just one actor –like a specific outer international organization- but from all the states threatened by organized crime.

Realists, although recognizing that human desires range widely and are remarkably variable, emphasizing the limitations which the sordid and selfish aspects of human nature place on the conduct of diplomacy.<sup>34</sup>

International relations can not be flawless since they are preformed by humans, meaning that there is always the possibility of wrong estimations, false appreciations of the situation and wrong decision makings.

### **2.3.3 Social Networks.**

For the widest analytical exploration of the illegal communities and markets possible, it is helpful to use social network analysis as a supporting theoretical mechanism.

Social network analysis emerged as a set of methods for the analysis of social structures. The use of these methodological applications, therefore, depends on the ability of relational rather than attributed data.<sup>35</sup>

This analytical process is established on the importance of relationships between interacting units. The social network assumption includes models, theories, and applications that are used in terms of interacting processes.

Social network analysis is based on the pretension that relationships between interacting groups or individuals are important and inseparable elements of social behaviour. The social network perspective encompasses theories, models, and applications that are expressed in terms of relational concepts or processes.<sup>36</sup>

The unit of analysis in network analytical process is not the individual, but rather an entity consisting of a collection of individuals and the linkages among them. Network methods, focus on dyads (two actors and their ties), triads (three actors and their ties), or larger systems (subgroups of individuals, or entire networks).<sup>37</sup>

There are no specific units that form the development of a single social structure but it is the total amount of people involved that creates a social condition. The social phenomena are viewed as a total sum of various interactions between groups and networks and not as a result of a single unit or an isolated actor.

More specifically we have the following important central principles in a social network analysis:

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<sup>34</sup> Thompson W. K., ‘Moralism and Morality in Politics and Diplomacy’ Lanham University Press of America 1985 p.5

<sup>35</sup> Scott J., ‘Social Network Analysis: A Handbook’ Sage Publications, 2000 p.38

<sup>36</sup> Wasserman S., Faust K., ‘Social Network Analysis’ Cambridge University Press 1994 p.4

<sup>37</sup> Ibid p.5

- Actors and their actions are viewed as interdependent rather than independent, autonomous units
- Relational ties (linkages) between actors are channels for transfer or "flow" of resources (either material or nonmaterial)
- Network models focusing on individuals view the network structural environment as providing opportunities for or constraints on individual action
- Network models conceptualize structure (social, economic, political, and so forth) as lasting patterns of relations among actors

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In a social phenomenon like organized crime, it is important to view the problem through the interacting communities and networks, and how these societies managed to establish a whole underworld illegal 'market'. It is the interacting groups that created the present situation, rather just isolated units of one or two people. In organized criminal activities, co-operation between the outlaw societies is necessary in order to function and expand.

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<sup>38</sup> Ibid pp.4-5



## **CHAPTER III: METHOD AND METHODOLOGY.**

This chapter is about the presentation of the methodological way, research design and approach which will be used in order to analyze the thesis' research questions.

In the following sections I will focus my attention on the methods that are going to be used in chapter four, and explain them further for the reader.

Methods are the epistemological tools used by the researcher in order to link the examined social case with the various theoretical viewpoints.

An appropriate methodology will help the subject to be approached in a more detailed way. Methods are selected because they will provide the data required to produce a complete piece of research.<sup>39</sup>

Chapter 3 is divided into three sectors; firstly, the explanation of the research design is presented, then the relevant data collection and the empirical material is debated and finally, the methodology's possible weaknesses and the methods' limitations and problems are stressed.

### **3.1 Research Design.**

The thesis's subject requires a qualitative research strategy as shortly explained previously in chapter 2. Qualitative research is a distinct field of inquiry that involves both micro and macro-analysis based on historical, comparative, structural, observational and interactional ways of knowing.<sup>40</sup>

It is an appropriate design for organized crime research, as historical, social and political fields will be investigated. Qualitative research follows a strict, specific procedure.

The main steps of qualitative research are the following:

- 1) Forming the general research questions
- 2) Selecting relevant site(s) and subjects
- 3) Collection of relevant data
- 4) Interpretation of data
- 5) Conceptual and theoretical work
- 6) Writing up findings/conclusions<sup>41</sup>

Qualitative inquiry demands commitment to the systematic preparation and careful planning of the research. The dedication to the analysis of a major social problem-like the examined one, where different levels are involved- is a common characteristic in all kinds of qualitative research. Thus, the research proposal is a plan for engaging in systematic inquiry to bring about a better understanding of the phenomenon and/or to change problematic social circumstances.<sup>42</sup>

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<sup>39</sup> Judith B. 'Doing your research Project: A guide for first time researchers in education, health and social science' Open University Press 2006 p.115

<sup>40</sup> Hesse-Biber N. S., Patricia L. 'Approaches to Qualitative Research: A reader on theory and practice', Oxford University Press 2004 p. 17

<sup>41</sup> Bryman A., 'Social Research Methods' Oxford University Press 2004 pp. 268-270

<sup>42</sup> Marshall C., Rossman B. G. 'Designing Qualitative Research' Sage Publications 2006 p.24

At the most general level, research design means all the issues involved in planning and executing a research project- from identifying the problem to reporting and publishing the results.<sup>43</sup> The research design for this task will be done through a case study approach.

The most common usage of the term 'case', associates the case study with a location, such a community or organization. The emphasis tends to be upon an intensive examination of the setting.<sup>44</sup> The thesis analyzes the interaction and co operation of various actors in an underground network, which tries to formulate and develop successful ways and exploit social circumstances and current political situations for expanding organized criminal operations inside and outside Balkan countries. On a secondary level the states, institutions and organizations and their efforts against the problem are examined. Case study is a research design that entails the detailed and intensive analysis of a single case. The term is sometimes extended to include the study of just two or three cases for comparative purposes.<sup>45</sup>

The method of a case study analysis is concerned with the complexity and particular nature of the case in question.<sup>46</sup> The case study design is useful when looking at one particular actor over a period of time. As this thesis examines primarily the promotion of a norm (the nature of organized crime) within the region of Balkans, which researches the problem (structure of organized crime) actors (criminal groups), and the (political social and economic) environment in the Balkan region, a case study seemed to be the most appropriate choice of method.

An important reason for choosing a case study research design, is the fact that it is associated with the Social Networks theory previous presented in chapter 2.

By using a case study, the researcher can analyze the examined subject in depth. Evidence has to be collected systematically, the relationship between variables studied (a variable being a characteristic or attribute) and the investigation methodically planned.<sup>47</sup>

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<sup>43</sup> Punch F. K., 'Introduction to Social Research: Quantitative and Qualitative Approaches', Sage Publications 2005 p.62

<sup>44</sup> Ibid p. 49

<sup>45</sup> Ibid p. 537

<sup>46</sup> Stake E. R., 'The Art of Case Study Research' Thousand Oakes, Calif.: Sage 1995 p. xi

<sup>47</sup> Judith B. 'Doing your research Project: A guide for first time researchers in education, health and social science' Open University Press 2006 p.10

### **3.2 Data collection, Empirical material and Relevant Literature.**

For the proper data collection we have first to make clear the difference between the two epistemological considerations –positivism and interpretivism-and the reason of choosing one of them.

An epistemological issue concerns the question of what is (or should be) regarded as acceptable knowledge in a discipline.<sup>48</sup> Those two considerations debate whether the society and its phenomena should be examined through a same ethical and prosecuting filter with natural sciences. Positivism advocates the application of the methods of the natural sciences to the study of social reality and beyond.<sup>49</sup>

Social reality is much more complex though, as many protracts can alter the various social phenomena. Interpretivism stands on the opposite side of positivism and thus, it will be used as another research instrument for this research.

Interpretative repertoire is a collection of linguistic resources that are drawn upon in order to characterize and assess actions and events. Interpretivism is an epistemological position that requires the social scientist to grasp the subjective meaning of social action.<sup>50</sup> A study of a social phenomenon with political and economic extension like organized crime requires a qualitative approach of academic material.

This thesis has been drawn from a variety of journal articles and previous researches on activities and operations of organized crime.

The nature of the examined issue, demands a grand variety of linguistic resources from international organizations in order to form a total understanding of the problem. This paper will use an interpretive method to explain the phenomenon of organized criminal activities as a norm. It will be based on the mutual relationship between the actors (the various illegal operating groups) and their social/political environment. This shall entail examining the past and present situation of the Balkan Peninsula, as well as the efforts of local and international organizations to stop its expansion.

The newspapers and magazines, relative articles and sources from international organizations will form the relevant empirical material.

Other data is collected through different sources such as reports, studies, and manuals published by international non profit organizations, institutions and official documents deriving from the states involved. Documents available on the internet will also be used, such as UN Protocols, Interpol and Europol annual reports and F.B.I. publications.

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<sup>48</sup> Bryman A. 'Social Research Methods' Oxford University Press 2004 p.11

<sup>49</sup> Ibid p.542

<sup>50</sup> Ibid p.540

### 3.3 Methodological Frame Weaknesses and Problems.

In this last section of the third chapter, some weaknesses and limitations that are connected with the adopted methodological frame will be briefly pointed out.

Case study research has been criticized for a number of problematic applications and disadvantages on research framework. Some researchers for instance, question the value of the study of single events and point out that it is difficult for researchers to cross-check information.<sup>51</sup> It is indeed difficult to crosscheck information of one single case, as there is a lack of evidences. Of course that also depends on the nature of the subject and the material available. In our case the empirical material is available directly from the official sources (institutions and organizations). And as the whole Balkan area and its various countries are examined as a single unit, we can easily cross-check information from different sources, researchers, writers, institutions and organizations.

Some others express a concern about the possibility of selective reporting and the resulting dangers of distortion or generalization.<sup>52</sup>

Those arguments are based on the fact that generalization is not always possible and can not have a complete application for a single case. In the case of Balkan organized crime this effort of generalization is avoided, as strictly specific prolongations are covered through official documents.

Insisting on the primal choice of methodological approach, case study is the most appropriate research approach among survey, grounded theory and comparative research design, as those minor weaknesses can be overcome, depending the subject' nature.

Despite the problems referred above for the reliability of qualitative research, it is yet less codified than the quantitative one, which means that it is less influenced by strict guidelines and directions about data collection and analysis.<sup>53</sup>

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<sup>51</sup> Judith B. 'Doing your research Project: A guide for first time researchers in education, health and social science' Open University Press 2006 p.11

<sup>52</sup> Ibid p.11

<sup>53</sup> Silvermen, D. 'Qualitative Research: Theory, Method and Practice', Sage Publication ,2004 p.286

## **CHAPTER IV: ANALYSIS.**

The first chapter of the thesis was about the background description, the subject's importance and the general idea behind it. Why is the issue important for international and European relations and how it will be developed in the following chapters.

The second chapter dealt with the theoretical instruments used for this research and how they will be applied. It is described what the most appropriate theories for this issue are, and how they will be used.

The third chapter discussed about the methodological ways of approaching and examining the subject and the research design.

During this last section, I will seek to answer the research questions formed and explained in the first chapter, by using the theoretical framework and relevant methodology. The fourth chapter-the analysis of the problem- is divided into four main parts: Description and definitions of organized crime, expansion and networks of the Balkan criminal groups, possible solutions for the phenomenon, and finally the general conclusion of the thesis.

### **4.1 Description and Definitions.**

#### **4.1.1 The term organized crime.**

The first research question is the most pivotal one, as through a completed clarification of these terms, we would be able to continue and seek the answers to the next two questions, and eventually reach the inclusive results.

The first step to take, in order to explore the fields of 'organized crime', is to try to 'locate' it, in a specific definition. How can it be distinguished from other forms of law violation? Globally, organized crime was always a problem for lawful societies, and many endeavours have been made in order to reduce it.

Perhaps the greatest problem in understanding organized crime is not the word 'crime' but the word 'organized'. In fact, although the public, criminologists, and the research literature often agree to what constitutes criminal behaviour, little agreement exists regarding what constitutes organized criminal activity.<sup>54</sup>

The case of organized crime is like a tall tree with many branches. Determinations and decisions about its nature and structure are like walking into a maze. Where it really starts and where it ends? What are the main differences with other law violations? What makes it distinct from the rest of criminal activities, and when a criminal action can be categorized as 'organized'?

For the further and smooth development of this thesis those questions should be clearly answered and totally understood. In order to achieve a better denotation of the significance of this subject, it should first be clarified the meaning of the various definitions that international organizations and law enforcement agencies give to the term, 'organized crime'. Having a complete view of those definitions, we can easily understand the great importance of this issue and move forward to its analysis.

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<sup>54</sup> Lymman M. Potter G., 'Organized Crime' Pearson Prentice Hall 2007 p. 4

It is not an easy task to define in an international level what can be considered as 'organized crime' today, as different societies around the world have different opinions, definitions and understandings about this term, through the different efforts they have been made in order to fight it. It is not only a matter of viewing political and social facts, but also a matter of different cultures in different parts of the world. Many viewers would think that it is a simple procedure to define organized crime and demarcate its complexion. Others would argue that it is not that important to insist to the clarification of this term.

There are good reasons for defining organized crime clearly and comprehensively, since so much illicit trafficking involves organized criminal groups of varying size, structure, sophistication, and operational perimeters. From the law enforcement standpoint, an authoritative definition enables government to effectively measure the extent of such crime and to determine how resources may be allocated in attacking it. If it can not be defined, it can not be measured, and if can not be measured it is difficult to assess the effectiveness of anticrime control efforts.<sup>55</sup>

As a starting point, one may assume that the criminal organizations can be simply characterized as operating groups, controlled by criminals, involved in any unlawful activity, in order to gain the highest profit possible.

Whilst considered an academic problem, definitions, when translated into laws and regulations, have a practical effect on the fight against organized crime and drug trafficking. Academics, jurists and police forces continue to disagree on the definition of transnational organized crime<sup>56</sup>.

Law enforcement has never lacked for definitional efforts. Some are simplistic, some are self-serving, and some are preposterous.

As far back as 1965, a conference of U.S. law enforcement agents came up with this gem: Organized crime is the product of a self-perpetuating criminal conspiracy to wring exorbitant profits from our society by any means-fair and foul, legal and illegal; despite personnel changes which fattens on human weakness. It survives on fear and corruption. By one or another means, it obtains a high degree of immunity from law. It is totalitarian in its organization.<sup>57</sup>

Although experts in the field are somewhat divided regarding components of the organized crime phenomenon, there is a degree of consensus regarding the aspects of an organized crime group. For example, many experts agree that organized crime represents a continuing, profit-motivated, criminal enterprise that employs the use of fear, violence, intimidation, and public corruption to achieve organizational goals and remain immune to law enforcement. In addition, criminal activity is probably restricted to the provision of illegal goods and services.<sup>58</sup>

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<sup>55</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.3

<sup>56</sup> Politi A., 'The threat of organized crime in the Balkans' Southeast and Black Sea studies Vol.1 N.2, May 2001, p.40

<sup>57</sup> Naylor R.T. 'Wages of Crime Black Markets, Illegal Finance, and the Underworld Economy' Cornell University Press Ithaca and London 2002 pp.14-15

<sup>58</sup> J. S Albanese, 'Organized Crime in Our Times' Anderson Publishing, 2004 p. 16

While analyzing a subject of such great social sensitivity, it is indispensable that official documentations of international organizations should be used and presented here, so we can examine what has been said and done for this problem. Despite the fact that here we examine the phenomenon in a specific geographical area, it is important to see what definitions have been given to the problem in Europe and in the United States as well, as the threat of organized crime has consequences in international affairs.

The Organized Crime Control Act of 1970 -an act of congress signed into law by U.S. President Richard Nixon-prohibited the creation or management of a gambling organization involving 5 or more people if it has been in business more than 30 days or accumulates \$2000 in gross revenue in a single day, and described the phenomenon as, ‘the unlawful activities of a highly organized, disciplined association’,<sup>59</sup> meaning that the U.S. authorities of those times saw in organized crime a sophisticated network of firms, which was illegally operating to reach the highest pecuniary ‘income’ feasible.

The authorities of the United States, were the first to give such emphasis to the phenomenon as it was a major threat in America before its appearance in the Balkans, and tried really early to distinguish organized crime, as it is impossible to confront something if you are not able to recognize it.

In one of its early reports, the Pennsylvania Crime Commission (1980:2), described organized crime as a society that seeks to operate outside the control of the American people and their governments. It involves thousands of individuals working with structures as complex as any large corporation, subject to laws more rigidly enforced than those of legitimate governments. Its acts are not impulsive but rather the result of intricate conspiracies carried on over many years and aimed at gaining control of whole fields of activity in order to amass huge profits.<sup>60</sup>

As years passed by, new definitions came in light, with the same basic structure of recognition, but with more details added for the better categorization and understanding of the problem.

More recently the American authorities gave a new dimension in the definition of this issue. According to the US bureau, organized crime is a self-perpetuating, structured and disciplined association of individuals or groups, combined together for the purpose of obtaining monetary or commercial gains or profits, wholly or in part by illegal means, while protecting their activities through a pattern of graft and corruption.<sup>61</sup>

Today, the Federal Bureau of Investigation (F.B.I.) also defines organized crime in its official web page as any group having some manner of a formalized structure and whose primary objective is to obtain money through illegal activities.

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<sup>59</sup> Organized Crime Control Act of 1970 (Pub. L. 91-452, 84 Stat. 922 October 15, 1970  
[http://en.wikipedia.org/wiki/Organized\\_Crime\\_Control\\_Act](http://en.wikipedia.org/wiki/Organized_Crime_Control_Act) )

<sup>60</sup> Lymman M., Potter G. ‘Organized Crime’ Pearson Prentice Hall 2007 pp. 20-21

<sup>61</sup> Politi A. ‘The threat of organized crime in the Balkans’ Southeast and Black Sea studies Vol.1 N.2, May 2001, p.40

Such groups maintain their position through the use of actual or threatened violence, corrupt public officials, graft or extortion, and generally have a significant impact on the people in their locales, region, or the country as a whole.<sup>62</sup>

The F.B.I. identifies the following characteristics in association with organized crime groups:

- a) Illegal activities [that] are conspiratorial, methodical, systematic, disciplined or secret.
- b) The groups commit or threaten to commit acts of violence or intimidation.
- c) They insulate their leadership from direct involvement in illegal activities through an intricate bureaucracy.
- d) They attempt to influence government, politics and commerce through corruption, graft and legitimate means.
- e) Their primary goal is economic gain, not only from patently illegal enterprises such as extortion, drugs, gambling and loan sharking, but also such activities as laundering illegal money through and investment in legitimate business.<sup>63</sup>

Furthermore the illegal groups today have been transformed from thug-gangs to undercover widely operating 'firms'.

A criminal organization, functions as a private business company, which highest goal is profit and wealth accumulation. The monetary influxes and effluences of a criminal organization are controlled by an accounting system similar with those of big firms.<sup>64</sup>

Technology and globalization were two more elements that affected criminal groups, as we will see later on, and eventually organized crime became an international problem.

American law enforcement agencies though, have been very slow to respond to the profound changes in organized crime brought about globalization. On the other hand, their European counterparts have radically altered their views of organized crime and its structure.

In the United Kingdom the National Criminal Intelligence Service (NCIS) has the primary responsibility for analyzing intelligence of organized crime. The NCIS (2005) describes organized crime as having four salient attributes:

- 1) An organized crime group contains at least three people.
- 2) The criminal activity the group engages in is ongoing and indefinite in duration.
- 3) The group is motivated by a desire for profit or power, and
- 4) The group commits serious criminal offenses.<sup>65</sup>

Following a similar pattern for recognize organized crime in a specific statement, the Russian law enforcement authorities define it as an organized community of criminals ranging in size from 50 to 1,000 people engaged in systematic criminal business and protecting itself from the law with the help of corruption.

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<sup>62</sup> Official F.B.I. site <http://www.fbi.gov/hq/cid/orgcrime/glossary.htm>

<sup>63</sup> Politi A. 'The threat of organized crime in the Balkans' Southeast and Black Sea studies Vol.1 N.2, May 2001, p.40-41

<sup>64</sup> Napoleoni L., 'Modern Jihad: Tracing the Dollars behind the Terror networks' Modern Horizons 2005 p.269

<sup>65</sup> Lyman M. Potter G., 'Organized Crime' Pearson Prentice Hall 2007 pp. 5-6



Common characteristics include:

- a) Engagement in criminal activity with the aim of obtaining a fixed income.
- b) Capability of acting over prolonged periods.
- c) A clear-cut division of labour.
- d) Information on group activity and a well-developed means of internal communications.
- e) Access to group resources and to an available system of secrecy and security.<sup>66</sup>

Undoubtedly the next years the formation of organized crime will transform once again and new parameters will come to be added in its characterization, holding as a major characteristic, the seizure of monetary profits by all costs. The people behind criminal groups try to find new legal frameworks in order to hide their law violations and 'slide' from law enforcements.

These apparently semantic differences lead to different political evaluations of the problem, different statistics and difficult co-operation. However, the majority of specialists agree on the following four elements of organized crime: the existence of an organized, stable hierarchy; the acquisition of profit through crime; the use of force and intimidation; and recourse to corruption in order to maintain impunity.<sup>67</sup>

A few years ago, the U.N. in an attempt to help in the combat of this situation properly, gave a specific characterization for the problem, and its international consequences.

According to the United Nations' convention against transnational organised crime, the term 'organised crime' refers to: 'a structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with the convention, in order to obtain, directly or indirectly, a financial or other material benefit.'<sup>68</sup>

The fact that the Convention used a generalist definition of organized crime and the activities it entails was due to the recognition paid to the fact that the phenomenon of organized crime is evolving so rapidly and thus that a tighter definition might miss out on regulating in possible future areas of diversity of organized crime activity.<sup>69</sup>

More recently, in 2002 the United Nations (UN) published the results of a major international study attempting to delineate the various organizational forms utilized by organized crime groups worldwide. The UN research looked at organized crime groups in sixteen separate countries and came up with an organizational typology that defines the various organizational forms found in these countries.

The UN research delineated five ideal types of criminal organization, ranging from the most traditional forms of organized crime to newer, modern organized networks:

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<sup>66</sup> CSIS TF report, 'Russian Organized Crime' Washington: CSIS, 1997 p.26

<sup>67</sup> Politi A., 'The threat of organized crime in the Balkans' Southeast and Black Sea studies Vol.1 N.2, May 2001, p.41

<sup>68</sup> Article 1, UN Convention against transnational Organised Crime, 15 November 2000. UN Office for Drug Control and Crime Prevention, <http://www.odccp.org/palermo>

<sup>69</sup> Xenakis S., 'The challenge of organised crime to state sovereignty in the Balkans: A historical approach' Oxford University p. 8

- 1) Standard hierarchy
- 2) Regional hierarchy
- 3) Clustered hierarchy
- 4) Core Group
- 5) Criminal network<sup>70</sup>

The lawless operators and the outlaw arrays adapt themselves to new environments, new social and political conditions and economic realities of states that they act. It would not be wrong to say that organized crime ‘improves’, ‘evolves’ and ‘develops’ itself as years pass by. As a result more approaches will eventually come from experts on the surface the following years, trying to directly focus on the matter. Every new or old attempt to (re) define organized crime, adds new characteristics and elements to its analysis.

#### **4.1.2. Smuggling and Trafficking.**

The operations of criminal ‘corporations’ vary, depending on the risk and profit engaged each time. The main and more remunerative activities of the various criminal enterprises are basically the illegal merchandise/people transportation and firearms/drug trade.

It is not a simple coincidence that immigrant trafficking-amongst other lawless deeds-grew bigger after the political amendments in the quondam U.S.S.R.

The dissolution of national barriers that occurred following the collapse of the Soviet Empire also helped intensify alien smuggling.<sup>71</sup> When the borders reshaped, the criminal organizations grasped the unique opportunity to exploit those conditions and illegally transport big amounts of people in Western Europe.

Trafficking occurs when people are transported from one country to another without official documents and permission, while the act of smuggling is the unlawful transportation of either goods -avoiding taxes and fees for unlicensed possession- or illegal material (drugs, weapons) across a border. Smuggling can be defined as the act of importing (and exporting as well) secretly, illegally, or without paying the taxes required by law. To smuggle is to take, send or bring goods secretly and illegally into or out of a country, especially without paying customs duty.<sup>72</sup>

If international networks of weapons producers and supplies were not available in the Balkans, many regional and national armed conflicts would be possible. Ethnic, religious, and nationalist wars as well as the proliferation of arms smuggling are attributable to the openness of markets for buying and selling weapons.<sup>73</sup> The ethnic strives in former Yugoslavia was an excellent opportunity for arm smugglers to act. The illegal transportation continued not only for materials but also for people, simple civilians that were forced to migrate away from the war zones. This procedure is quite easy for the traffickers, as they take advantage of the fact that it is extremely difficult to find actual evidences and data about the amount of persons being exploited.

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<sup>70</sup> Lymman M., Potter G. ‘Organized Crime’ Pearson Prentice Hall pp. 20-21

<sup>71</sup> Kelly J. R, Maghan J., Serio D. J. ‘Illicit Trafficking’ Contemporary World Issues 2005 p.1

<sup>72</sup> Hornby A.S. ‘Oxford Advanced Learner’s Dictionary’ Oxford University Press 1995 p. 1121

<sup>73</sup> Kelly J. R, Maghan J., Serio D. J. ‘Illicit Trafficking’ Contemporary World Issues 2005 p.70

Illegal immigration consist now of a continuously growing problem in the European Union Member States. EU countries are a primary destination for illegal immigrants, including women and children smuggled into the Continent for prostitution and pornography businesses controlled by organized crime.<sup>74</sup> Every year hundreds of thousand of men, women and children around the globe are enslaved by organized crime in the enterprise known as ‘human trafficking’. Especially trafficking of women for the purpose of sexual exploitation has become a major security problem worldwide.<sup>75</sup> Trafficking in women and children for the purpose of sexual exploitation is a multi-billion dollar business which involves citizens of most countries and helps sustain organized crime. Trafficking for forced labour or servitude is gaining prominence.<sup>76</sup>

The most common path they follow is the rough Balkan countries. Since the list of nationalities trying to enter the EU illegally is endless, the social, economic and political consequences of this smuggling are likely to be the one of the most serious concerns for the EU.<sup>77</sup> On March 2001 the European Commission (EC) estimated that every year ‘120.000 women and children are being trafficked into Western Europe’.<sup>78</sup>

Trafficking in persons is used as an umbrella term to cover a range of actions and outcomes. Viewed as a process, trafficking can be said to entail several phases—recruitment, transportation (which could be across several countries), and control in the place of destination. Different groups, agents or individuals may be involved in different phases of the process, and can organize recruitment, transportation and control in different ways. There is thus immense diversity between and within trafficking systems.<sup>79</sup>

The UN outlines trafficking and smuggling as follows:

‘Trafficking in persons’ shall mean the recruitment, transportation, transfer, harbouring, or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;

The consent of the victim of trafficking in persons to the intended exploitation set forth in paragraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used.<sup>80</sup>

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<sup>74</sup> Ibid p. 10

<sup>75</sup> Gaon D. I., Forbord N. ‘For Sale: Women and Children. Trafficking and Prostitution in Southeast Europe’, Trafford Publishing, 2005

<sup>76</sup> Interpol Official Site ‘Trafficking in human beings’

<http://www.interpol.int/Public/Icpc/Publications/default.asp>

<sup>77</sup> Europol Annual Report, ‘Organized Illegal Immigration Into The European Union’ 2006 p.2

<sup>78</sup> Gaon D. I., Fordord N. ‘For Sale Women and Children- Trafficking and Prostitution in Southeastern Europe’ 2005

<sup>79</sup> O’Connell Davidson J. and Donelan B., ‘Review of the Evidence and Debates on the Demand Side of Trafficking’, Save the Children: Stockholm, Forthcoming, 2003

<sup>80</sup> ‘Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children’ and ‘Protocol Against the Smuggling of Migrants by Land, Sea and Air’, supplementing the ‘Convention Against Transnational Organized Crime’, December 2000

‘Smuggling of migrants’ shall mean the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or a permanent resident.<sup>81</sup>

Migration is a very old and complex subject both as a societal issue and a criminal problem. It is not possible to quantify the criminal problem, due to its nature, and it is difficult to define exactly who the perpetrators and victims are.<sup>82</sup>

Moreover, drug abuse and the problems associated with it continue to grow not only in Europe, but also in most parts of the world. The global abuse and trafficking situation is becoming more complex, in part due to political and economic changes around the world which have led to increasingly open borders between many countries; the emergence of a more affluent class of drug abuser with higher disposable income to spend on so-called ‘recreational’ drugs; a rise in demand and availability for almost all types of controlled substances; and cultural changes brought about by globalisation and rapid communications.<sup>83</sup>

These specific activities proved to be greatly gainful for the Balkan criminal communities. During the period 1990-2004, many changes in the transport industry took place. On the one hand, there was a significant increase in the number of vehicles and of transport and shipping companies.

The opening of borders, especially after the end of conflicts in the former Yugoslavia, provided for a huge increase of trans-border and transit traffic. Nevertheless, the adoption of adequate legislation regulating the highly increased number of participants in the various models of transport was postponed until 1999-2002. In the meantime, transport structures and practises that facilitated not only the development of the gray economy, but also the smuggling of goods were established.<sup>84</sup>

#### **4.1.3 Money Laundering.**

Money laundering is another activity strongly bonded with organized crime and one of its pre-eminent and crucial operating sources, as it forms a way of monetary profit recycling. After drug trafficking, organised financial crime is the favoured crime for organized crime within the EU.

The main types of financial crimes range from V.A.T. and excise fraud usually connected with the smuggling of heavily taxed commodities such as tobacco, alcohol and fuel, to money laundering and forgery of non cash of payment. Organised financial crimes reach all level of the EU society, damaging governments’ budgets, companies’ profits and individuals’ assets.<sup>85</sup>

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<sup>81</sup> ‘Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children’ and ‘Protocol Against the Smuggling of Migrants by Land, Sea and Air’, supplementing the ‘Convention Against Transnational Organized Crime’, December 2000

<sup>82</sup> Europol Annual Report, ‘Organized Illegal Immigration Into The European Union’ 2006 p.1

<sup>83</sup> Interpol Official Site, Interpol’s publications: ‘Drugs and Criminal Organizations’ p. <http://www.interpol.int/Public/Icpc/Publications/default.asp>

<sup>84</sup> Bezlov T., Gounev P., Tzenkov E., Iliev P., ‘Transportation, Smuggling, and Organised Crime’ Center for the Study of Democracy 2004 p.25

<sup>85</sup> Europol Annual Report, ‘Financial & Property Crimes’ January 2006 p.1

Under U.S. law, money laundering is defined as the ‘movement of illicit cash or cash equivalent proceeds into, out of, or through a given state (the U.S. particularly) financial institutions.’<sup>86</sup>

The mobility of capital parallels that of the transnational criminals themselves and could not be better suited to the activities of transnational organized crime. Huge sums of money moved through the mega-system of global finances and its offshore archipelagos of banks, insurance firms, and credit houses, making illicit monies enormously difficult to identify, track, and control. The finance network means that profits from illicit trafficking can be repatriated to criminal groups and networks with little difficulty. Much of what is known as ‘money laundering’ is not about disguising or cleaning money earned from criminal activities as it is about recirculating it from the host state to the home state of the criminal organization where it can be used with impunity.<sup>87</sup>

In reality, money laundering refers to banking and financial activity that seeks to make illegal funds and monies appear legitimate. The process of taking monies and other sources of wealth generated by illegal activities from drug trafficking to gun running and putting them through the legal banking systems, has had a massive impact on the world economy.<sup>88</sup>

The operations of ‘cash-wash’ involve disguising the proceeds from criminal activities such as drug trafficking or weapons smuggling to appear to derive from legitimate sources. It helps sustain organized crime, terrorism and corruption, undermining national economies and global security.<sup>89</sup>

Cash is the medium of exchange in all manner of criminal activity. The ultimate goal of the criminal organization is to manipulate its illicit proceeds in a manner which makes them appear to have come from a legitimate source.<sup>90</sup>

Money laundering may be understood as a dynamic three-stage process that requires:

- 1) Moving funds from a direct association with the criminal activity that generated them.
- 2) Disguising the origins of the money to confuse and frustrate any investigative activity seeking to link and connect illicit money with particular individuals, and
- 3) Making the ‘cleansed’ money available to the criminal or criminal enterprise once again, ensuring that the origins of the monies are securely hidden from law enforcement scrutiny.<sup>91</sup>

With few exceptions, criminals are motivated by one thing: profit. Greed drives the criminal, and the end result is that illegally-gained money must be introduced into the nation's legitimate financial systems.

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<sup>86</sup> The Money Laundering and Financial Crimes Strategy Act of 1998 Pub.L. 105–310, U.S.C. 5340(2)(A), October 1998

<sup>87</sup> Kelly J. R, Maghan J., Serio D. J. ‘Illicit Trafficking’ Contemporary World Issues 2005 p.8

<sup>88</sup> Ibid p.48

<sup>89</sup> Official Interpol Site ‘Financial and High-tech Crimes’

<http://www.interpol.int/Public/lcpo/Publications/default.asp>

<sup>90</sup> Financial Action Task Force ‘Typology of Money laundering’ Washington, D.C. October 6-8, 1989 Department of the treasury United States customs Service p.1

<sup>91</sup> United Nations, Office for drug Control and Crime Prevention. 1998 ‘Financial havens, bank Secrecy and Money Laundering.’ In Global Programs Against Money Laundering. New York: Secretariat, United Nations, V3-V11

This fiscal recycling involves disguising financial assets so they can be used without detection of the illegal activity that produced them. Through money laundering, the criminal transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source.

This process has devastating social consequences. For one thing, money laundering provides the fuel for drug dealers, terrorists, arms dealers, and other criminals to operate and expand their criminal enterprises. Criminals manipulate financial systems in the United States and abroad to further a wide range of illicit activities. Left unchecked, money laundering can erode the integrity of our nation's financial institutions.<sup>92</sup>

As the directorate-General for Justice, Freedom and Security, one of the 36 departments of European Commission states, money-laundering is the process by which criminal proceeds are 'cleaned' so that their illegal origins are hidden. It is the way crime disguises its activity, by processing its dirty money. Although it is not possible to measure in the same way as legitimate economic activity; the scale of the problem is considered to be enormous. The International Monetary Fund has estimated that the aggregate size of money-laundering is anywhere between 2 and 5 % of the world's gross domestic product.<sup>93</sup>

Laundering of monetary gains represents the final phase of almost all organised criminal activities. The international dimension of organized crime and the use of global financial systems to channel, conceal, secure and launder the proceeds of crime have led to difficulties being experienced by law enforcement agencies in their endeavours to identify, detect and prosecute perpetrators.<sup>94</sup> It is an consequential procedure for organize crime groups, an activity of crucial importance for the circulation of illegal 'investments' into the general outlaw 'business'. The act of money laundering occurs for two basic reasons:

First, the money trail can become evidence against the perpetrators of offences; second, illegal money itself can be the target of investigation and seizure.<sup>95</sup>

## **4.2 Origin and Formation of Balkan Organized Crime.**

Although a part of Europe, the Balkan states do not follow the economic, social and political development of other European countries. This occurs predominantly because of the totalitarian past of the most Balkan countries, and the martial strives that exhausted the area. Both facts, created opportunities for furtive blocs to interfere and put another obstacle to the European integration of those states.

The origin and primal roots of clandestine trade leagues can be traced in times of Cold War. The totalitarian regime left no other option than criminality to a lot of people, and with the collapse of Communism, all these networks just broke loose to every direction. The political, social and economic conditions in Balkan states under communist regime were similar to those of the Soviet Union.

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<sup>92</sup> Financial Crimes Enforcement Network [http://www.fincen.gov/af\\_faqs.html](http://www.fincen.gov/af_faqs.html)

<sup>93</sup> Directorate-General for Justice, Freedom and Security 'Money Laundering' [http://ec.europa.eu/justice\\_home/fsj/crime/laundrying/fsj\\_crime\\_laundrying\\_en.htm](http://ec.europa.eu/justice_home/fsj/crime/laundrying/fsj_crime_laundrying_en.htm)

<sup>94</sup> Europol Annual Report, 'Financial & Property Crimes' January 2006 p.1

<sup>95</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.48

There were more pivotal reasons though, apart from the communist past of the territory that led to the rise of the incident.

The focus of the formation of the phenomenon can be done in five main reasons:

- a) the war in former Yugoslavia
- b) the economic sanctions to the belligerent sides
- c) the emancipation of transportation of goods and people after the collapse of Yugoslavia
- d) the reshaping of National wealth and borders
- e) the geographical location of the Balkans

Today, organized crime in the Balkans seems to gain more power, and more independence. The region of Southeast Europe enters the 21st century faced with at least the same number of problems as it did in 1991, when the Cold War ended. And the inability of the international community to predict events and initiate a timely reaction towards the break-up of the Yugoslavia certainly contributed to the turmoil in the Balkan region.<sup>96</sup>

#### **4.2.1. First wave of organized crime.**

Taking as a first starting point the termination of the Cold War between the two super powers of those times, -U.S.A. and the U.S.S.R.-but also the fall of the Soviet Union in the long run, the expansion of the first wave of organized criminal activities increased dramatically, as the instability which was generated in Eastern Europe, gave a unique opportunity to the outlaw classes to get unionized in a more effectual way, taking advantage of the massive political and social reconstructions.

Illicit trafficking has benefited from the end of the Cold War and the globalization of business and travel. International crime groups-as with non criminal entities- have unprecedented freedom of movement, making it easier for them to cross borders and to expand the range and scope of their operations. As a result, virtually every region or country in the world has seen an increase in illicit trafficking- as either a source or transit market zone for illegal contraband or products; as a venue for money laundering and illicit financial transactions; or as a base of operations for criminal organizations with global networks. Many regions and countries serve all three functions for criminal enterprises.<sup>97</sup>

The termination of the long crisis between U.S.A. and U.S.S.R. — onward with increasing globalization beginning in the 1990s — has helped criminal organizations expand their activities and gain global reach. Criminal networks are believed to have benefited from the weakening of certain government institutions, more open borders, and the resurgence of ethnic and regional conflicts across the former Soviet Union and many other regions. Transnational criminal organizations have also exploited expanding financial markets and rapid technological developments.<sup>98</sup> The impact in political, social and economic affairs was massive.

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<sup>96</sup> Nomikos J. M, 'Greece, Turkey, and Balkan Security' RIEAS 2006 p.1

<sup>97</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.18

<sup>98</sup> Wagley J. R., CRS Report for Congress, 'Transnational Organized Crime: Principal Threats and U.S. Responses' March 20, 2006 p.1

With the end of the Cold War epoch, profound economic and political changes liberated masses of people and at the same time created new conditions and prospects for crime.<sup>99</sup> The turn of societies towards globalization had a huge impact on nations and people worldwide, creating new standards in political and economic international matters. Greater international mobility has expanded the capacities of criminal organizations and has enabled their members to elude national criminal jurisdictions where they might be high-priority targets. The increase in business and leisure travel, as well as the acceleration in migration, is frustrating government's ability to monitor and control ingress and egress from the national territories.<sup>100</sup>

In the post-Cold War era, the trans-border crime in Southeast Europe rose to an unprecedented in the past extent. This has not been the case in the other East European post-Communist states. Criminal activities in the Baltic region were more limited though. During Soviet rule, people in the occupied states were subjected to socialist ideology and the planned national economy. During this time, the traditional spheres of contemporary mafia's activity- drugs, firearms, gambling, car theft, and pornography- required high levels of risk and were not able to produce significant profits.<sup>101</sup>

The Central European and Baltic states managed to establish effective control over their borders in a relatively short period. This was in part due to their proximity to the Western Europe and in part due to the smooth and accelerated reform process in the political and economic sphere. The most important distinction in the way the transition process was initiated in Central European and Baltic States on one hand, and Southeast European ones on the other, was that in the former, transition was peaceful, while in the latter, the post-Communist transformation was marked by the conflicts in the Western Balkans.

The dissolution of Tito's Yugoslavia not only led to a succession of armed conflicts and ethnic cleansing campaigns, but also to the creation of quasi-states (Kosovo is the most obvious example of such an entity) and to the weakening of the existing states, virtually unable to control their borders.<sup>102</sup> Illegal groups seized the opportunity of social/political disequilibrium to operate and spread their networks. War was in procedure, and the ground was fertile for illegal trade.

#### **4.2.2. Conflicts in Yugoslavia and post war political conditions.**

The current unstable condition in the Balkans is an outcome, generally of the political reforms and the social substitutes that occurred after the fall of the Yugoslav state. Those alterations inside the borders of Yugoslavia affected the neighbour states as well, and changed the political map in the European and international relations. Balkan countries, due to the communist governmental structures, used to be isolated from the rest of Europe, holding a different state model from other European states.

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<sup>99</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World issues 2005 p.1

<sup>100</sup> Ibid p.6

<sup>101</sup> Swanström N. L.P., Poljarevic E., Peterson E., 'Organized crime and narcotics in the Baltic Sea Region: Issues of National and Regional Security Report from the Central Asia-Caucasus' Institute & Silk Road Studies Program Conference, Stockholm, Sweden, 1-2 June 2005 p.16

<sup>102</sup> Hajdinjak M., 'Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.5



The Balkans have followed their own particular pattern of state development both in comparison to other regions and within the region itself, not only do they share characteristics common in other regions (of state -bandit co-operation in forming the modern state), they have also experienced relatively late (in comparison to Western states) the emergence of the modern state.<sup>103</sup>

Yugoslavia's decline during the 1980s was transformed into collapse due to the rise of opportunistic leaders in the republics, which found in nationalism a new source of legitimization and were willing to resort to ruthless measures to perpetuate power. The prototype of this new breed of "ethnocrat" was Serbia's Slobodan Milošević.<sup>104</sup>

Both the fall of communism in Yugoslavia and the separation of the State into smaller, independent ones was not an unarmed one, like in the case of U.S.S.R.

The decade between 1991 and 2001 was tempestuous for the Balkan region. Due to the character of the appearance of post-Yugoslav states and establishment of their national-state sovereignty, there was a high probability that an armed conflict between the central government in Belgrade and the authorities in the seceding republics could erupt. In the name of the higher goals like protection of national independence and sovereignty, the leaderships of the seceding republics had to set up and arm the newly created republican armies in the only way possible – illegally, by using existing as well as newly established smuggling channels.

The party leaders and the high-ranking officers in the Yugoslav army and the secret service largely tolerated these activities and in their turn contributed to the development of a stable smuggling system. This system was built both vertically (from political leaders to smugglers) and horizontally (including the entire chain of smuggling channels, passing through the new state borders and unifying by means of a common interests the political elites in all post-Yugoslav republics).<sup>105</sup>

While the various republics within Yugoslav soil were asking for political autonomy and national independence, tensions were growing bigger. Just before the dissolution of Yugoslavia the political situation turned to be fragile with the formation of new smaller states, which were seeking their new national and political identity. A seek for national independence, through violent armed conflicts. When ethnic riots broke out, they directly affected the entire geographical area, and criminal groups were free and uncontrolled to operate. An important feature of the war in the former Yugoslavia in Serbia, Bosnia, Croatia, and Kosovo involves deals characterized by arms for drugs as ethnic groups figured out ways of acquiring the resources for armed struggle.<sup>106</sup> The governments of the new states by declaring the protection of their national identity and political independence had no other option than use the illegal networks of smuggling for arms and weapons. Co operation with criminal groups was the only way of material supply for their strife of the former-Yugoslav republics.

On the other hand, Kosovo's ethnic Albanian majority had begun pushing for independence by non violent means after President Milosevic revoked the region's autonomy in 1989. Small-scale guerrilla attacks on Serb police in the territory began as early as 1992, but in the spring of 1998 the Kosovo Liberation Army launched a major guerrilla offensive against the Serb authorities.

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<sup>103</sup> Xenakis S., 'The challenge of organised crime to state sovereignty in the Balkans: A historical approach' Oxford University 2001 p.1

<sup>104</sup> Nation R. C., 'War in the Balkans' US Army Strategic Studies Institute August 2003 p.91

<sup>105</sup> Michaletos I., 'An outlook of organized crime in Southern Balkans' RIEAS Balkan studies 2006

p.1

<sup>106</sup> Ibid

Although Western observers and moderate Kosovar leaders initially discounted the KLA's claims, the Serb response to its campaign - systematically targeting civilians and creating a massive refugee crisis - rallied Kosovars to the KLA, and made the guerrilla organization the key to peace.<sup>107</sup>

Another crucial factor in the rise of organized crime, drug trafficking, and other types of illicit trafficking in many Eastern European countries is the nascent stage of centralized democratic government and institutions. A weak state means a vulnerable infrastructure, ineffective law enforcement, hyperinflation and unemployment, a narrow tax base, poor transportation infrastructure, and limited communications. These trends also mean that there are no social safety nets to protect the public against crime and exploitation. Therefore, the weakened state becomes an attractive environment in which to settle and operate a criminal organization.<sup>108</sup>

Total war in Yugoslavia was undoubtedly the major reason of the increase of organized crime in the Balkans. The civil wars in Yugoslavia and the continuous strife in Albania provided an excellent framework on which crime syndicates became stronger and gained political and societal clout.<sup>109</sup> The armed conflicts in the Yugoslav republics led to tremendous increase of illegal merchandise of weapons, drugs smuggling and human trafficking, giving to the smugglers, a first class opportunity to 'work'.

This corner of European soil was changing. And it was changing through means of total war. It was transforming itself, slowly but steadily, in a new political model, similar to this of the western European countries.

This increase of the main organized crime activities, led eventually to corruption, a parameter which still occurs in the Balkan territories. War, smuggling and corruption, all formed a vicious circle of violence and criminality which tortured the civilians of these countries by destroying the actual states' economies.

Political instability and military conflict pose both problems and opportunities for illegal action. Criminal organizations flourish in conditions of war and unrest, as is clear from recent evidences of large-scale criminal mobilization in the Balkans.

#### **4.2.3. International sanctions.**

Another important element that helped the expansion of smuggling networks was the international sanctions imposed by the United Nations that led those Balkan states to political and economic isolation. The connection between events in the former Yugoslavia and trans-border crime in the Balkans was most clearly visible during the trade and arms embargos, imposed by the UN on post-Yugoslav states. The embargo-violating trade in states like Croatia and Bosnia-Herzegovina was to a great extent directed towards illegal import of weapons, while for Belgrade the crucial illegal import was oil.<sup>110</sup> Smuggling came to be essential for their survival, and to secure their republics' independence.

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<sup>107</sup> TIME Magazine 2000 <http://www.time.com/time/daily/special/kosovo/who.html>

<sup>108</sup> Ibid p.13

<sup>109</sup> Michaletos I., 'An outlook of organized crime in Southern Balkans' RIEAS Balkan studies 2006 p.1

<sup>110</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.6

This type of diplomatic ‘punishment’ prohibiting of commerce and trade within Yugoslavia, made its economy decline and finally collapse. While in the case of war, the main reason for co operation with the criminal networks was arms and other war supplies, with the international sanctions to the war-engaged sides.<sup>111</sup>

The N.A.T.O.-approved embargo in oil, weapons and related materials led to human trafficking, oil, and drug smuggling. N.A.T.O. did not restrain in the economic sanctions, but also interfered with military operations, attacking Yugoslav targets from March 24 to June 11, 1999.

Proving that international sanctions do not really bring results, the underground illegal market gave the solution to each side, by providing every material demanded for the continuation of armed strives. Croatian, Bosnian Muslim and Kosovo Albanian armies were fighting against a better martial enemy, and smuggling (especially of weapons) was necessary for the interests of Croatia, Bosnia-Herzegovina, and Kosovo.

The military equipment smuggled annually is estimated to several hundred million U.S. dollars. The gray economy flourishes in countries under U.N. embargoes.

Illegal arms transacted with Yugoslav ethnic fighters in the 1980’s were often disguised as ‘humanitarian aid’. Nations under U.N. or other international arm embargoes in which the United States participate are major clients in the illicit arms markets.<sup>112</sup>

During the economic sanctions, the main channels for arms’ smuggling into the Balkans were the following:

The majority of infantry weapons smuggled into Croatia were Soviet-designed ‘imports’ from Hungary, Romania, and other former Eastern Bloc countries. Most of these entered Croatia through Slovenia and especially through Hungary. These channels were developed and controlled by numerous former members of YPA and the Yugoslav secret services, who were of Croat origin and who decided to side with Croatia when it took the pro-independence course.<sup>113</sup>

The other important channel involved illegal imports from South America. A vital role here was played by members of the Croatian Diaspora, which was the largest and best organized of all Yugoslav nations. Croatian émigrés contributed the lion’s share of funds for purchase of weapons, and in most cases also organized the purchase and shipment of weapons, especially from Argentina, where the Croatian community was the most numerous.<sup>114</sup>

Following a similar pattern to ‘break’ the sanctions, Bosnia Herzegovina discovered alternative illegal channels of arms smuggling. The crucial role in the smuggling of arms to Bosnia-Herzegovina was played by the Third World Relief Agency. T.W.R.A. was founded in 1987 in Vienna as a humanitarian agency for Muslims.

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<sup>111</sup> For more details go to: United Nations Security Council Resolution 757  
<http://www1.umn.edu/humanrts/peace/docs/scres757.html>

<sup>112</sup> Bezlov T., Gounev P., Tzenkov E., Iliev P., ‘Transportation, Smuggling, and Organized crime’ Center for the study of Democracy 2004 p.76

<sup>113</sup> Silber L., Little A., ‘Yugoslavia: Death of a Nation’ New York: Penguin Books, 1997, pp. 116-117

<sup>114</sup> Gervasi S., ‘Germany, US, and the Yugoslav Crisis’ Covert Action Quarterly, no. 43, Winter 1992-93 <http://www.covertaction.org/yugo4.htm>

In 1992, it opened an office in Sarajevo and started to cooperate with the Bosnian government. It became the main financier of and mediator in the smuggling of weapons for the Bosnian Muslim army.<sup>115</sup>

On the other hand, Kosovo Albanians have been associated with the European drug trade for decades. Their presence has been felt especially on the heroin markets in Germany, Austria and Switzerland. Being able to freely travel between Constantinople and Western Europe, they developed elaborate drug smuggling channels. Apart from remittances from abroad, the drug money was the most important pillar the Kosovo Albanian organized social and health care and education were based on after 1991. By 1994, and especially after the Dayton Agreement (November 1995), which completely ignored the Kosovo issue, the majority of Kosovo Albanians became disillusioned by the peaceful resistance policy, led by Ibrahim Rugova, Kosovo's unofficial 'president', and started to turn towards the armed resistance. Again, remittances from the Kosovo Albanians working abroad (they supplied roughly one third of the funding, setting aside 3 percent of their monthly income for the purpose) and the drug money were the primary sources for funding the arming of the newly-created Kosovo Liberation Army (KLA).<sup>116</sup>

It was a forthcoming consequence even for states that were not involved into military conflicts to be engaged with illegal trade, as the vicinity of Skopje, Bulgaria, Albania and Romania was pivotal and most of the times, the illegal merchandise was transported through their territorial borders.

#### **4.2.4. Post Communist transport liberalization.**

Understandably, the violent Yugoslav conflicts and the interconnectedness of political ethnic and criminal interests in the Western Balkans are not the only reasons for the creation and growth of regional criminal infrastructures, appearing as a result of the smuggling channels. There are some more important factors, apart from the state of war and the international sanctions, which contributed to the criminalization of trans-border traffic. Similar to the post Soviet era, the fall of Communism in the Balkans led a lot of people to cross the borders for the first time.

There are at least four deferent aspects of transition taking place in the post-communist societies of South Eastern Europe, affecting the process of defining (for the purpose of restricting) organized crime in all their particular forms of expression.<sup>117</sup>

First, the post communist societies of South Eastern Europe changed their social system. Political totalitarianism and the centrally planned economies are being transformed into democratic political systems and market-oriented economies.

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<sup>115</sup> Pomfret J., 'How Bosnian Muslims Dodged Arms Embargo' The Washington Post, 22 September 1999

<sup>116</sup> Udovicki J., Ridgeway J., 'Burn This House: The Making and Unmaking of Yugoslavia' London: Duke University Press, 2000, pp. 329-330

<sup>117</sup> Ognyan M. 'Corruption and organized crime in South Eastern Europe: A Paradigm of Social Change Revisited' South Eastern and Black Sea studies, Vol.2 Number 1, January 2002 p. 105

The orthodoxy of post-communist transition, developed in the early 1990's has adopted the neo-liberal belief that once given the chance to develop, a free market takes care of all additional problems, especially if combined with representative democracy and human rights respect.<sup>118</sup> Time show that this was not the case, as this hypothesis can not assure a smooth meta-communist alteration to these countries.

Second, all societies in South Eastern Europe and the post-communist ones in particular, are facing the necessity to complete the process of their modernization and adaptation to the institutional infrastructure and the normative standards of Modern Europe.

The former communist regimes in South Eastern Europe, in particular, had pressed their societies to shift entirely the pattern of modern development from a Western European type of economic and social modernization (with free market economy, representative government and urban-bourgeois individualism) to Soviet type Eastern collectivism and totalitarianism. The Soviet system had stimulated technological modernization (through a forced industrialization process) and partial urbanization, but failed to develop entrepreneurial modern individualist values and institutions, based on them. In effect, modern individualism had always been the 'grand foe' of communism. As a result, the communist system had additionally strengthened the background of traditional society, incorporating the paternalist values into the hard core of the totalitarian political and societal hierarchy. So, the post-communist societies in South Eastern Europe are facing today the ultimate need to return to the mainstream European model of modern development after decades of employing a false alternative.<sup>119</sup>

The third aspect of transition, affecting post-communist South Eastern European is the ultimate need to adjust to the system and the process of European integration, adapting European models to local conditions and institutional and legal culture. Europe of today is not simply a modern reality. It is a reality of intense integration and multiple levels of cooperation among the member states. Those states should be able to follow the integration tempo of E.U., something that is really hard, as they were under a total different regime for a long period of time.

The last aspect of transition, which incorporates elements of all three above, is the importance of catching up with the post-industrial, post-modern and also post-nationalist process of globalization and multicultural diversification. The culture wave of modernity has exhausted its dynamics in the last quarter of the twentieth century and has been preserved into the institutional -'crystallized'- form of the present Western civilization. It is an unbearable task to adapt to this civilization without being capable of addressing its present -'post modern'- cultural development process. The most challenging aspect of this adoption reflects the fact that it is impossible to simply 'copy' the Western -or the European- experience. The ultimate task is to catch up with this experience while preserving and enhancing the power of your own identity.<sup>120</sup>

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<sup>118</sup> Ibid pp.105-106

<sup>119</sup> Ibid p.106

<sup>120</sup> Ibid pp.106-107

The first grand effect of the distortion of stability in the area was the liberalization of movement of goods and people and the lifting of visa and other restrictions in the regional post-Communist countries.

This political breakthrough led a big wave of people to seize the unique opportunity and travel for the first time, outside the –until then- totalitarian state. Consequently, a big percentage of those people were either opportunists and common thugs, or ‘full-time’ criminals which found the change to expand their criminal operations abroad.

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

#### **4.2.5. National wealth re-distribution.**

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

The illegal transactions, however, are not limited only to trans-border business (import and export). Their destructive impact is also felt in the deformed structure of national economies, since the enormous revenues from the illicit import and export can be possible only if the large enough ‘gray sector’ exists. After the collapse of the total state control over the economy, the illegal transactions performed in the gray sector constituted between 30 and 50 % of the Balkan national economies.

A common practice is that those who are actively involved in trans-border crime are also directly or indirectly involved in trade operations within unofficial economy.

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

The proposed analysis offers an argument in support of regional and trans-national programs and efforts, which would realistically approach the trans-national challenges, facing both Southeast Europe and the European Union<sup>121</sup>.

#### **4.2.6 Geographic location.**

In addition to all the above, it should be mentioned something more. The geographical location of the general area is one more important element that can not be ignored.

A region of transition and trade, a bridge between Europe and Asia, the Balkan Peninsula was always the main point of entry of Asian heroin coming into Europe. It was always the center of South American cocaine, the major land path for thousands of illegal immigrants which were trying to reach (west) European countries, and one of the most important branches of tobacco smuggling.

All these different parameters, create a great source of corruption, which can be identified to several departments, as it has penetrated at the border police, the customs office the law enforcement and the public service of those states.

Geography is a primary factor in the growth of organized crime in Eastern and Central Europe. The region functions as a strategic crossroads between Russia and the new independent states, which are major source areas for transnational and domestic organized crime. Romania and Bulgaria remain key countries on the old Balkan route between Turkey and Central Europe. The criminal entrepreneurs in these countries have expanded their rackets in the West to acquire amphetamines. Bulgaria, after China, is the world's largest source of counterfeit and pirated compact discs (CD's).<sup>122</sup> The data changed since those two Balkan countries became EU member states, as the approach to the problem will be intra (EU) state, and not simply regional-geographical.

### **4.3 Networks**

The various criminal networks in South Eastern Europe were developed basically under the three following circumstances:

1) In Croatia and Bosnia Herzegovina the illegal merchant was, as mentioned before, created, organized and controlled not by common thugs, but by the Republics themselves, having as their target not the monetary profit, but the establishment of self-governing and national independence of those two states from Yugoslavia. Quite similarly the phenomenon was observed later on at Kosovo, under the supervision of the Albanian political leaders of Kosovo. Of course the situation in Kosovo is more complicated, and it is still a major issue for the international community.

The demand for military equipment opened the first major channels of illegal arm trade.

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<sup>121</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 pp.6-7

<sup>122</sup> Kelly J. R., Maghan Jess, Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.21

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 (especially of weapons) was not perceived as harmful to the interests of the new Republics. On the contrary, smuggling came to be regarded as essential for their survival.<sup>123</sup> Violation of the international laws was inevitable for the armed struggle.

According to the Socialist Yugoslavia's 'Total People's Defense' military doctrine, apart from the Federal Yugoslav People's Army (YPA), each Yugoslav republic had its own Territorial Defense Force (TDF). These units had a separate command structure, were staffed only with soldiers who resided in a given republic and operated only on its territory. Shortly after the elections, the Croatian authorities started the process of transforming the local TDF into a regular Croatian army.<sup>124</sup>

The federal Yugoslav authorities reacted immediately and the units of the YPA moved in to disarm the Croatian TDF.

Almost all of the arms, belonging to its units, were confiscated and moved back to the YPA's warehouses. Setting up channels for illegal import of weapons to arm the newly created Croatian army was thus conceived as a necessary step, assuming that Croatian authorities wanted to implement their plans for secession of Croatia.

This is the reason why these steps came to be regarded in Croatia as a state-building, rather than as a criminal act. The ultimate goal was the creation of a new republic and not a monetary gain, nor terrorist attack. The spread of arms in Croatia, despite being a clear violation of a number of UN Security Council resolutions, which imposed arms embargo on all former Yugoslav republics, is still generally perceived in Croatia as a legitimate step, needed to secure the republic's independence.<sup>125</sup>

The development of the smuggling channels in Bosnia-Herzegovina followed a similar pattern as in Croatia.

According to European law enforcement information, Turkish and Albanian criminal groups have dominated the wholesale distribution of Southwest Asian heroin in most of the EU countries. Turkish and Albanian crime syndicates have emerged as principal distributors of heroin cultivated in Southwest Asia targeted for Europe.<sup>126</sup>

Kosovo Albanians have been associated with the European drug trade for decades. Their presence has been felt especially on the heroin markets in Germany, Austria and Switzerland. Being able to freely travel between Constantinople and Western Europe, they developed elaborate drug smuggling channels.

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<sup>123</sup> Hajdinjak M. 'Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.8

<sup>124</sup> United Nations Commission of Experts, 'Part III: General Studies, Section A: The Military Structure of the Warring Factions and the Strategies and Tactics Employed.' Final Report of the United Nations Commission of Experts Established Pursuant to Security Council Resolution 780 (1992). 27 May 1994.

[http://www.ess.uwe.ac.uk/comexpert/REPORT\\_TOC.HTM](http://www.ess.uwe.ac.uk/comexpert/REPORT_TOC.HTM)

<sup>125</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.9

<sup>126</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 pp.19-20



Apart from remittances from abroad, the drug money was the most important pillar the Kosovo Albanian organized social and health care and education were based on after 1991. By 1994, and especially after the Dayton Agreement (November 1995), which completely ignored the Kosovo issue, the majority of Kosovo Albanians became disillusioned by the peaceful resistance policy, led by Ibrahim Rugova, Kosovo's unofficial 'president', and started to turn towards the armed resistance. Again, remittances from the Kosovo Albanians working abroad (they supplied roughly one third of the funding, setting aside 3 percent of their monthly income for the purpose) and the drug money were the primary sources for funding the arming of the newly-created Kosovo Liberation Army (KLA).<sup>127</sup>

2) At the Federal Republic of Yugoslavia (Serbia and Montenegro) the political leadership was engaged with guns and oil smuggling as well, but in a minor scale. Unlike the other republics of the former Yugoslavia, Serbia and Montenegro (which constituted the Federal Republic of Yugoslavia after 1991), had no need to import arms, since they 'inherited' the lion's share of the YPA's arsenal. Because of their role in the war in Croatia and in Bosnia-Herzegovina, the UN Security Council imposed international sanctions on the two republics in the summer of 1992. Serbia was also (apart from Slovenia) the only former Yugoslav republic which was an energy exporter and as such had enough reserves to 'survive' few years of sanctions. What Serbia and Montenegro lacked, above all, was oil. The Serbian war machine in Bosnia especially depended on smuggled fuel, without which it would have been brought to a standstill.

Almost immediately after the sanctions were imposed, the Serbian State Security Service (SDB, *Sluzba drzavne bezbednosti*) organized smuggling channels for supplying the rump Yugoslavia with oil.<sup>128</sup>

The Serbian SDB was a direct successor of the former Yugoslavia's SDB, inheriting most of its agents, assets and practices. Yugoslav SDB had a long established practice of cooperating with the criminal underworld. These were used for raising funds for various covert operations. The Yugoslav SDB was funded also with money, coming from sales of goods (including drugs), seized by the customs. Yugoslav SDB set up numerous companies abroad, which were used as cover for intelligence gathering and for money laundering.<sup>129</sup>

After the break up of Yugoslavia, Serbian SDB widely used many of these companies to circumvent sanctions and the financial isolation of Serbia.<sup>130</sup>

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<sup>127</sup> Udovicki J., Ridgeway J., 'Burn This House: The Making and Unmaking of Yugoslavia' London: Duke University Press, 2000, pp. 329-330

<sup>128</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.13

<sup>129</sup> Ibid

<sup>130</sup> Federation of American Scientists. 'State Security Service' Federation of American Scientists: Intelligence Resource Program. 2 October 1998. <http://www.fas.org/irp/world/serbia/sdb.htm>

Ikonic S., 'Serif iz Hajducke sume' *Nin* no. 2439. 25 September 1997

<http://www.nin.co.yu/arhiva/2439/3.html>

Lopusina M., "Svi Dolancevi ljudi." *Ubij bliznjeg svoga: Jugoslovenska tajna policija 1945-1997*, Beograd: Narodna knjiga, 1997

[http://www.suc.org/culture/library/Ubij\\_Bliznjeg\\_Svoga/sdb/sdb6.html](http://www.suc.org/culture/library/Ubij_Bliznjeg_Svoga/sdb/sdb6.html)

3) As a consequence of war and embargo in Yugoslavia, the rest of the Balkan countries (Albania, Skopje, Bulgaria and Romania) were directly affected by both military conflicts and economic isolation. The geographical vicinity with the war zones, and the ample opportunities that the economic sanctions to Yugoslavia, offered to the governmental officers of those countries helped to expand the illegal activities to the area, both to organized crime and to corruption as well.

Although Skopje, Albania, Romania and Bulgaria have not been involved in the war nor were they subject to international sanctions, they were nevertheless strongly affected by both. The proximity to the war zone and the possibilities the sanction-busting offered to the well-placed individuals and groups led to the rapid development of smuggling and other illegal activities, and to the proliferation of organized crime in those countries. Yet, due to the fact that smuggling and especially sanction-busting represented what was in some cases the only available source of revenue to impoverished population of these four countries, they came to be regarded as generally acceptable. In Skopje, Albania, Romania and Bulgaria, smuggling was, at least initially, also perceived as something positive.<sup>131</sup>

During the war in Bosnia-Herzegovina, when former Yugoslav republics were subjects to the embargo on import of weapons, Skopje was involved in the illegal arms trade. According to media reports, three Skopjan ministers of defence, a Foreign Minister, the head of intelligence service and an MP were involved in the illegal weapons trade.<sup>132</sup> According to the estimates of the international organizations, Skopje was also among the most active violators of sanctions imposed on the rump Yugoslavia. There were countless not-too-hidden convoys of tank trucks passing the Serbian-Skopjan border.<sup>133</sup>

Meanwhile, oil smuggling at the same territory was under the control of Albanian former secret service agents. Sigurimi –the Albanian secret service- was abolished in July 1991 and replaced with the National Intelligence Service (NIS). As a result of this restructuring, many of the approximately 10,000 *Sigurimi* agents lost their positions and turned to organized crime.<sup>134</sup>

The network was later on, expanded into drugs smuggling and human trafficking to neighbours non Balkan states.

Besides narcotics, the routes through Albania also carry large numbers of women for the illegal sex trade and illegal arms. As in other East European societies, the sex trade is fuelled by the availability of large numbers of women lacking economic prospects at home and seeking employment in the West.

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<sup>131</sup> Hajdinjak M. 'Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.16

<sup>132</sup> Wood B., Peleman J., 'Chapter 8: The USA: Getting Around the Toughest Law' *The Arms Fixers*. <http://www.nisat.org/publications/armsfixers/Chapter8.html> 'Denials on Alleged Illegal Arms Export' *MILS News*. 9 December 1997 <http://www.soros.org.mk/mn/mils/en/97/12/09.html> Slobodan Casule. 'makedonija' – afera 'Oruzje' AIM Press. 27 December 1997. <http://www.aimpress.ch/dyn/pubs/archive/data/199712/71227-007-pubs-sko.htm>

<sup>133</sup> Cvetko Stefanovski. "'macedonian' Nouveaux-Riches." *AIM Press*. 6 October 1996. <http://www.aimpress.org/dyn/trae/archive/data/199510/51027-002-trae-sko.htm>

<sup>134</sup> The Library of Congress, Albania – A Country Study *The Library of Congress Country Studies*. April 1992 <http://lcweb2.loc.gov/frd/cs/altoc.html>

If they become prostitutes, society condemns them if they return to Albania, and border guards treat them as criminals. Thus, even women who return to Albania after being smuggled out seek to once again find work in a Western country, because they see no other choice.<sup>135</sup>

Channels for trafficking people to Hellas and Italy were also set up almost immediately after the collapse of the communist regime. Like the oil smuggling, these channels were perceived by the majority of people as 'beneficial'.

This view was shared by hundreds of thousands of desperate Albanians who rushed to flee their pauperized homeland (in the first half of the 1990s, the average salary was \$50, with roughly 20 percent of Albanians earning less than \$20 per month) and by their mostly young compatriots, known as "skafisti" who make a living by operating speedboats between Albania and Italy.<sup>136</sup>

Similarly, Romania involved in oil smuggling towards Serbia, and guns smuggling to all the fighting sides. The severe authoritarianism of Ceausescu's regime in Romania, the pauperization and shortages, created by the mismanagement of the command economy and the drive to repay the foreign debt created a fertile ground for the proliferation of smuggling and illegal trade. Unable to buy raw materials and to sell their products on the free market, numerous large and small state-owned enterprise managers participated in development of a huge black market.<sup>137</sup>

The smuggling channels in Bulgaria were allegedly set up by the communist state and were controlled by the former State Security – the secret service of the communist regime. Regretfully, proof of this criminal activity no longer exists. Only accounts of anonymous participants in the smuggling channels and some indirect evidence are available today. The latter include the accusations by western states of smuggling of arms, drugs, medications, and excise goods.<sup>138</sup> International transport in Bulgaria was gradually liberalized and changed in structure in the 1990's, after Bulgaria's borders were opened and its foreign trade was directed to new partners. The regulation mechanisms and the border control system, however, changed at a much slower rate. As a result of this, between 1990 and 2004 a number of transport companies integrated into criminal and semi-legal structures and joined the trafficking in goods and people. Another factor that contributed to this was the sluggish infrastructural development of the border crossings.<sup>139</sup>

As a consequence of 'full-time' war and economic sanctions, Skopje, Albania, Bulgaria and Romania had to face many difficulties to their transmission to market economy. The rapid changes in the political and financial level caused an increase to unemployment, which eventually led a big part of the population to gray economy and black market.

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<sup>135</sup> Curtis E. G., 'Nations Hospitable To Organized Crime and Terrorism. A Report Prepared by the Federal Research Division', Library of Congress under an Interagency Agreement with the United States Government, October 2003. p.36

<sup>136</sup> Schmidt F., 'Sleaze Spreads in Pauperized Albania'

Randall F., 'Italy and Its Immigrants' *Nation* vol. 268, no. 20. 31 May 1999.

<http://past.thenation.com/cgi-in/framizer.cgi?url=http://past.thenation.com/1999/990531.shtml>

<sup>137</sup> Hajdinjak M., 'Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.19

<sup>138</sup> *Ibid* p.20

<sup>139</sup> Bezlov T., Gounev P., Tzenkov E., Iliev P., 'Transportation, Smuggling, and Organized crime' Center for the study of Democracy 2004 p.7

## 4.4 Expansion.

The expansion of the phenomenon was pushed from two factors: Corruption and new technology. Organized crime has penetrated some of the governmental structures during the past twenty years (mainly at the 80's and 90's) in the South-Eastern Europe, corrupting part of high governmental officers and having as a result, the rapid increase of the problem.

The smuggling channels, as previously explained, set up semi-officially with the knowledge, if not even active participation of the highest state officials, were soon 'privatized' by certain well-placed individuals and groups within or closely connected to the ruling elites.

Personal enrichment completely overshadowed any potential benefit to the state and to majority of people, whose trust and support were quickly eroded. The most obvious cases were the Serbian-held territories in Croatia and parts of Bosnia-Herzegovina. A series of military defeats they suffered in 1995 was a direct consequence of a total demoralization of their defenders, caused by the rampant corruption of the ruling circles.<sup>140</sup>

Smuggling networks were expanded to include various consumer goods, especially those with high excise taxes, as well as illegal drugs and even human beings.<sup>141</sup>

Smuggling and illicit trade eventually started to seriously undermine the normal functioning of the states. Yet, in those states, where involvement in the war created extreme socio-political environments in which the change of the ruling regimes was almost impossible, virtually no attempts to counter illegal trade were made. But even in countries, where governments did change in this period, the measures undertaken were largely ineffective and led only to the change of structures, involved in the smuggling and which were now patronized by the new political elites.<sup>142</sup>

The process of 'privatization' of the smuggling channels was well underway by 1992 in all the regional countries and largely concluded by 1995. The only exception was Kosovo where the process started with the 1997 appearance of the KLA as an important regional player and was concluded in the aftermath of the 1999 NATO campaign. During the same period, the channels initially established for smuggling predominantly of weapons and oil were expanded to include other goods, such as drugs, stolen vehicles, cigarettes, alcohol and other commodities. 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.<sup>143</sup>

The networks of organized crime have been developed across the borders of local communities in specific countries. Contraband can be framed into the following main categories:

- a) Smuggling of taxed goods (most common cigarettes)
- b) Smuggling of drugs, and finally
- c) Human trafficking, either young girls for prostitution, or illegal immigrants.

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<sup>140</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.22

<sup>141</sup> Ibid p.70

<sup>142</sup> Ibid

<sup>143</sup> Ibid

Organized crime activities were pushed due to corruption of some governmental officers.

This corruption can be categorized into three main activities:

- 1) Corruption of the customs officers, having as a main goal the acceleration of a specific procedure including the issue of necessary documents for benefit of the businessman or the organization.
- 2) Corruption of governmental officers in order to 'cover' law violations about the illegal transportation of goods and the specific internal regulations.
- 3) Participation of border and custom authorities in the formation and function of channels and networks of smuggling across the borders.

A state weakened by governmental coercion and corruption is susceptible to all forms of organized crime. These conditions facilitated opportunities to create large criminal organizations that in effect became a 'state within a state' with enough power to confront, if not compel, the subservience of a civil society's government, and eventually expand the phenomenon outside the borders.

The great boost thought, occurred thanks to the new technological advantages. With the new technological benefits, it became extremely hard to control the operating groups of crime. As in any other part of the world, so in the Balkans the organized criminal groups were helped by technology and globalization, as it changed completely the structure of international –both legal and illegal- trade. The growth of legitimate commerce and trade worldwide has been accompanied by an expansion of illicit trade and trafficking. Like a smuggler's paradise, the global commerce system offers so many opportunities for rapid growth that law enforcement agencies can not pace.<sup>144</sup>

Criminal groups, followed the technological development, took advantage of it, and used it for their own profit. Computer science and advanced information systems. New means of communication and cooperation between the various criminal networks became more easy and flexible. Technology and globalization helped in the further expansion of the phenomenon.

Modern criminals are exploiting the globalization of trade and finance and the machinery of economic technology that drives it. New technological and economic developments have helped produce new mechanisms for trafficking contraband, conducting illicit trade, laundering money, and engaging in large-scale economic crimes.<sup>145</sup> Traditional organized crime groups have also greatly benefited from these developments. More importantly, the sheer pace of globalization and technological advancements has enabled modern criminal organizations to penetrate legitimate business that once appeared to be immune to criminal abuse and exploration.<sup>146</sup>

Organized crime at its sum, as it was formed developed and expanded from the war of Yugoslavia, and the corruption in all the levels of governmental authorities that accompanies it, affected all the neighbour states, either as a part of the attainment of state independence and national sovereignty, either as embezzlement of the opportunities for illegal trade that international sanctions brought to the territory.

In each case it played an important role in the economical and social retrogression of the Balkan states.

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<sup>144</sup> Ibid p.7

<sup>145</sup> Soros G., 'The crisis of Global Capitalism', New York: Public Affairs, 1998

<sup>146</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.3

## 4.5 Prevention and Solutions.

Organised crime includes a wide range of unlawful activities aiming at the monetary profit. It is rapidly adapted to the challenges and opportunities offered by the environment within which it is developed, extending promptly its criminal activities and protecting its interest. The total risk for the international society is very high, since the organised crime:

- Is not limited within the national borders,
- Is able to fall back and readapt itself quickly regarding political–economical changes and legislative measures,
- Uses modern–updated methods and the achievements of technology,
- Exploits the existent differences among the States at criminal, administrative and economic levels.<sup>147</sup>

Resuming the subject and having in mind the above we can discern that the struggle against underground criminality is not an easy task. Fighting organized crime is an essential mission of international community. It is a multiple and complicated enemy with plenty of ramifications.

For the Balkans reconstruction to occur and an integration process to follow the additional development of this territory -as already two Balkan states Bulgaria and Romania are members of the European Union- the problem should be confronted as a major threat for the entire continent of Europe, and not just as a regional minor scale phenomenon.

In order to efficiently confront organized crime, small and careful steps should be taken:

### 1) Fight corruption inside the state structure.

In a local level, organized crime is ‘spawned’ through governmental corruption, which still exists in a high degree in the Balkan states, as a remaining of past turbulent decades. The new states’ administrations put some effort to fight the phenomenon, but still in a minor scale. Corruption is organized crime’s greatest assistance, as many corrupted high officers in key governmental positions can help the illegal activities disguise under a legal spectrum. To confront organized crime efficiently, intra state corruption should be eliminated first in all stages of government and social life.

As the London Statement for the defeat of organized crime in SEE clearly declares: ‘our joint commitment is to fight crime at source, by targeting criminals on their home territory, and fighting corruption’,<sup>148</sup> meaning that the primary goal of organizations and governments involved in the combat of the phenomenon is to finally realize that the bonds with governmental corruption should be cut off first.

‘Organized crime’ and ‘corruption’ are two concepts encompassing a variety of substantively diverse realities in the global world.

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<sup>147</sup> Annual Report on Organised Crime in Greece for the year 2004 ‘Hellenic Republic- Ministry Of Public Order. Hellenic Police Headquarters Security and Order Branch. Public Security Division Analysis Unit. Athens, May 2005 p.3

<sup>148</sup> The London Statement ‘Defeating Organized Crime in South Eastern Europe’ Lancaster House Ministerial Conference, London 25 November 2002 p.1

Throughout the developed West both concepts reflect phenomena of deviant behaviour of -primarily- marginal social groups (in the case of organized crime) and politicians, civil servants and businessmen (involved in practice of corruption).<sup>149</sup>

Corruption continues to be widespread in Southeast Europe: old networks of influence and 'parallel systems' offer a semi-legal or illegal way of gaining access to services or products. In former Yugoslavia, where the wars of the 1990s served to reinforce corrupt networks, new states are still perceived as too weak to defend their citizens legally and physically. While parallel systems provide a sense of security and continuity, they simultaneously perpetuate older patterns of corrupt behaviour.<sup>150</sup>

Specific people in significant roles either in juridical system, police enforcement, business interest groups or governmental positions give a great aid to the underworld communities.

The situation remains endemic at the borders of the states of former Yugoslavia, as was highlighted by the arrest in May 2002 of the head of Kosovo's customs service on corruption charges,<sup>151</sup> proving that the problem is still active.

Another example of this situation was the murder of the prime minister of Serbia, a murder which was connected with organized crime and corruption. The assassination of Serbian Prime Minister Zoran Djindjic on 12 March 2003 is likely to prove a landmark in Serbian and Balkan history. Although there have been numerous other political assassinations in Serbia and Montenegro since the fall of Milosevic in 2000, in general the victims were not seen in the international community as particularly important figures and the murders could easily be designated as part of the process of post conflict 'score settling', or as a product of organised crime.<sup>152</sup> The assassination of the Serbian prime minister was an incident which was believed to be involved with the local mafia. That led to a conclusion that much work need to be done in the Balkans to establish political stability, and proved that the political instability is still present in the region despite the reformations and the efforts for stability.

In 2003 in a summit in Hellas, the EU members' leaders gathered with representatives from Albania, Bosnia-Herzegovina, Croatia, Skopje, and Serbia and Montenegro to discuss the future of the Balkan countries in Europe. A common conclusion from this meeting is that through membership of these countries the problem would be confronted more efficiently. 'Organised crime and corruption is a real obstacle to democratic stability, the rule of law, economic development and development of civil society in the region and is a source of grave concern to the EU'<sup>153</sup>, the statement from the meeting says 'translated' into the realization of the size of corruption and its importance, and to the cooperation of all instruments engaged.

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<sup>149</sup> Ognyan M., 'Corruption and Organized crime in South eastern Europe: A Paradigm of Social Change revised' Southeast European and Black Sea studies Vol. 2 Number 1, January 2002 p.105

<sup>150</sup> Jovic D., 'Southeast Europe', Global Corruption Report 2003 p.190

<sup>151</sup> UNMIK media monitoring, *Koha Ditore* (Kosovo), 11 June 2002

[www.unmikonline.org/press/2002/mon/june/lmm110602.htm#1](http://www.unmikonline.org/press/2002/mon/june/lmm110602.htm#1)

<sup>152</sup> Pettifer J., 'The Death of Zoran Djindjic. A Time for Realism', 23 March 2003, Occasional Brief No 97, Conflict Studies Research Centre, Defence Academy of the United Kingdom p.1

<sup>153</sup> BBC News Saturday, 21 June, 2003, 10:56 GMT 11:56 UK

<http://news.bbc.co.uk/1/hi/world/europe/3008888.stm>

2) Adoption and implementation of European and other international instruments along with cooperation between the Balkan states.

To fight such residues, it is of vital importance to link together the states that suffer from organized crime activities, in order to work in one regional level all together and face this menace more effectively and coordinated. It is also significant to use the valuable help for international organizations. Co operation with major institutions is of indispensable significance. The most important development, following the recent political changes in most of the countries, is that now all the regional governments substantially cooperate with the international organizations in an effort to curb the smuggling and trafficking through the Balkans. One of the most important developments was the deployment of the European Commission's customs assistance missions to Albania, Bosnia-Herzegovina, Croatia and Kosovo.<sup>154</sup>

There is a variety of anti-organize crime programmes in South Eastern Europe, from which the most important are epigrammatically presented here:

In societies in transition –socio-economic, institutional and political- the status of 'legitimate' versus 'illegitimate' (or deviant) behaviour is much less explicit, which makes it possible for a particular vacuum in classifying the diversity of social events to occur.<sup>155</sup> Transition is being accelerated by international pressure, which continues to be a major force behind anti-corruption efforts. Civil society initiatives also gained momentum through international programmes, such as the Cavtat process launched at a conference of the Stability Pact Anti-corruption Initiative (SPAI) in September 2001.<sup>156</sup> Created in Sarajevo in February 2000, SPAI supports and coordinates anti-corruption activities of governments, NGOs, international organisations and donors. In the first 18 months it was engaged in monitoring activities; since then it has been making policy recommendations and implementing them.

Among participants in the initiative are the Council of Europe, the European Commission, the U.S. government, the OECD and the World Bank.<sup>157</sup> SPAI put some high commitments for the accomplishment of its targets in SEE, like promotion of good governance and reliable public administrations and strengthening of legislation and promotion of the rule of law.

The Organization for Security and Cooperation in Europe (OSCE), a European organization that works to secure stability in the region, based on democratic practices and improved governance, is also very active in the region, especially in the fight against trafficking of human beings.<sup>158</sup> Its activities expand from political and economical to humanitarian and environmental. Apart SEE is active through diplomacy also in Caucasus, Central Asia, Western Europe and North America.

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<sup>154</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.63

<sup>155</sup> Ognyan M., 'Corruption and organized crime in South Eastern Europe: A Paradigm of Social Change Revisited' South Eastern and Black Sea studies, Vol.2 Number 1, January 2002 p.105

<sup>156</sup> Jovic D., 'Southeast Europe', Global Corruption Report 2003 p.190

<sup>157</sup> SPAI Newsletter 2, no. 14, 15 December 2001; [www1.oecd.org/daf/SPAIcom](http://www1.oecd.org/daf/SPAIcom)

<sup>158</sup> <sup>158</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.63



The Southeast European Cooperative Initiative (SECI) is another international organization aimed to combat and improve coordination against transborder crime in Southeast Europe, founded in 1995. As it is clearly stated in its official homepage its mission is to 'support common trans-border crime fighting efforts of SECI participating countries in order to improve the business environment in Southeast Europe and make it more attractive for investments, with the declared aim of reaching economic and political stability in the region'.<sup>159</sup>

As part of the SECI initiative, a Regional Centre of the Southeast European Cooperative Initiative for Combating Trans-border Crime was established in Bucharest. The Centre is part of the SECI's efforts to curb the illegal trade across regional borders. A SECI working group, meeting from May 1998 to May 1999, has produced an Agreement on Cooperation to Prevent and Combat Trans-border Crime. The Agreement was signed on May 26, 1999 by Albania, Bosnia-Herzegovina, Bulgaria, Hellas, Hungary, Skopje, Moldova, Romania and Turkey and paved the way for establishment of the Centre. The Centre became operational on January 1, 2001.<sup>160</sup>

Curbing corruption and organized crime at international border crossings is one goal of the Trade and Transport Facilitation in Southeast Europe Programme, a collaborative effort between the national governments, the World Bank, the United States and the EU. A survey measuring the perception of corruption at border posts was conducted in autumn 2001 in Albania, Bosnia and Herzegovina, Croatia, Skopje and Romania; follow-up surveys will be used in project monitoring. International actors are also supporting country-specific anti-corruption programmes.

In June 2002, the World Bank praised Romania's judicial reform and announced it would provide technical assistance, a US \$250,000 grant and a loan of US \$18 million solely for the fight against corruption. In Bosnia and Herzegovina, where the international community has ultimate responsibility for domestic policy, the anti-fraud department in the Office of the High Representative has launched a number of activities against bribery. In his inaugural speech in May 2002, the new High Representative, Lord Ashdown, announced his determination to fight corruption and admitted that 'the grip of criminality and corruption is strengthening'.<sup>161</sup>

International actors continued to focus on anti-corruption initiatives, such as the European Union's Stabilisation and Association Agreements. The EU also identified relevant anti-corruption activities through its Community Assistance for Reconstruction, Development and Stabilisation Programme. The Council of Europe's Group of States against Corruption, or GRECO, has also been active, sending teams to the region to make national recommendations based on the evaluations of corruption in Skopje and Romania carried out in March 2002.

Other anti-corruption programmes have been put in place through the Southeast Europe Partnership on Accountancy, funded by the Organisation for Economic Cooperation and Development (OECD), the United States Agency for International Development (USAID) and the EU Stability Pact for South Eastern Europe.<sup>162</sup>

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<sup>159</sup> SECI Center Website: <http://www.secicenter.org/>

<sup>160</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 pp. 64-65

<sup>161</sup> Jovic D., Southeast Europe., Global Corruption Report 2003 p.192

<sup>162</sup> Ibid p.191

Programmes of the Council of Europe, the EU and the OECD (an international organization supporting principles of democracy and free market economy) continued to promote best practice throughout Southeast Europe. These initiatives serve as instruments to prepare the countries for accession to the EU, particularly in Bulgaria and Romania (which were not yet EU members), whose accession progress was -then- closely monitored.

The November London Conference on Organized Crime has outlined a comprehensive and ambitious agenda for implementation.

Developing an operational arrangement between the Bucharest Centre and Europol as called for in the London Conference on Organized Crime to maximize mutual benefits, such as the fight against falsification of the Euro, and provide SEE members concrete examples of European standards in law enforcement, as well as closer adherence to generally accepted European standards.<sup>163</sup>

Finally, it should be mentioned that another important coordinated exertion to control all those attempts to an effective level, is the Southeast European Legal Development Initiative (SELDI, [www.seldi.net](http://www.seldi.net)). SELDI is an effort of leading not-for-profit organizations, representatives of government and intergovernmental institutions and experts from the countries of Southeast Europe aimed at public-private coalition building for legal development in the countries of Southeast Europe.<sup>164</sup>

Considering the international efforts of combating the problem in the region, the most important success, after the social political reformations is the mutual cooperation of the national governments with the various international organizations for the limitation and then extermination of smuggling in the Balkans.

It is just recently, that we have started seeing attempts to fight the problem at its source. 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.<sup>165</sup> In order this effort to be effective though, it should be stable, intense and persistent.

### 3) Strengthening of national legislation and proper training of law enforcement officials

To combat the phenomenon depends to a large extent, on law enforcement priorities and on what a society considers to be particular threats at a given moment in time.

The collapse of the Yugoslav federation, which led to an escalated version of earlier ethnic strife in the region, has combined with the authoritarian ambitions of some leaders to destroy the rule of law in the western Balkans and created a platform for all forms of trafficking on the doorstep of Western Europe.

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<sup>163</sup> 'Stability Pact For South Eastern Europe' Regional Table Chairman's Conclusions Thessaloniki, 16 December 2002 p.4

<sup>164</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.63

<sup>165</sup> Ibid p.71

The stress of the drastic economic transition that began in the former Yugoslav federation in the 1990s has left most governments unable to pay civilian officials or security officers enough to prevent widespread official corruption and the illegal sale of state property.<sup>166</sup> Poor and inadequate education on law enforcement duties loosed the bonds of security and stability. Law enforcement agencies without proper training are not able to fight the ‘professional’ organized criminal groups.

Law enforcement (first-responder) agencies are also rooted in local conditions and therefore are not able to aggressively attend to local corruption and sophisticated illegal markets. In addition, regional political and economic organizations such as the European Union (EU), which promote the free flow of people and goods, simultaneously weaken national borders, thereby creating a serious dilemma. The very factors that promote economic prosperity contribute to the growth of transnational organized crime and illicit trafficking.<sup>167</sup>

The approach of a law enforcement strengthening is accomplished by the Ministries of Interior affairs of particular governments, police, border police and regional initiatives/organizations. It is an inner aspect that external organization can not interfere but rather help usually by a monetary assistance, or seminars.

Although Balkan governments and law enforcements are not as unstable as they were in the previous decades, they are not yet strong enough to combat organized banditry, which has a long tradition in the Balkans, or the new forms of organized crime that have flourished in the past.

Organised crime threatens directly national and international security and stability, affects the political and legislative power and constitutes a threat to democracy itself.

It disorganizes and puts at stake the social and economic structure, affects economic development and challenges citizens’ trust in the effectiveness of the political system and the official control mechanisms.<sup>168</sup>

It is a given fact that the police forces are poorly equipped and poorly paid, and specialized units such as the financial crimes division receive no special training. With a proper training of the police forces, and indicative indication on organized crime activities, the effort will be more efficient.

#### 4) Promotion of an active civil society.

Balkan states that aspire to join the European Union must do more to fight organised crime and corruption. Cooperation between states and institution is not enough. In order a society to be functional and lawful, its own members should be aware of the problems they face.

Information of the public means active citizens. By informing society that even when buying smuggled goods as alcohol and tobacco, people support an underground cyclic system that undermines the actual economy, but also is responsible for deaths, and exploitation of human beings. An informational campaign would be totally profitable for the fight against organized crime in the Balkans. Unless people are aware of the size of the problem they support it by their ignorance and sometimes indifference.

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<sup>166</sup> Curtis E. G., ‘Nations Hospitable To Organized Crime And Terrorism: A Report Prepared by the Federal Research Division’, Library of Congress under an Interagency Agreement with the United States Government October 2003 p.88

<sup>167</sup> Kelly J. R., Maghan J., Serio D. J., ‘Illicit Trafficking’ Contemporary World Issues 2005 p.4

<sup>168</sup> Annual Report on Organised Crime in Greece for the year 2004 ‘Hellenic Republic- Ministry of Public Order. Hellenic Police Headquarters Security and Order Branch. Public Security Division Analysis Unit. Athens, May 2005 p.3

This is the target we have to hit if we want things to take a positive turn for Balkans' reconstruction.

In antithesis with the communist past of the Balkan countries, in a modern state both government and citizens should be aware of the problems they face and work together for the improvement of their life conditions.

In 1999 the members of the Stability Pact for South Eastern Europe came to the conclusion that public awareness of the problem is essential and suggested among others, to share information and experience with civil society.

First, organise, in co-operation with non-governmental and media organisations and the private sector, campaigns to raise public awareness about the economic and social harms of corruption and organized crime.

Develop measures aimed at encouraging public officials, victims of corruption, business and members of the public to co-operate with the authorities in preventing corrupt practices and extortion;

Implement education programmes aimed at fostering an anti-corruption culture in society.

Strengthen media oversight through freedom of information laws, improve ethical and professional standards of journalists and promote training in investigative journalism and provide access to public information.<sup>169</sup>

Perhaps the most encouraging measurement is the responsibility of simple civilians and their antithesis towards criminality.

Civil societies in Southeast European countries, though not mature, are vibrant and will develop their potential in the years to come. Civil organizations, as instigators and promoters of civil society development, have a proven record of making societies sensitive to such detrimental factors as corruption and organized crime. Maintaining public awareness is based on providing for an informed public debate on these issues. Therefore, civil society organizations have a pivotal role in fighting corruption and organized crime and produce a double impact by influencing both the public and authorities, as well as assisting the state authorities in devising approaches to counter eminent public threats stemming from corruption and organized crime activities.<sup>170</sup>

Maintaining public awareness is based on providing for an informed public debate on these issues. Therefore, civil society organizations have a pivotal role in fighting corruption and organized crime and produce a double impact by influencing both the public and authorities, as well as assisting the state authorities in devising approaches to counter eminent public threats stemming from corruption and organized crime activities.

## 4.6 Conclusions.

The war in former Yugoslavia had an enormous impact on development and expansion of trans-border organized crime and the spread of corruption in Southeast Europe. Criminality in the Balkans became dominant the previous decades, taking advantage of some distinctive facts that occurred in the area.

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<sup>169</sup> Stability Pact Anti-Corruption Initiative For South Eastern Europe 1999 pp.4-5

<sup>170</sup> Ralchev P., 'The role of Civil Society in Fighting Corruption and Organized crime in Southeastern Europe', Journal of Southeast European and Black Sea studies, Volume 4, Number 2, May 2004, p.325

The 'heritage' of the communist regimes, the sudden complete liberalization of trans-border trade, which was not accompanied by necessary regulation, the fact that due to the small size of regional economies, state borders became the main mechanism for redistribution of national wealth, as well as the region's geographic location, all contributed significantly to this development.

Yet, the impact of the conflicts in the Western Balkans in this regard was essential. Unlike in Central European and Baltic states, which established effective control over their borders fairly quickly and where criminal structures involved in trans-border organized crime worked past state institutions, in most Southeast European countries and especially in the former Yugoslavia, these structures often operated through state institutions. Ruling elites were thus actively involved in setting up and conducting illegal trade operations.<sup>171</sup> Organized crime in the Balkans is still strongly bonded with corruption among politicians, that rose out of the turbulent reformations of the past 20 years in the territory, and still consists of a major obstacle for the normal 'westernization' and the economic development of those states, and their adaptation to EU standards.

In those parts of former Yugoslavia, which were actively involved in the war, smuggling networks (predominantly for illegal import of arms and oil) were set up by state institutions like Ministries of Defence and Interior, secret services and customs agencies, and run by people from within or closely associated with these institutions. In this initial stage, smuggling and illicit trade were widely perceived as essential contribution to promoting national interest.

They were thus viewed as legitimate state-organized covert operations, rather than criminal acts. For this reason, the distinction between 'national heroes' and 'criminals' was often blurred to such an extent that many people could not differentiate between these two sides of the same coin. In some cases, this is relevant even today.<sup>172</sup>

Summing up, we have to note that the knowledge of previous decades should be the guide for the future prosperity in the area. It must be a top priority, and common effort of all European states, to stop hideous illegal activities as drugs smuggling, human trafficking and forced prostitution that poison our societies. Those kinds of criminality form a menace for our continent. It is a big thorn in Europe's eye, and unfortunately, still active in a major scale. The various branches of prostitution, drugs and guns smuggling and money laundering consist a whole 'underground market', establishing daily their presence deeper in this region.

The combating of the phenomenon is of vital importance for the political balance in the region, with the coordinated cooperation of all actors involved. Balkan states learning from the past mistakes will manage to be reformed. If we want to face the truth about this major social problem, much work needs to be done by governmental actors in Europe and the various institutions, political mediators, individuals and simple civilians, but also the international community, if the menace of organized crime is going to disappear.

Cooperation between the states, high national legislation, proper and continuous training of law enforcement officials, but also public awareness, will all have to be mobilized to a much greater extend, if the Balkan countries are to be protected from the operations of organized crime.

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<sup>171</sup> Hajdinjak M., 'Smuggling in southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans', Center for the study of Democracy 2002 p.69

<sup>172</sup> Ibid

Despite our apprehensions, it is evident that nations have little choice but to act together in order to frustrate the spread of these social viruses.<sup>173</sup>

The efficient confrontation of the phenomenon with the common effort and cooperation of all intrastate, peripheral and international is necessary for the future of Europe. A cooperation based on the knowledge of the region's turbulent past and the careful planning for a stable and peaceful future.

A re approach of the relations of all the Balkans countries, together with the neighbour states in a combination with cooperation between them all and international and European institutions and organizations will bring the desirable results. Governmental actors should realize that the common enemy is responsible for the distortion of balance, peace and development in the further territory.

Would the European integration for the Balkan states be an effective measurement to the combat of crime or an advantage for the criminal groups? The answer lies within the effort of all contributors, from states to institutions and citizens themselves. The European integration can be seen as a positive characteristic for the fight against organized crime, as the valuable assistant in experience and finance would be earnest. We must understand that organized crime is not a local phenomenon. Especially the last decades, criminal groups have taken a great advantage of new technology, and globalization affected organized crime as well. We should consider Organized crime as a natural disaster, a great fire or river pollution. It does not stop at the borders of one state. It expands everywhere it can be benefited like a virus. Integration occurred more rapidly among the criminal groups of different South Eastern European countries, than it happened in a political level. This is the point when states must finally act and fight organized crime.

The future of the Balkan states in international and European relations with organized crime limited is a better future for the people of the Balkan countries. Without illegal interest groups destroying the formal economies, the territory can finally 'be' a part of Europe and follow the constitutional integration.

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<sup>173</sup> Kelly J. R., Maghan J., Serio D. J., 'Illicit Trafficking' Contemporary World Issues 2005 p.92

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