1. Sources of systemic corruption

Today, it is a very popular thesis that corruption in the Balkan countries (or in the post communist countries in general), is a part of the communist legacy, or old regimes and “50 years of lack of freedom and good governance standards”. Although it is a popular opinion often used by experts and formulated as a question in some of TI perception index public pools, there is evidence that in post Yugoslav countries the development of corruption related problems is far more complex.

Latest studies, such as the UN study of the impact of crime on the Balkan region, clearly show that the true “boom” of organized crime happened after the breakout of the Balkan wars and that in all other indicators Balkan region is one of the safest regions in the world. The same study concludes that, from the point of view of post Yugoslav countries’ state security, corruption and organized crime are most serious issues and biggest challenges, and also top priorities for solving issues related to human security and prosperity.

In order to illustrate corruption related processes in the Balkan region, their regional cross-country interconnection, we will follow several cases, or brief personal biographies throughout this text. These cases serve simply as an illustration of the author’s conclusions and are in no way “the only proof” of wrongdoings or suspicious and unexplainable practices of the Balkan politics.

Prior to “democratic changes” or, to be more accurate, transition of Yugoslav political system towards multi party democracy, Gojko Šušak (a Croatian emigrant of BiH origin) owned a pizza restaurant in Canada. When the political system in Croatia changed, he became the Minister of Defense of the Republic of Croatia, and with the outbreak of war in 1991 he became a second most powerful person in Croatia. One of his counterparts in Bosnia and Herzegovina (prior to Dayton agreement) was Alija Delimustafić, the Minister of the Interior who, prior to the war, was the owner of a small company named Voćar that evolved and grew into CENEX, one of the richest companies in Bosnia prior to the war and during the first phase of the war (the war in Croatia 1991-1992).

In these specific circumstances, both men were the first persons of defense in their countries or, as they often referred to themselves - defenders of their nations. During some stages of the war they were official enemies commanding troops that fought against each other.

In Croatia, Šušak had thousands of people under his control, but only special ones such as Vladimir Zagorec (administrative clerk in a municipality near Zagreb), had his special attention and undisputable trust. In Sarajevo, Delimustafić also had “his people” of special trust such as Ismet Bajramović, Ramiz Delalić, and Naser Orić who, in the same way as Zagorac in Croatia, had been entrusted by the country leaders to lead special operations “in the name of the country” or “in the name of the people”, or “God”, or whatever the explanations were given to the general public.

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1 Referring to Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Slovenia.
Prior to the war, Ismet Bajramović was a local gangster in Sarajevo, with no serious influence in the criminal circles until he became friends with political leaders (represented by Delimustafić). Ramiz Delalić was literally unknown to people of Sarajevo (since his origins are from Sanjak in Serbia) until he assassinated the father of the bride at a Serbian wedding in Sarajevo in 1992. This assassination was used by Radovan Karadžić to justify the start of war in Bosnia and Herzegovina and the siege of Sarajevo.

Naser Orić, who later became a “heroic defender of Srebrenica” actually left Srebrenica just a few days prior to the massacre. Before he became a commander of Srebrenica defense, he was Slobodan Milošević’s bodyguard in Belgrade and, allegedly, one of his most trusted guards.

Slobodan Milošević also had two trustworthy friends - Željko Ražnjatović Arkan and Milorad Luković Legija. Prior to the war Arkan was a gangster and football hooligan in Belgrade and, allegedly, Yugoslav secret service assassin of emigrants who were out of reach of the “hand of justice”. Legija was a member of French Foreign Legion forces and he came back to Serbia to “defend Serbian people” from all kinds of enemies, especially from “Croat extremists” and “Muslim fundamentalists” of the region.

In 1992, in the middle of war operations, the media in Sarajevo received a recording of the phone conversation between Alija Delimustafić (MoI of Bosnia and Herzegovina) and General Aleksandar Vasiljević, a close associate of Slobodan Milošević at the time and commander of the Yugoslav Army Counter Intelligence Agency (KOS). They were discussing and agreeing upon “necessary war operations” and actions on both sides, talking friendly and against any reasonable logic of war.

Prior to initiation of legal actions against him, Delimustafić abruptly left besieged Sarajevo and headed to Zagreb where he enjoyed hospitality of Gojko Šušak (Croatian MoD). Šušak made sure that two Croatian passports were issued to Delimustafić, one with the name Ilija Delimustafić. This “hospitality arrangement” was later exposed by Croatian media. Using these passports, Alija Delimustafić left for Serbia in the middle of war operations of the Yugoslav Army against Croats. Few years later he became known as the “king of paper” i.e. he became the owner of all the paper industry in Serbia.

It was never explained to the public in neither of the related countries how this “success story” was possible,

At the same time, others had their own “success stories”, sometimes followed by tragedies. Arkan, after numerous war crimes committed in Croatia and Bosnia, became the most powerful underground criminal in Serbia, and also one of the most feared criminals in the SEE region of all times. His personal wealth grew to enormous scale and his power was protected by the highest level of the Serbian politics at the time. When the Hague Tribunal established grounds for his prosecution, he was assassinated in the lobby of a luxury Belgrade hotel. The interesting thing here is that his most feared enemies – the Croats, had him arrested at the beginning of the war, but he was released and escorted to Serbia after intervention of “high level politicians” i.e. Gojko Šušak and Franjo Tuđman, Croatian President at that time.

Milorad Luković Legija became commander of the Serbian JSO (Unit for Special Operations), an armed unit of the Serbian Security Services that was also investigated for numerous war crime
related actions. After the war, Legija became infamous for organizing the assassination of the former Serbian Prime Minister Zoran Đinđić. A number of Croatian media reports indicated that between 1991 and 1995 (the period of war in Croatia), Legija was in regular contact with Croatian authorities. He visited Croatia regularly and was in charge of illegal cross country trade of fuel and cigarettes. His relationship to Ramiz Delalić, the next person on our list was also interesting.

After assassinating the father of the bride at the Serbian wedding in Sarajevo, Ramiz Delalić became a colonel in the Bosnian Army, and again, a commander of the brigade that was accused for numerous war crimes against Croats and Serbs. Needless to say, he was one of the most trusted persons of Alija Izetbegović, first Bosnian President. Since 1993, Delalić managed to escape a number of attempts of the Bosnian police to arrest him. When the Hague Tribunal attempted to arrest him, the Ministry of the Interior issued him a Bosnian passport illegally, and he fled the country. For years, it was assumed that he was hiding in Turkey, but these allegations were not proved at the time. The interesting part of his journey came out in the events prior to assassination of the Serbian Prime Minister Đinđić. One of the reasons that prompted Zoran Đinđić to initiate actions against Milorad Luković Legija and the organized crime in Serbia was a testimonial of Ljubiša Buha, one of the mafia bosses in Belgrade. After his testimonial, while waiting whether he would enter into witness protection program, there was an attempt to assassinate Buha in Istanbul. Assassinator was Ramiz Delalić personally, “doing favor” to Milorad Luković Legija. Two “war heroes” of their nations, war criminals, and high level officers of enemy armies, were actually doing each other favors.

This story can continue forever and there are dozens of similar stories, similar destinies and interconnections between politics and crime that must be understood prior to any attempt to understand in depth ties between corruption, organized crime and political elite in the SEE region.

Just prior to, during and after the war in Croatia and Bosnia and Herzegovina, concrete systemic actions were in implementation, actions that we consider the most significant generators of corruption.

The first phase in derogation of any control system and the rule of law is the outbreak of war and the transfer of the state power to individual countries that emerged from ex Yugoslavia.. During wars, the first to suffer are always fundamental freedoms, civil oversight of the government, media, civil society, and the rule of law in general.

The declaration of war, even though it is a part of constitutions of majority of democratic states, means suspension of many of the civil rights, leaving defense system with enormous power and discretion in decision making. In the Balkan region, this process was fueled by the sanctions on the trade in weapons imposed by the so called international community. That is the stage where politics had to “purchase” services of the organized crime, and where the criminals had to be transformed into “heroes of defense”.

However, since Yugoslavia as such did not have any significant organized crime groups, they often had to be “imported” from the western countries where some criminal groups with members originating from ex Yugoslavia existed. As if this was not enough, the state actors such as secret services (agencies) were engaged in organizing and professionalizing the criminals, providing them with sophisticated know how and resources.
Massive crime operations were initiated and managed by the state actors of the countries of the region in the period 1991-2000 until the last Balkan war ended. All of this happened far from the public eye and was controlled or allowed by political actors.

Parallel to war, the first phase of the privatization was implemented in most of the former Yugoslav countries. A new social cast was established – tycoons. Today we can say that first phase of privatization had several objectives:

- To make political leaders wealthy and not worrying about their financial future which was even considered OK by the general public at the time.
- To gain control over the country key financial resources through unknown owners and/or their “public representatives” and create so called black funds for a variety of non-transparent operations.
- To “repay” the criminals for their services
- To “buy” those who might block the attempts to capture the state and turn them into allies
- To reward those who will contribute to “national interests”
- To gain control over the key public instruments such as media in order to maintain the power and control social processes that may endanger above mentioned goals.

Third parallel process was a large mobility of persons in and outside of the region. Under pretence to “clean” government offices, judiciary, police, defence, media and other key elements of the social power from enemies and “spies”, a large number of people in all former Yugoslav countries, and especially in Bosnia, Croatia and Serbia, were fired from their jobs, leaving the systems weak and without capacities to deal with day to day business. Leaving the systems without power and capacity to act may actually be the intention and not just the product of the large movement of persons. Their places were filled with people who would “listen and obey”, regardless of the fact whether they possessed necessary qualifications for the jobs and positions they were appointed to. These people would become “the best soldiers” of corrupt networks who would later on give their best to slow down any reform or serious change in political, administrative or judicial systems.

Fourth process that had significant impact on current situation was the fact that small civil society organizations and networks were the only progressive force in the Balkan societies. They were also the most trusted partners of international community in the social change processes. Since circumstances were difficult, and there were a number of legal instruments imposed solely to make the life of CSO’s impossible, many of the issues such as transparency of CSO’s, responsibility and accountability were set aside or overlooked by international funders. Nobody really cared how much money was spent and what were the results of funded actions. The number of activities and CSO’s funded was the main indicator of success, and with this massive funding there were expectations that situation would eventually change.

2. Post war developments and beginning of the organized fight against corruption in the SEE

In early 2000, the efforts of the international community and investments into the civil society finally paid off.
In Croatia and Serbia changes of the governments happened largely assisted by civil society movements and large scale campaigns - all well funded and supported by the international donors. These events were among the most dramatic in the history of the region, and they did result in significant speed up of democratization and social reform processes. However, somehow it was made sure that groups of power established in the 90’s would not be touched nor seriously damaged by these new events. One of the processes that contributed to the status quo was destruction of tons of documents that could prove wrongdoings of previous regimes or that could serve as grounds for prosecution or investigation against all those who were engaged in criminal activities or benefited from them. Destruction of documents was explained as an act of “national interest”, meaning destroyed were the documents related to war crimes in order to “protect” established heroes from the “wild liberal forces financed by the foreign governments and enemies of our nations”.

When mentioned or discussed in the public, these processes were not taken seriously. People were overwhelmed by optimism and expectations of the “new era” and better future.

But the new era did not meet the expectations. New governments had to face the fact that even though they had the power, the systems they governed were not ready to change, and obstructions of changes were visible in all parts of the system and at all stages of transition processes - from reforms of administration to reforms of the judiciary. Now, those who were employed for the purpose of protecting “national interest” in the 90’s where doing their best to keep the status quo until “their people” came back into power. This forced both Croatian and Serbian governments to design the parallel systems in order to respond to such situation. Both countries established special investigative teams. These teams were supposed to determine key obstruction factors in the system and consequently establish grounds for prosecution, hoping that initiated processes would “convince” others to “cooperate” and join the trend of reforms. Unfortunately, the reluctance of Croatian political stakeholders to deal with the problems of organized crime (especially in relation to privatization) and failure in attempts to truly reform the states turned the public support towards reformed right wing parties who were in power in the 90’s. Reforms were stopped for several reasons. No political party was “clean” from privatization process. One of the means of making national consensus or creating parliamentary majority was “purchasing” votes through privatization favours to political opponents.

In such vacuum civil society organizations failed to push their national governments into reform processes. In fact, in both of the countries some NGO’s acted as if they were the members of the same crew with the politicians in power because of the experience of winning the elections together. Often, NGO’s served as defenders of the government against public criticism which brought to their credibility (and public trust) being lost. Some NGO leaders became part of the governing instruments, explaining that “they can do more if they are inside the system”. The fact that the process of building sustainable NGO sector and capacities of NGO’s was never completed and that this process was in fact damaged by enormous “no criteria” funding did not help at all. After major funders withdrew from the region, NGO sector abruptly became highly dependable on the government funding which, instead of building sustainable and strong civil sector, distributed money according to criteria “let’s fund friends and support our political views”.

At the same time, the international community and policy makers started targeting some new topics and their priorities became the rule of law, good governance and anti-corruption.
At that time, there were only but a few NGO’s ready to take initiative in this direction. Stability Pact Initiative, Council of Europe projects and programs, OSCE, European Commission and UN started a synchronized action in designing and implementing first round of global, comprehensive anti-corruption actions, again targeting the SEE and other unstable regions. The civil society was directed to find a new role and to “cooperate with governments” in such initiatives. These policies and actions that followed brought some hope to those who understood the essence of the problem of corruption in the region. More and more NGO’s, journalists and civil servants, police officers, prosecutors, judges and others believed that if they take initiative, they would be protected by the overall anti-corruption movement, and by their political leaders and international community that set the benchmarks and provided monitoring and funding for anti-corruption initiatives.

On the other hand, the governments without capacities to maintain reforms started “inviting to the table” stakeholders who would produce anything that could be considered or explained as the result of an action. That is how the first anti-corruption strategies and reform strategies in general were made. These documents had no substance, no meaning and no relevance to the issue where the main problem was that nobody thoroughly assessed the situation prior to designing strategies and action plans. Main actions in these plans were public awareness campaigns aimed at making citizens aware that corruption is a problem! Civil society and political stakeholders forgot they had won elections thanks of promises of suppression of corruption and injustice or thanks to promises of bringing to justice tycoons and other who became rich illegally.

Elections in Serbia and Croatia that followed showed that public was disappointed and that expectations of the real reform were not met with general conclusion that “they are all the same”. Only this time, under the term “they” civil society was covered too.

3. Where are we now?

The key points that briefly depict where we are now are:

- Even though large resources have been invested in fight against corruption, corruption remains a problem and effective approach is yet to be discovered.
- Lessons learned in Bulgaria and Romania demonstrate that although “something does happen” during the EU accession process, accession can also be seen as a turning point where process starts to go backwards.
- Balkan countries are interconnected at many levels and without synchronized regional approach no country will have real success in challenging the problem of corruption.
- Political will to fight corruption in the countries of the region is only declaratory and without follow up actions that have a serious impact on corrupt networks or on problems caused by corruption.
- The role of the civil society in the fight against corruption is endangered by recent policy developments and the practice of “cooperation between civil society and the state” without criteria and understanding of our different interests and roles in the society.
- Dangers of fight against corruption – developments related to people who suffered damage in their efforts to disclose or tackle corruption and organized crime.
- So far large anti-corruption campaigns without epilogue had more negative than positive impact on the society. Such campaigns in fact serve as a proof to the general public that it is useless to fight corruption anyway.
Just before 2003/2004 cycle of elections in the region, it became clear that reforms would not be as smooth as expected nor will they be implemented in time.

Here are some examples that can illustrate developments and disappointments of the anti-corruption stakeholders and professionals, including the general public.

In 2003, Partnership for Social Development/PSD published a number of articles in the newspapers with national coverage. These articles discussed corruption in the homes for the elderly in the City of Zagreb. Soon after the articles were published, the newspapers abruptly terminated the cooperation. Since there were dozens of cases of corruption in the homes for the elderly, and the pressure from the families of the victims and victims themselves was strong, we decided to hold press conferences and disclose the information we gathered. It was one of the most covered press conferences that PSD has ever had and one of the most efficient, at least in the beginning. Public polls showed that 100% of interviewed people thought that corruption did take place in the homes for the elderly. There was sufficient public pressure to move towards change. New testimonials from citizens were collected and cooperation with the special investigation team of the Police was established.

At the same time, Zagreb local authorities denied the existence of corruption in the homes for the elderly and proposed that another anti-corruption organization (with international credibility and image) monitors the so called waiting lists i.e. the order of acceptance of people into the homes for the elderly. They labelled PSD findings as lies. Zagreb local authorities and “the organization” jointly designed a so called transparent waiting lists project. The Zagreb City Government funded it and serious indications of corruption were hushed and dismissed. The momentum for genuine change was lost. Five years down the road, new affairs of corruption in the homes for the elderly emerged again and it is clear that the problem was not solved. Neither engaged NGO nor the Zagreb City Government mention results of their joint project. Even though there is again need to launch the anti-corruption campaign in the social welfare sector, the momentum in which true change is possible is lost and the question remains can it be created again.

In the case when we published our findings on connections between organized crime and the City of Zagreb, other respected NGO from Zagreb received funding from a company PSD found to be linked to the organized crime. During grant giving ceremony the cameras were present and the company in question was described as one of the first among Croatian companies that demonstrated social responsibility. In the past, this NGO was involved in some anti-corruption initiatives and was even PSD partner in a small scale anti-corruption project. They caught the attention of the public when they strongly defended a Zagreb city official who celebrated his birthday with a naked lap dancer in the public place. The incriminating photos were published by all Croatian electronic and print media. The official in question is in charge of health care and social welfare department in the Zagreb City Government. The above mentioned NGO is well known for its work on promotion of women’s rights.

Other examples involve police officer Mario Bertina (former Head of the Special Investigative Team of the Croatian Police) and Robert Matijević (former Deputy Head of Croatian Customs Service in charge of anti-smuggling activities). During inspection at Rovinj Tobacco Factory, Robert Matijević found almost two million falsified cigarette tax stamps classified as export from Montenegro. Soon after, he became a victim of a staged process initiated by his colleagues at the Croatian Customs.
Although the court ruled in his favour and ordered that he be returned to his former position in the Croatian Customs, the court’s decision was ignored and he was given a lower rank position. Degradation of Mario Bertina started after he successfully led several international organized crime investigations which indicated that some politicians, police officers, people from customs, law enforcement and state security agencies were actually members of criminal networks.

Three years after, in cooperation with investigative journalists Renata Ivanović and Danica Juričić PSD conducted an in depth analysis of regional tobacco smuggling that implicated a number of high rank Croatian politicians. After our findings were published and shared with a variety of the law enforcement agencies including OLAF, both journalists lost their jobs regardless of the fact that they had had 20 years of experience and excellent record of published articles that often hit the headlines.

Investigative journalist Dušan Miljuš investigated the assassination of a convicted mafia member and received death treats. PSD reacted promptly and requested a thorough investigation and protection of Dušan Miljuš. Croatian police did not think the situation was serious. In June this year Dušan Miljuš was severely beaten in front of his home. The perpetrators have not been found yet.

Igor Rađenović was appointed a CEO (by the City of Zagreb) of one of the city’s companies. After he started cooperating with USKOK (Governmental Office for Suppression of Corruption and Organized Crime) and reporting his suspicions of corruption, he was also severely beaten. The perpetrators were found and arrested but it is still unknown who ordered the beating.

In the past three weeks (October 2008), three assassinations shocked the Croatian public. Daughter of Zvonimir Hodak, attorney defending former Croatian general Vladimir Zagorec accused of war profiteering, was killed in the center of Zagreb. Just in the time when Croatian authorities “explained” to the public that “such assassinations will not be tolerated in Croatia”, Ivo Pukanić (journalists and owner of the NCL Media Group) and Niko Franić (chief of marketing at the NCL Media Group) were bomb-killed, again in the center of Zagreb. Ivo Pukanić aside from being a journalist, was also a person who “was proud of his friendship with Croatian President Stipe Mesić and Hrvoje Petrač” (mafia boss convicted of kidnapping of the son of above mentioned former general Vladimir Zagorec).

These are situations which illustrate where we are now. Although many experts agree that fight against corruption is evolution rather than revolution, and that we are making progress, situations just described show no sign of evolution. Evolution implies improvement in every step and with every generation. In many aspects we have deviated from the standards that we had achieved.

The situation is no different in Bosnia and Herzegovina. Anti-corruption activists are under attack from the government. The same goes for Serbia and Romania where many anti-corruption instruments that were put in place now do not work. The examples of people we have described in this text are not a motivating factor for those who should seriously tackle corruption. The message is clear - stay far from this topic and let’s pretend that everything is all right. Those who think differently will face serious consequences.

Although expectations that governments “will do something” are still alive, a long history of developing non transparent interests blocks any serious and effective political move against
corruption. Expecting the weakened and damaged civil society to take the lead is unrealistic. Especially in the situation when funders expect not just cooperation but partnerships between civil society and governments which is a paradox per se. Studies show that public awareness campaigns against corruption have done more damage than good to anti-corruption efforts - they raise citizens’ expectations of positive changes and bitterness follows after expectations are not met.

However, the purpose of this text is not to prove that it is impossible to fight corruption. On the contrary, the purpose of this text is to warn that some practices we use to fight against corruption are wrong. We need to regroup, reform ourselves and come up with new and more effective approaches that will guarantee positive results. Fight against corruption is a permanent task for all societies so it is not too late to change the course and start acting in accordance with the level and scope of the problem.

Our tools and applied means have to match the description of the problem. We need to define the problem and recognize it in all of its aspects. The same as cancer that cannot be treated with a plastic spoon, corruption cannot be “treated” with public awareness campaigns telling people that they have a problem. Changes in our attitudes may have a better impact than any of the things we have applied so far. But we need to demonstrate integrity, accountability and moral strength before the start of any anti-corruption action.

4. Recommendations

All the recommendations aim at creating necessary preconditions for fighting corruption. Therefore, these measures should be regarded as “preparing the ground” for more specific actions to follow.

- Create understanding among anti-corruption stakeholders which is not an ad hoc activity but a permanent need
- The urgent actions in building political integrity and integrity of the public administration followed by the measures to build integrity of the NGO’s, media and other anti-corruption stakeholders need to be enforced. It is essential that these measures are genuine and not of just formal nature.
- Design permanent policy evaluation bodies on regional/international level for monitoring of the implementation of existing international/national anti-corruption responses and their efficiency. Not just peer evaluations (as it is the case with GRECO and existing bodies) but serious impact-evaluating bodies that will monitor countries progress in implementing anti-corruption responses.
- Establish efficient and “real” regional and national instruments for protection of the anti-corruption professionals and activists
- Design and adoption of measures that will simplify anti-corruption investigation and prosecution
- Design instruments for efficient regional and/or multinational investigations and prosecution of corruption.
- Ensure commitment and resources for long term fight against corruption on international, regional and national levels
• Ensure existence of the independent media and “non-cooperative” NGO’s - their actions are often only concrete actions necessary even when the news they have are not comfortable
• Ensure that in anti-corruption dialogue all voices are heard

Written by: Munir Podumljak, October 2008