

Corruption and Organised Crime Threats in Southern Eastern Europe

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1 Organised Crime and Corruption in the Global Developmental Perspective

In this article the emphasis was on a nearly inherent link between organised crime and corruption on a local as well as transnational level. Wherever there is ground prone to corruption, there is also a favourable ground for organised crime; and vice versa. Much of the prone ground for organised corruption is established through firstly a low corruption level which then accelerates to a more sophisticated level of corruption, in particular when linked to organised crime. Furthermore, it was professed that today more intricate activities in organised crime can be linked to more intricate activities in corruption, making them mutually instrumental.

Historically speaking, two contradictory trends were identified: Firstly a decline in violent crimes over the past century and decades, and secondly an increase in global organised crime and corruption, which in turn promoted more international legal responses and cooperation. (Pinker, Mack 2014/2015) The phenomenon of organised crime is not new to the global crime trends but the scale and scope have shifted vigorously. Change is also presents in new forms and methods of legitimizing illicitly gained profit. The impact comes to light in the form of shifts in major illicit markets, an expansion of new criminal markets as well as a blurring of traditional producer, consumer and transit state typologies. Therefore, organised crime and corruption both have broader implications than defined within the traditional security and justice framework; hence they are now recognised as cross-cutting threats to a sustainable development which is also pictured by the 16th goal of the Sustainable Development Goals¹.

¹ <https://sustainabledevelopment.un.org/focussdgs.html>: “16. Rio+20 reaffirmed that, in accordance with the Charter, this shall not be construed as authorizing or encouraging any action against the territorial integrity or political independence of any State. It resolved to take further effective measures and actions, in conformity with international law, to remove obstacles and constraints, strengthen support and meet the special needs of people living in areas affected by complex humanitarian emergencies and in areas affected by terrorism.”

With regard to corruption, the least corrupt countries as per the Transparency International (TI) Corruption Perception Index (CPI) e.g. the Scandinavian countries and New Zealand are also the most stable politically and economically with an efficient public administration; on the other hand, the countries most vulnerable to corruption, such as South Sudan and Somalia, are quite unstable in terms of economy and politics. Thus, it is not the corruption per se – rather, the context in which the corruption vulnerability or resistance has to be looked at. Despite much criticism regarding the TI CPI² due to its methodology and an “elite bias”³, the CPI has achieved an important political aim: to acknowledge corruption publicly as a major problem on international level to an extent that governments from every country are eager to see and improve their ranking in the CPI. The CPI became a very powerful, methodological, even more importantly political tool for acknowledging corruption on different levels.

According to TI, the most vulnerable institutions for corruption are political parties, the police and public administration, which is quite worrisome, as those who are supposed to exercise control and to monitor the system are globally perceived to be the most vulnerable institutions to corruption. Special worries regard the perceived corruption of parliament and judiciary. On the other hand, the most vulnerable economic sectors are construction, extraction and transport which in many countries still are state-owned or public agencies. Organised crime is very much present in those sectors for which public bids are made and it is known that the link between organised crime and corruption is often established there.

1.1 Corruption and Organised Crime in the Regional Perspective: The Western Balkans

The discussion of corruption and organised crime will focus on the Western Balkans, namely Albania, Bosnia and Herzegovina, Montenegro, Serbia and

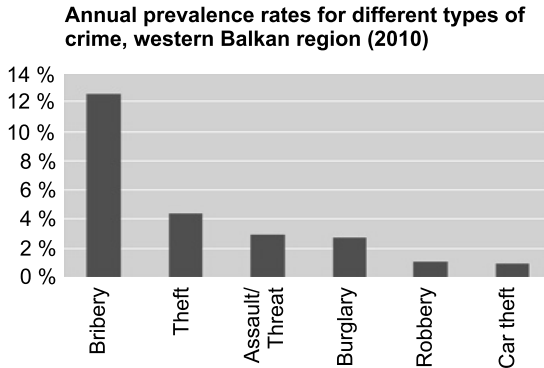
² The CPI lists countries and territories according to their perceived corruption in the public sector. It is a combination of polls, relying on corruption-related data collected by trustworthy institutions. The index reflects the views of observers from around the world, including experts living and working in the countries and territories evaluated (http://www.transparency.org/cpi2014/in_detail#myAnchor1).

³ Referring to the critique of lacking validity due to the reliance on perceptions, Transparency International states: “There is no meaningful way to assess absolute levels of corruption in countries or territories on the basis of hard empirical data. Possible attempts to do so, such as by comparing bribes reported, the number of prosecutions brought or studying court cases directly linked to corruption, cannot be taken as definitive indicators of corruption levels. Instead, they show how effective prosecutors, the courts or the media are in investigating and exposing corruption.”

Kosovo⁴. According to the CPI, in 2014 the perceived level of corruption in the Western Balkan region illustrates that the majority of countries from the Balkan region are located on an average level with ranks from 64 to 80 out of 175 points. Albania as well as Kosovo stand out, both with a rank of 110. It is important to note that South Eastern Europe is equally divided among five EU members (Greece, Slovenia, Bulgaria, Romania and Croatia) and the non-EU members (The Western Balkans); on average, the EU members have much better TI ranking than the non-EU members which points out that reducing public administration corruption, which is usually reflected through the TI CPI, is one of the requirements to join the EU and it can be met.

In accordance with the findings from TI but also the UNODC surveys (2010) on both population and businesses in the Western Balkan region, bribery has one of the highest prevalence rates (ca. 13%).

Figure 1. Annual prevalence rates for different types of crime.



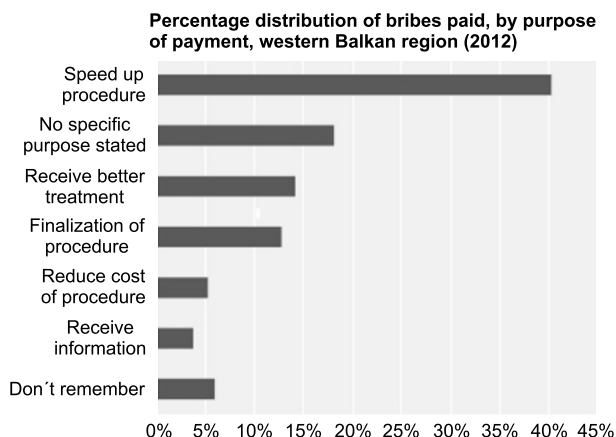
Source: UNODC (2011), “Corruption in the Western Balkans: Bribery as experienced by the Population“

The second crime field which is mostly prevalent in the western Balkan region is “Theft“ with a prevalence rate of slightly over four per cent. “Theft“ is closely followed by “Assault/Threat“ and “Burglary“, both with prevalence rates of about 3 per cent. The tail lights consist of “Robbery“ and “Car theft“ both accounting for 1 per cent of crimes. What should be noted is the enormous difference of eight percent points regarding the occurrence of conventional crimes like theft or even assault, on the one hand, and bribery, on the other. Corruption is therefore a serious issue in the context of security.

⁴ Kosovo as per the UN Security Council resolution 1244.

Further, it was outlined that the most important issues in the Western Balkan region are perceived to be unemployment (33%), poverty (20%) and then corruption (19%). Another outstanding issue concerns the performance of the government (15%), which may also be connected to the aforementioned issues. Infrastructure, education, the environmental deterioration and ethnic equality concern few Balkan adults. It appears that corruption is ranked very high on the agenda of public opinion.

Figure 2. Prevalence distribution of bribes paid, by purpose of payment (2012).

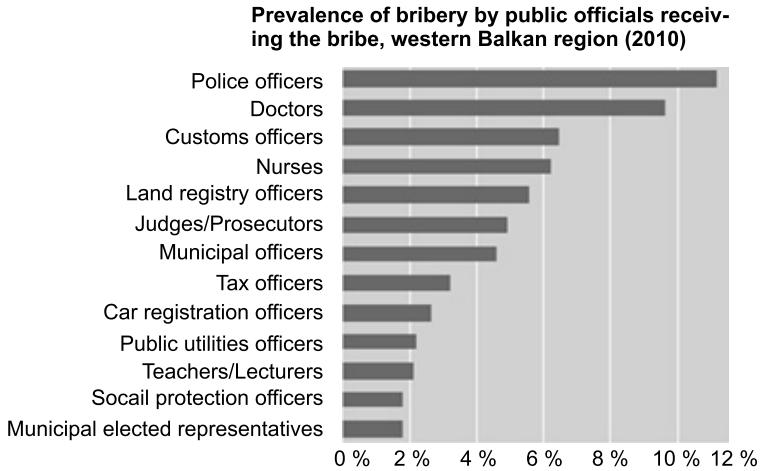


Source: UNODC (2013), “Business Corruption and Crime in the Western Balkans: The Impact of Crime and other Bribery on Private Enterprise“, p. 28

For ordinary citizens, bribery is used as an effective instrument: to speed up procedures, to receive better treatment, the finalization and to reduce cost of a procedure and to receive information. Further, a connection with illicit elements and those who pay bribes is always visible, for corruption is mostly a partnership composed of a corruptor and a corrupted. As a result, the centre of the problem was located in public administration as to make it function efficiently for the clients, it needs to be bribed.

Within the public administration sector there are certain occupational categories and public institutions that are more vulnerable to corruption.

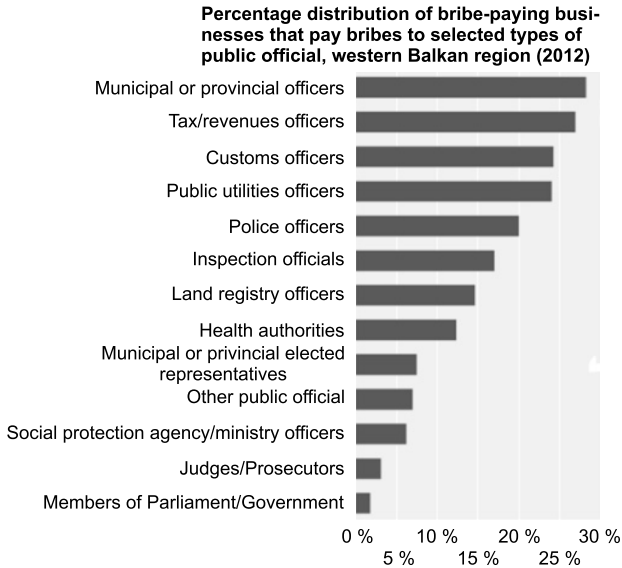
Figure 3. Prevalence of bribery by public officials receiving the bribe.



Source: UNODC (2011), "Corruption in the Western Balkans: Bribery as experienced by the Population", p. 25

Public officials receiving bribes are mostly police officers but also doctors and customs officers as well as judges or prosecutors.

Figure 4. Percentages distribution of bribe-paying businesses that pay bribes to selected types of public official



Source: UNODC (2013), “Business Corruption and Crime in the Western Balkans: The Impact of Crime and other Bribery on Private Enterprise“, p. 30

Not only citizens, but also businesses pay a vast amount of bribes to public officials as well.. Correspondingly, nearly 30 per cent of bribes paid by businesses are directed towards municipal or provincial officers, closely followed by tax/revenues officers (27%). Members of the parliament or government as well as judges or prosecutors are among the least bribed public officials at less than 5 per cent. As a result, it was stated that the largest share of bribes is paid to local public officials, further reinforcing the impact corruption exercises on the public administration sector including tax revenues.

As pointed out above, much of the corruption perceived is centred on public administration in the Western Balkans which clearly identifies it as a target for much of the anti-corruption work – in particular in view of joining to the EU.

1.2 Police Sectors vulnerable to Corruption and Forms of Police Corruption in Serbia

It is noteworthy that not all sectors of public administration are affected by corruption to the same extent; the more public officials certainly engage with the public, the more serious the case at stake, the more likely that some form of bribery may take place. It also depends on the position and function the public official enjoys. Specifically for Serbia, some police sectors vulnerable to corruption were examined: among the most common sectors are traffic police (75%) and economic crime (71%) as well as border police (68%), criminalistics (59%) and the ministry of interior (47%) but also special police units, mostly concerned with anti-drug cases (32%); whereas the latter is traditionally most exposed to corruption.⁵

The forms of police corruption are singled out as follows: bribery by criminals for favours regarding their sentence or fine (47%), bribery by citizens e.g. if they need some administrative document (23%), selling of “secret investigative” information usually to the defence in preparation of the trial (6%). These are very serious indicators of the weaknesses of the police sector in Serbia. Correspondingly, the utmost priority areas for police reforms considered important are: increasing the accountability and fighting corruption in police.

2 Concluding Observations: Political Economy of Organised Corruption

Corruption is becoming less and less an individual act as there is a need for organisation, division of labour and for people who act, launder and in the end, legalize the profits. The distinction between active and passive corruption is fading to an increasing degree. The process occurring in the Balkan region was fuelled by the fall of the Berlin Wall which enormously affected the rest of the world. Respectively, the part of Eastern Europe experienced a “wild-west” privatization which refers to the ex-communist party nomenclature and organised crime buying formerly state-owned real estate like factories, enterprises and land. This process led to the legalization of the representatives of the old regime and organised crime in a new environment as businessmen and still affects the ability to prevent and control organised crime and corruption. On the other hand, organised crime in the Balkan region was traditionally involved in drug trafficking and smuggling of cigar-

⁵ Sasa Djordjevic, Riba se cisti od glave, Weekly “Vreme”, 23 July 2015 (based on a research project “Integrity and the Trust in the Police in the Western Balkans”, sponsored by the EU).

ettes and later on also focused on human trafficking and arms trafficking (in particular during the Yugoslav wars). Attention was also called to the process of legalizing profit through money laundering. In the real estate business, banking, gambling industry and the financial markets. Corruption plays an important instrumental role in the process of the legalization of illicit gains. The main problem we will face in the future is the fact that when organised crime enters the market, it starts buying shares in companies. Moreover, it was warned that this phenomenon is particularly difficult to fight on a local and on an international level and will require more partnerships with corporate sectors, thus demanding the companies to take responsibility for the illicit flow of money within their enterprise. Furthermore, this would pose the problem of interference of the government in the market economy which is a completely different economic model that might be prompted by the penetration of the new modalities of operation of organised crime and corruption.

In summary, organised crime and corruption go hand in hand. This is particularly evident in the Western Balkans with certain levels of political and economic instability. The Yugoslav war and the privatization of the economic sector provided ample opportunities for organised crime to launder, to corrupt and to legalize its presence. Today it is no longer the question of police and judicial capacity anymore to tackle organised crime and corruption. It is the matter of political commitment and good public and corporate management – good governance.