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The SEER tries to stimulate the exchange of information among researchers, trade unionists and people who have a special interest in the political, social and economic development of the region of south-east Europe.

The SEER tries to draw attention to new research results and the latest analysis about the ongoing process of political and social changes in the south-east of Europe.

The SEER tries to create more understanding for the importance of the elaboration of democratic structures in industrial relations.

The SEER tries to combine contributions from different disciplines and “political schools” into an information package of interest for policy makers, researchers, academics and trade unionists from various backgrounds.

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Organised Crime in Eastern Europe

Introduction

Perhaps the best way to think of organised crime is as of an economy in itself, a more or less self-sufficient world of income generation and expenditure management that conforms to its own rules and its own job description systems, and needs both those immediately responsible for the execution of policies and those in charge of policy design.

In organised crime syndicates, life is organised according to the principle of loyalty to the syndicate above and beyond any other loyalty, including, of course, that to the legitimate society or state structures. Such syndicates, therefore, can be viewed, quite appropriately, as societies within societies, or as large companies consisting of numerous smaller enterprises or units.

When this analogy is fully taken into account, it becomes relatively clear what conditions there are for the flourishing of organised crime. They conform to the economic and societal conditions for the flourishing of any business, and include: a relative lack of serious competition; social and political circumstances that keep the “business” within manageable levels of risk; ability to generate high returns; and, above all, the existence of a strong market.

All these conditions obtain in the formerly communist Europe, as the degree of confusion over norms and expectations is the highest in at least this century, while the withering state structures, shifting from one political option to another and from one set of policy priorities to another, are unable to provide either an efficient control mechanism or a serious competition and alternative in the market sense of the word.

In this article I shall try to comment on the most salient features of organised crime, both generally and within the eastern European context, in order to pinpoint those elements of social organisation in the transitional eastern European societies that are most conducive to high levels of crime, especially to the flourishing of organised crime. These elements, then, are exactly those that need to be amended with a view to reducing both the general crime rate, and the occurrence and growth of organised crime as an alternative to legitimate societal income-generation systems.

The concept

On 3-4 December 1998, the European Council held a meeting where it was concluded that an:

Action plan establishing an area of freedom, security and justice was needed by the European Union.

The priorities of the Action Plan would include:

the fight against trafficking in human beings, the development of Europol, [and the] strengthening of judicial co-operation. An over-riding priority of the Action Plan would be the fight against organised crime.¹

Organised crime has become a major threat to state and civil society throughout Europe, especially since the end of the Cold War. The end of the global confrontation of the two superpowers has brought a relaxation of social controls in many areas of life, and has thus brought greater opportunities for crime generally. This has led to an especially dramatic rise in organised criminal activity because, unlike some other forms of crime, organised crime is a highly rational, planned activity that is encouraged by a favourable rationale between the risks involved in it and the likely benefits envisaged.

There is good reason to believe that some types of (unorganised) street crime, especially the violent crimes that most frequently attract public attention, may well be predominantly irrationally motivated, namely that the calculation of risks and benefits does not apply, either because offenders in particular types of violent street crime simply do not take into account the (highly likely) possibility that they might be caught, or because they act on impulse.²

In organised crime, the calculation of risks and benefits applies fully. In this sense, the principles of effective crime-control for organised crime are simpler to learn – they involve lifting the level of the likelihood of apprehension (and thus of risk), and lowering the level of likely benefits. This is exactly where post-communist societies are failing, and they are failing systematically.

The dismantling of the authoritarian apparatus involved the dismantling of its logic and infrastructure. It meant not only the abolition of spying on innocent citizens, secret police and concentration camps for political opponents or those who were merely in disagreement with the government, but also an abolition of the ideology of control and oppression. It meant embracing a liberal ideology of freedom to pursue one's choices, interests and opportunities, and it meant a legitimisation of opportunities to acquire wealth. This legitimisation was something new, something so totally contrary to the ideology of more or less total control under which former communist European societies used to live, that the limits of legitimacy in the pursuit of opportunities were not well-known, and thus often figured only symbolically (in terms of a verbal appeal to the need for honesty, etc.), if at all. There were, for a while, virtually no guidelines and norms designating what constituted a legitimate, permissible liberalisation and the pursuit of one's interests, and there were, virtually, no effective institutions to enforce any limits or rules. So the so-called "primary accumulation of wealth" went ahead almost unrestricted, and some people, some groups, not only be-

1 Press Release on the European Council meeting, 3–4 December 1998.

2 A detailed discussion of this aspect of criminal behaviour and the consequences for the notion of criminal responsibility and crime-control are discussed in my *Punishment and Restorative Crime-Handling: A Social Theory of Trust*, Ashgate Publishing, Aldershot, 1995 and *Crime and Social Control in "Central"-Eastern Europe: A Guide to Theory and Practice*, Ashgate Publishing, Aldershot, 1997.

came very rich in a very short time and in very dubious ways, but also became involved in high-profit, low-risk adventures that are criminal in their legal characterisation. Such “adventures”, once they have led to the accumulation of major wealth, are not readily given up, and entire organisations of “grey economy barons” have sprung up in eastern Europe to protect such newly-established lines of major “business” and profit.³

This is one way of the formation of organised criminal syndicates in the “transitional” central and eastern European societies. Another way, of course, is by the expansion of existing multi-national criminal networks into the previously forbidden sphere of eastern Europe. Such expansions are usually effected by establishing linkages and co-operation between the newly emerged criminal syndicates in central and eastern European countries and their “older brothers” in other parts of the world. Once the linkages are established, and capital intake by local criminal networks reaches “world standards”, due to massive corruption, intimidation and a high co-ordination of activities, organised criminal networks acquire the ability to compete effectively with the state’s control effort (even if the state is completely honest in its intention to combat organised crime). The amount of money and social capital (such as the mutual bonds arising from interwoven criminal fraternities and mutual dependency) rises rapidly with time in organised criminal syndicates, lifting them to a *de facto* status of a state within a state. In such circumstances, organised crime is one of the paramount problems for societies in transition.

Yet, this situation applies more to organised crime elsewhere in the world, and not so much to central and eastern Europe. In this region, the development and expansion of organised crime occur through a yet more dangerous model – *synergism between criminal syndicates and the state*.

The states that have emerged in eastern Europe after the end of communism are characterised by weak institutions, uncertain and poorly-tested ideologies, and a badly undertrained technocracy and bureaucracy for the purposes of the new market economies. As a result, societal reformers often emerged more as ideological crusaders in favour of the hard-line version of liberalism, long-forgotten in most developed, modern democracies, than as wise and considered agents of social change. This was the case in most south-eastern European countries, where the struggle between various forms of extremism, both left and right, is going on ferociously, even at the turn of the third millennium.

With weak institutions (or destroyed ones, as in the post-civil war Yugoslav republics), poorly trained personnel and an ideologically confused or extremist (again in the Federal Republic of Yugoslavia) political leadership, these countries are hardly able to address effectively the needs of their populations. Instead, they turn to crime as an alternative means not for catering to the needs of their populations, but for amassing huge personal wealth and a corresponding amount of political power in a deeply cor-

3 This is a phenomenon that is highly pronounced in south-eastern Europe – see, e.g., *East European Constitutional Review*, Vol.6, No.4, 1997, pp. 69–98 (feature on “Crime and Corruption after Communism”).

rupting system. Once such a strategy of political behaviour is adopted, and especially if it is coupled with a dose or two of political extremism, a synergism with organised crime syndicates is completely predictable.

Criminals have what such governments need: the know-how for successful abuses of norms, rules and rights; a readiness to do so for a price; and an ability to generate high illegal returns on any investment of money, power, and – in the beginning – political credibility made by the political elite.

The investments that political elites make in such scenarios are not significant in the beginning. At the outset of the Yugoslav civil wars in 1990 and 1991, the national elites simply allowed criminal gangs “spontaneously” to take a lead in the military defence efforts of their nations. These leaders thus almost automatically received tacit amnesty for their gross misdeeds dating back before the war, and, in a short period, their “defence” of their populations and countries grew into a most savage string of plunder, slaughter of civilians and destruction of urban settlements and villages, an instilling of fear and insecurity in the already badly beaten populations, and an aggregation of wealth that subsequently made them the most powerful and publicly promoted figures in their countries, apart from the political elites that nursed them to maturity.

In this and in other ways, a criminal redistribution of wealth is unfolding in south-eastern Europe, with societies being thoroughly criminalised, corruption and monopolies setting in, and the criminal syndicates themselves acting as the governments’ “twins”. In some countries (again the FR Yugoslavia is a sad example), criminal organisations not only co-exist in mutual tolerance and even inclination with the government, but effectively represent a governmental service for those activities that criminals do better than official personnel (such as hits on political opponents) and where the involvement of officials is deemed unproductive or dangerous.⁴ In this way, the societies of south-eastern Europe appear ruled by two governments: one the official, elected government; the other that constituted from pervasive criminal monopolies, acting both on their own impetus arising from a favourable risks-benefits calculation and in active or passive synergy with the official government.

The social circumstances for the emergence of organised crime

There is a certain confusion around the issue of what constitutes organised crime. Not every organised criminal action is a manifestation of organised crime. Strictly speaking, wherever there is a chain of command, such as in contract hits, there is an organised criminal action, and yet not all such scenarios belong to what is commonly called “organised crime”.

The key elements in organised crime are the *organisation* that stands behind the criminal actions and the common *interests* of the organisation that motivate its criminal activity.

In criminal organisations there are typically many mouths to feed off any particular chain of activity, and each link in the chain of execution of a crime often acts

4 Useful examples of this can be found in *East European Constitutional Review*, *ibid*.

solely or predominantly in its own interests. Yet, all such chains and their interests are harmonised in a single structure with the overriding interest of all being that the structure remain intact. Presumably, the structure of the organisation is what gives each or most members an advantage over unorganised competitors or a state apparatus that is poorly organised, equipped and motivated. Once the structure itself, or any of its hierarchic elements, is questioned by a sufficient number of the organisation's members, the criminal organisation is in crisis. A good example of this are the gang wars or assassinations within the closely interwoven Mafia-state synergisms, plenty of which have occurred in south-eastern Europe since the end of the Cold War.

According to what was said above, the emergence of organised crime is connected with the emergence of *criminal organisations*. These conditions are similar to those for the emergence of any other organisation – such as non-governmental bodies, including legal non-state-controlled ones. Several such conditions will be mentioned.

i. Socio-political development

The main condition for the emergence of new organisations is socio-political development. Many organisations that exist today would have not been possible at earlier stages of socio-political development. It could be argued that communist societies had a simpler social organisation than liberal ones. There were few centres of power, a clear-cut, simple elite hierarchy, while rules, however brutal they might have been, were fairly simple and easily understood. One could choose, so to say, to obey, or to dissent, where obedience led, in most cases, to petty and not so petty rewards, and dissent led to social, professional and political marginalisation in less bad scenarios, and to imprisonment and/or loss of life in more tragic ones.

The societal liberalisation that occurred in eastern Europe after the Cold War (and there was a degree of such liberalisation in most countries of the region, however rigid their current regimes might be), induced a component of social complexity. For a while, it was no longer all that clear who is on the top, who is in the middle, and who is at the bottom, and even when it started to become clear, the top-to-bottom distribution of roles no longer occurred according to the same criteria as before, and the faces of those in the various social positions had changed. The rules of social life had changed, and it was not entirely clear to most what they had become.

Along with the liberalisation of eastern European societies, there was a certain establishment of power centres, a decentralisation of interests, and a delayed social stratification (or re-stratification). The shifting of roles and positions was often so dramatic that the entire social structure changed almost instantly. This was a shock that proved extremely difficult to accept for most. Particularly, the abolition of the system of *uravnilovka*, or the static maintenance of relative material equality throughout society, has led to the emergence of a class of the powerful and a class of the powerless almost overnight.

The powerful proceeded to centralise social power where they saw their greatest concentration of interest (the military, the police and the economy). These sectors of society departed from their old routes and became increasingly private, and instrumental in the defence of increasingly particular individual and group interests. On the

other side, the not-so-powerful created new organisations in relatively marginal areas (education, research, activism on behalf of marginalised or victimised groups, etc.). In logical opposition to those at the centre of the power circle, these relatively marginal groups (from the point of view of power) now strive to make their concerns central. It is therefore no wonder that they are targeted by governments' proclaimed "control efforts".

Under the guise of social control, aimed at repressing or correcting deviance, many forms of oppression can find a sheltered home and this is one of the abuses of power that occur in transitional societies. It is not infrequent that the same strategies that are typically applied to combat organised crime (espionage, public campaigns targeting specific groups antagonistic to the majority, etc.) are applied against non-government-controlled organisations. The more the power circle is centralised, meaning the more content it has at the centre and the less it leaves floating at the margin, the greater the repression against those on the outside. In that picture, the majority of the population is totally outside the power circle. In other words, in more corrupt and artificially centralised systems, with powerful synergisms between the political elite and organised crime acting in its service and for its benefit, there is likely to be more repression against those trying to move from the margin of the power circle to its centre than in systems where agents act legitimately in pursuit of political power, and where such synergisms are absent.

Such synergisms between the legitimate and the illegitimate circles, and the underlying confusion of norms and attitudes that allows them to form in the first place, are only possible in systems with advanced stages of complexity-formation or social development. The emergence of criminal organisations is linked to social development. This is witnessed by the fact that in rural, less complex communities, there is no organised crime even today, while in most socially-developed countries, organised crime emerged in the early-to-mid-20th century, when advances in societal development turned out to be the most dramatic.

In this sense, to some extent, it is probably true that organised crime is a price to be paid for social development, but this does not mean that the price cannot be beaten down.

ii. Deficiencies in social organisation: the market principle

Organised crime is an industry that operates outside the legitimate currents and fills the gaps left by legitimate social organisation. As a rational activity, it is based on the risks-benefits calculation, and that calculation importantly depends on the market-type conditions that determine, among other factors, the level of the potential benefits involved. The more deficiencies there are in the state organisation, the greater the market space which is open for organised crime. The benefits, in terms of opportunities, rise. For example, the highly widespread practice of racketeering private businesses by criminal gangs is made possible as a result of the deficiencies in the protection the state is able to offer to entrepreneurs with small and medium-sized businesses. Forcible debt-collection by criminals, another highly developed industry in eastern Europe, controlled by organised crime, is also possible, some would say

even required, due to a totally inefficient official debt-collection apparatus, including the laws, the administration, the judiciary and the police. Many areas of deviance may very well have causes in social deprivations caused by poor social organisation (lack of legitimate opportunities, for example). For instance, some attribute drug abuse to this cause, and clearly such forms of deviance create a market which can be supplied by organised crime. There is therefore probably a direct correlation between deficiencies in social organisation and organised crime.

The relevant deficiencies, importantly, do not necessarily have all that much to do with the level of social development in the economic and other similar senses; rather, they have to do with the efficiency of the distribution of satisfactions in numerous material and immaterial ways. Some of the most economically advanced countries suffer the highest levels of organised crime, while in some of the poorest, organised crime is virtually non-existent. Growth in social complexity is a factor in high levels of organised crime, but usually only because it is coupled with poor progress in other aspects of satisfaction distribution at the more private and individual levels. In other words, if particular forms of social organisation do not evolve at a pace comparable with that of the growth in social complexity, the conditions for the flourishing of organised crime are there. The by-products of such discrepancies are various types of deviance some of which, importantly, create a market and an atmosphere that assists the fast growth of organised criminal activity.

Organised crime can thus be viewed as a type of “grey economy”. The more areas of active social life there are, the more complex the society and the worse its organisation in terms of providing an adequate system for the distribution of comforts at the private level, the more deviance and the more organised crime there is likely to be.

It is therefore quite illusory to believe that organised crime can be considerably reduced by beefing up the strength of the police force, making criminal legislation more severe, etc. This would be the same as if a poor university, with bad lecturers, tried to fight the emergence of alternative universities by throwing out every student who is caught attending the alternative establishment. The more the repression and the rejection of those marginalised by the legitimate system, the more defections there will be to the alternative, illegitimate one.

iii. The weakness of control institutions – offsetting the risks

The creation of a market for organised crime through deficiencies in service delivery by the legitimate social structure increases the benefits part of the risks-benefits calculation, while the weaknesses of control institutions, characteristic of all post-communist countries, reduces the element of risk, thus acting in a complementary way to social failures concerning the distribution of comforts. All post-communist countries suffer from a fairly comprehensive erosion of institutions, including those that are crucial for the effective control of organised crime (the judiciary, the media, the private sector and agencies charged with international co-operation).

The societal and political crises in the Balkans, for example, have seen the integrity of the judiciary plummet lower than it ever did in recent history. The courts are clogged up with cases and many judges are corrupt and controlled by the government;

consequently, laws are being ignored not only by the criminals, but also by the administration and enforcement agencies. The media in the region have demonstrated an appalling lack of integrity in many instances, becoming involved in advocacy campaigns for policies of synergism with criminal syndicates and the deliberate incitement of violence and destruction. This particularly applies to the media under government control. On other occasions, the government narrowed down the media space by cracking down on the few independent media and closing them down. The private sector in many parts of the region has become intertwined with organised crime, while international co-operation in controlling organised crime no longer reaches some countries of the region, such as FR Yugoslavia, whose co-operation with Interpol and affiliated international control organisations ceased with the imposition of international sanctions on the country in the early 1990s.

The erosion of all the important risk factors creates conditions where organised crime is not only able to flourish almost unhindered on its own, but where it is also able to penetrate the official system deeply and abuse its many weaknesses almost risk-free. In this way, a structural criminalisation of the system sets in, which is extremely difficult to deal with in the later stages, because it grows symbiotic with the state and its institutions and breeds crime as an inescapable social “industry”.

The role of organised crime in south-eastern Europe

In the 1950s, Milovan Đilas, a former Communist hard-line commissar and later a dissident, published a book *The New Class*, where he argued that the communist ideals of creating a classless society in fact bred a new class of their own, consisting of the very elite of the classless society itself. This phenomenon led to the establishment of a dictatorship not of the proletariat, as Marx originally envisaged it, that is, of the majority, but of a minority of those well positioned as the *avant garde* of the classless society. In this way, the ideal of a classless society was irretrievably lost and betrayed but, Đilas argues, the communist elite still served an important social and historical role. Namely, after succeeding structures that were feudal rather than capitalist, at least in south-eastern Europe, it was the communists, in their rule over agrarian economies and countries with virtually no industrial potential, who provided the impetus for industrialisation. Their “coal and steel” ideology, their almost obsessive factory-building, their fascination with the development of the most backward rural areas, motivated by ideological zeal, served the very real purposes of development that these countries actually needed quite badly. Thus, Đilas is somewhat of a Hegelian. From the point of view of history, communism in south-eastern Europe, with all of its debilitating and dehumanising consequences, was useful, at least in some important senses.

Trends in economic and social development generally tend to breed new classes that see those trends through. Similarly, the trends of privatisation and economic liberalisation have bred organised crime as an alternative to legitimate business in cases where the organisation of civil society and legitimate business is inadequate. Private entrepreneurialism was stifled under communism. The changes in legislation and social habits that started to occur after the end of the Cold War and the crushing of communism in eastern Europe were slow, and it is doubtful how they would have trans-

lated into social practice were it not for the “shady” businessmen who used their particular “talents” to generate high returns in a temporary wasteland of regulation and practical norms. Their economic success has generated a great deal of antagonism in the general population and among voters for progressive political changes, but this was, in a sense, inevitable. Thus, analogously to –ilas, if communists were a necessary factor in the industrialisation of backward rural economies in south-eastern Europe, then modern organised crime is a necessary factor of economic liberalisation and the building of successful profitable market systems.

There is clear statistical information about the presence and extent of organised crime in eastern Europe today. The starkest data concerns Russia, but the situation is not much better in FR Yugoslavia. According to the Russian Ministry of Defence, 70-80% of all private firms and commercial banks pay extortion. Every other citizen has been in a position to offer bribes, and among business people that percentage is 75%. The price for “special treatment” by corrupt government officials for firms and banks is 30-50% of the profit. There are currently 5 700 organised criminal gangs in Russia, 30% of which specialise in illegal financial, land and property transactions. Around 80% of the family income of those employed in the official industry sector is generated by the grey economy. One economic crime occurs every four minutes in Russia (theft every fourteen minutes, crime in privatisation every nineteen minutes, cheating of customers every thirty-five minutes, illegal currency exchange every hour, etc.).⁵

Whether organised crime will be reduced remains to be seen, but this will mainly depend on the willingness and ability of societies in transition to get their act together and apply the well-tested methods of crime control that have proven successful elsewhere in the world. Of course, it is always much easier for the region’s policy-makers to insist on the “specificity” of their countries, thus avoiding the painstaking application of measures that are known and efficient. Efforts to find a special panacea for every country or region infested with organised crime, while draining societal resources, also allow precious time to go by, thus allowing the criminal syndicates to consolidate and become an even more serious threat to legitimate society.

5 According to Glinkina, S., *Unofficial Ways of Expanding the Private Sector in Russia*, Institute for World Economics, Hungarian Academy of Sciences, March 1996, No. 61. Also Fatić, A., *Kriminal i društvena kontrola u istočnoj Evropi*, Institut za međunarodnu politiku i privredu, Beograd, 1997, pp. 237–57.

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