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Breaking the Crime-Conflict Nexus: A Challenge for the OSCE[2]

In the contemporary world, violent conflict is one of the biggest threats to security. Sometimes such conflicts are protracted because certain individuals or groups have a vested interest in perpetuating instability. Conflict creates an environment where corruption and organized criminal activity can prosper to the extent that they become impediments to conflict resolution and post-conflict rehabilitation. Perpetrators of crimes are sometimes simply parasites on conflict, in other cases a symbiotic relationship develops between political and criminal elements. When this happens, crime, corruption, political aims and ethnic extremism can become an explosive cocktail.

Understanding this phenomenon is crucial for two main reasons. On the one hand, it will be noted that in some cases conflicts that are labelled "inter-ethnic" have little to do with ethnic or national-cultural issues and more to do with defending narrow economic interests. Therefore, the way to resolve them requires as much attention to underlying criminal activities or corruption as to so-called nationalist agendas. The other key consideration is the opposite extreme, namely the tendency to equate minorities with criminals and/or terrorists and therefore to use the excuse of cracking down on extremists to "deal with" minority issues. This can deepen inter-ethnic animosity and create long-term instability.

Better understanding the link between crime and conflict will allow for a more focused approach to a sensitive issue. Conversely, failure to appreciate the complexity of the link could either lead to a continued impasse in sporadically violent and seemingly intractable conflicts, or result in clumsy actions that indiscriminately target groups because of their apparent association with extremists.

Outside the Paradigm

The instruments available to prevent inter-ethnic conflict are becoming sharper. Standards have been developed to protect and promote the rights of

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2   This article is based on: Walter Kemp, Profiting from Instability: Crime, Corruption and Inter-Ethnic Conflict, in: Victor-Yves Ghebali/Daniel Warner (eds), New Security Threats and Challenges within the OSCE Region, PSIO Occasional Paper 1/2003, Geneva 2003, pp. 49-73.

persons belonging to national minorities, governments are (generally) making efforts to live up to these commitments, and international organizations are playing a useful monitoring and intermediary role in ensuring that inter-ethnic disagreements are dealt with peacefully. European states – particularly those on the margins of the European Union – are more stable and integrated than they were ten years ago, just after the collapse of Communism. Disagreements between minority and majority communities persist, but they are seldom a threat to security and – in most cases – are solved through domestic means.

And yet violent inter-ethnic conflicts remain a threat. The situation in the former Yugoslav Republic of Macedonia is on tenterhooks. Serbia and Montenegro has been shaken by the assassination of Prime Minister Zoran Djindjic. Bosnia and Herzegovina and Kosovo (Serbia) remain deeply scarred by recent conflicts. Parts of Central Asia are still under the cloud of instability from neighbouring Afghanistan and tensions in the region. In the Caucasus, so-called "frozen" conflicts have yet to thaw in Abkhazia, Nagorno-Karabakh and Transdniestria, and Chechnya remains a deadly morass. The threat of terrorist attacks remains ever present in Spain and sectarian violence still mars part of the United Kingdom.

These situations are being confronted with a broad variety of approaches ranging from armed confrontation to secret diplomacy. Because their causes and characteristics are so diverse, it is difficult (and probably not very useful) to make any general remarks about common attributes.

What is striking, however, is the protracted nature of some of the conflicts and the fact that repeated and diverse attempts to reconcile the parties have failed. Of course, conflict prevention and mediation often take years. One should not expect rapid, high-profile breakthroughs. Such processes usually require a step-by-step approach of cumulative confidence building. However, when such steps go around in circles or sink deeper into the quicksand because resolving the situation threatens the vested interests of some of the key players, one must consider a change in direction.

Conflicts that relate to corruption or organized crime are not the type for which the standard conflict prevention and crisis management techniques and tools have been developed. The conventional paradigm is based on legitimate state actors who have a certain degree of sovereign control over their territory, are obliged to respect (or at least develop) the rule of law, have transparent and accountable economic systems and have a monopoly on the means of coercion, which they are supposed to use responsibly. This framework is hard to apply when one has to deal with unrecognized regimes which control de facto states, corrupt regimes defending ethno-corporatist interests or groups that question the legitimacy of the state and challenge its means of coercion (e.g. through terrorist attacks or armed uprisings). What happens, for example, when a conflict's intractability, which is of concern to the international community, is profitable to at least one of the parties? How does one relate to

a government or community groups that include corrupt officials who hijack a political process to protect their own interests? How does one support integrative structures when they are rotten to the core? After violence has erupted, how does one deal with legitimate minority grievances without condoning violence or talking to "terrorists"? The very fact that such situations fall outside the traditional paradigm suggests that these issues are new challenges which require new approaches.

Organized crime, particularly transnational organized crime, is a growing security threat. Trafficking in human beings, drugs and small arms, smuggling contraband and money laundering have become more acute in a world of increasingly porous borders, improved communications and faster transportation. Furthermore, corruption is a cancer that is eating at the credibility of businesses, industries and governments. Fortunately, efforts to tackle these threats have also increased at both the political and operational level.[3] But more needs to be done to study the relationship between inter-ethnic conflict and organized crime, and to consider what steps can be taken to break this link.

The focus of this essay is not on corruption or organized crime per se. Rather, the aim is to look at how these forces affect and are affected by political motivations and ethnic conflicts. The basic argument is that corruption and organized crime, while threats in themselves, become significantly more destabilizing when they are linked with ethnic issues. The key is to understand the nature of the bond and, in each case, to see how it can be de-coupled.

Pre-Conflict Warnings

It is seldom the case that conflicts start because of corrupt and criminal elements seeking conflict. Usually conflicts start for other reasons, and then criminal elements take advantage of the situation. Ideological, cultural and power considerations then get wittingly or unwittingly hitched to opportunists who can profit from the conflict environment in order to promote their own interests. Once this merger has taken place, it is hard for moderates to stop the juggernaut. Ethnic entrepreneurs, whether they started from the ethnic or entrepreneurial angle, profit from the situation and therefore are not keen to compromise, unless their interests can be secured. If they hold the power, they dictate the terms.

In the pre-conflict phase it is therefore vital to separate the underlying grievances from the extremist rhetoric. If legitimate grievances can be ad-

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3   See the United Nations Convention against Transnational Organized Crime (Res/55/25), enacted on 15 November 2000, at: http://www.unodc.org/pdf/crime/a_res_55/res5525e.pdf; for details of the work of the UN Office on Drugs and Crime, see: www.unodc.org.

dressed and the situation calmed down, the basis of popular support for the extremists will be reduced.

However, if the situation tips over into violence, the chance of reconciliation will steadily decrease as the middle (common) ground shrinks. Violence may provoke counter-violence, and a malign spiral will be set in place. Moderates may then become marginalized. Extremists take on the mantle of defenders of the "national" interest, and engage in ethnic outbidding to deepen their legitimacy as the "true" defenders of the national/ethnic interest.

If relations deteriorate this far, one must be wary of whether the extremists will put their threats into practice. What are their means to deliver on their threats? What are the sources of their support, political and otherwise (e.g. weapons and financial backing)? The danger signs include support for extremists among state circles (e.g. influential parties, ministers, army units, interior ministry, special police units) and powerful business interests as well as backing for minorities from kin-states, criminal networks or other external patrons, such as a mobilized diaspora.

If the majority elite plays the nationalist card, there is the danger that "national" interests – both in the sense of state interests and specific ethnocultural interests – will become inextricably linked to the regime's interests and what's good for one will be portrayed as being good for the other. This may lead to the suspension of certain liberties "in the name of the fatherland", the curbing of minority rights and subjecting private industry to state control. Ends are said to justify the means in defence of the interests of the nation (state). Extremists from the minority group use similar arguments and a siege mentality sets in on both sides.

These are the conditions under which the crime-conflict nexus forms. In an attempt to maximalize interests, some elements may be willing to pursue conflict. Either extremists push the situation over the edge and profiteers follow, or the benefits of conflict are considered by the protagonists to be worth more than the costs. That does not mean that all calculations and actions are based on ill-gotten forms of revenue. As Charles King notes: "The distinction between freebooter and founding father, privateer and president, has often been murkier in fact than national mythmaking normally allows."[4] But the risk of conflict is higher when the protection of narrow interests through dubious means is combined with ethnic and cultural grievances.

As the situation worsens, extremists may want to demonstrate their credibility and gain attention by carrying out violent acts and developing a network of patronage that will consolidate their position. By this point, conflict has more or less set in.

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4   Charles King, The Benefits of Ethnic War: Understanding Eurasia's Unrecognized States, in: World Politics 4/2001, pp. 524-552, here: p. 524.

Conflict Management

In terms of conflict management, one can consider three types of conflict situations: entrenched conflicts, sporadic conflicts and "hot" conflicts.

Entrenched Conflicts

By entrenched conflicts I refer to situations which are neither peaceful nor war-like. They are often referred to as "frozen" conflicts, but I agree with those who note that these situations are, in fact, relatively dynamic.[5]

Entrenched conflicts are usually the result of post-conflict situations which have never been properly resolved. Facts were created on the ground as a result of the conflict, but there is as yet no peace.

In entrenched conflicts a group has managed to wrest control over a particular territory. Control is exercised by a regime that is highly personalized, and which has decision-making structures that are opaque and highly centralized.[6] The elite, relying on its forces and resources, may be able to exercise a high degree of sovereignty. As Charles King notes with reference to cases like Nagorno-Karabakh, Transdniestria, South Ossetia and Abkhazia, "the territorial separatists of the early 1990s have become the state builders of the early 2000s, creating de facto countries whose ability to field armed forces, control their own territory, educate their children and maintain local economies is about as well developed as that of the recognized states of which they are still notionally a part".[7] Chechnya is a border-line case. As discussed below, Republika Srpska and "Herceg-Bosna" are in danger of heading in the same direction.

Despite the fact that the governments of de facto states are considered illegitimate and their sources of revenue illegal, they may nevertheless be able to survive. This may be possible through the control of lucrative industries that these regimes have inherited or built up, for example steel-making and arms production in Transdniestria. It may be the result of income gleaned from the exploitation of natural resources on the territory that they control. One can recall the examples of diamonds in places like Angola or Sierra Leone, timber in Cambodia or Myanmar, opium in Afghanistan or coca in Columbia. The resources may be as relatively minor as the seasonal trade in hazelnuts and mandarin oranges, as is the case in Abkahzia.

A system of crony capitalism or corrupt corporatism may also develop, usually based on a network of businesspeople, relatives and war veterans close to the ruling elite. The case of Sheriff in Transdniestria is a classic example. This financial-industrial group, run by former policemen and closely

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5   Cf. Dov Lynch, Managing Separatist States: A Eurasian Case Study, Institute for Security Studies, Occasional Papers no. 32, November 2001.
6   Cf. ibid., p. 6.
7   King, cited above (Note 4), p. 525.

linked to "President" Smirnov's family, controls key sectors of the economy including petrol stations, telecommunications, media outlets and a supermarket chain.[8] It also recently built a football ground to European standards (complete with four-star hotel) to house its football club, which often wins the Moldovan league. It is worth noting that when it comes to UEFA competition, Transdniestria does not mind being considered part of the Republic of Moldova.

"Quasi" or de facto states may also be adept at milking customs revenue from goods crossing "their" territories. This is the case in South Ossetia, for example, which controls the lucrative Vladikavkaz corridor. Transdniestria has also made a healthy income from operating as a duty-free zone, allegedly profiting from the trade in cigarettes, alcohol, people, small arms and gasoline. The absence of democratic government and the rule of law combined with the ability of an authority to protect its security interests and maintain control over a particular territory fosters an environment where the regime can dictate its terms and control the means of subsistence.

Because of the siege mentality of the ruling elites in such entities, their personal fortunes (often quite literally their personal wealth) are tied up with the fate of their regimes. The threat from the outside world – mostly the state that they broke away from – is played up to entrench the legitimacy of the elite and the justness of their cause. As one observer puts it, this is effectively racketeering: creating a danger and, at a price, the shield against it.[9] This is often coupled with appeals to ethnic sentiment. In the case of Abkhazia, for instance, even though the Abkhaz are a minority, they base their claims for independence, in part, on national self-determination. The Transdniestrian regime argues that it is defending "its people" against the "Romanization" of Moldova to the point that Moldovan is written in Cyrillic rather than in Latin. The analogous cases of "Herceg-Bosna" and Republika Srpska will be considered below.

One reason why little progress is made in resolving such situations may be that some influential members of the central authorities of the states from which the "quasi-state" regimes broke away (and/or neighbouring countries) profit from the status quo. As King points out, in some cases there is a degree of complicity by central governments: "The benefits of state weakness accrue not only to the separatists but also to the institutions and individuals who are ostensibly responsible for remedying it."[10] Influential forces (from top officials to border guards) may collect a cut from revenues from the breakaway regions, they may receive bribes, or they may make use of the involvement of their "enemies" in shady dealings to engage in their own dubious activities. In such situations, key players on both sides have an interest in perpetuating

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8   Cf. Lynch, cited above (Note 5), p. 13.
9   Cf. Charles Tilly, War-Making and State-Making as Organized Crime, as cited in Lynch, cited above (Note 5), p. 10.
10   King, p. 545; see also pp. 544-547.

the status quo because both sides are profiting. This leads to bi- or multi-ethnic corruption which prospers as long as nobody rocks the boat.

It may also be the case that neighbouring states, kin-states, and/or patrons abroad may have a political or economic interest in keeping a particular entity afloat or creating a certain degree of instability.

Sporadic Conflicts

Sporadic conflicts include hit-and-run operations, flare ups of entrenched conflicts and long-standing disagreements that occasionally spill over into violence (including terrorism).

As with entrenched conflicts, the perpetrators need enough resources to maintain their existence, support their followers and arm a credible force. The main differences are that they seldom control territory, have much smaller and more widely dispersed networks and a less-personalized form of leadership. This appears to be the case with terrorist groups and paramilitaries in Western Europe, insurgents in parts of the Balkans and bandits operating in the Caucasus and Central Asia.

Groups involved in sporadic conflicts normally generate revenue through smuggling, money laundering, kidnapping, extortion or robbery. Support may also come from patrons in a kin-state or neighbouring state, ideological supporters, members of the diaspora or those who have an interest in either destabilizing a situation or profiting from the resultant instability.

In some cases, the criminal activity may be a means to an end. The money generated by criminal activities pays for the procurement of weapons, explosives, patronage for supporters and the running of operations. In other cases, the criminal activity may be an end in itself that uses "ethnic" issues as a recruitment tool, a diversion or a useful catalyst for generating support. In most cases, the lines between crime and conflict become blurred and a symbiotic relationship develops.

Take the example of the Islamic Movement of Uzbekistan (IMU), which was a major source of instability in the Fergana Valley between 1999 and 2001. The IMU seems to have been able to attract recruits to its cause partly because Islam offered an alternative to dire economic and social problems in the region, and partly because militants were being paid an attractive wage for their participation in the armed uprisings.[11] Protecting drug routes and spreading Islamic fervour seem to have become intertwined.

A similar pattern is evident in the case of the sporadic violence along the Abkhaz-Georgian ceasefire line. Indications are that these incidents have as much to do with the protection of smuggling interests as political ones. Hazelnuts, mandarins, cigarettes and gasoline are reportedly smuggled back and forth across the ceasefire line, particularly around the Gali district. The

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11   Cf. Tamara Makarenko, Terrorism and drug trafficking threaten stability in Central Asia, in: Jane's Intelligence Review, 11/2000, pp. 28-30.

impression of some observers is that the instability of the region allows smugglers (on both sides of the border) to profit and that they tend to instigate a cycle of hostilities either when other smugglers move onto their turf or whenever peace is in danger of breaking out.

In this and similar cases, "[t]he real question is, are the attacks to be attributed to true partisan activity or simple lawlessness? Or are the banditry and partisan attacks so intertwined that it is impossible to separate the two? It is conceivable that the partisan activity might be motivated by both crime and ideological fervour combined in one campaign. This is a fusion seen in more and more hotspots, where would-be commandos feel completely justified robbing, stealing, abducting and killing their enemy, and civilians, in a profitable quest to realize their territorial ambitions."[12]

"Hot" Conflicts

"Hot" conflicts are those that involve either two or more states in a violent conflict or two or more parties in a civil war. In the former case, one must be wary about the role of the state in furthering its ambitions through criminal activity. For example, to what extent does a state sponsor (or at least turn a blind eye to) paramilitaries that do its dirty work? More research needs to be done on this phenomenon, but it is interesting to trace the survival patterns of groups like the "White Eagles" under Vojislav Seselj or the Volunteer Guard (or "Tigers") of Zeljko "Arkan" Raznatovic in recent Balkan conflicts. One could also look at the "White Legion" purportedly fighting for Georgian interests in the Gali region.[13]

In cases where a state faces regional or international isolation, it is worth investigating how such regimes maintain links with the outside world for the procurement of weapons, ammunition and vital supplies like oil, gas and spare parts. Such situations can lead to the emergence of close links between state officials and criminal elements, who develop mutual interests in sanctions busting and profiting from instability.

Yugoslavia in the 1990s is an interesting case study.[14] A major problem here, as will be discussed below, is what happens with these networks in the post-conflict environment.

Civil wars also involve the entanglement of crime and conflict. Groups fighting against the state on whose territory they live obviously do not enjoy the latter's monopoly on the use of coercion. They therefore have to develop their own means of securing the resources they need to protect and advance their aims. Since whatever they do in this regard will be considered illegal,

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12   Dodge Billingsley, Security deteriorates along the Abkhazia-Georgia ceasefire line, in: Jane's Intelligence Review, 9/2001, pp. 18-20, here: p. 20.
13   Cf. Lynch, cited above (Note 5), p. 15.
14   Cf. John Mueller, The Banality of "Ethnic War", in: International Security 1/2002, pp. 42-70, and Mary Kaldor, New and Old Wars: Organized Violence in a Global Era, Stanford 2001.

their activities – at least in the eyes of the state – become criminal. (They may, of course, be supported by kin-states, neighbouring states, ideological supporters, members of the diaspora or even the international community.) The state itself may be so weak that it too needs to resort to dubious methods to secure the capabilities it requires to maintain its position.

In such situations, getting hold of weaponry and ammunition becomes particularly important. Having a wealthy diaspora is handy. So, too, is access to the arsenals of failed states.

The case of Albanians in Kosovo and Macedonia is instructive. The Albanians there were supported by the Albanian National Freedom Fund, which later became the Homeland Calling Fund. Financial support also appears to have streamed in through revenues from criminal activities, particularly the heroin trade.[15] With these revenues the Kosovo Liberation Army (UÇK/KLA) and the National Liberation Army (UÇK/NLA) were able to buy weapons on the black market, including, apparently, from sources in Serbia and Macedonia.[16]

The justness and legitimacy of this struggle is not the issue here. It is more important to look at the motivations of the actors in the pre-conflict period, how this may contribute to the outbreak of conflict, and what effect the relationship between crime and conflict has on the post-conflict situation.

Post-Conflict Instability

In post-conflict situations, communities are often polarized, the rule of law is fragile, and relationships forged in conflict may still be strong. While civic institutions may be weak, criminal and ethnic bonds usually endure. There is a danger that if left unchecked, the post-conflict situation may amount to a continuation of the conflict through economic, administrative and even sporadically violent means. It can also be an environment where corruption and organized crime can prosper.

It often happens that in a post-conflict situation (especially after a conflict with ethnic undertones) ethnic kin, war veterans, and profiteers rally around each other and develop a system of ethnic cronyism in which so-called "national interests" are equated with those of the power-seeking elite. In a situation that is analogous to the immediate pre-conflict period, ethnic homogeneity serves the consolidation of business interests, reduces competition and creates a powerful cultural/symbolic fig leaf to legitimize the protection of the elite's interests against outside "threats". These threats are usu-

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15   Cf. Robert Hislope, Organized Crime in a Disorganized State: How Corruption Contributed to Macedonia's Mini-War, in: Problems of Post-Communism 3/2002, pp 33-41, see in particular p. 38.
16   Cf. Tim Ripley, Intentions unclear as NLA hands over arms, in: Jane's Intelligence Review 10/2001, pp. 21-23, see in particular p. 23. See also Tim Ripley, Insurgency in Macedonia drives Balkans arms trade, in: Jane's Intelligence Review 7/2001, pp. 20-22.

ally exaggerated to enable unrivalled control by the "national" defenders and to provide cover for large-scale criminal and economic activities of the ruling elite. One hand then feeds the other. Politicians use state-owned assets and their cronies' privatized companies as sources of cash and patronage for their parties. The ideologies of those parties, in turn, serve to protect the interests of the elite who profit from such a system. If such situations are not curbed in time, facts may be created on the ground that begin to resemble the conditions noted in the case of entrenched conflicts.

Take the case of Bosnia and Herzegovina. There, despite a sizeable international military and civilian presence, certain ethnic interests have managed to entrench their positions to the point of obstructing reconciliation and integration. In parts of Republika Srpska and "Herceg-Bosna", mono-ethnic nationalist parties (the Serb Democratic Party/SDS and the Croatian Democratic Union/HDZ respectively) have carved out ethnically dominated enclaves that are characterized by what the International Crisis Group describes as "phoney privatisation, hollow reforms, rampant corruption and cronyism, smuggling of goods and people, gangsterism [and] ethnic violence".[17] Local government interests, business interests and ethnic politicians overlap to create a situation where an elite from the titular majority uses public office to maintain so-called "national self-government", diverts public assets and funds from sympathetic businesses (often dubiously privatized) to pay for patronage and support, and plays the ethnic card to legitimize this ethnically biased cartel. A threat to this system is seen as a threat to the narrow interests of the crony clique. Since that group is ethnically homogenous it can claim that efforts to promote integration, transparency and accountability are external threats to the "national interest". The elites – within parties like the HDZ and SDS – cling to power in order to hold on to the state and public firms which provide the means to buy support. Key public companies and government agencies are packed with their loyal supporters, made more compliant by the enrichment of questionable privatization schemes and/or the misuse of public funds. These people have a lot to gain under the status quo, and a lot to lose from the unification of parallel structures. When these institutions are threatened, as in the case of the audit of Hercegovacka Banka in the spring of 2001, the reaction is hysterical.[18]

This pattern may occur at the highest levels. Rasma Karklins has created a useful typology of post-Communist corruption which distinguishes between low-level administrative corruption, self-serving asset stripping and so-called state capture by corrupt networks.[19] Regimes (and not only post-

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17 Bosnia's Precarious Economy: Still Not Open for Business, ICG Balkans Report No. 115, 7 August 2001, p. 8.
18 ICG refers to the Hercegovacka Bank as a little more than a politically controlled payments bureau. See ibid., p. 31. Zepter Komerc Bank in Republika Srpska seems to play an equally dubious role.
19 Rasma Karklins, Typology of Post-Communist Corruption, Problems of Post-Communism 4/2002, pp. 22-32.

Communist ones) resort to such activities to enrich themselves, or operate outside the law to protect or promote their own interests. Either they exploit state structures for their own gain, or they use non-state structures to forward their own aims, knowing that their position of authority will protect them. This has a trickle-down effect on the whole society: "Rampant tax and customs evasion mocks the rule of law, as smugglers and tax evaders not only go unpunished, but prosper, thereby contributing to a downward spiral of impunity for law-breakers, impoverishment of governments and those dependent on them, and criminalisation of ever-larger portions of society."[20]

Macedonia is, sadly, in such dire straits. As a recent report by the International Crisis Group points out, corruption in Macedonia, especially at high levels of government, is endemic. "State capture" has combined with administrative corruption to the extent that state institutions are viewed with cynicism by the general public. And yet these are the very institutions needed to strengthen a common civic identity and overcome ethnic divisions. Some view the current situation as being mired in bi-ethnic corruption whereby ethno-political deals are cut to ensure "peace" through dividing up spoils (state assets, privatization, smuggling and regional/municipal revenues) among the ethnic elites.[21] In such a situation, there is little attraction for foreign investment, little domestic faith in the system and therefore few bright prospects for the future. As a result, people either leave, seek to profit from the situation as well as possible or look for quick fixes. And so the cycle continues.

Such societies will be mired in corruption, crime and conflict for as long as they are unable to break the control that narrow interests have over public goods and public confidence as well as their exploitation of so-called national interests. There may be peace, but it will be one that lacks accountability, transparency, democracy and sustainability. Unfortunately, in such cases one way to combat cynicism, divert attention from economic woes and salvage some legitimacy is to play the national card. Economic hardships are blamed on minorities or external forces. And so the risk of conflict is raised.

Recent experience demonstrates that it is difficult to rebuild societies by supporting democracy and pluralism when there are powerful groups that perceive these initiatives as a threat to their ethnically based cartels and power systems. While such elites may not want a return to conflict, they certainly do not want an erosion of their interests. Those who rock the boat – including the international community – are perceived and depicted as a threat. Even in situations where the international community has a virtual trusteeship – as in Bosnia and Herzegovina and Kosovo – breaking the grip of vested interests is proving difficult. The assassination of Serbian Prime Minister Zoran Djindjic shows how high the stakes can be.

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20   ICG Balkans Report No. 115, cited above (Note 17), p. 4.
21   Cf. Macedonia's Public Secret: How Corruption Drags the Country Down, ICG Balkans Report No. 133, 14 August 2002.

The observation that one observer made of the SDS and HDZ in Bosnia is relevant to other post-conflict situations, namely that: "Until such time as each ethnic party's *nomenklatura* is compelled to divest its control over the state-owned economy, these elites will continue to use their power to: [d]ivert revenues from state-owned companies into personal and party coffers; [d]egrade the profitability of state-owned enterprises; [r]educe the working capital available to state-owned firms; and [e]mploy state-owned assets to cement ethnic cleansing."[22]

Instability in post-conflict situations may also persist due to a lack of confidence in law and order. If combatants (particularly rebels) benefited from contacts with criminal networks in order to be successful in conflict (to secure resources for war and patronage) they may find it hard to do without such contacts in the post-conflict environment. When such figures move from the battlefield to the political arena, they have a tendency to bring their networks with them. This can be bad news for the moderates who have little to offer, and it can threaten the legitimacy and viability of (often fragile) civic processes and institutions.

Those who do not go into politics may seek to exploit their old contacts in the new power vacuum. This may lead them into business, but they may soon discover that erstwhile colleagues are now rivals who are competing for the same pieces of a shrinking pie. Competition is healthy, but the violent elimination of competition or the use of corrupt and criminal means to profit will create instability.

In a tense post-conflict environment, the settling of scores or criminal business competition may sometimes be (mis)interpreted as the persistence of ethnic conflict, or it may indeed exacerbate ethnic conflict. This is particularly the case where policing and the judiciary are unprofessional or viewed as suspect. If the police are associated with the titular majority and try to carry out their duties in a minority area, they may become part of the problem rather than the solution. Furthermore, if the police act in a heavy-handed manner, they may (sometimes also intentionally) inflame sensitive situations. The case of the Macedonian special police unit known as the "Lions" is a recent example. If the justice system seems to serve the interests of a particular group, faith in the state will be undermined.

Explosive Semantics

When addressing this subject, either as an analyst or practitioner, one must be careful how conclusions are drawn – otherwise semantics can become like Semtex. Labelling can be explosive. Simple arithmetic can lead to simplistic conclusions. If members of a group (usually an ethnic minority) are regarded as pursuing criminal activities and/or advocating unreasonable demands, one

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22   ICG Balkans Report No. 115, cited above (Note 17), p. 18.

can make the convenient calculation that minority = criminals = terrorists; their demands are therefore clearly illegitimate and we therefore clearly have to crack down on them. Experience shows that such linear logic can become self-fulfilling. Failing to accommodate reasonable and legitimate minority interests will usually create or deepen divisions within society and bring about the very schisms that all parties should seek to avoid.

Tarring all members of an ethnic, linguistic or religious group with the same brush will also usually backfire by generalizing the sense of grievance which may previously have been restricted to isolated extremists. While there may be merits in calling a spade a spade – particularly when it comes to isolating extremists – careless rhetoric can inflame situations.

Furthermore, as already noted, sometimes so-called ethnic conflicts have little to do with ethnicity. By failing to make this distinction, one will play into the hands of those who seek the ethnic mantle to mask their narrower interests. One should also be careful about making sweeping generalizations about criminal groups operating along ethnic lines. As noted, it is sometimes the case that criminal elements – regardless of ethnicity – can find a common language that cuts across ethnic or linguistic lines. The key in all cases is to look at specific, underlying issues. In this way, substantive political questions can be peeled away from narrower concerns. While criminal activity may continue, the chance of it leading to conflict will be reduced. This raises a broader question, namely how can one weaken the link between criminality and conflict?

Possible Considerations

The first consideration is that the perpetrators and profiteers in ethnic conflicts are usually a relatively small number of people who hold a disproportionately high level of power. Their number grows once a conflict has started and may be substantial in the post-conflict period, but it is by no means a sizeable majority of the population. This suggests that one must look further into the foundation by which the elite maintains power. If it is an ethnic ticket, what are the popular sentiments that they are able to tap into? Are there legitimate grievances and can they be overcome? Who is furthering these interests? Are legitimate grievances being hijacked by populists and ethnic entrepreneurs in order to promote another agenda? In that respect, the pre- and post-conflict stages are vital because the risk of inter-ethnic tensions can be reduced if the underlying issues can be resolved.

If the basis of power is ethnic but not popular, there is clearly a legitimacy deficit that needs to be exposed. Chances are that in such cases the elite's so-called "national" agenda does not enjoy the wider support which is one of the key factors necessary for the maintenance of a less than democratic form of government and business environment. Exposing the emptiness of

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nationalist rhetoric (and with it the whole basis of power) would be akin to pointing to the emperor and remarking on the absence of his clothes.

For those who resort to criminal activity and violence to forward their aims, one needs to identify and expose illegal sources of income and eliminate the support networks. That should be done with the proviso made earlier, namely that this process should be sensitive to legitimate grievances and should not indiscriminately target whole groups. Otherwise no distinction can be made between legitimate and illegitimate activities and between extremists and other members of a group. This could make all issues potentially illegitimate and all members of a group guilty by association.

Consequently, one should go after the extremists and the big fish. Self-regulation may be difficult in cases when state officials are part of the problem or when whistle blowers feel intimidated. In such cases, the international community should play a greater role in insisting on transparency and accountability as a pre-condition for assistance and a prerequisite for stability. Particular emphasis should be placed on criminal justice. This is certainly easier said than done: There may be too many people who profit from the system, the lines between legitimate and illegitimate interests may be blurred, and there may be a lack of credible alternatives to the existing political incumbents. A crackdown may also entail high personal risks for key members of government. It may be more prudent to strengthen civil society (to improve self-regulation) and to invest in the next generation of leaders than to completely tear down the infrastructure of rotting states.

Smart sanctions may work. If one can identify the bad apples and their sources of income and/or the ways that they enjoy spending their ill-gotten gains, one can try to shrink their comfort zone and put them under pressure. The EU's travel ban on a select number of Transdniestria's elite, imposed in February 2003, is a recent example which seems to be having the desired effect.

Since the roots of many crises caught in the crime-conflict nexus have to do with socio-economic factors such as unemployment, lack of training, single resource dependency and disparity between ethnic groups or classes, one needs to focus on these types of issues to reduce the likelihood that economic hardship becomes fertile soil for extremism. People in desperate conditions are more prone to turn to desperate measures, usually have a higher sense of grievance, are more susceptible to those advocating simplistic solutions to their problems and may be more easily persuaded to seek morally questionable sources of income. If a leader emerges who is able to tap into one or more of these factors, he or she may be able to mobilize an effective force in support of whatever cause is being advocated. When socio-economic and cultural grievances are combined, the staying power of such a movement can be considerable. Deal effectively with the component parts, and the likelihood of this union – and the extremism it may engender – will be reduced.

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In short, one should pay closer attention to the economic dimension of security.

This is particularly true for pre- and post-conflict situations. What is most urgent is to dry up the pool of young, disillusioned, unemployed people (usually men) who become the perpetrators of criminal activity and who are also most susceptible to extremist movements. It is vital to reintegrate those who have taken part in conflict (and are not guilty of crimes) into society to diminish the attraction of crime and conflict in the future. People need the chance to leave the world of disruptive criminal activities in favour of an alternative way of life.

For example, post-conflict rehabilitation could reduce the lure of the crime-conflict nexus by focusing on the development of small and medium-size businesses. Pouring vast amounts of money into governments that either do not have the capacity to absorb assistance or have an all-too-effective way of dispersing it to private interests will not help the situation. Promising to pour in millions and then not delivering can be equally damaging. Giving people gainful employment and a stake in society will make them more responsible citizens. The same applies to (re)education and training.

More generally speaking, it is important to explain to the wider population that while there may be some benefits from protecting the narrow interests of their community, there could be more to gain if the conflict were solved. This is obviously not in the interests of those who are profiting from the status quo (why share the pie?), but if there is a demonstrable peace dividend, then the tangible benefits to the broader population will be evident.

In short, one must address the symptoms and the causes both at a high-level and on the ground. This may seem ambitious and it may require a long-term approach, but the alternatives are significantly less attractive – unless you are among the small number of people who would profit from instability.

The bottom line is that we have to ask why frozen conflicts seem so hard to thaw. A key consideration is to approach the problem from a different angle, namely to realize that some of the main protagonists are not interested in an end to conflict. As one author has noted, in order to look for solutions to protracted conflicts "we may need to understand and acknowledge that for significant groups this violence represents not a problem but a solution".[23] As a result, "understanding what can be gained by war may allow policy-makers to create incentives that make violence less attractive, and therefore less likely".[24]

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[23] David Keen, Incentives and Disincentives for Violence, in: Mats Berdal/David Malone (eds), Greed and Grievance: Economic Agendas in Civil Wars, Boulder 2000, p. 25.

[24] David Keen, The Economic Functions of Violence in Civil Wars, Adelphi Paper 320, International Institute for Strategic Studies, London 1998, p. 72.

The OSCE's Role: Joining the Dots

The OSCE has many elements in place to deal with the types of issues that have been discussed in this contribution, but it could do more to co-ordinate its efforts. A great deal of emphasis is currently placed on some of the symptoms and specific forms taken by corruption, for example trafficking in people, drugs and small arms. There are also some efforts at improving border monitoring and policing. Some missions, particularly in South-eastern Europe, are looking at the causes and effects of corruption.

But more could be done to tackle criminality and corruption and their relationship to conflict. If the OSCE fails to tackle this issue, the chances of carrying out other core activities such as democratization, conflict prevention and post-conflict rehabilitation could be hindered. As Javier Solana noted at a recent regional EU conference on conflict prevention: "Organized crime poses arguably the single greatest threat to society and long-term stability in our own region. Unless it is tackled decisively, our efforts to build peace in societies recovering from conflict will be continuously setback. And the democratic institutions which allow societies to resolve conflict in a peaceful manner will be continuously eroded."[25]

As one of the OSCE's central tasks is to prevent and clean up after conflicts, and as crime and corruption are factors which can lead to instability, it seems necessary for the OSCE to devote more attention to the crime-conflict nexus.

The OSCE could take the lead on this issue because of its comprehensive understanding of security and its reputation for conflict prevention and post-conflict rehabilitation. It would not need to develop new capabilities, but could highlight the problem in terms of the existing political commitments of participating States and play a co-ordinating role in terms of bringing together inter-governmental economic and crime-fighting organizations (such as UNDP, UNDOC and Europol), regional organizations (particularly the SECI Regional Centre for Combating Trans-Border Crime), and leading NGOs (e.g. Transparency International) to discuss what action can be taken – both generally and in specific countries and regions. These lessons could be applied in the OSCE's field activities, policing work and economic-dimension activities.

This could energize and increase the relevance of the economic dimension of the OSCE's work. It is worth recalling that in the Charter for European Security (agreed at Istanbul in November 1999), OSCE Heads of State or Government decreed that "[e]conomic liberty, social justice and environmental responsibility are indispensable for prosperity" and therefore that they "will ensure that the economic dimension receives the appropriate attention, in particular as an element of our early warning and conflict prevention ac-

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25   Comments by Javier Solana during the Regional EU Conference on Conflict Prevention, Helsingborg, Sweden, 29-30 August 2002.

tivities".[26] In the Charter, a special paragraph was devoted to "Rule of Law and Fight Against Corruption". In it, Heads of State or Government reaffirmed their commitment to the rule of law, recognized that corruption poses a threat to the OSCE's shared values and is a source of potential instability. Participating States pledged "to strengthen their efforts to combat corruption and the conditions that foster it, and to promote a positive framework for good government practices and public integrity".[27] Furthermore, the Vienna Ministerial Council document contained a "Report on the OSCE Contributions to International Efforts to Combat Corruption". But while the commitment is there, more attention needs to be paid in the operational sphere to the political economy of conflict.

An economic security adviser could act as a clearing house and liaison officer for anti-corruption activities and provide support to missions on the security aspects of economic activities. The OSCE's limited capabilities in strategic policing matters could be strengthened, and – if handled delicately – some aspects could dovetail into anti-terrorism activities. Although it may be uncomfortable for some participating States, the crime-conflict nexus could be discussed in the context of the Economic Forum and/or specialized follow-up meetings (on the model of past seminars on "Transparency and Good Governance"). States could also consider a code of conduct. Work on small arms, decommissioning, trafficking and border monitoring could all be (re)considered in this context.

To some extent, the blueprint is already there in the form of the OSCE's existing activities designed to combat terrorism. The Bucharest Plan of Action for Combating Terrorism and the Programme of Action from the Bishkek International Conference on Enhancing Security and Stability in Central Asia contain a number of concrete proposals that could be applied to breaking the crime-conflict nexus. However, as noted in the section on semantics, one must be careful not to draw too close an association between terrorism and ethnic conflict, given the potential abuse of the term by those who seek to brand minorities as terrorists. Furthermore, one must be careful of taking a heavy-handed approach in the case of issues that have a lot to do with security but nothing to do with terrorism.

From a procedural point of view, the OSCE's co-operative approach to security can be applied to tackling problems of corruption and organized crime and its relationship to conflict. The process and results may be painful for some governments, but no more so than with other core OSCE issues like human rights and arms control. Furthermore, the same logic applies to corruption as to other aspects of security dealt with by the OSCE, namely that there is a common interest in addressing the issue.

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26   Organization for Security and Co-operation in Europe, Charter for European Security, Istanbul, November 1999, in: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (eds), OSCE Yearbook 2000, Baden-Baden 2001, pp. 425-443, here: p. 434.
27   Ibid., p. 435.

In conclusion, the link between crime, corruption and conflict is both topical and problematic. It is also one that requires research, resources and political will. The OSCE, because of its flexibility, comprehensive view of security and innovative tradition would be well placed to play an important role in this field.