

# WILEY



---

The Clandestine Political Economy of War and Peace in Bosnia

Author(s): Peter Andreas

Source: *International Studies Quarterly*, Vol. 48, No. 1 (Mar., 2004), pp. 29-51

Published by: Wiley on behalf of The International Studies Association

Stable URL: <http://www.jstor.org/stable/3693562>

Accessed: 24-06-2015 21:56 UTC

---

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).



*Wiley and The International Studies Association* are collaborating with JSTOR to digitize, preserve and extend access to *International Studies Quarterly*.

<http://www.jstor.org>

## The Clandestine Political Economy of War and Peace in Bosnia

PETER ANDREAS

*Brown University*

Most contemporary intrastate military conflicts have a criminalized dimension: In various ways and to varying degrees they use smuggling networks and criminal actors to create and sustain the material basis for warfare. Despite its importance, the criminalized side of intrastate war and its legacy for postwar reconstruction is not a central focus of analysis in most scholarly accounts of armed conflict. A detailed examination of the Bosnian conflict illustrates the explanatory usefulness of a “bottom up,” clandestine political economy approach to the study of war and post-war reconstruction. Drawing on interviews with former military leaders, local and international officials, and in-country observers, I argue that the outbreak, persistence, termination, and aftermath of the 1992–1995 war cannot be explained without taking into account the critical role of smuggling practices and quasi-private criminal combatants. The article suggests the need for greater bridging and broadening of the study of security, political economy, and crime.

---

Virtually all contemporary wars, such as in the Balkans, the Caucasus, Central Asia, and West Africa, are intrastate wars (Brown, 1996; Holsti, 1996). These wars tend to have a criminalized component: In various ways and to varying degrees they use smuggling networks and criminal actors to create and sustain the material basis for warfare. Although it is important to recognize that the political economy of all wars—large and small, old and new—have a clandestine side, it is particularly evident in intrastate conflicts that take place in a context of anemic state capacity, limited production, and reliance on external funding and supplies. Such conflicts are partly made possible by “taxing” and diverting humanitarian aid, diaspora remittances, illicit exports and clandestine trading across front lines, and black market sale of looted goods (Keen, 1998; Kaldor, 1999; Berdal and Malone, 2000; Duffield, 2001; Jung, 2003). They may utilize quasi-private criminal combatants who operate in the absence of, alongside, and sometimes within formal military units, and are especially prevalent when at least one side does not have a regular army and is not a full-fledged state.

---

*Author's note:* Earlier versions of this article were presented at the 2001 annual meeting of the American Political Science Association, Brown University, Columbia University, Ohio State University, and the Woodrow Wilson International Center for Scholars. Research funding was provided by the Smith Richardson Foundation, the Watson Institute for International Studies (Brown University), and Reed College. For research assistance I thank Rebekah Braswell, Jasminka Hasić, Marija Šarac, and especially Jasmina Burdžović Andreas. Helpful comments and criticisms were provided by Deborah Avant, Charles Call, Christopher Corpora, John Fawcett, Terry Hopmann, Aida Hozic, Peter Katzenstein, John Mueller, Amir Mujezinović, Adrian Rausche, Darius Rejali, William Reno, James Ron, Richard Snyder, and the journal editors and anonymous reviewers.

© 2004 International Studies Association.

Published by Blackwell Publishing, 350 Main Street, Malden, MA 02148, USA, and 9600 Garsington Road, Oxford OX4 2DQ, UK.

The importance of smuggling practices and criminal actors in many intrastate wars becomes even more apparent in the context of evading international economic sanctions and arms embargoes imposed to discourage conflict (Naylor, 1999). In this respect, external intervention contributes to the criminalization of a conflict, creating an economic opportunity structure for clandestine commerce and making the competing sides more reliant on cross-border smuggling channels. Intrastate military conflicts are therefore not only formally internationalized through UN monitoring, diplomatic initiatives, provision of humanitarian aid, and so on, but are also informally internationalized through a range of clandestine transnational networks used to finance and supply the warring parties and evade external control efforts. Under these conditions, war is a continuation of business by clandestine means: Military success often hinges on entrepreneurial success in the murky underworld of smuggling. Moreover, the smuggling networks and embargo-busting infrastructure built up during wartime can leave a lasting legacy for the postwar reconstruction period.

Building on and contributing to an emerging interdisciplinary literature on war economies, this article uses the conflict in Bosnia-Herzegovina<sup>1</sup> to illustrate the utility of a “bottom up,” clandestine political economy approach to war. Drawing on interviews with former military leaders, government officials, and in-country observers, I demonstrate the critical importance of the criminalized dimensions of the 1992–1995 Bosnian conflict and its aftermath.<sup>2</sup> Although there is a substantial literature on the war in Bosnia, much of which contains valuable information on clandestine trading and criminal actors, these tend not to be the central analytical focus and are not generally highlighted as part of a causal argument. Rather than providing a comprehensive account of the Bosnian conflict, the more focused and limited purpose here is to show the explanatory mileage that can be gained by a detailed tracing of the role of criminal actors and smuggling activities in the initiation, conduct, and termination of war, and their legacy for post-conflict rebuilding efforts.

Bosnia is an especially important case to examine for a number of reasons. The Bosnian war is often treated as the quintessential example of contemporary “ethnic conflict” (indeed, the term “ethnic cleansing” was popularized during the Bosnia experience, although the practice is obviously not new). Bosnia also represents the single largest post-Cold War international effort to confront and contain intrastate conflict and promote reconstruction. The war brought with it a far more expansive and ambitious interventionist role for the United Nations, and the humbling experience significantly undermined the early enthusiasm for its conflict prevention and resolution capacity. Bosnia and the other violent conflicts related to the breakup of Yugoslavia also represented the first outbreak of war in Europe since the end of WWII and erased the widespread assumption in the early 1990s that war on the Continent was unthinkable. Moreover, the conflicts signaled that the form of war in Europe had shifted from interstate war to intrastate war. To the discomfort and dismay of Western observers, these conflicts made Europe’s own periphery seem more similar to conflicts in more remote places.

I argue that key aspects of the Bosnian conflict are inexplicable without taking into account the clandestine political economy of the war. As I document, access to supplies through smuggling networks and the involvement of quasi-private criminal actors as combatants are critical factors in explaining the outbreak, persistence, termination, and aftermath of the war. This includes the criminally

---

<sup>1</sup> Hereafter, Bosnia.

<sup>2</sup> The author conducted 45 semi-structured interviews with key informants in Bosnia and Croatia, including former senior military leaders, in June 2001 and June and July 2002. The research also included systematic review of local and international media reporting, official testimonies and reports, and published war diaries and memoirs of leading actors.

aided and smuggling-enabled initial military power imbalance, which created high Serb expectations of a quick and easy victory and facilitated large initial territorial gains; the unexpected ability of the Bosnian government to defend itself with the help of criminal combatants and underground supply networks, as evident in the Sarajevo siege, which produced a much longer war than anyone anticipated; and the eventual shift in the military balance on the ground facilitated by evading the arms embargo, which placed Serb forces on the defensive and helped to establish the conditions for a diplomatic settlement. Finally, the criminalized side of the war has left a powerful legacy, evident in an expansive postwar smuggling economy based on political protections and informal trading networks built up during wartime. War problems have consequently turned into crime problems.

In the next section I briefly examine some current approaches to intrastate war, particularly so-called “ethnic conflicts” such as in Bosnia. I then provide a detailed tracing of the role of smuggling practices and criminal actors in the outbreak, persistence, termination, and aftermath of the Bosnian war. For comparative insight, I also provide a limited extension of the analysis to other violent conflicts related to the breakup of Yugoslavia. In the conclusion I highlight some lessons learned from the Bosnia experience that are relevant for understanding intrastate wars in general, and suggest the need for a greater integration of the study of security, political economy, and crime.

### Approaches to Intrastate War

The criminalized dimensions of intrastate conflicts such as in Bosnia tend to be neglected, underexplored, or treated too narrowly and one-dimensionally by students of world politics. For example, while security scholars have increasingly recognized the international aspects of intrastate war (Brown, 1996), the emphasis tends to be on how these conflicts are formally internationalized (through UN interventions, diplomatic initiatives, provision of aid, peacekeeping, human rights monitoring and media reporting, and so on), paying much less attention to how they are also informally internationalized (through sanctions evasions, covert arms shipments, and other smuggling practices). More broadly, Security Scholars have traditionally shied away from examining the “covert world” (Cox, 1998). Smugglers, arms traffickers, and quasi-private criminal combatants are typically not treated as central players. This is strikingly apparent by the virtual absence of these actors from the pages of the leading international relations and security journals. As evident in the Bosnia case, these actors do not merely profit from and feed off of military conflict but can be decisive in its outbreak, longevity, and outcome. They are not simply the by-products of war but are integral to the very conduct of war. Moreover, many of these actors emerge from the devastation of war as part of a new elite with close ties to political leaders and the security apparatus, often impeding reforms and complicating post-conflict reconstruction efforts.

The clandestine political economy of war is too often obscured by the dominant emphasis on ethnic-based animosities and identity politics in explaining the recent conflicts in the Balkans and elsewhere (Ignatieff, 1995; Kaufman, 2001). In the most extreme variant (especially popular in policy circles), such conflicts are seen as a reflection of “ancient ethnic hatreds” (Kaplan, 1993). But while ethnic politics clearly matters and is an important part of the discourse in generating popular support, the focus on ethnic grievances explains too little and obscures too much, particularly the material conditions that enable and sustain conflict (Jung, 2003). For example, while the Bosnia case has been the poster-child of the ethnic animosity thesis, and has even been described as a fault-line war in a cultural “clash of civilizations” (Huntington, 1993), this perspective ignores and cannot explain the substantial amount of wartime interethnic economic cooperation in the form of clandestine trading. Indeed, dense interethnic social ties in prewar Bosnia greatly

facilitated wartime black marketeering and smuggling across ethnically divided front lines. And in the postwar period, the ability to transcend ethnic divisions is nowhere more advanced than in the thriving smuggling economy. A narrow focus on ethnic-based hatreds misses and cannot account for such high levels of clandestine cross-ethnic collusion.

The common emphasis on ethnic animosity as the driving motor of conflict has been challenged in recent years, with some critics, such as Mueller (2000), even suggesting that the very concept of “ethnic warfare” is fundamentally misguided. Instead, conflicts such as those in the Balkans are seen as remarkably banal, driven not by a frenzy of mass ethnic-based nationalism but largely by small groups of politically empowered thugs (substantially drawn from the ranks of bands of soccer hooligans, criminal gangs, and released prisoners). Mueller’s argument is a valuable corrective to popular accounts of ethnicity-driven mass violence. But it goes too far in reducing conflict narrowly to the actions of marauding bands of loot-seekers. For Mueller, the defining feature of the criminalized side of conflict is the prevalence of thugs and common criminals in provoking and organizing violent conflict, leading him to conclude that such violence resembles crime more than warfare. But a broader analysis needs to include the much more diverse and varied set of local and transnational actors, including arms dealers, embargo busters, and local black market entrepreneurs that make up the clandestine political economy of war. Thus, we need a more nuanced and more complex understanding of the criminalized dimensions of conflict.

Importantly, devoting greater attention to the criminalized side of recent wars such as in Bosnia should not mean taking politics out and simply reducing all aspects of war to criminality and personal greed. As Kalyvas (2001) emphasizes, differentiations between what is political and what is criminal tend to be overstated in much of the recent literature on post-Cold War conflicts and indeed present a false dichotomy. Some economic approaches, for example, have framed the analysis around a separation between “greed” and “grievance” motives, when in fact the distinction can substantially blur in practice.<sup>3</sup> As shown in the Bosnia case, criminality and private predation does not simply trump politics in wartime but rather interacts with it in complex ways. Many aspects of criminalized conflict are state-sponsored and directly serve political interests, such as when political leaders subcontract out key tasks to criminals and smugglers, because they either cannot or prefer not to perform these tasks themselves. Political sponsorship of criminal actors and smugglers can provide a license for robbery and war profiteering—while at the same time contributing to strategic war objectives and state-building projects. There can also be great variation in political motives for collusion with the criminal underworld beyond simply self-enrichment. In the Bosnian war, for example, heavy Serb use of quasi-private criminal combatants in irregular paramilitary units helped to obscure the complicity of the Belgrade government at the onset of the war (Ron, 2000a) and helped to compensate for desertions and recruitment difficulties in the regular army in Serbia (Mueller, 2000). For the Sarajevo government, in contrast, the initial heavy dependence on criminal combatants was more of a survival strategy, providing a desperately needed substitute for a regular military force before a formal army with an operational command structure was fully in place. In some respects, this is reminiscent of the old practice of using mercenaries and privateers in early European state-building (Thomson, 1994). Thus, while the Bosnian conflict has been characterized as the archetypal example of a so-called “new” type of warfare (Kaldor, 1999:31), it also partly represents a throwback to a much older form of organized violence but in a radically different global setting.

<sup>3</sup> This dichotomy is evident, for example, in some of the World Bank sponsored research on the economics of civil wars: <http://www.worldbank.org/research/conflict/index.htm>.

The Bosnia case also indicates that all aspects of criminalized conflict are not uniformly negative and in fact can be essential to state survival. Indeed, the Bosnian state would probably not exist (or certainly not in its present form) without the assistance of criminal combatants, black market traders, and arms embargo-busters. The criminalized side of conflict often has a double-edged and contradictory character. As the defense of Sarajevo illustrates, criminal gangs can perform important military defense functions while also robbing and abusing those they are supposed to be defending. The criminalized dimensions of conflict can contribute to the outbreak and stubborn persistence of war, but can also contribute to its ending, for example by tilting the military balance through clandestine weapons procurement. Smuggling is certainly about profits and greed, but at the same time can be essential for daily survival, providing a crucial supplement (albeit at highly inflated prices) to woefully inadequate international humanitarian aid.

### The Outbreak of War

In 1992, Bosnia, one of six republics of the Socialist Federal Republic of Yugoslavia, declared independence following the earlier international recognition of Slovenia and Croatia as independent states. Bosnia's ethnic Serbs, following the leadership of the Serbian Democratic Party (SDS), feared minority status in the new Bosnian state and thus opposed independence. The Bosnian Croats and Muslims, following their respective leaderships of the Croatian Democratic Union (HDZ) and the Party of Democratic Action (SDA), strongly favored independence as a way of avoiding the dominance of neighboring Serbia. As the European Community announced recognition of Bosnia as an independent state, one of the most brutal conflicts in recent times began between the Belgrade-aided Bosnian Serbs on one side, and Bosnian Croats and Muslims (in an on-and-off alliance of convenience) on the other. The war lasted from April 6, 1992 to October 12, 1995.

Much ink has been spilled trying to explain the war in Bosnia. Some arguments stress external economic and political factors as primary explanations for the outbreak of war (Woodward, 1995), others place greater causal weight on domestic factors, such as opportunistic political elites (Gagnon, 1994) and economic competition over the redistribution of productive assets in the transition to a market-based economy (Shierup, 1999), and still others view the conflict as the product of historically rooted ethnic animosities. These widely divergent perspectives operating at different levels of analysis share a tendency to take for granted or understate how the competing sides actually obtained and sustained their physical capacity to wage war in the first place.<sup>4</sup> Antagonistic group history, manipulative politicians, and economic crisis and transition certainly helped to create a fertile environment for conflict. But armed conflict by definition requires arms, and there is nothing automatic about the ability to acquire them. While some security scholars argue that "weapons are so readily available through so many channels that any group, including governments, bent on the use of force have no difficulty finding them" (Holsti, 1996: 132), the Bosnia experience shows that there can be great unevenness in access to weapons—and that such unevenness can powerfully shape the strategic calculus to go to war.

The Bosnian Serbs had the overwhelming advantage of not only being backed by the Yugoslav People's Army (JNA) but also being covertly armed through trafficking networks from Belgrade. An international arms embargo was imposed on the region in September 1991 with the intention of inhibiting war, but in practice it locked in the military advantage of the Bosnian Serbs who were well-positioned geographically to access arms and other supplies through smuggling channels to Yugoslavia (Cigar, 1995). Moreover, Bosnia-based JNA forces had

<sup>4</sup> Exceptions include Burg and Shoup (1999) and Magaš and Žanić (2001).

quietly become Bosnian Serb-dominated by early 1992 (Silber and Little, 1997:218).<sup>5</sup> When the JNA officially withdrew from Bosnia on May 19th, 1992 (some 6 weeks after the outbreak of the war), most of the army stayed behind—along with their heavy weapons, ammunition, and supplies—and simply became part of the Bosnian Serb army. The Sarajevo government, in sharp contrast, was woefully underprepared for war,<sup>6</sup> naively counted on international military support if war broke out, was the most vulnerable to an arms embargo, and was in an extremely weak geographic and financial position to access arms supplies on the international black market.

The prewar covert arming of the Bosnian Serbs was substantially orchestrated by Yugoslav State Security (SDB) and the Ministry of the Interior (MUP), and facilitated by the Serb political party in Bosnia, the SDS. Two SDB officials, Franko Simatović (“Frenki”) and Radovan Stojičić (“Badža”), were key architects of the arming efforts.<sup>7</sup> JNA military generals were also selectively recruited as part of the development of a clandestine network (Judah, 1998:170). The plan that emerged in 1990 was called RAM (“frame”), and the strategic objective was to use SDS local chapters for deployment of arms and ammunition. Simatović and Stojičić traveled regularly to Bosnia to organize the SDS and deploy weapons and ammunition. Mihalj Kertes, a leading member of the Milošević’s ruling Socialist Party, also played a central logistical role, organizing clandestine convoys of weapons and munitions to the Serb regions in Bosnia in 1990 and 1991 (Glenny, 1996:150).

The highly successful clandestine arming effort bolstered Bosnian Serb confidence that they could win quickly and decisively, enhancing their willingness and incentives to go to war. They expected a short conflict with limited resistance due to their enormous military power advantage. Bosnian Serb leader Nikola Koljević was reported to have claimed in April 1992 that the war would end within ten days (Burg and Shoup, 1999:130), and Bosnian Serb leader Radovan Karadžić apparently expected a victory in six days (Udovički and Šitkovic, 2000:185). Judah (1998:194) notes that Bosnian Serb leadership possessed so many weapons that “it was convinced it would win a crushing victory within weeks.” The International Peace Research Institute in Stockholm calculated that Bosnian government forces were out-gunned nine-to-one by Serb forces (cf. Cortright and Lopez, 2000:65). At a heated meeting of the Bosnian parliament on the night of October 14–15, 1991, Karadžić warned Muslim politicians: “Do not think that you will not lead Bosnia-Herzegovina to hell ... because the Muslim people cannot defend themselves if there is war. ... How will you prevent everyone from being killed in Bosnia-Herzegovina?” (cited in Burg and Shoup, 1999:78).

The heavily lopsided Serb military advantage helps to explain not only their willingness and incentives to go to war, but also the speed and ease of Serb territorial gains when war broke out in April 1992. Access to clandestine arms flows and irregular Yugoslav paramilitary units helped provide the means to capture large sections of eastern Bosnia in the spring of 1992. Belgrade-supported paramilitary groups were quickly mobilized for action across the border in Bosnia, while arms continued to be supplied to local Bosnian Serb militias through conduits working for the Serbian MUP (Ron, 2000a; 2000b). The covert arming of Bosnian Serbs and subcontracting of irregular Yugoslav paramilitaries helped to obscure the complicity of the Belgrade government, providing the convenient political cover of

<sup>5</sup> In January 1992, Milošević secretly ordered that all Bosnia-born Serb JNA officers be transferred back to Bosnia.

<sup>6</sup> The failure to prepare for the war and lack of weapons and supplies were repeatedly emphasized by former senior ABiH (Bosnian army) military leaders in interviews with the author in Sarajevo, July 2002.

<sup>7</sup> See, for example, Adnan Buturović and Filip Švarn, “Ustanak u Kninu i Pokolj u Zvorniku” (“The Knin Uprising and the Zvornik Slaughter”), *Slobodna Bosna* (Sarajevo), 20 April 1997, and Dejan Anastasijević, “Lik i Delo: Franko Simatović—Frenki” (“The Life and Times: Franko Simatović-Frenki”), *Vreme* (Belgrade), 29 March 2001, p. 34.

plausible deniability (UN Experts, 1994:Annex IV). Even as Belgrade announced that it had banned paramilitary incursions from Serbia into Bosnia and claimed that it was inhibiting such incursions, press accounts of Serbia-based paramilitary involvement in ethnic cleansing increased in late April 1992 (Ron, 2000b).

Many fighters from Serbia were wooed to Bosnia by the prospect of looting and selling stolen goods on the black market.<sup>8</sup> A 1994 UN report (UN Experts, 1994:Annex III.A) concluded that “most of the paramilitaries sustained themselves through lootings, thefts, ransoms, and trafficking in contraband.” Jovan Dulović, who at that time worked as a war and crime reporter for the Belgrade daily *Politika*, witnessed the ethnic cleansing of the Bosnian border town of Zvornik. He recalled that the paramilitaries “looked like a bunch of gangs. All the scum of Serbia were there” (Ron, 2000b:299). Once the fighting stopped, the looting began. Dulović observed that there was a hierarchy of looters, with the elite troops of Arkan’s Tigers enjoying preferential access to the most valuable assets (such as cars, gold, and money). Next in line were the Serbian Četnik Movement and the White Eagles, who took the large appliances. The leftovers went to local militias and smaller Serbia-based paramilitaries, who, Dulović observed, “stripped the wires out of the walls and dismantled windows and doorframes” (Ron, 2000b:300–301). Dulović provided a detailed account of Serbian involvement in paramilitary activities in eastern Bosnia in his testimony at the Hague-based International Criminal Tribunal for the former Yugoslavia in mid-October, 2002.

The irregular paramilitary units were substantially composed of common criminals (Kaldor, 1999:53). In the 1980s and early 1990s, many Yugoslav criminals operating in Western Europe returned home in the face of intensifying police pressure and tighter immigration restrictions. Conveniently, “The Bosnian war had just started,” wrote a journalist for the Belgrade independent weekly *Vreme*, “creating the opportunity for low-risk robbery in patriotic costume” (Komlenović, 1997:70–73). Many prisoners in Serbia were also released and sent across the border to join the fighting, enticed by the promise of loot and reduced sentences. Some well-known paramilitary leaders were gangsters with close ties to the Yugoslav State Security and Secret Police. The most infamous was Željko Ražnatović (“Arkan”), whose paramilitary units (“Tigers”) took a lead role in the early ethnic cleansing campaigns in eastern Bosnia.<sup>9</sup> Arkan spent much of his youth robbing banks in Western Europe. Having escaped from prison, Arkan returned to Belgrade in the 1980s. At the end of 1990 he became the head of *Delije*, the official fan club of the local Red Star soccer team, from which he selectively found recruits for his newly formed Serbian Volunteer Guard. The Tigers would sometimes enter a town at the request of local Bosnian Serb political leaders. In Prijedor, a Bosnian Serb spokesperson explained that “Arkan is very expensive, but also very efficient” (cited in UN Experts, 1994:Annex III.A). He reportedly made a fortune on the Belgrade black market by selling looted goods from his military exploits in Bosnia (UN Experts, 1994:Annex III.A).

### The Persistence of War

While access to smuggled arms and criminal combatants from Serbia helps to explain the outbreak of the war and the large territorial gains by Serb forces at the beginning of the war, clandestine flows and the involvement of criminals is crucial in explaining why the conflict did not end quickly and decisively as Serb leaders had expected. Bosnian government-supported forces—including criminal gangs—organized and

<sup>8</sup> Filip Švarn, “Borba do Poslednje Pljačke” (“Fight Until the Last Robbery”), *Vreme* (Belgrade), 8 March 1993, pp. 28–31; and Lana Petošević, “Bio sam Srpski Plaćenik” (“I was a Serbian Mercenary”), *Vreme* (Belgrade), 5 October 1992, pp. 30–31.

<sup>9</sup> See “Special Dossier: Arkan,” *Vreme* (Belgrade), 22 January 2000, pp. 11–21 (Part I) and 29 January 2000, pp. 8–13 (Part II); and UN Commission of Experts Final Report (1994: Annex III.A).

developed their own clandestine supply networks. Although minimal access to arms and ammunition placed the Sarajevo government on the defensive throughout most of the conflict, the involvement of the criminal underworld and engagement in large-scale clandestine commerce was essential in sustaining their war effort. And nowhere was this more evident than in the Bosnian capital of Sarajevo. The fate of Sarajevo was particularly critical: if the city had fallen or been cut in half by Serb forces, the duration and outcome of the conflict would likely have been radically altered. The clandestine political economy of the Sarajevo siege is essential in explaining why this did not happen. The end result was a prolonged stalemate, with Serb war aims shifting early on from taking or bisecting the city to simply bottling it up and using it as a political negotiating card.

*The Sarajevo Siege Stalemate*

Sarajevo, stretched out in a valley between foothills and mountains, could not have been better situated for siege planners. On April 6, 1992 Serb forces began shelling the city from hillside positions that had been prepared months in advance. With the city surrounded and poorly defended from within, few could have imagined that the siege would turn out to be the longest in modern history. Although neighborhoods such as Grbavica and Ilidža were taken by Serb forces early on, they never succeeded in capturing the city or splitting it in two. Thus, it is essential to explain how the city defended itself and survived the siege for three and a half years. The most obvious and common answer is international assistance. The United Nations directed a massive humanitarian relief aid effort. From the summer of 1992 until January of 1996 there were 12,951 UN aid flights into the city. The influx of aid kept Sarajevo from starving (and also fed the besiegers who took a sizeable cut). The Serb leadership relinquished control of Sarajevo's airport to the UN in June 1992, perhaps to preempt a more severe Western response. However, international intervention is only a limited part of the explanation for Sarajevo's remarkable endurance. Relief aid was critical, but was far too little to fully sustain the city's population.<sup>10</sup> And militarily, the UN forces remained on the sidelines. Most importantly, the UN role cannot explain how the city survived and defended itself in the first critical weeks and months of the siege (the most likely time for the city to fall), since the international presence was not fully established until the UN gained control of the airport.

Access to clandestine flows and utilization of criminal actors substantially explains how Sarajevo was both defended and fed. First, major players in Sarajevo's criminal underground spearheaded the defense of the city, especially in the early stage of the siege. While also terrorizing and robbing local residents, many of these criminals-turned-soldiers were embraced as war heroes for their leadership role in repelling the siege before a regular army was fully formed and mobilized. Second, a black market trade soon emerged that crossed the siege lines, supplementing (at highly inflated prices) UN relief aid. Third, vital military equipment and supplies gradually filtered into the city through various smuggling channels.

Leading figures from Sarajevo's criminal underground are widely credited for having saved the city during the earliest stage of the conflict.<sup>11</sup> The main problem at the start of the war was not a lack of manpower, but rather lack of arms and the

<sup>10</sup> It is estimated that the UN supplied an average of 159 grams (about 0.35 lbs.) of food per person per day in Sarajevo during the siege. Vildana Selimbegović, "Abeceda Opsade" ("The Siege Alphabet"), *DANI* (Sarajevo), 5 April 2002, pp. 20–24. In early 1993, the weekly humanitarian ration was only 870 grams per person, which is sufficient for only a day and a half of basic sustenance. "Nikad Manje Hrane" ("Never Less Food"), *Oslobodjenje* (Sarajevo), 5 May 1993, p. 5.

<sup>11</sup> For brief profiles see Vildana Selimbegović, "Heroji Koje su Pojeli Skakavci" ("Heroes Eaten by Locust"), *DANI* (Sarajevo), 31 December 1994, pp. 54–57.

organization and coordination in setting up the initial defense of the city.<sup>12</sup> Criminal gangs—teamed up, ironically, with local police forces—were armed and able to provide some initial semblance of cohesion in the absence of a formal military apparatus.<sup>13</sup> This also had an important psychological effect, helping to generate a sense of optimism and defiance in the face of military encirclement. Jusuf Prazina (“Juka”)—one of the most important and controversial figures in the initial Sarajevo defense—was a thief and “debt collector” before the war (UN Experts, 1994:Annex III.A; Maass, 1996:31). Although Juka had been in prison five times and was a major local underworld figure, the Bosnian government rewarded his initial military accomplishments by giving him the titles of Commander of the Special Forces of the Reserve Brigade of the Ministry of the Interior, and Commander of the Special Units of the Army.<sup>14</sup> At the same time, as noted by a UN report (UN Experts, 1994:Annex III.A), Juka’s men robbed, extorted, and abused civilians and looted warehouses and shops. Juka soon had a falling-out with the government, which issued a warrant for his arrest in October 1992. He was killed in Belgium in 1994, and his murder remains unresolved.

Another leading criminal defender of the city was Ismet Bajramović (“Ćelo”). Ćelo, who had been imprisoned for assault and robbery in Sarajevo before the war,<sup>15</sup> was put in charge of the central prison, and successfully served as a high-ranking member in the Bosnian military police until the beginning of 1993. He helped to organize the defense of Dobrinja, a strategically vital Sarajevo neighborhood near the airport, and led several important military police actions (including one against renegade soldiers who were abusing and robbing citizens) while at the same time he himself engaged in smuggling, racketeering, and cross-frontline trading.<sup>16</sup>

The Sarajevo government eventually turned against the criminal army gangs once they were no longer essential for the city’s defense. Their military utility gradually diminished with the formation of a professional army (ABiH), and the gangs were an obstacle to further army professionalization and consolidation. Their persistent refusal to integrate into the formal military command structure and their increasingly blatant law-breaking had become a serious challenge to government authority,<sup>17</sup> and was embarrassing to Sarajevo’s leaders who needed to maintain international sympathy and support. In one incident, a senior Bosnian official pleaded with Juka’s men to clean up their act, telling them that French officers were commenting that there is no Bosnian army but only smuggling gangs.<sup>18</sup> As the former commander of the ABiH described the problem, there was a “thin line between patriotism and criminality, and some didn’t see the line as real.”<sup>19</sup> In late October of 1993 the government launched a day-long crackdown that paralyzed

<sup>12</sup> For example, in May 1992 the government had some 35,000 volunteers in Sarajevo, but only 8,000 rifles to give them. Author interview with retired ABiH general Jovan Divjak, 11 July 2002.

<sup>13</sup> Author interview with retired ABiH general Stjepan Šiber, Sarajevo, 17 July 2002.

<sup>14</sup> On Juka’s wartime activities, see the 4-part series in the Sarajevo weekly *DANI*, 31 May; 6 June; 13 June; and 20 June 2002 (available at [www.bhdani.com](http://www.bhdani.com)).

<sup>15</sup> “I put Ismet [Ćelo] in jail during peacetime, and during the trial the court found he was a psychopath,” noted Jusuf Pušina, then a Bosnian interior minister. “Then,” during wartime, “suddenly I found he had more authority than me. It was a surreal moment.” Quoted in John Pomfret, “Murderers or War Heroes?” *Washington Post*, 14 May 1993, p. A34.

<sup>16</sup> See Mladen Sančanin, “Interview with Ismet Bajramović Ćelo,” *DANI* (Sarajevo), 10 March 1993, pp. 17–19; Vildana Selimbegović, “Ćelo je pod Mojom Komandom bio Pozitivac” (“Under my Command, Ćelo was a Good Guy”), *DANI* (Sarajevo), 9 June 2000; and John F. Burns, “Gangs in Sarajevo Worry Diplomats,” *New York Times*, 4 October 1993, p. A3.

<sup>17</sup> See the 1992 and 1993 war diaries of General Šiber (2000; 2001).

<sup>18</sup> At the same time, there were claims that the commander of the French battalion was engaged in smuggling through the Sarajevo airport (Šiber, 2000: 175–177, 203).

<sup>19</sup> Author interview with retired ABiH general Delić, Sarajevo, 8 July 2002.

the city, with officials broadcasting stay-at-home warnings to local residents.<sup>20</sup> Eighteen Bosnian army soldiers and policemen were killed, and hundreds of members of two army brigades were detained during the sweep (most of whom were later released). Government efforts to rein in the criminal gangs were welcomed in Sarajevo, but also generated mixed emotions. In an earlier court case bringing criminal charges against eleven soldiers, prosecutor Ismet Hamzić explained his unease: "Without these thugs, I wouldn't even be here to talk about this case," he said. "People like them stopped the Serbs."<sup>21</sup>

Reining in the military thugs was a decisive move in establishing a more professional army (Vasić, 1996). But while Sarajevo became less reliant on criminal gangs for its defense, the city continued to rely heavily on black marketeers for the provision of scarce goods such as food and fuel. This involved clandestine commercial collaboration across the front lines, often facilitated by criminal ties that transcended ethnic divisions. As one press report described it, "By day, Serbian gunmen in the suburb of Grbavica fire mortars and sniper bullets into the Muslim-held quarters of the city, and Muslim soldiers ... fire back. At night, the two forces meet at the bridges spanning the Miljacka River, separating the Serbian and Muslim parts of the city, and conduct a thriving trade."<sup>22</sup> Black market profiteering meant that the besiegers were supplying the besieged, which in turn helped to prolong the siege stalemate. A UN Commission of Experts (UN Experts, 1994:Annex III) reported that in late September 1993 Bosnian Serb forces held their fire along those sections of the Sarajevo front line defended by Croat forces, and that the Serbs and Croats traded cigarettes and food. The Croat military units in Sarajevo were reportedly on good terms with their Serb counterparts, and often disapproved of Muslim raids across the line that provoked Serb shelling of Croat-held areas (Burg and Shoup, 1999:139).

Importantly, many humanitarian aid groups also doubled as smuggling fronts. The Sarajevo daily *Oslobođenje* reported that more than one thousand humanitarian aid organizations were registered in Sarajevo during the siege. Bojičić and Kaldor (1999:115) suggest that this high number can be explained in part by the fact that many small store owners engaged in black market trading were officially registered as humanitarian organizations, which made it possible for them to obtain highly coveted government permits to exit and enter the city. The Ministry of Trade and Transportation controlled the allocation of permits to cross UN checkpoints, making it possible for the government to selectively subcontract out work that it could not do on its own. Some UN troops also earned side income by contributing to the city's clandestine supply lines. The UN's Ukrainian soldiers were especially notorious black marketeers, specializing in selling gas siphoned from their armored personnel carriers (Maass, 1996:154). Some Ukrainian military officers reportedly even returned to Bosnia after the war to continue their role in the smuggling economy.<sup>23</sup>

Smuggling across the lines not only helped to sustain the Sarajevo population but also provided a trickle of arms and ammunition for the city's military forces. During the first phase of the war, for example, Chinese anti-tank launchers, known as "Red Arrows," arrived via Pakistan and were carried across the airport tarmac on stretchers, disguised as wounded soldiers and wrapped cadavers. According to Bosnia's top military commander during the war, these weapons were decisive in deterring Serb tank advances into the city.<sup>24</sup> According to various accounts, UN

<sup>20</sup> On details of "Action Trebević," see Petar Finčič, "Dosje: Borba Protiv Kriminala" ("Dossier: The Fight against the Crime"), *DANI* (Sarajevo), 29 December 1993, pp. 20–23.

<sup>21</sup> John Pomfret, "Murderers or War Heroes?" *Washington Post*, 14 May 1993, p. A34.

<sup>22</sup> Burns, "Gangs in Sarajevo Worry Diplomats."

<sup>23</sup> Sandra Ibrahimović, "Welcome to Marlboro Country," *DANI* (Sarajevo), 22 November 1998, pp. 38–39.

<sup>24</sup> Author interview with retired ABiH general Delić, former ABiH chief of staff, Sarajevo, 8 July 2002. See also Vildana Selimbegović, "Oružje na Službenom Putu" ("When Weapons were Away on Business"), *DANI* (Sarajevo), 17 May 2002, pp.18–20.

forces were sometimes unwitting accomplices in smuggling operations. Kerim Lučarević (2000), a Bosnian military police commander between 1992 and 1993, describes various schemes to smuggle explosives into Sarajevo via United Nations Protection Force (UNPROFOR) personnel and humanitarian aid packages. For example, during the summer of 1992, UNPROFOR troops were making regular deliveries of oxygen in metal cylinders to the local hospital. Thus, cylinders filled with three hundred tons of gunpowder were mixed in with the oxygen shipments and brought into Sarajevo together with the regular UNPROFOR deliveries. The architect of the smuggling operation, Raif Džigal, traveled to Zagreb (Croatia) to secure more ammunition, weapons, and oxygen cylinders, using “regular papers issued by the Ministry of Health of Bosnia and Herzegovina and came to an agreement with the World Health Organization to fund replacement cylinder valves, certifying, and filling with oxygen and nitro-oxydol.” These cylinders were then filled with shells, launchers, and anti-aircraft missiles and delivered to Sarajevo (Lučarević, 2000:230–231).

But while such creative smuggling schemes helped the city endure the siege, it was not enough to break it. Ending the siege would have required heavy weaponry (such as artillery and tanks), which was the most difficult to acquire on the black market and smuggle in.<sup>25</sup> Thus, even as the city’s defenders managed to access enough clandestine weapons supplies to repel a Serb occupation or attempts to bisect the city, these were limited to only certain types of weapons. The result was to reinforce the siege stalemate—and thus a prolongation of the war.

Unable to break through the siege above ground, an underground lifeline for the city was established in 1993 by digging a tunnel under the Sarajevo airport tarmac. The tunnel was made possible by the peculiar political geography of the siege. Sarajevo was surrounded on three sides by Serb forces, with the airport tarmac, which was controlled by the UN, as the only point where one could potentially enter or exit the city without directly crossing Serb lines. Bosnian government forces controlled the areas at each side of the tarmac (Butmir and Dobrinja), while the Serbs controlled areas at each end of the tarmac (Lukavica and Ilidža). Dashing across the tarmac was extremely dangerous because of Serb sniper fire. Moreover, as part of the bargain with the Bosnian Serb leadership for control of the airport, the UN agreed to stop individuals crossing the tarmac (thus, in order to supply humanitarian aid to Sarajevo via the airport, the UNPROFOR in effect had to help enforce the siege). The Sarajevo government’s solution was to bypass UN troops and the Serb snipers by going beneath the airport, digging an 800-meter-long tunnel under the tarmac that connected the Dobrinja and Butmir neighborhoods on the outskirts of Sarajevo. The secretive tunnel construction project created a lifeline that passed through the tunnel, exited south of the airport at Butmir, then on to the government-held outpost of Hrasnica, and from there across Mt. Igman to Bosnian-held towns on the Neretva River valley southwest of Sarajevo. From there, mountain roads could be used to reach Croatia and the Adriatic coast.

An average of 4,000 people and 20 tons of material went through the tunnel every day. Eventually, a pipeline was also put in to pump diesel fuel to Sarajevo.<sup>26</sup> UN officials behaved as if the tunnel did not exist, and ignored Serb demands that they try to close it. Access to the tunnel, which opened in late July 1993, was at first largely restricted to military purposes. However, the rules were soon loosened, allowing the tunnel to be used to bring in food and other goods (Ajnadžić, 2002).<sup>27</sup> A document of the UN’s World Food Program noted the importance of the tunnel:

<sup>25</sup> Author interview with retired ABiH general Divjak, 11 July 2002, and with retired ABiH general Šiber, 17 July 2002.

<sup>26</sup> Edis Kolar and Bajro Kolar, *The Sarajevo War Tunnel* (Sarajevo, n.d.), 8–11.

<sup>27</sup> For estimates of tunnel traffic see ABiH Brigadier General Ajnadžić’s account (2002).

“Prices have not risen inordinately during the current suspension of the convoys and airlift—probably due to the uninterrupted use of the tunnel under the airport as a local route.”<sup>28</sup> Controlled by the 1st Corps of the Bosnian Army, the tunnel soon became a lucrative business. In the words of the Bosnian family whose house was at the entrance of the tunnel: “May the commanders remember that they have gotten rich by smuggling through our house.”<sup>29</sup> The army reportedly claimed 30 percent of all that was transported into Sarajevo via the tunnel, with payment in cash or kind.<sup>30</sup>

The Sarajevo government strictly regulated who could leave the city through the tunnel. This was partly due to the tunnel’s limited capacity and high traffic volume, but the government also had a strategic interest in keeping a critical population mass. Maintaining a large population base was essential to assure high levels of international attention and sympathy. Individuals apprehended trying to leave without authorization faced prison terms (Burg and Shoup, 1999:177). Thus, while the clandestine flow of arms, ammunition, food, fuel, and other supplies into the city helped to keep the city defended and fed, the clandestine flow of people out of the city was strictly controlled. Ironically, Serb snipers, roadblocks, and UN forces at the airport in effect helped to enforce the government’s exit restrictions.

#### *Sustaining the War by Trading with the Enemy*

Throughout Bosnia the proliferation of clandestine trading across front lines helped to sustain the war.<sup>31</sup> The checkered military map of Bosnia determined what areas became black market trading posts. Instead of a continuous military front line, there were confrontation lines inside and surrounding strategically located urban areas (often UN designated “safe areas”) and the transportation routes that connected them. The fighting factions were partly interspersed, with significant local variation in relations across the lines (Bjelaković and Strazzari, 1999). For example, near Sarajevo, the Serb-held suburb of Ilidža was next to the Croat-held town of Kiseljak. Both profited immensely from black marketeering, especially in the petrol trade. A leading petrol trader on the Serb side was the brother of Momčilo Krajišnik, head of the Bosnian Serb assembly, who reportedly made a fortune by purchasing fuel from Croats for the Bosnian Serb army (Judah, 1998:247). Kiseljak supplied both Serb and Bosnian government forces, and each side quietly ignored the clandestine practice they benefited from. The town was also a favorite source of fuel and other supplies for UN personnel and foreign journalists (Maass, 1996:118). Kiseljak was located at the western gates of Sarajevo—strategically the most obvious place to militarily break the siege from the outside, since this is where the Serb ring around the city was weakest. However, massive black marketeering gave Kiseljak’s Croats a clear financial self-interest in keeping the siege going (Silber and Little, 1997:296).

The Bihać pocket in northern Bosnia near the Croatian border was an especially active wartime commercial hub. Arms, fuel, food, and other goods crossed front lines via Bihać. According to the commander of the Croatian Defense Council (HVO) detachment in Bihać, “Our arms come from various sources. We make

<sup>28</sup> Quoted in Moritz Doebler, “Underground Tunnel a Lifeline for Besieged Sarajevo,” *Ottawa Citizen*, 26 December 1994, p. B2.

<sup>29</sup> Nidžara Ahmetašević, “Sarajevski Tunel – Kuća Kolarovih” (“Sarajevo Tunnel – The Kolar House”), *Slobodna Bosna* (Sarajevo), 10 July 1999, p. 28.

<sup>30</sup> John Pomfret, “Steps to Ease Sarajevo Hasten Its Partition; Government Finds Way around Serbs to Secure Supplies,” *Washington Post*, 7 January 1995, p. A4.

<sup>31</sup> The practice of trading with the enemy during wartime is an old one, but remains under studied. See Levy and Barbieri (2000).

some, we steal some, and buy some from the Serbs themselves" (Judah, 1998:243). Remarkably, Bosnian Serbs had sold the 5th Corps of the ABiH a large quantity of the weapons that were then used to attack them. Senior Serb officers had reportedly sold arms and ammunition to the 5th Corps (Lieutenant-Colonel Milovan Milutinović, a Bosnian Serb Army spokesman, later acknowledged this). Some sources claim that the ABiH 5th Corps bought up to 60 truckloads of weapons from the Serbs (Judah, 1998:244).

The clandestine economy of the Bihać area was also at the heart of the political division between the central government in Sarajevo and local warlord Fikret Abdić (Bougarel, 1996b). Abdić, a prominent Muslim businessman and head of the giant food-processing company *Agrokomerc*, ran the Bihać pocket from the town of Velika Kladuša. Abdić, who in the 1980s had been jailed on corruption charges and was sought by the Austrian police for fraud, openly broke away from the Muslim-led government in 1993 and declared the region the "autonomous province of Western Bosnia." He ran it as his own private fiefdom, making lucrative trade agreements with all sides, and collecting taxes and transit fees on goods passing through the enclave (UN Experts, 1994:Annex III). He processed food for Krajina Serbs, and purchased fuel and other supplies from Croats that were officially destined only for his province but that were then quietly shipped on to Serbia, and to Croats and Serbs in Bosnia (Judah, 1998:244). Abdić's chief aide described Bihać's role: "We see ourselves as the Cayman Islands of the Balkans." He emphasized that "[w]e are interested in business, finance, making money" (cf. Naylor, 1999:357). Abdić was put out of business in August 1994, when he and thousands of his followers were driven from the area by the Bosnian 5th Corps.

While the war was good business for the well-connected, in some places it was also eroding troop morale.<sup>32</sup> Growing anger and resentment over the accumulation of illicit war fortunes became evident on September 10, 1993 when two brigades of the Bosnian Serb army in Banja Luka mutinied, took control of public buildings, and demanded the arrest of local "war profiteers." In a collective protest letter, they charged that "while we fight ... slick manipulators lead a comfortable and fashionable life at the rear—with the blessing of the ruling power, amassing their fortunes and implementing their dark political designs" (cf. Bougarel, 1996a:107). According to Bougarel (1996b), the Banja Luka mutiny illuminated not only certain clandestine economic aspects of the war but a growing motivational crisis among the combatants and a polarization between a minority of war profiteers and a majority of the population.

### The Termination of War

As has been well documented elsewhere, a variety of domestic and international factors helped to finally bring about an end to the war in Bosnia, including much greater U.S. diplomatic engagement and pressure, NATO air strikes, and increasingly strained relations between Belgrade and the Bosnian Serb leadership (Burg and Shoup, 1999). But a shift in the military balance on the ground—made possible by heightened Bosnian government access to clandestine arms supplies—was an essential ingredient in creating the necessary conditions for a negotiated settlement. As the retired Croatian army general Martin Špegelj (2001:40) has argued, "What was finally decisive in ending the war was the emergence, to general astonishment, of a strong army of Bosnia-Herzegovina. It foiled plans to divide the republic, which was a great surprise to both the Croatian and Serbian leaderships." With the informal blessing of the United

<sup>32</sup> See Uroš Komlenović and Milos Vasić, "Dosije: Ratni Profiteri" ("Dossier: War Profiteers"), *Vreme* (Belgrade), 27 September 1993, pp. 23–24.

States,<sup>33</sup> a major part of the Bosnian military's unexpected strength was enhanced access to clandestinely imported weapons supplies. In this sense, ironically, it was the very failure of the international arms embargo through smuggling that helped to bring the war to an end.

*Shifting the Military Balance by Evading the Arms Embargo*

In September 1991, the United Nations declared an arms embargo on Yugoslavia and its constituent parts. Virtually self-sufficient militarily, Serbia was the least vulnerable to the arms embargo. The Bosnian Serbs, aided by the armaments left behind when the JNA formally withdrew and by clandestine supply lines to neighboring Serbia, were also minimally affected by the arms embargo. The Bosnian government, on the other hand, entered the war poorly armed and geographically handicapped. Almost all weapons imported into the landlocked country had to be transported through Croatian territory. The arms embargo made an already difficult situation even more so. Accessing external arms supplies would have to be done covertly, which included paying exorbitant taxes in the form of Croatian transit fees (the standard transshipment fee was about 30 percent, with payment in kind).<sup>34</sup> Equally important, dependence on the black market also limited the types of equipment available, since heavy weaponry, such as armor and artillery, was particularly cumbersome for smuggling.<sup>35</sup>

A key broker for black market weapons deals for the Bosnian government was an obscure organization called the Third World Relief Agency (TWRA). The TWRA was used as a front to funnel \$350 million to the Bosnian government between 1992 and 1995, at least half of which was apparently used to purchase and smuggle weapons.<sup>36</sup> Most of the money allegedly came from Middle East countries, including Iran, Sudan, and especially Saudi Arabia. Donations also came from Turkey, Brunei, Malaysia, and Pakistan.<sup>37</sup> Headquartered in Vienna, the agency had offices in Sarajevo, Budapest, Moscow, and Istanbul. Hasan Čengić, the lead Bosnian government official charged with negotiating clandestine arms deals, was on the advisory board of the TWRA. In a major smuggling operation funded by the TWRA in September 1992, Soviet-built cargo planes landed in Maribor, Slovenia, from Khartoum, Sudan. The cargo—120 tons of assault rifles, mortars, mines, and ammunition originally from surplus stocks of Soviet weapons in Eastern Germany—was labeled as humanitarian aid. From Maribor, the weapons were transported by chartered Russian helicopters to Tuzla and Zenica in Bosnia, stopping at the Croatian port of Split to refuel. Another operation reportedly involved \$15 million in light weaponry, smuggled into Bosnia from Croatia via Malaysian and Turkish UNPROFOR troops. In 1996, the Bosnian government awarded the TWRA a gold medal for its “relief work.”<sup>38</sup>

<sup>33</sup> See Nijaz Džafić, “Oružje iransko – Šutnja američka” (“Iranian Weapons – American Silence”), *DANI* (Sarajevo), 8 October 1999, pp. 34–36.

<sup>34</sup> Clandestine access to arms supplies through Croatia was dramatically curtailed from spring 1993 to spring 1994 when the fragile Muslim–Croat alliance had broken down. Author interviews in Sarajevo with retired ABiH general Delić, 8 July 2002; retired ABiH general Šiber, 17 July 2002; and retired ABiH general Divjak, 11 July 2002.

<sup>35</sup> American intelligence reports indicated that Bosnian government forces had only 2 tanks and only 1 or 2 armored personnel carriers in 1992, while Serb forces possessed 300 tanks and 200 armored personnel carriers. Bosnian government forces had two dozen artillery pieces compared to 600–800 on the side of the Serb forces. Michael R. Gordon, “Iran Said to Send Arms to Bosnians,” *New York Times*, 10 September 1992, p. A10.

<sup>36</sup> See the report on the Third World Relief Agency by Nijaz Džafić in *DANI* (Sarajevo), 1 October 2000, pp. 16–19 (Part I) and 8 October 2000, pp. 34–36 (Part II).

<sup>37</sup> Not only Islamic countries supported the Bosnian war effort. Slovenia reportedly served both as a transit route for and a supplier of weapons for Bosnia, through deals brokered by Hasan Čengić. See Zoran Odich, “Arms Trade—Last Stop: Sarajevo,” AIM (Paris), 9 October 1997.

<sup>38</sup> John Pomfret, “How Bosnia’s Muslims Dodged Arms Embargo; Relief Agency Brokered Aid from Nations, Radical Groups,” *Washington Post*, 22 September 1996, p. A1.

The TWRA's operations predated the opening of a direct arms smuggling channel between Iran and Bosnia (via Croatia) in May 1995. After the U.S.-brokered Croat-Bosnia federation in 1994 it became significantly less difficult to smuggle weapons in via Croatian territory. At an April 28th, 1994 meeting with U.S. Ambassador Peter Galbraith, Croatian president Tudman inquired about the U.S. stance on the Iran-Bosnia smuggling pipeline. Galbraith replied that he had "no instructions" from Washington on the matter, which was interpreted as tacit approval. Air shipments of arms and ammunition reportedly averaged eight per month, with 30 percent taken by Croatia as a transshipment fee. According to CIA estimates, arms shipments to Bosnia from Iran reached approximately 14,000 tons, worth about \$150-\$200 million.<sup>39</sup>

Despite the Bosnian government's growing capacity to smuggle in arms, dependence on black market channels nevertheless had significant limitations and drawbacks. As the *New York Times* editorialized in November 1994:

Even though Bosnia is now smuggling in enough weapons to turn the tide, formally lifting the embargo is important because it would allow in the tanks and other heavy weapons the Government's side still lacks. It would also give Bosnia's political authorities more control over which units get the new arms. ... A procurement system based on smuggling directs arms to those commanders who have the best underworld connections. Lifting the embargo would also free Bosnia from reliance on radical weapons suppliers like Iran and Libya that have few inhibitions about circumventing UN rules.<sup>40</sup>

Nevertheless, those who argued that the embargo should be lifted to "level the playing field" were opposed by those who thought that this would simply "level the killing field," escalating the conflict. The stalemated international politics of the embargo—with Russia and major European powers supporting and the United States increasingly opposing it—meant that the embargo remained in place even as Washington officials progressively encouraged evasion. While avoiding the diplomatically risky move of unilaterally lifting the embargo, the Clinton administration adopted a de facto policy of not only nonenforcement (i.e., turning a blind eye) but also covert facilitation in arming the Bosnian government (Burg and Shoup, 1999:307–309, 313). The clandestine channeling of arms to Bosnia from Islamic countries was facilitated by the fact that the UN depended on U.S. intelligence to monitor the embargo.<sup>41</sup>

With the U.S.-brokered Croat-Muslim alliance of convenience and a rising influx of smuggled weapons, the military balance decisively shifted in 1994–1995. "Time is on Bosnia's side," remarked a military insider who participated in a smuggling scheme that shipped 200 tons of Chinese weapons via Croatia to Bosnia in the summer of 1994. "With further similar transactions, one day Bosnia will take the war to the Serbs."<sup>42</sup> Indeed, in coordination with Croatian forces, the Bosnian army went on the offensive the following year, quickly regaining large swaths of territory lost at the beginning of the war. On the defensive for the first time and with little prospect of turning the tide, the strategic calculus of the Bosnian Serb leadership shifted, creating space for a final negotiated solution.<sup>43</sup>

<sup>39</sup> Tom Hunter, "The Arms Embargo that Wasn't: Iran's Shipments to Bosnia," *Jane's Intelligence Review*, 1 December 1997.

<sup>40</sup> Editorial, "Getting Serious on Bosnian Arms," *New York Times*, 11 November 1994, p. A30.

<sup>41</sup> Richard Norton Taylor, "America used Islamists to Arm the Bosnian Muslims: Official Dutch Report Says that Pentagon Broke UN Embargo," *Guardian* (London), 22 April 2002, p.13.

<sup>42</sup> Quoted in Anthony Lloyd, "Smuggled Munitions Strengthen Muslim Firepower," *The Times* (London), 10 June 1994.

<sup>43</sup> The chief U.S. architect of the Dayton Peace Agreement, Richard Holbrooke, wrote in his memoir that "the shape of the diplomatic landscape will usually reflect the actual balance of forces on the ground. In concrete terms,

### The Aftermath of War

The legacy of criminalized conflict in Bosnia has profoundly shaped the post-conflict reconstruction process (Pugh, 2002). The smuggling networks that proved so essential to the Bosnia war effort have at the same time contributed to the criminalization of the state and economy in the postwar period. Crime-fighting problems now overshadow war-fighting problems. Key players in the covert acquisition and distribution of supplies during wartime have emerged as a nouveau riche “criminal elite” with close ties to the government and nationalist political parties. In January 2000, the U.S. Special Representative to Bosnia told the Legal Affairs and Human Rights Committee of the Council of Europe that “[w]ar-time underground networks have turned into [political] criminal networks involved in massive smuggling, tax evasion, and trafficking in women and stolen cars” (cf. Government Accounting Office, 2000:13). While the emergence of new elites has been part of the transition process throughout post-Communist Eastern Europe (Stark and Bruszt, 1998), in Bosnia the process is distinct in that it was dramatically accelerated by and took place under conditions of criminalized warfare. As University of Sarajevo law professor Zdravko Grebo puts it, while new elite formation during transitions elsewhere have taken years and even decades, in Bosnia it has happened overnight, with small fortunes made during the war by simply smuggling in a shipment of cigarettes or oil.<sup>44</sup> In contrast to East Central Europe where the old nomenklatura/political elite converted political capital into economic (and sometimes criminal) capital, in the case of Bosnia, criminal capital accumulated during a criminalized war has been converted to political capital after the war.<sup>45</sup>

In Sarajevo, for example, the city’s social structure has been turned upside down: at the same time as many of the most educated professional technocrats have fled abroad, many who were previously on the margins of society have experienced rapid upward mobility thanks to their wartime roles and political connections. The daily Sarajevo newspaper, *Oslobodenje*, lamented during the siege that “before our eyes, the new class is being born in this war, the class of those who got rich overnight, all former ‘marginals’” (cf. Alibabić, 1996:73). An enduring legacy of the war has been the criminalization of the city, as power and influence shifted during wartime to those most connected in the shadowy world of clandestine transactions.<sup>46</sup> Entrenched political corruption—based on close relationships of loyalty and trust between nationalist politicians, the security apparatus, and criminals that were forged during war—has undermined the rebuilding of the city, eroded public trust in government, and impeded democratic reform.<sup>47</sup>

Moreover, local war profiteers, including many politicians and military commanders, are now shielded from prosecution thanks to a sweeping amnesty law. When the international community demanded an amnesty law for draft dodgers and deserters, Bosnian politicians opportunistically expanded the amnesty to include such crimes as illegal commerce, tax evasion, and illegal use of humanitarian aid. The time period covered by the amnesty was between January 1991 and December 22, 1995. The starting date, more than a year before the outbreak of the Bosnian war, closely corresponds to when nationalist political parties (SDA, HDZ, and SDS) gained power. Some of the politicians who pushed for

---

this meant that as diplomats we could not expect the Serbs to be conciliatory at the negotiating table as long as they had experienced nothing but success on the battlefield” (Holbrooke, 1999: 73).

<sup>44</sup> Author interview, Sarajevo, 15 July 2002.

<sup>45</sup> I thank Richard Snyder for pointing out this contrast.

<sup>46</sup> Senad Pećanin and Vildana Selimbegović, “Abeceda Korupcije” (“The Corruption Alphabet”), *DANI* (Sarajevo), 27 August 1999, pp. 16–21.

<sup>47</sup> Author interview, Office of the High Representative, Sarajevo, 12 June 2001.

the amnesty law had investigations and indictments against them pending.<sup>48</sup> War entrepreneurs have been well positioned to take advantage of the privatization and deregulation process promoted by international financial institutions as a condition for continued aid (Pugh, 2002). Some of those who profited the most from war have successfully “cleaned” their wealth, and now present themselves as legitimate economic elites. For example, the Bosnian wartime deputy Minister of Defense, Hasan Čengić, lived modestly before the war as an Islamic clergyman but is now part of an expansive family-run regional economic empire. For highly placed logisticians such as Čengić, the covert nature of importing arms and soliciting clandestine external financial support from Islamic countries provided an ideal cover for corruption and profiteering.<sup>49</sup> In his wartime diary, retired Bosnian army general Šiber notes that Čengić was called “the money God” (Šiber, 2000:147).

On the Bosnian Serb side, Momčilo Mandić (a deputy minister for the Bosnian MUP shortly before the war, who lived on a moderate civil servant salary) emerged from the war as one of the wealthiest men in the region, and is believed to be one of the primary sources of funding for Bosnian Serb war criminal Radovan Karadžić.<sup>50</sup> Apparently, Mandić’s initial wealth was created by stealing from the Sarajevo MUP treasury (150,000 DEM) shortly before the war started, was expanded by the wartime robbery of warehouses and manipulation of humanitarian aid, and was then completed with his dominant position in oil smuggling, banking, and fictitious loan schemes in Republika Srpska.<sup>51</sup> Mandić also illegally removed and later sold thousands of blank Bosnian identity papers, such as driver’s licenses and passports. (Bosnian identity papers were highly valued commodities during the war because they provided refugee benefits to their carriers and often led to a refugee or immigration visa to a Western country). Mandić’s political positions (as a deputy Minister of the Interior and then Justice Minister in the wartime Bosnian Serb leadership) provided an ideal cover for the accumulation of illicit wealth.

While the formal, above-ground economy has struggled to recover from the war and has been highly dependent on external donor support (some \$5.5 billion since 1996), the informal, underground economy is thriving.<sup>52</sup> Clandestine economic activity has generated substantial revenue and employment, becoming a key part of the survival strategy for many impoverished Bosnians in the face of bleak conditions (Pugh, 2002). However, the clandestine economy has also been an obstacle to creating effective state institutions and establishment of the rule of law. Much of the country’s imports arrive in the form of contraband, which provides consumer goods at a discount but enriches smuggling organizations and deprives the government of desperately needed tax revenue.<sup>53</sup> The highly fractured and fragmented nature of the Bosnian state that emerged from the Dayton Agreement (based on two formal entities, the Federation and the Republika Srpska, and many local cantons) has invited rent-seeking and made border controls and collection of customs duties extremely cumbersome and difficult.

Partly as a legacy of the war, Bosnia has also become a major human cargo transshipment point for illegal entry into the European Union (EU). The routing of

<sup>48</sup> Author interview with a senior official in the Bosnian Intelligence Agency, 15 July 2002. See also Emir Hodžić and Adnan Buturović, “Kako su SDA i HDZ Zaštitili (prije) Ratni Kriminal” (“How SDA and HDZ Protected (pre)War Crimes”), *Slobodna Bosna* (Sarajevo), 20 June 2002, pp. 5–8.

<sup>49</sup> Author interview, International Crisis Group, Sarajevo, 5 July 2002; and Office of the High Representative, Sarajevo, 19 July 2002.

<sup>50</sup> See *US Mission Daily Bulletin*, “U.S. Moves against Balkan War Criminal Karadzic’s Support Network,” 10 March 2003, pp. 2–3.

<sup>51</sup> Tamara Skrozza, “Ko je Ko” (“Who is Who”), *Vreme* (Belgrade), 7 February 2002, pp. 26–27; and Vildana Selimbegović, “Žetva Posijanog Straha” (“Reaping of the Sown Fears,” *DANI* (Sarajevo), 26 May 2000.

<sup>52</sup> The World Bank estimates that the underground economy represents 50–60 percent of Bosnia’s Gross Domestic Product. Author interview, World Bank (Sarajevo office), 16 July 2002.

<sup>53</sup> Author interview, Customs and Fiscal Assistance Office to Bosnia and Herzegovina, Sarajevo, 12 June 2001.

thousands of Iranian migrants through Sarajevo has been a direct consequence of the close wartime ties between Bosnia and Iran.<sup>54</sup> Until December 2000 Iranian passport holders did not need a visa to enter Bosnia because the Sarajevo government was grateful to Iran for its assistance during the war. Chartered flights from Tehran regularly landed at the Sarajevo airport and returned virtually empty. Pressured by the EU, the Bosnian government has imposed a visa requirement on Iran, but the country continues to be a major migrant smuggling hub.<sup>55</sup> The UN mission in Bosnia reports that the Bosnia route is taken by about 10 percent of the smuggled illegal migrants entering Western Europe.<sup>56</sup> Even more profitable than migrant smuggling has been the trafficking of women into the region, where a core part of the customer base is the substantial international community presence (including thousands of NATO troops).<sup>57</sup>

The transformation of the clandestine war economy into a postwar criminalized economy is nowhere more visible than at the so-called Arizona market, an area that was once a NATO-enforced “zone of separation” and checkpoint between Serb, Muslim, and Croat forces which has grown into a massive complex of about 2,000 plywood and steel shacks covering about 35 acres. Some 20,000 people reportedly owe their livelihoods to the Arizona market (named for NATO’s designation of an adjacent highway).<sup>58</sup> A large sign reads “Our thanks to the U.S. Army for supporting the development of this market.”<sup>59</sup> Western officials promoted the site as a way to nurture local entrepreneurship, and the Pentagon provided around \$40,000 of the start-up costs. The thriving market, however, quickly became a smuggler’s paradise, where one could find among other, common-use goods, untaxed cigarettes and alcohol, illegal drugs, stolen cars, and guns. It therefore turned into a glaring symbol of the government’s inability to regulate the flow of goods across its borders. By 1999, as many as 25,000 shoppers were visiting the market on a single weekend, with the state losing an estimated \$30 million in tax revenue every year from goods sold at the market.<sup>60</sup> The market became a hub for traffickers bringing in unauthorized immigrants, prostitutes, and drugs from Asia and the former Soviet bloc to the European Union.<sup>61</sup> In 1999, Jacques Klein, the then head of the UN mission to Bosnia, charged that the market was run by hardline obstructionists opposed to ethnic integration, and urged that the entire area be bulldozed.<sup>62</sup>

Unable or unwilling to dismantle the sprawling market, in 2000 the Office of the High Representative launched an ambitious campaign to clean up and regulate it, with mixed results so far.<sup>63</sup> The market is considered a success story by some observers, since Serbs, Croats, and Muslims now interact peacefully through trade in a place that once was bitterly contested. Half of the market is located in the Muslim–Croat federation, and the other half in the Republika Srpska. While Western officials promote the classic liberal argument that peace can be fostered through trade and economic interdependence, it remains to be seen whether durable peace can also come through illegal trade and clandestine economic interdependence.

<sup>54</sup> Author interview with UN officials, Sarajevo, 11 June 2001.

<sup>55</sup> Author interview, International Organization for Migration, Sarajevo, 7 June 2001.

<sup>56</sup> *Borderline: UNMIBH Bulletin on State Border Service Activities*, vol. 2, no. 2 (March–April 2001), p.1.

<sup>57</sup> Foreigners are about 30 percent of the customers, but are the source of approximately 70 percent of brothel revenues since they spend more than locals. Author interview, United Nations High Commission for Human Rights (Sarajevo office), 12 July 2002.

<sup>58</sup> Philip Sherwell, “Guns, Girls, Drugs, Fake Track Suits: It’s All Here in the Wildest Market in the World,” *Sunday Telegraph* (London), 19 November 2000, p. 35.

<sup>59</sup> Jeffrey Smith, “Bosnian Mart Becomes Den of Criminal Enterprise,” *Washington Post*, 26 December 1999, p. A33.

<sup>60</sup> *Ibid.*

<sup>61</sup> Sherwell, “Guns, girls, drugs.”

<sup>62</sup> Smith, “Bosnian Mart.”

<sup>63</sup> Author interview, Office of the High Representative, Sarajevo, 19 July 2002. See also Special Report “Arizona Market,” *DANI* (Sarajevo), 24 January 2003.

### Extensions

While the limitations of a single case make it difficult to evaluate the argument more rigorously, and a systematic comparison across cases is beyond the scope of this study, some analytical insights can nevertheless be gained by briefly extending the focus elsewhere in the region. In Croatia, for example, geographic advantage (sympathetic immediate neighbors and a long and accessible coastline), an affluent and well-organized diaspora community, and access to local and neighboring military stockpiles help to explain why Croatia was far more successful than the Bosnian government in its clandestine arming effort against Serb forces. For example, Croatian army general Martin Špegelj covertly imported small arms from Hungary in 1990 for the expanding Croatian police forces, and was able to seize local JNA weapons stocks without great difficulty in the fall of 1991. These seizures included about 100 tanks and 400 pieces of heavy artillery equipment.<sup>64</sup> But even while Croatia was better positioned than Bosnia to covertly access weapons supplies, the clandestine procurement process to sidestep the arms embargo nevertheless fueled corruption and official tolerance for criminality. As a former Croat soldier who had been involved in an illegal weapons import scheme has described it, the arms embargo had the perverse consequence of making smuggling seem patriotic and nurtured state tolerance for illegal activity.<sup>65</sup> Moreover, there has been little accounting for the influx of funds from diaspora war donations.

Variation in access to clandestine flows also helps to explain variation in the timing of the conflicts in the region. Based on levels of ethnic tension alone, one would expect Kosovo to have been the first powder keg to explode in the former Yugoslavia. An initial lack of access to arms is an essential part of the explanation for why the ethnic Albanian push for independence took place considerably later than the conflicts in Croatia and Bosnia. A sharp rise in the availability of cheap smuggled weapons—due to the collapse of the neighboring Albanian government and the looting of armories in the spring of 1997—was a prerequisite for escalation in the armed confrontations between members of the Kosovo Liberation Army (KLA) and Serb forces (Judah, 2000:128; Naylor, 1999:373). The KLA also benefited from the substantial and well-organized remittances from ethnic Albanians living abroad, part of which likely included the profits of criminal activities in Western Europe such as heroin trafficking (Judah, 2000:70; Naylor, 1999:370–371; Williams, n.d.). Moreover, the more recent outbreak of conflict in Macedonia between the Macedonian state and the Albanian-led National Liberation Army (NLA) has been closely connected to cross-border crime, including the smuggling of arms and other contraband (Hislope, 2001). Indeed, some observers have argued that the conflict has not simply been about ethnic disputes but about maintaining and controlling smuggling routes.<sup>66</sup> In this regard, it is important to point out that the outbreak of armed conflict in Macedonia started in Tanuševci, a remote smuggling village bordering Kosovo, when Macedonian soldiers attempted to impose border controls.<sup>67</sup>

Neighboring Serbia is also struggling to cope with the aftereffects of the criminalized dimensions of conflict in the region, most dramatically illustrated by the assassination of Prime Minister Zoran Đinđić, on March 12, 2003. The main suspects are Milorad Luković (“Legija”) and his so-called Zemun clan, a well-known Belgrade criminal group specializing in the smuggling of drugs, cigarettes, and oil, and the person whom Western governments had been pushing Đinđić to crack down on. The existence of the Zemun group was first formally acknowledged in

<sup>64</sup> Author interview with retired Croatian Army General Špegelj, Zagreb, 23 July 2002.

<sup>65</sup> Author interview with former Croatian soldier, 28 June 2002.

<sup>66</sup> Josip Novak, “Rat u Makedoniji” (“The War in Macedonia”), *Globus* (Zagreb), 23 March 2001, p. 26.

<sup>67</sup> Jasna Babić, “Albanski Rat za Švercerske Puteve” (“Albanian War for Smuggling Routes”), *Nacional* (Zagreb), 15 March 2001.

2001 when Serbian police published a report claiming that there were 50 active criminal groups in the country, with the Zemun group considered the most powerful. Luković had denounced Đinđić as unpatriotic for his cooperation with the Hague war crimes tribunals.<sup>68</sup> The power of Luković and his associates can be traced back to the Milošević era, when crime, business, and the state security apparatus became closely integrated in the effort to evade international sanctions, foster illicit business, and support the war efforts of the 1990s. Milošević nurtured a symbiotic relationship between the state and organized crime—a relationship that has outlasted the wars and Milošević.

Luković, an ex-French foreign legionnaire and former commander of the “Red Berets” special unit within the Serbian MUP, had retired from state service into criminal enterprise full time while retaining close ties to the security establishment. Đinđić’s rise to power and removal of Milošević was assisted by Luković and Belgrade’s criminal underworld. Indeed, Luković troops even helped in June 2001 with Milošević’s deportation.<sup>69</sup> The country’s crime groups, having abandoned their former patron and sided with Đinđić, had essentially been given an amnesty after Milošević’s capture and extradition. However, facing mounting pressure from the international community and pragmatically accepting the need for reform to gain desperately needed foreign aid, Đinđić had recently moved against organized crime—including some of the very people who had helped him gain power. Breaking the tacit amnesty, it appears, cost him his life, sparking a new political crisis in Serbia.<sup>70</sup> (According to some press reports after the assassination, Luković fled to Bosnia, hiding in western Herzegovina at the home of his Croatian friend Ante Gotovina—a former Croatian general also wanted by the Hague war crimes tribunal and who knew Luković from their pre-war days together in the French Foreign Legion).<sup>71</sup> Unraveling the entrenched ties between the state security apparatus and criminal enterprise in Serbia will be a daunting task for Đinđić’s successors. And it is questionable whether there is sufficient political will to push forward with the decriminalization of the state.<sup>72</sup> The European Union increasingly views Serbia and Montenegro, and the Western Balkans in general, as an organized crime gateway to Europe.

### Conclusion

In this article I have emphasized the explanatory utility of placing criminal actors and smuggling practices front and center in the study of armed conflict and its aftermath. Drawing from the Bosnia experience, I have suggested that a “bottom up” approach to understanding the dynamics of war and peace provides analytical insights that are missing or underexplored in more conventional accounts. While a case study obviously has inherent explanatory limitations, the multiple dimensions of criminalized conflict in Bosnia offer some important lessons that are relevant to the study and management of conflict and post-conflict reconstruction in general.

Perhaps most importantly, the Bosnia case not only suggests the need to pay greater attention to the criminalized aspects of conflict but to do so in a manner that recognizes its considerable ambiguity, complexity, and double-edged character. This leads to some rather awkward and even unsettling conclusions. Smuggling

<sup>68</sup> Boris Drenca and Daniel Sunter, “Serbia: Further Action Against Mafia Demanded,” *Balkan Crisis Report*, no. 432, 23 May 2003.

<sup>69</sup> Eric Jansson and Stefan Wagstyle, “The Cancer of Organized Crime that Riddles Serbia,” *Financial Times* (London), 14 March 2003.

<sup>70</sup> Adam LeBor, “Brussels Fears Serbian Gangsters,” *Balkan Crisis Report*, no. 414, 13 March 2003.

<sup>71</sup> Melisa Babić, Senad Avdić, and Mirsad Fazlić, “Đinđićeve Ubice u BiH” (“Đinđić’s Killers in BiH”), *Slobodna Bosna* (Sarajevo), 20 March 2003; Adnan Buturović, “Legija Stranaca: Rasadnik Balkanskih Zločinaca” (“The Foreign Legion: The Nursery of the Balkan Criminals”), *Slobodna Bosna* (Sarajevo), 20 March 2003.

<sup>72</sup> Author interview, International Crisis Group (Belgrade), 30 June, 2003.

and criminal actors can contribute to the outbreak and persistence of war, but also to its conclusion. Smuggling and criminal actors can contribute to the looting of the country, but also to its survival. A clandestine weapons procurement system invites corruption and rewards those with the best criminal connections, but it can nevertheless be vital to the defense effort. Smuggling and criminal actors can stymie and complicate international conflict resolution initiatives, but international interventions can also fuel smuggling and enrich criminals. Postwar reconstruction is hindered and distorted by a criminalized smuggling economy, but such clandestine commerce is also an essential survival strategy for many people in the face of dire economic conditions. These paradoxical and contradictory aspects of the criminalized side of conflict will continue to pose a challenge to analysts and policy practitioners, given that in some form and to some degree, they are evident not only in Bosnia but in many other war-torn places across the globe. Rather than simply condemning or ignoring the criminalized dimensions of conflict, we need a deeper and more complex understanding of it.

The Bosnia case also provides a powerful illustration of why scholars need to pay attention not only to why wars start, persist, and end, but also to the profound effects that the criminalized aspects of conflict can have on the postwar social order. While the physical scars of war are the most visible, the social repercussions may be more consequential. As the experience in the Balkans suggests, just as we need to extend our analysis of conflict to the postwar period, our understanding of the postwar order should be rooted in an analysis of the wartime dynamics where new political alliances and social relations are forged and cemented. In general, the more criminalized the conflict the more criminalized will be the state, economy, and society that emerge from conflict. Key players in criminalized conflict emerge from the war as part of a new social elite. Regardless of whether they are perceived locally as patriots or profiteers (or both), they are amongst the major beneficiaries of war. At the same time, large numbers of the old elite are violently displaced, often fleeing the fighting as refugees. In other words, war not only involves military confrontation but also a radical social transformation. As part of this transformation, many who lived on the margins of society experience rapid upward mobility that would have been inconceivable in peacetime. War, in short, can be a highly effective mechanism for criminalized social advancement.

Another crucial lesson of the Bosnia experience is the importance of taking much greater account of the role of international intervention in the criminalization of a conflict. Although scholars have increasingly focused on the role of international intervention in resolving intrastate conflict, remarkably little attention has been given to how such intervention can (often unintentionally) become part of the clandestine political economy of the conflict. Most obviously, while international sanctions such as arms embargoes are politically popular because they provide a convenient substitute for more direct military intervention and signal strong international condemnation of the fighting (even as some external powers that formally support an embargo may informally tolerate, encourage, and even contribute to its evasion), they can also create an economic opportunity structure for clandestine traders that helps to criminalize the political economy of the conflict zone. This strengthens the hand of criminal actors, fuels cross-border black market networks, and encourages closer ties between political leaders and organized crime which can become entrenched and persist long after the conflict is over. When the international community subsequently charges that organized crime and corruption are impeding postwar reforms, and applies pressure on local leaders to crack down on criminal networks (as has been the experience in Bosnia and Serbia), rarely is there any acknowledgment of having contributed to creating such an enormous crime problem in the first place.

Also related to international intervention, the Bosnia case provides a sobering lesson of how humanitarian aid and peacekeeping efforts can become deeply

enmeshed in the criminalized aspects of a war. Aid convoys are “taxed” at checkpoints and partially diverted to the black market, while military supplies may be camouflaged as humanitarian supplies (with or without the knowledge of the aid providers). Peacekeeping forces on the ground can also become complicit in various smuggling schemes, motivated by personal material gain or political sympathy (or both). As evident in Bosnia, internationally supported protected enclaves and “safe areas” can also shape the geography of the clandestine political economy of the war, since these areas can turn into stable commercial centers of black market exchange. In some cases, the consumer base of such clandestine trading includes not only the warring parties but also UN personnel, foreign journalists, and aid workers.

Finally, the clandestine political economy approach used in this article to examine the Bosnia case illustrates the merits of taking topics traditionally considered to be in the realm of criminology—criminal networks, black markets, and underground economies—and making them of more central importance to the analysis of war and postwar reconstruction. More broadly, it provides a further illustration of the need to overcome the stubborn tendency in political science analysis to separate the study of political economy and security. Although an examination of the clandestine political economy of contemporary armed conflicts does not mean simply reducing war-motives to crime-motives, it does mean devoting much greater attention to the underexplored intersection between the business of war and the business of crime. This intersection promises to be an intellectually fertile cross-disciplinary meeting point between the study of political economy, security, and crime.

### References

- AJNADŽIĆ, N. (2002) *Odbrana Sarajeva* (“*The Defense of Sarajevo*”). Sarajevo, Bosnia–Herzegovina: Sedam.
- ALIBABIĆ, M. (1996) *Bosna u Kandžma KOS-a* (“*Bosnia in the Claws of KOS*”). Sarajevo, Bosnia–Herzegovina: NIP Behar.
- BERDAL, M., AND D. M. MALONE, eds. (2000) *Greed and Grievance: Economic Agendas in Civil Wars*. Boulder, CO: Lynne Rienner.
- BJELAKOVIĆ, N., AND F. STRAZZARI (1999) The Sack of Mostar, 1992–1994: The Politico-Military Connection. *European Security* 8:73–102.
- BOJČIĆ, V., AND M. KALDOR (1999) “The Abnormal Economy of Bosnia-Herzegovina.” In *Scramble for the Balkans*, edited by C. Schierup, pp. 92–118. New York: St Martin’s Press.
- BOUGAREL, X. (1996a) “Bosnia and Herzegovina—State and Communitarianism.” In *Yugoslavia and After*, edited by D. A. Dyker and I. Vejvoda, pp. 116–138. New York: Addison-Wesley Longman.
- BOUGAREL, X. (1996b) *Bosnie: Anatomie D’un Conflit*. Paris: Editions La Decouverte.
- BROWN, M. ed. (1996) *The International Dimensions of Internal Conflict*. Cambridge, MA: MIT Press.
- BURG, S. L., AND P. S. SHOUP (1999) *The War in Bosnia-Herzegovina: Ethnic Conflict and International Intervention*. Armonk, NY: M. E. Sharpe.
- CIGAR, N. (1995) *The Right to Defence: Thoughts on the Bosnian Arms Embargo*. London: Institute for European Defence and Strategic Studies.
- CORTRIGHT, D., AND G. LOPEZ (2000) *The Sanctions Decade*. Boulder, CO: Lynne Rienner.
- COX, R. W. (April 1998) *The Covert World: A Site for Political Analysis*, Unpublished paper.
- DUFFIELD, M. (2001) *Global Governance and the New Wars: The Merging of Development and Security*. London: Zed Books.
- GAGNON, V. P. (1994) Ethnic Nationalism and International Conflict: The Case of Serbia. *International Security* 19:130–166.
- GLENNY, M. (1996) *The Fall of Yugoslavia*. New York: Penguin Books.
- GOVERNMENT ACCOUNTING OFFICE (2000) *Bosnia Peace Operation: Crime and Corruption Threaten Successful Implementation of the Dayton Peace Agreement*. Washington, DC: GAO.
- HISLOPE, R. (2001) “The Calm Before the Storm? The Influence of Cross-Border Networks, Corruption, and Contraband on Macedonian Stability and Regional Security, Paper prepared for presentation at the 2001 Annual Meeting of the American Political Science Association.” San Francisco.
- HOLBROOKE, R. (1999) *To End a War*. New York: Modern Library.
- HOLSTI, K. J. (1996) *The State, War, and the State of War*. New York: Cambridge University Press.

- HUNTINGTON, S. P. (1993) The Clash of Civilizations? *Foreign Affairs*, **72**, 22–49.
- IGNATIEFF, M. (1995) *Blood and Belonging: Journeys into the New Nationalism*. New York: Noonday Press.
- JUDAH, T. (1998) *The Serbs: History, Myth, and the Destruction of Yugoslavia*. New Haven, CT: Yale University Press.
- JUDAH, T. (2000) *Kosovo: War and Revenge*. New Haven, CT: Yale University Press.
- JUNG, D. ed. (2003) *Shadow Globalization, Ethnic Conflicts, and New Wars: A Political Economy of Intrastate Wars*. London: Routledge.
- KALDOR, M. (1999) *New and Old Wars: Organized Violence in a Global Era*. Stanford, CA: Stanford University Press.
- KALYVAS, S. N. (2001) “New” and “Old” Civil Wars: A Valid Distinction? *World Politics* **54**:99–118.
- KAPLAN, R. (1993) *Balkan Ghosts*. New York: St. Martin’s Press.
- KAUFMAN, S. (2001) *Modern Hatreds: The Symbolic Politics of Ethnic War*. Ithaca, NY: Cornell University Press.
- KEEN, D. (1998) *The Economic Functions of Violence in Civil Wars*. Adelphi Paper 320. London: International Institute for Strategic Studies.
- LEVY, J., AND K. BARBIERI (2000) “Trading with the Enemy During Wartime: Theoretical Explanations and Historical Evidence.” Paper prepared for presentation at the 2000 Annual Meeting of the American Political Science Association, Washington, D. C. August 31–September, 3, 2000.
- MAASS, P. (1996) *Love Thy Neighbor: A Story of War*. London: Papermac.
- MAGAŠ, B. AND I. ŽANIĆ, eds. (2001) *The War in Croatia and Bosnia-Herzegovina, 1991–1995*. London: Frank Cass.
- MUELLER, J. (2000) The Banality of “Ethnic War.” *International Security* **25**:42–70.
- NAYLOR, R. T. (1999) *Patriots and Profiteers: On Economic Warfare, Embargo Busting, and State Sponsored Crime*. Toronto: McLelland and Stewart.
- PUGH, M. (2002) Postwar Political Economy in Bosnia and Herzegovina: The Spoils of Peace. *Global Governance* **8**:467–482.
- RON, J. (2000a) Boundaries and Violence: Patterns of State Action along the Bosnia–Yugoslavia Divide. *Theory and Society* **29**:609–647.
- RON, J. (2000b) “Territoriality and Plausible Deniability.” In *Death Squads in Global Perspective: Murder with Deniability*, edited by B. B. Campbell and A. B. Brenner, pp. 287–313. New York: St. Martin’s Press.
- SHIERUP, C. (1999) *Scramble for the Balkans*. New York: St. Martin’s Press.
- ŠIBER, S. (2000) *Prevar, Zabluda, Istina: Ratni Dnevnik 1992 (“Deceptions, Misconceptions, the Truth: War Diary 1992”)*. Sarajevo, Bosnia-Herzegovina: Rabić.
- ŠIBER, S. (2001) *Prevar, Zabluda, Istina: Ratni Dnevnik 1993 (“Deceptions, Misconceptions, the Truth: War Diary 1993”)*. Sarajevo, Bosnia-Herzegovina: Rabić.
- SILBER, L., AND A. LITTLE (1997) *Yugoslavia: Death of a Nation*. New York: Penguin.
- ŠPEGLJ, M. (2001) “The First Phase, 1990–1992: The JNA Prepares for Aggression and Croatia for Defence.” In *The War in Croatia and Bosnia-Herzegovina, 1991–1995*, edited by B. Magaš and I. Žanić, pp. 14–41. London: Frank Cass.
- STARK, D., AND L. BRUSZT (1998) *Postsocialist Pathways: Transforming Politics and Property in East Central Europe*. New York: Cambridge University Press.
- THOMSON, J. (1994) *Mercenaries, Pirates, and Sovereigns: State Building and Extraterritorial Violence in Early Modern Europe*. Princeton, NJ: Princeton University Press.
- UDOVIČKI, J., AND E. ŠTITKOVAC (2000) “Bosnia and Herzegovina: The Second War.” In *Burn this House: The Making and Unmaking of Yugoslavia*, edited by J. Udovički and J. Ridgeway, pp. 175–216. Durham, NC: Duke University Press.
- UNITED NATIONS SECURITY COUNCIL COMMISSION OF EXPERTS (1994) *Final Report of the United Nations Commission of Experts Established Pursuant to Security Council Resolution 780 (1992)*. Available at: [http://www.ess.uwe.ac.uk/comexpert/ANX/Annex III: The military structure, strategy and tactics of the warring factions. Annex III.A: Special Forces \(28 December 1994\). Annex IV: The Policy of Ethnic Cleansing \(28 December 1994\). Annex VI: Study of the Battle and Siege of Sarajevo \(27 May 1994\).](http://www.ess.uwe.ac.uk/comexpert/ANX/AnnexIII:TheMilitaryStructure,StrategyandTacticsoftheWarringFactions.AnnexIII.A:SpecialForces(28December1994).AnnexIV:ThePolicyofEthnicCleansing(28December1994).AnnexVI:StudyoftheBattleandSiegeofSarajevo(27May1994).)
- VASIĆ, M. (1996) “The Yugoslav Army and the Post-Yugoslav Armies.” In *Yugoslavia and After*, edited by D. A. Dyker and I. Vejvoda, pp. 116–138. New York: Addison-Wesley Longman.
- WILLIAMS, P. (n.d.) “Organized Crime and the Illegal Economy in Kosovo.” Unpublished paper, Ridgway Center, University of Pittsburgh.
- WOODWARD, S. (1995) “Balkan Tragedy: Chaos and Dissolution after the Cold War.” Washington, DC: Brookings Institution.