

ROBERT F. MILLER

THE DIFFICULT FIGHT AGAINST CORRUPTION IN TRANSITIONAL SYSTEMS: THE CASE OF SERBIA

Introduction

This article is an update of an article I published in the *South Slav Journal* in 2005.¹ It represents a new look at some of the earlier facts and conjectures then presented. More importantly, it is an interpretation of the continuing evidence of corruption, of the effects of the secession of Montenegro on the approach to the fight against corruption and of the evident constraints on efforts by the post-Djindjic leadership to deal with the endemic corruption of the Milosevic era and its democratic successors.

As pointed out in the earlier article, Titoist Yugoslavia had the reputation of being the most liberal of the communist-party-led states. Under Edward Kardelj's system of "worker-self-management" and "social self-government," enterprise workers and local communities had substantial autonomy in running their enterprises and municipal affairs. In reality, however, these structures were run by the communist party organisations embedded within them. For example, local committees of the League of Communists of Yugoslavia (LCY), regularly intervened in getting enterprise councils to sign "self-management agreements" and "social compacts" to employ extra workers (often the communists' relatives) and to commit enterprise funds for certain favoured investment or welfare projects under the rubric of "social solidarity." Thus, channels for corruption were built into the very structures of the Yugoslav socialist system.

In a sense, this pattern of nominally de-centralised and liberalised governance gave an even more insidious picture of what Milovan Djilas described in his 1957 book *The New Class*,² where high party office gave individuals – the *nomenklatura* – access to material wealth, unconstrained by laws and regulations of property ownership. Indeed, under Milosevic, this relationship was even strengthened, as material favours and access to rent-seeking opportunities, such as government contracts and customs control,

1. Robert F. Miller, "The Enduring Legacy of Corruption in Serbia-Montenegro," *The South Slav Journal*, 25, nos. 3-4 (97-98) (Autumn-Winter 2005), pp. 1-22.

2. Milovan Djilas, *The New Class: An Analysis of the Communist System* (New York: Praeger Publishers, 1957).

were doled out merely on condition of personal loyalty to him and his entourage, without even the previous fig-leaf of ideological commitment. Eventually, the “New Class” phenomenon was turned on its head, so to speak, as favoured business people came to acquire political power and office. In many of the transitional societies this new class of economic and political power and influence – the so-called “oligarchs” – became a dominant force for economic survival, and even growth. However, it was also a major source of corruption and an obstacle to the implementation of a genuine market and democratic politics. Milosevic in the rump Yugoslavia he controlled and Franjo Tudjman in Croatia were key examples of the kind of crony state-controlled capitalism that this description exemplified. There are many indications that this is generally the kind of system that Russian President Vladimir Putin seems to be attempting to introduce under the currently favoured model of “sovereign democracy,” with the attendant flourishing of corruption.

Another source of corruption, peculiar to Milosevic’s Yugoslavia, with traces still identifiable to the present day in Serbia, as well as Macedonia, Bosnia and Montenegro, were the international economic sanctions imposed by the UN under US leadership in mid-1992. They were to be punishment for Milosevic’s allegedly criminal actions in trying to keep as much of the former Yugoslav territory as possible under Serbian control after the outbreak of civil war. These sanctions led to the development of complicated networks of smuggling and money transfers, which kept the economies of Serbia, Montenegro, Macedonia and the Serbian-dominated enclaves in Bosnia and Croatia alive during the civil wars of 1991-1995. The pattern of what came to be called “*Shverc-Komerc*” (“Smuggler Import-Export, Inc”), helped to establish the fortunes of many of Milosevic’s cronies, and remains a major element of economic activity in Serbia, Montenegro and Macedonia to the present day.

Measures of corruption

In the previous article, Serbia-Montenegro was placed in 101st place out of 146 countries surveyed in Transparency International’s Corruption Perception Index (CPI) in the survey published in October, 2004, with a rating of 2.7, alongside such countries as Ukraine, Macedonia, Bolivia, Honduras and Zimbabwe.³ By 2005, Serbia-Montenegro’s rating had “climbed” to 2.8, placing it in 97th place, but now out of 158 countries, behind Bosnia-Herzegovina but ahead of Macedonia and well ahead of Ukraine and Russia. It was well behind such former Yugoslav republics as Slovenia (in 31st

3. Miller, “The Enduring Legacy of Corruption in Serbia-Montenegro,” pp 1-2.

place) and even Croatia (in 70th place, alongside Poland, with a rating of 3.4).⁴

By 2006, no longer burdened by the reputedly hyper-corrupt government of Montenegro, following the successful referendum on secession in May of that year and perhaps prompted by the visible efforts of the Kostunica government to investigate some particularly egregious cases of criminality and corruption, Serbia's rating climbed to 3.0. This modest but significant improvement placed Serbia in 90th place, now out of 163 countries, ranking her ahead of Bosnia-Herzegovina (93rd), Ukraine (99th), Macedonia (105th) and well ahead of Russia, still languishing in 121st place. Meanwhile, Croatia's rating had risen slightly to 69th place and Slovenia's to 28th, placing her in the ranks of the advanced European and North American countries. The USA, by the way, was ranked in only 20th place, and Australia had dropped to 9th place, presumably because of the AWB scandal.⁵

Another corruption-rating agency, Global Integrity, an American NGO, rated Serbia as "poorly developed," along with Russia, Mexico and Kyrgyzia, but ahead of Montenegro and Armenia. While the mass media and NGOs enjoyed relative freedom and elections were considered generally free and fair, according to Global Integrity, Serbia was ranked particularly poorly in terms of the effectiveness of its public administration and general regulatory systems.⁶

These ratings are, of course, hardly conclusive in terms of the nature and extent of corruption in any given country. However, the CPI survey methodology has significantly improved over the years, and the changes in rankings do indicate relative movements in the perception of corruption in various countries, and undoubtedly affect risk assessments for potential investors and international financial institutions. The rankings do not seem to have had much influence on the decisions of the EU on new members. Both Croatia and Turkey have had significantly better corruption ratings than Romania, for example.

The forms and linkages of corruption in Serbia

One of the most striking features and sources of corruption in Serbia, along with Russia and Romania and probably a number of the other former communist countries, is the special role of the "special services," the politi-

4. Transparency International, *Corruption Perception Index*, 2005, available at: www.transparency.org

5. Transparency International, *Corruption Perception Index*, 2006, available at: www.transparency.org

6. "U Srbiji slabo razvijeni mehanizmi anti-korupcije," *Novosti*, Jan. 19, 2007, p. 17.

cal and military secret police. There are historical reasons for this phenomenon. Like the KGB and the GRU (military intelligence) and their various incarnations in the USSR, the OZNA, UDBa, SDB, JSO, BIA and the KOS (military counter-intelligence service) in Titoist Yugoslavia were always the preferred agencies of the regime, serving as its eyes and ears and carrying out special tasks, such as the elimination of political enemies at home and abroad. Some of the most prominent members of the domestic executive class and the diplomatic corps went through the recruitment and training processes of these so-called “organs.” Recent allegations of high level collaboration of members of the Roman Catholic Church hierarchy with the SB, the Security Service, in Poland, possibly with the knowledge of Pope John Paul II, suggest just how pervasive and generally accepted the role of the secret police was even in staunchly anti-Communist Poland.⁷

And for many of its tasks, particularly what the Soviet KGB used to call “*mokrye dela*” (wet operations), that is, assassinations, the security organs regularly used criminal elements.⁸ Yugoslavia was no exception. To be sure, with the collapse of the communist systems throughout Eastern Europe, the formal role of the “organs” was much reduced, and many of their personnel were shifted or themselves chose to shift to other forms of work – in either the private or public sector, for example as private security consultants or bodyguards for important business people. But others remained in State security work. Under Milosevic, the changes in their status and kinds of activity were minimal. Even for his democratic successors, the ease with which Milosevic’s military and security chiefs were won over to the Democratic Opposition of Serbia (DOS) in the post-election quasi-coup which unseated him on October 5, 2000, suggested to the new post-Milosevic leaders that the institutions of State coercion – especially the “Red Berets” of the Unit for Special Operations (JSO) of the Ministry of the Interior – and the Yugoslav Army high command could be useful instruments for rule, given their complex networks of associations with the business and even the criminal communities.

In the end, of course, these linkages were bound to be difficult to control, especially for relatively inexperienced persons like the democratic

7. Craig S. Smith, “In Poland, New Wave of Charges Against Clerics,” *New York Times*, Jan. 10, 2007, Internet Edition, available at: www.nytimes.com/2007/01/10/world/europe/10poland.html

8. For a devastating recent account of criminal linkages to the “organs” in Putin’s Russia, up to and including the assassination of Aleksandr Litvinenko, see the article by Igor’ Korol’kov, “Zapasnye organy: Spetssluzhby sozdali struktury dlia ispolneniia vnesudebnykh ubiistva v interesakh gosudarstva, sekretnaia instruktsiia,” *Novaia gazeta*, Jan. 11, 2007. I am indebted to Harry Rigby for calling this article to my attention.

leaders of the DOS parties. When, in the context of the festering disagreements between President Vojislav Kostunica and Prime Minister Zoran Djindjic over, among other things, bowing to Western pressures to turn Milosevic over to the International Criminal Tribunal for the former Yugoslavia (ICTY), Djindjic decided to use the Red Berets to deliver Milosevic to the Hague without Kostunica's consent, the rivalry markedly intensified. Mutual recriminations between JSO officers and Djindjic over this manoeuvre and the unruly behaviour of the JSO at its base in the town of Kula ultimately led Djindjic to conclude that he must get rid of the JSO and its volatile leader, Milorad Ulemek "Legija."⁹ By that time, in late-2002, Army chief General Nebojsa Pavkovic, supposedly Kostunica's man, seeing Djindjic as a likely winner in the intra-DOS struggle over power and influence on policy between Djindjic's Democratic Party (DS) and Kostunica's Democratic Party of Serbia (DSS), decided to jump ship once again (as he had with Milosevic) and hop on the Djindjic bandwagon. Kostunica tried to dump him as army chief, but now it was Djindjic who protected him. Before these showdowns could proceed to a conclusion, however, Legija decided to beat Djindjic to the punch and get rid of him. The assassination duly took place at the entrance to the Government headquarters in Belgrade at the hands of a JSO sniper on 12 March, 2003.

Under the immediate proclamation of a state of emergency which followed, one of the first things undertaken by the interim government of Djindjic's former deputy Zoran Zivkovic was to dissolve the JSO and create a new paramilitary police unit, the *Zandarmerija*, containing a few hold-overs from the Red Berets as well as carefully vetted outsiders from military security. During the crackdown on those suspected of involvement in the assassination plot, code-named "Operation Sabre," some 13,000 individuals were arrested, including the head of KOS, General Aco Tomic and Rade Bulatovic, two of Kostunica's principal military and security advisors, as well as his erstwhile main channel to the military, General Pavkovic. Even Kostunica himself was accused by some of his DOS enemies of having been "morally" complicit. Partly because of Western pressures and popular disquiet, charges against him were never laid, however, and most of those imprisoned were released in a relatively short time. Significantly, Djindjic's most loyal spear-carrier, Cedomir "Ceda" Jovanovic, was named Zivkovic's First Deputy Prime Minister. A particularly virulent opponent of Kostunica and the DSS, he had been one of Djindjic's key intermediaries with the two main criminal clans engaged in various dealings with the JSO, the Surcin and Zemun clans. Ceda Jovanovic was later ac-

9. So called for his former service in the French Foreign Legion.

cused of contacts with the Zemun clan and of having illegally visited some of the main clan leaders in prison in the aftermath of Operation Sabre.¹⁰

Among the most interesting examples of the interweaving of political, business and criminal elements were the activities of the various clans and mafias which, when they were not trying to kill each other, managed to establish a kind of division of labour and territorial “franchises” amongst themselves reminiscent of the practices of North American *mafiosi*. Drug and cigarette smuggling and prostitution were the principal sources of income for these clans, but they required political and police “coverage” to facilitate their operations and the associated money-laundering activities. The complexities of these patterns of corruption in Serbia were conceded by Prime Minister Kostunica in an interview with a journalist from the Belgrade daily *Politika* at the end of 2006, summing up his three years of governmental leadership. Asked about progress in the fight against corruption, Kostunica admitted that the struggle was still at an early stage. At the moment it remained largely in the hands of the police and the public prosecutor. “Now it will be the turn of the judiciary,” he continued, “judging at least by those large-scale cases of corruption and huge mafias, about which, indeed, until they began to fall one after the other, I didn’t even know or couldn’t even conceive that there were so many different names and forms of corruption.”¹¹

The prominent Belgrade weekly *NIN*, in its new year’s edition for 2007, presented a kind of glossary of the various “mafias” operating in Serbia today. After commenting that during Operation Sabre, nothing was done to address the problem of financial criminals, the then Minister of Police Dusan Mihajlovic, himself sporadically accused of engaging in cover-ups, instituted “Operation Scalpel” to investigate this form of corruption, but the article laments that the results were insignificant. It then lists five major types of “mafias”: the Bankruptcy Mafia, the Highway Mafia, the Traffic Mafia, the Customs Mafia, plus a Tobacco Mafia.¹² The

10. The events around the assassination are described in Miller, “The Enduring Legacy of Corruption in Serbia-Montenegro,” pp. 12-14. More recently, protected witness Dejan “Bugsy” Milenkovic, a member of the “Zemun Clan” has accused Jovanovic of taking narcotics at the clan’s safe house on Shilerova Street in Belgrade. “Hteli da otmu Dzaju I Karica,” *Vesti*, Jan. 31., 2007, p. 11. Bugsy’s accusations tend to be fairly wild and speculative, and some of his allegations are less than plausible.

11. Biljana Bakovic, “U Becu pozorista, a ne pregovori,” *Politika*, Jan. 2., 2007, available at: www.politika.co.yu

12. Nikola Vrzic, “Sve srpske mafije,” *NIN*, Jan. 2, 2007, available at: www.nin.co.yu

Macedonians claim to have a mafia of their own, the “Building Contractors” Mafia,” which deserves to be included in our list.¹³

Many of these forms of corruption certainly exist in other countries, and not only in the former communist countries; Australia is hardly an exception. What is remarkable in Serbia is the systematic character of their operations and the brazenness of their linkages with political institutions and agents. The designation of a special “Service for the Fight Against Organized Crime” in the Ministry of the Interior of Serbia has been effective only where there has been the political will to bring these groups to justice. The case of the Bankruptcy Mafia is a case in point. It was allegedly organised around the President of the Commercial Court of Serbia, Goran Kljajevic. Its operations involved the enforced bankruptcy or receivership of State enterprises listed for privatisation. Decisions of the court upheld these often arbitrary judgments of insolvency, allowing members of the mafia to buy up the enterprises for a song and then sell them off at a huge profit. It was only after the issuance by the EU of a “Feasibility Study” on privatisation in Serbia and the security of foreign investments there that the wheels of justice began to roll, and the first arrests were made; indeed, the first charges were laid just before the expiry of the statute of limitations. Some of the main culprits have found refuge abroad, and some of the political figures involved have tried to defend Kljajevic from the sanctuary of newly independent Montenegro. The trials began on January 27, 2007.¹⁴ Meanwhile, there have been reports of arrests of a retired Army General, Grujica Davidovic, and his businessman son Marko in connection with the enforced bankruptcy of Belgrade construction giant “Rad.” Prominent retail chains and food conglomerates have also been the victims of the bankruptcy mafia. General Davidovic has also been mentioned in relation to cigarette smuggling in Montenegro.¹⁵

The Highway Mafia concentrates on defrauding the road transport authorities by evading road taxes and issuing counterfeit safety certificates and licenses, while the Traffic Mafia is involved in staging traffic accidents to collect on fraudulent insurance claims. The Customs Mafia, many of whose members are currently on trial or awaiting trial, has been a major source of income for certain well-connected individuals at various levels of the customs bureaucracy and their political protectors. They are engaged in customs duty avoidance or fraudulent customs declarations, sometimes with money-laundering intent. Some of the biggest fish in the Customs Mafia from the Milosevic era, such as his Vojvodina acolyte Mihajlo Kertesz,

13. “Makedonska vlada se bori protiv ‘gradjevinske mafije’,” *Svetski srpski glas*, Jan. 5, 2007, p. 14.

14. Vrzic, “Sve srpske mafije.”

15. “I general medju mafijasima,” *Svetski srpski glas*, Dec. 8, 2006, p. 13.

are now in prison, but it is evident that this source of extra-legal income continues to flourish. It is money that the hard-pressed Serbian economy cannot do without. For certain political agents, however, the financial temptations of patronage for the criminal elements involved, not to speak of the dangers of refusal, are hard to overcome. The author of the article in *NIN*, Nikola Vrzic, ends with the question whether the authorities are genuinely committed to stamping out these various mafias or are simply playing to popular demands for justice and legality in the run-up to the parliamentary elections on 21 January, 2007. Only time and the progress of the judicial processes now in train will give an answer to this question.

From the standpoint of EU accession and privatisation, Verica Barac, the Chairperson of the Council for the Struggle Against Corruption, makes the interesting observation that by insisting on the formation and implementation of a so-called “National Investment Plan,” the Kostunica Government is itself opening the way for widespread corruption. Without clear legislation regulating the criteria and procedures for inclusion of projects in such a plan, given the present political culture in Serbia, it is an open invitation to special interests and political favours.¹⁶ She asserts that the Government is itself, accordingly, “the biggest source of corruption.”

That may be an exaggeration, especially given Kostunica’s long-standing reputation as a “legalist” and his resistance to procedural shortcuts, such as the extradition of Milosevic and the forcible arrest and extradition to the ICTY of General Ratko Mladic and Radovan Karzadzic. His experience with the wholesale privatisation of state assets, epitomised by the privatisation and re-privatisation of mobile phone company Mobtel and other quasi-criminal economic and political activities by former Milosevic oligarch Bogoljub Karic, has made him wary of “wild-west” capitalism and the wholesale disposal of State assets. Hence, his attempt to use recent budget surpluses to favour certain kinds of investments where the State retains some control over assets and the associated employment opportunities. Nevertheless, Barac is right on the main point: namely, that given the State’s past record of corruption, maintaining nominal State control is no guarantee against corruption in the State regulatory agencies themselves.

Other forms of corruption

Besides the incidence of corruption in the executive and the security services and their linkages to the various criminal gangs and clans, the judiciary and the military have also been prominent locations of corrupt behaviour. In considering these and other issues, it is well to keep in mind

16. “Verica Barac tvrdi ‘Najveca korupcija u vladi,’” *Svetski srpski glas*, Jan. 5, 2007, p. 6.

that the Serbian media tend to be closely aligned with specific political parties and are, hence, inclined to publish rumours and insinuations as facts. This is particularly true in an election period. Indeed, political control over the media has been an important feature of the accusations against Zoran Djindjic and his chief media advisor, "Beba" Popovic, both before the assassination and during "Operation Sabre," when Djindjic's successors tried to continue the struggle to destroy Kostunica and his allies. A good example of the continuation of this practice of character assassination was an interview with the acting head of Seselj's SRS and its chief candidate for Prime Minister and, later, President, Tomislav Nikolic, in early January, 2007, where he accused Djindjic of having ties to the criminal underground and of having introduced his colleagues in DOS to that milieu. He added, quoting Velimir Ilic, a Kostunica ally, that once one was involved in such networks, the obligation to do favours was eternal; the alternative was assassination, *à la* Djindjic. Asked for proof of these assertions, Nikolic promised to provide it if he were elected.¹⁷ Another example is the assertion, in the tabloid newspaper *Kurir*, that the murder of influential independent journalist Slavko Curuvija in April, 1999, during the NATO bombing was the work of two Bosnian assassins. These assassins were said to have been paid 20,000DM each by the JSO, who had been working with Serbian intelligence to control Curuvija's movements after he had had a falling out with Milosevic and his wife Mira Markovic. But the report concedes that the truth of such allegations will only come out when the investigative judge Dragan Lazarevic has finished examining the almost 150 witnesses cited so far. Not surprisingly, Curuvija's mother and brother are convinced that "the State" was responsible for his death.¹⁸ But under the prevailing anarchy or anomie in Serbia both before and after Milosevic's ouster, that does not tell us very much about who actually ordered the murder and who carried it out.

The problem of corruption in the judiciary is particularly insidious and perhaps *sui generis*. For one thing, the profession of judges is somewhat less prestigious in Serbia (and the former Yugoslavia in general) in that service in the judiciary is merely one career stream for law students, rather than a reward for distinguished service as a solicitor or barrister. Lower

17. "Ako izgubim, povlacim se," *Svetski srpski glas*, Jan. 9, 2007, p. 4. Nikolic's nickname is "Grobar" ("the Undertaker") because of his dour countenance. However, he has become a powerful and influential politician in the SRS, the most popular right-wing, nationalist party in Serbia with probably the highest popular vote, albeit far short of a majority.

18. "Raspjet?: U ubistvu Slavka Curuvije ucestvovala dvojica placenih ubica iz Bosne," *Novosti*, Jan. 12, 2007, p. 1. "Curuviju ubila drzava," *Svetski srpski glas*, Dec. 12, 2006, p. 5; also "Dogovor o ubistvu," *Svetski srpski glas*, Dec. 19, 2006, p. 6.

ranking judges – at the communal level, for example – were not even required to be members of the League of Communists, but their prospects for promotion to higher level judgeships were thereby practically non-existent. However, even with the proper political credentials, judges were not very highly paid. Their willingness to be influenced by party officials, as in all communist countries, has apparently been carried over to the post-communist era with a vengeance. In the European systems, which Yugoslavia generally followed, the role of investigative judges was a very important one in deciding whether the evidence assembled by the police and the public prosecutor warranted going to a full trial. And given the linkages between politicians, the police and organised criminal groups, it was a courageous judge indeed who decided to proceed with a sensitive case of interest to one or more of these parties.

A good example of such pressures is the case of 29-year old Lower Court Judge Sanja Jovovic in the Montenegrin city of Niksic, who was beaten up and threatened with death and violence against her family for insisting on proceeding with the prosecution of Premier Milo Djukanovic and others in the Montenegrin Government for smuggling and other corrupt practices, including the White Slave trade. Moreover, the President of the Montenegrin Supreme Court sought her resignation for “illegal work,” to which she responded by asserting that she would “prove that the whole judiciary [in Montenegro] is not only corrupt but mixed up in [various crimes].” In reply to the Montenegrin Justice Ministry’s request to hand over her evidence, she replied that since she did not trust them, she would give her documents instead to the Italian courts which were then investigating Djukanovic and his accomplices.¹⁹

Closer to home, a justice of the Supreme Court of Serbia, Ljubomir Vuckovic was accused of receiving a bribe worth 450,000 to 500,000 euros from criminals seeking to lodge appeals against long prison sentences via their connections with politicians from the JUL party of Mira Markovic. The Deputy Special Prosecutor for Organized Crime, Milan Radovanovic was accused in the same case of illegally transmitting secret information on the appeal to those involved.²⁰ Earlier information on the matter had shown that Vuckovic had altered case records to allow bail for the prisoner, Zoran “Jotka” Jotic, the head of a criminal gang in Krusevac, who had been sen-

19. S. Vojinovic, “Sudija svedoci protiv Djukanovica,” *Glas javnosti*, Dec. 2, 2005, available at: www.glas-javnosti.co.yu/danas/srpski; also “Prete d ace me ubiti!” *Svetski srpski glas*, Dec. 13, 2005, p. 10.

20. “Sudiji mito 450,000 evra!?” *Svetski srpski glas*, Sept. 20, 2006, p. 13. Vuckovic allegedly shared half the money with two of his court colleagues. “Trojica pode-lila pare,” *Svetski srpski glas*.

tenced to 12 years for bribery.²¹ Others allegedly involved in putting together the bribery money were smugglers from other parts of Serbia. The President of the Supreme Court of Serbia, Vida Petrovic-Skero, has refused to accept the testimony of Dejan “Bugsy” Milenkovic, a protected witness in the case against the murder of four persons by Zemun clan members allegedly acting on orders of Legija and the JSO, that one of the justices of the Court had accepted a bribe from Legija to mitigate the length of his sentence. The justice, Miroslav Cvetkovic, said Petrovic-Skero, would not be removed from the Court merely on the testimony of “Bugsy,” who had been making wild accusations against some present and past politicians of involvement in the Djindjic assassination. Let the Special Prosecutor examine the evidence, she said, and only then would the Court decide.²²

Corruption in the military is of two main kinds. The first involves high-ranking officers and Ministry of Defence officials in using their position for personal financial gain. As in the case of General Grujica Davidovic, this may be a matter of using their former ties in the military to engage in various forms of illegal and semi-legal activity.²³ The other main form of corruption concerns the use of military networks to avoid implementation of government policy. Good examples of the former are the dealings of former Minister of Defence Prvoslav Davinic with industrial tycoon Mile Dragic in over-ordering flak jackets for the military at inflated costs and the signing of a lucrative contract with an Israeli firm to lease reconnaissance satellites for the Serbian Army, which the Army did not really need and could not really pay for.²⁴ A similar case involved tenders for the repair and upgrading of some of the MiG-29 fighter aircraft that were the mainstay of the Serbian Air Force. The tender went to a firm, “Jugoimport SDPR,” that was favored by some high-ranking officers over a lower bid by another Serbian firm, which similarly promised to employ Russian technicians. The successful bid was alleged to involve considerable payoffs to the officers making the decision. Indeed, several officers were alleged to have applied pressure on the unsuccessful tenderer, “Jugohemija” to withdraw its lower bid.²⁵ A branch of the successful tenderer, “Jugoimport Mont,” has also been accused of involvement in the smuggling of military weapons through Montenegro to some unspecified destination.²⁶

21. “Mora u pritvor,” *Svetski srpski glas*, May 9, 2006, p. 14.

22. “‘Legijin sudija’ ostaje u VSS!?” *Svetski srpski glas*, Dec. 5, 2006, p. 6.

23. Davidovic has also been connected with the “highway mafia.” “Kontrolor putari-ne!?” *Svetski srpski glas*, Dec. 12, 2006, p. 6.

24. “Davinic nas je sve namagarcio,” *Novosti*, Jan. 3, 2006, p. 8.

25. “Kad generali pritiskaju: ‘Afera Mig’ otvorila nova pitanja oko vojnih troskova,” *Svetski srpski glas*, Jan. 5, 2007, p. 6.

26. “Godina nova, afere stare,” *Svetski srpski glas*, Jan. 9, 2007, p. 7.

Examples of the second form of corruption in the military are the officers in strategic places in the army and the security services who succeeded in concealing, protecting and supplying General Ratko Mladic, the commander of the Republika Srpska Army in Bosnia during the civil war there from 1992-1995. To this day, despite extreme pressure from Washington, Brussels and the Hague Tribunal and the promise of the Kostunica Government to cooperate in his apprehension and extradition, Mladic remains at large. For a long time, he was allegedly hidden in military installations in Belgrade and somewhere on the border between Serbia and Bosnia. Military involvement was undoubtedly present in the successful flight of Police General Vlastimir "Rodja" Djordjevic, also wanted by the ICTY for war crimes in Bosnia. He was eventually arrested and turned over to the ICTY in late 2007. Similarly, Legija's friend and head of the *Zandarmerija*, General Goran "Guri" Radosavljevic, was tipped off by unnamed "American friends" and spirited out of Serbia to escape an ICTY warrant over the execution of several Albanians with US citizenship captured during the war in Kosovo. "Guri" has been reported to be in China working as a private security consultant.²⁷

Finally, the latest scandal in the military involves a Lieutenant Colonel in the airforce, Mirko Pohulek, who took early retirement and immediately signed up with the British Embassy in Belgrade as a liaison officer in the Military Attache's office. Serbian Defence Ministry officials are said to be furious and to have forbidden military personnel to have any contact whatsoever with the alleged "turncoat."²⁸

To end this sorry catalogue of types and nodes of corruption in Serbia one could hardly do better than list the unresolved cases presented in *Svet-ski srpski glas* at the beginning of 2007 under the headline: "The Year Is New, the Scandals Are Old." The first case, of the smuggling of army weapons, we have already mentioned. The second involves the case of one Slobodan Radulovic, a member of the bankruptcy mafia who succeeded in absconding to Spain with seven million euros pilfered from the retail giant "C Marketing," which had been privatized and sold to foreign investors. The next two concerned explosions in a factory and a munitions dump under scandalous violations of safety regulations. Another concerned a suitcase stuffed with 100,000 euros belonging to a vice-governor of the National Bank of Serbia, alleged to be bribery in connection with figures from the Socialist Party of Serbia – Milosevic's party – tipped off before police raids by the General Secretary of the Kostunica Government. None of the three were ever charged; all have returned to their party and government

27. "Guri u Kini," *Svet-ski srpski glas*, Aug. 25, 2006, p. 4.

28. "Diplomatsko-spijunska afera: Prebeg trese vojsku," *Vesti*, Jan. 31, 2007, p. 2.

jobs. Another case involved the effective sidelining of a high officer of the Belgrade police Section for Combating Organized Crime who had broken up one of the biggest criminal gangs, "Mak's Group." All of those arrested were later freed for insufficient evidence and coerced confessions. A further case involved incorrect procedures in the arrest and questioning of Legija and the illegal presence in the interview process of media and political figures, which could have disqualified any subsequent trials. Those involved were never punished or reprimanded for their conduct. Another case of a different kind concerned the freeing of charges against Bishop Pahomije of Vranje for sexual misconduct toward young candidates for the priesthood because of the statute of limitations or insufficient evidence. The lawyer for one of the boys insisted that political pressure on the judges by the executive authorities was the reason for the acquittal. Yet another scandal listed involved the murder of a protected witness in the trial of the Djindjic assassins; adequate protection had allegedly been denied by the judicial authorities. A court spokeswoman called the case a serious blow to the fight against organized crime. The Deputy Public Prosecutor, Miodjub Vitorovic, who played a key role in the case against the murderers of Ivan Stambolic, Milosevic's erstwhile patron and, later, bitter opponent, was not reappointed. The article comments: "His non-reappointment is, for many, merely one of a series of proofs that there is in process in the Serbian Prosecutor's Office a quiet purge to replace people with personal integrity and the appointment of obedient types." Finally, the article criticizes the actions of the Supreme Court of Serbia in accepting an appeal, nullifying the sentence of two persons convicted of war crimes in the internment camp at Ovchara and ordering the retrial of 14 persons previously convicted.²⁹

Conclusion

The secession of Montenegro from the "State Union of Serbia-Montenegro" following the successful referendum in May, 2006, could have a beneficial effect on the fight against corruption in Serbia. Under the "Union Treaty" previously in force, Belgrade actually had very little control over what was happening in Montenegro under the government of Milo Djukanovic, whose alleged shady dealings were legendary. Indeed, there are grounds for believing that one reason for his fervent desire for Montenegro to regain its independence is that he wanted to preclude even marginal Serbian pressures for a crackdown on corruption in his administration. Djukanovic's subsequent withdrawal from active politics probably involved a deal of inviolability to prosecution or extradition with his succes-

29. "Godina nova, afere stare," p. 7.

sors. So, Serbia no longer has any excuse for claiming an inability to influence the fight against corruption in Montenegro. On the other hand, Montenegro remains a refuge for corrupt politicians and criminal groups under investigation. The borders are extremely porous and customs controls weak to non-existent, as the case of weapons smuggling mentioned above illustrates.

More important is the influence of external factors, such as the EU, NATO and the ICTY on Serbia's battle with corruption. There is little doubt that EU "conditionality" on Serbia's application for association and eventual membership of the EU has had an impact on Serbian policies, but it has also evoked a good deal of resentment and ambivalence in large parts of the public and political activists, for example in the SRS, who look to Putin's Russia as a potential alternative. Putin asks for no commitment to democracy, transparency and genuinely free markets in return for association, and Russia can supply Serbia's energy and military equipment needs without requiring painful adjustments in personnel and civil-military relations. The sudden and unexpected invitation by Washington for Serbia to join the Partnership for Peace (PfP) program in November, 2006, was tacit recognition that the Washington-Brussels connection was not the only game in town for many in Serbia's ruling class, particularly those of a more nationalistic bent. The requirements for an intrusive transformation of the system of civilian control of the military under PfP provisions are bound to be resisted by many senior military leaders, whose rent-seeking proclivities have been discussed at length. This applies to military intelligence and the security services as well, where large-scale purges of existing cadres are inevitable under NATO pressure.

The level of resistance to these changes, perhaps including an attempted *coup d'état*, is a major unknown. The results of the January 21 parliamentary elections have given some indication of just how strong the anti-reform/anti-Western forces in Serbia really are. The fact remains that current EU sentiments against further expansion, the growing popular contempt for the ICTY as biased against Serbs and Serbia,³⁰ the evident internal fragmentation of NATO and the poor international reputation of the Bush Administration and its troubles in Iraq, all serve to undermine external pressures to reform and "Westernize" Serbian society. The Russian option is probably not a very realistic one. The legendary Russo-Serbian alliance is more a myth than an historical fact. A successful fight against corruption is surely in Serbia's national interest. No developing country can afford the fiscal and financial haemorrhaging that corruption is

30. A recent survey of persons throughout Serbia showed that just under 85 percent of Serbs do not trust the ICTY. "Haski sud treba ukinuti," *Novosti*, Jan. 19, 2007.

currently causing. However, the West, and especially the United States, must be a lot more mindful of Serbian sensibilities than it has been up to now. A hostile or Russian-oriented Serbia would represent a large gap in Western security structures in the Balkans and in Europe in general. The turmoil following the accelerated recognition of Kosovar independence is eloquent testimony to these unintended consequences of Western pressures on Serbia.

The Australian National University