

Economic Crime, Abuse of Ethnopolitical Power, and Systemic Corruption in Bosnia and Herzegovina; Analysis of Causes and Risks of Phenomena

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Abstract: Criminal morality, nepotism, the culture of fear and corruption grow into the general culture, paralyzing, and stagnating the country. The social pyramid of corruption consists of its massive broad base, everyday corruption whose actors are officials and citizens; the main reason is unemployment and insecurity on which the new bourgeoisie draws power from "legal" spilling public resources. The phenomenon is at least one of the most severe factors endangering the entire system and socio-political relations, influencing unemployment, economic migrations, and the country's financial security. The systemic absence of political stability, toleration, and protection of organized crime by some government elements affected institutions' further weakening. The main focus after the democratic changes were on the protection of political rights, neglecting socio-economic rights, which relates to gaining (ethnoreligious joint) social capital for future prosperity. In the economic-security-human rights framework, Dayton is non-functional, with massive and complex public administration, unsustainable. The international community's mistake is "leaving/supporting" war political structures with an ethnonational sign, after the conflict. War accumulation of capital (profiteering), through the privatization of the 1990s, led to the formation of the power of capital within ethnopolitical authorities (especially war parties). Practice and power abusive legislation on the structure of employment in the public sector requires systemic legislative reforms within the discourse of the rule of law. The political stalemate of ethnonational elites diminishes BiH's EU perspective by opening up a dialogue of will and political assessment by EU officials. Therefore, meeting the criteria for the EU, NATO should be considered a goal of transition and not just a condition for the EU; it is necessary to focus on the accession process as a (market) transformation key. Three ethnopolitics pursue containment policies; "hybrid wars" prevent their significant transition into three political communities, unable to make a functioning rule of law, influencing phenomena.

Keywords: culture of corruption, culture of fear, ethnopolitics, criminalized war, causes and risks of economic crime and systemic corruption, criminal morality, EU and NATO, transformation

I. Conceptual considerations and essential characteristics, discourses of economic, white-collar, corporate, occupational, and organized crime

The most frequently cited definition of economic crime was given by E. Sutherland, from whom the term "white-collar crime" originates. "A crime that occurs in the field of business, the forms of which are most often manifested in machinations related to the sale of various shares, false advertising of goods, false expression of financial condition and business of certain corporations, bribing business partners, direct and indirect by bribing civil servants, in order to secure favorable business arrangements, embezzlement, misappropriation of funds, tax evasion. The second definition of the same author defines economic crime as follows: "Crime committed by

persons with a high social reputation within their professional activity". The author's concept of "white collar" crime received special attention in the 1940s because it represented the first departure from the classical, stereotypical perception of crime and delinquents, as a lower-class crime in which higher-level crime was ignored. However, this concept has also been widely criticized by other authors, who have argued that what Sutherland considers a crime is normal business practice and that the motivation of white-collar delinquents is equal to the delinquency of conventional crime - the pursuit of personal gain and the emphasis on delinquency or status. not relevant to the etiology of tort and crime (McLaughlin,Muncie,2003). In a similar context, in the American criminological literature, the term "corporate crime" is used for this type of crime, defining it as acts that violate the norms that regulate their business. The consensual definition of economic:"white-collar crime consists of illegal or unethical acts of individuals or organizations that violate entrusted responsibility or public trust, usually as part of legitimate professional activities, performed by persons of high or respectable social status, for personal or organizational gain". (Helmkamp,1996;Ball,2006) Some authors distinguish between occupational crime and corporate crime, so Hunter talk about occupational crime, which they define as a crime committed within someone's employment (workplace). As a special category, they cite corporate crime, which they claim is the most difficult to prosecute, and these are criminal activities committed in the course of doing business or that result from inappropriate business practices. These authors see individuals or groups commit the difference between these two categories in that crime in the form of occupation for personal gain, and individuals or groups commit a corporate crime for the benefit of a company or organization. In theory and practice, there are different names for this type of crime, so it is interesting to discuss various authors on whether or not there are differences between economic crime and related terms. Pihler (1993) believes that the concept of economic crime is broader because economic crime also includes crime against official duty, as well as property crime that arises in connection with economic relations. This understanding is justified by formal legal reasons because in the current criminal legislation in some criminal offenses against official duty appears in the definition not only the perpetrator who has the status of "official", but for the same criminal offenses and criminal liability of "responsible person" in society, (institution or organization). It produces more the decline of the country than the classic forms of crime because it leads to enormous damage, injustice, violation of citizens' rights, produces unemployment, disrupts economic relations, misappropriation of property, and unjust enrichment of a layer of people, leading to a weakening of the country's economic power. Besides, It reflects a strong connection between its subjects within economic relations, as well as the mutual connection with subjects outside those relations with the aim of more organized criminal activity. Economic crime does not always exist independently, but in many situations, it is connected with other forms of crime, i.e., specific crimes in the field of general, environmental, and even political crime.(Bošković,Jovičić,2002:285) In the following text, the author problematizes the connection between economic crime and organized crime. Definitions of economic crime focus on the paradigm of origin, white-collar, or perpetrators, and they do not take into account the organizational and structural dynamics that characterize the criminal behavior of corporate legal structures today. The same definitions of corporate crime, which represent a sensitive development of the definition of white-collar crime, are still insufficient to understand the organizational and structural changes that are taking place. There is literature that underscores the continuity between organized crime and economic crime, explaining why, where, and how traditional organized crime and white-collar workers are moving in the same direction, characterized by increasing rationalization and organization.(Simon,2017) I believe that the gray area where organized crime and economic crime overlap needs further exploration and explanation. It is an area where criminal activities and criminals themselves mix with legal activities, firms, and professionals working in the field of legality. The expansion of this area increases the level of corruption and pollutes national economic systems. It raises the problem of the obsolescence of the tools we use every day in the fight against crime and raises the need to adopt strategies and policies appropriate to these phenomena and their transformations. Starting from a series of considerations on the ambiguities of the white-collar crime concept, I propose building a definition of organized economic crime, representing the synthesis and overcoming of the concepts that make it up. The trend we are witnessing today allows us to confirm that on the one hand, organized crime is increasingly committing economic crimes, to increase their earnings, and on the other hand, white-collar

criminals organize, specialize and offer cooperation in traditional organized crime. In light of the research¹, it seems possible to mention this type of crime, defining it as a criminal enterprise. In this way, we want to emphasize not only the ability to integrate with the legal economy, resources, and dimensions of the new organized crime but, above all, the ability to attribute a strategic role to the very structure of the organization. Smith and Alba link economic crime and organized crime to the "entrepreneurship" variable rather than the "crime" variable, believing that this makes it easier to explain illegal behavior considered in market dynamics. (Smith,Alba,1979) Thus, a parallel develops between illegal and legal economic activities in which organized crime has penetrated. Bini agrees that "organized crime, even before it is about connecting people with criminal intent, is an organizational formula that most often takes the form of business."(Bini,1997:1) Organized crime is transformed from a taxpayer/institution into an active person/business (opportunities to increase the demand for criminal activities), breaking down the ethical and cultural constraints that have characterized traditional organized crime of the mafia type. Important indicators are the interdependence between the three economic crimes: fraud, money laundering, and corruption. What is their meaning, and in which areas do we find them? When we talk about the interdependence between economic crimes such as fraud, money laundering, and corruption (others too), we mention the fact that these three crimes are functionally interconnected in the same criminal scheme. One of them represents the result, economics, and crime, and the other two are indirect crimes necessary for its implementation. The phenomenon of interdependence between economic crime is a tangible manifestation of the specialization, professionalization, and organization of today's economic crime. The more complex the context in which one operates, the more professional experience and large structures organized are needed to commit crimes. Those who commit an economic crime need much information regarding laws, techniques, and practices in order to be able to assess the opportunities and risks. In order for fraud, corruption, and money laundering to be committed on a large scale, advisory professionals are increasingly needed. Economic crime, is generally difficult to investigate and is often sanctioned with lesser penalties than those applied to traditional organized crime offenses.

II. Economic crime, systematic corruption and abuse of political power in BiH

Among the most numerous crimes, are economic abuse of power, fraud in obtaining loans or other benefits, fraud in business, forgery or destruction of official documents, tax evasion, embezzlement in the service, illicit trade, organized crime in connection with tax evasion and customs fraud.²The author claims that BiH is not about classic political parties or movements with certain political programs; there is almost no prominent politician who has not been accused or prosecuted for economic crime and abuse of official position. These ethnopolitical systems with profited material interests of individuals and groups, with the prefix political and national, "serve to preserve and defend their legitimacy behind the curtain of national identity and alleged political interests of their people through the election process, parliamentary voting and decision-making." (Bašić,2017) The long-term absence of a political will manifested itself through an institutional vacuum, created a strategic basis for the development of criminal groups involved in organized crime (Mary,2001). Capital overflow, which is done in multinational companies that direct the final profit to the so-called tax havens, i.e., offshore companies, which shows the profit made in BiH in countries where taxes do not have to be paid, which is a direct loss to the budget. Direct withdrawal of money from BiH is made in such a way that foreign companies that apply for international tenders after getting a job, at much lower prices, leave it to domestic companies using such cheap labor, and keep the profit for themselves.³ In BiH, a large number of owners of privately-owned companies are involved in false business reporting in order to avoid paying VAT, which is especially present in the business of companies in the construction sector by reporting annual turnover in amounts significantly lower than actual.⁴ However, most embezzlement is committed during the import of

¹ See Ber,1997, Encyclopedia of Social Sciences, Vol. 9

²Bosnia and Herzegovina

³ Information on the security situation in BiH in 2013 and 2014, Ministry of Security of BiH

⁴ Information on the security situation in BiH in 2014 and 2015, Ministry of Security of BiH

goods and calculation of financial obligations to the state, so there is the use of falsified forms of origin EUR1, import with falsified invoices showing the reduced value of goods, and in some cases the import of goods "illegally."⁵ Certain estimates indicate that the amount of damage exceeds the amount of about 1.5 billion⁶ euros annually. In the internal trade of goods, organized forms of tax evasion are especially present, using the so-called fictitious (Shell) companies. This system enabled the transfer of the obligation to pay taxes to the end consumer so that the so-called fictitious firms would formally take on the role of the final consumer, while taxable goods would end up on the black market. It is important to point out that organized groups have established entire systems and networks to enable tax evasion and legalization of illegally acquired income (money laundering), and that they have provided their services, with a certain fee (commission) to a large number of companies from all over BiH, including Republic of Srpska (RS)⁷. Although a large number of cases, where multi-million damages to the budget were determined, were discovered and prosecuted, a significant number of such cases remained in the area of the "dark number" of crime. In addition to tax evasion, smuggling, and customs fraud, numerous examples of abuse have been recorded in the process of transforming the ownership of state-owned enterprises into private ownership. In the period from 2000 to 2004, the entity financial and intelligence units received reports on 159,688 suspicious, cash, and related transactions of 14,022,420KM from taxpayers. After analyzing the obtained information, the competent prosecutor's offices informed about 1,388 suspicious transactions in the amount of 787,128,523 KM and temporarily frozen funds on the accounts of legal and natural persons in the amount of 3,076,485 KM.⁸ Money laundering methods in BiH are similar to those of tax evasion. In the RS, the number of criminal charges against persons involved in tax evasion and money laundering doubled between 2002 and 2004. The main mechanism for widespread public revenue evasion was fictitious companies that were relatively easy to register. By offering such unique opportunities, BiH has become an attractive area through which illegal traffic is carried out in the region. A special difficulty in detecting criminal offenses of economic crime is the already mentioned "dark number" - unknown and unreported cases (due to the absence of a physical victim) because a public good or value, or the victim does not know that it has been damaged. Precisely because of this, any estimates of the extent of this phenomenon are completely arbitrary because there is no accurate report that can confirm the quantitative and qualitative state of this phenomenon. The existing available case law in the field of economic crime collected in BiH is rather poor. At the same time, theoretical discussions on this phenomenon alone do not provide the necessary and necessary answers to practitioners on how to approach the processing of this type of crime most effectively. An analysis of the state of corruption in BiH conducted by the World Bank in 2000, which served as the basis for taking future steps to fight corruption, identified a low level of trust of citizens and public officials in government. In a survey conducted in the same year by the World Bank, BiH ranked among the top few countries with the highest state captivity, a situation in which public and private sector actors influence law and regulation to their advantage. At the same time, about 40% of respondents perceive the authorities as dishonest and have minimal trust in them, while over 70% believe that corruption is part of the culture and mentality. Economic crime, in most cases, is closely linked to cases of corruption, since the combination of these two phenomena is necessary in cases when it comes to achieving larger sums of money. Exceptions are business machinations that use legal ambiguities that people with many years of experience in financial business recognize and successfully use in making a profit. The most common forms of corrupt crimes are an abuse of official position or authority, negligent work in the service, and receiving bribes by officials. Aggrieved citizens or companies rarely choose to report perpetrators, for fear of retaliation by officials or third parties (dismissal, inspection punishment) it is challenging to detect corruption. Reports by independent researchers on human rights, reports by the US Congress, and the UN in 2002 indicate that organized crime has been tolerated and

⁵ Official Gazette of BiH No. 3/03, 32/03, 37/03, 54/04, 61/04, 30/05, 53/06, 55/06, 32/07 and 8/10

⁶ Report from the commission to the council on the Preparedness of BiH to Negotiate a Stabilization and Association Agreement with the EU. Brussels, 2003, pp. 28.

⁷ Ministry of Internal Affairs of the Republika Srpska, RS Criminal Code (Official Gazette, No. 64/17)

⁸ State Investigation and Protection Agency, 2015, Financial Intelligence Department, Statistics and Forms of Money Laundering and Terrorist Financing

protected from powerful elements at various levels of the BiH administration. (Harington,2003) Many reports support claims of "direct involvement of certain government structures and employees of the Department of Foreigners." (Human Rights Watch,2002:27) One of the modes is the purposeful establishment of companies and associations that apply for various public calls for project financing, after which they receive funds that are not spent in whole or in part for the intended purposes. Large amounts of money are received by certain responsible persons employed in ministries or other public institutions for the issuance of various permits and documentation required by law for the regular operation of economic entities, as well as receiving bribes from these entities to engage in procurement or execution various services, and even just paying invoices.⁹ The official position is abused when working at border crossings; criminals continue to illegally transport various goods across the state border with the help of border officials. Differentiated cases of corruption within inspection bodies, which should protect the health of BiH citizens, and which enable the import of certain food products that do not meet the prescribed norms and which can cause serious damage to the health of the population, have a special security weight. In 2003, RS had 500 million¹⁰KM in excise and tax evasion, almost equal to the entity's annual budget. Corrupt activities are a constant side effect in almost all spheres of illegal business, and there have been cases of seeking monetary compensation for activities that belong to the regular job description of civil servants, especially in the field of major structural investments, which is one of the causes of declining foreign inflows. Foreign investments are the basis for the revitalization of the economy, which should reduce the level of unemployment, increase public revenues, and generally have a positive impact on the development of society and strengthening state institutions.¹¹ I argue that the insufficient inflow of foreign investments is directly conditioned by the high rate of crime and corruption. The damage that the state suffers from the illegal economy on an annual level is estimated at around 600 million US dollars, which is approximately the same as the budget deficit.¹² Abuses of position were also committed in the procedures of exercising various rights of citizens, so the illegal actions of several connected persons, including health and administrative workers, but also criminals who appear as intermediaries, enabled the acquisition of illegal monetary gain in the allocation of disability pensions. at the same time, it directly affected the financial burden of BiH. There were numerous "reform" adversities such as highly questionable post-war privatizations, a transformation of society, transition of social to private capital, mass impoverishment of the people, on the one hand, creation of an inflated, narrow financial elite on the other, always, promised justice by creating, in parallel, a deeply unjust society. Whether in political, economic, or social circles, when it comes to relationships, it is common to talk about abuse of power. By "power," we mean the capacity of a person, situation, or thing to influence, modify or change, positively or negatively, a certain reality. Also, by "abuse," we mean the improper use of the influence of one or more persons on some other persons, which can cause damage to various types. Abuse of power can manifest itself in any political, economic, or media environment. Although these types of abuse can manifest themselves independently of other factors, we also find them in combination with something and by which they become intensified, as is the case when political and economic power or economic and media power are combined. The more power there is in one place, the greater the chance that there will be a risk of imbalance in these relationships. If a government does that, that is. state, the result is much worse, and that government loses credibility and legitimacy and is exposed to legal sanctions, many of which do not become obsolete, or risk losing the support of their followers or voters. However, in BiH, it is a kind of phenomenon that the electorate is primarily ethnic-religious and almost always faithful to one of the dominant political options for more than two decades after the war. There are four types of power: extensive, intensive, authoritarian, and diffuse, and four sources of power: economic, ideological, political, and military. (Mann,1968) The author argues that BiH is politically characterized by ethnoreligious conflicts as a political past, ethnopolitical authoritarian structure, systemic corruption, kleptocracy, and international presence as a

⁹ Federation of Bosnia and Herzegovina., (2013), Report, Federal Prosecutor's Office

¹⁰ Boskovic M., (2004): Organized crime and corruption, High School of Internal Affairs, Banja Luka

¹¹ Government of the Republika Srpska, Banja Luka, 2005, Economic Policy for 2006", p. 29

¹² Pugh M., "The Post-War Political Economy of BiH: Prey of Peace," 2003, p. 78

political present, both the EU and NATO path as a political future. These three-time planes can be brought into the context of interpreting the causes, situation, and social consequences in BiH.(UNDP,2005) Numerous political and social circumstances have also led to changes in the structure of the civil public, and these changes are most evident in the "passive" status of the "public." In the current context in which political elites still dominate all areas of (social) life, the media, civic engagement very quickly loses social responsibility and acquires a political dimension. (Mujkić,2018) The lack of civic, democratic initiative testifies to the changes in the structure of the public. It reflects in the acceptance of the current state of a culture of fear and corruption and the impossibility of change introduced from a politically dominant position. In general, civil society is characterized by a complete lack of social capital, citizens' trust in state institutions, and interest in volunteer activism among the majority of citizens, which is one of the critical preconditions for developing a new pattern of collective behavior and crime prevention.¹³ Thus, we can problematize political culture in BiH as model similar to a subservient political culture: individuals are aware of the central government and political activity but do not actively participate in politics but are considered subjects of government. In particular, there are three ways in which human social life can be regulated, and tendencies towards abuse can be overcome: ethical, moral, and legal. An ethical path is the ability of an individual to assess each situation as good or bad, useful or useless, adequate, or inadequate, by their values or specifics. The moral path stands to traditional social beliefs implemented through pressure on group members to maintain old customs. Moreover, the law is a framework of accepted norms that regulate the life of society, including sanctions that apply to those who commit crimes. It would be ideal, as A. Solzhenitsyn said, for each individual to self-regulate. If this does not happen, the environment can put pressure on the unadapted by forcing them to take the socially accepted path again. Also, thirdly, if they fail ethically and morally, a neutral application of the law is imposed. Law enforcers are largely responsible for whether abuse is reduced or increased. From a social perspective, it is important to avoid too much influence in the hands of individuals so that political, economic, media, or any other monopoly should also have a counterweight. BiH is home to what is probably the world's most complex system of government with political trends that favor the „ethnoreligious principle“ (Spahić,2012), defined and legitimized by the Dayton Constitution. With 240,000 employees in state administration and public companies, 14 governments, 180 ministers, and 207 active political parties (out of 3.5 million people), Dayton is becoming an obstacle to the country's progress. Bosniaks, Croats, and Serbs are constitutionally defined as constituent peoples. While those who do not belong to or do not feel members of the three ethnic groups fall under the category of „others“. „The citizen is mentioned only in the preamble of the Constitution, and thus their ability to participate in the newly established system of power-sharing is disputed.“¹⁴ Instead of a developmental and social program, a program of national and religious glorification, interethnic accusations, and conflict has been opened, opening up space for political elites to manipulate the fear of domination over one another. A society of ethnoreligious anxiety, corrosion of social morality, systemic corruption, and rigidity has been created in which the kleptocracy (Hedges,2000) do not produce vibrations and resistance in society. Good governance, i.e., the state, should be based on the independence, expertise, and integrity of institutions and individuals. In BiH, with 207 active political parties (up to 3.5 million people), the party affiliation of candidates or other links with the ruling parties is almost, as a rule, an essential reference when appointing or recruiting in the entire public sector. Almost all positions in the public sector, from senior management to auxiliary workers, are considered election and party. Public competitions are a formality, often without any real significance, because various embezzlements become meaningless and a farce for the public, with mere satisfaction of shallow criteria of transparency and fairness. It is almost impossible to get a job in the public service, especially in higher positions, without personal connections, support or membership in the currently ruling party. „The public does not have a clear picture of the number and structure of political appointments and employment, as some institutions and some political

¹³ EU Commission for Democracy through Law, 2014, "Protection of Children's Rights", International Standards and National Constitutions," p. 29

¹⁴ Beridan I., Smajić M., Turčalo S. (Geo) political and security challenges to the democratic consolidation of transition countries: the case of BiH, p. 153

parties oppose public demands for transparent and fair procedures, and employment according to qualifications. However, all are declaratively committed to the principles of transparency. This problem is still only a public secret because no research, analysis, or report has dealt with this issue precisely, despite the huge public interest. There is not even an official estimate of how many traditional primary political positions (ministers, advisors) there are, and how many secondary party appointments and employment from the Presidency to kindergartens (boards of directors, agencies, institutes, funds, public companies, public institutions, schools. Although one of the conditions for reforms in BiH is the adoption of a set of anti-corruption laws, including the Law on Confiscation of Illegally Acquired Property, there is no consensus for the adoption of this law. Most experts agree that organized crime is in some connection with holders of state and public functions.

III. Analysis of the Causes of Occurrences

As a cause of the emergence and development of organized crime, the author states "accelerated merging of the top authorities with organized crime, which gained full momentum during the war, and its exhibits sometimes political significance", and there is almost no prominent politician against whom conducted court proceedings. Privatization in the wars of the 1990s meant the confiscation of cultural goods created by the Yugoslav working class for decades and „the transfer of that ownership to the newly formed political elite“ (Tabaković,2007), a thin layer of war profiteers, the former technocratic layer of the former Yugoslavia, domestic and foreign tycoons. In addition to the group of contextual characteristics and corruption factors that underlie the blocked and significantly distorted nature of transitional changes in the late 20th century, such as poverty, war, isolation, legal uncertainty, and instability, a number of its correlates show relatively lasting character and effect. I list two groups of factors that contribute to maintaining a high level of corruption and represent a kind of destructive mixture of open opportunities for corruption (systemic-institutional preconditions) and, at the same time, present tendencies towards corruption (political-cultural reasons). The systemic-institutional correlates of corruption include - a poor situation in public services, which is characterized by political overcrowding and the dominance of the logic of loyalty over professional standards and the resulting measure of job insecurity and modest wages; - the widespread practice of avoiding payment of obligations to the state in parallel; - a limited supply of resources leading to the introduction of quotas and the existence of monopolies. At the same time, the primary goal of regionally connected organized criminal groups is not merely to obtain property benefits through illegal activities but "money laundering," i.e., its transfer and placement in legal channels of financial transactions. . According to most economic indicators, in the context of volume growth, BiH has been stagnant economically since 2015, which could not be said for the region's countries and is also the largest debtor of the International Monetary Fund (IMF). Today, if we look at the most extensive tax debtors in the country, public companies. The most significant sources of corruption and nepotism are public companies. (Čavalić,2016) BiH has had a stand-by arrangement with the IMF four times so far, but this is the first time that BiH has requested an Extended Fund Facility (EFF), which is similar to the stand-by arrangement, except that it differs in the more extended repayment period. The discourse of the futility of the fight against corruption in the strategic framework is perhaps best illustrated by the motto, in modern vocabulary, "Big thieves take off their hats and small heads". We have already noted that over 70% of population believes that corruption is part of culture and mentality. Members of the political elite are the most powerful and responsible, so a satirical message is sent: "politicians once had a vision, and now they have reduced everything to a commission". "Amoral familism" has a similar message and effect, a way of behaving that in all relations focuses only on the interest of the individual and his closest environment, regardless of laws and professional standards. We can problematize that political actors managed to break up society, „and when it breaks down, then they establish life matrices in a way that suits their party and family interests.“ (Bajtal,2016) The ultimate, extreme discourse consists of attitudes about "kleptocracy" or even "kakistocracy"; the author defines the term three ethnic kleptocracies. In this context, the ethnopolitical correlates of the economic and political elite should be sought in the process of financing parties, co-ownership of members of the political elite over private capital, as well as their participation in managing private companies to which they provided services while in power. Value anomie and moral relativism, the growing collision between "public virtues and private vices" of values and behavior, the cynical statement that one does not live by ideals and that one should show more flexibility or experience public service as a possession for exploitation, are just some of the symptoms from corruption. Dominant ethnic narratives impose moral legitimacy to characterize any questioning of their ideological code under which they act as an accusation of relativizing or denying crimes against their people. One of the interesting insights comes from the A. Peter, who believes that war economies in places such as the Balkans, the Caucasus, and Central Asia are criminalized

because they rely on criminal actors and the black market as the main source of financing and supply; there is a close connection between conflict and crime, which gives these conflicts the form of "criminalized conflicts". Post-war national policies, social atrophy, and the constant political, economic and security crisis have inevitably led to the erosion of institutional structure and the creation of informal social relations, often based on nepotism, corruption, and the strengthening of ethnopolitics¹⁵, kleptocracies and strong religious identities¹⁶. Such a historical legacy has largely persisted to this day and harms the level of institutional relations and the consolidation of democratic institutions. The armed conflict in BiH is one of the causes that led to social disintegration and thus indirectly influenced the observed phenomenon.¹⁷ "In the conflict, it is not differentiated what is political and what is criminal, but there is an interaction of political interests and the interests of the crime itself. Starting from the understanding of the conflict as a criminalized conflict, the BiH fits into that concept in certain segments. Through the aforementioned social disintegration, the existence of a "fragmented" institutional framework for opposing phenomena, context of "weak state", ethnically divided, and political culture of fear¹⁸, „a criminalized society“ (Pugh, Divjak, 2012)“ of criminal moral code, culture of corruption, nepotism, which grows into the general culture, and strengthens organized criminal groups. Thus, organized crime is often intertwined with the political structures of the Balkan countries, and some transitional effects become structural, within the discourse of weak states; „the effects of the war were institutionalized into the social dislocation and legitimization of criminal organizations.“ (Balkan forum, 2004:3) At the same time, war humanitarian aid was confiscated by war commanders who did not differ much, for example, from Somali fractions. Earlier, international humanitarian discourse from similar experiences in Somalia was incomprehensible, even in the case of the country's implosion, and the trigger was also the sudden "collapse of strategic value" as the Balkans after the fall of the Berlin Wall. An important economic feature of the war in BiH is the real explosion of so-called war profiteers. Since every war is, by definition, a time of abnormal tendencies in all spheres of human life, the most drastic changes in the domain of economic efficiency have taken place. People prone to business immorality, crime, and politics have become multi-millionaires in less than four years of war, and a few have accumulated their capital up to billions. It was a well-designed and tightly connected interest group of political, military, and business structures among all the warring parties, and often between them. The illicit economy and criminal actors in the Bosnian conflict¹⁹ have influenced the outbreak of the conflict, its course, and its duration. In this regard, the legacy of the war economy has profoundly influenced the post-war processes of social reconstruction. Wartime accumulation of capital (profiteering), through the privatizations of the 1990s, led to the formation of the power within ethnopolitical authorities (especially war parties). The distribution of power in critical regions characterized by processes of socio-political change has conditioned the synergy of states, organized crime, ethno-religious patterns as the surest allies. We can problematize the essence of misunderstood national issues as space where no more national interests collide, but more national capitals representing ethnopolitics. It is a conflict over the control of territories as a historical issue- the discourse of the Balkan security dilemma within allied ethno-religious discourses. The division into two entities, a district, a huge number of cantons, 13 governments (one of the largest administrations in the world), is heavy and unsustainable apparatus. Dayton did not realize its intention to reintegrate the country and proved to be a failure; internal ethnopolitical conflicts are regular and "explosive.“ (Kartsonaki, 2017) We can problematize that the international community does not understand itself that BiH has become a multinational country of "murderous identities" (Maalouf, 2012), where three ethnopolitics follow a restraining policy, so that "hybrid wars" prevent their transition into three political communities, without the possibility of adopting a functional rule of law, influencing the phenomena. The author argues that an apparent failure of the international community was controversial support to ethno-religious „war“ political parties after the war apocalypse organized by ethnopolitics and big-state hegemonism on the ground of the disappeared Ex-Yu. Besides, the consequence of "quasi" macroeconomic stability in BiH is the registered unemployment rate of 50%, which is above the unemployment rate of 48% that preceded Hitler's coming to power in the 1930s. All of these were ideal preconditions for the expansion of the types of phenomena. Corruption in the public sector is greatly facilitated by the widespread logic and understanding of public property and interests as "Alajbeg's

¹⁵ See: F. Bieber, 2006, "After Dayton, Dayton? The Evolution of Unpopular Peace"

¹⁶ See: Markesic, 2008, "From religious to national identity and back" (on the example of BiH)

¹⁷ According to the aforementioned classification, armed conflicts are among the structural factors that contribute to the phenomenon.

¹⁸ See: Frank, 1997. "The Culture of Fear: Taking Risk and Low-Expectation Morality."

¹⁹ S. Cabaravdic, 2008. "From war heroes to post-war antiheroes"

straw"²⁰, something that, unlike the private sector, has no title. From the rather objectified point of view of the citizens of countries in transition, the "social pyramid of corruption" consists of its massive broad base of petty, everyday corruption whose actors are lower officials and citizens, and the main reason is widespread poverty and insecurity on which the new bourgeoisie draws power from "legal" spilling public resources into private pockets. The actors here are those entrepreneurs who came to their position using political support and monopoly privilege and not through open market competition and party commissioners at the head of non-privatized companies and public funds whose privileged position is conditioned by the promotion of party interests within which it is possible to "embed" and own interests. The difficulty of etiological explanations of crime generally increases for an economic crime for which the same definitions are uncertain. Positivist theories looking for a reason to explain such crimes seem at least outdated, both in terms of traditional crime and economic and organized crime. The simple use of Marxist theories remains, but today it is less and less convincing. According to Young (1981), the existence of economic crime is inherent in the economy itself, which tries in every way to encourage an increase in profits (the criminogenic value of capitalism). This perspective has its origins in Marxist reflection. Bonger (1969) takes into account some economic crimes and concludes that "many of these crimes would occur during periods of economic crisis, and certain individuals in such difficult situations maintain a previously achieved standard of living. I argue that economic crime is linked to structural causes that closely affect the development of the economy. There are psychological and, in some cases, cultural difficulties in considering the corrupt as real criminals, and there is a need to reshape and adapt the regulation of business activities in a globalized economy where there is still a reference parameter single national legal system. In a nationally regulated economy, the exploitation of backlog legislation can become a "legal" opportunity to commit an economic crime "without" committing a crime. The challenge, then, is to reduce these illegal behaviors both by developing criminal and reputational disincentives and by increasing economic incentives. The influence and "action" of the international community in BiH on this front are becoming necessary and urgent.

IV. Risk analysis of occurrences

Individual economic crime, and especially organized economic crime, endangers the basic values of society and all its segments and maximally slows down the integration and transition processes of BiH, and negatively affects the entire community because it inevitably stratifies society, which further generates wider problems. Social stratification, transition processes, high unemployment, ethnic conflicts, an increased presence of corruption, poor legal solutions in key areas, inconsistent implementation of existing regulations, inconsistent work of control bodies, selective approach in detecting illegal activities and geographical position of BiH are the most important factors, generating new phenomena of economic crime.²¹ The presence of increased economic crime directly affects the legal and economic stability of the country, the remaining healthy economic flows, trust in the work of law enforcement and the judiciary, the overall standard of living, and the overall development of our society. Also, it should be emphasized that in all phases of detection and processing of criminal offenses of economic crime, many difficulties arise, both objective and subjective. If we evaluate the changes in the economies of the Western Balkans in general in the last twenty years, although they have had economic growth (GDP growth), it is debatable whether these economies have had the desired level of economic development. Social aspects are also important for the sustainability of economic growth, especially those related to the equal distribution of income. Economic development implies sustainable, coordinated decisions of policymakers and the respective society that promote the living standard and economic health of the community. It can refer to quantitative and qualitative changes in the economy. It means that it includes various areas such as human capital development, infrastructure, regional competitiveness, social inclusion, health, security, literacy, and other goals. Economic development is different from economic growth. While economic

²⁰Klaić's Dictionary of Foreign Words states that alajbeg's straw is a property without a master, something "municipal", with which everyone can do whatever they want. There is too much in BiH that can serve as a good example of clarifying the phrase alajbeg's straw, which is not good for BiH at all.

²¹BiH is a centre of organised crime', *Nezavisne Novine*, 2 Dec. 2003, p.2 (OHR trans.); Kolstrup (n.14 above) foreword. See, also, the special issue of *Problems of Post-Communism*, 'Transnational Crime and Conflict in the Balkans', vol.51, no.3, May-June 2004.

development is an endeavor aimed at improving social and economic well-being for people, economic growth is an expansion of market productivity and GDP. Ranis and Stewart (2001) hold that economic growth and development have a two-way link. According to them, the first chain consists of economic growth that contributes to human development, because economic growth generally leads to higher income for families and individuals, which encourages increased consumption, which in turn leads to social progress. At the same time, it is assumed that as consumption increases, so does the quality of public health, education, or infrastructure, which contributes to economic growth. Also, transaction costs of corruption lead to investing in expensive and particular technologies, which usually do not correspond to the real interests of less developed countries, i.e., which have a lower rate of return on investment. There is also increased investment in infrastructure and reduced investment in high-yield investments in education and health. Corruption also reduces the efficiency of the use of international aid. In the case of international aid, namely, there is a great possibility of its redirection from the projects for which it was originally intended to other projects that are most often pure consumers. It is the mechanism through which this redirection takes place, a well-known thing. What is less known is that these "business" lines include not only domestic actors, but more and more representatives of the countries from which these donations and aid come. Let us recall only the billions of dollars that disappeared at the beginning of the reconstruction of BiH, in which, it is a public secret, various foreign experts from donor countries also played a significant role. Similar phenomena have been reported in the case of Kosovo. Corruption, by definition, affects the reduction of budget revenues. Namely, tax evasion is one of the main and most widespread forms of corruption. Due to tax avoidance, the share of the gray economy of the observed country increases, and thus the amount of cash in circulation. Corruption also affects the increase of state budget expenditures. The whole range of public services can be realized without a legal basis only if civil and other civil servants are "stimulated" for that in an appropriate way. There are known examples related to health services, the acquisition of pension and disability rights. Furthermore, corruption affects the growth of public expenditures through the so-called over-invoicing phenomenon, i.e., the phenomenon of inflating invoices in public expenditures or tenders. First of all, the reduction of budget revenues and the growth of public spending, which are caused by corruption, can lead to a budget deficit. The budget deficit, in itself, can lead to monetary and macroeconomic instability, and the effort to overcome the budget deficit by increasing taxes can affect such growth of costs in the legal economy that can lead to lower levels of economic activity with all negative consequences for employment and production; it can further affect the level of tax evasion and the growth of the gray economy. There are authors who believe that the amount of cash in the economy is the best indicator of the level of development of the gray economy and, thus, indirectly, the level of corruption. With this attitude, one should be careful, considering that the increase of cash above the required amount can also occur as a result of the hoarding caused by the distrust of citizens in the existing financial institutions. The spread of knowledge and awareness of the importance of macroeconomic convergence can, in part, complement the missing pattern of ethnonational trust, which relates to gaining (joint) broad public opinion for future prosperity. We can argue that the disparity between the employed and unemployed population, the war past, insecurity, and a culture of corruption²² are among the main causes of economic immigration. Moreover, while political elites are engaged in spreading panic from refugees and immigrants, the citizens who fail to ensure a subsistence minimum - or do not want to accept the gloomy thought that their lives must be reduced to a mere struggle for existence - are looking for ways to leave. It is not known how many people leave BiH - according to some research, the number is around 40,000 a year. There is no systematic statistical approach, while Germany and Austria keep very accurate records of immigration from BiH.²³ The increasingly complex political and security situation leaves no choice even for those who have relatively good employment, and citizens' consciousness can best be seen in the

²² Transparency International Annual report, 2018., „BiH is stagnantly paralyzed by corruption.“

²³ In 2016, 20,555 came to Germany. Whole families are among them: in 2017, 2,605 children under the age of 15, with their parents. In the same period, 4,600 new emigrants registered in Austria.

example of VT, one of the most promising sound recorders in a media house.²⁴ Removing existing obstacles and stimulating economic growth is also a (long-term) fulfillment of the preconditions for joining the EU. Lack of political will and internal political conflicts and relatively poor coordination of bodies have an impact on the negative flow of initiatives to combat the phenomenon and the growing threat of approaching EU integration. Any rebellion of an individual or a group qualifies as a rebellion against the state, the system, ethnicity. A criminal morality is being created, „which overnight grows into a supreme national value system that enjoys the support of religious and academic institutions and the protection of the state's legal system." (Bašić, 2017) The climate of fear, mistrust, despair, loss, and the of small separate enclaves in which each ethnopolitical party rule separately, is created.

Conclusion

Illicit economy, structural adjustment policies conditioned by international financial funds, massive and complex public administration, the reputation of the endeavor market, long-term transition, high unemployment rate, government impregnation in organized crime, the gap between rich and poor, are the factors that shape the economic climate, and directly to the sources of phenomena. In order to improve the overall situation, it is necessary to take measures to reduce the unemployment rate, strengthen the capacity of police agencies to detect and shed light on these acts, and the legal framework for the seizure of criminalized property. The phenomenon is at least one of the most severe factors endangering the entire system and socio-political relations, i.e., the country's economic security. The systemic absence of political stability, systemic corruption has negatively affected institutions' further weakening, despite receiving billions of dollars in security, economic and other US and European support. Socio-economic rights and participative democracy mechanisms are lacking, plural civic space blocked, and the culture of corruption became accepted daily routine. In the economic-security-human rights framework, Dayton is non-functional and unsustainable. After the end of the war, the mistake of the international community is „leaving/supporting“ war political structures with an ethnonational sign. Wartime accumulation of capital (profiteering), through the privatizations of the 1990s, led to the formation of the power within ethnopolitical authorities (especially war parties). The distribution of power in critical regions characterized by processes of socio-political change has conditioned the synergy of political corruption, organized crime, and ethnopolitical patterns as the surest allies. Appointment and employment in the public sector and practice need urgent analysis and systematic reforms, by using good practices from the past, faster EU integration, and strengthening the rule of law. Through fear politics, power, and authority, the public and the individuals are manipulated, which conceals the real interests of those in power. The situation is dramatic, in which all three ethnopolitics pursue containment policies, so "hybrid wars" prevent their necessary transition into three political communities, without will not be able to make a functioning rule of law, influencing phenomena. The "ideal consociational situation" needs democratic, legislative methods of managing so that no one would ever resort to undemocratic (violent) methods of eliminating „differences“. The political stalemate of ethnonational elites diminishes BiH's EU perspective by opening up a discourse of will and political assessment by EU officials. Therefore, meeting the criteria for EU and NATO membership should be considered a goal of transition, and not just a condition for EU membership, which is why it is necessary to focus on the "accession process as a key to (market) transformation." Meeting these criteria should be seen as a process of long-term "Europeanization" and facing structural and institutional reforms regardless of the time of accession; the fight against the observed phenomena is critical.

²⁴ S. Huseinović, Exodus from BiH, <https://www.dw.com>, 2019, "There has been no progress here for years: Politicians are behaving in a tried and tested way" the 'divide and rule', and this has been going on since the Dayton. I am not ready to spend the rest of my life waiting for the 'final agreement'. Until recently, I thought about leaving only for economic reasons and because expertise and professional experience are not valued here, but political suitability and family ties."

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